

Sometimes Simple Solutions are Sufficient

PRESENTER

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About John Melbye



John Melbye, CSCP, DDPP, DDOP, DDLP, DDDP

Become Demand Driven – Consulting, Training, Software, Thought Leadership

Endorsed Instructor for Demand Driven workshops.

Demand Driven Planner, Leader, Operations classes, Simulation Workshops
Over 300 have attended classes or workshops

Managing Director of ASCM Twin Cities (TwinCities.ASCM.org)

975 plus member organization with 2 staff members
Covers Minnesota and the surrounding region

Director of WA Solutions USA (WASolutions-USA.com)

Software as a Service Provider (SaaS), Demand Driven Implementations
Obsessed with Adding Value for our customers

Speaker / Presenter

2023 ISM World and 2023 / 2024 ASCM Connect very popular engagements
Supply Chain & Business Management topics. Storytelling and Analogy.

Podcast and YouTube Channels, #smilecreator

All Connections to John – linktr.ee/johnmelbye

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Do Complex Problems really require Complex Solutions?

- 1. What is Complexity**
- 2. Getting Agreement**
- 3. Artificial Complexity**

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Four Focus Points for today's presentation

- 1. Hopelessness**
- 2. Simplicity**
- 3. Decomplify**
- 4. The Path Forward**

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*We possess the most advanced tools
and technology in history (always true).*

*But we have a less than perfect
understanding of where and how to
apply the tools and technologies to
achieve the greatest benefit.*

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HOPELESSNESS

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HOPELESSNESS

Are we fighting a battle we can't win?

1. Inventory Shortages are Inevitable
2. We (personally) must be making mistakes
3. The Complexity Game we all play
4. The Chaos is designed into our processes

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PROBLEM

Chaos By Design

Forecast: Ballpark

Execution: Precise

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PROBLEM

Lead Time Reduction Programs

Most of our lead time reduction programs have to do with the process of getting parts delivered (supplier lead time, machining or processing lead time).

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SIMPLICITY

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PROBLEM

Supply Chain Perspectives

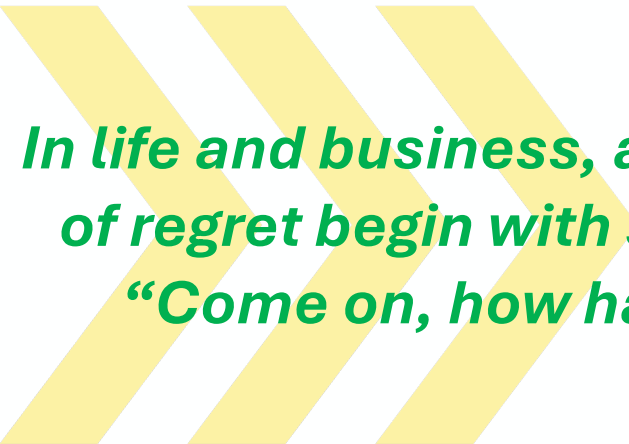
Company Leadership

- How Hard Can It Be?

Supply Chain Personnel

- Demand Forecast - Wrong
- Changes at any time
- No time to respond / react
- Supplier missed delivery
- Resources misaligned

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In life and business, all great moments of regret begin with some version of, “Come on, how hard can it be?”

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SIMPLICITY

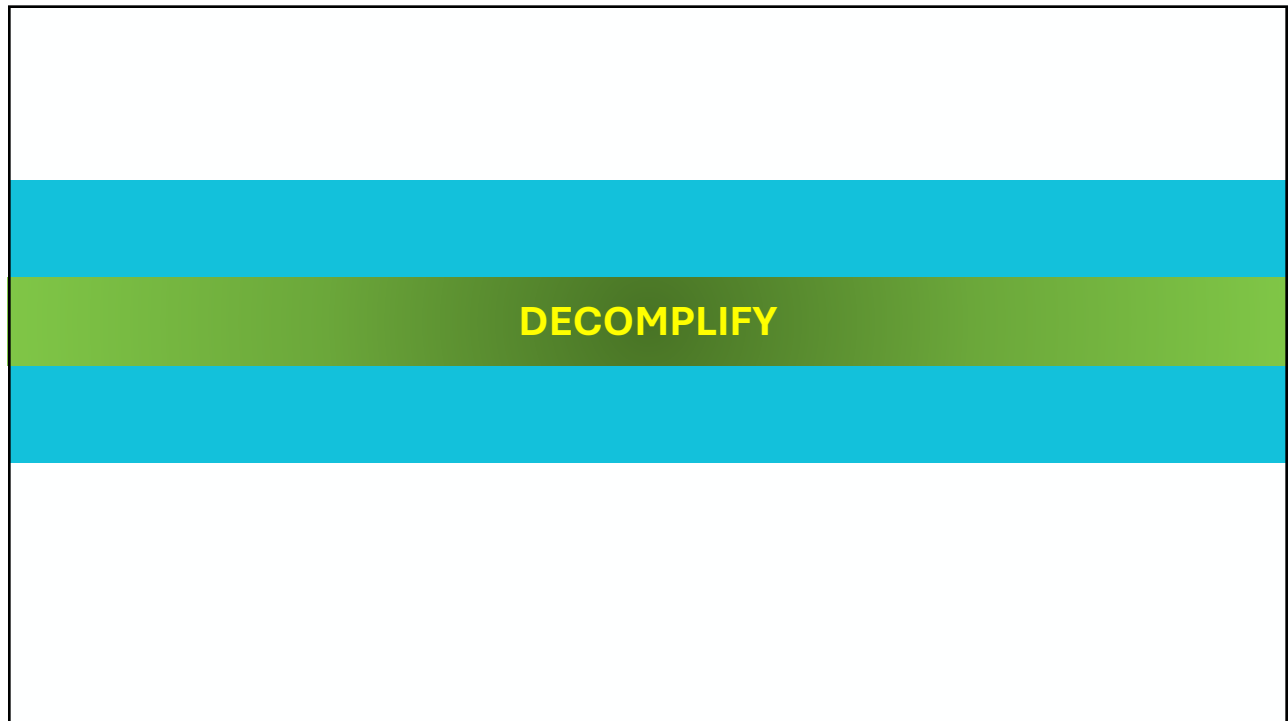
The Starting Change in Mindset

1. How Hard Can It Be?
2. The Courage to Challenge
3. Recognizing the real problem
4. Overcoming the Biggest Obstacle

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***Inventory Management is not as simple
as your company leadership pretends.
And likely not as complicated as we
(and the tools we use) have made it.
The wrong tools increase the difficulty.***

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DECOMPLIFY

I didn't know it was a word either.

1. One Size Fits All (Never)
2. What to do when our tools don't work
3. Using Analogy and Experience
4. Think Appropriately

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BOLD STATEMENT

Part Shortages

Either:

- 1. We don't have visibility to our inventory health, or**
- 2. We don't have time to resolve it after the problem becomes known.**

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THE PATH FORWARD

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PATH FORWARD

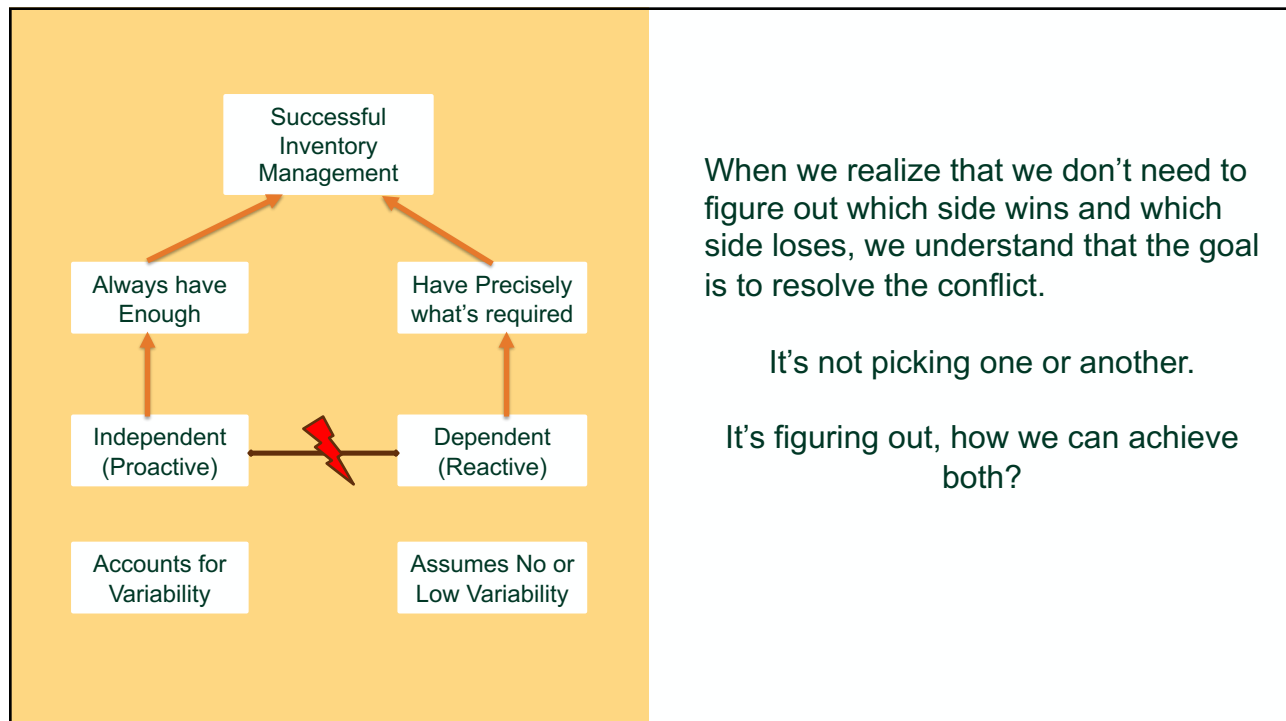
How do we get this party started?

1. The World of "And", not "Or"
2. Alignment (Level of Precision)
3. Agility (or Stability?)
4. Always Done vs New Approach
5. Challenge your DEEP TRUTHS

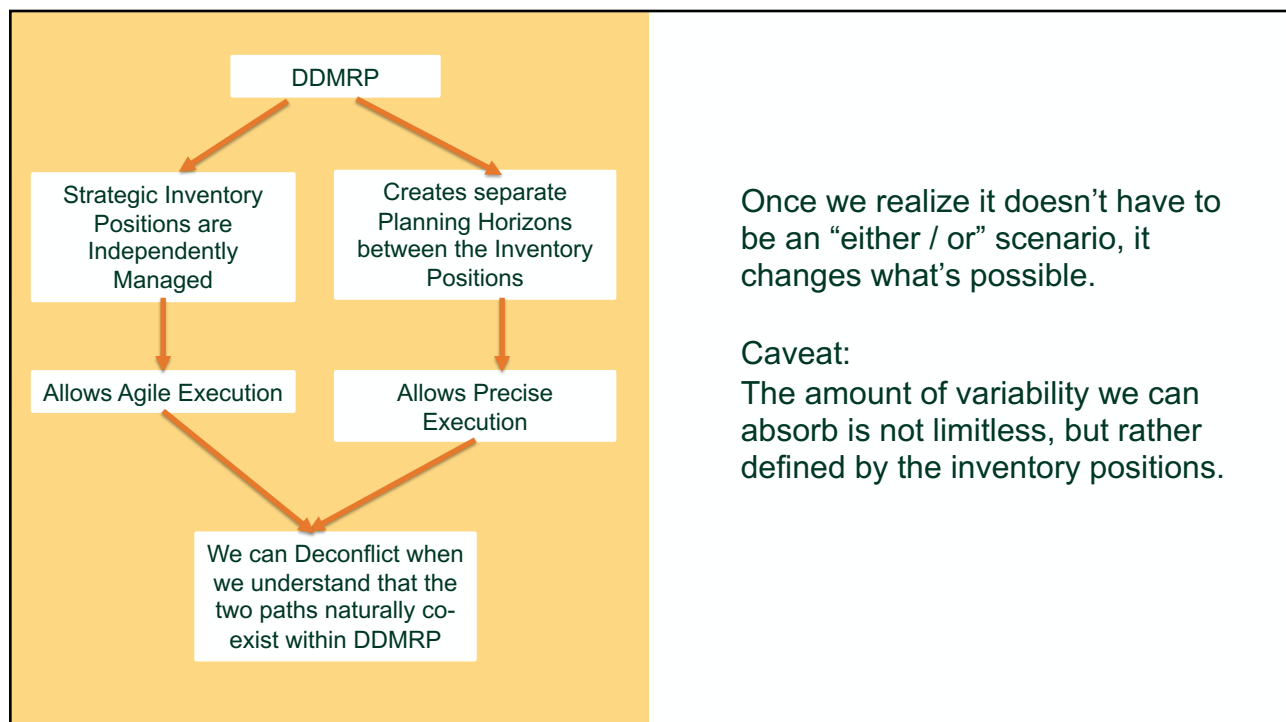
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If we know that plans go out the window once the execution starts, why do we spend so much time planning and so little time practicing execution?

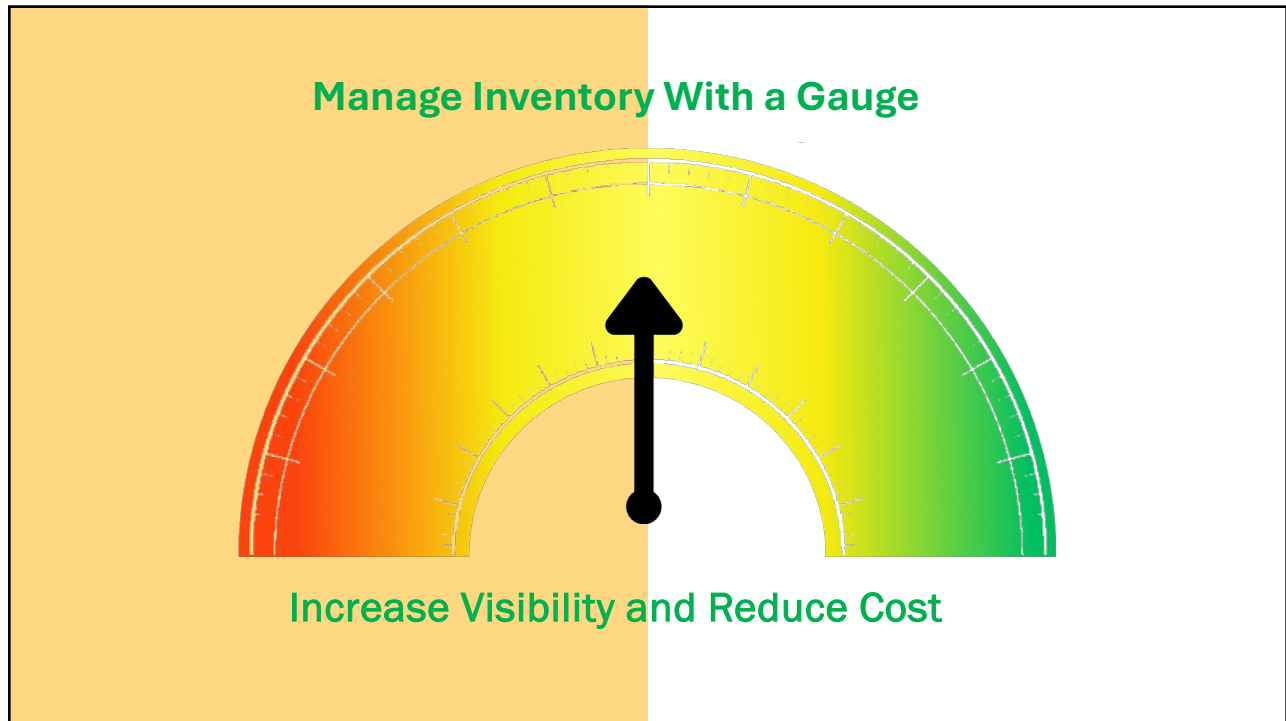
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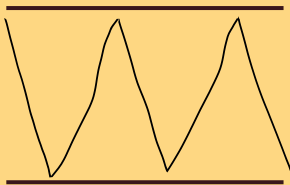
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Each Part (or SKU) has a band of Demand Signal Noise that we call variability.  As we reduce variability, we can reduce the amount of inventory held and yet ensure that we continue to hold the right amount of inventory to absorb the variability of the demand signal and supply continuity. It's a Statistical Process Control chart for Inventory management, with a built-in "Gauge" for visibility of your inventory health.	An Inventory position min and max is used to absorb the impact of the variability. Max Min 	Charting variation of inventory against the min & max shows if we can reduce our inventory buffer.  Yes  No
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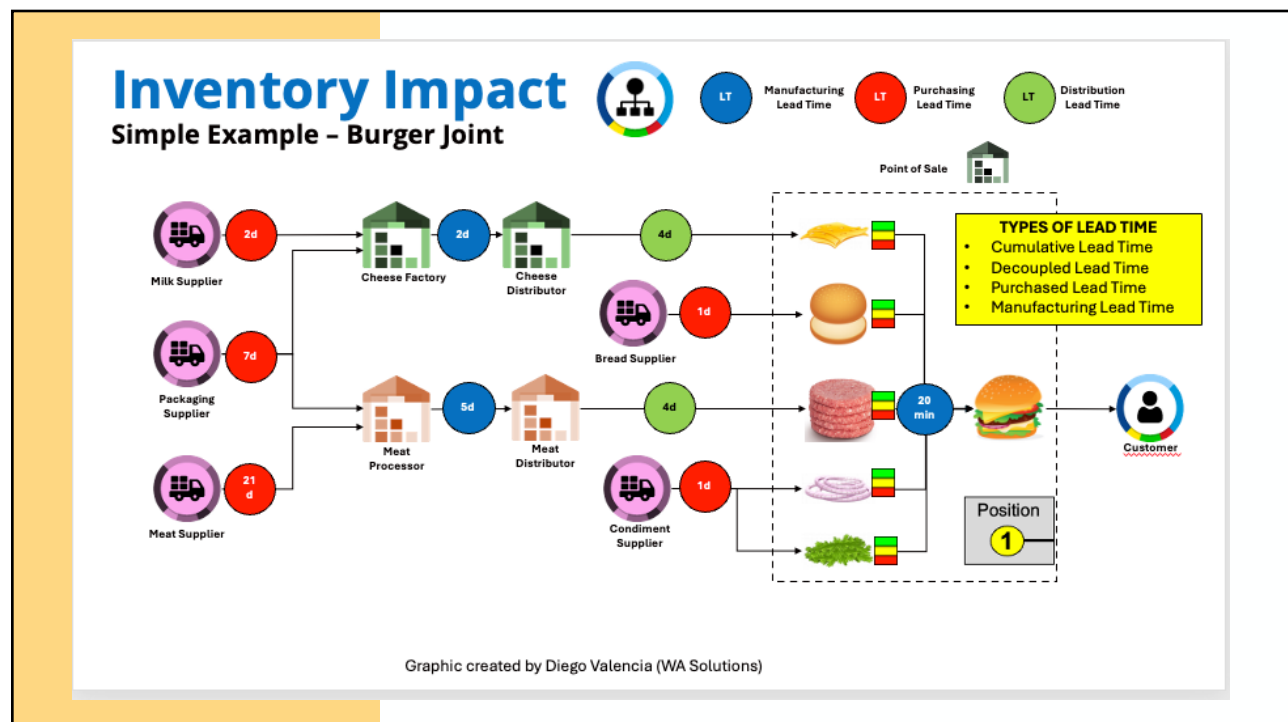
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BOLD STATEMENT

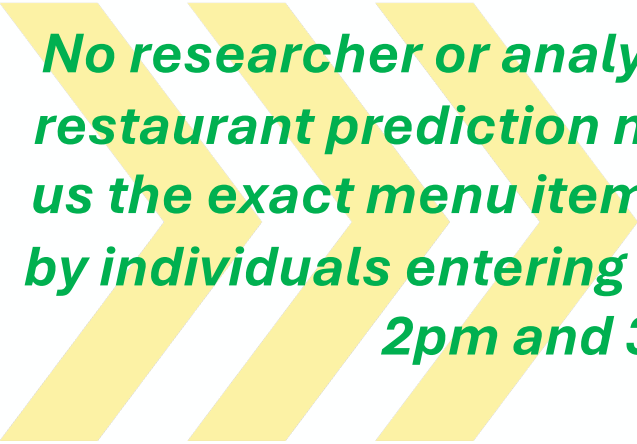
Lead Time Reduction Programs

**Inventory positioning is a
lead time reduction strategy.**

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No researcher or analyst is working on a restaurant prediction model that will tell us the exact menu items to be requested by individuals entering the store between 2pm and 3pm.

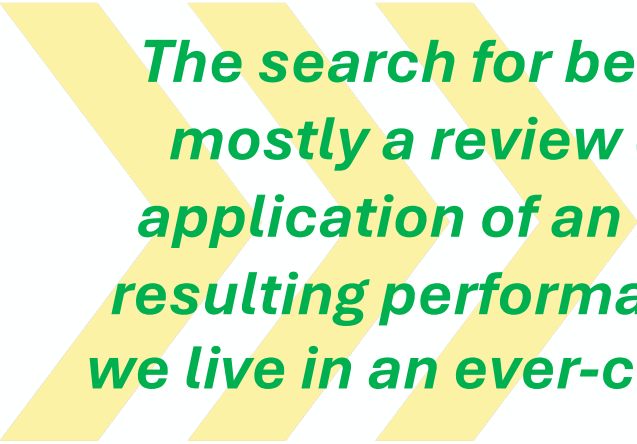
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BOLD STATEMENT

**Sales and
Operations
Planning**

**Start with Capabilities.
Then improve and adapt
those capabilities.**

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The search for best practice is mostly a review of historical application of an idea, and the resulting performance. But now, we live in an ever-changing world.

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Leading Questions

1. Do you seek “safe” pathways?
2. How do you achieve “credibility”?
3. Does your company expect no errors, no mistakes?
4. Are you seeking 100% forecast accuracy?
5. What is required to achieve “Agility”?
6. When was the last time you wondered, “What if...”?

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Lessons Learned

1. You can learn a lot from seemingly unrelated things.
2. Just because you can't imagine it, doesn't mean it can't be done.
3. Once something has occurred, it's almost impossible to prevent it.
4. Complex adaptive systems are different than linear systems.
5. Imagine "Business Games": practice executing dynamically.
6. Check your premises. Question everything.

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We must understand that adapting and evolving our thinking and our toolset to match the world in which we currently live is the new function of Supply Chain Management. And it is mandatory so we can Stop Managing Chaos and Start Driving Progress.

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Thank You!

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