

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



September 2018 - Issue #151

Welcome from Lisa

I just went to Chicago for the APICS International Conference and so had the opportunity to take an architectural boat tour one evening. It was one of the best tours I've been on, and we had a picture perfect day.....



I thought this was a great picture of the city including a shot of the L train going by over the Chicago River. As a Chicago native, it brought back memories of my childhood including my recurring nightmare of crossing the Chicago River and falling in as the drawbridge went up (who said kids' dreams have to make sense!). They have certainly cleaned the river up since then and turned it into an attraction!

I also attended several intriguing sessions at the conference as well as cheer on [APICS Inland Empire Chapter's student team, Harvey Mudd](#), who placed in the top 3 teams GLOBALLY. Congrats!

I enjoyed a few celebrations & speaking events last month: First, I spoke with my LMA Associate, Elizabeth Warren, at [Go Global](#) on international logistics for companies interested in export. Next, I spoke to a group of aerospace CEOs who are "stuck in the middle" and being squeezed by Tier 1 / 2 suppliers and metals suppliers / outside processors. For that discussion, I talked with several aerospace clients and colleagues and so it was quite interesting to proactively address this tough challenge. Last but not least, my [ProVisors](#) ONT group celebrated our 6th anniversary!

IN THE NEWS

Check out my latest speeches, articles & quotes:

- Quoted in *Virtuem's* "[ERP Implementation Tips for Overcoming In-House Operational Challenges and Resistance to Organizational Culture Change](#)".
- Quoted in *SAC's* press release "[Never an Afterthought: Pricing is Strategic to Business Success](#)".

On Oct 11th, I'll be kicking off Manufacturing Month for the Rancho Chamber by speaking on "[The Importance of Manufacturing in the Economic Sector](#)" at the [Manufacturing Forum](#). In addition, I'll be speaking at the San Fernando Valley APICS event "[Women on Manufacturing](#)". And, I'll be speaking at the IMA (Institute of Management Accountants) Regional Council on the Amazon Effect for continuing professional education (CPE) credits.

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](#).

Eagle Eye

Supply Chain Resiliency: Video Interview on Global Competitiveness

To kick off our supply chain resiliency value series, we are excited to share an interview with [Mirna Elnar](#), CEO Acura Spa Systems Inc. Thanks to Mirna for sharing her expertise on our [APICS Inland Empire Executive Panel & Networking Symposium](#) panel!

Mirna is responding to a question related to supply chain resiliency. In essence, the key question for manufacturers is how to be competitive with overseas manufacturers in low cost countries. Clearly, we are NOT likely to be competitive on cost (especially labor cost) alone; however, hope is not lost!

In this video, Mirna provides several ideas and strategies for how to navigate these rough waters successfully.



She also went on to give a compelling story about exporting to Brazil. Instead of giving up when she found out the tariffs were unfair, she devised a way to collaborate with a company in Brazil and find a win-win opportunity. We walked away thinking if she could turn an unfair advantage into an opportunity, why aren't we looking further for these innovative ideas?

Our most successful clients build innovation into the daily routine, and it is no accident that they are the most resilient as conditions change. In today's Amazonian environment which is full of volatility and changing conditions, resiliency has become a "must"!

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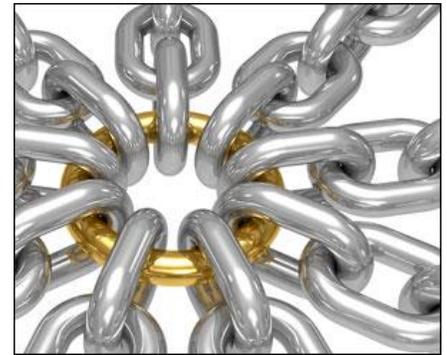
[***The Resilient Supply Chain: Global Trade Unrest***](#)

The Strongest Link in Your Supply Chain

The Resilient Supply Chain: Does Supplier Negotiation Work?

In today's Amazonian environment, it is quite clear that the customer's experience is #1. It doesn't matter what issues you have; if you cannot make sure that your product or service is delivered on-time with value-add service at a reasonable price, you will lose the business.

In talking with a group of aerospace CEOs who are being squeezed between the Tier 1/2 suppliers (those who supply Boeing and Airbus with plane ready parts) and their suppliers who are metals suppliers (mills/ metals service centers) and outside processors, it is a tough position to hold! However, just as Mirna Elnar, CEO of Acrua Spas said in our supply chain resiliency video series, there is always a solution when you think innovation.



In this example, many of the suggested solutions from executives and procurement resources alike were to find opportunities to redesign/ improve the product and process to achieve a "win" for the Tier 1/2 suppliers (improved manufacturability with better efficiencies and/or less scrap, less materials while maintaining specs/ performance, having the "right" inventory in the "right" place at the "right" time etc.) while also achieving a "win" for the CEO (better margins/ better cash flow) and ideally a "win" for their suppliers (more predictable demand, etc.). A win-win-win is achievable if you look hard enough.

This relates to a situation I found myself in while VP of Operations & Supply Chain for a mid-market manufacturer. We found private equity backers and were able to make it through in terms of cash flow by the "skin of our teeth". We even were able to convince suppliers to take a haircut. So far, so good. Then, oil and gas prices rise which impacts 70% of our material cost which impacts 70% of overall cost. NOT good. Also, we find that our product lines are all mixed up in terms of which ones cost less to produce vs. the sales price for various customer segments because we had recently merged 3 companies into one. Also NOT good.

Our customers were a bit angry about service issues that arose when we cut over to a new system and merged the 3 businesses into one. Also NOT good. And the largest segment of the business hadn't updated products in years because they planned to sell and so was in desperate need of an upgrade to grow sales. A fact but also NOT good. Lastly, our product is light but fluffy (which makes it larger in size) which carries a high transportation cost. NOT good either. But we had good suppliers and an innovative and committed team. GOOD! So, how can we turn this into a "win-win-win"?

We decide to kick off a redesign project to find a way to straighten out the product tiers, improve performance of the product, reduce the cost of the product and reduce the freight cost associated with the product to boot. A bit of a tall order? Yes but a challenge as well!

We were successful in achieving ALL of these objectives by turning supplier negotiation on its head. Instead of demanding price concessions, we partnered, provided upfront information on our objectives (including cost reduction objectives), collaborated on the design of new / improved materials, redesigned products and packaging, collaborated with customers to make sure we aligned with their needs and priorities, collaborated with equipment suppliers to put it all together and turned supplier negotiation into customer collaboration, achieving a win for our customers, our business (and therefore our private equity backers) as well as our suppliers. There are too many people to thank but a quick shout out to Bill Weber, Keith White and Rick Finlayson seems appropriate.

Are you stuck in thinking about cost concessions or are you looking for the "win-win-win"?

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[Supply Chain Collaboration](#)

The Systems Pragmatist

The Resilient Supply Chain: Are You the Disrupted or the Disruptor?

At the [Association for Supply Chain Management's \(ASCM/ APICS\) International Conference](#), almost every presenter mentioned disruption. It is prevalent in today's Amazonian, technology-ridden environment. Similarly, after attending APICS, I flew to lead the annual meeting for the [Society for the Advancement of Consulting](#). During the first lunch, my colleagues spent the entire time discussing disruption. One (a former Apple executive) lives it daily and coaches executives on disruption, and the other is a leadership expert who sees the significance and so is writing a book on disruptors. Interesting!



In the interim, we have dealt with a few client challenges - guess what? You got it. They relate to disruption! And last but not least, the next leg of my trip is entirely about disruption. Technology has the potential to vastly impact manufacturing and distribution jobs and so it makes a lot of sense to find a proactive approach instead of playing the victim.

According to a proactive CPA partner, artificial intelligence is going to transform the industry. According to a healthcare expert, it has vast potential to disrupt the healthcare industry. Gartner thinks 33% of all occupations will be performed by smart robots by 2025. Forrester Research says AI will take over up to 16% of jobs in the U.S. And, if that wasn't shocking enough, Google thinks robots will achieve human intelligence levels by 2029. So, do you want to be the disrupted or the disruptor? We choose disruptor!

Since I had lunch with two disruption experts, I asked the critical question: Can we learn to become a disruptor? The great news is that it is possible. Start paying attention to disruptors. What do they do differently? What would you like to emulate? You don't have to do exactly what they do. Find your own path but look for commonalities. One of our colleagues is writing a book on this exact subject. When it comes out, we'll pass it along. In the interim, start asking a few questions....

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

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

Resiliency isn't easy or every organization would have perfected it. Yet in today's volatile, Amazon impacted, disruption-heavy environment, you must build resilience.

Let's start by talking about our meaning of resilience: we mean not only the ability to adjust and recover quickly to changing business conditions but also the ability to proactively think through the most likely disruptors and develop strategies to thrive amidst the chaos. Do you have resilient employees?

If a customer changes his mind, how does your team handle it? Do they see it as a challenge or a chore? Do they complain or start asking questions to understand what's behind the change and whether it is likely to impact future orders? Do they communicate upstream and downstream so all parties are in the loop and aware of what is coming?

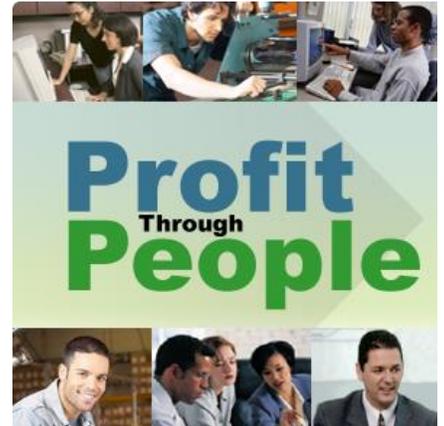
If a supplier runs into a capacity issue and is late to deliver, what do your employees do? Actually, let's back up - do they know about the delay in advance? If so, has it been communicated? What approach is taken with the supplier in these circumstances? Do you know whether your demands are realistic or not? Or are you overloading your low cost supplier so you don't get beat up for purchase price variances? Think about these questions and then go back to answering the resiliency question.

Here is another key question: what does your team do if they fail? Do they look for the person to blame? Does the leader blame the weakest link? Or does the leader blame "them" (next level management)? Or does the leader accept responsibility even if it isn't his/her fault? No matter who is at fault, how does the team react? Do they jump on the situation and look for solutions? Will they be more likely or less likely to collaborate upstream or downstream to find answers or ideas to test? Perhaps most importantly, will they hide under a rock or spur into action?

Start by understanding your resiliency culture. Then, you can purposefully change it to focus on resiliency.

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

[What Persistence Matters](#)



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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