



Adding Value, Creating Value

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Adding Value. Adding value is the goal of all of us in a business. We want to add value. We want our work to be important, to have purpose. But what does it really mean to “add value?”

The enhancement that is added to a product in a process is the added value. Rocks are turned into iron; smelting adds value. The utility of iron is greater than the utility of rocks. Smelting adds value.

Steel is turned into precision parts; the machining into the specified geometry is added value. The precision machined part performs a unique technological function, so that a machine, vehicle or device can operate. The part has more value than the raw material from which it was made. Precision machining adds value.

Precision machining is a unique business because we often add value by subtracting material. Precision machining is a true case of less becoming more, from a “value” point of view.

How do we add value in our precision machining shops? I think the answer involves a lot more than just “removing material to hold a specified geometric description (blueprint) to produce a functional part.” Sure, we do that. But we also package, assemble, assure conformance to requirements, maintain inventory and provide our products just in time (or just in case). Adding value is more



than competently applying tools to barstock.

Creating Value. Creating value is what we as business people/ entrepreneurs do when we start our businesses. Creating means creation, not addition. Starting from scratch. Making something new where there was nothing before. The creation of a new business, the creation of a new job – these create value in the

community. New opportunities, new jobs, new capabilities and new products. Community wealth. Human wealth.

But it is not just the owners that create value. Engineers and designers create value when they take out clean sheets of paper and draw their new ideas. Quality assurance technicians create value when they devise new ways to mistake-proof processes. Tool-



makers create value when they design and build new tools to solve difficult machining problems.

Employee ideas for improvement may include ideas for new fixtures, tools, devices and ways to produce. These are examples of creating value from the technical and operations side. It is part of our craft that we create value. It's part of what we do.

Precision Machining, Creating Value, Adding Value. How do we in the precision machining industry create and add value? Obviously,

by making quality parts. But is our value proposition really that narrow in scope?

Because we made good parts, an invoice is generated, a check is cut and money changes hands. If the cost to produce and sell the part is less than the monies received, a profit has been generated. This is the DNA of business sustainability.

Because we made good parts, the hospital can deliver oxygen and respiratory therapy to people in need. Because we made good

parts, the anti-lock brake system worked and no one was injured because the crash was avoided. Because we made good parts, the airplane landed safely.

"Because we" is the key to understanding "adding value" or "creating value." Because we did _____, something positive happened. If you want to understand creating value or adding value, just find a mirror. Then complete the following sentence: "Because we did _____, something positive happened."

What did YOU and your team do so that something positive would happen? What you did that resulted in something positive happening also added or created value.

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