



May 2017 - Issue #135

Welcome from Lisa

Doesn't it seem like every month goes by in a whirlwind these days? I was fortunate to spend a weekend at Hotel Del with my two best friends (see us pictured below with our seashell paintings...don't hold it against us) for my birthday. We had a lot of fun doing various Del activities, resting and eating great food!



In addition, I went to AZ to see my family. My mom and I found new house fans and ran various errands. There is always too much to do!

Speaking of fun photos, I've just added [photo galleries](#) to my website and am really excited to finally be able to share photos of key events with you. I especially want to share the [10th Anniversary Photo Gallery](#). Can you believe it is the two year anniversary of that event?! It was such a fabulous party, and I really enjoyed having clients, former work colleagues, [APICS](#) colleagues, [ProVisors](#) colleagues, family and friends together to celebrate LMA Consulting's 10 year anniversary. There are pictures of my first 10 years of LMA Advocate award winners and more. Speaking of which, stay tuned next month for the announcement of this year's LMA Advocate award winner....

IN THE NEWS

Please check out my latest speeches, articles & quotes:

- Quoted in SAC's article "[Harshly Opposing Political Views in the Workplace Offer New Challenge for American Organizations](#)".

- Published article in *Manufacturing Today*, "[Deep in Options: Onshoring Profits: Rethinking Sourcing Strategies](#)".

And, I'm especially thrilled to share an [interview](#) with the Voice of Inland Empire about the Manufacturers Council of the Inland Empire's innovation awards.

Lastly, please join me at the [Future Ports Conference 2017](#). I'll be on a panel discussing the Amazon Effect.

Since I've seen an increase in interest in VMI and its impact on bottom line business results, I thought I'd dedicate this month's articles to various aspects of VMI.

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.

The Systems Pragmatist

VMI - Do You Need Software?

Vendor Managed Inventory (VMI) - do you need software? Of course, the answer is "It depends".

A few items to think about to determine if you need software to support a VMI initiative:

1. Are you interested in doing VMI with your suppliers, customers or both? For suppliers, the focus is on the transfer of data. For customers, you'll need to create orders and transfer data at a minimum.

2. How many suppliers and/or customers and customer locations do you plan to pursue with VMI? If there are few, manual will work just fine. We have achieved vast success with aerospace clients using portal data and manually creating orders.

3. How integrated do you need VMI to be with your ERP system? For example, when I was VP of Operations at PaperPak, we implemented VMI with our #1 customer, Baxter Healthcare/ Shield Healthcare and so we figured out what to send to their locations throughout the U.S. We provided such excellent service that we won supplier of the year two years in a row! However, even better, we were able to gain huge benefits on our side with inventory turns, logistics efficiencies, gains in business etc. In our case, VMI was separate; however, the orders had to be visible in both systems, and the forecast had to go to ERP as well. However, we didn't have to physically scan items at our customers' locations which might require a direct connection depending on your setup.

4. Are your suppliers/ customers EDI capable? Do they use portals? If they use portals, does your ERP system have portal capability? Or do they send spreadsheets? Or emails? Technical capabilities will play an important role.

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

[**Leveraging Your ERP System**](#)



VMI - Success Directly Correlates to People

As with almost every topic our clients call about, VMI and supply chain partner collaboration programs are no different. Success directly correlates to people.

What should you be thinking about when it comes to VMI and people?

1. Do your employees and partners understand VMI and the benefits of VMI? Undoubtedly, success is better when people understand how it matters.

2. Do your employees have relationships with their VMI counterparts? Do they have a good relationship with their suppliers and/or customers related to VMI? Have they met them? It goes a long way to meet a few key contacts.

3. Do your employees understand what is expected of them on a daily, weekly and monthly basis? Don't assume if your customer requested VMI that they have clarified how the process works. Make sure the processes, systems/ technologies, and communications are clearly understood.

4. Do all VMI parties understand the measurements? Often, we see scorecards used as a way to track performance. Do you understand what goes into the calculations? What is important to your customers? Have you explained what is important to your suppliers?

5. Have you set up check points? One of the keys to success is to set up time to talk with all VMI-related parties to see what's working, what's not working and how you can improve the process and results.

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[***4 P's to Collaborative Customer Program Success***](#)



VMI - What are the Benefits?

Vendor managed inventory can have many benefits - both from a strategic perspective and a tactical one. We are seeing that it is gaining in popularity as manufacturers and distributors and retail locations see the value of collaborating with supply chain partners to drive dramatic benefit across the supply chain.

Several of the top benefits include the following:

1. **Increased revenue** - By partnering with customers on VMI and customer collaboration programs, you become a trusted and value-added partner. As new business opportunities arise, we've found that those who offer VMI typically have an advantage.

First, the customer knows they will have what they need, where they need it and when they need it to satisfy demand. Next, the customer knows it is easy to work with a VMI partner and so will prefer to expand capabilities with them. And, lastly, the customer is likely to recognize these preferred suppliers.

2. **Responsiveness & agility** - By collaborating up and down your supply chain, you build a greater



agility and responsiveness into your supply chain. With a greater access to information and a quicker view of market changes, responsiveness will increase throughout.

3. **Improved customer service & reduced lead times** - Often, this is the most critical benefit across the board. With VMI, there is better collaboration, information-sharing and visibility. In every client project, we dramatically improved service levels and reduced lead times.

4. **Accelerated cash flow** - As inventory is managed across the supply chain, inventory levels can be reduced while service is maintained or improved. We have frequently reduced inventory levels to the customers' target level while reducing supplier inventory by 20-60%.

5. **Improved margins** - As the supplier is able to plan across the supply chain, he/she is able to optimize transportation, warehousing and production efficiencies internally while meeting service and inventory targets for the customer. We have seen rather significant improvements (around 20%) by pursuing this opportunity.

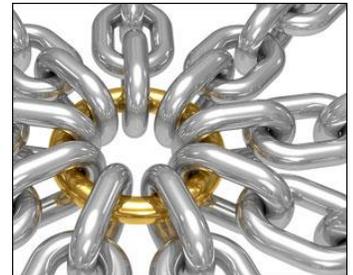
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[4 Keys to VMI](#)

The Strongest Link in Your Supply Chain

VMI - Supply Chain Collaboration on Steroids

Supply chain collaboration is in vogue. Customers have figured out that if suppliers have access to more information on what they need and what is important to them that they'll typically do a better job of meeting those needs.

Suppliers have figured out that the more they understand customers, the more likely they'll be able to delight them while minimizing spending. And this type of thinking carries over to your suppliers' suppliers and customers' customers and all supply chain parties in-between such as transportation and logistics partners, trusted advisers and more.



So, what are some of the ways supply chain partners collaborate?

1. **Sharing of customer preferences** - the more your supply chain understands about the end customer (whether a consumer, patient, manufacturer etc.), the better served the customer will be.

2. **Sharing of forecasts** - the better your supply chain understands your likely production schedule/usage or sales forecast, the better your supply chain can ensure you have what you need when you need it at the lowest cost.

3. **Sharing of inventory** - key to VMI is the sharing of inventory information. The best way to maximize performance of the supply chain is to provide access to inventory information in combination with trust. For example, if your supplier can save \$1000 by temporarily reducing your inventory slightly until an already-scheduled truck is available to deliver the next day and you will not run out for 5 days, why not save \$1000?

4. **Sharing of resources** - vendor managed inventory experts can help set up these types of programs with minimal disruption and maximum results. Not every supply chain partner will have the same type of resources. Why not share to better the entire supply chain? For example, one of our clients had a technical guru, another had a spreadsheet guru and another had a VMI guru. If they had access to all three for the implementation of VMI, it would be a win-win-win.

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

[**Vendor Managed Inventory is Making a Comeback**](#)

Connections

- We are putting together a panel on trending technologies for manufacturers and distributors for our APICS Inland Empire executive panel & networking symposium on Nov 4th. Please **email me** with referrals.
- Do you know a top notch executive recruiter in the Inland Empire or surrounding area? Please introduce **me**.
- A few excellent supply chain technology roles are available with Disney. See Business Systems Analyst **here** and the Manager of Application Development **here**.
- My colleague, a multi-dimensional, C-level Operations Executive in apparel manufacturing, supply chain and e-commerce with over 20 years of experience in providing smart solutions to complex challenges is looking for a COO or Executive role in Operations and/or Supply Chain in the Orange or South Los Angeles counties in the apparel or consumer products industries. Please **refer** her to potential opportunities and contacts.
- A colleague's son is looking for an internship in engineering in Southern California. If you have any leads, please pass them along or **email him** directly.
- Our APICS Inland Empire chapter is offering the new and exciting certification CLTD (certified logistics, transportation and distribution). Refer anyone interested in taking their personal career up a notch with **CLTD classes**.



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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