



What You Need to Change to Thrive in Great Times

By Miles Free - Director of Technology and Industry Research

All of us likely earned a Ph.D. in how to muddle through the bad times in our businesses with cost cutting, hunker down attitudes and reining in all of those "nice to have" ideas so we can stay focused on what "we need to have." What keeps us afloat in bad times, however, might prevent us from thriving in better times.

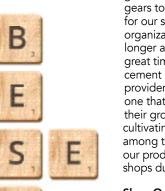
Finance's Role in Great Times

Everyone knows the role of finance is to help a business sustain itself by assuring low costs, supporting needed business functions and helping the business to function in its financial environment. Finance does this by providing accurate accounting for costs and expenditures and comparing those to the business plan. Doing these things are critical in bad times, when being a dollar short could mean the demise of the company. In great times, however, finance should shift from a focus on lowest costs paid to one of helping maximize

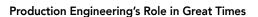
times and delays, as every minute that we are not producing parts is causing us to lose income that we otherwise have. So, the per dollar spent to make a dollar in production in great times, can, I think, be higher than that in bad times, when it is all about the pennies. Penny wise can truly be pound foolish when the machines are full and the backlog high. When we need to go faster in miles per hour, we can expect to get fewer miles per gallon. Adjusting from expenditure minimization to spending to assure operational maximization is an adjustment that requires collaboration with finance and management.

Sales and Marketing's Role in Great Times

In bad times, we know that the role of sales and marketing is to find us work, any work. It is difficult to argue with getting orders as a survival imperative when times are bad. But what is the true duty of sales and marketing during



great times? I think it is to shift gears to building champions for our shops at our customers' organizations. The sale is no longer about finding work. In great times, the sale is to further cement our role as the preferred provider, the best provider, the one that the customer can build their growth upon. That means cultivating personal "champions" among the personnel that use our products at the customers' shops during great times.



When every job counts or we don't pay the bills, production engineering's job is to come up with a process that delivers the needed production at the target price needed to win the business. While that doesn't really change much in great times, in great times we need to take a harder look at downtime and setup

H I G H E

Shop Owner's Role in Great Times

In "Lord of the Rings," the adventure is about, "the one ring to rule them all." The shop owner's role in good times is

similarly broad and critical in scope. It is to get all people, departments and processes deployed at their highest and best use. In bad times, simply keeping a skilled person employed may be their highest and best use under those market conditions. In great times, having every person operating at their highest and best use assures that the company is performing at its highest potential, since all



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of its employees are maximizing their performance. Highest and best use sometimes means buying time- and labor-saving items to maximize the performance of the employees and thus increase uptime and performance. Highest and best use is a completely different attitude and outlook than hunkering down and minimizing cost.

The owner's job is to assure the highest and best use of every asset, every employee and every function of his domain.

Highest and best use has one other powerful contribution to add to our business. It eliminates waste, in particular the waste of unused employee creativity. In bad times, unused employee creativity is not really a dollar impact item as there is usually slack and available time on open machines that can be used if needed. In great times, when every resource is being used and generating profits, unused employee creativity can make powerful contributions to reducing downtime, shortening setup and cycle times and improving costs per part by strategic spending. The

owner's job is to assure the highest and best use of every asset, every employee and every function in his domain.

Most important, the highest and best use evaluation often starts with the owners themselves. Are we personally operating at our highest and best use, determining strategic direction and continuous improvements in our people and processes? Or, are we in our comfort zone as the day-today traffic cop on the shop floor, pitching in here and there, as we think we are needed? My guess is that someone at a more affordable pay grade could make even more impact on shop operations than the owner's all-hands-on-deck improvisations. But who could we find, at any price, to do what only the owner can do, knowing what they know, to keep their shop people and processes operating at their highest and best use, now and in the future?

Our shops need to make many adjustments when the business transitions from bad times to great times. Many adjustments, that is, if they are to maximize the returns of their operations in a thriving market. Everyone's role and responsibilities need to change as the model moves to, "We're at capacity" from, "Sure, we can fit it in." Assuring that everyone and every process are operating at their highest and best use and every process is tooled up for maximum throughput and uptime, instead of lowest cost, are keys to thriving in great times. How are you doing with these ideas?

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