

# Lisa Anderson's Profit Through People® Newsletter



September / October 2019 - Issue #162

## Welcome from Lisa

I wrapped up this last month with a long-weekend trip with my mom (pictured on left), Aunt Cheryl (my mom's best friend from grammar school pictured on right), Aunt Joan and Cheryl's sister in New Mexico. It was nice to spend quality time with them while seeing some New Mexico sites (Taos, Santa Fe & Albuquerque)!

I also attended the [Association for Supply Chain Management \(ASCM\) International Conference](#) and cheered our [APICS Inland Empire](#) students from [Harvey Mudd College](#) to take the top spot at the [GLOBAL student case competition](#). Very exciting! In addition to picking up on the latest trends and best practices, I had the opportunity to spend time with valued colleagues Shannon Reininger, Diane Garcia and Phil Elhai.



### IN THE NEWS

I am thrilled to share an interview I did with Oracle on "[Thriving in a World of Rising Customer Expectations: Q&A with Lisa Anderson](#)".

In addition, check out my latest speeches, articles & quotes:

- My [press release](#) about artificial intelligence and its impact on manufacturing profit, inventory levels and cash was picked up by [Yahoo Finance](#), [Just Style](#) and [InlandEmpire.US](#).
- Led a webinar for SAC on "[A Matter of Trust: How to Build Your Practice by Becoming a Trusted Advisor](#)"
- Quoted about recession proofing your business in [Sleep Savvy](#), [FeedStuffs](#) and [Pallet Enterprise](#).
- Featured in the ProVisors [The Accelerator newsletter](#) about Women in Manufacturing
- Spoke at [ProVisors](#) Distributors & Manufacturers Group of the Inland Empire (ODAM) and at [Renaissance Executive Forums](#) on "Pricing & Profits".

In October's manufacturing month, I'll be speaking on "[Sustaining the Manufacturing Momentum](#)" at the Rancho Chamber as well as an executive roundtable with City National Bank and AmPac Capital. I am also participating with a [Women's CEO Forum](#) as an advisory board member of the University of LaVerne's College of Business & Public Management. **Please join me in celebrating manufacturing during October!**

Hard to believe we are entering the 4th quarter. Are you ready for the holidays & 2020 priorities?

Happy Halloween!  
Lisa

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

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

Eagle Eye

## Manufacturing Month & Interview with an Innovation Award Winner

October is manufacturing month, and so we'd be remiss if we didn't highlight the power of manufacturing on our jobs, economy and quality of life. Manufacturing is powerful in its influence although it is often overlooked.

Here are a few statistics from the [National Association of Manufacturers](#) to put the power of manufacturing in the proper light:

1. Manufacturers contributed \$2.8 trillion to the U.S. economy
2. For every \$1 spent in manufacturing, another \$1.82 is added.
3. The majority of manufacturing firms are quite small yet there are 12.82 million manufacturing workers in the U.S.
4. Manufacturing workers earn almost \$85k annually
5. 92% of manufacturing employees are eligible for health insurance
6. Over the the next decade, 4.6 million manufacturing jobs will be needed.
7. Over the past 28 years, U.S. manufactured good exports have quadrupled
8. Manufacturing in the U.S. would be the 8th largest economy in the world.
9. Manufacturers perform 64% of all private-sector R&D
10. Foreign direct investment in U.S. manufacturing exceeded \$1.6 trillion.



We are excited about the future of manufacturing in the U.S. and in the Inland Southern California area. In fact, according to a [Brookings study](#), it is one of the top two recommendations to create a consortium for advanced manufacturing excellence. We are working with the [Inland Empire Economic Partnership](#), more than 10 local universities and community colleges as well as partner organizations and exporters to bring this to a reality! We are currently seeking CEO and manufacturing executive involvement from an advisory capacity. If you are interested, please [contact us](#).

To illustrate one success in manufacturing, we thought we'd highlight my interview with Ingram Micro after they won the [Manufacturing Council of the Inland Empire's Innovation Award](#) in Process & Resource Efficiency. As [Innovation Awards Chair](#), it was an exciting day to see such innovation and success in the Inland Empire! In this interview, I had a great conversation with Ismael Reyes Jr, Lean Leader II and process expert as well as Cindy Baughman, Senior Process Manager and finance guru at the Manufacturing Summit to explore further what they achieved with 33 lean projects, a \$1 million dollars of savings and more. Watch the [video](#).

In alignment with what we see with our clients, the 80/20 of success boils down to people and leadership combined with the appropriate process improvements to drive dramatic improvement to performance to customers and the bottom line. If you are interested in discussing a rapid assessment of what can be achieved in your organization, please [contact us](#).

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

[Which State Has the Most Manufacturing? The Answer Might Surprise You...](#)



### The Strongest Link in Your Supply Chain The Often Overlooked Value of Reverse Logistics

While at the [Association for Supply Chain Management International Conference](#), I attended a session related to reverse logistics that contained several ideas for how to achieve significant savings and customer value through reverse logistics. However, I thought it was even more compelling to hear the examples of a friend a colleague who came up with innovative ideas that will provide superior customer service AND a significant margin improvement with a common sense idea gained by collaborating with her team. It yet again proves that results go to those who take the time to listen, observe and collaborate to test new ideas.



One example related to shipping boxes. This aerospace manufacturer received complaints from their customer that they didn't want these hefty shipping boxes as they had to dispose of them. However, there are legal and security requirements that had to be addressed, and so a creative solution was required. A team brainstormed ideas and developed a way for the customs officials to look inside the crate without breaking into the crate and created a way to return and reuse the crates also saving the customer disposal costs. Collaboration was a key theme as the supplier, customer and internal team were involved. As this top notch manager commented, there are countless numbers of these types of opportunities out there if we just listen, observe

and collaborate. When is the last time you have visited your shipping operation to ask for common sense ideas that can achieve a dramatic return on investment? Even more importantly, the team feels a part of an important success.

Turning to the e-commerce world, according to a presentation by the [Reverse Logistics Association](#), returns are 25-35% for on-line sales vs. 8-9% in stores. What a dramatic difference! And, of course, handling these returns is inefficient. Traditional labeling is the limiting factor in achieving higher throughputs. Have you thought about your labeling recently? Who knew it could become a differentiator!

When looking at reverse logistics related to food, collaboration was again a key theme. Costa Farms resolved cart and rack issues with both the customer and supplier by moving to consolidated rack return. The idea of collaborating across supply chains is just gaining momentum. For example, as a part of the consortium for logistics success in the Inland Southern California, we are collaborating with GA Tech. They are bringing collaboration of strange bedfellows across Southern CA to the table as a way to create a win-win-win for each company involved as well as the environment and more. Stay tuned for the latest trends and ideas emerging from this supply chain consortium over the next few years.

Perhaps the common theme is to pay attention to collaboration opportunities and reverse logistics. There can be a significant hidden opportunity in this topic. Why not focus attention and see what can be achieved with some common sense and collaboration!

[Did you like this article? Continue reading on this topic: What is the Supply Chain?](#)

## 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."



**Ray 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 supply products. In fact, we see the far. Beyond products, the world knows that the business deal will be fair and equitable. In other words, they trust us and trust does not come easy in the world.

Paulson Manufacturing is based in California. We source most of our raw materials in the USA. And, we are completely world-wide. Our distribution channel is also our feedback channel. We have a lot to gain from our global supply chain as we do business. We are still seeing the high value of the USA. China, now the world's manufacturing hub, is the best time possible to expand our exporting potential. Improvements generally occur, although, across the entire spectrum. For example, our sales team decided to check for you and we expect them to double again this year. This is a rare without effort, by all parties involved. This is the key: all parties must be involved for the success to occur.

As a result of having shared these important items, request our services 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. We are forecasting 20% growth in exporting for 2019 and expect USA 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 - Green Clapper, Inc. & UK Business Unit Group  
VP, Strategy - Versagen 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 to work. 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 it!

Even though I think the business world as a whole is getting better at strategic planning, at the end of the day, it is now to make dramatic 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 stick with our differentiated strategy and keep tweaking the messaging and delivery system to keep it relevant and successful in today's marketplace.

Manufacturing & Supply Chain Predictions for 2019



## 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](#)



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**THE RESILIENT SUPPLY CHAIN**  
Navigating Disruptions.  
Raising Performance.

### Client Question

Should I really invest time and resources into technologies I don't know will pay back? For example, there is a lot of conversation about the value (or lack thereof) with [blockchain, IoT, AI and more](#). This concern continues to arise and is on every executive's mind. They do not want to be left in the dust "holding the bag" (old and slow) while their competitors race by. On the other hand, they do not want to dump all sorts of money down the drain on technology that might not prove effective in their industry. And, in some cases, what they could invest would be a drop in the bucket. It would be like trying to refill the Pacific Ocean with a pail. Remember that fabulous song by Harry Belafonte "[There's a Hole in the Bucket](#)"?



My colleague [Diane Garcia](#) and I set out to find the latest answer to this question at the [Association for Supply Chain Management International Conference](#). There were several panels and presentations on each of these topics, and there were several exhibitors talking about the latest and greatest technology integrations.

### The Answer

Undoubtedly, there is a lot of noise about these technologies. According to Gartner, AI augmentation will generate \$2.9 trillion in business value and recover \$6.2 billion hours of work productivity. Thus, it is easy to see why AI is gaining investment with the large companies and with leaders of large organizations. I love this quote from Harvard Business Review, "Over the next decade, AI won't replace managers, but managers who use AI will replace those who don't." That about sums it up! We need to at least be aware so that we can make good decisions when it comes to these technologies.

As it relates to AI, according to McKinsey Quarterly, across all functions, respondents report that the most significant benefits come from adopting AI in manufacturing! Coming in second is risk with supply chain management just behind in third place. Thus, if you are in manufacturing you cannot afford not to at least consider the opportunities. Do you need to do this on your own? NO! We are seeing small companies come together to share resources and invest jointly to drive scale with results (and so they can compete with the large companies). There are also groups that facilitate this type of collaboration. At the most digitized companies, the adoption of AI capabilities is greater including machine learning, virtual agents, robotic process automation, computer vision and more.

According to Forrester, 90% plan greater investments in data and according to MIT Sloan, 85% view AI as a strategic priority. These two technologies cross over and seem to have the upper hand with the most immediately applicable technology. With that said, there were even more sessions about blockchain and whether it was hype or hope. The bottom line on blockchain is that it is a real opportunity for certain industries such as the food industry (related to food safety); however, it is still in early stages and will require a consortium of companies to come together to bring to reality. According to a leader from FedEx, whether big or small, no one company will be successful on its own. Yet all the "big guys" are interested and participating. Stay tuned to see where it goes. Last but not least, IoT is integrated into many conversations about big data, AI, autonomous vehicles and more because it connects technologies. In manufacturing, IoT is connecting machines and data for predictive maintenance and the possibilities abound.

Thus the bottom line is to pay attention but resist exploring technology in isolation. Learn to collaborate.

## Food For Thought

As much as these technologies should be on your radar, don't get carried away and forget your fundamentals. Do you have a scalable [ERP system](#) to support your business growth and profitability? If not, start there! Do you have reporting and [business intelligence systems](#) so that you can slice and dice information to make instantaneous, informed decisions as key customer questions or business opportunities arise? If not, start there! How about a simple [CRM](#) solution? Certainly in the [Amazon Effect](#) era, we must pay attention to customers.

[Did you like this article? Continue reading on this topic: What is Ahead for Technology?](#)

Profit through People

## The Future of Manufacturing Is Bright: Harvey Mudd Takes 1st Place in Global Student Case

As President of [APICS Inland Empire](#), one of my favorite activities is encouraging students. We encourage students of all of our local universities to participate in plant tours, symposiums and student case competitions to learn about manufacturing and supply chain as well as to expand their professional network. Our [Board of Directors](#) has been proud over the years to see multiple teams from Cal State San Bernardino, Cal Poly Pomona and Harvey Mudd win regional competitions to compete in the [Association for Supply Chain Management International Student Case Competition](#). And this year, our student team from [Harvey Mudd College](#) took home the gold!

Harvey Mudd placed first, followed by Hong Kong University of Science and Technology and Case Western University. As an audience member during their presentation to the Board of Directors of the case study company, I can assuredly say that my clients would be thrilled to hear this sort of presentation to their Board and it gives us high hopes for the future of manufacturing. There are no limits with students of this caliber! And, as a former co-leader of a highly successful Western region student case competition, I can definitely say a big thank you goes to their academic advisor [Kash Gokli](#) as well as mentors and exemplars that have aided their progress along the way.



Harvey Mudd College facilitates students' involvement with manufacturing companies as a part of their [Clinic program](#) so that students walk away with practical, hands-on knowledge and the company walks away with bottom line results. Another [Harvey Mudd team](#) won the [Manufacturing Council of the Inland Empire's Innovation By Students Award](#) earlier this year for working with [Laguna Clay](#) manufacturing company to improve processes and drive performance improvement in their manufacturing process. Gone are the days when top notch students think in theory; instead, practical manufacturing work experience is the norm, and we have many top notch engineers going into manufacturing again!

Additionally, lest we forget that earlier this year another student team from [Cal Poly Pomona](#) won the regional competition for the [Global Student Challenge](#) and went to the Netherlands to compete in the global competition. There is no doubt that if we provide the tools and education, the future leaders of manufacturing will achieve goals we can't even imagine at this juncture.

What are you doing to support our future leaders and to encourage the pairing of fresh ideas with solid experience? When paired successfully, it is an unbeatable combination with both the new employee and the tenured employee gaining new ideas and excitement from the process. Take a step back and think about how to make  $1 + 1 = 64$ . And, please refer your friends and colleagues to our [APICS Inland Empire chapter](#) as there are numerous opportunities for student involvement and growth.

[Did you like this article? Continue reading on this topic: Manufacturing Summit Recap: Innovation & Top Talent](#)

## Connections

- A few clients/ colleagues are looking for a Materials Manager. If you are interested, please [contact me](#).
- A client is looking for a SAP Business One and cost expert in San Diego. If you have a referral, please [contact me](#).
- 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](#).



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