



February 2016 - Issue #120

Welcome from Lisa

Another month has sped by. I am happy to report that spending January and part of February almost completely focused on client projects has delivered results.

I am really happy with the progress especially as I appreciate that my clients and colleagues were so supportive while my dad and my best friend's dad went into the hospital, transferred to hospice and eventually passed away - one after the other.

In addition, I chaired the APICS West Coast Student Case Competition (with quite a lot of help from my expert colleague Ellen Kane & the rest of the team - thanks SCC team!). We had a resounding success - 25 teams and 108 students from 3 countries (with a 4th on the wait list). My APICS Inland Empire Chapter Board of Directors was quite proud of our 2 Cal State San Bernardino teams and our 2 Cal Poly teams - they did an amazing job!

I know Southern CA manufacturing & distribution professionals look forward to meeting them at APICS-IE's executive panel & networking symposium on April 30th. Please join us for a fabulous lineup of panelists & an excellent opportunity to network.

I am also the Chair for the Innovation Awards of the Manufacturers Council of the Inland Empire (MCIE)'s Manufacturing Summit. I'd like to encourage all Inland Empire manufacturers to apply for an award in innovation in one of three categories: 1) resource efficiency 2) marketing and 3) workforce development. To learn more and apply (by March 11th) - [Click here](#).

IN THE NEWS

Please check out my latest speeches, articles & quotes:

- Quoted in SAC's "Half a Century of the Big Game: What Businesses Can Learn from America's Super Bowl Obsession".
- Spoke at the ProVisors Inland Empire Manufacturers and Distributors group (ODAM) on "Priming the Supply Chain for the Amazon Effect"
- Spoke at a key executive group of manufacturers and distributors on "Inventory Management".

Enjoy,
Lisa

Email
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P.S. Please think of me if you should know anyone who would like to elevate their business performance.



There is quite a bit of talk on culture in organizations; however, if you were asked to define your culture, could you? I think this question would give many executives pause to think.

In today's work environment, all potential employees will discover what your culture is like when evaluating whether to work at your company. Since information is readily available on social media and in the news, there is no doubt if someone wants to understand your culture, he/she will. What will he/she find out? Is it what you'd expect?

I prefer my consulting mentor's definition of culture - that set of beliefs that governs behavior. Ponder on this definition, and it becomes quite clear. Rah, rah speeches meant to influence culture are pointless. What really matters with this definition is those beliefs that influence what happens.

For example, I worked with a client who wanted to change from a culture focused on dollars to one focused on the customer. That was a tall order because dollars was ingrained in every person's mindset. The planning group focused on orders of high dollar value. The production group would produce based on projected dollars shipped for the month. Of course, shipping would backorder customers based on getting the higher dollars out the door regardless of due date. Certainly, dollars were behind the beliefs held by all team members.

In order to successfully change to a customer-focused culture, the leader had to change these underlying beliefs. He started by revising the metrics. He no longer held people accountable for dollars. In fact, he didn't provide dollars on any reports as they were not important; instead, he provided customer due dates. This really stressed out the masses for the first several weeks! However, by changing the focus to due dates, the culture started to shift.

This leader also held his ground with resistance - from employees, peers and with corporate. No one thought he'd be successful in the beginning since much of this culture was dictated by corporate; however, as he stuck to his guns and supported the culture with daily decisions, the culture soon started to turn. He also had to make an example out of people defying this new culture. One example went a long way as people took notice. The customer was #1.

In this case, the interesting result was that although we expected and experienced a slight decline in sales in the first month since we no longer were going to ship based on dollars as the #1 priority, we increased sales for the quarter. We were so concerned about the quarterly impact that we ran around in circles for years (which is NOT uncommon) when it had zero negative impact for the quarter.

Change the set of beliefs that govern behavior and you'll change the culture!

Did you like this article? [Continue reading on this topic:](#)
[***Lost in the Culture Change Maze? 4 Strategies to Succeed***](#)



The Strongest Link in Your Supply Chain Which Planning Method is Best?

I've incorporated three planning method options into a presentation on inventory management best practices. I've been receiving more and more requests for this topic as executives experience the impact poor inventory management can have on an organization - it can stunt growth, weaken profits, tie up cash unnecessarily and negatively impact operational efficiency.



I run across conflicts frequently among these options. Unfortunately, the method is often dictated. Resources are not valued. And results struggle. On the other hand, my best clients view these as complementary options to be used at the "right" time in the "right" situation for the "right" products.

Briefly reviewing these methods:

1. **Lean:** In lean circles, planning is seen as a Kanban process. In essence, the demand is pulled through the system by the customer. For example, when a customer consumes 5 pieces, the manufacturer produces 5 pieces. This type of process works effectively when demand is even.
2. **MPS/ MRP:** Master production schedules and material requirements planning are system tools and related processes that derive production requirements and purchase plans from a compilation of demand (sales orders, forecasts, independent demand), inventory levels, expected production plans and receipts etc. This process looks at lead times and calculates what should be produced, regardless of the environment (make-to-order, make-to-stock, configure-to-order etc.). This type of planning can work effectively with uneven demand.
3. **TOC:** The theory of constraints focuses on subordinating all resources to the bottleneck or most overtaxed resource. The focus is often-times on throughput. Since throughput will be limited by the bottleneck, it makes sense to focus there.

I cannot tell you how many disagreements I've seen over the years on the optimal planning method. In some companies, executives have become purists to one method or another, and it created havoc - unhappy customers, high costs etc. Instead, I've found it is well-worth it to evaluate what combination of methods makes the most sense for each particular company, product line, machine, team etc. My most successful clients use a combination approach.

Did you like this article? [Continue reading on this topic:](#)
[***Often Overlooked Value of Production Planning***](#)

The Systems Pragmatist Critical Success Factors Core to ERP Success

I've always focused part of my business on ERP selection projects as these leverage the unique combination of my strengths - understanding the cross-functional and cross-organizational view in combination with the strategic priorities to identify the critical success factors. We then align these factors with the optimal business process design and system functionality to ensure success.

I'm in the final stages of developing a new proprietary process for ERP selection, called ACE (assess and align critical success factors to achieve your desired endgame). The key to success lies with critical success factors. Think about the following when thinking about critical success factors:



- **Profit drivers** - What drives the company's profit? What is key to success? For example, when I was VP of Operations, I was responsible for cost. Although labor cost was utmost on the Board of Directors' minds, it wasn't the most important cost driver. Raw materials was a much more significant percentage of product cost. Thus, focusing resources on material cost was the smartest way to drive profit.
- **Alignment with strategy** - Strategy can dictate a critical success factor. For example, if customers are core to success, making sure the system can easily address core customer requirements is cornerstone. How flexible is the system to meet those needs in alignment with your strategy?
- **Differentiators** - What does your business do differently from the competition? What are your unique differentiators? make sure your system supports these.
- **Unique system functionality** - Often-times, there is functionality which is unique to your industry or way of doing business. For example, in metal processing, there can be attributes of metal which have to be considered in understanding items and inventory. Does your system support this without having a separate item for every possible combination of attributes?

Start by identifying your critical success factors. You wouldn't want to start building a house by picking out curtains when you didn't have the proper foundations in place. Consider your ERP system in a similar light. Stay tuned for the introduction of my new proprietary ACE process in next month's newsletter.....

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

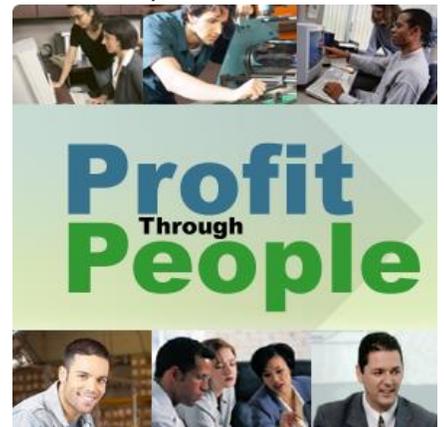
Profit through People

Ideas to Reward Employees

There is a lot of talk about rewarding employees; however, I see little action. How do you reward employees? Do you consider it a priority? If you are willing to focus attention on this topic instead of completing an analysis for the CEO, meeting with a customer or the like, then it is an obvious priority. How obvious is it to your organization?

Rewards don't have to be costly. The best require time. Some ideas to reward employees include:

- **Catch people doing right:** Provide immediate positive feedback. Look for opportunities to find people who are doing a good job. It is easier to find those who aren't. Have you spent time specifically looking for those who are "doing right"?
- **Say thank you:** As easy as this is to do, it is rarely done. Take the time to say thank you. Be specific with your thank you. And, of course, be genuine. It goes without saying but I've seen it more than once. People will know if you truly appreciate what they've done or not.
- **Publicize wins:** I worked with a Director of Supply Chain who was excellent at publicizing wins. She sought out wins and made sure they were written up in the company newsletter. She found pictures, wrote paragraphs and made sure wins were publicized. They were noticed!
- **Hand out small rewards at a company lunch:** Movie tickets or dinner gift certificates can go a long way. Small tokens of recognition can convey the importance of employee's actions. Many take them home with them and their family can enjoy in the reward.
- **Recognize employees with meaningful work:** One of the best rewards is to be included in meaningful work. Include your best performers in interesting projects. Don't bury them in problems because you know they'll get them done. Give their work meaning, and they'll thrive.



There are countless ways to reward employees. Start with these ideas, add a few of your own and get started. You don't have to have a complete list to start. The most important item to success is to tailor your rewards to what will be meaningful to each employee.

Did you like this article? Continue reading on this topic:
[Three C's to Leadership Success](#)

Connections

Connections and relationships are the 80/20 of success!

THIS MONTH'S REQUESTS:

- My APICS Inland Empire Chapter Board of Directors would like to invite you to our upcoming executive panel and networking symposium on "Emerging Supply Chain Trends" We have exceptional panelists and are filling up. **Register early.**
- My Ontario ProVisors group of trusted advisors is looking for a an attorney or CPA that specializes in healthcare. If you know of a top notch one in the IE, **email me.**
- Looking for an exceptional Supply Chain Manager in the Wichita area? I have the perfect person for you! Please contact [her](#) with referrals and ideas.
- If you know of an innovative manufacturer in the Inland Empire. encourage them to apply for the Manufacturers Council of the Inland Empire (MCIE) **Innovation award.**



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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