

# Lisa Anderson's Profit Through People® Newsletter



December 2019 - Issue #164

## Welcome from Lisa

### Lisa's Note

Seems like there has been a LOT going on lately, and with the holiday season upon us, a bit of calm is in order. Thus, I went with a picture of my dog, Abby and my cat, Smokey. It calms me anyway :-)! Aren't they adorable? Their biggest worry is whether they'll get a treat.

Last month was quite full with lots of client projects (ERP upgrades, aligning sales, operations, finance and R&D on the same page to drive customer and bottom line performance and more), a trip to Vietnam to meet with my strategy group as well as to check out the manufacturing landscape (quite interesting), a trip to NY to co-lead the [Society for the Advancement of Consulting Annual Meeting](#) and Thanksgiving and birthday celebrations.



I am looking forward to seeing my Mom and family for Christmas; however, there are lots of projects to accomplish in the interim. Isn't it great how much can be accomplished via webinar these days! In fact, I find it is often more effective because I capture key concepts and take notes while talking but can go back and re-listen to the recording later to think through finer details. Zoom is my friend and makes us much more effective and successful!

### IN THE NEWS

Check out my latest speeches, articles & quotes:

- Quoted in "[ERP Trends: What You Should Know for 2020](#)" in *SelectHub*..
- Quoted about "How to Recession Proof Your Business" in the magazines [The Shop](#) and [RV Pro](#).
- My [press release](#) about the importance of future-proofing your manufacturing operations and extended supply chain was picked up and included in [Business Insights](#).
- Quoted in SAC press releases about the inaugural Advancing Consulting Awards "[Consulting Society Announces Winners of First Consulting Award](#)", "[Andrew Hollo Receives Prestigious Consulting Award](#)", and "[Amy Lee Segami Receives Prestigious Consulting Award](#)".
- Featured in the ProVisors *The Accelerator Newsletter* about [Recession Proofing](#)
- Interviewed [Amanda Setili](#) on "What is Profitable Innovation for a Consultant Anyway?" at the SAC Annual Meeting, "[Innovate to Accelerate](#)" on innovation.

I hope you enjoy the holiday season!

Lisa

[Email](#)

[LMA Consulting Group, Inc.](#)

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

## Eagle Eye SIOP for Revenue Growth & Predictability

We have received quite a few calls lately with the underlying theme of revenue growth and predictability, and it got us thinking: Doesn't every executive want revenue predictability and growth? Certainly the successful ones do!

If your revenue is tough to predict from week-to-week, month-to-month and year-to-year, it might be time to think about how to design and implement a [SIOP](#) (sales, inventory and operations planning) process that will deliver these results for your business. Similar to lean, the [SIOP methodology](#) alone is useless. Perhaps worse than useless because it might get your hopes up. On the other hand, if you think through how to design and implement so that it "works" in your business and supports your bottom line results, it might put you over that stretch target of revenue growth, profitability, or working capital effectiveness. At a minimum, it will align your resources and bring clarity and predictability to the situation so that you know which levers to push or pull to drive results.



### How does SIOP enable revenue predictability?

1. **Demand plan:** It starts with a demand plan. Once you align all sorts of disparate inputs to your sales forecast (within your organization, with your customers and supply chain, with the market and with your data and information), you will have the best view of your demand plan feasible.
2. **Supply plan:** Since you align your demand plan with your supply plans (staffing, overtime, machinery, equipment, storage, supply base), you are much better equipped to deliver the demand plan with high levels of customer service and profitability.
3. **Metrics:** SIOP incorporates the monthly review of key metrics related to demand and supply, and so all relevant parties remain aligned on critical data points and progress.
4. **Continuous feedback:** Since there are weekly activities with a monthly cadence, as business conditions change, any relevant and noteworthy changes and nuances are naturally incorporated into the plans and visible to all relevant parties.
5. **It's about people; not data:** As the EVP of Operations at Fender Guitar says in our [interview below](#), it is all about the people. Although clients typically worry about syncing up data sources (which has to be a part of the process), the most important part of the process is to align people. Once Sales, Marketing, Business Development, Customers, R&D/ New Product Introduction, Operations, Finance, and Suppliers are aligned, suddenly all the data concerns disappear.

Especially as executives are concerned about potential recessions, impacts of global volatility, the [Skills Gap](#) and the [Amazon Effect](#), [future-proofing](#) their manufacturing operations and extended supply chain is on their mind. SIOP is one way to future-proof your business so that it remains predictable while minimizing risk and maximizing outcomes. Why

not consider a SIOP assessment to fully understand your potential. Following the assessment, conduct a pilot SIOP process, and you'll see the benefits emerge and the value become clear. If you'd like assistance to stack the deck in your favor with this process, please [contact us](#).

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



### The Strongest Link in Your Supply Chain **Supply Chain Made in Vietnam?**

Vietnam has been the hot topic lately. After a visit recently, I saw first hand the potential along with the challenges. Clients are definitely evaluating changing the source of supply to Vietnam. And the question is should they? Or, alternatively, the question is whether they are moving fast enough?

Although there are infrastructure issues, the most successful clients are already ahead of the curve and are seriously considering Vietnam. Of course, it is not best for all products and situations, just as China wasn't best for all situations previously. If you are starting to see prices increases in China and are concerned about the quality and reliability as China is struggling, it is definitely something to consider. Consider this fact - many Chinese companies are moving production to Vietnam, and so obviously there is something to be said for evaluating this source of supply.



Vietnam likes manufacturing and the United States. One of my proactive clients has been moving a significant portion of their supply from China to Vietnam over the last year. They started the process before the tariffs because they expected to save significantly with Vietnam production; however, they really looked like heroes to their Board when they also beat the Chinese tariffs with the move.

This does NOT mean it will always make sense. We also have clients who outsourced to China a long time ago when it was the latest "fad". In fact, the tide turned over the last several years such that the total cost of the product as well as the gains in customer satisfaction of sourcing closer to customer demand (typically in N.A.) makes a lot more sense; however, most of the companies in this situation haven't changed supply yet due to capital and infrastructure costs and related efforts to move the source of supply. Yet it can be done. Our client reevaluated and started the transition to Vietnam. Recently, the tariffs are forcing several to re-think the China strategy but is it "too late"? Are you going to wait for the next tariff scenario where you are on the defensive or are you going to proactively reevaluate your entire strategy?

Certainly part of what you'll need to evaluate is your working capital requirements. How does China compare with Vietnam? Both require an extended supply chain. Generally speaking, the longer lead times to cross the ocean carry working capital requirements. As customers become more demanding, you'll need to consider inventory as a key component to your sourcing decisions. Pick up some tips and strategies in our recent article "[Inventory Management as Fashionable as Automated Intelligence for Distributors](#)" for ACHR News.

Getting ahead of the curve might be the only avenue to success. When looking at China vs. Vietnam, it is quite clear that China is significantly larger and has far more manufacturing capability; however, those early to Vietnam won't have to worry about this particular issue. And of course Vietnam is racing to catch up. Whether you have sourcing in China, Vietnam or neither, the underlying point is essential. Are you constantly revisiting your supply chain strategy? If not, you'll likely be left following your competitors. Instead, consider [future-proofing](#) your manufacturing and supply chain business. Stay tuned and read more about it, and if you are interested in discussing a supply chain assessment, please [contact us](#).

[Did you like this article? Continue reading on this topic: Is Vietnam the New China?](#)

## 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."

**Key Prediction**  
COO, Pacific Manufacturing

U.S.A. Manufacturers are thriving and will continue to thrive in the future. The world looks to the USA for consumer quality products. In fact, we see the low. 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 only in this world.

Pacific Manufacturing is located in California. We source most of our raw materials in the USA. And we are competitive worldwide. Our distribution channel is also our feedback channel. We keep what is going on in each country where we do business. We are also shaping the high value of the USA. Our core skills and materials are exported, not the raw ones. We are a major provider of export goods. Imports generally come through our channels from the other suppliers. For example, our sales have doubled in China last year, and we expect them to double again this year. This is not without effort by a price increase. The key to all parties must be needed for the success to arrive.

As a view looking forward in these uncertain times, 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. 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 - Coraco Clips, Inc. & UK Business Unit Group  
UK Strategy - Strategic Group

There is less 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 now or never dramatic changes to strategy and sea 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 creating 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](#)



The Systems Pragmatist

## Should We Listen to all the High Tech Talk?

### Client Question

Should we pay attention to all this high tech talk? Certainly it seems like everyone and their brother is talking about artificial intelligence, the internet of things, and even the use of technologies such as virtual reality and autonomous vehicles. And this is aside from mundane topics such as ERP systems. In the interim, we need to function on a daily basis. We need to serve customers and deliver value to the bottom line, and we prefer not to get distracted unless necessary.



### The Answer

We have seen clients get carried away with the latest and greatest technology fads. Although it was an interesting personal education, it typically didn't result in a return on investment. On the other hand, we have also seen clients ignoring technology that becomes vital to their survival in their industry. After all, it is easy to do. When Sears used to be the Amazon of the age, no one thought they would be going out of business.

Thus, as usual, the answer is "it depends". You must pay attention, learn about and invest in technology so that you can make a good decision as to which to pursue and which to ignore for your go-forward business strategy. If it were easy, we would all be successful for 100 years running yet there are VERY few companies in this position. Do you have a position or a person who is dedicated or allocates part of his/her responsibilities to this role? If you don't call it out, it will fall by the wayside. This should be similar in concept to an R&D/ new product focus. Why should we focus only on new products and not new technologies?

### Food For Thought

No two clients are alike. Some ask us this question and it is an obvious, YES, you must invest to stay relevant and increase business value. For others, it is an emphatic, NO. Why waste resources on additional technology when we haven't implemented or used the available systems capabilities that will move the business forward? As it seems to go in business, it is usually the best executives and CIOs who are on top of their technology road map who ask these questions. The rest won't even invest enough to find out where they should prioritize limited funds so they don't become the next Sears!

At a minimum, once you get to a certain size or complexity, the minimum you should do is upgrade your ERP system so that you have a modern technological backbone and can scale up quickly as needed. With that said, it is rarely enough if your goal is profitable growth. If you'd like a technology and [ERP](#) systems assessment, please contact us. At a minimum, read our numerous [articles](#) and get started in evaluating your situation!

[Did you like this article? Continue reading on this topic: Is Your ERP System Scalable?](#)

Are you investing in your employees? If you have employees who want to do a good job but who don't have the tools and skills to accomplish this goal, you'll end up with frustrated employees who are not engaged. What percentage of your employees do you think are in this position? In our client experience, 70% of employees fall in this category!

Frustrated and not actively engaged employees do not deliver results. Thus, not only are you wasting incredible talent, but you have unhappy employees to boot. There are countless statistics that tell us the dramatic impact of unhappy employees. According to a [SHRM article](#), highly engaged employees were 5 times less likely to have a safety incident, and in a separate example, increased employee engagement at Caterpillar saved the company millions in decreased attrition, absenteeism and overtime. It is certainly noteworthy!



According to our [featured interview](#) with the EVP of Operations at Fender Guitar, investing in employees in all seasons is key to success. Listen to our interview and how many of the core takeaways relate to investing in employees. It should give us pause to re-think our focus on all sorts of programs that don't seem to deliver results. Instead, we should focus on our employees.

So, what are some ways we can invest in employees? Here are a few we've seen to deliver exceptional value:

1. **Gratitude** - a simple thank you can go a long way!
2. **Specific feedback** - although all managers seem to fear providing feedback, the best employees value constructive feedback as well as genuine and specific positive feedback.
3. **Assign a mentor** - this can bring around meaningful and profound change and results. People learn by watching examples and trying new ideas with immediate feedback. That is what mentoring is all about when done well!
4. **Training programs** - building skills and gaining fundamental concepts is the essential building blocks of success. For example, for supply chain and operations professionals, the Association for Supply Chain Management's [APICS certifications](#) are best in class.
5. **Special programs for the "best of the best"** - instead of investing in our under performing employees by default, why not take the proactive approach and put together a special program with special experiences and training opportunities for your stars?
6. **Opportunities to try new approaches** - one of the most important pieces to invest in employees is to allow employees to try new ideas. We must expect failure in our quest for success. Thus, it will require an investment of time, resources and potentially resolving the consequences of failures along the way.
7. **Celebrate success** - lastly, we should celebrate progress and success. As obvious as this seems, it isn't commonplace.

Investing in employees is the best way to [future-proof your manufacturing and supply chain](#). In fact, it is also the best way to future-proof your technology road map. Thus, perhaps it is time to re-think your approach to investing in employees AND automation. These are not separate concepts as robots and autonomous vehicles will not work separately from human capital and talent. The most successful executives understand that the secret to success is how to invest strategically into both. If you'd like an assessment of where you should invest (time, resources, money) to maximize your employee engagement and your business value, [contact us](#) if you'd like to assess your situation.

[Did you like this article? Continue reading on this topic:  
How to Keep Your Team Engaged](#)

## Connections

### THIS MONTH'S REQUESTS:

- Do you have connections to organizations in Southern California that might have a need for an intern with Javascript/node coding experience? 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](#).
- Do you know a consultant interested in taking their business to the next level? Please refer them to the [Society for the Advancement of Consulting](#).
- Do you know a manufacturing or export executive in the Inland Empire or Southern CA area who would be interested in participating and advising on a strategic initiative for manufacturers and exporters, backed by the [Brookings study](#) and the [Inland Empire Economic Partnership](#).

**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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