Enabling Scalable, Profitable Growth No 197, December 2024

As our inaugural newsletter from LMA Consulting's founding in 2005, Profit through People remains our flagship brand because although most clients call us because of our manufacturing, supply chain and technology expertise, the 80/20 of success goes straight to people!

Lisa's Note

I wish our clients, family, friends, and colleagues a happy holiday season!

It has been a whirlwind of a year, characterized by volatility, uncertainty, complexity and ambiguity (VUCA). Thus, you'll see several articles, quotes, podcasts and TV news interviews on the supply chain impacts of VUCA, what you should we thinking about and how you should prepare our organizations for a successful 2025.

We are excited to have helped several clients achieve significant results this year including the following:

1. **Manual to MRP:** Transitioning from manual spreadsheet planning to utilizing MRP and greatly improving customer satisfaction and visibility
2. **Process upgrades:** Going from unexplainable inventory variances to passing a SOX audit with high levels of accuracy and visibility
3. **Inventory Reduction:** Reducing inventory levels by 40% while maintaining customer service levels with a SIOP process and upgraded inventory processes
4. **Resiliency with SIOP:** Rolling out a SIOP process to better navigate changing customer conditions resiliently, proactively, and efficiently
5. **Reactive to Proactive:** Transformed from reactive to proactive by upgrading the scheduling, capacity planning, engineering prioritization, and cross-functional communication processes.

Sticking to the theme of VUCA, what's on executives' minds and "in the news", I'm excited to share our new latest **Supply Chain Chat**s video series on the impacts from the election and our new short (90 seconds or less) weekly video series, **Supply Chain Bytes**. We will be adding short-form (15 minutes) interviews with colleagues and experts on Supply Chain Chats in 2025, kicking off with my colleague, Diane Garcia, and I discussing the complexities of forecasting in custom/ engineered products (ETO, CTO) companies. International expert, John Tulac, and I will also be discussing supply chain hot spots around the world.

From a personal side, I have been running around with my cat, Smokey, as he has had a series of issues and gets stressed out when I go out of town (including eating all the fur off his front paws). Unfortunately, our dog, Abby passed away a few months ago. She was the best dog ever until the very last day when she woke up and just was too uncomfortable to sit when we found out that she was extremely sick. What a fabulous dog. Even Tori's cat who literally RUNS from every person and definitely animals loved Abby and trusted this big dog completely. And, on the stress list, I

have started having issues with my car again - argh. Fingers crossed that my mechanic can do something about it. On a positive note, I went to AZ for my Mom's 80th birthday, and she was able to spend the day with her sisters and children, and I was able to enjoy a long weekend in Palm Springs recently and so that was relaxing.

IN THE NEWS
I was thrilled to be a keynote speaker at the Adhesives & Sealants Council's **Executive Conference** on Supply Chain Mega Trends.

And for the rest:

- Quoted in **Homepage News** in an article related to supply chain volatility and strikes.
- Published articles in *Adhesives & Sealants,* **Transportation: Disruption Is The New Norm** and **Manufacturing and Assembly: Automate, Create Value and Deliver Bottom-Line Results**
- Published articles in *Brushware Magazine,* **How the U.S. Election Could Impact the Supply Chain** and **Supply Chain Vulnerabilities, Disruptions & Risks: Proactive Plans**
- Published an article in *MPO Magazine*, **Medical Supply Chain Optimization: The Solution to Non-Stop Disruptions**
- Quoted in **Inc.** on Hurricane Milton: How to Shore Up Supply Chains When Extreme Weather Events Become the New Normal
- Published an article in Supply Chain Xchange, **Strikes and Labor Negotiations Highlight Need For Resilient Supply Chains**
- Interviewed on **NTV News** on how exploding pagers raise global supply chain concerns.
- Published an article in Commercial Baking, **How a Resilient Supply Chain Reduces Cyberattack Risk**
- Spoke on the **Value of Valuation podcast** on inventory and supply chain management for business owners.
- Spoke on the **Lou Desmond radio show** on vulnerabilities in the global supply chain.
- Spoke on panels with the Global Supply Chain Think Tank (GSCTT) on **resiliency and agility in the supply chain**.
- Spoke on supply chain challenges and opportunities to a ProVisors Distributors & Manufacturers group, a BNI group, and **ASCM San Fernando Valley**.
- Published press releases on the **potential port strike**, LMA's **FutureScape special report**, **the Middle East war's threats to the global supply chain** and **supply chain vulnerabilities and cyberattacks**.

Enjoy,
Lisa

P.S. Know anyone who is interested in getting ahead of the rapidly changing global business conditions by creating predictable revenue profitable supply? Refer them to us.

STRATEGY

SIOP / S&OP: Using SIOP to Drive Revenue, Margin & Working Capital Predictability & Improvement

As revenues remain volatile, disruptions plague supply chains, and interest rates remain high, executives' ability to build revenue, margin and working capital predictability and improvement takes on an elevated importance. Clients are experiencing volatility, uncertainty, complexity, and ambiguity (VUCA) at an elevated level with both demand and supply. Industrials and commercial aerospace are sluggish (although optimistic) whereas building & construction products and defense are thriving (depending on the specific customer base). Disruptions such as Hurricane Helene have impacted supply, whereas disruptions such as inflation have impacted demand. If you are not prepared, don't have early indicators and continuous monitoring of changing conditions, and don't have forward-looking data for strategic decision making, it will be harder to survive and you will not be ready to take advantage of opportunities as they arise. A **SIOP** (Sales Inventory Operations Planning) process fills this need.

Why SIOP?
According to McKinsey Global Supply Chain Leader Survey, 90% of respondents have encountered supply chain challenges in 2024. These disruptions are not slowing down. SIOP is an important piece of the solution as it is a forward-looking process to monitor changes in demand and supply, highlight potential bottlenecks and/or opportunities, and provide a vehicle and cadence for strategic decisions while keeping a pulse on the execution. This cross-functional and collaborative process can extend to the end-to-end supply chain as needed to ensure revenue predictability, a directionally-correct conversion to supply and capacity forecasts, and the successful fulfilment of orders with increased customer value, operational efficiencies, margins, and working capital. Most importantly, SIOP will provide the vehicle to keep you ahead of changing conditions so that key decisions can be made such as reallocating supply, rationalizing low-margin products, and new product development plans.

Case Study: Aerospace & Defense Manufacturer
In an aerospace manufacturer that focused on complex controls, the team was suspect that revenue predictability could be achieved as they were concerned about producing items that ended up on slow moving and obsolete inventory lists. However, if they waited for the orders to be fully confirmed, material orders were constantly being pushed out, pulled in, and changed, and the bottleneck operation of the facility could not keep up, let alone keep up efficiently. From an executive standpoint, there was push back at hiring critical resources until the demand was known; however, past due orders were piling up.

We launched the SIOP process with a deep dive into demand. Although there are contracts in aerospace, the day-to-day, week-to-week, and even month-to-month orders can be quite volatile. Interestingly, we find that the industries with theoretical stability over a reasonable timeframe (such as long-term contracts, building and construction plans, custom products) are the most volatile. Thus, the team was reluctant to develop a demand plan and, more importantly, use the demand plan to plan, make or buy.

There was valuable information coming from customer portals with usage, forecasts, and customer inventories (depending on the customer). By reviewing this data in conjunction with a proactive review of the order backlog (with both firm dates and flexible dates) and potential quotes with Customer Service, we developed a base forecast. We didn't stop there. Instead, we reviewed market conditions and key customer accounts, select orders and overall trends with Sales leadership to align on a collaborative forecast. To this date (30+ years into this expertise), this client developed the most accurate forecast at the detailed level.

After a bit of convincing, we incorporated the forecast for key products and used the forecast to develop long-term material forecasts, bring in non-unique materials, and plan production in certain situations. We developed forward-looking capacity reporting that highlighted potential bottlenecks and provided information so that the appropriate operations plans could be deployed, The results were staggering. We converted the forecast into staffing needs by work center groups

to gain approval for critical resources, provided long-term forecasts to suppliers and improved margins with updated agreements, and optimized material flow and scheduling with level loaded schedules. Thus, service levels shot up by 20+ points, customer trusted supply and increased commitments, margins improved by a few points, and working capital improved longer-term (after resolving service issues and right-sizing inventory).

Case Study: Building Products Manufacturer
In a building products manufacturer, there were concerns about revenue predictability and cost containment. Of course, they went hand-in-hand as depending on the sales forecast, they wanted to flex manufacturing output, ramp up or down on replenishments to their sales branches to support customer needs while mitigating distribution costs, and plan far enough in advance to optimize freight costs while not causing the wrong inventory to be in the wrong place at the wrong time.

We started by digging into the sales forecast. In this situation, it was important to develop the sales forecast by manufacturing facility and by sales branch. The manufacturing facility forecast allowed Purchasing to optimize pricing and contracts, materials planning to ensure materials were available to support operations during a heavy supply chain disruption environment, and operations to plan staffing appropriately (hiring, overtime, cross-training of crews, etc.). The sales branch forecast was essential to support ensuring replenishment planning shipped the right products to the right location at the right time to support customers in the most efficient way possible. Optimizing freight by filling truckloads optimally and creating regular runs to branches made a significant difference to freight expenditures.

An advanced demand planning system capability was available, and so we worked with the teams to better utilize the system capabilities to develop a base forecast. The forecast was reviewed against historical sales by facility and/or branch, growth trends were evaluated, and key customer and product line forecasts were assessed. Sales and Marketing provided market and customer expertise and gave feedback during the SIOP process. We also developed metrics to evaluate forecast accuracy and predictability.

The supply side leapt into action. During the SIOP process, the Operations teams reviewed capacity plans by work center groups and evaluated ideas to cross-train and move resources where required, planned overtime, developed operational efficiency improvement programs such as equipment upgrades and scheduling optimization strategies, and develop hiring and incentive plans to support manufacturing output needs. The replenishment teams developed inventory optimization strategies by further leveraging MRP (material requirements planning)/ DRP (distribution requirements planning) functionality, upgrading safety stock and inventory replenishment strategies, and integrating truck building and route optimization strategies into the planning process to mitigate freight costs. Last but not least, since we had a proactive view of demand and supply, we were able to pursue service policy optimization strategies to ensure customer value and sales growth while reducing the cost to serve.

SIOP drove bottom line results. Not only did the executives note the effectiveness of condensing multiple-hour SIOP meetings into succinct, results-oriented SIOP meetings, but they also appreciated the lead time and customer service improvement, the optimizing of inventory throughout their network that drove working capital improvement, and the increase in planning and supply chain effectiveness which drove operational performance and freight cost reduction.

SIOP: The Path Forward
SIOP is not a magic solution; instead, it is a collaborative and strategic process to align demand with supply and Sales with Operations to mitigate disruptions and drive business results. Although there is much that is simply common sense, SIOP provides the vehicle to bring this common sense to fruition. Instead of getting into conflicts over who is responsible for various issues, SIOP provides a forward-looking process to bring potential issues up, confront realities as part of the monthly cadence, evaluate fabulous opportunities that might require investment ahead of the crowds (zig when the competition zags), and a constant review of demand (revenue, pricing, geography) and the optimal routes to fulfill demand in the best manner to support growth and profitability. To learn more about how to rollout SIOP, download a complimentary copy of our book, "**SIOP (Sales Inventory Operations Planning): Creating Predictable Revenue and EBITDA Growth**".

Did you like this article? Continue reading on this topic:
Successfully Navigating Turbulent Times with SIOP

Introducing Supply Chain Bytes

Supply Chain Bytes is our quick-hitting video series that delivers concise, impactful insights on the latest supply chain changes, strategies, trends, and impacts —all in under 90 seconds. Stay ahead with quick updates that keep you informed in the rapidly evolving supply chain landscape. See the full series - **SupplyChainBytes.com**

PLANNING
Planning & MRP Upgrades to Support Revenue Plans & Proactively Plan Capacity

Fulfilling customer demand successfully is not as easy as it was prior to this volatile, uncertain, complex, and ambiguous (VUCA) environment. As supply chain disruptions continue to rage, planners jump through hoops, expedite, and are a bit frazzled trying to support customer requirements while meeting operational objectives, pushing back when needed on sales commitments, and addressing cost concerns. It is not uncommon for planners to be buried in spreadsheets and miss the forest for the trees. The most successful clients are pursuing planning process upgrades and leveraging MRP (materials requirements planning), MPS (master planning systems), DRP (distribution requirements planning), CRP (capacity requirements planning) and APS (advanced planning systems) to automate, digitize, and upgrade plans. These upgrades support revenue growth plans and provide executives the visibility into capacity and supply plans to maximize profitability.

Planning Process Upgrades & Leveraging MRP

Planning process upgrades will optimize three key objectives: #1) the fulfillment of revenue plans with high service levels, #2) maximizing operational and supply chain effectiveness, #3) accelerating cash flow with reduced inventory levels. There are several potential planning process upgrades depending on the circumstances. For example, collating data to get better visibility into quotes, orders, customer forecasts and point-of-use data so that you can plan effectively for what's coming down the pike can achieve significant results. In another client, digging into the capacity information so that the schedule is realistic could be what's most important. No matter the client details, we have yet to find a situation that cannot be substantially improved, no matter how volatile and unpredictable the situation appears.

Thinking high-level, upgrading the planning process spans several core areas. Upgrade the

materials planning process by evaluating your supplier base, taking account of lead times, order multiples, and other requirements, and utilizing the appropriate strategy to ensure materials arrive in a timely manner to support production yet at the best total landed cost with mitigated risk. Plan production effectively by optimizing the schedule by sequencing by changeover group (such as size, flavor, material type etc.) and/or instilling a rotating production wheel of items. Determining the optimal quantities to optimize customer, cost, and cash is another element of the process. In some environments, you can build the product to a certain point in the process to remain flexible to changing customer needs while driving operational performance.

Scheduling must be done in concert with capacity planning. Developing a schedule without the knowledge of what Operations can achieve is pointless. Of course, it is never that simple with varying work centers, cells, skill requirements, overtime, flexible crews, and other considerations. In fact, these planning strategies should be combined with a keen eye to operational performance. For example, you want to minimize staffing requirements as there are often times to run a set of items jointly, requiring 2 people instead of 3. You also might want to plan downtime on one line for maintenance and/or sanitation while running a complex item on another line requiring supplemental staffing.

Labor scheduling might come into play where you have the opportunity to maximize output through your shift configurations (shift composition, timing, duration, # of crews, etc.). In fact, there are countless ways to optimize plans and schedules. To read more on this topic, refer to our article, "**Production and Labor Scheduling Case Study to Maximize Productivity**". Although you track all of these types of factors and considerations manually and incorporate into your schedule even if using a robust ERP system such as SAP or Oracle, taking the time to incorporate these critical factors into MRP and advanced planning systems will certainly simplify the process, enhance visibility, and speed up and maximize results.

MRP automates providing recommendations for purchase orders (size, quantity, dates) and for work orders (size, quantity, dates) and includes exception reporting to address changing conditions. In some systems, the planning side is called MPS, but most systems refer to it as MRP. CRP takes account of the capacity and staffing considerations and provides a rough cut of capacity. And, depending on the ERP system, scheduling will be a separate screen or module, or it might be incorporated into APS. MPS can also refer to high-level plans derived from APS. DRP will be the same as MRP but for interbranch and intercompany orders. Planning can seem quite simple when performed expertly and supported by systems or a huge mess with inexperienced planners in a complex environment developing schedules manually (potentially using or even not using MRP suggestions as a base).

Why Don't More Companies Better Leverage MRP & Related Systems?
The bottom line is that there is vast opportunity in leveraging MRP and related systems; however, it is not as simple as it appears. As we discussed in one of our oldest yet evergreen articles, the **$1 Million Dollar Planner**, it requires a rare aptitude to thrive as a planner. You must be comfortable being in the middle of several competing priorities (customer, cost, cash), push back as appropriate yet align players on the optimal plan, and be focused on continuous improvement and leveraging ERP and advanced systems as it makes sense. It is quite common for us to find high-skilled planners who are comfortable with their process as it achieves the competing objectives, and they do not want to rock the boat by leveraging additional functionality in the systems. The best planners realize that planning can be like a house of cards as they try to keep many balls in the air at once. However, what they often don't realize is that the process is not scalable and sustainable if they don't take the leap to better utilizing MRP, DRP, APS etc.

What Is Required to Take the Leap into MRP?
It requires leadership to push for the uncomfortable while appreciating the unique skills required to keep multiple balls in the air without proving it by making it apparent by firefighting and riding to the rescue. It also requires appropriate support of **consultants**, ERP expertise, process tweaks and upgrades, and bringing the appropriate resources together to visualize the big picture and competing priorities. The results are worth it. Your company will be at risk relying on any one person (not matter how experienced the person) instead of a process. A person is not scalable or sustainable over decades; a process will be.

The tricky part is that executives do not "see" the risk because the process appears easy if the balls remain in the air and there isn't significant planning expertise in senior leadership. And the process upgrades and related ERP upgrades will require investment of time and resources and can be uncomfortable as the balls (risks, optimizing factors) have to be incorporated in the process,

data, and functionality. ERP suppliers are likely to say, "our ERP is best practice; just use it". Planners are likely to say, "I can guarantee results using my process". And related departments are likely to think, "This is too much work. Just make it happen and give me what I need." With that said, to give you hope, most of these high-skilled planners that might be stuck in this manual cycle will move forward with good leadership and consulting support. And, we have worked with clients with resources that rise above and build sustainability and success into the process....shout out to JaNel among others).

What is the bottom line? You must take the leap! Your experts are retiring. If they retire suddenly for any reason, you will not even know what the balls are, let alone how to address them to keep them in the air. There will be a point at which your business grows that you have to hire an army of people to ensure success if you don't automate, digitize and upgrade. Regardless, your visibility will be worse than you'd like as you'll be dependent on information solely from your planner instead of "click of the button" visibility to Sales, Project Management, Operations, Purchasing, etc. And, no matter how effective your planner(s), you will not maximize customer, cost and cash as fully as you could with upgraded process, MRP and related systems, in combination with your key planning expertise . Read more about where the talent has gone and strategies for success in our **article**.

Case Study: Planning & MRP Upgrades to Fulfill the Revenue Plan & Proactively Plan Capacity
An industrial equipment manufacturer supporting the power industry had to go live on a new system quickly while supporting aggressive sales growth. Because there wasn't enough time to account for the optimal planning processes and ensure data clarity, the planning team was running on all system go to simply survive. Customers were unhappy with lead times and the lack of visibility. Operations leaders were unhappy with the lack of information about upcoming demand so that they could plan to fulfill orders efficiently. Engineering was overloaded, and Purchasing was at the end of the line waiting to expedite due to lack of MRP reliability.

Thus, leadership agreed to embark on a project to upgrade the planning processes and rollout MRP and capacity planning processes. After assessing the situation, it was clear that there most of their inputs to MRP were suspect or missing, MRP wasn't setup to provide directionally-correct answers, and the system was "light" vs the ideal ERP system for a custom/ engineer-to-order manufacturer. Thus, we devised a plan to create quick wins while educating the team and moving forward with the appropriate steps to utilize the system for a longer-term solution.

A cross-functional team was put together including Purchasing, Planning, Operations, Engineering, the ERP partner and LMA as MRP experts and the link between the process and the system. After unscrambling the order backlog and status management, the team started digging into the MRP input priorities. They reviewed multi-site ERP solutions for setting item characteristics, evaluated different bill of material configuration options to handle differences between sites and better address a massive transaction workload associated with added BOM layers, reviewed ERP functionality for transferring products between sites and cross-border, and dug into capacity information. This enabled a successful design to be developed while a few quick wins were implemented (to extend visibility, manage statuses, etc.). The team learned along the way, tested ideas, and successfully rolled out a simplified approach, upgraded the planning processes and leveraged MRP for success,

While working to upgrade the use of MRP, the team also dug into capacity. Because it was in manual spreadsheets, and the process had not been standardized, subassemblies were scheduled via tribal knowledge, and there were countless exceptions and nuances that had to be accounted for in order to get a directionally-correct result, it was quite the challenge. On the other hand, Operations leaders had to know which cells/ work centers required additional support, where orders were stuck without walking to the floor to find out, and they wanted a capacity forecast to support not-yet-engineered orders, quotes and forecasts. In essence, they wanted to proactively plan. Although no simple feat, the team put together a model that successfully predicted capacity so that they could incorporate projections and recommendations to address shortages/ overages during the **SIOP** (Sales Inventory Operations Planning) process, and through this tool, the team could evaluate the optimal approach to meeting customer needs efficiently and effectively.

The Bottom Line
The bottom line is that the team successfully rolled out MRP, simplified the bills of materials to better plan what's meaningful while reducing a mountain of unnecessary transactions and put a plan in place to utilize advanced planning capabilities (APS). Visibility was established with a capacity planning process that incorporated estimates for not-yet-engineered demand. Thus, they

created revenue predictability and supported sales growth plans with improved visibility, enhanced capacity availability, increased efficiency/ automation, shortened lead times, and highlighted opportunities for margin/ performance improvement.

Did you like this article? Continue reading on this topic:
Master Planning & Production Planning Case Study: Gaining Visibility for Results

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Clients Experience in Working With LMA

Our client Armacell talks about their experience in working together from the CEO, General Manager of Operations, Integrated Business Planning (Supply Chain), and Sales point-of-view

ERP & RELATED TECHNOLOGIES
So After Investing $1 Million+ in Systems, Why Are We Making Important Decisions from Spreadsheets?

Every CFO seems to wonder why they spend millions on ERP upgrades yet critical decisions seem to boil down to spreadsheets. In fact, many times, even large companies can be highly dependent on a single resource with a complex series of spreadsheets for a sales or budget forecast, cost reduction project details, and backlog status and follow-up. So, why does this happen? And how do we resolve the issue to better leverage our ERP and related technologies investments?

Why Do Companies Get Stuck in Spreadsheets?
Although it is often stated that people don't like change, and so they hang on to spreadsheets, it is not one of the most frequent reasons we find when working with clients. Most people hanging on to their spreadsheets aren't opposed to using other tools. As our consulting mentor says, "people don't fear change; they fear the ambiguity of the journey". The same is true with spreadsheets. If they cannot figure out how to serve customers and/or solve issues with the **ERP system**, they will go to something they are confident in - their spreadsheet!

In some situations, the company does not have a modern ERP system, and they cannot get the information directly from the ERP system. Thus, spreadsheets become vital to success. Leadership might get the information required from the team and so he/she becomes reluctant to take the plunge with an ERP upgrade as it is not a small or minor investment. However, we would be remiss if we didn't mention that companies will not be successful long-term without a modern ERP system because old ERP systems are no longer are sufficient to support advanced customer

requirements, scalability, and sustainability for a growing and evolving company.

Sometimes, I.T. and/or your ERP resources will not prioritize the report and/or functionality required to make the job easier to deliver the outcome expected. Similar to one of the key reasons ERP fails to deliver results, the theoretical "best practice" on how to use ERP will not deliver whatever the team member knows is required to serve customers, manage cost, and mitigate risk on a day-to-day basis. Unfortunately, they don't know what to do to upgrade their use of the system, what data to define, and/or what setups to complete. It is simply easier to use the trusted spreadsheet. Once the company finally prioritizes and develops functionality that "works" and could replace the spreadsheet, the team can become resistant to rocking the boat with what is working since they know they are responsible to deliver results and are afraid of the kinks in the process as issues get ironed out.

Another reason resources jump to spreadsheets is when there are multiple systems (such as CRM, ERP, advanced planning, e-commerce, etc.) that are not connected. If you are dependent on understanding and/or connecting the data to make decisions, you are likely to rely on spreadsheets to connect and analyze the information. In the worst case scenario, folks are re-keying information into multiple places to perform the job. Unfortunately, this is not uncommon.

Lastly for the items that pop to mind, people might use a spreadsheet because it is a superior tool to perform the task. Spreadsheets have a purpose. In fact, we have worked with multiple companies that make a big deal of getting out of spreadsheets. They had folks who hid their spreadsheets on the side so that they could do their job. How crazy is that! As tools evolve, **business intelligence systems** such as Microsoft Power BI take over several of the powerful uses of spreadsheets; however, Power BI won't always do the calculations required for a one-time analysis to make a quick decision. In fact, spreadsheets can be a great way to develop analysis and pilot results. Once the formulas are ironed out, they can be developed in Power Queries or another tool. Thus, don't fall into the trap of too many spreadsheets or too few spreadsheets; instead, use common sense.

Case Study: Spreadsheets Holding the Bag
In an industrial equipment manufacturer, spreadsheets were left holding the bag with vital forecast information to support private equity expectations. In fact, one financial resource was overloaded with data yet solely responsible for figuring out the forecast as the process was so complex and spreadsheet laden that it was impossible to repeat. Thus, the leadership team brought on **consultants** to upgrade processes, dig through the data and make the process sustainable.

In this custom, engineer-to-order environment, the quotes and CRM information were in one system and the orders were in another ERP system. Both systems were robust, tier 1 ERP systems, but the information did not connect. Thus, Sales had insight into what was coming down the pike, but Operations had no visibility. In fact, even once the quote turned into an order and was in the operational system, it still had to be engineered (which could take from a few weeks to several months) before Operations had visibility to confirmed demand. Thus, they were running largely blind! From a detailed point-of-view, it required someone with intimate knowledge of products and configurations to plan, backed by someone with a good strategic and business sense to help navigate. Although they did an awesome job with execution and jumping through hoops to provide service to customers and manage costs, the process was not scalable and sustainable.

The team started by working on several parallel paths simultaneously. To achieve short-term relief, the team looked for a way to connect the quote data with the sales order data. There were no fields to easily connect the data, and so they added a field to connect the data. Of course, it is never that easy when dealing with real life situations. Thus, they developed solutions for order revisions, quote statuses, and other basic requirements. Beyond data basics, the two systems had to be connected. That sounds far simpler than it is to accomplish with most clients depending on business decisions, setups, I.T. protocols, and other factors.

Thus, we decided to connect the information in a simplified data warehouse so that quick wins could be achieved while the longer term, robust solution was put in place. We also added a vehicle for key input into the model so that the results would continue to be directionally-correct. This allowed us to replace the spreadsheets dependent solely on one person with a more robust and predictable process. With that said, if it was dictated to get rid of spreadsheets, they simply would not have a forecast for several months while a process was developed, and the process could not be calibrated and tested to ensure directionally-correct results.

Beyond the basics, the team had to develop business process upgrades and new protocols for data to align the datasets for critical information. This work was a prerequisite for combining and/or upgrading systems down-the-line. For example, they designed configuration strings to identify a base "model" or grouping of information so that they could provide key information about orders and quotes upfront to the MRP planning engine, capacity analyses, and for scheduling optimization. They stored these configuration strings in both systems. The team rolled out quick wins to gain visibility while continuing to develop a full toolset to support the order fulfillment process and work through data integrity issues. Thus, after the 80/20 was achieved, they went back to reevaluate, standardize and simplify the design so that it would be more scalable and sustainable. Thus, it is set up to work with Microsoft Power Queries fueling Microsoft Power BI and also prepared for the next ERP upgrade or for the two systems to be connected directly.

Path Forward
Before jumping to conclusions that your team members are fearful of change or dictating that all spreadsheets must be gone by x date, find out what's going on. Why are your teams using spreadsheets for certain tasks that seems like they could be automated quite easily? Also, don't become overzealous and automation happy. We have seen clients that spend double the money to automate tasks to deliver the same results when the old process was sufficient, scalable, and sustainable. On the other hand, don't find it acceptable to be resistant to automate because your best resources are worried the results might not be perfect on the first try. Push for automating repeatable tasks, ones that can become a good candidate for predictive analytics, and ones that will free up time for critical resources. You are likely to have to push back even with your best people. What is the bottom line? Use common sense.

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The Value of Data in Fueling Profitable Growth

FutureScape: Crafting Tomorrow's Supply Chain Today

Our special mid-year report shares critical insights into strategic shifts and innovations that are reshaping the future of supply chain management. **Download** your complimentary copy.

Listen to a Client Example

Thrilled to share our client's success story related to customer service and sales success with SIOP internationally from the Sales and customer point-of-view. Our client also discusses how LMA works with client teams to achieve these bottom line results, and more importantly, how we will jump into details and educate the team so that the improvements are sustainable.

Connections

THIS MONTH'S REQUESTS:

- If you have a supply chain or operations position, post it on our Association for Supply Chain Management Chapter (ASCM/ APICS) **website**.
- Do you know a top notch IP attorney with key clients in Southern California area interested in growing his/her business and meeting top-notch trusted advisor colleagues in the Inland Southern CA area? My **ProVisors** group has an opening for these professions, and we have lots of referrals for these professions on a regular basis. Please introduce ***me***.
- If you are looking for a solid Operations and Supply Chain Leader with the ability to execute, **contact me** for a referral.

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.

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