Choose the Right Supply Chain Consultant

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nexview

Contents

The clock is ticking

You know you've got some gaps that need attention. You also know you've got some good people. They're smart, they know their jobs, they're working hard. Yet you worry that it isn't enough. With the problems and demands of getting through the day, will they have time to address the gaps you see? Do they have the skills? Can this wait another month or quarter? Maybe we'll get through this, maybe it'll work out, am I not paying my managers to handle this?

These are common thoughts that go through the minds of business leaders. While they know their businesses and recognize gaps, it's not always clear if, or when to pull the trigger on bringing in an outsider. Or, maybe you're getting by right now, but growth and change are coming and you know that your current state won't cut it in the future. Most successful executives did not get where they are by being reactive. If you wait too long, metrics decline further, you miss an opportunity, or worse, you use your hull to paint an iceberg. Then someone else makes the call for you. Right now is the beginning of the rest of the time you have.

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Fundamental objectives and gaps usually aren't all that different across companies

Having been a supply chain management consultant for over 20 years, I've had client executives all over the world and across several industries that wrestle with similar fundamental challenges. It usually comes down to delivering results and building the capabilities to achieve and sustain them. More specifically in supply chain, issues usually revolve around gaps in planning, uncoordinated decision making (especially with interfacing commercial groups), gaps in responsibility definition, lack of information, and shortfalls in execution. The shortcomings result in missed sales, disappointed customers, longer lead times, high/wrong inventory, and excess cost.

With the experiences from many large change projects with global corporations that have delivered in excess of $500MM in documented results, I'm happy to share some thoughts and experience about when to bring in a consultant and what I would look for from them if I were on the other side of the desk.

Executive objectives usually come down to delivering results and building the capabilities to deliver and sustain them.

7 Considerations for your thought process

1. **Skills and experience** – Does your team have what it takes? Sure, they could probably develop what's necessary, but do you want them to re-invent the wheel for your wheelbarrow while the world speeds by in an Indy car?

2. **Organizational capacity and time to make the changes** – For most companies, gone are the days of having extra staff around to work on projects. Your team is already pressed and you know it. Also, when I refer to time, it's not just to complete the activities, it's also to generate the results. Will the current team on the field get there before the ref blows the whistle?

3. **Geographic location of the issues** – Maybe HQ is on the right track, but do the international regions require more integration? (or, maybe the other way around!) Can you be there to do it? Will your internal team signup for the travel us road warriors embrace?

4. **Individual priorities of the management team** – Wow, saying "individual priorities" doesn't sound very "teamy", but alignment can be an issue, especially when it comes to supply chain. Another way to ask this is, what degree of change management will be required? Does integrated, cross-functional change need to occur? Do some leaders who may be asked to do something differently need to be brought along? Do you have the jurisdiction to make changes across the involved functions? If so, do you want to mandate it, or do you want the right people to own it? Can your internal team say what needs to be said where and when, or do they have to put on their company face hoping higher ups will listen to them?

5. **Root causes of the problems** - Of course you see some; you certainly see symptoms; you have a vision for success and expectations, but could an unbiased opinion be helpful? Do you need the organization to hear it from an outsider?

6. **Benefit potential** - Are the changes worth the trouble? Can you assemble the story and business case to convince others? Who's going to crank the data?

7. **Ability to execute** – Even if you have most of the items above, can your team actually execute? I find this to be the single largest challenge within client organizations.

An objective outsider can mitigate these risks and may identify sufficient ROI to justify the consulting investment.

Given all the challenges, I find the ability to execute is the single largest challenge clients have on change projects.

If you'd like to investigate hiring the mercenary of business, here's a few things I would look for.

Has a point of view

Walking in the door your consultant should have some ideas, but will need to spend some time with your team to recommend the best approach that fits your current state, culture, and benefit potential. These factors vary significantly across companies and we gain a data-based point of view by conducting an assessment. For things like complex supply chain or S&OP, the consultant that comes in immediately pushing "the solution that's worked over and over a thousand times" should raise a red flag. During the assessment, we also gather your team's input through interviews, surveys, and workshops. We'll have a point of view and make suggestions, but in the end, your team needs to own it. There's a "right" balance here, finding it is part of the art.

Beware of the consultant that crams "best practice" down your throat. Best practices are certainly a place to start, but they're all not always best for *your* situation. Conversely, I think the days of the generalist facilitator that comes in with a blank sheet of paper to facilitate your ideas are very limited, if not gone completely. You deserve to get there faster, your competitors are.

Furthermore, if you have it all laid out and you just need someone to drive execution, some form of consultant may still be appropriate. Just be sure you aren't missing out on their experience. For straight execution (with little/no change management required) an employee or more junior temporary project manager may get it done.

Best practices   What's best
                                   for you

Cuts cycle time to results

I talked about not re-inventing the wheel above. Your consultant should speed things up, here's what we should do:

1. We package a business case, vision, approach, and specific plan to get you there

2. We raise the urgency and visibility of the project in your organization

3. We're on the project plan, action log, and your people when necessary like heat on a summer day in Houston

Your consultant should provide a vision, approach, subject knowledge, and specific plan to get you there. For complex situations, not even the best of us have it all walking in the door though. Sure, we have hypotheses, but we also need to confirm those by turning over a few rocks and putting some data behind it (aka, an assessment). I mentioned assessments above and here will offer that assessments get done one way or the other. They get done upfront to align people around current state and a business case, or they get done when an influential stakeholder (who many never have been on-board in the first place) questions the value during a challenging point in the implementation. The assessment enables us to *responsibly* package the things listed in Item 1 above. Doing the assessment up front is a key part of the change process and is usually faster in the long run too!

The investment you are making in bringing in a consultant is likely getting some attention and we know we have to earn our right to be there every day. We'll still need your help to get peoples' attention, but with the investment you've made, we'll likely get it faster than the employee who's

For more on completing a real assessment, please see

Four Reasons Why Assessments Are Important

S&OP Implementation Success, See Chapter 3, Conduct an Assessment

always there. Plus, we have a budget (not always enough, but that's another eBook), so we need to get it done *now*. We'll raise the visibility of the project and increase the sense of urgency. Not sure you want this? Want to dip your toe in the water in the water first in case it's too cold? We can discuss strategies for that, but real change only happens when leaders hang it, and themselves out there.

To the 3rd bullet point above, I'll just tell you a story of one of my early experiences years ago as a junior consultant on a large supply chain change program. After the assessment and design work were done, I'd ride home on the plane each Friday and say to myself, "Wow 60-80% of my job is just hounding these guys". This goes back to my execution point above. Your consultant should be able to read your situation and act accordingly. She should be able to find the balance between pushing hard enough to get the result, but not pushing so hard you throw her out.

Real change only happens when leaders hang it, and themselves out there.

Share the risk

Your consultant knows you are under pressure and will work to make you successful. The best of us take your success or failure personally. This is nice, but also look for a consultant that feels the pressure too. Clients don't always see what happens to us when we don't make the benefits case or deliverables. If we work as employees for a firm, in some of them, we get passed over for promotions, lose bonuses, and get fired. Owners of small consulting firms and independents live or die based on your references and don't always know where their next paycheck is coming from. Find one with a personal stake in the outcome. You have a personal stake in the outcome, why shouldn't they? If you don't have a real stake in the outcome of the project, it's probably not worth doing, and especially not worth hiring a consultant for.

Assess the skills and expertise

Perhaps an obvious consideration and note that I discussed some of the less tactical items first. You'll probably know the technical questions to ask, and to ask about related experiences so I won't bore you with those obvious things. I will emphasize that supply chain consultants are usually stronger in one or a couple parts of the supply chain. For example, the supply chain consultant that is going to improve the connections between your commercial groups, demand management, and operations functions may not be the best one to design your distribution network or negotiate a railroad contract. All should have a good grasp of the integration points though. Some are good in all parts of the supply chain and maybe this is important or not depending on the situation.

I will offer that when dealing with the generalist firms, their salespeople will tell you they can do anything and be able to whip out some kind of case study. The reality is that the people who delivered that case study may not even be with that firm anymore. Sometimes it is true they can get the right people though. They'll just use their networks to find the right person, often quickly. Others will staff who's currently on salary but not billable, and hope they can figure it out. My first S&OP experience came this way. While you may have a successful relationship with a leader in one of the firms, you should know that our industry is more fluid now than ever. Clients are demanding more specialists causing many firms to hire and fire by the project. The increased turnover you see in industry or perhaps even in your own company is exacerbated in consulting.

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Significant change happens in the firms every year, even the big ones. Recall my case study point above. I don't want to over-generalize, but I see more of this now than in years past.

The point for you is that you should drill down to exactly who will be on your team. Sales and assessment teams often differ from implementation teams where you spend the big dollars. The brand name may sound nice around the conference table, but what really matters is who you get on your project.

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Ensure fit of the firm and approach

After you're convinced your consulting candidate deserves to be in the conversation based on his knowledge and track record, you should assess how he fits with your culture and what it's going to be like to work with him. Consultants and firms range from being very prescriptive in their methods (either through subject matter or approach arrogance, or even through use of intimidation techniques), to acting more as softer facilitators, to being just directed resources. I find a collaborative approach that challenges you and your team, does not create dependencies, and integrates with your culture works best for sustainability.

I thought it'd also be helpful to highlight areas that I don't think should have your focus when making a consulting choice. Here's a few thoughts.

"We're different."

Of the 100's of companies I've consulted to or interacted with, most have told me they're different. I have only agreed a few times. At the core, this is about bringing people, process, IT, and a management system together to get a business result. Yes – there are nuts and bolts below this and you want a consultant who's in there, but consider that on balance, I estimate 60-80% of supply chain issues are common across companies. I mentioned some of these issues briefly above and discuss them more specifically in my book, *Sales & Operations Planning RESULTS*. When I come in, I know where to look, the studies to complete, and usually where I'll find the money. I won't say it's cookie cutter, but it's not all that different.

There are a couple things that I believe clients over-emphasize when selecting a supply chain consultant. These are familiar things for people and easy to gravitate to in a general conversation, so I can understand why it comes up, but when it comes down to it, clients often have difficulty articulating specifically why these are important relative to the scope that's under discussion. Here they are.

> At the core, this is about bringing people, process, IT and a management system together to get a business result.

Industry specialty

While all industries have their respective strategic, tactical, technical, structural, or other specific challenges, they're all tough, competitive, and require that skilled professionals work together to define and achieve common goals. For those who've spent many years, or perhaps whole careers in a single industry, I can understand their uncertainty around whether other industries are different or not, but if you've been around a few, you may agree with my points below. I'm not saying that industry differences don't exist, I'm just making the point that clients often over-emphasize it.

Let me start with the example of the Supply Chain Operations Reference (SCOR) model. This is a widely used model for supply chain processes and organizing them. In a supply chain, the elements of PLAN, SOURCE, MAKE, DELIVER and recently RETURN, really aren't all that different. Maybe that's why many industries got together to develop and use the SCOR model. Yes, we can talk about industry differences like seasonality, volatility, specific demand input streams, discrete vs. process manufacturing, typical lead times, make-to-stock vs. make-to-order, or different distribution models, but a seasoned supply chain management consultant has either seen all this, or can usually make the jump pretty quickly when needed. We may have worked in a very similar, complex supply chain in another industry with similar characteristics and if in scope, we'll look to see if your supply chain strategy aligns with your business strategy.

Beware of placing any emphasis on your jargon. Jargon really doesn't make an industry different to us. Consultants should adapt to your language immediately. Want to call your shipments from

Your consultant should seek to bring practices from other industries that can positively impact your situation.

Perhaps 20% of the problem is industry/company specific, 80% is usually comprised of the supply chain and change management challenges veteran consultants have seen many times.

a distributor depletions? Or, call an outsourced manufacturer a co-packer vs. a contracted manufacturing organization, vs. a toller? Okay, took me 5 seconds to get that, now let's get on to the replenishment plan and visibility of those shipments from that distributor, or in the other example, let's see if that contract manufacturer has a good forecast to work with and can execute to the supply plan.

Why then do the big firms align around industry verticals? Three reasons here:

1. They're big. When consulting firms reach a certain size, industry organization works best for their large internal organization and P&L hierarchies (and incentives!).
2. This is how their clients are usually organized which feels good to clients as I mention above.
3. Senior clients have lots of problems, not just supply chain. Organizing by industry verticals in the large firms is a way for them to provide many services to a single client/company, and for consulting firm partners or salespeople to become the "trusted advisor" we all like to think we are.

I think for some areas, like strategy, industry specialization can be more important. I'm not a strategy consultant and I realize they use common methods across industries, but it also seems to me that strategy consultants would need to know more about the industry dynamics. For supply chain consultants, I guess it can't hurt, but realistically, I'm probably not going to advise any CEO on the global competitive threats or opportunities in the soda ash market, but I'm not

The large firms organize around industry verticals for their own reasons.

selling that. My techniques for improving Sales & Operations Planning in a soda ash company fundamentally aren't too different than those for a soda pop company. (BTW – I have done both.)

Detailed experience with your ERP or other specific IT systems

If your consultant is going to configure screens, develop reports for data visualization, or train your people on processing transactions, I would agree with this emphasis. Chances are your experienced management consultant is no sooner going to do this than you are. While these are critical tasks, it's not usually the place we're going to add the most value. A good consulting partner will save you money by hiring or recommending a cheaper, more targeted resource rather than bumbling through it at higher cost. As hard as consulting engagements can be to win and as demanding as clients generally are, I've also seen clients waste many dollars here. Is this the most responsible way to spend your consulting dollars? Shame on those consultants who knew this and did it to their clients anyway.

Let me give you a recent example where ERP was the major project focus and the ERP system itself didn't matter. I helped a client with supply chain process definition and documentation during an SAP implementation. I worked to integrate many out-of-system steps. In the 6 months I was there, I never touched the system. I did speak some SAP/IT jargon from my early years as an ERP guy, but it really wouldn't have mattered if it was SAP, Oracle, or whatever.

> If detailed experience with your ERP system is required, your consultant find or recommend a cheaper solution.

Understanding the capabilities and processes in the system is important though. With all the evolution that's occurring right now with advanced planning systems (e.g. artificial intelligence based on big data), there is more of a range in capabilities forming. As with ERP, it's more important for your consultant to understand functions and capabilities and make sure the team takes advantage of these while working on the process. Screen-level experience is not really important, at least for what I do. Still, people get stuck here, and I've won and lost work on the ERP thing more than once.

We're beginning a period of step change in supply chain software capabilities. Your consultant should be up to date on function and application.

I'll sum it up with a quick list of questions to ask

- Does your team have the right skills and bandwidth to get it over the goal line in the time you have?

- How much change management is going to be involved?

- How will your consultant cut cycle time to results?

- Can you package the story to support the change, and is the change and consulting investment worth the monetary and other benefits you will receive (ROI)?

- What do you need from your consultant? Their subject matter knowledge? Their change management? Their ability to get a result? Their ability to help build the capabilities of your team? Their project management? Or, just their arms and legs.

- What part(s) of the supply chain are they best at? Or, is their broader experience good enough or desired for a broader scope?

- If the project goes south and you get hurt, how does your consultant feel the pain?

- What's it going to be like day-to-day to work with them? Are they going to fit into your culture?

I'm always interested in feedback or sharing experiences, best in your continuous improvement efforts!

Eric Tinker leads Nexview Consulting and has spent over 20 years in management consulting helping clients achieve large-scale change within their organizations. His projects have resulted in over $500 million in operational improvements. These results have been achieved through a combination of improving business processes, management systems and tools, information systems, organizational effectiveness, and by helping clients achieve sustainable behavioral change. His client experience spans several countries and ranges from helping start-ups to leadership of large, complex, multi-geography business transformation. Eric focuses on Sale & Operations Planning as well as improving the supporting processes, information systems, and organizations to help clients leverage S&OP to be the platform for continuous improvement. He has taught and consulted across 5 continents, has published several articles, and is the author of *Sales & Operations Planning RESULTS*. His industry experience includes Consumer Goods, Energy, Chemicals, Life Sciences, and High Tech among others.

Eric has worked previously with several consulting firms including Celerant Consulting, Deloitte & Touche, and Plan4Demand among others. He began his career as an aerodynamics and rocket propulsion engineer at Hughes Aircraft. Eric is a licensed CPA and holds a B.S. in Aerospace Engineering from Syracuse University, an M.S. in Mechanical Engineering from California State University-Northridge, and an MBA from the University of Southern California.

In addition to helping clients be successful, Eric enjoys training, supporting, and speaking at industry events. He has spoken at Institute of Business Forecasting, IE Group, APICS, Institute for Supply Management, and other public events as well as numerous private events.

Please feel free to connect with Eric on LinkedIn and follow the Nexview company page for our latest media contributions.

Watch for Eric's next book on Sales & Operations Planning coming in late 2018

Get the pre-release eBook, *Sales & Operations Planning Implementation Success* free for a limited time and be notified when the full book comes out.   If you're reading this eBook in 2019 or later, look for the full book on Amazon.
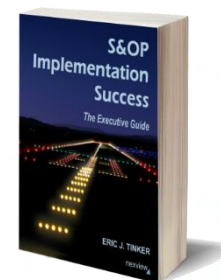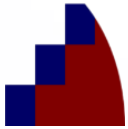
Nexview Consulting is a boutique management consulting firm that specializes in Sales & Operations Planning and Supply Chain improvement. We leverage S&OP to be the platform for continuous improvement and profitability in client organizations. We also work with clients to improve organizational performance, structure, and enabling supply chain technology.

Consulting methods promote sustainability of performance improving behaviors, tangible results, and development of clients at all levels. Our consultants are highly-experienced business and consulting leaders with track records of delivering results for clients across the world, typically with larger more well-known consulting firms. We are based in the Boston area and Houston, but we travel worldwide to conduct training seminars, speak at conferences, and work with clients on high-impact, performance improving initiatives.

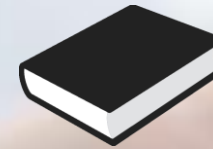|		
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