



Entropy Busters™ Series

The Elegance of Simplicity

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It was just last month when Apple Computers passed the market value of \$1 Trillion. How did they become the 1st company with a trillion-dollar valuation? For me, it has been Steve Jobs and now Tim Cook's, relentless focus on simplicity, the understanding it will not be easy and the tenacity to achieve their vision.

"Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains."

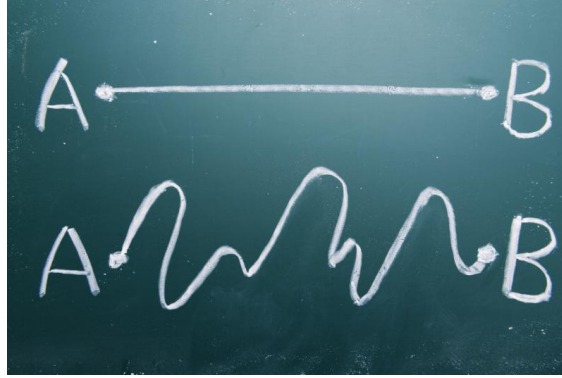
- Steve Jobs

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You can question, How does this translate into Operations and Supply Chain?

Let's start with; very few companies go from zero to

\$100 Million or \$1 Billion over night. They start with \$50K or \$100K purchase order, then a \$200K or \$500K PO, then they acquire a competitor, and before you know it they're at \$100 million in sales.



The same happens with business process complexity. At the \$50K to \$500K in sales, Operations and Supply Chain processes can be run with index cards & Excel. The processes Johnny and Sally once used to maintain control are no longer capable with higher sales, more complex Bill of Materials, and the addition of international Suppliers & Customers.

Throughout my career, time and time again, I hear from CEO's and COO's, say we need to upgrade or implement a new ERP. "This will fix the problem we're having with customer service and/or inventory levels, once we get this completed all will be good." If it were that simple Tesla and Elon Musk would be "printing" money.

The real issue, we allow entropy to creep into our organizations.

en · tro · py /'entɹəpē/ noun.

Lack of order or predictability; gradual decline into disorder.

- A few inaccurate lead-times
- A few part numbers with unplanned demand
- A few suppliers that are late
- Planning parameters not accurate
- etc, etc...

It doesn't take long before the team gets caught in a failure spiral of just trying to keep up with daily tasks, never getting to the root cause of their shortages.

Now consider for a moment the combined probability of error.

- Per attribute estimate a 99.0% accuracy
- Number of discrete attributes 25
- Combined Probability of Error = $0.990^{25} = 77.8\%$

I'll let this sink in... If no one is managing the data integrity process, the few grow into many and it now becomes a major project to address. And, by the way, I see this far too often.

The best solution to maintain data accuracy in your Operations and Supply Chain is to employ Entropy Buster™ techniques such as Daily Visual Management and Safety Quality Delivery Cost processes.

One can't underestimate the difficulty to sustain the process, it doesn't have the sexiness of a shiny new ERP, however, the rewards are much greater. One day you will notice; the surprises of expedites, unexpected shortages nearly disappear, the Team has a clear understanding on how

the system works, profitability and customer service improve and last but not least; The Team is no longer requesting a shiny new ERP, but rather a very focused, ***simple and elegant*** solution to a once complex problem.



Your Supply Chain, Your Supply Change, Your Leadership.™

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Thanks in advance for your time. As always, thanks for being a loyal client. Looking forward to helping you and your team again soon.

Carpe diem,

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