

# Lisa Anderson's *Profit Through People*<sup>®</sup> Newsletter



Enabling Scalable, Profitable Growth No 181, January 2022

*As our inaugural newsletter from LMA Consulting's founding in 2005, Profit through People remains our flagship brand because although most clients call us because of our manufacturing, supply chain and technology expertise, the 80/20 of success goes straight to people!*

## Lisa's Note

Happy New Year!

I wrapped up the year with a flurry of activity. I went to Arizona to see my family. My aunt spent her birthday (Christmas Day) in the hospital, but transferred to rehab and has now transferred to my mom's house for the next leg of recovery. I tried to help my mom also because she had a LOT of stress and activity going on. I can't imagine how she keeps up with everything as I would be hard pressed at my age!



Then I went to Coronado for an LMA strategic session with key colleagues and clients. Check out the photo of many of us on a catamaran trip :-). It was a value-packed session and prepared us to kick off 2022 on a great foot. After that, I headed to Catalina for a long weekend over New Year's to spend time with close friends. It was relaxing and a lot of fun.

We had a great year in helping clients achieve powerful results, and I look forward to what's to come in 2022. How about you?

## IN THE NEWS

I was on a roll. After my [FOX Live Now interview](#), I was thrilled to be on [Bloomberg TV](#) (to watch my segment, go to 10:15).

And MUCH more has been going on lately:

- Published in *Harvard Business Review* on "[Building Resilience and Sustainability in Asia-Pacific Supply Chains](#)"
- Published in *Brushware Magazine* on "[Manufacturing Resurgence](#)"
- Spoke for *Today's Medical Developments*, *Today's e-Mobility* and *Aerospace Manufacturing & Design* on the [future of supply chain](#).
- Spoke at the Industry Next event "[Business as Unusual: Top 3 Trends for 2022 Every Machinery Manufacturer Should Know](#)" as well as for the [IMC](#) and [Searchfunder](#) on supply chain issues.
- Quoted on ERP and related technologies in *CIO Magazine* on "[11 tips for selecting and](#)

- [implementing an ERP system](#)", *SelectHub* on "[What is ERP and How Does It Work?](#)" and in TechTarget on "[8 Tips for a Successful ERP Upgrade Project](#)"
- Quoted in *Epoch Times* on [vaccine mandates and the trucking industry](#), *ACHR* on [a roundup of 2021 distribution trends](#), in *US Glass* on the [White House launching a supply chain dashboard](#), in *American Pigeon* on [inflation](#), in *Aerospace Manufacturing Design* on [how to respond to supply chain disruptions](#) and in the *Bladen Journal* on [supply chain disruptions](#).
- Quoted in *Commercial Baking* article series "Sounding the alarm on supply chain" on "[The raw materials ripple effect](#)" and "[Q4 shipping crisis' impact on bakery](#)"
- Spoke on *Bloomberg Radio* about supply chain, *Bizgnus* radio on [supply chain issues heralding economic change](#), *Growth Igniters* Radio podcast on [reshoring](#) and on *Interlinks* podcasts on the [supply chain crisis](#) and related [opportunities and innovation](#)
- I was thrilled to keynote a few conferences including the *Washington County Manufacturers Symposium*, *Sayers #CURIO Virtual Tech Summit*, and *Microsoft UAE's* client summit supply chain boardroom.
- Featured in the *Society for the Advancement of Consulting (SAC)* press releases on [2022 trends, innovation, supply chain disruption](#), and [consulting award winners](#).
- Published press releases on [how long supply chain disruptions will persist, reshoring/ nearshoring](#), and [recommendations for managing supply chain issues](#). These were picked up by many sources including [CSCMP](#), [Yahoo Money](#), and [Quality Digest](#), [Business Insights](#) and [Southern California CEO](#).
- Facilitated and participated as a panelist on webinars for *ASCM-IE* on "[Talent in the Supply Chain](#)" and "[Supply Chain in the EU & Changes with Brexit](#)"
- Featured in *ProVisors Accelerator* for my quotes/ TV appearances in [FOX Live](#), [Brushware](#)

Kick off the New Year with gusto!

Lisa

[Email](#)

[LMA Consulting Group, Inc.](#)

P.S. Know anyone who is interested in getting ahead of the surge with strategies to thrive in 2023 and 2024? Refer them to [us](#).

## STRATEGY

### Prescient Strategy & Manufacturing Resilience Using SIOP (S&OP)



To thrive post COVID, manufacturing resilience will be cornerstone. Customers expect personalization, customization, and rapid deliveries without disruption, and they will change suppliers, substitute products and do whatever is required to satisfy their customers or get what's needed. For example, although the preference is for online purchasing, consumers will return to stores to ensure quick, reliable supply of critical items. If your dog likes a particular brand of

food, you will figure out how to get it or something similar. At the other end of the spectrum, manufacturers are paying more to source key materials with reliable suppliers and/or source alternates that will enable growth.

#### The Need for Manufacturing Resilience

To support customer needs and revenue opportunities, manufacturing resilience will be essential. The pandemic has uncovered deep seated issues with the status quo. Waiting for whatever steps are required to deliver and service the customer to include possible activities of quoting, design, engineering, customization, production (including having the appropriate materials in the 'right' place at the 'right' time), assembly, quality control, shipping, installation, etc. is unacceptable. Changing conditions will be commonplace, and if you don't develop resiliency, your competition

will.

### **What is Manufacturing Resilience**

Our most successful clients are building manufacturing resilience. As customers needs evolve, they will have the foresight to changing conditions and make the appropriate changes (operationally, financially, R&D/ new products, supply chain, etc.) to meet customer needs and support revenue growth while meeting profit/ EBITDA objectives.

This could take many forms. For example, a client is quietly reshoring/ nearshoring 80% of a key product line to move production closer to the customer and create manufacturing resilience. Another client is reassessing their supplier network and geographical location to create a regional cluster that will support manufacturing resiliency. Other clients are upgrading planning and scheduling processes so that they can better utilize capacity across the organization to support revenue and service goals in the most efficient manner. Last but not least, another client is evaluating offload strategies and insourcing vs outsourcing options.

### **Creating Manufacturing Resilience with SIOPI (S&OP/ IBP)**

Our most successful clients are utilizing tailored and collaborative SIOPI (sales, inventory and operations planning) processes to understand customers' needs, create revenue predictability, and, most importantly, to define what's required to be able to deliver these needs successfully, predictably and profitably. Most likely, given the rapidly changing circumstances in the global supply chain, you will need to reconfigure and continually refine how you supply the agreed upon demand plan. For example, watch a video about a [client success story](#) in utilizing SIOPI to meet growth objectives and scale successfully.

In this situation, we have reevaluated where and when to place orders for critical purchases, reconfigured offload options, and assessed insource vs. outsource options based on changing needs. In another client situation, we evaluated manufacturing and storage capacity. We decided upon a certain level of reshoring/ nearshoring and agreed to reconfigure the distribution network, tailor for e-commerce increases and upgrade storage capabilities to flex to meet growth goals.

SIOPI is not a magical off-the-shelf solution. It is tailored to each client and the unique circumstances, strategies, differentiators, people, processes, systems, and data. As you get a directionally-correct monthly cadence going with cross-functional and potentially cross-organizational engagement, strategic issues and related roadblocks will emerge. These issues become the focus to create resilience in manufacturing and supply chain.

Refer to our [blog](#) for many articles on SIOPI. Also, read more about these types of strategies in our eBook, [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#). If you are interested in talking about what it would take to pursue the SIOPI journey in your business, [contact us](#).

[Did you like this article? Continue reading on this topic: Reshoring/ Nearshoring & My Interview on Bloomberg](#)

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[Bloomberg TV Interview  
Supply Chain Disruptions & Reshoring/ Nearshoring  
\(Go to 10:15\)](#)



## PLANNING

### Creating Predictable Revenue with Demand Planning Best Practices



#### Predicting the Unpredictable

Every client believes their demand cannot be predicted.

After all, customers don't know what is going on in their end-to-end supply chain with the global supply chain chaos. Sales teams are optimistic and either forecast too much, hoping Operations will produce and store "just in case" or provide high level dollar forecasts but have no idea which geography it will be sold from or which product grouping will be sold. Marketing might be lost in the clouds analyzing "old" information since the markets are changing real-time and rapidly. New Product Development is racing to keep up with evolving demands. So, how can we predict the unpredictable?

As this has been a common theme with smart, proactive clients, it is worth paying attention. It is possible to predict the unpredictable to the degree required to create a directionally-correct forecast that you can execute against and deliver customer requirements. There is no off-the-shelf solution to achieving success in predicting the unpredictable. Instead, start with a dose of common sense questions.

#### Common Sense Questions

From a best practice point-of-view, start building a SIOP/ S&OP process (sales, inventory & operations planning) with an emphasis on the forecast (also referred to as a demand plan). You have to start with the customer in mind.

- What is happening in your customers' supply chains?
- Are your customers well-positioned to take volume during the supply chain chaos or are they more likely to suffer?
- What have been their historical growth rates? Will those continue or were they simply situational?
- Are your customers asking about new products and services? Are they staying up-to-speed on what's needed to support changing requirements?
- Do you have customer agreements and/or inventory agreements? Should you change them to be tailored to the current situation?
- Is there an opportunity for joint customer visits?
- Do you have quotes? How are the trends?
- If a highly engineered product, what is in common?
- And keep thinking.....

#### Develop a Demand Plan

Start with whatever is known, add insights based on the common sense questions, and run the revenue forecast by key stakeholders. Do they think it sounds feasible? Don't worry about details. Think in terms of customers or customer groups, product lines and / or markets. Do NOT get lost in spreadsheets and numbers and lose sight of the big picture. How does the result compare with expectations, competition and common sense? For most clients, start with a 12-month rolling forecast at the high level. Don't get side tracked with the feasibility to deliver, resource

requirements and inventory levels. Stick to demand. You'll address later with the capacity side of the SIOP process.

### **Incorporate the Demand Plan into Monthly Review Cadence**

Review your demand plan as a part of your monthly SIOP/ S&OP process. Gather inputs from Customer Service, Sales, Program Management, Product Managers, Marketing and whoever touches the customer. Continually refine the forecast from a directional point-of-view. If you are chasing pennies, don't bother. Spend 80% of your time on the 20% of your customers and products that will drive a directionally-correct forecast on a rolling 12-month basis. You'll have an opportunity to update the forecast monthly with exception processes built in for extenuating circumstances.

Refer to our [blog](#) for many articles on demand planning / sales forecasting. Also, read more about these types of strategies in our eBook, [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#). If you are interested in talking about what it would take to pursue the demand planning and SIOP journey in your business, [contact us](#).

[Did you like this article? Continue reading on this topic: Shortages Impacting Revenues and Forecasts](#)

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## **Emerging with Supply Chain Strength Webinar Series**

LMA is sponsoring a webinar series with experts on successfully emerging from COVID.



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## **ERP & RELATED TECHNOLOGIES**

### **Achieving Customer Loyalty with Modern ERP & Related Technologies**

Every successful client is experiencing rapid growth and changing customer requirements. To support this growth in a scalable, profitable manner, a modern ERP system is not preferred; it is a base requirement.



### **Why Has Modern ERP Become Essential**

Pre-COVID, although preferred, it was less essential in supporting significant improvement and enabling customer loyalty. It is always achievable to better utilize an ERP system (even in the worst of situations), and although this fact remains true, it is no longer providing a BIG enough step up and the flexible customization required to scale fast and efficiently enough to meet changing customer needs while maximizing EBITDA.

According to KPMG, for the majority of U.S. CEOs, the pandemic has meant an acceleration of digital transformation by months or even years. During an Inland Empire Economic Partnership Board meeting recently, it was announced that research shows that technology has accelerated by 7 years. Although there are several technologies considered a priority, modernizing and upgrading ERP is a cornerstone launchpad for growth. Clients and colleagues are seeing the critical importance of not only having a central database for performing business transactions but also one that enables a superior customer experience.

### **What a Modern ERP System Do For You**

ERP systems provide a solid infrastructure which will support scalable, profitable growth. Taking orders, deciding what to purchase, planning what to produce, tracking operational progress, storing inventory, shipping orders, invoicing the customer and tracking costs should be commonplace in ERP. These systems should also allow for the automation and integration of business processes that support business growth and profitability. Modern ERP systems typically support the vast majority of business processes and allow for reporting and analysis of these business processes and transactions whereas legacy ERP frequently stop short at supporting the full needs of businesses in today's business environment. Turning data into insights has also become critical.

### **Expanding Capabilities with Related Technologies**

For example, a mid-market manufacturer had to upgrade because their system didn't support credit cards or inter facility transfers. Although upgrading was a significant undertaking, they gained not only these foundational requirements, but they also were able to better track and manage inventory, understand costs and analyze margins after upgrading their ERP system. After ironing out go-live issues, they had an upgraded base and could expand with CRM (customer relationship management) capabilities as well as B2B/ B2C and e-commerce functionality so that they could grow the business successfully.

In another manufacturer, they had a highly customized ERP system that supported their current needs expertly; however, it didn't support scalable growth. It was also highly dependent on programmers with specialized knowledge. This risk became evident when their top programmer tragically died in an accident. Although they were able to make it beyond that situation, they knew they had to upgrade their infrastructure to support their aggressive growth goals. Since the executives wanted to minimize risk, they started with accounting to strengthen their base, expanded with reporting/ business intelligence to gain insights for growing the business and then upgraded the base. By taking this approach, they also gained insights into data issues to address upfront to ensure success down-the-line. After upgrading to a modern ERP base, they planned to accelerate success by further automating operations to gain efficiencies and customer responsiveness.

### **Advantage Beyond a Solid Infrastructure**

Modern ERP offers advantages beyond providing a solid infrastructure for growth. These types of systems have advanced reporting and dashboard capabilities built into the system. Some offer an artificial intelligence component with predictive analytics as well; however, simply having the ability to slice and dice data to make decisions can support profitable growth. These systems also have extensions for IoT applications such as predictive maintenance, customer portals and e-commerce, and automation and robotics. There is significant investment into future technologies so that the software stays ahead of the changing needs of the business.

Although it might be tempting to jump to the latest exciting technology and skip the ERP upgrade, don't be tempted by shiny objects. It is akin to focusing on window dressings when the walls are not yet in place. The most successful executives have a scalable infrastructure that supports the execution of their strategy. Start by making sure you have a modern ERP system that will support your business objectives.

[Did you like this article? Continue reading on this topic: \*\*Selecting and Implementing an ERP System\*\*](#)

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### **Listen to Lisa Anderson on FOX Live NOW**

Supply chain disruptions and labor shortages impacting Americans



## Connections

### THIS MONTH'S REQUESTS:

- If you know of someone interested in an ERP Systems Administrator position in Corona (Southern CA), please check out the job posting [here](#).
- If you know someone interested in working at Harvey Mudd College as a Professor of Engineering Management and Director of Engineering Leadership Program, please check out the job posting [here](#).
- If you have a supply chain or operations position, post it on our Association for Supply Chain Management Chapter (ASCM/ APICS) [website](#).
- Do you know a top notch Intellectual Property (IP) attorney in the Inland Empire or surrounding area interested in growing his/her business and meeting top-notch trusted advisor colleagues? My [ProVisors](#) group has an opening for these professions, and we have lots of referrals for these professions on a regular basis. Please introduce [me](#).
- If you are interested in a potential expert Board member who asks great questions and is one of the best strategic minds available with CEO experience, [contact me](#).

NOTE: To submit an item for this section, please send me an email with a short description of your needs and an email address. Please note that NOT all requests will be published as it must fit the guidelines and align with the Profit through People brand.

[Check out our new video & articles series](#)

