

Lisa Anderson's Profit Through People® Newsletter



June 2020 - Issue #171

Welcome from Lisa

Lisa's Note

In a way, I wish I was like my cat, Smokey, taking it easy with the biggest concern in this coronavirus world being treats. I, on the other hand, have never been busier with clients, webinars, eBooks, coordinating virtual events, answering the media, making chocolate chip multigrain pancakes and more.

I definitely prefer being busy and productive over being bored but it has been extreme. I believe it is settling out and I was able to get nice sleep this weekend, although with the supply chain in unprecedented territory, every time it looks like things will level out, something else arises. Par for the course in manufacturing & supply chain!

Although most of our clients were working during the lockdown (considered essential), volumes ranged from slightly over 0% to 200% but the average was around 50-70% of pre-coronavirus capacity. Now, everyone is operating; however, it will be a gradual ramp up with continued volatility for the foreseeable future. I wrote an eBook [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#), to address this topic. I've love to gain your feedback.

It has definitely been an unprecedented time for supply chain coverage in the media, and I'm thrilled to have been included in several noteworthy publications and conferences. I am particularly excited about appearing on [Bloomberg](#) (about half-way through), in a [CIEDEC](#) (CA Inland Empire Export District Council) keynote and featured in [Ratelinx's 9 Big Ideas from Women in Supply Chain Leadership](#).

IN THE NEWS

Check out my latest speeches, articles & quotes:

- Featured in articles & interviews on the supply chain impacts of coronavirus in the media including [Birmingham News](#), [Washington Manufacturing Alert](#), [Business Insights](#), [Fabricating & Metalworking Magazine](#), [Microsoft Dynamics blog](#), [ProVisors Accelerator](#) and an [LMA Consulting press release](#) and a [SAC press release](#).
- Featured in video on supply chain implications from coronavirus and the future of manufacturing on [Bloomberg TV](#), [Insomnicat](#), [CIEDEC](#), and [APICS-IE's Navigating through Volatility](#) webinar series.
- Featured in a [Craft of Consulting](#) podcast on advancing your consulting business during times of crisis.
- Quoted in a evergreen article about how ERP systems work in [SelectHub](#).
- Recognized as a thought leader in [Ratelinx](#) as well as in [Ralph Layton](#).



Please let me know if there is anything I can do to help you during these turbulent times, and/or perhaps we can collaborate together for the greater good.

Hope you have a good summer!
Lisa

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

P.S. Know anyone who is interested in achieving scalable, profitable growth? Refer them to [us](#).

Eagle Eye

What's Going On Around the World?

After receiving questions from multiple sources about "What's going on in Asia?", we dug into what's going on around the world (at a high level). In today's globally-connected world, it isn't a question you can ignore!

Starting with Asia, from a supply chain point-of-view, product continues to move. All three China ports are open and the volume has picked up. China's capability was back up to at least 80% of the pre-coronavirus levels. However, once China started ramping up after the first infection wave, N.A. and Europe were under lockdown, impacting customer requirements. According to CEOs from across the U.S., they experienced delays initially but it is largely back to 'normal'. On the other hand, we are also hearing that some folks are experiencing extended lead times. It certainly can depend on the product, material, specific supplier etc.



Customers that switched supply to Vietnam prior to coronavirus have experienced high levels of service and are generally happy. Although there aren't a lot of numbers coming from Vietnam, it appears as though manufacturing has largely carried on to the levels needed. Of course, if you were in process of transitioning to Vietnam when coronavirus hit, it probably has been put on hold. India shut down for a month during coronavirus but started up essential manufacturing early on in the ramp up. India hopes to ramp up manufacturing as companies accelerate the de-risking process from China whereas Vietnam is already in that position and hopes to expand. Japan and South Korea largely carried on through coronavirus. The only noteworthy disruptions were caused by shortages of supplies from their extended supply chain. Overall, there were initial delays with Asian supply, and the degree varied quite significantly based on the source of supply.

With that said, there are increasing levels of concern about a second wave of coronavirus hitting the Asian supply chain. Beijing has been in lockdown with surging cases of coronavirus. Although not integral to the supply chain, it is a bad sign of potential negative impacts to come. It is recommended to bring inventory in ahead of the holiday season and to be cautious with paying cash upfront as several small and medium size Chinese suppliers are struggling.

In Europe, it varied significantly by country. German manufacturers kept operating throughout the coronavirus lockdown. Since they saw the virus coming from what happened in Asia, they implemented social distancing and other protocols throughout rapidly. Certainly, Spain and Italy were impacted more severely and shutdown for a period of time. Several European and U.K. car manufacturers shutdown due to lack of demand and significant disruption in the supply chain. Aerospace companies in the U.S. experienced issues receiving essential components from Europe during the pandemic. Overall, CEOs across the U.S. said that supply from Europe wasn't interrupted significantly.

U.S. manufacturers of essential products were largely able to continue producing. Of course, depending on the customers' served, volumes dropped dramatically and disappeared (suppliers to hospitality for example) or experienced aggressive growth (lawn and gardening, toilet paper, PPE); however, on average, volume dropped to 50-70% of the pre-coronavirus levels. CEOs from multiple industries have said the biggest issue has been disruptions in the supply chain. There are examples of essential U.S. manufacturers experiencing issues receiving materials/ component parts from Mexico, Europe and Asia. Not every country had the same definition of essential. Thus, there is a lot of talk about regional manufacturing and reshoring.

Brazil has been hard hit with the coronavirus recently, and manufacturers have been forced to shutdown. No part of the world has escaped this pandemic! Thus, the global supply chain has come into the forefront and is taking a seat at the table. Are you going to chase your supply chain or build appropriate diversification and flexibility and identify acceptable levels of risk upfront in your strategy discussions?

We are seeing a surge of supply chain strategy assessment and roadmaps. Are you evaluating your supply chain so that you can take charge of your future? There is no such thing as no risk but understanding your customer profiles, changing customer requirements and associated product supply strategies is a place to start. If you'd like to discuss your strategy, please [contact us](#).

[Did you like this article? Continue reading on this topic: Future-Proofing Your Supply Chain](#)

Andrew Zanelli
President, VCC

Michael Knight
SVP Business Development
President TTI Semiconductor Group

Lisa Anderson
President, LMA Consulting Group

Seth Denson
Co-Founder, GDP Advisors

**THE FUTURE OF MANUFACTURING
IN THE UNITED STATES**
May 19, 2020 @ 3:00 pm EST

Sponsored by

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What's Going on in the Food Industry?

After receiving a call from a CBS affiliate asking about what's going on in the food industry, we thought it would make for an interesting deep dive. In addition, we have been working with companies from farm to table and from machinery equipment to logistics/ food service distribution and grocery, and the coronavirus impacts have been vastly different. Whether you are related to food and beverage or not, undoubtedly you have some sort of connection or impact throughout your end-to-end supply chain. At a minimum, the concepts are the same and so take note.



Are you supporting grocery or hospitality?

The answer provides a night vs day response. Of course, grocery saw the largest increase in history early on during the coronavirus lockdown. People hoarded groceries, consumption increased (after all, virtually all consumption occurred at home), and manufacturers and distributors couldn't keep up. Grocery sales saw an unprecedented uptick early on during COVID-19 and it has leveled out to be a slight increase. Due to a surge in coronavirus cases at meat packing plants, there was a lot of concern about a shortage of meat but it didn't materialize in any substantial way.

On the other hand, companies that supply hospitality and restaurants saw a dramatic drop. One of my supply chain colleagues went to her local restaurant and brokered a deal for what she couldn't find at the grocery store. Supply chains were completely out of whack. Channels weren't agile, packaging was different and demand and supply were completely out of alignment! Clients and colleagues that served restaurants and the hospitality industry saw volumes go to 0 overnight. Let's hope they had a diversified customer base. However, even if completely dependent on hospitality, the agile and proactive quickly turned left and found new opportunities.

Is Your Customer Base Diversified?

Customers with a diversified customer base have fared better than the rest. For example, our clients supported each of these types of customers:

1. Grocery - clearly, this segment was largely up
2. Big box stores - again, these stores at least kept operating. Volumes were down slightly but carried on.
3. E-commerce - the one unanimous HOT SPOT across the board.
4. Healthcare - definitely down. No one was going to the doctor or saw medical professionals unless they had COVID-19
5. Weight & body building - again, down since no one was going to the gym.
6. Starbucks & fast food - at first, these were down but they quickly recovered, depending on the product sold. For example, if it was a food product consumed in the store (not typically in the drive through), sales dropped.
7. Restaurants & hospitality - DOWN, DOWN, DOWN

The Misalignment of Demand & Supply

By NO means could our clients assume their customers' history would be a good indication of the future. In fact, in many cases, their customer supplied radically different customers, and so it was really the customer's customer that had to be understood. Getting in touch with our extended supply chain to better understand demand was a good start. Staying on top of changing and evolving needs was critical. Extending help to customers went a long way. The bottom line is to get on top of demand to the best degree feasible.

Of course, the supply base is experiencing the same level of unprecedented volatility. Thus, getting on top of supply is also essential. All-in-all, getting on top of demand and supply and continually re-aligning, readjusting, and addressing gaps (retooling, creating partnerships, repackaging and other innovations) minimized the level of supply chain shortages.

What is the Status of the Food Industry?

Supply chains are more local and somewhat resilient which helped clients adjust more quickly to the changing conditions. Also several clients reduced the number of variations offered to better manage the process and/or to address a supply issue proactively, and it seems to have been a successful approach. Thus, the bottom line is that there weren't noteworthy shortages beyond the first few weeks of panic buying.

What Should We Do?

Smart and innovative clients are thinking ahead and taking the opportunity to evaluate..

1. **Customer preferences:** Think about changing customer preferences and consumer buying behaviors to develop and/or adjust products and services to meet evolving customer needs and to fill gaps.
2. **Technology:** Implement key technologies to better support improved operational efficiencies and a superior customer experience.
3. **Predictive Analytics:** Design and build analytical models and dashboards to use understand how to better predict customer behavior and manage operational cost. Business intelligence, predictive analytics and artificial intelligence/machine learning is offering great promise.

Interestingly, although this feedback was geared to food and beverage, the same types of situations were prevalent in other industries as well. In aerospace and defense, commercial aerospace took a nose dive while defense stayed constant. In building products, if your products supported at home improvement projects, demand was up whereas commercial real estate for retail is in sorry shape. In healthcare, if you are in PPE, you cannot keep up whereas if you are in any field not directly related to coronavirus (such as elective surgery, cancer or a primary physician), you were twiddling your thumbs.

Who are your customers? Are you diversified? What risks exist? Evaluate your extended supply chain and future-proof your manufacturing operations and end-to-end supply chain. Check out our eBook and [contact us](#) if you'd like to brainstorm these concepts further.

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

[Future-Proofing Manufacturing & Supply Chain Post COVID-19](#)



Presented by  LMA Consulting Group

Introducing Lisa Anderson's Future-Proofing Forums

Because we are in unprecedented times with the coronavirus, it prompted me to move forward with Lisa Anderson's Future Proofing Forums. There will be a board for my newsletter subscribers to connect and interact as well as a board on the forum for clients only and another exclusively for our Harvey Mudd Executive Roundtable group. You'll see these launch shortly [here](#).

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



The Systems Pragmatist

What's Going on in the World of ERP & Business Intelligence?

How Do ERP Systems Work?

I am excited to be featured in SelectHub's extremely popular and recently updated article, "[How Do ERP Systems Work?](#)". It provides a good foundation into the world of ERP and what you'd do with an ERP system. Although most clients have an ERP system of some type, by NO means do they understand how ERP systems work and the true value of an ERP system.

Perhaps we should spend more time understanding such a critical topic. After all, an ERP system upgrade will be one of the most significant projects your company will embark upon. Although the financial commitment is substantial, the resource commitment is far greater! On the other hand, if you bury your head in the sand too long, your risk will rise to unacceptable levels and your customers' needs will not be supported.



Naturally, since the pandemic hit, many ERP projects have come to a grinding halt because the first thought is to conserve cash. However, in surveying ERP suppliers supporting clients ranging from small and medium size closely-held businesses to private equity backed companies and large complex organizations, although there has been a slowdown, there are several clients taking the opportunity to get in front of the technology curve so that they will be ready to grow rapidly and profitably as they emerge from the pandemic. They are slowing down some areas of the project while focusing efforts on the critical functionality or areas of the business that need a technology boost. For example, we are working with a client who took the opportunity to develop an IT roadmap so that they'll be prepared to succeed post COVID-19. To think through your options further, listen to a *SelectHub* panel discussion on "[How to Do ERP During COVID-19](#)". We are interested in your feedback and stories.

One area that is of common interest is business intelligence (BI) software. If clients can slice and dice data to understand customer and inventory patterns, utilize predictive analytics to better navigate COVID-19 demand changes and support future customer needs, and develop operational dashboards to manage performance and take cost out of the business, what's not to like? In reviewing the spectrum of available options, there are a few impressive, relatively easy-to-implement tools. Clients are interested in what will deliver immediate value.

Read our eBook, [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#) to dig into these concepts further as well as to start thinking through your technology roadmap.

[Did you like this article? Continue reading on this topic: Blockchain, IoT, Big Data. Will Anything Stick?](#)

Profit through People

What's Going on with Your People?

Do You See People as Assets or Costs?

Your people know what you really think. Do you value them? Even though there has been a sharp spike in unemployment, good talent isn't easy to keep! Multiple clients have lost talent to better opportunities since COVID-19 started. People are on the move.

Are You Attractive to Potential Employees?

Top talent will not sit idle. A colleague and former client who is an excellent find for any manufacturer found a new job in a matter of a few weeks when downsized during COVID-19. It was an exciting opportunity, and she was attracted to the potential in the new job. I am 100% confident they will pat themselves on the back for snapping her up.



Several CEOs have mentioned that they are taking the opportunity to look for talent to fill key roles during the pandemic. They are being selective on the roles but they are taking that step forward during these uncertain times. Remember, good people attract good people!

My Favorite Client Story of Relevance to the Topic of Talent

At the bottom of the Great Recession, the CEO of an outdoor lighting manufacturer had no need for additional employees. In fact, the CEO was experiencing the same issues as everyone else. His competitors cut salaries and let people go. Instead of following the herd, he went in the opposite direction. He hired one of the engineers cut by a competitor even though he had no immediate work for the engineer. In another situation, a job seeker stopped by the facility. The CEO was so impressed with this candidate's go-getter attitude that he hired him on the spot and figured he would find a good spot for him. Fast-forward several years, and he was #1 in his industry and getting ready to introduce a new product lineup to a secondary industry (designed by the engineer) and ready to make a significant shift from engineer-to-order towards configure-to-order with an ERP upgrade that would prepare him for success for many years to come. None of this would have been possible without valuing people.

Read our eBook, [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#) to hear about additional strategies to lead, keep your teams moving forward, and engage your people in the future. Please send your

feedback, stories and ideas. We believe manufacturers have a unique opportunity for growth and success if they innovate and focus on the opportunities during COVID-19. To achieve this potential, you have to start with your people.

[Did you like this article? Continue reading on this topic: Your People During the Coronavirus Pandemic](#)

Connections

THIS MONTH'S REQUESTS:

- My nephew is a full stack developer who has completed an intensive bootcamp and two client projects in SQL server and .NET. He also has experience and completed an intensive training course in Javascript node previously and is now looking for an entry level job in coding. Contact [Ryan Felter](#) with introductions and opportunities.
- Do you know a consultant interested in thriving through ambiguity during the coronavirus pandemic? Please refer them to the [Society for the Advancement of Consulting](#). We have almost 50 webinars on how to thrive in consulting archived on our website as well as special interest groups to help members thrive during these turbulent times.
- Do you know a VP of Operations interested in a new opportunity close to downtown L.A.? A colleague is looking to fill this position responsible for ordering, logistics, QC, warehousing, production and shipping. Experience providing products to big box retailers and e-commerce shipping is a plus. [Contact me](#) so that I can refer you.
- Do you know a manufacturing or export executive in the Inland Empire or Southern CA area who would be interested in participating and advising on a strategic initiative for manufacturers and exporters, backed by the [Brookings study](#) and the [Inland Empire Economic Partnership](#)? Refer them to [Annalisa](#) of the IEEP.
- Do you know a top notch IP, environmental law or litigation attorney in the Inland Empire or surrounding area? 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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