

## Art Koch's Profit Chain® Tips

# The Supply Chain Revolution: Unlocking the Sustainable Profit Chain

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Hi Everyone,

In July I was pleased to have an article I wrote included in *The Good Men Project* site. The Good Men Project is a men's site that promotes enlightened masculinity.

You can [read the article here](#) but I include it in full below.

Carpe Diem!

- [Art Koch](#)



### **4 Key Reasons Executives Wait to Engage Experts – and Why Delaying is Such a Bad Idea**

First, let me start with a disclosure: I have a close-knit group of clients. With some of them my team and I have worked in partnership for more than 14 years – and I'm certainly happy about that. But what I've seen time and again is that some clients wait far too long before calling me. Often, it's the corporate board that makes the call, and by then, it's going to take far too long to build trust. That steals the focus away from the problem that needs to be resolved.

When a problem is brewing in the background, the tendency is to wait – to not acknowledge it squarely, let alone contact the outside expert and call them in. There are a number of reasons for this. But here are the four most common ones:

**1. The problem exists in a blind spot.** The organization doesn't even see or know of the problem – or doesn't realize it's a bigger problem. Too often, we talk ourselves into believing that the problem is a one-off occurrence, just one data point, and doesn't reflect our business. But this may be a more significant problem that you're in denial about, so it's well worth finding out.

**2. The problem is going to make someone look bad.** The team is trying to save face. Many executives don't want to signal a weakness in their management team. But waiting too long can cause the problem to become far more extensive – and even minor issues can significantly erode profits over time. Instead, it's time to face the problem and put other concerns to the side.

**3. Someone wants to repair the problem first.** The team is trying to fix it before asking for help from the outside. This is tremendously short-sighted – and I see this a lot. But it's critical to have an outside expert who can speak the unfiltered truth and acts as an accountability partner to look around the corners for executives and their teams. Consider it this way: common practice is for elite athletes to have coaches for psychology, nutrition, strength, and fitness, and one or two focused on their specific craft. The best athletes have a team that helps identify weaknesses in their blind spots. It's the blind spot that will kill our career. And it's no different in business.

**4. The problem isn't seen within the bigger picture.** The team hasn't factored in the total cost of ownership. Consider the fact that the purchase price of raw materials, supply chain staff salaries, material storage, warehousing, supplier management, and logistics cost, or the cost of supply chain activities tends to run over 50 percent of the total cost of ownership. The best way to optimize is to bring in an accountability partner.

### **Hiring the right coach**

When businesses hire coaches, here's what happens – they stop focusing too much on incremental gain for quarterly results. And they signal that the company values its top echelons enough to bring in the care and support they need to perform at peak potential. But it's also important to hire the right outside expert. What I can say from experience is that larger consulting firms won't tell you the unvarnished truth. At firms such as Boston Consulting Group, EY, or McKinsey, consultants are rewarded and compensated on billable hours. Feeding executives' egos becomes a good business strategy – and there goes your accountability partner. Steering a company to success is not going to keep those hours coming.

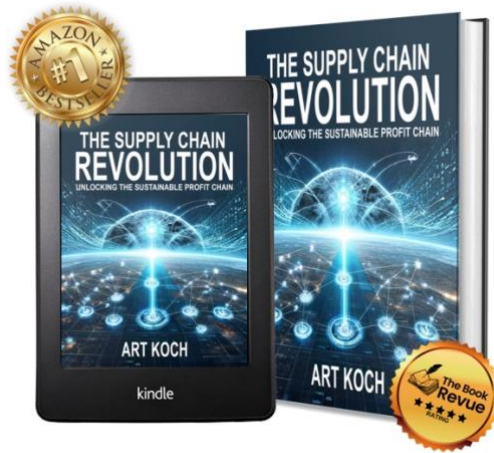
Instead, seek out a partnership with an expert whose mission is to improve your business: for your business to thrive in the marketplace, have sustainable results, improve valuation, and be the employer people aspire to work for. And don't wait – not for the consultant's sake, but for the sake of your business

If you want to discuss this topic further and how it might impact your business, schedule a 30-minute call with Art here. [30-Minutes with Art info@arthurkochmgt.com](mailto:info@arthurkochmgt.com)

Carpe Diem,

Art Koch

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Find out more about "The Supply Chain Revolution" [here](#).

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## Art Koch's Profit Chain®

Create dramatic improvements to inventory velocity, customer service, and corporate profits.

If you have any questions or concerns about your operations and supply chain business strategy, please contact me by [e-mail](#) or at +1 (336) 260-9441.

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**Self-Ranking - Pick one of the four questions below and fill in your comments relating to the current month's newsletter in the space provided.**

1. Don't think this applies to your business or enterprise? (Write three to four reasons why it might not.)
2. A new idea and strategy; we need to work toward it. (Brainstorm the first steps.)
3. We can do better. We just need to modify our strategy, and now we are moving in the right direction. (What are the next steps to ensure success?)
4. Our team gets the time to keep their minds fresh, and we plan to live our dreams. (Comment on how you're ready.)



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

Carpe diem,

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Don't be afraid to call with any questions or comments.

### Entropy Busters®

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in·ven·to·ry / 'in·vən-ˌtôr-ē / noun

Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

in·ven·to·ry is evil! / 'in·vən-ˌtôr-ē is 'ē-vəl / phrase

"Left unchecked inventory has many negative unintended consequences to profitability. It hides problems; therefore, it delays fixing problems!"

Transforming Problem Chains into Profit Chains™

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