

Lisa Anderson's Profit Through People® Newsletter



Enabling Scalable, Profitable Growth No 178, March 2021

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

I finally went and got new photos. I've used the headshot for [LinkedIn](#) etc., and so I thought I'd use my typical position on client webinars for my newsletter. For the first time since early/mid February 2020, I am heading to AZ to see my Mom and family for Easter. My Mom received her 2nd Pfizer shot, and I had my first one.

Clients have been experiencing rapid growth and are quite interested in scalability, predictability (of future revenue, capacity, master schedules, supply etc.), visibility and technology transformation. Supply chain disruptions abound, creating angst and reconfiguration, the workplace is evolving and speed is the name of the game which is also driving a shortage of top talent. It keeps life exciting! Read about the latest trends and insights in our newly released special report "[Emerging Above and Beyond: 21 Insights for 2021 from Manufacturing, Supply Chain & Technology Executives](#)".



IN THE NEWS

In addition to my "[21 Insights for 2021](#)" eBook, I'm most excited about being quoted in the [Washington Post](#) and featured on [NBC WBRG and Verify](#) on the Suez Canal.

And it was a value-packed time period for my latest speeches, articles & quotes:

- Quoted in CIO Magazine on "[Top 7 ERP Trends for 2021](#)"
- Featured in a Sage whitepaper "[Distributor's Guide to Micro-fulfilment](#)" which was also picked up by [ComputerWorld](#) and [IDG Connect](#)
- The [Audible](#) version of "Future-Proofing Manufacturing & Supply Chain Post COVID-19" was published.
- Featured in a SAC press release on [acquiring and retaining talent](#).
- Facilitated an APICS-IE webinar with Paul Granillo, CEO of the Inland Empire Economic Partnership on "[The Economy, Inland Southern CA & the State of Logistics and Manufacturing](#)"
- Quoted in an article in SelectHub, "[Manufacturing Trends: Leveraging Software and Tech to Maintain a Competitive Edge For 2021](#)"
- Quoted in SAP Insights "[For Resilient Supply Chains, Think Local](#)"
- Interviewed by BizTV L.A. on "[All in with Bryan Weatherford](#)" on Supply Chain 101

Here's to my favorite season, spring (at least for N.A./ EU colleagues)!

Enjoy,
Lisa

[Email](#)

[LMA Consulting Group, Inc.](#)

P.S. Know anyone who is interested in increasing the value of their business? Refer them to [us](#).

SIOP: The Key to Scaling Successfully



According to an informal survey of manufacturers, distributors and healthcare executives, the #1 issue that is top of mind is how to scale successfully. Our clients are growing. For example, those in the building and construction products industry are experiencing significant growth fueled by the pandemic; those in e-commerce are growing faster than imaginable as Amazon-like shopping is the norm; outdoor activity products have been flying off the shelves and don't seem to be slowing down; and logistics is currently so busy that there are increasing prices, backlogs of ships

and more. Of course, if you are in commercial aerospace or hospitality products, your volume has dropped; however, as these industries recover, scalability will become a hot button topic.

How does SIOP help scalability?

First, we must start with customers. What will your customers need in the future? By NO means should we assume the past will dictate the future. Pre-pandemic sales are no longer relevant. Sales that occurred during lockdowns are irrelevant. Not only has product mix changed but buying behaviors have evolved and service expectations have changed. So, what is relevant? Find out what your customers' customers need. Bring market intelligence to the forefront. Align demand inputs, put together a directionally-correct forecast and continuously evolve with the SIOP process.

Next, focus on manufacturing and supply chain. What are you producing inhouse vs. purchasing? Given changes in the demand plan, do you have enough manufacturing capacity? Should you purchase machinery and equipment? Should you run overtime, hire people, bring on more temporary employees or improve performance to meet demand spikes? Or, should you partner with other manufacturers temporarily, form alliances or outsource? As your customers' expectations change, how does it affect your service requirements and therefore your manufacturing capacity, production schedules and materials/ ingredients purchases? Should you locate manufacturing capabilities closer to customers? Can you dedicate a percentage of capacity for last-minute customer requirements?

If you have multiple sites and a distribution network, how do the changing customer requirements and revenue forecast impact distribution plans? Of course, warehouse capacity needs to be reviewed. Transportation strategies should be adjusted. Planning systems (forecasting, advanced planning and scheduling, MPS, MRP, DRP etc.) should be tweaked to evolving conditions.

In terms of purchasing and supply, there are many considerations. Will the 13 week lead times from Asia to N.A. be acceptable? Do you have diversity within your supply base? For example, if your backup supplier to a material you purchase from Wuhan, China is located in another area of

China, you don't have a backup source of supply! Clients with a backup supplier in India (with the main supplier in China) also experienced significant disruption during the pandemic. What if both suppliers use the same ports or travel through the Suez Canal? You are likely to have an issue. Reevaluate the risks and potential disruptions in your supply chain vs. your customer requirements and need for responsiveness. Develop supplier forecasts. Understand supplier capacity and overflow options.

Last but not least, the reason 100% of clients choose the title of SIOP instead of S&OP is because inventory is relevant. During the pandemic, those clients with cash reserves were far more successful than those with minimal cash reserves. In fact, cash constrained companies went out of business or had to sell at bottom basement prices. Projecting inventory needs is certainly relevant to financial success. Increasing inventory levels can cover unanticipated demand and supply chain disruptions. On the other hand, increasing inventory can create storage issues, warehouse inefficiencies, and other unintended consequences. There are no easy answers except to align demand with supply.

SIOP aligns demand and supply to enable growth with increased customer service, profitability and accelerated cash flow. Refer to our [blog](#) for many articles on SIOP. 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 SIOP journey in your business, [contact us](#).

[Did you like this article? Continue reading on this topic: SIOP/ S&OP and Bottom Line Benefits](#)

Manufacturers' Network Podcast

The Importance of Taking Care of Your Customers' Customers



Emerging Above & Beyond: 21 Insights from 2021

Check out our [eBook](#) on what is relevant in 2021 according to manufacturing, supply chain and technology executives.



Micro-fulfilment & Why It Matters

What is micro-fulfilment?

Let's start with a definition of micro-fulfilment. It refers to small-scale distribution centers located closer to the end customer to address the issue associated with the last mile. These micro-fulfilment centers are often attached to local retail stores or contained in larger distribution centers. For example, grocery stores are turning the back area into micro-fulfilment centers. Retail space is reallocating space to micro-fulfilment centers.



We contributed to a Sage whitepaper, "[Distributors' Guide to Micro-Fulfilment](#)". In that report, several compelling statistics were shared:

- **Increased delivery options:** According to EFT's global Supply Chain Last Mile Report 2020, 65% of retail delivery and logistics providers worldwide believe increased delivery options to be their most important focus over the next three years ([Dassault Systemes](#)).
- **E-commerce fulfilment will grow:** According to Agility, 35% of the logistics industry professionals believe e-commerce fulfilment will continue to grow. (Agility)
- **Data and analytics rule:** According to a PWC report, data and analytics is more important for the transportation and logistics industry than any other in the next 5 years.

Whether or not you are in an industry that might be a good fit for micro-fulfilment, you should pay attention. Evolving the supply chain for changing customer conditions and needs is a universal concept. Those that figure out how to reconfigure their supply chain to better meet customer needs quicker than the competition will lead the pack. Certainly, those that embrace technology to support their e-commerce business will be better prepared, and those that dig into data and can use it to make better decisions will increase revenues, profitability and working capital. If you are interested in assessing your supply chain strategy and data and analytics capabilities, [contact us](#) to discuss your situation and objectives.

[Did you like this article? Continue reading on this topic: E-Commerce Has Exploded](#)

Emerging with Supply Chain Strength Webinar Series

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



Mass Customization & Personalization: Rising Trends in 2021

In our eBook [Emerging Above & Beyond: 21 Insights for 2021 from Manufacturing, Supply Chain & Technology Executives](#), two technology executives discuss the critical importance of personalization. With the dramatic rise in e-commerce during the pandemic and experts agreeing that it will only accelerate, hyper-personalization has emerged as a differentiator.

Kalon Stephen, Regional Vice-President at Salesforce, Inc. talked about the importance of investing in digital commerce technology

and optimizing order management capabilities. He also discusses the importance of personalization with artificial intelligence. In fact, a progressive client completely aligns with this position and is investing in an ERP upgrade as well as a B2B/ B2C platform for growth because they believe it will drive growth and differentiation.

Tim Harris, Chief Strategy Officer at Arbela Technologies focused on the trend of hyper-personalization with the rise of e-commerce. He also said the right customer data platform to understand your prospective buyers and customers increased in importance with this trend of hyper-personalization. Innovation in this arena was the more robust in 2020 than in any other year.



“
One thing emerged more than any other trend, hyper-personalization... There has been more innovation in customer personalization in the last year than ever before.”



TIM HARRIS
Chief Strategy Officer
Arbela Technologies
Irvine, California

Personalization doesn't only relate to B2B / B2C. It also relates to mass customization and personalizing service. Can you change your product options on the fly? If not, your customers will find an alternative that does. We have seen that many engineer-to-order and configure-to-order companies have a vast opportunity to increase customization and personalization with a MUCH quicker turnaround time. Upgrading ERP, ETO, CTO and quoting technologies can dramatically reduce lead times while increasing personalization and customization. Additionally, think about personalizing service offerings to changing customer conditions and needs. If you'd like an expert to assess your current B2B/ B2C platform, quote and order management processes and ETO/ CTO capabilities to drive superior customer differentiation and increased efficiencies, [contact us](#) for assistance.

[Did you like this article? Continue reading on this topic: Modern ERP Launchpad for Growth](#)

Connections

THIS MONTH'S REQUESTS:

- I am aware of a few graduating students who are interested in manufacturing and supply chain careers. [Contact me](#) if you have positions available.
- 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 labor law, trial attorney or bankruptcy 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](#).

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](#)

