

Lisa Anderson's *Profit Through People*[®] Newsletter



October 2018 - Issue #152

Welcome from Lisa

It was a really, really busy October; however, I was able to take a little time to enjoy the sunset while playing tennis with my advanced workout group at the Claremont Club. Have you appreciated the beauty surrounding you lately, even amidst the chaos?



Since October is manufacturing month - and manufacturing is on fire - I was busy in the speaking circuit spreading the word about the vast potential for manufacturing, supply chain and the Inland Empire! I started with the Rancho Chamber talking about "[The Importance of Manufacturing](#)".

There were several people who were surprised by how much potential lies in an industry often seen as outsourced to China and dead. It is FAR from dead! In fact, in addition to a surge of organic growth in manufacturing, there is much discussion about bringing manufacturing back since total costs are at breakeven on non-commodities, and it is an opportune time to re-invest in manufacturing infrastructure in the U.S.

Next, I spoke at an APICS San Fernando Valley panel of "[Women in Manufacturing](#)". That was fun, and it was really exciting to see several team members from a client I worked with several years ago as well! Last but not least, I spoke at a regional event for the [Institute of Management Accountants \(IMA\)](#) on "The Amazon Effect: Navigating the Squeeze". I had a great time with the audience as they were knowledgeable and had great examples for us to build upon.

In addition, I presented at the [Society for the Advancement in Consulting's](#) Annual Meeting in New York on "[Grow Beyond: the Top 10 Ways to Grow Your Consulting Business](#)" and led the inaugural Southern California best practices consulting brainstorming session at Harvey Mudd. New colleagues & new value!

IN THE NEWS

Check out my latest speeches, articles & quotes:

- Quoted in two APICS Inland Empire press releases about our symposium on "[Advancing Innovation & Navigating Global Trends](#)".
- Quoted in SAC's press release "[Consulting Society Announces Independent Consulting Award](#)".

Last but not least, I led the panel discussion at the APICS Inland Empire Chapter's Executive Panel and Networking Symposium on "[Advancing Innovation & Navigating Global Trends](#)".

Enjoy!
Lisa

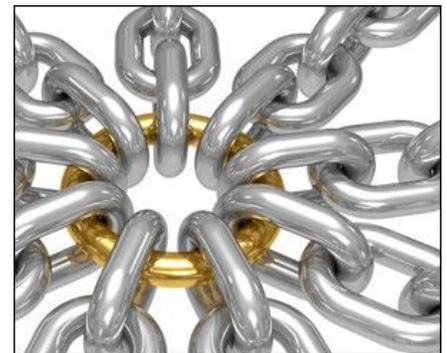
[Email](#)
LMA Consulting Group, Inc.

P.S. If you know of anyone who is interested in achieving scalable, profitable growth, please refer them to [us](#).

The Strongest Link in Your Supply Chain **Supply Chain Resiliency: Video Interview on Disruption in Logistics**

Next in our [supply chain resiliency value series](#), we are excited to share an interview with [BJ Patterson](#), President of Pacific Mountain Logistics. Thanks to B.J. for sharing his expertise on the Manufacturing Summit's panel "Amazon Effect: Pass or Play - the New Sales & Distribution Game and How it Affects Manufacturing".

B.J. is responding to a question related to supply chain resiliency on disruptions in logistics. In essence, the key question is how to maintain margins throughout the supply chain when we 1) ship a single item vs. a pallet of items in terms of warehousing/ material handling inefficiencies; 2) when customers' orders require many more truck trips than ever before and 3) truck space is at a premium yet we are shipping a lot of air since Amazon-like shipments often have 1 item in a large box on a truck. Certainly, there are no easy answers; however, we must be thinking about how we'll create supply chain resiliency so we can thrive with these changing market conditions.



With an increasing frequency, supply chain partners are pulling together to find solutions to these types of challenges. Moreover, the strategic use of data is at a premium. If you can better coordinate all of these

ever-changing market conditions to gain visibility and efficiencies within your extended supply chain, you just might take the lead in your industry.

Our most successful clients don't wait for these disruptors to crush them; instead, they are always looking for potential disruptors and searching for solutions and proactive approaches to take the lead position instead of disappointing customers in an era where the customer experience is of paramount importance. What are you doing to navigate these logistics disruptors? We are always interested in feedback and ideas to share.

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[***The Ladies of Logistics and Global Trends***](#)

The Systems Pragmatist

The Resilient Supply Chain: Should We Invest in Technology?

In today's Amazon-impacted, Uberian environment, technology opportunities abound! Beyond ERP and related subsystems, there is IoT, blockchain, robotics, autonomous vehicles, predictive analytics and much more. Should we invest or not? Clearly, if we invest in every one of these opportunities, we could "go broke". How do we decide? And will it help us create a resilient supply chain?



The answer: It depends!

Our best clients follow a similar process and answer the following questions:

- 1. What is the state of the industry?** What disruptors are likely to impact the industry? What trends are occurring? Where do we see it going?
- 2. How do we stand in the industry?** How are we positioned? What is our unique value proposition? What differentiates us from the competition?
- 3. What is our technology/ IT infrastructure?** Does our ERP system support our current needs? Does it support our growth? Is our ERP partner aligned with technology partners that can help in expanding our future technology capabilities? The bottom line - where are we starting?
- 4. What is our vision?** Understanding where we want to go is relevant. What will it take to achieve our vision? Do we know what people, processes, systems/ technologies and culture change will be required to attain our vision?
- 5. Is the technology required to achieve the vision? (given our competitive differentiators and changes occurring in the industry)** Adding technology that doesn't support our vision might be exciting but doesn't support the future whereas not investing in technology required to support our vision is also problematic.
- 6. What are the priorities?** If there are several technologies required to support progress, which are required first in terms of sequence (if relevant), which have the greatest impact, and which are urgent to meet a customer need or avoid a negative consequence?

The Bottom Line:

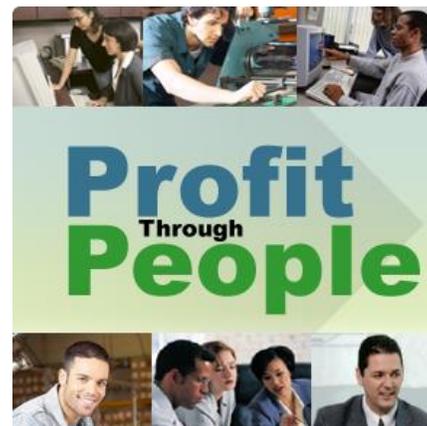
Don't invest because everyone is investing; invest because it supports scalable, profitable growth.

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[***AI, Robots, IoT, Blockchain, Hike!***](#)

In today's Amazonian environment, customers expect rapid delivery (same day/ next day is preferred regardless of industry), 24/7 accessibility, easy returns, innovative collaborations and much more. Add disruptors popping up all over (such as Uber, Netflix and more), trade war impacts and technology disruptors to entire industries (such as artificial intelligence to the accounting industry), it is quite clear we are in a new ballgame. One of the keys to successfully navigate this environment is to rely on your people.

When it comes to your people, if they don't feel empowered, they will not take a leap of faith and bring up ideas, test theories etc. In essence, they need to overcome fear to rise to the occasion. What is your environment like in your office? Here are a few questions to ponder:



1. **Will employees be shunned if they go against the grain?** For example, if employees bring up an idea that isn't popular or one that the manager thinks puts him/her in not-as-good a light, will they get shunned? Before leaping to the answer of "of course not", perhaps take a second look one or two levels below you. You might find a different answer than you wish.
2. **Is failure celebrated?** Of course, we don't mean multiple failures repeating the same mistakes but is a single failure / learning experience celebrated?
3. **Would failure still be celebrated if it impacts month-end numbers?** Unfortunately, that is when it will occur. It is just luck of the draw.
4. **Is it OK to help a project team?** For example, if an employee helps a project team that requires his/her expertise even if it isn't relevant or supportive to his boss's success, will it be OK? Worse yet, if this person is busy (which will always be true), is it OK if he diverts a few hours to help the project team for the greater good even if it doesn't help his manager? Will the manager answer the same way if he didn't know you were listening?
5. **Do you provide tools and training?** Some employees will take the leap on their own whereas others want the extra support to feel qualified to provide ideas and advice. Are you willing to invest in these?
6. **Will you provide mentoring and support?** Beyond tools and training, ongoing mentoring and encouragement is needed to facilitate the process. Whether formal or informal, do you have a process in place that provides this support?

It is definitely much harder than it appears to have your employees overcome fear when you aren't looking. Are you willing to invest time and money into this effort to enable the growth of your employees and the scalable, profitable growth of your business?

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[**Do You Have Resilient Employees?**](#)

Since we did research on "The Squeeze" for a speech on the the squeeze in aerospace (meaning, how does the supplier in the middle between the Tier 1 suppliers who supply final assembly parts for an airplane and the powerhouse mills survive, or preferably thrive), we have been thinking a lot about the supplier relationship. Coincidentally, we also heard a lot on this topic at the Association for Supply Chain Management (ASCM/ APICS) international conference as it is a hot topic across all industries. There was an almost identical discussion occurring with retail and the consumer goods industry. Last but not least, all of our clients are seeing the relevance of this topic.



What is the "right" answer? Of course, it depends!

To manage "the squeeze", one of the keys is to create partnerships with your key suppliers. The rest can be vendors since they are not core or significant to your success. However, your key suppliers must be partners and collaborators. For example, one of the best ways to handle the middle position in the aerospace world is to bring your customers and their demand together when your suppliers and their capabilities. Here are a few ideas that all depend on being a partner:

- Collaborate with suppliers on new ideas / design concepts to reduce materials and waste for you AND up your supply chain.
- Become a partner of your customer and gain access to demand information as it becomes available and help translate that into a benefit for your customer, you and your supplier.
- Leverage pricing and volume across the supply chain for a win-win-win.

Although these ideas relate to aerospace, the same concept applies with every client. When I was VP of Operations and Supply Chain for an absorbent products manufacturer, we used these same concepts to find win-win-win solutions in your supply chain. We partnered with key vendors to redesign materials (that performed better at a lower cost), redesign packaging, reduce waste in our manufacturing process which required teaks and collaboration with both material and equipment suppliers and more. By following a partnership route instead of the "vendor" negotiation/ beat up on price route, we turned our situation around from bad to good.

We found private equity backers who wanted profitable growth; however, soon after, the market changed and oil and gas prices were continually rising which significantly impacted our material costs (and were unavoidable) yet our private equity investors still expected the same profit improvements as before. Our business was also heavy in transportation cost since the product was bulky which was also an issue with rising oil and gas prices. Thus we collaborated with customers, material suppliers and freight suppliers for win-win-win solutions. It "worked" and we were able to offset the price increases while growing the business in a profitable and scalable way.

These types of situations are common in today's business environment. Do you view your suppliers as vendors or partners? And who are you hiring to manage these relationships? Transaction-oriented purchasing folks or strategic relationship procurement resources?

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

[**Does Supplier Negotiation Work?**](#)

Connections

- Do you know a top notch commercial real estate attorney in the Inland Empire or surrounding area? My ProVisors group is looking for one. Please introduce **me**.
- 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 **contact her**.
- 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.
- A planning/ purchasing/ supply chain expert is looking to relocate to Phoenix. If you have any job leads, please **contact me**.
- A key contact's son is looking for an entry-level supply chain position. He has experience in purchasing (including global procurement), shipping, receiving, warehousing, quality control and more and would be a great find for a manufacturing or distribution company. **Contact Kellen Carey**.
- A **colleague** of a key contact is looking for a Director of Finance position in a consumer products company with revenues between \$20-200 million. He is extensive corporate (private) accounting background with an emphasis on technology.

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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