



July 2018 - Issue #148

Welcome from Lisa

Not surprisingly, June was no exception from a flurry of activity and events. I went to AZ to help my mom with several jobs and to see family. While meeting my global strategy group in Hawaii, I took a few extra days to enjoy the sites (of course). My favorite view was from the balcony in the hotel room for the weekend - simply amazing!



I had an epiphany about LMA Consulting while talking with my global strategy group. We have always been manufacturing and distribution experts; however, what I realized is that unlike the majority of consultants (including me when I started the business) who have a service/ product specialty, we have evolved to a market-focused specialty. Since we have deep expertise in manufacturing/ distribution/ supply chain, regardless of why the client calls, we assess what will have the most impact and focus there to start.

So long as the outcome is enabling scalable, profitable growth (thereby increasing business value), whether we focus on innovation, M&A/ systems transformation, performance improvement, SIOP or something else doesn't matter. We'll identify the best topic(s) to start with in order to accelerate progress and maximize the benefit to the organization. From there, we'll evolve with changing business and market conditions. I'm very excited to have this clarity!

Aside from gaining my exciting new clarity, I was busy with client projects, speeches and events.

IN THE NEWS

Check out my latest speeches, articles & quotes:

- I'm very excited to share my interview with Oracle on "[Supply Chain Management is Evolving: How Will It Affect Your Enterprise?](#)"
- Published article and interview on Critical Mass for Business titled "[Will Robots Pay Back?](#)".
- Spoke at the Rancho Cucamonga Chamber's Manufacturing Forum on "[What is Innovation in Manufacturing?](#)".
- Quoted in SAC's press release "[Strong Economy Creates Long-Term Growth Opportunities for Smart Businesses](#)"
- Taught an **APICS CLTD** (Certified Logistics Transportation and Distribution) class.

On July 19th, I'll be speaking at the IMA (Institute of Management Accountants) Inland Empire on "[The Resurgence of Manufacturing and Distribution](#)" in Ontario. I'd love for you to join me there.

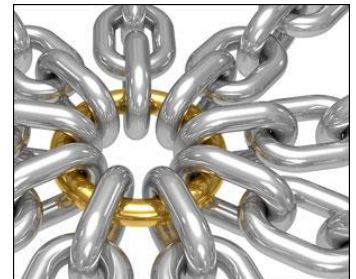
Enjoy!
Lisa

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

P.S. If you know of anyone who is interested in creating BOLD customer promises and profits, please refer them to [us](#).

The Strongest Link in Your Supply Chain
What's Next in Supply Chain?

Our most successful clients always ask "What's next?" as they want to stay ahead of the curve. It is quite clear that staying on top of current trends and what is expected down-the-road is essential to successfully navigating your business to scalable, profitable growth. For example, if you think your industry might develop a new way of servicing customers, you cannot figure this out after you are left in the dust. Clearly, providing an exceptional customer experience is important but so is developing this new service method in a scalable, profitable way. It will be much harder if behind the 8 ball. Are you thinking about what is next?



With our definition of the supply chain from creation to customer, there are countless topics to be thinking about when it comes to what's next:

- 1. New products and services:** What new products and services will your customers want? We have found that most customers (just like most of our clients) might not know yet. You better be thinking about it and prompting ideas!
- 2. Suppliers:** What new materials, components and supplies will you need to improve performance at a lower cost? (These win-win successes require innovation and collaboration.)
- 3. Transportation:** What's next in transportation? Think of the relevance - from suppliers to manufacturers, from manufacturers to manufacturers, from manufacturers to distributors, from distributors to end customers, from one facility to another facility, and so on.
- 4. Technology:** What's next in technology as it connects each of these people along with equipment, and much more (think IoT) with data and information flows. We find that this often-times can be the bottleneck to achieving scalability.

5. Manufacturing: What's next in manufacturing? Even if you aren't thinking about using 3D printing, you should be considering the impacts if your competition, your suppliers, your customers and more start using this additive manufacturing capability. It is likely to impact every step of the supply chain. What else is likely to happen in your industry?

6. Distribution: What's next in distribution? In your industry, what is essential? To think about distribution, you must think about your customers' needs. You also should be thinking about the rest of your supply chain. For example, if 3D printing takes off, it changes the distribution model. If e-commerce continues to be important, your entire setup would change if you are more traditional currently. Do customers want you to take over worrying about what to stock and where to stock it? Perhaps you should suggest taking on VMI/ replenishment.

7. Customers: What's next with your customers? How about your customers' customers? Are you even talking with your customers' customers? Do you understand the industry trends throughout your chain? If you aren't getting out of your office with an internal focus, you won't. Who have you called lately? Who have you visited? Do you ask questions? Attend conferences?

8. People: What's next with your colleagues and partners? Nothing else will be achievable if you don't have the best people on the team. It wasn't that long ago we thought virtual meetings were a big deal. Now they occur daily; however, millennials often-times like coming into the office for the community - and prefer the Google-like environment.

Thinking about what's next can distinguish you from your competition. Eventually, a decision will arise that requires this knowledge. If thinking of the future is part of your daily culture, you'll pass by the rest!

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[**Do You Have an Eye to the Future?**](#)

The Systems Pragmatist

Are You Ready for a Systems Transformation?

The need for a systems transformation seems to be arising more frequently lately. How do you know if it is time to consider a systems transformation? Let's start by defining a systems transformation. In essence, a systems transformation is an upgrade of the way you perform business inclusive of your people (allocation of resources, skillsets, etc.), processes, systems and information flows/ collaboration partners.



Although there is never a bad time in terms of elevating your business performance, the investment and disruption might not be 'worth it' - does the return on investment make it the 'right' time?

Here are questions to ponder in answering that question:

1. What are your growth plans? - If you are performing well and growth is slow, you are unlikely to require a systems transformation. However, if you expect solid levels of growth, you'll need one. There are two reasons: 1) Even if you are providing an exceptional customer experience currently, to maintain

that with growth is a different ballgame. 2) As you grow, if you don't want to add people to support each new level of growth, you'll need to devise systems to grow in a scalable, profitable way.

2. Will your margin levels sustain your business needs? - Of course, no one would complain about increasing margin; however, the key question is what has to be done to achieve the result? Take a look at whether your profitability and margin levels are sufficient to satisfy stock price expectations, investor needs, reinvestment plans, business valuation goals etc. We have run across "cash cow" businesses that yield enough profit for the owner's lifestyle and objectives. There might not be a reason to invest in an upgrade. After all, there is risk and disruption with every activity of this magnitude.

3. What are your customers' expectations? - No matter your growth and profitability, if your customers' expectations are changing or increasing (as they often are in today's Amazonian environment), the key question is whether you'll be able to meet them with your current setup. We see that it can go either way - depends on the industry, your customers, the marketplace etc.

4. What are your employees expectations and capabilities? - Will your employees stick with you if everything remains status quo. This can completely depend on your employees. We have run across people who prefer "what works" and are quite happy not to upset the apple cart. On the other hand, we have also seen many job seekers look for new opportunities because the executives weren't interested in growth - the company's or the employee's. It is important to think through what will happen. If you choose the status quo and your employees don't align, it might force you into a different strategy, and you'll be worse off for not thinking proactively.

On another note, if you don't have employees capable of leading a systems transformation, you will need to shore up your team. Certainly you can supplement with short-term resources to fill in gaps and consultants to advise on skills not required over the long-term but you might also need to fill in gaps within your team. Don't overlook this critical component but also don't let it deter you from making the leap.

5. Do you have the funds? This is the one that deters most executives. It is quite tempting to hold off until later when it seems like it is a 'better time'. However, are you defining better time as one when you feel better or one as defined by the questions above? As my consulting mentor says, there is always money. It is a matter of priority. Recently we ran into a client that never has borrowed money. It can be a smart and prudent strategy if it supports your business objectives; however, the CEO was questioning whether he should continue this strategy. If it is the 'right time' for an upgrade, and it will provide a return on investment over the long-term, he should absolutely borrow to fund the near-term investment to gain the value down-the-line.

Of course, that doesn't mean you should dig a hole the size of the Grand Canyon to fund your systems transformation. We have seen many executives accidentally throw money out the window when it wasn't the best timing or get carried away and spend 'too much'. In these cases, you might never recover from your upgrade! Gain advice from experts with an eye to return on investment. Keep in mind that taking prudent risk will be required!

Give a systems transformation some thought. What would you accomplish? Is it the right time? If you'd like a second set of eyes to evaluate these questions, [contact us](#).

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[**Are You Achieving Scalable, Profitable Growth**](#)

Have you thought about the role of conflict and collaboration in the supply chain? When thinking of supply chain from creation to customer, there are many links and connections. In the current supply chain model, there are connections between and among suppliers, transportation partners, manufacturers, outside processors, distributors, customers, end consumers, and much more.

Within any of these connection points, there are another set of links and connections between new product development/ R&D, sales, operations, finance, HR/ staffing, and any more. Given the sheer number of variations of connections, it becomes a critical link in achieving success.

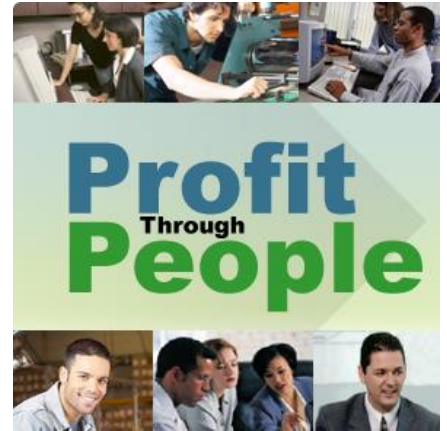
Therefore, the concepts of conflict and collaboration take on an elevated level of importance. In the modern supply chain, even competitors collaborate. At a recent Harvey Mudd executive roundtable, we had a discussion on competition. After stimulating the discussion, it turned out that almost everyone had an example of collaborating with the competition in order to thrive in today's Amazonian, customer-focused marketplace.

Thus, the question becomes should we encourage conflict or collaboration? We say "both". To keep a healthy debate and focus on evaluating options including those we are likely to dismiss, we must encourage conflict and a difference of opinions. Our most successful clients put different people from different functions, geographies and backgrounds together to stimulate healthy conflict and new ideas. For example, in one client, a non-technical person from the office asked the key question that prompted the idea for a technical solution to improve the performance of the key operation that held up orders to customers.

On the other hand, learning the art of collaboration is bedrock to sustainable success. For example, in order to find a win-win with a competitor, it requires innovative and collaborative thinking. Are you deliberately putting you and your team into the position to collaborate with those who might not have the same view? So long as you set up guidelines and an overarching high-level objective, they'll find a way to collaborate to new heights.

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[***Collaboration in the Supply Chain***](#)



Every executive we work with is interested in increasing the value of the business. Whether a small closely-held business with an owner who might want to sell the business or exit with an ESOP or a private-equity backed company aiming to achieve the ideal exit strategy per the private equity agreement or a large, complex organization working to increase shareholder value, increasing the value of the business remains a unanimous top priority.



Understanding this objective is quite different from fulfilling it. There is a reason the most successful businesses have teams of people instead of a single owner who has to come up with every idea - it is certainly more sustainable! So, what are ways to encourage these ideas? Here are several ways we've seen achieve success consistently over 25+ years in both the corporate and the consulting world with manufacturers and distributors.

1. Engage your employees - Definitely one of the "easier said than done" items; however, it is also one of the most consistently successful. As the Gallop polls show, those companies with a higher percentage of engaged employees significantly outperform the rest.

2. Involve your customers - Who can better generate ideas that will ensure a superior customer experience while increasing the value of the company if not your customers? Don't just go to your top 10 customers in volume. Think about your long-term customers. It can be worth it to turn a few customers on the brink of being an unprofitable customer to prompt ideas to turn it around or end the relationship on a "good note". You never know what might happen. We've seen dramatic turnarounds, just as often as we've seen the rest of the company improve when getting rid of the "rotten apple customer".

3. Collaborate with your suppliers - Aside from your customers, who else might have a substantial impact on your performance? Your suppliers! If you can devise new win-win approaches together, imagine the possibilities. For example, when I was a VP of Operations and Supply Chain for a mid-market manufacturer, we collaborated with suppliers to develop a new material so that we could reduce our usage (increasing our profit) and provide a benefit to our customers (better performance/ higher value for them). We become a closer partner with our supplier and grew each of our businesses and profits while enhancing the value to our mutual customer. A win-win-win.

4. Ask colleagues outside of your area of expertise - Just because your colleague is in a different function doesn't mean he/she won't have a great idea. Take the time to explain an important project to related colleagues outside of the project or your area of expertise. Ask for their thoughts, watch-outs and the like. You never know where the next great idea will come from.

5. Consult with experts / advisors - Attend trade association meetings; dig into industry journals; ask questions of LinkedIn groups; pursue alumni colleagues; consult with an advisor, consultant or financial expert; join a peer group.

There is no doubt that the most successful executives utilize all of these techniques to make sure they generate a seemingly never-ending stream of ideas to increase the value of their business. Will you set aside time on a daily, weekly and monthly basis to priorities these activities? Do not expect an immediate payoff; however, if you are consistent, you'll find overnight success one day down-the-road.

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[**Supply Chain Management Is Evolving: How Will it Affect Your Enterprise?**](#)

Connections

Connections and relationships are the 80/20 of success!

THIS MONTH'S REQUESTS:

- Do you know a top notch commercial real estate attorney in the Inland Empire or surrounding area? My ProVisors group is looking for one.



Please introduce ***me***.

- A senior executive with experience as a CEO, COO, and Division Leader who delivers significant shareholder value in food and beverage, CPG, equipment and technology companies is interested in a new opportunity and expanding his network. If you know of a good introduction for his network, please refer ***Chris Riley***.
- One of the best execution-oriented, common sense (which is in short supply) P&L owners or COO/ Operations-type resources I've worked with in the aerospace industry is looking for her next opportunity in the San Fernando Valley and surrounding areas. If you have an introduction, please ***email me***.
- A continuous improvement expert with planning/ buying experience is interested in getting back into a job geared towards continuous improvement - a great find for an Inland Empire company! ***Email me*** with referrals.
- A planning/ purchasing/ supply chain expert is looking to relocate to Phoenix. If you have any job leads, please ***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.

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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