



January 2014 - Issue #95

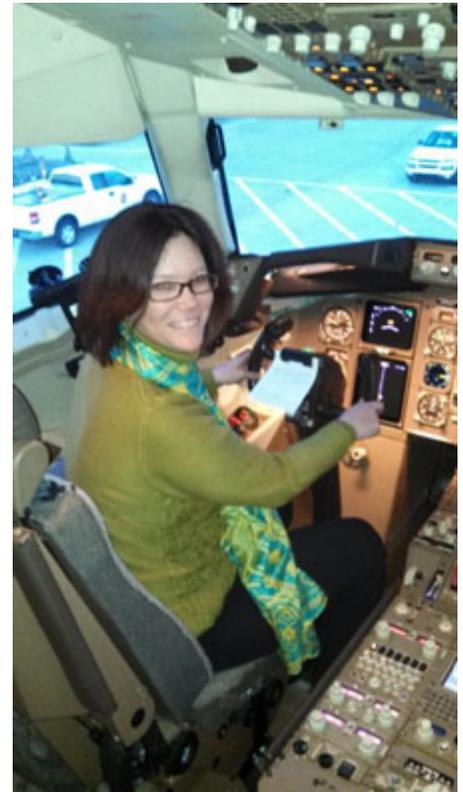
## Welcome from Lisa

I hope you enjoyed the holidays! I was able to spend time with family and take a quick get-away with friends to celebrate the New Year. I cannot believe how time is getting away from me as January is more than half over!

This month, I am absolutely thrilled to announce my new umbrella brand, **The Manufacturing Connector**. (Note it is just under my logo in the header.) A colleague heard someone refer to me in this light, and it resonated with me immediately. Not only do I think it captures my 4 service lines well but I LOVE it as it exemplifies my strengths and passion.

I see **The Manufacturing Connector** as connecting:

- Strategy with execution -- RESULTS
- People with people
- People with processes
- Processes with systems & technology
- Plans with financial outcomes
- Strategy & plans with culture
- Organizational development plans with outcomes
- The right resources, expertise, processes and systems at the right time to not only rapidly resolve problems but to INNOVATE
- Demand with supply and all functions in an organization with one plan (SIOP) to improve service, inventory turns & margins.
- Customers, suppliers and supply chain partners.
- Knowledge and education in support of business and personal success
- Trusted advisors to clients and colleagues to support business objectives
- Down-the-line connections/ impacts with new thinking to AVOID potentially disastrous results (this hasn't always been popular but it is invaluable!)
- Saving the best for last... Communications appropriately and effectively - not an easy task!



Speaking of one of my connections, thanks to my ProVisors group, I went on an amazing tour of UPS and got this picture taken in a 767 to boot.....

Talk about connections - I have no idea what all those buttons do!

This month, I'm back to my *Profit through People* service line, and I'm excited to share my latest research and thoughts on the emerging skills gap.

### **IN THE NEWS**

Please check out my latest speeches, articles & quotes:

- Quoted in SAC's "What's In Store for Business in 2014?"

- Published "[Project Leader Selection Unparalleled in Importance](#)" in *Project Times* and "[Why Focus is Your Secret Ingredient to Project Success](#)" in *Executive Brief*.
- Lastly, I have an active speaking schedule with a [UCLA Alumni lunch](#) on supply chain management, an [ExecSense webinar](#) on goals, and as a [FundingPost](#) Investor Roundtable panelist.

Last but not least, please don't forget to sign up to my complimentary [webinar](#) on Sales, Inventory & Operations Planning (SIOP) also known as S&OP.

Enjoy,  
Lisa

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

P.S. Please think of me if you should know anyone who would like to connect business objectives with results. (I couldn't resist as I'm in the connections mode!)

## Profit through People The Skills Gap

The skills gap is a rapidly growing issue for manufacturers and distributors. Almost every day that I go

into a client, go to a trade association meeting or talk with colleagues, I hear of someone who has retired, decided to change careers, jumped ship for a better opportunity or I hear of a company with too few high-skilled resources for what's required to succeed. Worse yet, according to the survey my firm conducted in conjunction with APICS Inland Empire, 77% are struggling to fill these positions.

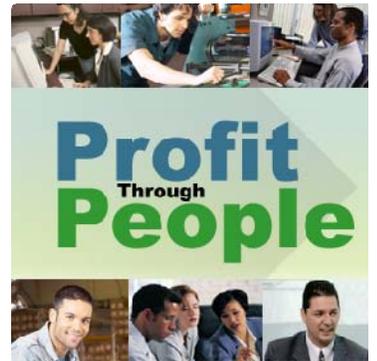
The business environment has increased in complexity. Just think of a few of the recent complexities: 1) global 2) extended supply chains 3) increased regulations, requirements & risks 4) the Amazon effect of the 24/7 customer expecting same-day delivery as commonplace 5) increased focus on sustainability. Top talent is required to successfully simplify and navigate these waters.

What can executives do to proactively approach this skills gap dilemma? Three of the top strategies include: 1) Retain your talent. 2) Develop your talent. 3) Attract top talent.

**1. Retain your talent:** Although this might seem obvious, it is the most often overlooked strategy for success. As employees are gaining comfort with the recovery, they are pursuing opportunities that offer greater responsibility, opportunities for career progression, flexibility (including remote work and/or are closer to their home), and money - just to name a few. Are you thinking about how to retain your top talent?

Of course there are a few reasons which are tough to avoid such as retirement and a dramatic reduction in the commute; however, in my experience, the vast majority of reasons can be avoided. It boils down to leadership. Do your leaders appreciate their employee's value? Do they hold folks accountable? Interestingly enough, top talent will stay when they see that non-performers are being addressed. Yes, you must make the tough decisions! Do your leaders make time to talk with employees about goals? Offer support? Who do they prioritize? The lack of time is not a resource; it's a priority.

Don't even think about training and development programs or recruiting if you don't have solid retention programs in place. You'll be even busier and yet still fail. Instead, you must start with this fundamental!



**2. Develop your talent:** In my experience, there are two key ways to develop your people: 1) Training and development programs. 2) Mentor programs. Exceptional leaders do not consider this an either-or situation but instead require both.

Training and development programs achieve the following goals: 1) Show the employees that you value them. 2) Provide training on specific skills. 3) Provide development opportunities required for career progression such as an international assignment or a cross-functional role.

These types of programs can be an essential element of a significant culture change such as the journey of lean, SIOP (sales, inventory & operations planning), an ERP upgrade and a merger and acquisition. What better way to bring employees up-to-speed on new concepts? In addition, these programs can be invaluable in training for new job skills. As the business environment becomes more complex and employers are reluctant to hire up to pre-recession levels, a broader range of skills is no longer a nice-to-have. It has become a "must"!

Mentor programs can be invaluable. In order to develop new behaviors required for a job, there is no alternative. Mentoring gives the employee a way to observe someone who has "been there and done that". Then, the employee can trial or test out new behaviors, and the mentor will provide feedback and guide them to success.

**3. Attract top talent:** This is third by design as it is often more successful to retain and develop than it is to hire new talent. With that said, you must always be on the lookout for top talent - and ensuring your organization will attract top talent. Would potential employees want to work for your company? Your leaders? What do they hear in the press? What will their friends and colleagues tell them? In today's world, the best employees come via referral.

Hiring is a much tougher task than it seems. I venture to guess that almost every hiring manager has "stunk" at the hiring process at one point in his/her career. I certainly did! How do you know the seemingly perfect candidate will deliver? You must do the hard work to decide what you expect of the potential hire. Don't worry so much about the typical job description information - a compilation of tasks. Instead, what results are you expecting? How can you be assured your candidate will be the right one?

My colleague and friend Janet Boydell has an effective process that she calls the Fast Forward Resume which has proven highly effective. It is well worth reading up on and pursuing - IF you want to hire the right person. She has two books on the topic - [A Hire Connection](#) and [You're Not the Person I Hired: A CEO's Survival Guide to Hiring Top Talent](#).

My passion for my original brand [Profit through People](#) is not by accident. I've always believed in pragmatic and tangible results. These cannot be achieved without top talent. Thus, you must circle back to the fundamentals. Even in today's complex world, these successful strategies of retaining, developing and hiring top talent are quite simple. Simple but not easy to implement.....will you be one of the few to pursue?

**Did you like this article?** [Continue reading on this topic: Critical Priority: Retaining Top Talent](#)

Eagle Eye Strategic Focus  
**Profit Drivers**

What business isn't interested in profit? None I can think of - even non-profit businesses need to be concerned about whether they'll come out "a wash". I find that the key to success isn't to think about profit but instead to think about profit drivers. Not all businesses are the same. Which profit drivers matter in your business?

1. **Customer pricing** - Of course, customer pricing is always important; however, in a business which is largely devoid of cost reduction opportunities, success will boil down to volume



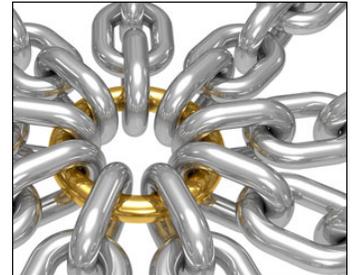
- or pricing. Can you add value to your products and services and raise prices?
2. **Volume** - There are some businesses which are highly dependent on volume. For example, paper mills lose significant money when down. Thus, keeping volumes up to cover fixed costs is essential. Even in less extreme examples, it might make sense to reduce prices for certain key customers which will take you past the break-even point. Contribution margin thinking was one of the keys to success in a healthcare products manufacturer's turnaround.
  3. **Raw material cost** - I used to run operations for a business with a raw material cost driver. It was 70% of product cost; thus, not only purchase price mattered but also product design, scrap etc. Even though the Board of Directors was suspect of hiring when we didn't have money, we had to bring on the right talent to address raw material cost to succeed. Invest \$1 to save \$1000!
  4. **Labor cost** - Those products with a high labor cost component have likely been outsourced to China, Mexico or another low-labor cost spot. Unless the product is also bulky (leading to high transportation cost) or strategic from a value-add perspective, it wouldn't be competitive to leave in high labor cost areas.
  5. **Service** - Are your customers willing to pay for exceptional service (Mercedes, Lexus) and/or rapid delivery (expedite fees)? There are businesses based on these types of factors that drive success - just think of any of the high end brands. Who needs to pay \$1000 for a writing utensil (Mont Blanc pen)?

**Did you like this article?** [Continue reading on this topic: Lessons from My Finance Mentor: How to Turn a Profit](#)

### The Strongest Link in Your Supply Chain The Amazon Effect

Although I've been mentioning the Amazon effect a lot lately, I thought it deserved its own priority. It's become the phrase that means "exceptional service" (Sunday deliveries, no-hassle refunds), rapid delivery (same day shipping is becoming commonplace) and the latest technology (drones).

It syncs up 100% with what I'm seeing at my manufacturing and distribution clients. Customers are no longer satisfied with on-time deliveries, they want reduced lead times and partnership type service. The norm in several industries such as aerospace is for the supplier to manage deliveries for the customer, keeping the customer at high levels of service with minimal inventory. How can you achieve the Amazon effect?



1. **24/7** - e-commerce is an assumption for all types of business. Customers should be able to review products, look up order status etc. anytime.
2. **Extra mile service** - How special do you feel when you interact with your supplier? Have you ever gone into a high end restaurant and requested an item they did not have in stock? Did someone run to a competitor to get it for you?
3. **Rapid delivery** - You cannot get much faster than same-day delivery! How about Sunday deliveries? Will your employees answer the phone for the customer that calls after the end of their day?
4. **Collaborative programs** - What is better than taking over the job for your customer? Keep them supplied with the right product in the right place at the right time and make it seamless to them. What's not to like?
5. **Suggestions of value** - Customers think they know what they want but often do not know what they need. How can you give them more than they expect (or a better solution than they imagine) that aligns with their unspoken (or not-yet-thought-of) needs?
6. **Friendly** - As obvious as this seems, it doesn't always occur. Do all of your employees act as if every customer, supplier and colleague is a key customer?

**Did you like this article?** [Continue reading on this topic: Why Customer Service Should be #1](#)

Is IT viewed as a partner to the business? Or a necessary evil? Or something in-between? Successful companies go down the path of partner. After all, critical business processes (which drive profitable growth) are connected with systems - you cannot succeed with one and fail with the other. Thus, you must think about strengthening the link.



Larger companies have folks termed business analysts who understand business and help translate business needs into technical specs and systems analysts who come from the technical side and think through how to translate technology into business results. However, the vast majority of companies are considered small to mid-size businesses and might not have these positions. There's no reason to despair... I often times find people who are capable of performing this role for your critical business requirements. The key is to look for them. I've worked with a few of the BEST, and I guarantee that although often undervalued, these folks had a direct correlation to tangible business results.

Even if you have these folks identified, it might not matter if you don't view IT as a strategic partner. You better! Your ERP system can make or break your ability to succeed (as witnessed by the resounding failures of some new system implementations we've all heard about in the news or from our network... and the dramatic negative customer consequences to follow).

No company can run without financials - at least not for long. Financial reporting is tied to your ERP system. I've seen really impressive manual systems; however, even in the best case I've ever seen (which also happens to be the only case I couldn't recommend low-hanging fruit because their manual network was so extensive), the reason I was talking with this client is because they had to upgrade and better leverage the system to support growth plans and service requirements. It is no longer acceptable to not know order status at all times!

Do you consider your IT or ERP experts as strategic partners?

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

[Lean IT](#)

## Recommended Reading

In October 2013, I worked in conjunction with APICS-IE to conduct skills gap research for manufacturers and distributors. Our goal was to identify the gaps, understand the underlying causes and measure how widespread the lack of skills was felt. I think you'll find the data interesting as you benchmark your own retention programs, training and development programs and recruiting success with the report.

[Download It Now.](#)



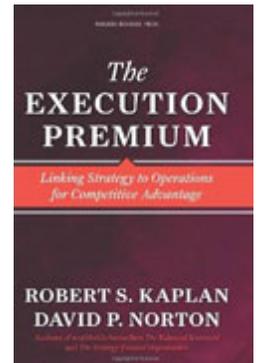
## Recommended Reading

### The Execution Premium: Linking Strategy to Operations for Competitive Advantage

by Robert S. Kaplan and David P. Norton

This book provides a great road map for execution success. It expands on the scorecard model and is an essential handbook for business success.

[Click here to order](#)



## Connections

### Connections and relationships are the 80/20 of success!

Please see this month's requests:

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- My APICS Inland Empire Chapter is starting to prepare for our spring executive panel & networking symposium on May 3rd. We are looking for compelling panelists and sponsors. If you are interested or know someone who would be a good choice, please [email me](#).
- My Ontario ProVisors group of trusted advisors continues to search for attorneys and marketing professionals. If you know anyone who fits the bill, please refer them to [me](#).
- One of my APICS Board members who has a long and successful career in distribution is looking for a new opportunity. Please email her directly with leads - [Kristi Ferguson](#)



**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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