

FUTURE-PROOFING MANUFACTURING & THE SUPPLY CHAIN POST COVID-19



Presented by



INTRODUCTION

As soon as I started to emerge from a significant process improvement and ERP go-live project, California was locked down. It felt like going from the frying pan into the fire! After taking a moment to grab several cases of Zevia (as serious an issue to me as toilet paper to the rest of the world!), I realized the path to success was to 'keep moving.'

Luckily, I answered my phone early on during the lockdown even though I was swamped. It was RipCity radio asking me to participate on a radio show to answer the one question on everyone's mind. Where is the Toilet Paper? It was just the boot I needed to get out of the blocks. As I watched wildly varying responses from clients and colleagues, I realized that writing a book about what to do and how to emerge successfully from the pandemic could help spur clients and colleagues to take action as well.

I have started at the top with how we should be thinking about strategy and which priorities should be paramount. Then, I expand into what I consider critical strategic topics to emerging successfully as I cover talent, customers, product supply (I gained a new appreciation for the descriptiveness of my title when I led manufacturing and supply chain at an absorbent product's manufacturer), financials, leadership and go-forward business concepts. Next, I discuss each functional business area and the associated priorities. Finally, I wrap up with the trends that I am seeing and the next steps to restart.

My goal is to follow my own advice by providing immediate value to manufacturers, logistics providers and supply chain professionals, globally. The pandemic has elevated our profession. Hospitals cannot function without essential supplies and healthcare providers. The world is not safe without scientists and vaccines. People require essential supplies, food and shelter. Manufacturers are in the spotlight. The global logistics network is required to keep everything moving. And, cash remains king to fund our future. The end-to-end supply chain plays a vital role in bringing it all together.

We will succeed by working together, innovating, running a series of small sprints, thereby building our agility muscles. Instead of looking back and hunkering down, we need to look forward.

I had no idea how prescient my future-proofing your manufacturing and supply chain focus was for this year. I will take good luck any day! This book builds on the future-proofing theme. We will provide some high-level current state context while the main focus is on establishing priorities and identifying tangible next steps to navigate COVID-19, restart and emerge successfully.

My goal is for this to provide ideas, insights and priorities for successfully future-proofing your manufacturing and supply chain post COVID-19.

Lisa Anderson
Claremont, California

P.S. Thanks to my many groups for stirring these ideas. My Pacific Rim strategy group spurred me into action. My ProVisors group of trusted advisors and Inland Empire Economic Partnership (IEEP) Board of Directors group provided timely information and ideas. My Society for the Advancement of Consulting® (SAC) business partner kept us moving forward with the idea to kick off a webinar series and an eBook on "Thriving Through Ambiguity". My Association for Supply Chain Management Board of Directors supported these efforts by assembling a great group of speakers for our "Navigating Through Volatility" webinar series. My clients and colleagues shared their stories, concerns and opportunities. And, of course, my family and friends provided valued support and ideas throughout the process! A special thanks to my mom for always believing I can accomplish anything.

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ABOUT LISA ANDERSON

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IMMEDIATE STRATEGY

STRATEGY OR JUST MOVE?

Do you want to be Amazon or Sears? Sears used to be the Amazon of its time, but they failed to change with the times. There is little life left in this former powerhouse of retail. On the other hand, Amazon continues to evolve and is clearly doing quite well in these trying times.

If you want to be like Amazon, you will rethink strategy but NOT like you might think. It should not be a lengthy process that looks across multiple years. Instead, create an 'immediate strategy.' What does that look like? On a parallel path and within a few hours, rethink your immediate, 3-month and 9-month strategies.

IMMEDIATE STRATEGY

- Establish priorities
- Assess risks
- Prioritize your employees, immediate needs for health and safety, how to support the business
- Understand customers, suppliers, transportation partners, trusted advisors, etc.

3-MONTH STRATEGY

(How to Keep Moving Forward & Increase Value)

- What factors will drive the business forward?
- Do the start, stop, continue, improve exercise - what should you start doing, etc.
- It is NOT the time to take a break.

My Audi convertible has a 'comfort' setting and a 'sport' setting. It is time to switch to 'sport' and kick it up a notch.

Find a way to keep your business moving even if considered non-essential. Look for ways to support coronavirus efforts, focus your branding to provide value to customers in another way, evaluate how needs will change

and pivot to products and services that will be needed as we emerge, etc.

If you are considered essential, shift gears into overdrive and support your employees and supply chain partners so your critical partners are with you in the fast lane.

Consider temporary partners (different industries, competitors, regional partners and more).

9-MONTH STRATEGY

(How to Redesign to Take Advantage of the Opportunities)

- Start by creating the expectation that after immediate concerns are addressed, there will be exciting possibilities for the future.
- How can we innovate and use our creativity to reinvent the business?
- Think about rebuilding, reconfiguring, reorganizing, redesigning.
- Consider different market needs, customers, product and service offerings, branding, etc.



SEARS USED
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PRIORITIES

PRIORITIES, PRIORITIES, PRIORITIES

If there ever was a time to rapidly refocus on priorities, it is NOW. Whatever priorities you established for the year are obsolete. As sad as it is to throw out our well-thought out playbook, we must gather our leaders and experts and re-establish priorities rapidly.

WHAT SHOULD BE OUR PRIORITY?

If everything is a priority, nothing is a priority! During these unprecedented times, we must think through all critical areas of the business including:

- Talent
- Customers and Channels
- Product Supply Strategies
- Financial Strategies
- Leadership & Culture

WHAT BUSINESS CONCEPTS SHOULD BE TOP PRIORITIES?

Several of the concepts we have been harping on continually as best practices are no longer best practices. They have become *essential* practices during these volatile times.

- Agility & Flexibility
- Alignment of Demand & Supply
- Collaboration
- Innovation
- Speed

As you think through critical business areas and essential business concepts, apply them to each department or functional area of your business. We will discuss the current status and priorities for each functional area.



WHATEVER
PRIORITIES
YOU
ESTABLISHED
FOR THE YEAR
ARE
OBSOLETE.



TALENT

WHAT IS YOUR #1 PRIORITY?

Your talent. As you first heard about potential shutdown and social distancing protocols, what was your first thought? Hopefully, it was your employees! We've yet to meet a client with happy customers and unhappy employees. Have you?

KEEP THE BEST

Start by keeping your best employees. Whether on lockdown or not, find a way to keep your best people. Companies fail without talent. Now is not the time to think about seniority. Instead, rapidly assess your talent if this exercise is not part of your normal course of business, and devise a strategy to utilize top talent in a way to keep the business moving forward in a positive direction (whether shut down or running at peak demand). Communicate with the rest. Employees do not leave companies. They leave people. Make sure you are communicating.

FILL THE GAP

During these unprecedented times, there will be gaps popping up all over. If you are continuing to run, an employee might have to go into isolation or find a job closer to home. If you have a skeleton crew, you might not have access to your specific talent or skills for particular jobs. Be creative and fill the gap. Ask people to cross train and pick up new tasks. Do not worry about positions. Simply do whatever is needed to 'fill the gap'.

SHARPEN THE SAW

If you are not running at full capacity, there is no better time than now to educate and train. There are plenty of online education tools and experts that can provide guidance. Participate

in webinars and other online events to learn about the latest trends and possibilities for the future. Keep your team focused on the future, building skills and thinking about new ideas.

COLLABORATE & INVOLVE

Think outside the box. Can you partner with a company that needs like-skills, utilizes like-equipment, has like-transportation routes or customers? Temporary partnerships and collaborations might just give you a substantial boost during these turbulent times. Involve every employee and partner in thinking creatively and innovating for the future.

ACQUIRE TOP TALENT

Many studies show that during the Great Depression and the Great Recession, those companies who invested smartly far surpassed the rest. One of our clients did just that. During the Great Recession, he hired a few resources that he did not have a current need to hire and saw the potential for the future. Fast-forward several years later. These resources enabled the company to launch a new line of business to surge to number one in the market. And, they did not leave the company when others offered them more money.



WE'VE YET TO
MEET A CLIENT
WITH HAPPY
CUSTOMERS
AND UNHAPPY
EMPLOYEES.



CUSTOMERS & CHANNELS

DO YOU KNOW YOUR CUSTOMER?

Know your customers. One of the immediate priorities during these unprecedented times is to know your customers. It sounds logical but is not commonplace.

- Who do your customers serve?
- What are the attributes of who your customers serve?
- Do you know what your customers' customers need immediately and beyond lockdown?
- Do you know the financial position of your customers and their customers?
- Do your critical customers have unique needs?
- Does your entire organization understand your priority customers?

KNOW YOUR CHANNELS

Like your customers, you must know your channels.

PRIORITIZE YOUR CUSTOMERS

Whether you have unprecedented demand or are shutdown, you must prioritize your customers. You will not be able to serve each one with an identical level of customer service and experience. Do not even try to serve all customers identically! Instead, think about priorities:

- Which are important to your financial viability?
- Which are important to your strategic direction?
- Which are important to keeping your talent mobilized?
- Which can you count on?
- Which have come through for you previously?

REACH OUT

Start with your top priority customers and reach out. Simply ask how you can help and listen. It does not have to be any more complex than that!

CHANGING NEEDS?

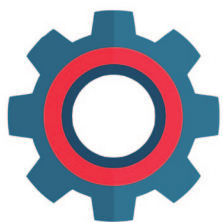
Customers' needs are clearly changing during the pandemic. They are also likely to be different after the crisis passes. Consumer behaviors and business expectations will evolve as new options are forced upon us: people try new things and find interesting substitutes as new needs emerge. Even old school clients are trying remote meetings. Most consumers are finding new sources of interest. And, companies are repurposing to produce essential products and trying new service options. Some might find aspects and/or items they will continue in the future.

BUILD YOUR BRAND

It is the opportune time to build your brand. People do not buy products solely based on price. If they did, no one would own a BMW or an Apple product. Connect your brand to your market's immediate needs and evolving needs. Consider new markets that align with your strengths.



ONE OF THE
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PRODUCT SUPPLY STRATEGY

FORGET 'IF IT AIN'T BROKE, DON'T FIX IT'

All bets are off in these unprecedented times. What worked yesterday might not work tomorrow. Take a fresh look at your product supply strategies.

SHOULD WE MAKE OR BUY?

Many executives outsourced when it was the popular and often a smart cost decision to do so. However, the times have changed substantially. Sometimes, we continue with what is in place because of the cost and disruption to change. What is the current situation and how has it changed since the pandemic?

- The Amazon Effect is in full force: Customers expect rapid delivery and customized, proactive, 24/7 service
- The cost of outsourcing to Asia is at parity with local/regional manufacturing for non-commodity products
- Keep your cash moving: Working capital considerations are not to be ignored
- Rapid customization wins customers
- The technology transformation: Additive manufacturing, artificial intelligence and robotics offer solutions that better fit with customer and financial needs

Reevaluate your decisions with a fresh set of eyes, but do not fall into the trap of doing what is popular. Producing in-house is NOT what is best for every situation. Look at yours and determine what makes sense.

SOURCING STRATEGIES

It is definitely time to re-evaluate your sourcing strategies. Ask these questions:

- Have you identified your critical materials? What are you doing to ensure supply?
- Are you diversified by geography?
- Do you have a multiple source of supply strategy?
- Are you considered a priority customer?
- How strong are your sources of supply? Will you have uninterrupted supply?
- How ready are your sources of supply to collaborate on improvements, redesigns and new strategies?
- How well will your sources of supply stack up with your evolving customer needs?
- Can you speed up the process of qualification?

REACH OUT

Start with your top priority suppliers and reach out. Simply ask how you can help and listen. It is certainly the time to collaborate and partner with your key supply chain partners!

INNOVATE

Now is the time to innovate. Collaborate with your supply chain partners. And, look for ways to redesign, repackage, reorganize, develop new products/services, and accommodate new needs.



**WHAT WORKED
YESTERDAY
MIGHT NOT
WORK
TOMORROW.**



FINANCIAL STRATEGIES

WHERE IS THE MONEY?

Increase your liquidity pronto! Pursue the tried and true.

- Increase your cash reserves
- Consider taking money from your line of credit while its available
- Be 'all over' your accounts receivable in a proactive, firm yet considerate way - remember, not all customers are created equal.
- Be 'all over' your accounts payable in an upfront, strategic, proactive way
- Reprioritize capital spending
- Pursue government loans and programs
- Reevaluate your budget and update priorities
- Proactively review covenants

KNOW YOUR SUPPLY CHAIN PARTNERS

Your current and future cash position and financial strength will depend on your customers and suppliers. How well do you know them? Since you are suddenly 'in bed' with them, hopefully you chose wisely. On the other hand, there is always time to swerve or take a sharp right turn. Get on top of your supply chain partners rapidly!

SHOULD WE TURN OFF CAPEX?

Absolutely not (unless you are in the hole in terms of cash reserves with no way out). However, you should reprioritize immediately! As much sense as your capex projects made pre-pandemic, they might make absolutely no sense in the current state or even in the 'new normal' that will emerge. Alternatively, there might be new capex projects you should add into the mix.

TIME TO BUNKER DOWN OR INVEST?

If you look at the statistics from the Great Depression, the Great Recession and all similar events, companies who invested smartly outpace the rest by a HUGE margin. For example, in the 1920's, Kellogg and Post dominated the market for cereal which was still a relatively new and untapped market. Post reigned in expenses and Kellogg doubled its ad budget and pushed its new cereal. Even as the economy hit bottom, Kellogg's profits rose 30% and they become the dominant player. With that said, clearly investing unwisely is the quickest way to break the bank. Instead, invest wisely and you will be likely to speed by the rest as the world emerges from this pandemic. Why not become the Kellogg's of your industry?



YOUR CURRENT AND FUTURE CASH POSITION AND FINANCIAL STRENGTH WILL DEPEND ON YOUR CUSTOMERS AND SUPPLIERS.



LEADERSHIP

"Whatever You Are, Be a Good One."
- Abraham Lincoln

All bets are off. No matter what type of leader you were pre-pandemic, your opportunity is now. Relationships move faster during times of crisis than any other time. Simply become the leader you know you can be. Everyone has the potential. Use your strengths. Gather your team to build on that strength. Move forward.

BE CALM

During these unprecedented times, there is substantial emotional turmoil. Start with self-management. Demonstrate calmness. Communicate clearly. Be patient, yet firm. Be upfront and tell people what you can tell them and tell them what you cannot tell them. Do not avoid them. People will make up a situation worse than reality every time. Instead, be upfront. Let them know that they will be the first to know when you know or are able to communicate. Establish trust and hold it closely.

OFFER RESOURCES & COMMUNICATE FREQUENTLY

Offer information and resources to help employees, customers, suppliers and other partners navigate these volatile times. Even the strongest of people should consider EAP (Employee Assistance Program) resources. Make sure that resources are communicated clearly so that employees can take advantage of what is available. Keep communicating - even if there is no news.

"It's hard to lead a cavalry charge if you think you look funny on a horse."
- Adlai E. Stevenson II

People will follow what you do, not what you say. Lead by example. Sitting on the sidelines while shouting orders will result in rapid bankruptcy. Instead, refocus your attention on priorities. Ignore the rest. Assess risks but do not get mired in risk assessments and analysis

paralysis. Be willing to make the tough decisions. Be upfront. Communicate widely.

NEWTON'S LAW OF MOTION

Newton's law states that an object at rest stays at rest and an object in motion stays in motion. We do not want to be at a standstill watching old *Friends* reruns while the world moves on without us. Find a way to keep your company moving forward. Whether running an essential business or not, there are ways to keep the business moving forward. Ask your people for ideas to keep things moving forward. It does not have to require money to keep things moving.

"Don't tell people how to do things, tell them what to do and let them surprise you with their results."

- George Patton

Engage your people in the future. Ask for their ideas and involvement. Communicate the priorities and the reasons why. Throw any micromanaging tendencies out the window. You will be pleasantly surprised with the ideas and opportunities that emerge - and with great morale!

**“ NO MATTER
WHAT TYPE OF
LEADER YOU
WERE
PRE-PANDEMIC,
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KEY GO-FORWARD BUSINESS CONCEPTS

INNOVATION

As my consulting mentor, Alan Weiss says, "Innovation is applied creativity". It can be just that simple. I used to believe you had to invent the new sticky pad to be innovative. I have since discovered that we can be wildly successful by combining concepts, products or ideas in new ways, repackaging and repositioning and other quite doable concepts. Allow your team to think outside the box. Try new ideas (within a reasonable playing field that limits significant risk). And, fail. You will be surprised with the results.

COLLABORATION

Collaboration is no longer a fluffy topic. Start with your end state in mind. As you think about how to get from here to there, look for collaborative partners to accelerate or enhance success. There is no need for long term agreements. Set up a temporary formal or informal partnership to achieve an important objective. Multiple smart minds thinking from different angles will always prove better than one!

AGILITY

Agility and flexibility will prove to be a differentiator in navigating through volatility. Think about how you can staff up to meet demand in different ways than you would have considered last week. Some might still prove ridiculous, but others could prove brilliant. Think about reallocation of roles and responsibilities to refocus on immediate strategy priorities. Throw out the big bang approach to change. Make rapid, iterative changes. Adjust along the way. You will speed right by your slower, more rigid competitors.

ALIGNMENT

During times of crisis, the leadership style of aligning all parties on a go-forward direction before launching should be thrown out the window. The alignment of demand with supply should take top priority. There has never been a time when the global supply chain has been thrown into such a state of misalignment! If you want to thrive through the ambiguity, you will need to realign your demand and supply to the degree feasible and stay on top of it continually! SIOP (sales, inventory and operations planning) should become *the number one priority*. Proactively manage demand. Continually realign and redesign your supply to maximize the customer experience, working capital and profitability.

SPEED

The Amazon Effect pushed speed into the forefront. During these turbulent times, think of 'success not perfection'. You must be quick to make decisions and adjust for changing conditions. Those who are quick to try new ideas, take prudent risks and are willing to fail forward rapidly, and more than once, will thrive.



INNOVATION
IS APPLIED
CREATIVITY.



HUMAN RESOURCES & SAFETY

CAN YOU NAME A HUMAN RESOURCES LEADER PROMOTED TO CEO?

Me neither! HR does not typically have a seat at the table. However, now is your opportunity to shine. Prove all the negative propaganda wrong by showing your value. If you do not have an HR leader, quickly find a trusted advisor to supplement your team to help you navigate through the ambiguity.

KEEP YOUR PEOPLE SAFE & HEALTHY

Every client has a safety program in place to keep employees safe. But, are you 'checking a box' or are you serious about the safety of your people? Shore up your process rapidly to address not just the current conditions but the likely conditions as businesses start to ramp up beyond lockdown.

- What social distancing and other preventative protocols will be needed for the next year?
- Will you need supplies of masks or other protective equipment?
- Are there any interim protocols you should keep for the long-term no matter the regulations?
- How can you reorganize to accommodate health and safety concerns while keeping efficiency and effectiveness top of mind?
- Can you use technology to compliment your standard processes as you ramp back up?
- Where should you invest capital, resources, training and education to keep your people safe and productive?
- Are you offering employee assistance programs and making sure employees are aware of all the assistance available?

PROACTIVE LEGAL & COMPLIANCE SUPPORT

Having the best legal and compliance support to help successfully navigate during these unprecedented times is of critical importance. Prior to the pandemic, clients were frequently falling into potholes along the way. This will only increase while navigating changing conditions and evolving requirements, exacerbating the challenges already experienced. It is not the time

to save your pennies on 'cheap' support to lose millions down-the-road.

HAVE YOU GONE REMOTE?

With lockdown underway, everyone has gone remote, at least partially. Once you have gone remote, employees are bound to request additional remote capabilities upon return. So, be prepared to address these questions. The best practices from clients show that some sort of a hybrid model tends to yield the best results. There is vast improvement in going remote from where most companies were pre-coronavirus. Several clients are finding it to be less expensive and often more effective for certain types of meetings. Make sure to incorporate this topic into your go-forward plans.

WILL YOUR EMPLOYEES RETURN?

Your best employees will receive offers to go elsewhere. People are moving during the coronavirus. And, they will be on the move on a large scale after business ramps up. How did you handle the coronavirus communications? How did you treat people? Remember, employees will work where they can provide value and are valued.

THE BOTTOM LINE

Your employees' health and safety should always be a top priority. The pandemic will not change this priority. It will actually increase the need to be vigilant. The bottom line: consider whether you are attractive to current and future employees.



**CONSIDER
WHETHER YOU
ARE ATTRACTIVE
TO CURRENT AND
FUTURE
EMPLOYEES.**



SALES & BUSINESS DEVELOPMENT

SHOULD YOU SERVE ALL CUSTOMERS?

Most likely, no! Prioritize your customers and determine what makes sense. If you have limited resources, prioritize your strategic customers, the customers who have stuck by you, the customers you know can pay or will pay over a period of time and those key to your future success.

PICK UP THE PHONE

Although the old sales process (often seen as the used car salesman approach) no longer works (for good reason), the old method of picking up the phone works very well! Get in touch with your priority customers immediately. Ask them how you can help.

NO COMPANY CAN SUCCEED IF CUSTOMERS CANNOT STAY VIABLE

As you get in touch with customers, keep in mind that your extended supply chain is only as strong as your weakest link. If your customers are struggling, you will too! Find out how you can share resources, transportation lanes, warehouse capacity, expertise, equipment and more. Open your mind to what might never have happened before and look for the opportunities to collaborate and help your customers.

REPOSITION TO MEET YOUR CUSTOMERS' EVOLVING NEEDS

Start by understanding your customers and their needs. Who do your customers serve? Depending on your customers' customers, the needs during the pandemic can be wildly different. For example, if you supply toilet paper to grocery stores, your demand has skyrocketed. On the other hand, if you supply toilet paper to commercial businesses, your demand has tanked. Of course, the smart companies are figuring out how to reorient. Ask questions about your customers' customers. Understand your end customers' needs. How will their needs evolve? Start thinking now to incorporate what you learn into your plans, projects, new product development plans and service offerings.

TECHNOLOGY CAN BE YOUR FRIEND

As much as business development is best done in person, there is much you can do remotely. Zoom and other webinar platforms provide the technology for closer personal interaction. In addition to virtual meetings, invite your customers to virtual events that you think they might find valuable. Collaborate across your supply chain on a webinar. In fact, more people might be able to attend than ever before since it is accessible. You are likely to gain a broader spectrum of ideas with increased levels of collaboration. In addition, the fundamentals are more important now than ever before. For example, tracking sales with tools like CRM systems facilitates your effectiveness of staying in touch and communicating needs and preferences.

RELATIONSHIPS ARE ON THE MOVE

Relationships move faster during times of crisis. Keep this fact in mind. Do you want to establish a positive or negative relationship with your customers ten to twenty times faster than the old normal? You will need to be deliberate and proactive to ensure a positive outcome.

THE FOREVER TRANSACTION

If you are interested in having customers that see you as their "go-to" company for your product or service, you will want to create a customer for life. Think about how to create the subscription-type relationship with your customers, so that your value to them makes them willing to renew their relationship with you each month. Download Membership Economy Expert Robbie Kellman Baxter's new book, *The Forever Transaction*, select a few strategies and get started.



PRIORITIZE YOUR CUSTOMERS AND DETERMINE WHAT MAKES SENSE.



CUSTOMER SERVICE

CHANGING CONSUMER BEHAVIORS

Prior to the pandemic, consumers were in a routine, rarely changing behaviors unless a significant event occurred in their lives. During the pandemic, the only constant is change and volatility. For example, during the crisis, consumers have been forced to try new products and services due to limited availability. It is quite likely their behaviors will change post-pandemic because they are likely to find preferred alternatives, products and services to add or subtract from their typical routines. As people are reevaluating their lives from top to bottom, buying behaviors will evolve.

CHANGING BUSINESS BUYING BEHAVIORS

The same phenomenon going on with consumers will occur in companies. After all, if you had to find a backup supplier that performed well in a pinch, why not keep them long-term? The same holds true in reverse. For example, we have heard several business owners lament that they will replace suppliers and trusted advisors based on negative experiences during the pandemic. Industries and companies are evolving with changing conditions. As products and services change, buying behaviors change as well.

DIFFERENTIATED CUSTOMER SERVICE

As consumer and business behaviors change, customers will no longer find excellent customer service a differentiator. In fact, it will become the norm. Instead, those that innovate and tailor products and services to meet evolving behaviors and expectations proactively while also delivering immediate, customized, value-added products and services will leave the rest in the dust. It will be an

opportunity to thrive for companies that embrace differentiated service.

CUSTOMER SERVICE OR CUSTOMER SUPPORT?

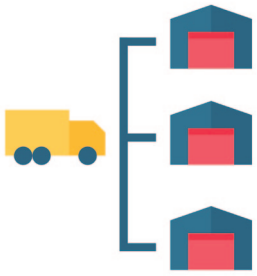
There is quite a distinction between having the goal of providing customer service and customer success. Customer service typically means providing on-time-in-full deliveries with expected quality levels and lead times. The better organizations reduce lead times and go the extra mile. Taking that to an entirely different level, customer success means that you are proactively ensuring your customers' success which goes beyond the satisfactory delivery of products and services to meet and even exceed expectations. According to my SAC business partner, Linda Popky, author of *Marketing Above the Noise*, you must go farther. One way to be heard above the noise as it relates to customer service is to innovate with your customer to provide customer support.

RELATIONSHIPS ARE ON THE MOVE

No doubt about it. Relationships will move faster during crisis and post crisis. Customers will remember not what you say but how they feel. How are you treating your customers? Will you stand above the noise?



AS PEOPLE ARE
REEVALUTING
THEIR LIVES,
BUYING
BEHAVIORS
WILL EVOLVE.



SUPPLIER MANAGEMENT

ARE YOUR SUPPLIERS RELIABLE?

No matter how significant your customer order pipeline, if you cannot fulfill your customers' needs, you will fail. One of the greatest risks highlighted during the pandemic is whether your supply base is reliable. Start with the likelihood that your supplier will have to shut down or not run to full capacity, even if supplying an essential business. An example is the aerospace suppliers in Europe that are shutdown. As a result, essential businesses in the U.S. are held up.

Beyond shutdown, there are several questions to consider:

- Do they have cash reserves so they can weather the storm?
- Are they proactively collaborating with their supply chain on changes in demand, capacity requirements and other critical factors?
- Are you considered a priority customer?
- Will they go the extra mile to ensure your products and services are actively managed with proactive communication?
- Will they suggest alternatives as issues arise - including seemingly unusual partnerships such as coordinating with competitors and doing whatever it takes to support your needs?

Certainly, you will take these questions into consideration in evaluating your go-forward position.

WHO ARE YOUR SUPPLIERS' SUPPLIERS?

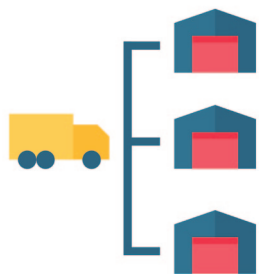
Like your customers, it is fundamental in keeping your supply chain moving that you understand your suppliers' suppliers. Are they reliable? Will they hunker down and shrink or

innovate and grow? Will they be able to stay in business? If not, does your supplier have a backup supplier?

ASSESS RISK & PRIORITIZE SUPPLIERS

If you have not already proactively assessed risk throughout your supply chain, assemble an expert team and perform a rapid assessment. Make sure to incorporate critical materials, whether alternate sources exist and are accessible and consider whether you are geographically diversified (which has definitely proven relevant during the pandemic). There are a host of other factors, such as production capabilities, logistics prowess, customer service abilities, supply chain planning and visibility, ability to innovate and financial viability. Quickly prioritize suppliers and get in touch. You can fill in the nice-to-have gaps after the immediate priorities are addressed.

“NO MATTER HOW SIGNIFICANT YOUR CUSTOMER ORDER PIPELINE, IF YOU CANNOT FULFILL YOUR CUSTOMERS' NEEDS, YOU WILL FAIL.”



SUPPLIER MANAGEMENT, CONT.

PICK UP THE PHONE & TAKE A VIRTUAL TOUR

We must stay on top of what is happening with our suppliers. Do not leave it to a passive activity. Instead, pick up the phone and talk directly with critical suppliers. Ask for metrics, samples, virtual tours and more. If you have an intermediary who checks on quality, ensure this resource is ramping up focus as you navigate this high-risk period. Treat your priority suppliers as a critical priority with daily check-in's.

PRIORITIES

From a supplier management point-of-view, stick to the essentials. Start with your top priority suppliers. Stay in the loop. Take a 360 degree view (verify and account from all angles). Rapidly fill any gaps in your supply base. Prioritize the speed of qualification. Evaluate strategic inventory and/or capacity. And, do not forget about the importance of terms and conditions.

ARE YOU A CUSTOMER OF CHOICE?

Although it is tempting to hunker down, cut cost and think short term, the most successful clients always think in parallel with short-term and long-term. Quality, top suppliers will have their choice of customers. Will you be considered a customer of choice?





TRADE & GLOBAL LOGISTICS

WHERE IN THE WORLD IS CARMEN SANDIEGO?

As you evaluate sourcing and global logistics implications, performing quick research on countries, related logistics options, risks, challenges, and opportunities makes good sense. The days when all Boards of Directors mandated outsourcing to China to reduce costs is gone. Instead of waiting for the next mandate that might make sense or might not, get informed and take a proactive position.

The total cost of outsourcing to China has come into alignment with North American manufacturing for non-commodity products. There was a dramatic shift in reshoring initiatives last year as tariffs took effect. This trend will be accelerated by the negative coronavirus consequences. South Korea and Singapore are already hot spots. And, Vietnam is emerging as a friendly, cost effective alternative to China - although it does not have anywhere near the scale. Malaysia and Indonesia show promise and India is becoming quite popular, although challenged with infrastructure issues. Finally, Mexico shows the most promise because it is already capable and close. Both Mexico and Canada benefit from the United States-Mexico-Canada Agreement (USMCA).

OUT OF BALANCE LOGISTICS NETWORK

As we emerge from the coronavirus pandemic, the logistics network is out of balance. Transportation assets are in the wrong places and in the wrong quantities at the wrong times. Since the coronavirus started in China, there was a slowdown during China's lockdown. Yet, now that they have ramped back up, the U.S. is in a lockdown, making our trade out of sync.

Blank sailings are up and there are more container ships parked than during the Great Recession. U.S. warehouses are full of seasonal items that no one is buying. Ships are backing up at the ports and inventory is getting stockpiled along the freeways. Warehouses with essential goods and e-commerce merchandise cannot keep up while warehouses with non-essential goods are virtually running at zero. As a result, the trucks and

terminals also have equipment in the wrong place at the wrong time. There were already trucking companies struggling to stay afloat. So, in addition to taking capacity out of the system, there is likely to be significant disruption as the network gets back into alignment. E-commerce is driving air cargo shipments up and new entrants into the scene. The bottom line is: it will be challenging to rebalance the network.

DIVERSIFY

With the significant levels of disruption in the logistics network, diversification will be imperative. Expand your transportation partners strategically to ensure coverage in your priority lanes. Utilize multiple modes (such as intermodal and rail). Take pains to check on financial viability. Diversify away from too much exposure to any one partner. And, ensure backups are in place.

INNOVATION & USE OF TECHNOLOGY

Although cost cutting will be a hot priority, it will not necessarily be the answer. Instead, review the total picture with an eye to the most dramatic returns on investment. There will likely be vast opportunity to innovate, tailor to or create future customer needs and achieve significant bottom line results simultaneously. You must decide if you will survive or thrive.

CUSTOMER OF CHOICE

Although customers have the advantage in the current environment, assuming you want to be successful over the longterm, it is imperative that you use an 80/20 approach of becoming a customer of choice while gaining a cost advantage in select cases where it makes sense.



**GET INFORMED
AND TAKE A
PROACTIVE
POSITION.**



MANUFACTURING & SUPPLY CHAIN OPERATIONS

PEOPLE FIRST

The most successful organizations believe fully in 'people first'. If they have the right people on the bus, rowing in the same direction, looking for opportunities along the way and are willing to try new ideas, they will be successful. Top notch people with a so-so strategy will beat so-so people with a top-notch strategy any day. Treat your people as though they are your number one asset. They *will* rise to the occasion.

INVOLVE THE FRONT LINES

Without a doubt, the best results come from innovation from the front lines. The people on a production line or driving the forklift know best how to increase efficiency, reduce waste, create a higher quality product or service while reducing cost and errors and so on. Increase your expectations. Communicate the vision. Provide tools, materials, education and support. Encourage experimentation within a clear set of boundaries and celebrate failure as an integral part of innovation success. Make sure each person understands where the company is headed, how he/she fits into the success of the business, and free him/her up to think and suggest ideas to participate in achieving the vision.

AGILITY

Depending on whether your operations are dependent on what is considered essential products and services or non-essential, volumes have either skyrocketed or dropped off a cliff. In order to remain viable, agility will no longer be an advantage. *It will be required.* People will have to fill gaps, learn new skills, cross-train and run to keep up with the pace of change. Equipment will need to be retooled and modified to meet changing needs. Modifying, upgrading and creating new products and services will need to take place at a breakneck pace. In order to keep up with changing customer, pricing and margin requirements, agility and flexibility will be cornerstone to success.

OPERATIONAL PERFORMANCE

As margins are squeezed, the expectation for operational performance improvement will surge. Quickly find a forward-looking, directionally

correct metric to measure performance, and watch it like a hawk. Do not get involved in lengthy projects to tweak run rates and scrap factors. Be assertive to find a way to work in reality with real numbers so that you can easily see if you are moving in the right direction rather than confusing everyone by tracing back to long lost meaningless standards and expected variances. The key question is: Can you tell if your results will make money or lose money without waiting for month-end financials?

PEOPLE OR ROBOTS?

The pandemic is likely to expedite the timeline towards automation. Companies want to lessen their dependence on people. Machines do not require social distancing, breaks or lunches and employee benefits. And, they do not file workers compensation claims or legal suits. Do you see automation and technology as a replacement for people or to supplement people? If you want to be successful, you will see robots and people working side-by-side.

In fact, more technology is not always better. For example, as automation equipment is added to a production line, the speed of the line is still determined by its weakest link. Otherwise, you will throw away more scrap than you produce. Think about the I Love Lucy episode where Lucy and Ethel worked in the chocolate factory. It is not that odd of an occurrence if you are not considering how people and robots can work together.



THE MOST SUCCESSFUL ORGANIZATIONS BELIEVE FULLY IN 'PEOPLE FIRST'.



DEMAND & SUPPLY

IF FORECASTING IS ALWAYS WRONG, SHOULD WE BOTHER?

Companies that can align demand with supply gain an edge when compared with the rest. Since this delicate balance starts with the proactive management of demand, you must consider demand planning and forecasting as a critical priority. There is no need for perfection. However, getting in better alignment with your customers' needs improves the customer experience, accelerates cash flow and brings profit to the bottom line.

THE PROACTIVE MANAGEMENT OF DEMAND

If there ever was a time to get on top of customer demand, it is now. Customer needs have changed dramatically during the pandemic and will continue to evolve with changing consumer and business behaviors. Whether you relate to what is considered essential businesses or non-essential businesses, your demand will spike or drop. What seems to be consistent is that demand will not react normally to changing business conditions.

Getting in touch with stakeholders (customers, sales folks, customer service representatives) to better understand demand fluctuations and changing conditions is the only successful path forward. Of course, no one has a crystal ball. Yet, if you are interested in collaborating instead of blaming, multiple heads will always achieve a better forecast than any one expert.

WHAT FACTORS TO CONSIDER IN DEMAND?

Start with the typical factors such as customer input, historical demand patterns and changing conditions. It is no longer enough to think

internally without considering external factors. For example, incorporating macroeconomics brings an important dimension to your forecast. Think through impacts such as the price of oil. Involve executives, salespeople, customer service representatives, your people on the front lines (truck drivers, logistics providers and others), and marketing and branding experts. Review market and industry trends to make sure the demand plan stacks up. Talk with customers and customers' customers. Understand end user preferences. And ask for data or information (feedback) into your supply chain. The closer you get to real-time information, the better your demand plan.

RAPID FORECASTING

If you are not going at least 5-10 times quicker than pre-coronavirus, you are going too slow. Gain comfort with directionally correct estimates. Do your best and evolve continuously. It is better to be fast and imperfect than to be left at the station waiting on the perfect, non-existent forecast.



COMPANIES
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DEMAND & SUPPLY, CONT.

THE PROACTIVE MANAGEMENT OF SUPPLY

Like demand, if there ever was a time to get on top of your manufacturing operations and supply base, it is now. Start by understanding strategic concerns including your make vs. buy mindset, your sourcing network and global logistics network. Get on top of your manufacturing and logistics operational capacity. Assess your ability to ramp up or down rapidly. Reallocate resources, retool, reconfigure and change schedules on the fly. Get to know your suppliers and your suppliers' suppliers, including such aspects as their capabilities, challenges, priorities, logistics networks and ability to innovate. Establish a frequent cadence of communications and proactive management of critical metrics and factors with your key suppliers. In addition, simply get in touch with all suppliers to at least align on whether they will be able to support your go-forward plan, so you know whether to go to plan B.

WHAT FACTORS TO CONSIDER IN SUPPLY?

Start with your manufacturing, distribution, transportation and supplier operational capacity, staffing, ability to flex up/down rapidly, machine, equipment and tooling capabilities (differentiators impacting the ability to run different types of items), outside processing capabilities, warehouse storage capacity, transportation capacity and other factors that can affect supply. Consider anything that will impact supply reliability and flexibility. Consider which geographies relate to your supply chain network, and think through the potential disruptions, risks, challenges and opportunities that might arise.

ALIGNING DEMAND & SUPPLY

The reason SIOP (sales, inventory, operations planning) achieves dramatic results (sales growth, working capital improvement and margin improvement) is because the objective is to align demand with supply. It is not enough to align the numbers. You *must* align the people on a plan and path forward. It can evolve on a monthly basis so long as all parties agree upon the plan and process. The greatest single issue from a supply chain point-of-view is the mismatch of demand and supply during the pandemic. The wrong inventory, assets and resources are in the wrong place at the wrong time. Realigning rapidly and deriving the path forward jointly will be the single most important priority in stabilizing and regaining the customer experience and bottom line results.





PLANNING & SCHEDULING

THE BULLWHIP EFFECT

Small changes in customer demand result in larger and larger changes as the changes extend to the supply chain. For example, as each consumer purchased more toilet paper, it created the grocery store shelves to empty quickly. In turn, the grocery stores pulled excess stock from the distribution centers. The distribution centers could not keep enough toilet paper in stock and ordered additional stock from the next entity in the supply chain.

Let us assume a simple supply chain:

In this case, the manufacturer ramped up production of toilet paper. However, they have a fixed number of employees that work on the production line. Undoubtedly, the manufacturer ran overtime, tried to bring on temps to supplement the workforce (for the roles that do not require significant training and experience), and potentially tried other creative staffing scenarios to fill the gap. If they had several cross-trained employees, they might have reallocated production to toilet paper from other items. They might try to increase the number of shifts they will run. But, if the increased volume does not continue, they might have to lay off employees soon after training them.

As the manufacturer increases volume, it is likely they will run out of raw materials. Therefore, orders to their suppliers will increase. Once they have invested in excess production, they do not want to run out and stop the line. Therefore, they might add safety stock into their orders for their suppliers. The suppliers will go through the same type of thinking as the manufacturer. And this process will carry on to your suppliers' supplier and so on. With each layer of the supply chain, the original small change in demand will

get larger and larger. The last layer will experience spikes and steep drop offs in volume due to the bullwhip effect. The key question is how to realign the supply chain and lessen the bullwhip effect.

WHAT TO DO?

To realign demand and supply, start with aggressive proactive management of demand while simultaneously proactively managing supply. You will need to work both ends simultaneously to realign in the middle quickly and with minimal resupply shock and risk as feasible. Get a handle on the demand plan, starting with the near-term and expanding to medium and long-term but start with what you have. Realign with manufacturing and your supply network, reoptimize plans and schedules and recommunicate rapidly. Once you have worked through the near-term period, continue to expand from there.

“SMALL CHANGES IN CUSTOMER DEMAND RESULT IN LARGER AND LARGER CHANGES AS THE CHANGES EXTEND TO THE SUPPLY CHAIN.”



PLANNING & SCHEDULING, CONT.

Most importantly, simplify the process so that you can rapidly and frequently re-align the supply network with changing demand conditions. Set up a frequent cadence during the crisis and as we emerge from the crisis. As the level of disruption decreases, the cadence can be modified to what makes sense. The mismatch has never been greater and extending to both demand and supply, so you will need a top-notch team to proactively focus on these topics, immediately. Do not spare expense or resources to get on top of this! The consequences are simply too great in lost customers, profits, and cash flow.

IS ALL INVENTORY BAD?

As much as inventory is known as waste in the lean world, we have gone too far down the lean tunnel without taking a dose of common sense. The entire point of inventory is to cover for the volatility of demand and supply. Although a pandemic was not predictable, a reasonable level of volatility in your customer and supplier base should have been incorporated into your strategic inventory goals. However, most clients did not follow this approach with corporate breathing down the necks of supply chain questioning every dollar tied up in inventory. Go back to understanding your customers, suppliers, supply chain networks and likely sources of disruption. What strategic inventory (and/or capacity) is required to support your business objectives?





INNOVATION

WHY INNOVATE?

One of the largest challenges in navigating through crisis is the negative impact of mindset. When hunkering down and surrounded by bad news, fear rules the day. Unfortunately, in that mindset, progress comes to a halt. One of the most critical items to ensure success as the crisis passes is to “keep the business moving forward” in one way or another. It does not mean you have to spend money, although prudent investment might make sense. Be creative.

In non-essential businesses, it is likely you have kept key employees. Transform thinking from panic to opportunity with an innovation mindset. The good news and bad news are that innovation is not a project. Instead, innovation is a culture change and a mindset. Thus, it does not have to expend essential capital. It can just expand thinking. Opportunities will arise.

In essential businesses, your employees will still be working. Yet, they might be overwhelmed with spikes and troughs in volume, changing conditions and concerns over safety. Reorient thinking by focusing additional attention on the positive steps to address immediate priorities while creating or building upon a culture of innovation.

It is the opportune time to innovate. Not only is it a more productive and exciting use of talent, but it will also result in new market opportunities, an improved customer experience, added profitability and accelerated cash flow. What is not to like about these results? Innovation also enables your team to move quicker through acceptance and recovery to seeing opportunities. Companies that innovate will emerge from the coronavirus pandemic in a stronger position and will outpace the competition with a running start.

APPLIED CREATIVITY

Innovation is simply applied creativity. If you think of it in those terms, it does not seem insurmountable. Creativity does not have to

result in new products and services. Instead, you could develop an improved process for handling daily tasks or changes in demand. You might have an idea to tweak a manufacturing process or a system transaction. You might have heard a customer asking for help in solving an issue that gives you an idea for a service innovation. You might have noticed changing conditions in your industry and see a need that can be addressed. In fact, one of the best sources of innovation comes from unexpected successes, failures and events. With the coronavirus, there will be a plethora of opportunities that emerge if you are thinking forward instead of backward. Get your creative juices flowing by setting up a webinar to brainstorm with peers, customers, suppliers and industry experts. New ideas will emerge.

ENCOURAGE FAILURE

Although it seems like the worst time to encourage failure because businesses and people are already struggling, it is most likely the single largest opportunity in our lifetime. If you are willing to absorb small failures (as you will surround experimentation with boundaries) and see these failures as progress towards the goal, your team will achieve more during this year than the next ten combined. Your team will become engaged in the future and the opportunity to leap forward and transform your company in a positive and unexpected way is great.



ONE OF THE
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R&D/PRODUCT DEVELOPMENT

RESEARCH & DEVELOPMENT

Most large corporations will have a research and development function while most smaller and medium-size businesses may not. Why should that stop research and development from occurring? The definition of R&D refers to innovative activities in developing new products, services and processes. From a scientific or technology standpoint, applied research can facilitate future new products. R&D generally differs from other functions in that it is not expected to generate an immediate return on investment. In fact, in developing the vaccine for the coronavirus, significant funds will be poured into R&D and the resulting vaccines might fail miserably.

Failure is considered part of the process and an investment in what might result in new opportunities. Why not reorient thinking to see R&D as part of each person's role? Whether small or large, there is something to be said for re-energizing an R&D mindset.

PRODUCT DEVELOPMENT

As consumers and businesses buying behaviors evolve with the coronavirus pandemic, new product development must be top of mind. Whether evaluating small adjustments to your products, full scale enhancements or entirely new products to align with changing customers' needs, speeding up this process and reducing the red tape will be essential to getting to market while the need exists.

If your process typically took up to 6 months, find a way to reduce the time to 6 weeks or even 6 days. Those companies responding rapidly to changing customer needs (even prior to the customer realizing his/her needs have changed) are growing rapidly. Now is not the time to be concerned with perfection. Instead, when you are confident that your product is directionally correct and will meet the fundamental new needs, move forward. Of course, you must meet base requirements such as safety and functionality, but you do not need the bells and whistles. After launch, you can continually improve and enhance. You will need to anyway because customer needs will evolve at a much faster rate than prior to the crisis.

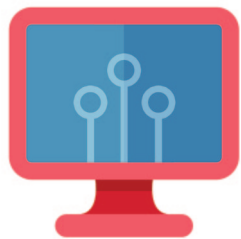
SERVICE INNOVATION

Like product development, ask your team to look for opportunities to stand out from the crowd while keeping costs intact. Undoubtedly, you will gain multiple ideas to provide a superior customer experience without capital investment. Ask them to explore how your product or service fits into your customers' portfolio. Put yourself in your customers' shoes and explore what frustrates your customers. Whether the frustration relates to your product or service directly or not, it could provide a source of innovation.

During the pandemic, service is becoming more and more of a differentiator. If you can make things easier for your customer, it is recognized. If you can anticipate needs, you will make your customer look good with the rest of his/her organization, as well as with the customers of your customer. How can you ensure your customer goes to you repeatedly instead of searching for alternatives? Think back to a time when you received exceptional service. Would you have to think the next time you needed that particular type of product or service?



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IT/TECH

DOES TECHNOLOGY HAVE A SEAT AT THE TABLE?

Do you consider your technology leader an integral member of your executive team? If not, why not? Prior to the coronavirus pandemic, technology was starting to take over the world. With the acceleration of e-commerce, the expanded use of ERP systems, artificial intelligence applications to create predictable demand and automate repetitive tasks (and of course Amazon Alexa), the internet of things to connect objects and applications such as those used in autonomous trucks, blockchain to trace the chain of custody from farm to table across the globe and robotics to automate manufacturing and warehousing processes, IT was critical.

For example, the Inland Empire (inland Southern California) was involved in a study by the Brookings Institute of the impacts of the advancement of technology in the region. The research suggests that the automation of the significant footprint of warehouses in the area (10% of all the warehouses in the U.S. are located in the Inland Empire) would present a significant risk to jobs. Instead of decimating the economy of the region, the report said that the region had to take control of its future and create a consortium of industry, academic and governmental experts to build a brighter future to marshal the strengths of the region. Embracing technology and advancing skills and innovative ideas would create a new future for residents and a competitive advantage for industry.

Now that the pandemic has hit, technology is playing an even more pivotal role. The world has gone remote. Users are gaining comfort with technology at a record pace. Additionally,

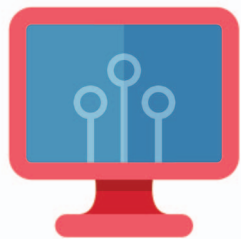
because there are many complications in navigating coronavirus with employees (rules, regulations, social distancing protocols, and many more), executives are starting to see a greater advantage in proceeding more quickly with their technology roadmaps. By taking advantage of the opportunities to grow the business and improve the customer experience, employers can reallocate employees from repetitive tasks (which also can require close proximity to one another) to ones that will add value to the business. For example, the Inland Empire expects that it will have to fast-track plans from 15 years to 5 years to stay ahead of the curve.

SHOULD WE MOVE FORWARD WITH ERP AS WE EMERGE FROM LOCKDOWN?

Of course, the answer is 'it depends'. Since no one moves forward with ERP as a 'nice-to-have' project unless they wish to throw money down the drain, the reason behind your decision had to be either supporting profitable, scalable growth or mitigating significant risk to the same. The key question is: How have the situation and surrounding factors (such as the funds to pay for the upgrade) changed?



NOW THAT THE PANDEMIC HAS HIT, TECHNOLOGY IS PLAYING AN EVEN MORE PIVOTAL ROLE.



IT/TECH, CONT.

Do not let the fact that you will have to invest stop you from taking a comprehensive look at the situation. Arguments can be made that it is the best time to pursue progress so that you can come back stronger. Other arguments can be made that it is the worst time to invest as significant cash flow might be required to keep the lights on. Keep in mind that more progress is made during crises than any other time. So, if you can make it work successfully, it can be an opportunity in disguise. On the other hand, if you cannot make it work, it will send you into bankruptcy quicker than imaginable.

BUBBLE GUM & PAPER CLIPS: THE MACGYVER APPROACH

No matter which ERP system you have and no matter how antiquated, you can better utilize your already-existing asset to your advantage. Typically, even the best companies only utilize 20-30% of their ERP and related systems. This leaves 70-80% opportunity. The trick is to prioritize the 5% improvement opportunity that will move your business forward by 100%. Assemble your team to brainstorm. Interact with user groups and online communities, and engage experts to rapidly determine what will provide you with a powerful return on resources invested. Set high expectations of results delivered for minimal to no investment and empower the team. You will realize MacGyver-like results.

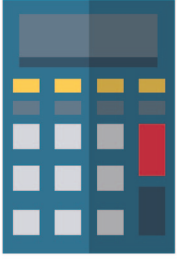
For example, one of the most challenging topics to emerge successfully from the pandemic is to realign demand with supply across your end-to-end supply chain. Which functionality, business intelligence reporting, or process improvements are likely to support these efforts? The proactive management of demand is likely one place to start. Depending on your system infrastructure and current

processes, you might build reports, utilize additional forecasting functionality, pursue vendor managed inventory strategies or leverage artificial intelligence to understand demand patterns.

ARE YOU PLAYING DEFENSE?

Cyber criminals are out in full force since they know executives have been forced to go remote with their workforce without the time to ensure the proper protocols. Cyber criminals can install viruses far worse than coronavirus to your systems infrastructure. It is important to remain vigilant. Supplement your IT talent. Step up your support and monitoring. Communicate proactively and widely.





FINANCE & ACCOUNTING

DO YOU SEE FINANCE AS A BUSINESS PARTNER?

To successfully navigate these turbulent times, you will need your finance professionals to step up to the plate. Do not look at these professionals solely as your resource who pays the bills and collects the cash. Although those functions are important, it is more important that you have someone who can help stay on top of cash and liquidity. It is also more important to reevaluate capex, budgets, and investments with the new set of circumstances.

SHOW ME THE MONEY

Cash is king during these types of crises. You will need to get all over your sources and uses of cash. If you are a non-essential business, what will you do to bridge the gap until you can ramp back up? This is where the saying, “get a bank loan when you don’t need one” comes to light. If you have emergency liquidity, you will have an easier time in weathering the storm. Take money from your line of credit. You never know when the rules might change and new restrictions are placed on taking money from your line of credit.

Do you have a plan for what to do if your customers cannot pay? Which are most likely to fall into this category? Quickly get on top of your most realistic cash position. Have you explored all sources of potential loans and grants? Stay up-to-speed as new sources emerge daily. Can you extend payment terms or reallocate funds? Work your cash position from all sides and adjust with the latest forecasts. Finally, once you develop your cash model, maintain it frequently. Your cash position and near-term forecast is likely to fluctuate frequently.

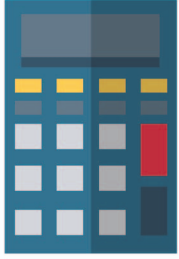
Scrutinize spending and costs. If you pay close attention and dig into cost accounting figures, opportunities will emerge without throwing the baby out with the bathwater (unnecessary layoffs and cuts that will do more harm than good in the long term). It is not a time to get lost in complicated financial analysis. Trend real dollars going out the door in various categories and dig into exceptions. It is not rocket science although it is easy to get lost in the maze of numbers.

MAKE DEALS

Consider deals you might not have made previously. For example, when I was VP of Operations, we made a deal with a key customer to pay us quicker for a discounted price. Be upfront with suppliers and work out arrangements. In that same situation, we talked with suppliers and asked for a haircut (pay them less than owed upfront, and we would make it up to them as we gained strength). Key suppliers were supportive and become long term partners. Both moves freed up cash which got us through tough times and enabled us to turn the business around and increase the value of the business dramatically.



IT IS MORE IMPORTANT THAT YOU HAVE SOMEONE WHO CAN HELP STAY ON TOP OF CASH AND LIQUIDITY.



FINANCE & ACCOUNTING, CONT.

THROW OUT YOUR OLD ASSUMPTIONS

If corporate, your private equity backers or investors said they did not want to invest additional money into the business prior to the coronavirus pandemic, do not assume this statement remains true. Proactively get your owners up to speed and present options and recommendations for how to successfully navigate the crisis. Beyond survival, do not forget to take a leap forward. Most investors are extremely interested in dramatic returns. If one arises during these circumstances, request an emergency meeting. If you do not ask, you will not receive. Worse yet, when they find out later, they will be unhappy to miss an extraordinary deal.

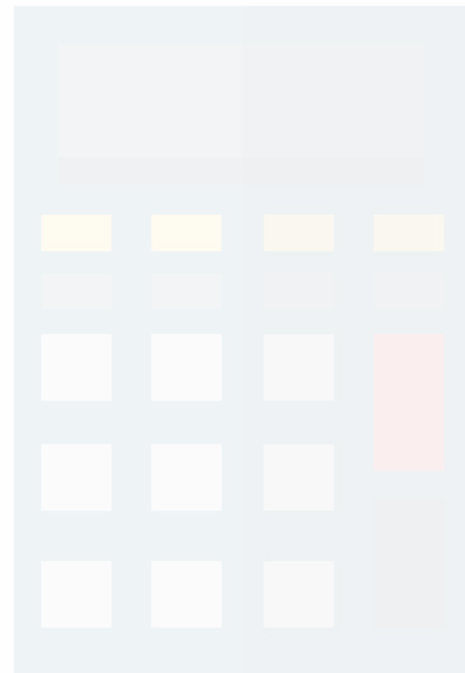
What will you do if customers cannot pay, new orders are not flowing or if suppliers threaten to cut you off? Which levers can you pull to gain additional cash quickly with the associated tradeoffs and consequences?

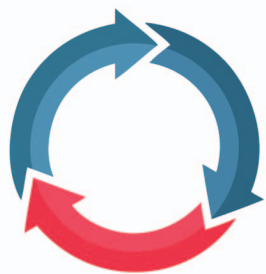
TO INVEST OR NOT TO INVEST?

It could be the best time to invest. Get on top of your financial position and capability to invest. Get on top of your customers and opportunities to grow market share and build business value. Then, when a compelling opportunity arises, grab it. Why not sail past the rest of your industry and claim the number one position while the rest of the world is hunkered down watching reruns?

ARE YOU A CUSTOMER OF CHOICE?

Evaluate your portfolio carefully. As we emerge from the pandemic, power will shift back to the supplier. Have you identified your strategic partners? If so, treat them well throughout this crisis. Try the 80/20 approach. Gain 20% cost advantage while maintaining relationships with critical partners for the 80%. As business ramps back up, you will emerge with solid relationships and your business will benefit for years to come! Consider this goodwill to be an investment in your future.





TRENDS

Several trends are taking hold during the coronavirus pandemic. Business owners and executives should be on top of the impacts. Interestingly, most are evergreen topics. Pay more attention to what surrounds you. Do not wait for the next crisis to open your eyes.

REMOTE

You would have to live under a rock to not be aware that the world has gone remote. Even my mom, aunts and uncles successfully got on Zoom for an Easter conversation (of course they had some help). There are plenty of options from Zoom to WebEx to Microsoft Teams. Each has advantages and disadvantages. Learn the basics and jump in. You will learn on the fly as will your team. Following the pandemic, expectations will have been permanently changed. Will you incorporate some level of remote capability into your ongoing operations? Of course, in-person meetings will still be relevant and best suited for certain circumstances. Yet, a hybrid approach might provide even more value. Start thinking about this now. Your employees are already developing expectations.

RAPID

Amazon has made the standard expectation: immediate delivery of content and helpful suggestions and next day or same day delivery of products. Coronavirus had heightened these expectations. Banks are processing the same amount of loan applications in a week that they previously processed in a year. Yet, customers are still upset. Even though there has been a run on toilet paper and hand sanitizer, the consumer expects Amazon to find a way to deliver to their doorstep. Permits and red tape have been slashed to meet customer expectations during these trying times. It has become the new normal. Find a way to speed up every activity in your business.

COLLABORATION

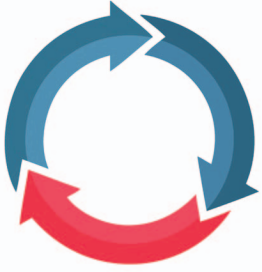
During the pandemic, we collaborated with strange bedfellows. Regions collaborated to support coronavirus victims and keep residents safe. Competitors collaborated to share equipment, resources and expertise. Supply chain partners collaborated to share capacity and transportation resources and develop new products and services. Industry collaborated with academics to understand the future. Industry collaborated with government to create essential products and services. Neighbors collaborated to share trips to the grocery store. The world will be forever changed. Executives should proactively think about how to unwind collaborations that no longer make sense as the pandemic winds down and how to strengthen the ones that make sense for the long term.

THROW OUT BEST PRACTICES & FOCUS ON IMMEDIATE VALUE

It drives me crazy to hear people tout best practices as the reason you should blindly follow their preferred process or to curb the noise surrounding the way a system works. Those types of best practices make no sense.



PAY MORE
ATTENTION
TO WHAT
SURROUNDS
YOU.



TRENDS, CONT.

In those circumstances, we should push back. On the other hand, as each facility or function finds a trick or strategy for making a process easier or delivering additional value at no cost, best practices that deliver immediate value should be shared widely. Look across your organization and your extended supply chain. Open your mind. Every single department, customer, supplier and manager has a best practice. We have all learned what not to do from the worst manager. What better way to quickly learn best practices!

CHANGING CUSTOMER NEEDS

If anything is the same, it is the fact that customers' needs will continually change. This is especially true as consumer buying preferences change and as business buying behaviors change. Customers are trying new products and services, consuming mountains of information and changing their mindset about what is acceptable. Put processes in place to stay on top of changing behaviors so that you can anticipate needs instead of race to catch up.

INNOVATION

Innovation is the essential ingredient to emerging from the pandemic more quickly and stronger than ever before. Future leaders will take a hybrid approach using the MacGyver approach to leverage underutilized assets and resources while investing selectively to exponentially multiply returns. Technology offers opportunities to change the world as we know it.

IMMEDIATE STRATEGY

A one-year strategy is obsolete before implemented. Instead of running that marathon and missing the boat, focus on an immediate strategic sprint, looking out one, three and nine months into the future. Instead of putting your strategy in a 3-ring color binder that collects dust on the shelf, update it for relevant, changing business conditions and turn it into a

living document. Communicate it widely and frequently, so that each person knows when decisions are made.

LOCAL MANUFACTURING

The idea of local manufacturing was already gaining steam prior to the coronavirus. The Amazon Effect is in full force. Customers not only expect immediate, customized delivery of products and services but they also expect to change their mind along the way without penalty. It is quite the challenge to accomplish these objectives with a two to three-month lead time! Additionally, the total cost to produce in China has come into parity with North America for non-commodity products. The tariffs pushed this equation further in favor of local manufacturing and incentivized executives to re-shore. Technology has also provided new opportunities to customize on the fly, print to need and reduce the reliance on low-skilled employees (creating an opportunity to reallocate skills to create differentiated value). The coronavirus has simply exacerbated these conditions, compelling manufacturers to produce closer to customers and to regain control of critical products and processes. Manufacturing on the fly will create a strategic advantage.

THE ATTRACTIVENESS OF CRITICAL INDUSTRIES

Many of the critical industries such as manufacturing, supply chain, food and agriculture, transportation systems and construction were not attractive and trendy prior to the pandemic. A new appreciation has developed for those who produce toilet paper, process meat and transport medical equipment safely and quickly to save lives. Like the change in consumer preferences, the attractiveness of careers that support these critical infrastructure industries will receive a boost. Manufacturing might finally regain its sex appeal!



RESTART RECIPE FOR SUCCESS

NEWTON'S LAW

Keep moving! According to Newton's law, every object at rest will remain at rest and every object in motion will stay in motion. If you are hunkering down and not moving, it will be much harder for you to get going as business ramps up. Find a way to start moving forward immediately. For example, even if you are considered a non-essential business, call your customers and ask how you can help, develop new products, and participate in industry webinars. It does not matter what you do so long as you start moving in a forward direction.

YOU CANNOT COAST UPHILL

Not only should you start moving, but keep in mind that you cannot coast uphill. Prior to the pandemic, were you simply going through the motions? My Audi has two settings, comfort and dynamic (sport). In business, we must move into sport setting to get ready for the ramp up. Whether you are essential or non-essential, put it into high gear. Employees, customers, suppliers and partners will require additional support and care to move forward successfully.

RELATIONSHIPS ARE MOVING FASTER

Remember, relationships are moving faster during this time of crisis than ever before. Be cognizant that they will move regardless of what you do. The only question is whether they will move in a positive direction or a negative one. Take control of your future and accelerate progress for your employees and your business by being proactive. Look for ways to help, suggest additional value, check in on progress and simply get in touch.

MANUFACTURING & THE EXTENDED SUPPLY CHAIN IS MOVING FASTER

Just as relationships are moving faster, manufacturing is also moving faster. Executives are realizing the extended supply chain with lengthy lead times and supply chain disruptions and lack of control is not the best approach. For commodity products, proactive leaders are moving to countries such as Vietnam, Malaysia, India and Mexico. For non-commodity products, the U.S. and its USMCA counterparts will see an onslaught of new volume. In fact, the U.S. has some unique differentiators with the use of advanced technology, its innovation capabilities (ranked number one globally by the U.N.'s Global Innovation Index), and its proximity to the largest consumer base in the world. Get ready to take advantage of the opportunity!



EVERY OBJECT
AT REST WILL
REMAIN AT REST
AND EVERY
OBJECT IN
MOTION WILL
STAY IN
MOTION.



RESTART RECIPE FOR SUCCESS, CONT.

APPLIED CREATIVITY

Innovation should always be a priority. It should be an urgent priority during and coming out of the pandemic. Since relationships are moving faster, consumer and business buying behaviors are changing, demand and supply are misaligned, and people are feeling out of control, innovation is essential. Not only should we take these considerations into account in how we do business (which products, services, customers, suppliers we should prioritize) but we should also use applied creativity to refocus from the negative to the positive and productive. When employees are involved in designing the future, engagement increases.

TAKE CONTROL OF TURNING THE DIAL

As much as you should be setting up a series of sprints to keep the business moving forward, it is critical that you take customers' changing expectations into account and realign your extended supply chain along the way. As the global economy starts to reopen, it will be important to turn the dial in a controlled fashion. For example, if all transportation assets are in the wrong place at the wrong time (just to name one issue), you cannot go from 0 to 60 mph in 3.7 seconds if you want to keep service intact. Since differentiated service is rapidly increasing in importance, you should be 'all over' turning the dial as quickly as possible, yet, in a controlled fashion. Combine getting your torque, speed and traction 'right' to achieve superior supply chain performance, and you will win the race!





ABOUT LISA ANDERSON

Lisa Anderson is the founder and president of LMA Consulting Group Inc., a consulting firm that specializes in manufacturing strategy and end-to-end supply chain transformation that maximizes the customer experience and enables profitable, scalable, dramatic business growth. Known for creating bold customer promises and profits, she is experienced in working with closely-held, private-equity backed and large, complex organizations in industries ranging from aerospace and defense, building and industrial products to food and beverage.

If it relates to improving the performance of a manufacturer, Lisa has done it. Her expertise encompasses the full scope of end-to-end supply chain business processes from creation to customer. Her unique talent resides in taking a holistic view of the business encompassing human capital, business systems, technology and finance to identify the priorities and plans that will have the greatest impact and accelerate bottom line business results.

Often quoted in media outlets like the Wall Street Journal, ABC News and Industry Week, she is regularly invited to speak at conferences and events on topics like the Amazon Effect and Resiliency in Supply Chain at venues such as the Drucker Supply Chain Forum and the Manufacturers Summit. Lisa has been named a Top 46 Supply Chain Influencer by SAP, a Top 50 ERP Influencer by Washington Frank, a Top 40 B2B Tech Influencer by Arketi, a Top Woman Influencer by Solutions Review, a Top 100 Supply Chain Blogger by SupplyChainOpz and a subject matter expert by West Stringfellow. She recently published, *I've Been Thinking*, an inspiring collection of 101 strategies for creating bold customer promises and profits.

Lisa lives and works in Southern California, where she is actively involved with clients and in the business community. Lisa is President of the Inland Empire Chapter of APICS, the leading trade organization of supply chain management, one of the most active and innovative chapters in the United States. She has been instrumental in engaging students and has fostered the environment that has earned national recognition for the students from Harvey Mudd College and Cal Poly Pomona.

Lisa serves as Innovation Awards Chair for the Manufacturers' Council of the Inland Empire and as Leader of the Ontario chapter of ProVisors, a community of trusted professional advisors. She is also a Board member of the Inland Empire Economic Partnership and the University of La Verne School of Business and Public Management and hosts quarterly Executive Roundtables with Harvey Mudd College. Lisa also serves as co-executive director of the Society for the Advancement of Consulting.

In addition to developing the LMA Performance Advantage, Lisa's unique, proprietary process for how LMA partners with clients to deliver bottom line business results, she has architected leading edge, proprietary approaches to accelerate and maximize results such as fast-tracking growth and profits with innovation, navigating rapid growth and change, and driving supply chain performance.

With a blend of management, finance and operations, Lisa received her MBA with an emphasis in Finance from California State University Fullerton and her BSBA with an emphasis in Operations Management from the University of North Carolina at Chapel Hill. She also spent time studying at Oxford in an exchange program.

When not working with clients or mentees, Lisa enjoys weekend jaunts to Arizona to visit family and trips to new exotic places like Fiji or old favorites like Italy and Oxford.

RESOURCES & REFERENCES



Online

LMA BUSINESS RESOURCES DURING COVID-19

NAVIGATING THROUGH VOLATILITY

APCIS-Inland Empire Chapter Webinar Series

SUCCESSFULLY NAVIGATING THE CORONAVIRUS COVID-19 PANDEMIC

Society for the Advancement of Consulting eBook

Books

I'VE BEEN THINKING

Lisa Anderson

THE FOREVER TRANSACTION

Robbie Kellman Baxter

MARKETING ABOVE THE NOISE

Linda Popky

