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**Succeed During These Turbulent Times - Manage for Cash Part 1: Manage Inventories**

Businesses continue to cut back as the economy continues to worsen - seemingly every day. Cutting costs in a reasonable and smart manner is required; however, cost cutting alone rarely achieves success. As one of my mentors used to say, the best problem to have is a cost problem because it is resolvable and far more achievable within a reasonable timeframe than replacing lost customers, finding new customers, managing through a downturn in a cash-constrained environment etc. In today's environment, as important as managing costs and focusing on customer service can be, it is no longer sufficient. Cash is king!

Cash is fundamental to the daily operations of any business, and in this downturn, it is ever-more critical, as credit lines are frozen, customers are extending payments, customers and suppliers are going out of business, sales are down etc. Therefore, managing cash becomes #1. There are many ways to manage cash; however, one of the critical ones is managing inventory, as inventory can be a significant cash hog. For every dollar sitting in the warehouse, it is one dollar that cannot be spent in running the business today. So, how best to manage inventory?

In my experience, it is often an underappreciated role / focus in businesses, as it is the block-and-tackle type execution that proves successful; instead of the exciting, latest fad/ program, software or event (such as the all-absorbing resort-location sales meeting). Thus, my first key point is to elevate the importance of inventory management. This can be achieved in several ways: in one successful example, a company assigned an Executive solely to Inventory; in another successful example, the CEO and VP of Operations incorporated inventory discussions into every day conversations and key metrics and elevated the significance; and lastly, in another company, the CFO spent a significant amount of time communicating the significance/importance while the COO made it the #1 priority. Inventory is not going to be the most exciting topic as it is almost exclusively focused on solid execution (many times requiring significant hard work, follow-up, coordination among functions and attention to detail), so it is absolutely critical that the importance is understood and prioritized.

Second, putting the right people in the right roles is key. This alone can many times be the "80" of the "80/20" in an inventory reduction program. Effective Inventory Planners/ Managers require a unique and, often times, rare combination of skills - typically, this role is at the center of many, competing and conflicting priorities, and so the person must be able to analyze and optimize amongst these competing priorities, be able to dig into and understand detail while remembering the big picture and top it off with an effective communication style to communicate the optimal solution (thus none of their counterparts will typically have a Silo-view win).

Third, just as important and part of making sure to put the right people in the right roles is the coordination and execution requirements of inventory management. The best of plans are useless if not executed. Whether this is performed through the Inventory Manager, the Operations Manager or someone else, the blocking and tackling required to ensure the i's are dotted and the t's are crossed in terms of inventory management is critical. This encompasses a daily process discipline and focus on execution - attention to detail, review for reasonableness, follow-up (including checking and double checking

as appropriate), and extensive communication and coordination. When you find these superb executors in your organization, hang on to them! What could be more important than "making it happen"?

There are many other key points regarding this topic, which I'll include in a future article on the topic; however, in the interim, a few other important nuances to remember include the following: 1) Involve Sales in the process, as a big element of inventory reduction is selling what is already in stock. 2) Make inventory prominent in key performance indicators/ metrics. 3) Focus your tools/ systems on supporting the people and process. 4) Recognize typically underappreciated efforts and people in terms of process discipline/ execution - catch people doing "right". (Remember a genuine thank you can go a long way)

## **Lisa's Tips: Tips to networking**

In today's economic turbulence and with the increased stress in both business and personal environments, networking and personal relationships are even more critical to success.

1. It's not about #s - remember, networking is not about numbers; it is about the value of real relationships.
2. Trust - there is nothing more important than trust and credibility in building lasting relationships.
3. Integrity - it should go without saying that integrity is cornerstone. Obviously with recent news headlines, it seems rare, but those with solid integrity will be the ones to prevail in the end.
4. Provide value - focus on how you can be of value to your network - everyone has something to offer. Think about it and try to do one thing a day to help and/or provide value to someone in your network.
5. Keep in touch - go the extra mile even though you might be swamped with business and personal challenges. Don't just talk with people in your network when you need them; prioritize your network and keep in touch consistently - you'd be surprised what an email or call might mean to a customer, supplier, colleague, or friend.
6. Be persistent - if you know someone is worth the effort, be patient. Many people are busy and preoccupied on life's many challenges - if the person, business associate or customer/ client is worth it, don't give up.
7. Referrals - remember that referrals are one of the most powerful sales tools in any business. Start by being referable.

## **Recommended Reading**

"[\*All Marketers Are Liars\*](#)" by Seth Godin - it is an entertaining yet timely and important discussion of effective marketing. In essence, it discusses the importance of telling stories instead of the typical feature and benefit marketing pitches.

### **LMA Consulting Group**

2058 N. Mills Ave, PMB 532

Claremont, CA 91711

Main: 909-630-3943

Fax: 909-625-5603

[www.lma-consultinggroup.com](http://www.lma-consultinggroup.com)

[landerson@lma-consultinggroup.com](mailto:landerson@lma-consultinggroup.com)