



May 2018 - Issue #147

## Welcome from Lisa

May brought my 50th birthday, followed by all sorts of doctors appointments (the bad side of these milestones) and, on the positive side, a weekend celebration with my two best friends in Temecula for rest and relaxation.

On the work front, of course, it was another busy month, starting with a successful APICS-IE executive panel and networking symposium on "Managing Rapid Growth when Manufacturing and the Supply Chain are Hot" (thanks to my Board of Directors, pictured below).



In addition, I wrapped up a few client projects, started a new one, advanced a collaboration and exciting new offering which addresses the Amazon Effect from a warehousing and supply chain network standpoint (stay tuned), and led a regional event for my new business venture, the Society for the Advancement of Consulting (if you are a consultant, speaker or coach, definitely check the value out).

I was also featured on the Critical Mass Radio Show with Ric Franzie discussing everything from the Amazon Effect to robots and artificial intelligence to why Southern CA is the place to be for manufacturing. Check out our segment [here](#).

## **IN THE NEWS**

Check out my latest speeches, articles & quotes:

- Quoted in *Monster.com* on "[Hiring a Superuser Could Prevent Your Next Big Software Project Fail](#)".
- Quoted in *FierceCEO* on "[Companies use slow ad hoc approaches, to innovation, report says](#)".
- Interviewed on *Critical Mass Radio Show* on manufacturing and technology trends.
- Quoted in AcceptSoftware's article, "[Earned Value Management Improves Project Performance. Here's How](#)".
- My predictions were picked up by *America's CEO.US*.
- Participating in *Inland Economic Growth & Opportunity* strategic process.

In June, I'll be speaking at the Rancho Chamber Manufacturing Roundtable on "What is Innovation in Manufacturing?". I'd love for you to join me there.

Enjoy!  
Lisa

Email  
LMA Consulting Group, Inc.

P.S. If you know of anyone who could benefit from improved service levels, decreased lead times or increased levels of cash due to improved inventory processes, please refer them.

## Eagle Eye Should I Move?

Our clients call frequently with questions such as:

1. Should we renew our lease?
2. Should we move to a lower cost area?
3. Should we move to a lower cost state?
4. What considerations should we think about when evaluating our manufacturing and logistics network?
5. Should we outsource?



Thus, we thought it would be prudent to address some questions and themes that should be evaluated from a strategic point-of-view when discussing supply chain network assessments. Let's start by saying that our top clients begin THINKING about these topics several years in advance. Similar to selling a business, it isn't the best plan to evaluate whether to renew a lease at the last minute or to be forced into a particular partner or location because you started preparing "too late". Instead, why not think ahead....

- 1. Where are your customers?** - As much as we all want to reduce costs especially in today's Amazonian environment, we also need to remember that customers expect rapid deliveries, change their mind frequently (and expect agility) and desire easy returns. Thus, where are you located in comparison to your customers?
- 2. What are your customers' expectations?** - Lead times. Personalized service. Return policies. Vendor managed inventory. Future forecasts. What will they expect a year from now? Are you already planning for these needs?
- 3. Where are your suppliers?** - Similar to your customers, it is important to consider where your suppliers are located as well. Do you receive product from the ports? If so, what volume is related to the ports?
- 4. What access do you have to people?** - We evaluated Nevada for one of our clients; however, when we talked with local contacts to estimate building / lease costs, we also discovered that as low as the overhead might be, freight aside, there were no people. Tesla had absorbed them all, and there were requests to supply people from Southern CA to support current workloads. People can certainly be relevant!

**5. What type of freight partners/ rates are in place?** - No matter how close you might be to your customer, freight can add up - and, more importantly, delays to your customer are VERY costly (lost business, charge backs from customers such as Walmart, ill will and more). Just because you have carriers with your current situation, it does NOT mean that will be true with your new situation. Freight is tight and rates are going up! And, remember last mile considerations are complex. Last mile. Last minute!

**6. What type of transportation network is required to support your business?** - In addition to freight considerations, will you need to think about parcel, rail, ocean freight, and other modes of transportation? Or should you be considering these options?

**7. What inventory levels are built into your network?** - Inventory = cash tied up.

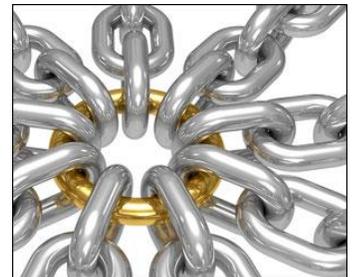
There is quite a bit more to think about than solely a cost cutting exercise. Most clients call due to concerns about cost - as important as cost is, taking the strategic / high-level view can ensure your service, total cost (including hidden costs) and cash flow are maximized. If you are interested in our newly upgraded service offering in response to the Amazon Effect of warehousing/ supply chain network assessments, [contact us](#).

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[What is the Supply Chain?](#)

#### The Strongest Link in Your Supply Chain Warehousing Strategies for Success

**The Amazon Effect is creating elevated levels of stress in the warehousing and distribution world.** The key question is how to provide immediate deliveries, customized service, easy returns, and more for a reduced cost - a very good question indeed!



A few considerations to ponder:

1. **Storage capacity** - what is your storage capacity? How does that compare with your requirements? And how can you maximize what you can store in your warehouse?
2. **Flow** - Are you running in circles around your warehouse to support your customers? Similar to a manufacturing environment, flow can be an essential ingredient to warehousing success - or not.
3. **Productivity** - have you automated what makes sense and will increase your speed/ throughput? If it doesn't improve speed (and accuracy) to your customers, is it really more productive? Similarly, is outsourcing truly more productive?
4. **Equipment** - what equipment is built into your warehousing strategy? Would an upgrade provide a return on investment?
5. **Data** - are you using predictive analytics and data analysis to make informed decisions to stay ahead of your competition?

6. **WMS tools** - whether "poor man's" or sophisticated, do you have a way to pick, put away and sort efficiently?
7. **Inventory** - don't ever forget inventory. Without having the right product in the right place at the right time at the lowest system-wide inventory (and potentially end-to-end supply chain network inventory), what else will matter?



We have yet to come across a warehousing or distribution client that didn't have at least a 20% improvement opportunity. Have you looked into your opportunities lately? Most likely your competition is! If you need help thinking through your warehousing and distribution strategy, [contact us](#).

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[\*\*Technologies of Disruption and E-Commerce\*\*](#)

The Systems Pragmatist

**AI, Robots, IoT, Blockchain, Hike!**

**AI (artificial intelligence), robots, IoT (internet of things), blockchain, hike!** Doesn't it sound like a foreign language? It certainly does to my mother! Yet it is the language of the future.

Which of these technologies should we pay attention to? Let's look at some of the more popular ones:

1. **AI**- Depending on your industry, AI will most certainly impact it. Service industries such as accounting are definitely impacted. After all, if a program like Alexa can learn how to put together your taxes, it is bound to disrupt. Machine learning and artificial intelligence can be powerful - preventative maintenance can be completely redefined in a proactive, predictive way.
2. **Robots** - Isn't everyone talking about robots? Of course, this is partially because they are fun to talk about. Is a robot good in all situations? NO! We've seen many manufacturers and distributors try robots and end up slowing the process down because they didn't think about the full impacts.



3. **IoT-** We don't even think about all the devices that are connected in our everyday lives. Smoke alarms, security systems, phones, refrigerators, Amazon Alexa, our car, traffic signals, manufacturing machines, RFID tags and much more. Connecting devices because we can yet for no valuable use just adds to the mountain of data to analyze. Instead, we should think about the strategic use of IoT for our business.
4. **Blockchain** - Talk about another buzzword! Isn't a phone call, an email, EDI, lot traceability in ERP or a customer portal sufficient? Many times - yes. Again, the value of blockchain should be evaluated before jumping on board with the latest and greatest trend; however, there will be uses. When instantly visible, irrefutable and non-changeable (think avoidance of high potential fraud), traceable transactions are required, it might be just the medicine.
5. **Autonomous vehicles-** Forklifts, cars, trucks, and more. Again, let's think 'fit' to our business. In trucking, it is likely to make all sorts of sense. Rates continue to rise. There is a shortage of drivers. Baby boomers are retiring. Environmental rules continue to increase. It does seem to fill a potential gap.

The underlying bottom line when it comes to technology remains - let's not use technology for technology's sake! Instead, think smart. How does it fit with your business requirements? Will it provide a superior customer experience? Pursue those with a strong return on investment, ignore the rest and success will follow while your competition chases 'shiny objects'.

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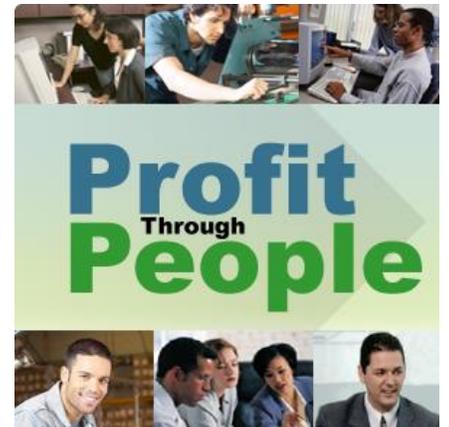
[Top Technologies for 2018](#)

### Profit through People People Rule!

Several situations have arisen recently that leads us to plead "choose wisely". Examples abound on both sides of this topic. Strong leaders attract top talent. Weak and command and control leaders keep the weak and those close to retirement (in name only). That is one of the things we love about being consultants - we have a wide view, across many organizations with vastly different personalities; thus, strong leadership is as obvious as a purple cow (to use a Seth Godin reference).

To your employees, leadership effectiveness is as obvious as a purple cow, even if it doesn't stand out to anyone else. Pay attention to how your employees react to their leaders. Are they energized or beaten down? One good question is as follows - if the phone rings at 5:05pm, would they pick it up, thinking it might be a customer with a question? Or will they ignore it and instead put their efforts into a CYA type activity?

In today's Amazon-impacted marketplace, customers appreciate suppliers and advisers who will go the extra mile to provide that above and beyond service. Just put yourself in their shoes. Who would you rather go to for products and service - whether or not the 'boss' is there to make sure you receive top notch service? Someone you know will help you regardless of what it does for their career or someone who is out for their self-interest? Remember, people work for and buy from people - not companies.



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[Why Does Employee Engagement Matter?](#)

## Connections

Connections and relationships are the 80/20 of success!



### THIS MONTH'S REQUESTS:

- Do you know a top notch family law attorney in the Inland Empire or surrounding area? My ProVisors group is looking for one. Please introduce ***me***.
- A client is searching for a Supply Chain Manager with planning, systems and customer service capabilities in the City of Industry. ***Contact me*** with referrals.
- A senior executive with experience as a CEO, COO, and Division Leader who delivers significant shareholder value in food and beverage, CPG, equipment and technology companies is interested in a new opportunity and expanding his network. If you know of a good introduction for his network, please refer ***Chris Riley***.
- One of the best execution-oriented, common sense (which is in short supply) P&L owners or COO/ Operations-type resources I've worked with in the aerospace industry is looking for her next opportunity in the San Fernando Valley and surrounding areas. If you have an introduction, please ***email me***.

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A continuous improvement expert with planning/ buying experience is interested in getting back into a job geared towards continuous improvement - a great find for an Inland Empire company! ***Email me*** with referrals.

## 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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