

Lisa Anderson's Profit Through People® Newsletter



May 2019 - Issue #158

Welcome from Lisa

Let's start with the most exciting news. I enjoyed meeting my strategy group to work "on" my business, and the location was lovely, Taormina, Sicily. I have a new favorite hotel worldwide, the [Belmond Villa Sant'Andrea](#). The people were fabulous, we ended up with a free upgrade on the hotel room but, most importantly, the setting for eating lunch, sitting at the bar or just working on your laptop by the beach was spectacular. My best friend met me after my session, and we toured Sicily, Sorrento, the Amalfi Coast, Prague, Bruges, Ghent and Brussels. Although not my favorite hotel (as the Belmond takes that position), the Bruges hotel [Relais Bourgondisch Cruyce](#) (pictured above) is my favorite photo, and although I didn't know it when I reserved it, it is the hotel featured in "In Bruges" with Colin Farrell and the Hallmark Channel's "Love, Romance & Chocolate".

On the client side, I worked sitting on the coast at the Belmond as well as in the restaurant at the Relais with the canal in the background (although it was typically 10pm - 1am for my webinars and so the participants didn't get the great view). This month, I had several ERP related webinars as well as process improvement related discussions. I also spoke several times including at ProVisors ODAM (Ontario-based Distributors and Manufacturers) on the consortium for logistics and advanced manufacturing excellence and at the [Institute of Management Accountants Inland Empire](#), [Ventura APICS](#), and the Ontario Rotary on "The Resilient Supply Chain". [Kash Gokli](#) and I led a Harvey Mudd executive roundtable on Marketing & Sales Strategies. Lastly, I led the regional consulting event for [SAC](#), "[Breaking Through: Taking Your Business to New Heights](#)" in Boston. See pictures of both of our regional events [here](#) (page down to S.F. and Boston events).

It's interesting how often audiences at my speaking engagements ask about points CEOs made in our "[2019 Predictions from Manufacturing & Logistics Executives](#)" report. Attendees at my Ventura APICS speech on the "[Resilient Supply Chain](#)" gave me additional examples and ideas to add into future discussions. Download your free report [here](#).

And I just ended the month at my nephew's graduation. We are thrilled that he received the President's scholarship to Northern Arizona University, and he is happy about his future.

IN THE NEWS

Check out my latest speeches, articles & quotes:

- Quoted in SAC's press release "[Successful Organizations Drive Disruptive Yet Effective Innovation](#)"
- Published a [press release](#) on how ERP, CRM and related systems are key to enabling growth.
- Led a panel discussion, "[Published! A Look at Publishing Alternatives for Consultants](#)" at the *Society for the Advancement of Consulting's* region event.
- For women in manufacturing month, I was featured in the [Inland Empire Magazine](#) (see page 82).

In June, I'll be presenting on "Pricing & Profits" at [Arizona Growth Advisors](#) and teaching CSCP (certified supply chain professional) classes at the University of LaVerne and at Target Distribution Center. We have had a run of students interested in CSCP!

Enjoy!
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

The Strategic Benefit of SIOP

SIOP (Sales, Inventory, Operations Planning) should not be relegated to the Planning Department. Although the planning group is a key participant and might lead the process, SIOP touches upon several strategic issues as well as create alignment with Sales, Operations, R&D/ New Product Development, Finance, Purchasing, and more. As a CEO, you must become interested!

We have worked on countless **SIOP** projects with clients across industries as diverse as building products, food and beverage, healthcare, and aerospace, and it has proven to be the most effective at achieving the win-win-win of enabling growth while maximizing service, cash flow (inventory) and profit. For example, at one aerospace client, we put the fundamentals in place to support SIOP (scheduling, planning systems MRP/MPS, forecasting) and then rolled out a SIOP process involving all key aspects of the organization. Although our objective was to bring service levels from the 60%'s to the high 90%'s, we accomplished not only that metric but we also improved margins by 5% and increased morale and engagement. What's not to like with these results!

Critical Aspects of SIOP

Let's start with just those elements that are most important to achieving results:

- **Can you get executives involved?** Of course, it is better to gain executive involvement upfront; however, I have found that it is quite doable to gain the involvement over time as well. For example, in one client situation, a key executive was not on board at any level at the start, and so as we rolled out a pilot process, and we convinced him to give the process a try. Once he sat in on the executive SIOP meeting, he became more interested because strategic issues arise such as make vs. buy, changes in sourcing, impacts to sales strategies and more.
- **What do you have to do to get directionally-correct information for making?** By NO means do you need perfect information; in fact, if you wait for perfect information, your decision will be long past. Yet directionally correct information is imperative so that you can make fact-based decisions and/or gain approval from corporate or your Board for what you know must be done to succeed. I cannot think of a client situation where I couldn't gain access to at least directionally correct information after an assessment, no matter how ancient their ERP system.
- **Will you involve all relevant departments in the SIOP process?** If you focus on data and not the people, you will not succeed. The 80/20 of success is to bring typically disparate groups together to align on 1 plan/ path forward. It is much easier to say than to accomplish, and so those clients that do this well have a far higher success rate than the rest. You should involve Planning, Purchasing, Operations, Logistics, Customer Service, Sales, Finance, New Product Development, and any key area of your operation.

SIOP is not a quick resolution; however, you can make quick interim progress. Similar to safety, it must become part of your day-to-day culture. As business conditions change, roadblocks naturally arise through the process. We've found that they have a FAR higher chance of being averted or minimized when they arise as part of the process instead of related to one person or department who typically is seen as the "problem". Strategic issues also arise naturally through the process so that they are proactively addressed instead of resulting in a reactionary panic.



You can start the SIOP journey with an assessment of readiness with recommendations for improvement. Several clients have started with this approach so that they knew which building blocks to put in place and whether the benefits would drive a substantial return on investment at this juncture. If you are interested in this type of assessment, [contact us](#).

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[SIOP as a Win-Win-Win-Win](#)

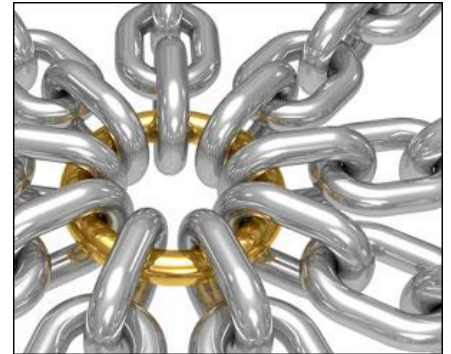
The Strongest Link in Your Supply Chain

The Amazon Effect is Still Going Strong!

The Amazon Effect remains top of mind with CEOs. Whether they compete directly (which is less than 1% with my clients), supply or distribute for Amazon (which is a slightly higher percentage) or are just impacted by the Amazon Effect, it is a major source of concern and/or opportunity. Have you thought about what Amazon is doing lately and how it might impact your business? Better yet, have you thought about becoming the disruptor?

Here are a few of the latest headlines about Amazon (all in the last few days):

1. [Kohl's will accept Amazon returns across the board starting in July](#) - the pilot programs in Los Angeles, Chicago and Milwaukee have been successful. Kohl's and Amazon see this as a win-win.
2. [Amazon announced that one-day free shipping will be the standard for Prime members](#) - it is very hard to go backwards once you get accustomed to a new level of service. All organizations watch out!
3. [Amazon is interested in buying Boost from T-Mobile and Sprint](#) - there is no telling what Amazon is thinking of disrupting next.
4. [Amazon seems to be saying it isn't a retailer](#) - It appears as though the threat of Amazon purging thousands of smaller vendors from its core business is coming true. Stay tuned...
5. [Amazon makes a big splash in the travel industry](#) - in India, Amazon will offer flight booking services.



Amazon gets a ridiculous number of headlines. In the interim, one of the last Sears stores in Phoenix had a massive closeout sale today. [Sears](#) used to be the Amazon of the times 50 years ago but lost its way with a few strategic missteps and lack of innovation. Waiting around for Amazon to determine your course will not be a wise move. Instead, think proactively about your strategic advantage and how you'll get out in front of the crowd.

Think about what Amazon and other competitors do not do well, and find a way to capitalize on these opportunities. Of course, you'll have to adhere to the new model of doing business that we have become accustomed to (rapid deliveries with short lead times and high tech opportunities); however, find what is unique to you and your product or service and drive differentiation in your market segment.

We find that there is significant change occurring across the board. Perhaps the reason some companies are vertically integrating is to do what Amazon cannot do completely at this point: take control over the complete supply chain. Amazon seems to be pursuing this strategy as well when it comes to transportation infrastructure although last mile delivery is quite the challenge. If you'd like to get an assessment of your business and profit opportunities as it relates to the Amazon Effect, please [contact us](#).

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

[UGG Founder, the Amazon Effect in Healthcare & 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."



Roy Paulson
CEO, Paulson Manufacturing

U.S.A. Manufacturers are thriving and will continue to thrive in the future. The world looks to the USA for innovative quality products. In fact, we are the last. Beyond products, the world knows that the American ideal will be fair and equitable. In other words, they trust us and trust does not come easy in this world.

Paulson Manufacturing is based in California. We export most of our raw materials to the USA. And, we are competitive worldwide. Our distribution channel is also our feedback channel. We learn what is going on in each country where we do business. We pay close attention to the high value of the USA Dollar, our quality and standards to exporting, this is the best time possible to expand our exporting potential. Improvements generally occur through learning, hence the term, pragmatism. For example, our clients are divided in half, they are expected to double again this year. This is not without effort, by all parties involved. This is the key, all parties must be involved for the success to occur.

As a nation looking forward in these uncertain times, respect to our growth of tariffs, threats and waving of hands, 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 - Conoco Clipper, Inc. & UK Business Unit Group
UK Strategy - Fenwick Group

There is a lot 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 hard to make strategic changes to strategy and see it work. 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 talk with our differentiated strategy and keep tweaking the messaging and delivery system to keep it relevant and successful in today's marketplace.



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.

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



The Systems Pragmatist When Is It Time to Upgrade?

A Client Question

A client didn't feel prepared to launch into an [ERP system upgrade](#) as they had just bought the business and had invested significant funds into the transition; however, this client was also starting to worry about scalability and the risk associated with old technology. After all, this old technology was directly supporting their day-to-day business and customer experience. Although the CEO was reluctant, he agreed to an assessment of his ERP system and readiness.

The Answer

In their case, they needed to upgrade to modernize their technology infrastructure and gain additional functionality that is required to support their business growth and meet current standards. However, we found a way to make small key improvements to their ancient system to support enough progress to 'buy time' for the teams to gain an understanding of process disciplines required to support a successful upgrade. It also gave them time to educate the workforce.

During the next year, significant efforts were made to roll out process improvements and system functionality to standardize functions such as pricing and raw material ordering. About a year into the process, we "hit a wall" in terms of the ERP capabilities with critical functionality considered a "must" in supporting the business. Thus, we were prepared to make a quick selection of an ERP system and partner, and we eventually gained corporate alignment to pursue the upgrade to support continued growth and profitability.



Food For Thought

We have been asked to look at ERP systems clients thought they should throw out that were perfectly fine and scalable, just poorly implemented, and we have not been asked to look at ERP systems on their last leg where we had to make a strong case to executives to even look at the topic. And whether a new system was needed or not, the organization might not be prepared. Determining whether there is time to prepare or whether you should follow a rapid preparation route can be tricky. There are typically risks on both sides, whether you move too slow or too fast. Take time to assess what makes sense in your case. Be careful of 'shark' salespeople as there are tons in this field, and it is quite confusing so that even well-intentioned executives and salespeople can mislead organizations. If you are interested in running your situation by us, [contact us](#).

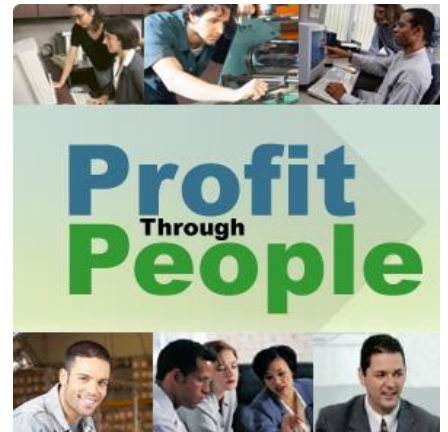
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[ERP Selection: Why It Has Become a Strategic Priority](#)

Profit through People

Do You Treat Your People as Critical Assets to Your Success?

As several CEOs lament continually and as Steve Erickson, president of Corona Clipper, Inc. and UK Business Unit Group, said in our [2019 predictions document](#), talent is a hot topic in today's tight labor market. Perhaps it is time to put a bit more thought into our talent.

As a consultant who works with organizations from a few million in annual revenue to multi-billion dollar conglomerates, it is quite clear that talent is an issue across-the-board. It doesn't matter the industry, the size, or the ownership (private equity, publicly traded or closely-held). Talent is an issue that is top of mind of every executive interested in growth and innovation. The trick is whether you just think about talent or are willing to invest in talent. Which are you?



“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 Clipper, Inc. & UK Business Unit Group
VP, Strategy - Venanpri Group

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Certainly, those who invest are far more likely to retain top talent and develop new talent. In zero unemployment markets, there is something to be said about creating your own talent. If you aren't focused on this topic, it is quite likely the competition will steal your talent away.

There are many ways to invest in talent:

1. **Provide mentor opportunities** - if your organization looks for ways to support the growth of employees with mentors, you are bound to be more successful than the norm. In our experience, the best companies realize that people need to learn through practical application and mentoring provides this opportunity.
2. **Invest in leaders to encourage continuous coaching** - a yearly review is quite useless. Who can remember what happened that long ago and understand how to improve or build on a strength? Instead, I found 90 day one-on-one performance conversations with a limited number of objectives to do the trick. Continuous feedback and investment of time can go a long way. But let's not expect leaders to know how to conduct these sessions if we haven't invested in them. Remember, it trickles down hill.
3. **Provide training opportunities** - search for training topics that will supplement what your employees should understand. For example, any employee in operations and supply chain should take [APICS](#) courses to understand the fundamentals of supply chain and operations management and related principles. If nothing else, it will provide the body of knowledge and associated language.
4. **Provide experiences** - in larger companies, there might be job rotations or overseas assignments; however, no matter the size, there are cross-training opportunities as well as enabling visits and collaborations with customers, suppliers, systems and technology providers, consultants/experts and other partners.
5. **Allow the freedom for experimentation** - to encourage new ideas and innovation, it is important to design programs that educate employees as well as provide a framework to try out new ideas. In our consulting travels, we find that employees who are allowed to test new ideas in a safe zone feel invested in.
6. **Address poor performers** - Instead of ignoring your poor performers because it is an unpleasant task or you are worried about repercussions, proactively address them. Work with them to turn them around or move them out of the organization, and you'll unleash your top talent.

Why not merely increase your engagement by investing in your already-existing talent? According to all the surveys, engagement is at horrific levels in the vast majority of organizations yet engagement is key to driving performance. It doesn't take a rocket scientist to figure out investing in your people is not only common sense but it can do more good for your bottom line than almost anything else. The key is to not treat investment as throwing money at an issue but instead seeing it as a priority. [Let us know](#) what ideas you have to engage your most critical assets.

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[Are You Retaining Top Talent?](#)

Connections

- My nephew graduated from a top rated computer boot camp 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](#).
- bright, young mechanical engineer is looking for a job in the Inland Empire or surrounding areas. His wife just joined Harvey Mudd. He has received high accolades. [Contact him](#) with opportunities and references.
- A client in the City of Industry is looking for an Operations & Supply Chain Leader as well as a Cost Accountant. Please refer to [me](#).
- A client is looking for an e-commerce business manager. If you know of someone qualified and interested, please him/her 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](#).



Email: landerson@lma-consultinggroup.com

Web: www.lma-consultinggroup.com

Phone: 909-630-3943