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In this issue:

- The \$1 million dollar planner
- Lisa's tips - March's topic - measuring business performance
- Recommended Reading

The \$1 million dollar planner

What is a \$1 million dollar planner? And why does it matter?

I've always been intrigued by the concept of a \$1 million dollar planner, which I define as a planner who provides millions of dollar of value to the your company's bottom line – which answers the question of why it matters! I come from a planning background, so I have a bias on this subject, yet my perspective is also based in facts. Typically I've found that planners are a lower level position (unless they are a planning manager), yet it is a key position that significantly affects the company's performance – making it a challenge to find the 'right' person for the position. Why?

A planner is in the middle of a hornet's nest by the nature of the role – in essence, this person is coordinating among several conflicting objectives and parties including sales, finance, production, customers, etc. A planner's job is to optimize among several variables to put together a production, distribution, transportation or other type of plan that best meet's the company's objectives. In a production planning example, sales typically prefers to have extra inventory to make sure to fill unanticipated customer needs (does the comment, "we can't sell from an empty bucket" sound familiar?). Finance prefers to minimize inventory because every dollar of inventory is a dollar of cash tied up. Production typically prefers to produce long production runs since it seems more efficient, which results in increased inventory. The warehouse prefers lower inventory levels because there is less inventory to move around the warehouse and to search through to find what the customer requires. So, what would a \$1 million dollar planner do with this situation?

A \$1 million dollar planner would not view all these objectives as conflicting; instead, he/she would look for "and" opportunities (ways to achieve several objectives at the same time). In order to achieve this outcome, the planner has to push back on the common misconceptions and help the various functional areas work together to achieve the end result. For example, the planner needs to work with sales to show them that there are alternatives and tweaks to the theory of "you can't sell from an empty bucket". Instead by partnering with customers, focusing on demand data/ forecasting, working with suppliers/ deliveries and production lead times, and prioritizing efforts of key items/ skus that achieve the "80/20", it is possible to reduce inventory while improving customer service. Another example is to push back on the need for long production runs. Instead, focus on quick changeovers for the key skus, which achieves flexibility (which improves the ability to achieve customer service and reduces the need for long production runs) with a lower overall cost.

However, what skills are required to achieve this objective? - A combination of analytical skills, communication expertise and confidence (after all, the planner typically is perceived as stirring up trouble in the minds of dueling parties). I've found this combination of skillsets to be a unique combination. How often does any resource posses this combination of skills, let alone a lower level position resource? Not often.

I've found the key to be to find the resource with the aptitude and attitude required for this type of role (whether or not they have experience) and provide the training, support and tools for success. And, this position needs what most people need – someone who values his/her contributions and understands this unique, complex environment (whether or not they can navigate it themselves). It sounds simple, but it can be the critical component to your \$1 million dollar planner.

Lisa's Tips: Measuring business performance

There are thousands of potential measurements and reams of paper wasted on measuring unimportant metrics. Here are a few that are key to measuring business performance:

1. Always remember the basics: sales, cost and cash trends.
2. Customer service – without customers, what else matters? Remember to focus on prioritizing customer needs – and the value.
3. Profitability by customer and/or market segment: it's surprising what you can find out when you analyze what seems obvious. I've seen many examples where a company discovers what they thought was a key customer is losing money every month or an overlooked customer is actually their most profitable customer.
4. Key cost drivers: it's easy to fall into the trap of measuring all sorts of operations metrics that seem important yet are the least important to the bottom line. For example, in one business, manufacturing efficiency and labor utilization were seen as key measures for the business yet they measured the cost driver that represented the "20" of the "80/20". Instead, focusing the hundreds of hours and key skillsets on the cost drivers of materials and freight would achieve the "80" – and deliver significant bottom line results. Take a step back and analyze your cost drivers first.
5. Employees: have you ever heard of a profitable business with excellent customer service yet unhappy employees? Finding a way to measure employee satisfaction that is meaningful in your culture is critical.
6. Remember trends: a point in time typically means nothing, but a trend can be quite meaningful.

Recommended Reading

"[*The Tipping Point*](#)" by Malcolm Gladwell – it is an intriguing book about the "tipping point" (the magic moment when an idea, trend, or social behavior crosses a threshold, tips and spreads like wildfire). The author discusses this phenomenon from several perspectives, provides several examples and explores business and marketing impacts. It stimulates thinking and provides ideas on how to utilize these concepts in selling products and disseminating ideas.

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