



June 2015 - Issue #112

## Welcome from Lisa

Life continues to be hectic to say the least! I have been spending time with my family and friends. I'm glad to have the opportunity. Life can be short -my uncle passed away earlier this month. A tough time yet a reminder to enjoy life - we spend a significant portion of our lives at work, and so we better enjoy what we do!

I'll be heading to AZ this weekend to help my parents with an organizing project, and I just got back from a 3-day weekend of fun and relaxation in Catalina with great friends.

I am also quite pleased that I've kept quite busy working with high-quality clients (which is the 80/20 for me!) on exciting projects. What else can I ask for! Lately I've been focusing on supply chain improvements with projects such as designing supply chain strategies and plans, implementing SIOP (sales, inventory and operations planning) programs, and identifying critical success factors as a part of ERP selection projects.

I'm also just launching a new line of advisory services for those nagging, short-term challenges that require expertise without hands-on support. It can be a good way to get started to gain insights and ideas on addressing specific, short-term supply chain, process and systems needs.

It seems as though the holidays are zipping by, and so it can be of value to take a few moments out to remember to celebrate. July 4th will be here before we know it...

I think it is hard to go to a fireworks display and not be positive and hopeful. Hope you have the opportunity to enjoy one. I typically am able to attend an easy yet fabulous fireworks display at the end of the street. We can see the fireworks that the city of Claremont puts on without the crowds, traffic and the like. Not much is better unless you go to Disneyland - they make everything seem better by adding a touch of something extra such as music, fireworks in shapes etc.

## **IN THE NEWS**

Please check out my latest speeches, articles & quotes:

- Quoted in the *American Journal of Transportation's* article "Supply Chain Calculus" and in *Risk Management's* article, "The Hidden Risks of Outsourcing".
- Published an article in *Project Times* "Is Agile Common Sense?".
- Selected to become a Board member of MCIE (Manufacturers' Council of the Inland Empire).



Stay tuned for a video clip that will come out soon promoting my APICS 2015 presentation, "[Priming Your Supply Chain for The Amazon Effect](#)". I'm thrilled that several of my APICS Inland Empire Board members will be attending the conference this year. I hope to entice them to be a cheering section at my speech - a nice leg up! I'd love to see you there. To learn more and register, click [here](#).

Hope you take some time out to enjoy the 4th of July!  
Lisa

[Email](#)  
[LMA Consulting Group, Inc.](#)

P.S. Please think of me if you should know anyone who would like to elevate their business performance.

## Eagle Eye SIOP/ Integrated Business Planning

SIOP (sales, inventory, & operations planning) taken to the best practice degree is often associated with integrated business planning. In some circles, they are seen as interchangeable. In others, it is seen as the "next step" for SIOP. It is nomenclature to me as I see fully leveraging SIOP as common sense.



Substantial results will follow. For example, several of my clients have achieved one or several of the following with SIOP/ Integrated Business Planning: 1) successfully supports dramatic growth; 2) improved service levels; 3) slashed lead times; 4) improved margins. 5) accelerated cash flow. 6) increased productivity.

Why not use SIOP as a core process to running the business? Wouldn't that be a common sense approach to success? As the famous William Occam said, "the simplest solution is often the best". This also syncs up with what I've found to be the most successful philosophy - start with the the simple and expand with what will provide the most value to your organization.

So, what are the common keys to success?

1. **Start with demand:** It is always appropriate to start with demand. Focus in on your customers. What do you expect your customers to buy? Which products are most popular? What else can you offer your customers to go the extra mile? Getting a solid handle on demand is a great place to start.
2. **Forecast accuracy:** The more predictable your sales, the less inventory you'll need to carry to meet customer expectations. How volatile are your customers' ordering patterns?
3. **Rolling # of months or years:** As each month goes by, you'll want to add a month to the end of your planning cycle. In essence, the concept of a rolling plan is essential to ensure you take the long-term, continually reviewed and updated view. I love the way one of my manufacturing clients describes this concept - it's like a conveyor system where one month drops off and the next one gets added on.
4. **Inventory strategy:** Your inventory strategy is one of the factors that will be used in the development of the master schedule. How many turns are achievable for your industry and in supporting your company strategy? Inventory is used to cover volatility and lead time. What is needed?
5. **Service level plans:** What are your customer expectations? Where do you stand in the market? Should you shoot to be competitive, distinct or breakthrough on service and lead times? These factors will affect your resulting inventory expectations.
6. **Master schedule:** Translate the demand into supply requirements. Combine demand, inventory strategy, level loading, and lot sizing into a master production schedule.

7. **Purchase plans:** Translate your master schedule into a purchase plan. Similar to the master schedule, combine the master schedule, inventory strategy, level loading and lot sizing into a purchase plan.
8. **Inventory plan:** Once you know your demand plan, master schedule and purchase plans, the resulting inventory plan will follow.
9. **Capacity plans:** How do your staffing and machine capacity plans align with your master schedule? Will you need to ramp up? Cross-train? Purchase machinery and equipment?
10. **Cost & margin plans:** It only makes imminent sense to sync these plans with your cost improvement plans. Assuming you have a good handle on your pricing and mix, a margin plan will emerge.
11. **Cash flow plans:** Once your inventory plan is known, it is achievable to estimate cash flow requirements and plan accordingly. Will you need financing? Can you support your growth and investment objectives with your inventory strategy?
12. **Make vs. buy decisions:** Strategic decisions including make vs. buy options will arise through the SIOP process. The right people are together to evaluate what will provide the most value for the business.
13. **Capital plans:** Certainly, capital plans will be a by-product of the SIOP process.
14. **Collaboration plans:** How do your integrated business plans align with your customer and supplier programs? Share critical information and collaborate for success.
15. **Communication & alignment:** One of the key advantages of a SIOP process is to align ALL functions, customers and suppliers on one plan. Clarification rules!
16. **One plan:** The concept of one plan is paramount to SIOP success as the 80/20 is in alignment, collaboration and execution with clarity.
17. **Action items:** Let's not forget action items. Without solid execution and follow-up, no process will thrive.

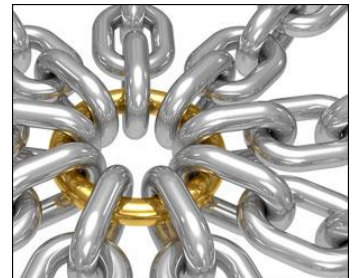
If you follow these key factors for success, your monthly SIOP process will align resources and result in a rolling forecast that integrates with your financial plans and operational plans. In essence, you'll have the 80/20 of running a successful business in one place.

**Did you like this article?** [Continue reading on this topic: The Benefits of SIOP](#)

The Strongest Link in Your Supply Chain  
**Slashing Lead Times to Support The Amazon Effect**

One of those frequent and frustrating problems with growth can be space. Who has heard, "I've run out of space! What should we do?". Unfortunately it is not uncommon.

The problem with this situation is that there are numerous causes and solutions - including this is exactly the problem I wanted to create. Recently I've been working with a few highly seasonal clients. Space can be a dilemma in planning for how to navigate these seasonal patterns. Additionally running out of space is always a concern for growing clients. So, what should we do?



Make it a part of your planning process. For example, planning for space is one of the outputs of a SIOP (sales, inventory and operations planning) process. When you implement this best practice process, it is absorbed into the monthly process flow and trade-offs are continually evaluated. You'll find countless articles on SIOP by searching my ***blog***.

A few items to think about when space arises as a topic include:

- **Warehouse space optimization with existing equipment** - have you considered how to optimize the space you already have? I've yet to run across a company without an opportunity to

maximize already-existing space utilizing already-existing equipment. Think about flow, layout, storage strategies, etc.

- **Warehouse space utilization with value-add purchases** - have you brought in an expert to review your warehouse layout to look for opportunities for additional racking and creative approaches to maximizing space? Can you add an aisle? How about store above the dock doors?
- **Flow** - at its simplest, think about whether you are storing high-volume items closest to the dock doors and lower volume items in the hard-to-reach, inconvenient places. There are many flow considerations beyond these but it's a great place to start....
- **Onmi-channel strategy** - if you support more than one channel (such as retail/ e-commerce and distribution), it is likely you need multiple storage and handling strategies.
- **Leveraging systems** - have you optimized the use of your current system? Are you scanning? Utilizing WMS functionality? There are many potential solutions without investing significant resources. Often times, WMS light capabilities can be a dramatic boost to productivity.

It isn't a bad idea to start with common sense. My best clients might not be warehousing gurus yet they think about this from a common sense perspective, ask questions and gain inputs from the entire team. Beyond common sense, a few simple yet effective warehouse strategies might be in order. Certainly, none of us wants warehouse space to be the limiting factor for growth!

**Did you like this article?** [Continue reading on this topic: \*Warehousing Thoughts\*](#)

The Systems Pragmatist

## The Value of Process Flows

When the idea of *The Systems Pragmatist* service line popped to mind, I was thinking about the critical importance of systems and processes. I had just left a strategy session with the former head of HR from Cisco, and she gave me a new respect for the value of process flows. Previous to that session, I saw them as just an assumed part of the process. It was great to gain a new appreciation for one of my strengths!

Thus, I thought I'd share the value of process flows. As much as we think we know our processes, we don't. I've yet to find a situation where we didn't learn something by creating and documenting process flows. For example, while working with a client on production scheduling, the supervisors and managers thought they knew what was being scheduled and the process to schedule it; however, they didn't. When we documented the production schedule and associated processes, we found several scheduling issues no one was addressing. This simple finding led to dramatic improvements in service levels as we could better identify root causes.



Lately, I've been working with several clients to design and implement SIOP (sales, inventory and operations planning) programs as it is a great way to align all functions of the organization on one plan that also balances demand with supply. We recently developed process flows to support the demand and supply processes, and it was enlightening. At a minimum, it provided clarity to the process steps and accelerated our progress because it facilitated communication and collaboration.

Process flows provide clarity in several respects: 1) Which direction the process flows. 2) Who is responsible for the process step. 3) Whether a decision is required. 4) The sequence of process steps. 5) A visual representation of the process.

Contrary to popular opinion, process flows do not have to be complex. Although Visio creates perfect process flows, it does not have widespread use. In the SIOP example above, we went down the simple path and created them in Excel. Being fancy isn't essential and can add complications. Consider what will

facilitate communication, collaboration and aid in achieving results. Simplify and focus exclusively on what will provide value.

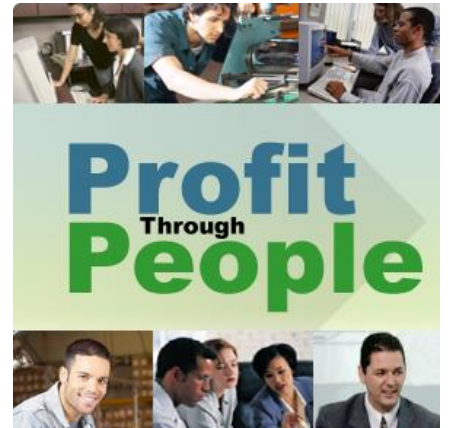
**Did you like this article?** [Continue reading on this topic: \*The Significant Value of Processes\*](#)

## Profit through People The Power of Communication

If there is one thing that ALL of my clients have in common, it is that communication always needs improvement. It almost seems like no matter how much effort is placed on communication, improvement opportunities exist. In essence, just like in real estate where "location, location, location" is #1 to success; in business, "communication, communication, communication" is paramount.

In order to communicate effectively, here are a few tips to be as effective as possible:

1. **The Rule of 7** - the rule of thumb is that people need to hear a message 7 times before it is absorbed. Repetition is your friend!
2. **Varied messages** - do not repeat the exact same message. Instead, vary the phrasing while keeping the meaning. Different phrasings might get through to different people.
3. **Varied media** - different people learn (and remember) in different ways. Email appeals to some. Phone calls to another. Physical letters to others. Social media to others. TV / video works for many. Vary your media for different styles.
4. **Consider your audience** - change your communication style to appeal to your audience. It is natural to use the style you are comfortable with; however, it is not what will be most effective. Find out what will appeal to your audience.
5. **Spend more time listening than talking** - as odd as it might seem, listening will enhance your communication skills. Listening allows you to know how to tailor your communication to be effective. Presentations are often boring whereas discussions can be engaging.
6. **Consider pace** - talking at 100 miles an hour can be very hard to follow; however, slow communication can be equally challenging.
7. **Remember tone** - Have you ever heard someone drone on that could make landing on the moon seem mundane? We all have! Align your tone to the situation. If you want people to follow, be engaging and communicate excitement.



Those who communicate effectively will thrive. Undoubtedly, a strong communicator with medium technical skills will outperform a weak communicator with strong technical skills every day of the week.

**Did you like this article?** [Continue reading on this topic: \*Communications Rule!\*](#)

## Connections

Connections and relationships are the 80/20 of success!

### THIS MONTH'S REQUESTS:

- My APICS Inland Empire Chapter has a success Spring Executive Panel & Networking Symposium on "Innovation: A Must for Manufacturing and



Distribution Success". We are now planning for our fall symposium in November. Please send your ideas for "top of mind" themes ***to us***.

- My Ontario ProVisors group of trusted advisors is looking for an labor attorney, a real estate attorney and a commercial real estate broker. Please ***email me*** with your referrals.
- An excellent Supply Chain Manager with expertise in inventory management, systems, business processes, and project management with a specialty in aerospace in the Wichita area is looking for her next career opportunity. Please contact ***her*** with referrals and ideas.
- I know of a few excellent Supply Chain Leaders who are interested in making a change for the "right" opportunity. If you are interested, please email ***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](#)**.



**Email:** [landerson@lma-consultinggroup.com](mailto:landerson@lma-consultinggroup.com)

**Web:** [www.lma-consultinggroup.com](http://www.lma-consultinggroup.com)

**Phone:** 909-630-3943