

Lisa Anderson's *Profit Through People*[®] Newsletter



August 2018 - Issue #150

Welcome from Lisa

Hard to believe we are kicking off the fall season when it was just Christmas a few days ago (at least that's the way I remember it)! With that said, I just returned from Minneapolis where we led a client workshop for sales and planning/ supply chain resources. Our client treated the entire team to a fantastic and breathtaking dinner boat cruise on the lake. What a nice surprise!



Of course, I had a busy August. I'm most excited because I went to AZ twice to help my mom with some projects and to help my nephew apply to ASU, NAU and U of A, and he found out today that he got in to all 3, and for the subject he prefers (computer science)!!

Aside from these trips, I have been working with clients on selecting new ERP systems that will support their business growth objectives, on identifying internal best practices while upgrading their people, process and systems infrastructure, and on evaluating the best strategy and path forward to navigate changing business conditions.

Thanks for your feedback on my upgraded website. I'm very excited about the clarity it provides on our consulting and advisory services, and our focus areas of manufacturing, distribution, aerospace & defense, building products and food & beverage/ CPG. Also, a big thank YOU to our clients for providing video & written testimonials. What potential client wouldn't rather hear from a client?!

Since we are always talking about the Amazon Effect and this is our **150th Profit through People newsletter**, we thought we should live by what we advise and innovate, stay fresh and speed up as well.

Thus, you've probably seen that we've upgraded our newsletter graphics - in addition to this one, check out our [Supply Chain Briefing](#), and [I've Been Thinking](#) newsletters. You'll see articles from our new "The Resilient Supply Chain" series here, and we'll kick off our first video interview this month as well. Please send your [ideas](#) and feedback on topics you'd like addressed.

IN THE NEWS

Check out my latest speeches, articles & quotes:

- Featured in Savantis' "[28 Expert Opinions Every Business Leader Should Know About Enterprise AI](#)".
- Quoted in SAC's press release "[Outstanding Customer Experience Can Be a Key Differentiator for Successful Businesses](#)".
- Spoke at the Valley Distributors and Manufacturers group of [ProVisors](#) on the Amazon Effect.

On Sept 12th, I'll be speaking at the Riverside County's College of Foreign Trade's [Go Global](#) program. I'd love to have you join us.

Enjoy!
Lisa

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

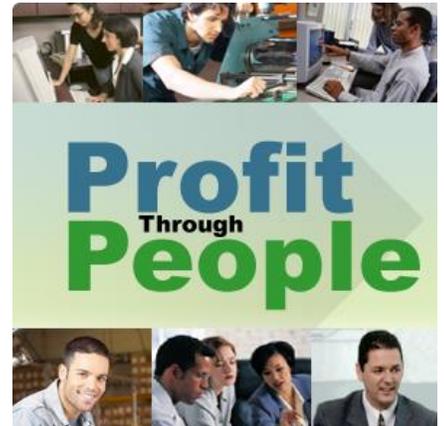
P.S. If you know of anyone who is interested in achieving scalable, profitable growth, please refer them to [us](#).

Profit through People **Do You Give Back?**

We are all so busy, it can be hard to find time to give back. However, the future of our profession, future leaders and our region is at stake. Thus, it can be a great priority to add into your day to find a way to give back.

Choose a way that works for you. Some people prefer to donate time. Others prefer to donate money. And others donate expertise. I started this journey because one of my colleagues, [Ellen Kane](#), who has to be one of the most helpful people I know (and therefore there is no way to say no to such a wonderful person) asked me to participate with the first APICS Western region student case competition (with just a hand full of students from 3 colleges). Fast-forward 10+ years, and we led the competitions together with over 100 students from universities around the globe (from the western region of the U.S. to Canada to China and beyond).

To give an idea of the types of activities you might get involved with in your profession, community or with future leaders, here are the [giving back](#) priorities of LMA Consulting: #1) Manufacturing/ Supply Chain Community; 2) Southern CA Community 3) Students and the future of the profession.





Within these categories, here are some of the examples of activities we do. Hopefully they will prompt ideas for you:

- 1. IEEP (Inland Empire Economic Partnership) and IEGO (Inland Economic Growth & Opportunity):** We focus on advancing supply chain and advanced manufacturing in Inland Southern California to contribute to the economy of the area.
- 2. MCIE (Manufacturing Council of the Inland Empire):** Certainly this group also has a focus on manufacturing in Inland Southern California to contribute to the economy of the area. In this case, we lead the Innovation Awards and so we partner and recognize manufacturing in the region.
- 3. APICS Inland Empire & Universities/ Colleges in the I.E.:** APICS is the leading trade association for supply chain and operations professionals. Our goal is to provide value to manufacturers and distributors in the area as well as to students/ future leaders (Harvey Mudd, Cal Poly Pomona, CSUSB, UCR, University of LaVerne, Drucker & Norco College).
- 4. Student internships & mentoring (Pomona College & the Drucker School):** We also partner with students at Pomona College to provide internships in research and business topics, and with students at the Drucker School to mentor women in supply chain.
- 5. University of LaVerne Board of Advisors:** As part of this role, our goal is to advise the business school, participate with the CEO Summit and contribute to the committee focused on advancing women in the business school.

One of the best pieces of advice we've received is to start small. You can make a difference by giving back in a small way and expand where it makes sense for you. There are no competitions when it comes to giving back. Do it in a way that makes sense to you. It doesn't matter what anyone else thinks. Also, you might have completely different interests. For example, my business partner in the Society for the Advancement of Consulting contributes by volunteering for an association that focuses on diabetes, and I have colleagues who give back by taking care of aging parents. No matter your interests, it is likely to give you a bit of diversity in your life.

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

[**How You Learn More by Teaching**](#)

In today's Amazonian environment, the customer experience is of paramount importance. Nothing else matters if the customer isn't happy. Thus, all the conversations going on about trade really just comes back to the customer. What is the best way to service your customers?



In manufacturing circles, there are many elements converging to strengthen manufacturing in the United States including the following:

- Mainly, there are lots and lots of customers in the U.S., and they all want products and services delivered rapidly (which is less conducive to producing half way around the world).
- Customers change their mind frequently; again, last minute changes aren't conducive to long transit times.
- The new tax law has made the tax rates much more comparative to other nations.
- Deregulation has definitely made manufacturers more on par with other nations.
- Technology improvements have made it more cost effective to produce in the U.S.

However, even though manufacturing is surging in the U.S., we live in a globally interconnected world. Very few if any clients source 100% of all materials within the U.S. If you go to suppliers twice removed, you'll definitely be in global territory. Thus, global trade remains a key issue.

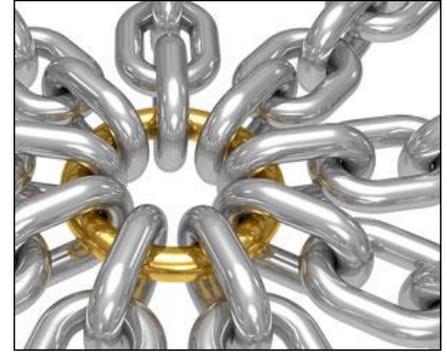
In logistics circles, there is a lot of concern about the impacts of tariffs on global trade. Will customers still bring in the same level of imports? If not, how will that impact the ports, distribution centers and transportation? On the other hand, it hasn't slowed down yet. The ports are having a record breaking year. We've seen price increases start to occur as they are passed on to the next person in the supply chain. However, the question remains - is this good or bad? And will it substantially change the supply chain in any way?

Certainly there are a lot of heated discussions surrounding global trade. We have clients who are positively impacted because it just makes them more competitive and is fairer with the rest of their industry. And we have clients who are up in arms because their raw material prices are increasing and they are concerned about how to pass it on to their customers. Will this put them at a disadvantage vs. a competitor who doesn't source from overseas? Or does it just even the playing field?

Strategic decisions are beginning to be impacted as well. For example, Ford decided to not produce a new small car in China. With the 25% import tariffs, it no longer made financial sense. A few clients are thinking about whether to expand into Mexico and the U.S. There is uncertainty with NAFTA as well; however, the experts believe something will carry forward. Or, perhaps with a resilient supply chain the key is to not guess and focus on your customer. If your customers are in the U.S., Mexico is closer to the U.S. than China. That is a fact that won't change. One thing is definite - things will continue to change and evolve. Have you built resiliency into your supply chain so you can successfully navigate ever changing business conditions?

Did you like this article? [Continue reading on this topic: Keeping an Eye on Global Markets](#)

Are you able to find trucks? It is quickly becoming the key question that needs to be answered. Every driver has at least 12 options. Why will he/she take your load? Are you attractive to carriers? That is the key question. After all, you can carry inventory so you are responsive (assuming you planned well and have the right inventory at the right place at the right time) but if you cannot deliver, it was all for naught.



According to the Journal of Commerce, truck rates are up in the low double digits 50% through the year, and they are expected to go up to 15% before slowing down to 7-10% increase in 2019. However, these rate hikes are quite the shock to businesses. However, our clients are saying that there are times they cannot find a truck, whether they pay 15% more or not. What are you doing to ensure you have a resilient supply chain?

Here are a few questions to ponder:

- **Do you view your carriers as partners or vendors?** - Undoubtedly, if you view them as vendors, you probably aren't delivering on-time or are paying double or triple the going rates.
- **Do you have a backup carrier?** - I learned this lesson from the Director of Purchasing who worked for me at PaperPak. He kept a backup supply of our critical material so that if anything went wrong in the supply chain, he could "turn it on". This meant we were paying higher prices on an ongoing basis to keep this backup supply. Of course, our Board members were not happy about the increased cost; however, he was "right on". Eventually there was a strike at the ports and our supply was delayed. Because we had been bringing in backup supply all along, we were able to turn up the production and cover our needs seamlessly. Do you have a backup in place you are confident will be there when you need them?
- **Are you proactively partnering with your carriers?** - As supply chain challenges arise, do you proactively collaborate with your carriers to resolve the issues? Are you willing to think outside the box and try new and innovative ideas?
- **Are you an attractive customer?** - How you treat people all along will either make or break success. People tend to do business with people they know, like and trust. Are you finding ways to improve your customers' conditions? Remember you cannot just decide to become attractive when you need your suppliers. It is a way of doing business.
- **Do you need trucks at all?** - Perhaps it's time to re-think your strategy. Should you consider rail, air or another method? Can you partner with your customers or suppliers in a new way? How about collaborating with competitors? Or you could consider insourcing vs. outsourcing. Think outside the box but start early. Waiting until there is an issue is no time to think about resolving one.

It seems such a basic element to have trucks where you need them and when you need them yet it often isn't viewed as a priority. Why not take stock of where you stand and put some thought into your path forward? You'll be more likely to meet and exceed your customers' expectations with this proactive approach to supply chain resiliency.

Did you like this article? [Continue reading on this topic: *What's Next in the Supply Chain?*](#)

Will artificial intelligence and automation impact your industry? Most likely the answer is yes; the only question is how. At the very minimum, you should be paying attention so you can make sure you are taking potential advancements into account in your strategy.



In the accounting industry, AI has the opportunity to transform and automate a significant number of jobs. Manufacturing has already been impacted by automation. Of course, it is likely to continue to evolve; however, it has the potential to transform the logistics industry. Perhaps we better think about potential applications:

- 1. Instructions** - Artificial intelligence certainly seems to come in handy when it comes to fixing issues and reviewing instructions.
- 2. E-Commerce** - AI certainly helps to find like-products and complimentary products when purchasing through an e-commerce portal.
- 3. Intelligent virtual assistant** - AI can learn how you respond to tasks and requests and answer for you with repeatable and mundane tasks.
- 4. HR recruiting** - Although arguably not as good as an excellent recruiter, AI can find qualified candidates and eliminate legwork in the recruiting task.
- 5. Autonomous vehicles**- Starting within the plant and expanding to trucks and elsewhere, autonomous vehicles are being used to increase efficiencies and reduce risks.
- 6. Robotic picking systems** - This is one of the largest risks in terms of current logistics operations. Just as manufacturing has been automating so will logistics operations. It will be a 'win' for costs, efficiencies and speed; however, are you prepared?
- 7. Maintenance** - why go through the long and arduous "old school" view of preventative maintenance when you can look at data and predict exactly what needs to be maintained before it breaks down?
- 8. Customer demand** - the better data on customer demand, the better the entire supply chain can run - quick, efficient and low cost.
- 9. Repetitive tasks** - anything that is repetitive is a good candidate to automate. It will be more repeatable, more consistent quality and lower cost. Are you looking for opportunities?

Don't just look at what will directly impact your company. Review impacts to your end-to-end supply chain. What is likely to disrupt your customers? How about your suppliers? What can you do to get in front of it?

Did you like this article? Continue reading on this topic:

[**AI, Robots, Blockchain, Hike!**](#)

Connections

- Do you know a top notch commercial real estate attorney in the Inland Empire or surrounding area? My ProVisors group is looking for one. Please introduce **me**.
- A senior executive with experience as a CEO, COO, and Division Leader who delivers significant shareholder value in food and beverage, CPG, equipment and technology companies is interested in a new opportunity and expanding his network. If you know of a good introduction for his network, please refer **Chris Riley**.
- One of the best execution-oriented, common sense (which is in short supply) P&L owners or COO/ Operations-type resources I've worked with in the aerospace industry is looking for her next opportunity in the San Fernando Valley and surrounding areas. If you have an introduction, please **contact her**.
- A continuous improvement expert with planning/ buying experience is interested in getting back into a job geared towards continuous improvement - a great find for an Inland Empire company! **Email me** with referrals.
- A planning/ purchasing/ supply chain expert is looking to relocate to Phoenix. If you have any job leads, please **contact me**.
- A key contact's son is looking for an entry-level supply chain position. He has experience in purchasing (including global procurement), shipping, receiving, warehousing, quality control and more and would be a great find for a manufacturing or distribution company. **Contact Kellen Carey**.
- A **colleague** of a key contact is looking for a Director of Finance position in a consumer products company with revenues between \$20-200 million. He is extensive corporate (private) accounting background with an emphasis on technology.

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