



January 2016 - Issue #119

Welcome from Lisa

I am feeling optimistic as the New Year is in full swing. I am seeing progress in many respects from client results to workload as I work to get caught up (as much as anyone gets caught up in the new Amazon Effect world!).

The last 3-4 months have been a challenge, starting when my dad had a stroke, went into hospice and passed away. Thanks to both of my best friends, Sandi and Vicki, and to my Aunt Cheryl (my mom's best friend) for supporting us during this sad time.

Unfortunately, following his funeral, Vicki's dad (who I have known for almost 25 years) went into the hospital, then hospice and later passed away. Thus, I am devoting my introduction picture to him - such a wonderful moment captured at his 96th birthday (courtesy of Susan Brunasso, a fabulous photographer who captured his essence on camera).



Vicki's dad Harry was a genius businessman, and so I'll devote my feature article to a few of the key lessons he passed on.

Following these events, I am finally getting back to writing my book, the [Amazon Effect](#). Those who have signed up to receive notice when it's published, hang in there as I'm getting back on track!

IN THE NEWS

Please check out my latest speeches, articles & quotes:

- Quoted in SAC's "[Businesses Will Feel Impact of US Presidential Campaign Throughout 2016](#)".
- Published an article "[Keys to Success for Growth](#)" in *Project Times*.
- My APICS 2015 speech "[Priming Your Supply Chain for the Amazon Effect](#)" is featured on *Bob.tv*. You'll need access to see it though.

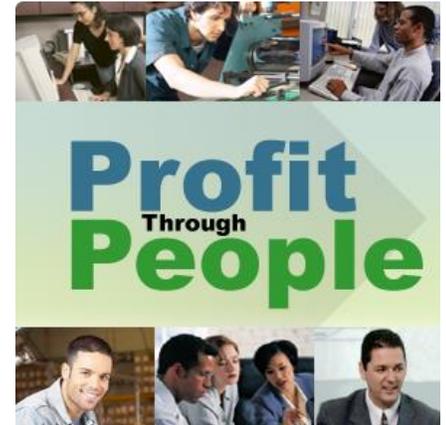
Enjoy,
Lisa

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

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

My best friend's dad was as close to a business genius as I've stood. He made his employers rich beyond their wildest dreams yet he was happy with this outcome as he enjoyed what he did and lived to 98 including many travels to exotic places - not the ones you might think of but ones he enjoyed. For example, he went to Nicaragua and had many wonderful stories to tell about crocodile farms and uzis. Somehow, he and his wife managed to trust people they probably shouldn't have, travel to a country not recommended, even by people they met along the way in the country, and come out of it in one piece - and with great stories and excitement.

In his work life, he spent many, many years working for the owner of Sealand, functioning as an investment banker and turnaround CEO. Thus, he'd source great deals and then if they weren't living up to the expected value, he went in and had a 100% success ratio in ensuring they did. What else can you ask for??!! He could turn around transportation companies to banana growers. Uncommon common sense applies to more than you'd think! One day, I asked him what he thought was most important in turning around these companies, and here are some of the key points that pop to mind:



1. **Observe** - Interesting that one of his top points is common sense (oh, wait, I actually think they all were uncommon common sense). He said it was amazing how much he saw in walking a facility that showed opportunities. It reminded me of what has become known as Lean - turns out it doesn't have to be part of some fancy program; just observe and you'll uncover gems.
2. **Watch the money** - This next tip is unfortunately more common than it seems it should be. Too many companies have someone committing fraud or "on the take". I certainly would never recommend implementing the cumbersome Sarbanes Oxley if not required by law; however, I would recommend implementing some uncommon common sense approaches to making sure you have the right checks and balances in place. I did an webinar for Financial Times' ExecSense on this topic a while back, and it is scary how common this can be. My research found that a typical company loses 5% of annual revenue to fraudulent acts. Hard to believe!
3. **Deal with scared cows** - Again, do we really have to be a genius to realize this is a good idea? He said that there are obvious examples of this in family-owned businesses. Perhaps a son or daughter is creating havoc and wasting money but remains in position. Worse than the waste of money, it demotivates the rest of the team. Another example of a sacred cow is a 'big' customer we try desperately to keep even though money flies out the door at a faster rate than it flows in the door when this customer calls. There are countless examples. The key is to observe, find the sacred cows and be willing to address them head on.
4. **Persistence** - I've titled what he described as persistence. One of his doozy assignments was to go to Vietnam during the war and turn around a facility (this sounds quite appealing, doesn't it?). He was the MacGyver of the business world. Leverage underutilized assets. Find new solutions for old problems. Treat people fairly. Don't give up. He managed to turn the place around - of course.
5. **Integrity** - I'm reminded of this quality since he spoke of it near the end. He felt that it was of critical importance. He isn't alone. When I performed a survey of executives, it came out as a top quality for success.

Harry was a guru and knew more about almost any topic at 98 vs. anyone I know. He'll be missed. We will help ensure your wisdom carries on!

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

I'm frequently reminded of how critical priorities can be. Of course, this is why it is one of the pillars in my **5P accelerator model** for fast-tracking results. Do you pay attention to priorities? You should!

In today's Amazon-impacted world, my clients want - and need - quick results. Fast progress will not occur if you are working on the wrong priorities. It seems apparent; however, it is worth noting as it is such a common occurrence. Here are some recent examples and types of priorities to ponder:



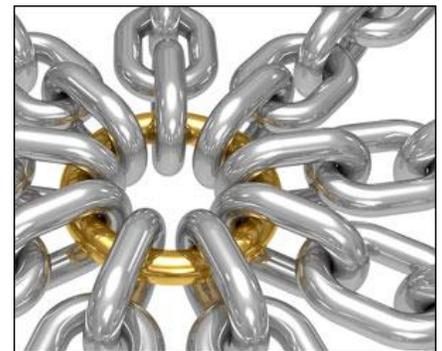
1. **Priority clarity:** I've been working on an ERP project design and implementation. Priorities are absolutely essential in this case. There are always countless tasks that need to be completed in order to go live. How do you know you are working on those most critical to an on-time, on-budget, on-results implementation? Take the time to wade through priorities to obtain priority clarity.
2. **Skill set priorities:** On another ERP project, skill set related priorities are cornerstone to success. In this case, there are limited resources with specific skills. Thus, the priorities related to these specific skills must be elevated in importance. This is similar in concept to focusing on the bottleneck of an operation with the theory of constraints. Elevate the priorities surrounding the scarce resource to ensure success.
3. **Cross-functional priorities:** In a SIOP project, the goals of different departments created the need to focus in on cross-functional priorities. Instead of working on whichever priority was most important to the department we happened to be talking with, we had to evaluate the business as a whole and look for cross-functional priorities. Which priorities would provide the largest win overall even if some departments or individuals were negatively impacted? Look for the win-win-win.

The bottom line is that if you are interested in success, you must keep an eye on priorities. Don't get lost in details; look for the priorities.

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

No matter how many engaging conversations I have with clients, contacts and trade groups about emerging supply chain trends, the less exciting topic of inventory management often-times can deliver a higher value than the latest and greatest most-talked about trend. As the Programs chair of APICS Ventura chapter said when requesting this topic for a recent speech, inventory management is core to success and remains a timeless topic.

This prompted me to think about what I see across all types of clients: Whether a \$5 million fast-growing manufacturer in the building products industry, an \$80 million dollar food processing company or a multi-billion dollar aerospace company, I've found inventory management to be vital to bottom line results. Three of the top reasons inventory should be seen as core to success include:



1. **Inventory accuracy** - If you cannot find the product, you cannot ship it. It can be as simple as that; however, it often goes much further. If you think you have more inventory than you do, you will not purchase or produce what you need to in order to fulfill customer needs. Certainly, this will prompt higher costs, poorer service and a host of other issues. Additionally, a critical asset is not valued correctly. Do I need to go on?
2. **Inventory levels** - Most accountants prefer to hold less inventory as it ties up precious cash. Most Sales folks prefer more inventory because they don't have to worry about it being available to sell. Most Operations folks prefer to run larger quantities so that they can optimize efficiencies and minimize downtime. Lean gurus prefer to resolve process issues so they can reduce changeover times to run less inventory. Managing risk could dictate more inventory if you are concerned about service if natural disasters or political events hold up your inventory. Managing cash flow certainly dictates less inventory. No wonder it can be such a tough challenge for often-times under-appreciated planners!
3. **Customer service** - One of the goals of inventory management is to have the right product in the right place at the right time. It sounds easy enough yet rarely is easy. Often-times, inventory is available somewhere in the system but isn't at the right facility at the right time to satisfy customer requirements. What good is it if you have inventory in Miami when you need it in Seattle? Worse than none since you have cash tied up without the benefit. Since customers have little patience as there are typically competitors waiting in the wings, poor customer service (or even mediocre service vs. the competition) can have a detrimental effect on your business.

Inventory can be a strategic advantage or a weight around your ankles when treading water. Take a proactive stance to take charge of your inventory and planning processes. If you are a distributor or manufacturer, there is nothing more fundamental to success. If you'd like to talk about your inventory strategy, [***email me***](#).

Did you like this article? [Continue reading on this topic:](#)
[***Is Your Inventory System Working?***](#)

The Systems Pragmatist

Should You Upgrade Your ERP System?

Since I've been working on several ERP selection and design projects lately, it has reminded me of how challenging these projects can be. It is no wonder 80% of them fail! There are countless details, complex designs, cross-functional and cross-organizational collaboration required and varying skills and leadership styles required to survive, let alone thrive.



Thus, it made me think about ERP system goals. When should you upgrade/ implement an ERP system?

- **Support growth:** No matter how lovely QuickBooks reports look and how easy it is to use, it will not support profitable and rapid growth in manufacturing over the long haul. QuickBooks is not alone; there are many examples of other ERP systems with limiting factors that will no longer support growth. If you aren't growing, you are declining. Thus, you must think about the infrastructure required to support growth before the decision is made for you.
- **High levels of customization:** Unfortunately, the more you customize with older systems, the harder it will become to upgrade yet the more important it will become to upgrade. The sooner you tear off the bandage, the better. Otherwise you could wind up super glued to an anchor weight on a sinking ship. Who wants that?
- **M&A:** If your company is running multiple systems due to mergers and acquisitions (or for other reasons), it is time to consider an upgrade. In order to grow and to prosper, you'll need to be able to see across your facilities, companies and the like.
- **For the Customer :** Customers are requesting higher and higher levels of service. Business models are changing. For example, in some industries, e-commerce functionality has become a

must. In other cases, large customers are dictating programs and requirements which bring the need for upgraded systems. Are you thinking about where your customers are headed?

- **Leverage:** One of the keys to success in any business is leverage. Can you deliver faster? Can you turn a 10-person job into a 1-person job? Can you grow quicker than your competition while providing exceptional customer service? You'll need leverage.

For as challenging as upgrading and implementing a new system can be, you should be crystal clear on your reasons WHY. However, once you have your reasons identified, do not delay. Throw out the idea unless it's compelling. However, if your reason is compelling, MOVE! It can be overwhelming to think about a new system; however, it is also easy to get passed up by your competitors who aren't bogged down with outdated infrastructure.

There is no "right time"; unfortunately upgrading your systems infrastructure is always painful; the question is whether you spend a lot of money, resources and time when it's too late to turn it into an advantage. In essence don't wait for it to become a survival project; move when it is still a project that will accelerate your success.

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

[Why Upgrade Your ERP System](#)

Connections

Connections and relationships are the 80/20 of success!

THIS MONTH'S REQUESTS:

- My APICS Inland Empire Chapter Board of Directors had another successful executive panel and networking symposium earlier this month, and so we are already planning for our April 30th event. **Email me** with ideas for engaging panelists and topics.
- My Ontario ProVisors group of trusted advisors is looking for an environmental attorney. Please **email me** with referrals.
- 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](#).



Email: landerson@lma-consultinggroup.com

Web: www.lma-consultinggroup.com

Phone: 909-630-3943