

Lisa Anderson's Profit Through People® Newsletter



July 2019 - Issue #160

Welcome from Lisa

July ended with a trip in Southern CA with my brothers to San Diego and Disneyland. We are in the last two rows in the Hyperspace Mountain picture. Everyone seems to be getting into the subscription business. Disneyland has always had an annual pass but now they also offer as many pictures as you want for one price added to the annual pass or just for the day. We purchased one of these since we always send pictures to our mom, and it is good to have memories as well. Unfortunately, I would have posted the Splash Mountain picture but my phone dropped into the boat, which created several hours of havoc including a successful test of the rice trick to dry out a phone and no picture.

Sandi, my best friend from high school and college also came to town, and so we went to see Paul McCartney and the Sequoias. My other best friend and Sandi's husband made the trek as well. Paul McCartney was impressive. Perhaps I'll do a future [I've Been Thinking](#) newsletter on the concert. And the sequoias were equally impressive.

On the client side, there is a lot of interest in [SIOP](#) (Sales, Inventory, Operations Management) as customers demand quick, customized delivery at reasonable prices. Clients want to meet increasing revenue goals (increasing service levels and sales) while reducing inventory levels (to free up cash) and maintaining/ improving margins. No two situations are alike but there are strategies in common and with the appropriate modifications, significant returns result.

I also recognized [Ron Penland](#) as [LMA Consulting's 2019 Advocate](#). Ron has been instrumental in the growth and success of not only my business but he also leads successful CEO groups. The CEOs who participate sell their companies at a dramatically higher multiple (or pass on a more valuable company to future generations) than those who aren't in his groups.

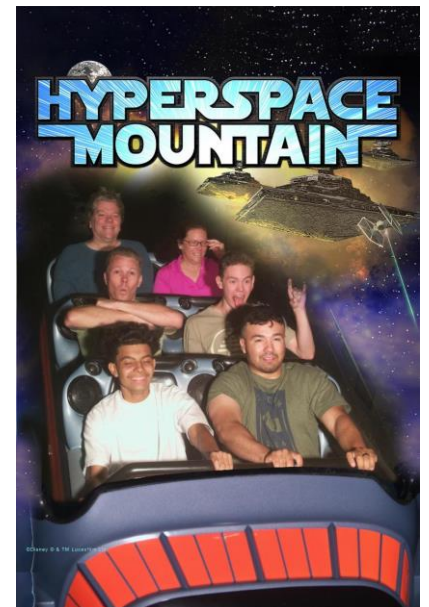
IN THE NEWS

Check out my latest speeches, articles & quotes:

- My press release about [Inventory, Cost & Logistics Pressures in the Supply Chain](#) was picked up by [Inland Empire.US](#)
- Interviewed for a podcast on "[Top Business Leaders](#)" on my book, [I've Been Thinking](#)
- Quoted in *Select Hub's* "[ERP Justification: How to Help Stakeholders Understand ERP System Benefits](#)".
- Quoted in *Supply Chain Modeler's* article, "[Considering a Career in Supply Chain Consulting? 4 Experts Share Their Wisdom](#)"

Summer is racing by. Enjoy the remainder!

Lisa



Email

LMA Consulting Group, Inc.

P.S. If you know of anyone who is interested in achieving scalable, profitable growth, please refer them to us.

Eagle Eye

Strategy Isn't Long Term!

As I meet with countless CEOs and P&L leaders at clients, via connections, at speeches etc., I pay attention to what is top of mind. Strategy is always top of mind for the most successful business leaders! After all, if a CEO makes in the millions ([the top 10 paid CEOs from 2018 made between \\$66 million and >\\$500 million](#)), he/she is being paid for more than just executing the plan. Certainly, strategy is integral to the future success of the organization.

Yet I see a lot of confusion about strategy. It isn't complex. Strategy is figuring out the 'what' whereas tactics is the 'how'. Strategy isn't necessarily long-term. Who says 'what' should be long-term? In fact, some of the most successful CEOs are now focusing on rapid and agile strategy. Isn't that what we need to succeed in today's Amazon-impacted, rapidly changing business environment?

Focusing on the 'what' focuses on the outcomes and goals. In essence, where should your business end up? As [Peter Drucker](#) would say, strategy is "doing the right things" whereas tactics is "doing things right". Take a step back and think about his profound thinking. It is easy to spend all your time "doing things right", isn't it? It certainly is for me, and I am an expert in strategy!

What do you think [Jeff Bezos is thinking](#)? How to execute the best logistics plan or how to control the logistics landscape, just like a chess game? Of course, strategists need managers who are good at both strategy and tactics to make any strategy come true. And it is also true that strategies rarely fail in composition yet more often than not, they fail in execution. Thus, it seems we must have both! But we better know which is which and not be thinking strategy and tactics are long-term vs. short-term, or we will go the way of Sears and Toys R' Us. Quite sad as I still remember going to Toys R' Us as a child around Christmas to explore all the possibilities. It was truly an experience!

Have you thought about your strategy lately? If not, you better get on it before the next Amazon passes you by. And, let's not get cocky, Sears used to be the Amazon in my lifetime. You never know who the next Amazon will be. If you are interested in a strategic assessment, [contact us](#).

[Did you like this article? Continue reading on this topic: Why Southwest Customers Wouldn't Buy a Bentley](#)



The Strongest Link in Your Supply Chain

Is Demand Planning/ Sales Forecasting Hype or Valuable?

According to [Gartner](#) statistics, significant bottom line results can occur with just a 1% improvement in forecast accuracy. In fact, there are staggering improvements in lead time, inventory reduction and margins, so why not at least explore the idea? Yet, there are lots of worries expressed by clients and contacts:

- We cannot predict what our customers will order!
- Customers don't even know what they will order! (And, in seeing these ordering patterns, I concur that this is often-



times an accurate statement.)

- Since we are using lean, our lean consultant told us we no longer need forecasts.
- We are a small company and don't have resources to focus on forecasting
- And my favorite, "Why in the world would our significant sales team listen to you?"

I just have one question, if depending on the industry and study, a 1% improvement can lead to a 2.7% to 7% improvement in cash flow and minimally a few percentage points cost improvement in key categories such as freight, wouldn't you be remiss if you didn't consider your forecasting process? Of course you would be!

We have yet to run across a client that couldn't improve the forecast, no matter how daunting the task seemed. Since the outcomes are substantial, it was worth the effort, and the effort was typically minimal in comparison to aligning the people on the forecast. A few tricks of the trade in driving results with forecasting:

1. **Let your tool (whether Excel or a sophisticated system) do the work for you** - From an 80/20 standpoint, there is no doubt that a simple tool will perform far better than even your best person. Develop your base.
2. **Focus on exceptions** - On the other hand, your team is best equipped to provide insights and feedback on exceptions. Use their strengths.
3. **Drive results; not blame** - Remember, the definition of a forecast is that it will be inaccurate. I've yet to run into a client with a perfect forecast. With that said, the three most impressive were across the board - a \$100 million dollar facility of a multi-billion dollar aerospace organization with a manually generated forecast, a close to billion dollar consumer products company with a home grown system and smart people, and a rapidly growing <\$10 million dollar manufacturer with an Excel-based system with smart, agile and process-oriented people. None of these folks ran around blaming anyone with forecast inaccuracy yet they all outperformed their competitors.

Perhaps it's time to take a second look at your sales forecasting process. Who is responsible? How does it work? You never know what you'll discover as you shine a flashlight on the process. If you'd like to discuss forecasting and demand planning further, [contact us](#).

[Did you like this article? Continue reading on this topic: The UGG Founder, the Amazon Effect in Healthcare and Why Demand is Key](#)

2019 Predictions Document

Find out how pricing relates to 2019's predictions. If you missed our 2019 Predictions Document, download yours [here](#).

"... expect to see more talk of tariffs, threats and waving of hands, all the while, those of us in exporting will be busy making deals, signing contracts and getting business done."

Ray Paulson
CEO, Paulson Manufacturing

USA Manufacturers are thriving and will continue to thrive in the future. The world looks to the USA for consumer quality products. In fact, we are the last. Beyond products, the world needs the know-how that we can provide. In other words, they rely on us and that does not come cheap to the world.

Paulson Manufacturing is based in California. We source most of our raw materials in the USA. And, we are competitive worldwide. Our distribution channel is also our feedback channel. We know what is going on in each country where we do business. We are the biggest high value in the USA. Quality, cost, skills and innovation is important, all the time and globally. Our customers generally source through us, but the terms are negotiable. For example, our sales have doubled in China last year, and we expect them to double again this year. This is not without effort by all parties involved. There is the joy of parties that are involved for the success to occur.

As a view looking forward in these uncertain times, expect to see more talk of tariffs, threats and waving of hands, all the while, those of us in exporting will be busy making deals, signing contracts and getting business done. We are forecasting 20% growth in exporting for 2019 and expect 25% growth in 2020.

"We need to connect the dots between what we are expert in and what our key customers want us to achieve."

Steve Erickson
President - Corona Clips, Inc. & UK Business Unit Group
UK Strategy - Vantage Group

There is lots of conversation about the shortage of talent and the tight labor market. We are having trouble finding good quality candidates as well. Perhaps even more importantly, I think we need to look at our competitiveness in today's market with our team. As hard as talent is to find these days, maybe it is too easy to lose as well!

Even though I think the business world as a whole is getting better at strategic planning, at the end of the day, it is more to make dynamic changes to strategy and set it in motion. We need to connect the dots between what we are expert in and what our key customers want us to achieve. Customers expect price concessions. However, price might not always be the answer. We need to stick with our differentiated strategy and keep reevaluating the messaging and delivery system to keep it relevant and successful in today's marketplace.

Manufacturing & Supply Chain Predictions for 2019



Do You Have a Resilient Supply Chain?

Do you have a resilient supply chain? In today's disruption-intensive business environment, a resilient supply chain is a "must"!

Find out how to navigate disruption and achieve peak performance.

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The Systems Pragmatist

Is there an ROI on a Forecasting System?

A Client Question

Since forecasting can deliver significant benefits with increased levels of service, inventory turnover and margin improvement, the question that inevitably arises is whether it makes sense to purchase a forecasting or demand planning system. Of course, the answer is "It depends". In this client situation, goods were manufactured in Mexico and purchased from Asia, and key customers were large retail outlets. Demand seemed to change daily yet lead times were in the months if the 'right' stock wasn't in the 'right' place at the 'right' time. Of course, they could cover some small changes by adding freight costs but that isn't a recipe for profit. Improving the forecast would improve their success. Thus, the question turned to whether a system would have a ROI.



The Answer

In their case, they could achieve a rapid return on investment by using a forecasting system. However, let me say upfront that more often than not, I do not recommend a system. It completely depends on whether it will drive the appropriate level of improvement and associated results or not. In this case, we could easily drive dramatic forecast accuracy improvement since we started out at such a low level of accuracy due to the business environment, industry and key customers. The people understood the importance of the providing forecast feedback and although the key customers didn't have "good" forecasts to provide, they could provide data we could analyze. In these types of situations, we are able to reduce inventory by a minimum of 20%; however, results can be far greater.

Food For Thought

Although forecasting systems can be a great idea to drive service, inventory and margin improvement, they do not always provide a return. Take a step back to understand your industry from a forecasting point-of-view. Is demand constantly changing? Are you supporting small numbers of customer/ location points with less than 25 items or is it 100 fold? Are you able to gain key customer input and/or point-of-sale data? Do you have anyone familiar with demand planning and forecasting to be able to make sense of what a system is telling you? And, last but definitely not least, have you found the appropriate scale for your forecasting system? Trying to kill a fly with an assault rifle is overkill. If you are interested in running your situation by us, [contact us](#).

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[The Strategic Benefit of SIOP](#)

There is no doubt about it; >80% of our clients hold too many meetings that don't accomplish results. Does your company follow suit? Even if you are following a lean methodology with an odd start time and a standing meeting, the key question is whether anything is accomplished. How would you rate your last meeting?

In our experience, sometimes the 'lean' organizations actually accomplish less because people believe they are following "best practices". Take a step back and map out last week's meetings.



- What was the objective of each meeting? Do you even know the reason you attended? Often-times, clients go to meetings because they 'have to', not because they get something from them.
- Did you accomplish the objective?
- Did the appropriate people attend the meeting? Or was an entire group of people waiting on a key person? Or, worse yet, waiting on a non-key person?
- Did the meeting start on-time and end on-time?
- Did you have an opportunity to share meaningful input?
- Did you feel like it was a productive meeting or a waste of time?

There is a reason the book, "[Death by Meeting](#)" is popular. Yet without meetings, would we accomplish goals?

As often as we encourage clients to curtail or shorten meetings, we also encourage other clients to hold meetings. The bottom line is whether the meeting will create value. If you use this simple rule prior to scheduling a meeting, we guarantee you'll be more successful and productive almost immediately.

Consider a few questions for your next meeting:

1. **Is there anyone on your attendee list that doesn't need to attend?** Perhaps think about the meeting invitees as people you are paying to be there. Instead of a fixed cost, assume their time is variable. Imagine what they can accomplish not sitting in an unnecessary meeting, and take them off the list!
2. **Is anyone missing from the attendee list?** I cannot tell you how often I end up in a meeting with a client where a key person isn't in the meeting and so nothing can be accomplished. Why not wait until that person is available, be more forceful to get that person to the meeting or empower a delegate?
3. **Do you have a clear agenda with outcomes?** This is less about a physical piece of paper or an agenda on a meeting request and more about knowing what you will walk away accomplishing in the meeting. Think again before 'hitting send' on your meeting request.
4. **Will you encourage feedback to make the next meeting better?** In my global strategy group, we have started to not only talk about how to improve the next meeting but we are giving each other feedback. We might not want to hear constructive feedback but we are more successful with it.
5. **Is there a mechanism to track actions?** Some clients call this a RAIL (rolling action item list) or something like it. Consider not taking notes and instead focusing on action.

Meetings are necessary in driving results; however, do you need as many as you have? And do they have to be as long? I challenge everyone to reduce their meeting time by 50%. Give it a try, and [let us know](#) how it goes and what strategies you find the most successful. Also, even more interesting, how many meetings did you cancel?

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A Human Capital Checkup](#)

Connections

- Looking for a Javascript and Node developer? My nephew graduated from a top rated computer boot camp Sabio and is a full stack developer with a specialty in Node. If you know anyone in Southern CA looking for a developer, please [contact him](#).
- A client in the City of Industry is looking for a Cost Accountant. Please refer to [me](#).
- A client in Ontario is looking for a planner/ buyer. Contact [Evan Cohen](#) with referrals.
- Do you know a top notch IP, family law or litigation attorney in the Inland Empire or surrounding area? And/ or how about a healthcare benefits resource? 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](#).

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.

What is *Profit through People*?

I've used the Profit through People brand since my newsletter's inception in 2006 as it resonated with me. Although I consult on topics within each of my service lines--Eagle Eye Strategic Focus, The Strongest Link in Your Supply Chain, the Systems Pragmatist & Profit through People--I find that people are key to success in every situation. If you are interested in elevating your business performance, please [contact us](#).



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