



Industry Transforms continued

An example of these services is machining information. Many medical implants are made from materials not traditionally seen in chip-making shops. Participants posting questions in PMPA Listserve forums, as well as during meetings and roundtable discussions with other shops, benefit from sharing information on “what works” with difficult-to-cut materials, while respecting each other’s proprietary interests. For each company to succeed, the industry has to be competitive and sustainable. The PMPA provides the means and method for achieving these goals.

A new shop might be making state-of-the-art medical implants with new machinery, but will still be subject to the legacy of rules, regulations and human resource issues that face all manufacturers today. By belonging to the PMPA, even the newest medical implant startup company can take advantage of online OSHA 300 reporting and benchmarking of key business indicators. That company will also find a ready source of advice on human resources, safety, environmental issues, quality and other topics of manufacturing relevance.

The success of your medical implant manufacturing operation will be determined by a host of factors—your product, your process and the execution of your manufacturing system. Belonging to the PMPA will give you more time to focus on your product and process by giving you improved information and assistance for the execution of your manufacturing system.

*All population projections are from the U. S. Census Bureau 2001, 2004.

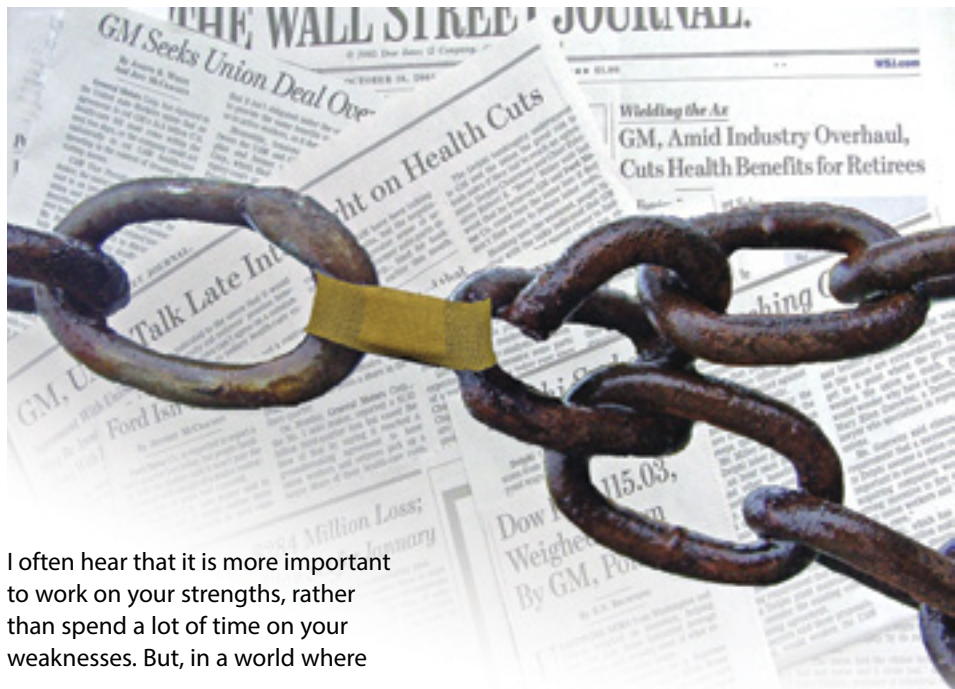
Critical Skills For Effectiveness In Today’s New World — Part 2 Of 4

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The four trends that define the differences between yesterday’s and today’s way of maximizing effectiveness include the following: 1) Solo to team performance; 2) Stand-alone company to link in supply chain; 3) From problem detection to process failure prevention; and 4) From managing data to empowering decision making. This month’s article looks at the second of these trends.

Stand-Alone Company To Link In The Supply Chain.

Your company’s ability to perform is, of course, critical. However, today, performance alone cannot ensure your company’s profitability nor sustainability. The health of the various supply chains, of which your company is a part, is more likely the best predictor of long-term sustainability and success.



I often hear that it is more important to work on your strengths, rather than spend a lot of time on your weaknesses. But, in a world where

(Continued on next page)



Critical Skills For Effectiveness continued.....

every company is one link in a hyper-extended, global-reaching supply chain, the chain can be no stronger than its weakest links.

As the OEMs and our upper-tier customers continue to focus on their strengths, two unanticipated results appear. First, the length and complexity of the supply chain increases dramatically, making it more likely that critical information is not available where it is needed. Second, the commercial and financial successes of any of the link companies in the chain become more vulnerable to the failures, weaknesses and missteps of all other supply chain companies.

Thus, it makes sense that your efforts to ensure the success and sustainability of your business are directed externally. This means connecting the supply chain up and down—“connecting” trumps and “communicating” with only your immediate customers and suppliers.

Our customers.

“Do as I say, not as I do,” pretty well sums up the tone and attitude of the OEM community toward its supply base. Unfortunately, our business success depends on these folks and things aren’t looking so good for them these days when they can’t move product without offering employee discount gimmicks. One needs only to read any newspaper’s business section or The Wall Street Journal to see the harvest resulting from the Big 3’s continued sowing of dictates and pronouncements.

A recent presentation by Plante & Moran partner Craig M. Fitzgerald projects that up to 30 percent of auto suppliers are “6 months or less from going out of business.” This is as much attributable to the patronizing

and one-way communications from the OEMs as it is to any misfeasance by the management of the supplier companies.

“Connection” means that the information and mutual understanding flow two ways. With connections—rather than pronouncements or decrees—each company can better understand the needs and wants of its trading partner.

Connection also implies equal distribution of the relationship’s benefits. The days of supplier abuse as a competitive advantage are gone, further aggravated by an ever-shrinking pool of qualified, capable suppliers. Who exactly is connecting with your customers these days?

Our suppliers.

Connecting with our suppliers is long overdue. Perhaps the weakest link in our value chain is understanding what our suppliers can do that will reduce the overall cost to the supply chain, as opposed to achieving lowest unit price on your purchase order.

Perhaps they can provide material already processed in such a way as to reduce your time and cost to machine, or at a strength level such that a post-machining heat treatment is no longer required.

Since 2000, almost 30 North American steel companies reorganized. Just as we now realize that a business that does not return our cost of capital is not a business (it’s business suicide), so too must our suppliers recover their costs if they are to be sustainable.

Without customers, our businesses have no reason to exist. Without suppliers, our businesses have no

product. Connecting with our suppliers to see what they can do that will save us all the most money might be the best solution for strengthening the chain and improving the chances for our businesses to be successful, profitable and sustainable.

What we can do.

Facilitate connections between our organizations and our suppliers and customers. Show me a job where the transaction is handled solely by fax machine or e-mails between Purchasing and Sales and I’ll show you a commodity job soon to be produced overseas. If we are to strengthen the chain, we need to identify the weaknesses and vulnerabilities of our entire process chain and cooperatively address them.

The auto industry’s failed fixation on demanding price decreases hasn’t done anything except lower Detroit’s bond ratings and put a large portion of its supply base on credit watch. Let’s use our unique spot in the chain to determine what changes can be made to optimize reward and minimize risk for all parties in our products. There is no one in a better position to do this than us, and there is no better time than right now.

Next issue: Part 3 — From Problem Detection To Process Failure Prevention.

