



Four Common Mistakes When Making Process Changes

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Engineering and process changes are a fact of life in our precision machining shops. In high-mix/low-volume production, process changes are actually a core competency. But there are four common mistakes that are often made by shops trying to implement such changes. When making engineering or process changes in your shop, try to avoid making these mistakes:

1. Claiming savings that don't really exist. This is probably the most common one I have seen. Top-down changes are almost always driven by somebody's perception that there are going to be some significant savings—savings that never materialize.

In many companies, the quality department has converted to “lean dojos” or martial arts thinking (them against the process). I call this wishful thinking error “Green Belt Fantasy #1.” I used to call it “Boss Delusion #1.” In my experience, the savings or “improved performance” aren't

sustained, if they show up at all. Want to know more? Do a Web search on “Hawthorne Effect.”

2. Ignoring labor fringe benefits (and overhead). This can easily be 20 percent or more per labor dollar. Just because the accountants

claim they have it figured in doesn't mean they really do. Failing to account for unanticipated maintenance costs is another aspect of this kind of mistaken thinking. I call this the “Iceberg Mistake” because we only see and plan on a tiny part of the real problem.

3. Using production time estimates that reflect substantially different rates of work. The best example of this was in a movie where the producer had a time study of how a chair was being painted by brush so he could low-ball the quote. (He needed a bunch of chairs for his production.) After the producer got his low-ball price accepted, the painting contractor picked up his signed copy of the contract and hollered to his crew, “Spray 'em!”

In our industry, we wouldn't dream of using setup time estimates for a CAM machine on a CNC machine. But when was the last time you audited the rates that your estimating and quoting

department is using? When were those rates last updated? Do they reflect your current shop reality? My name for this mistake is “Apples to Oranges” because we are comparing dissimilar rates.

4. Not accounting for the hidden costs of change itself. On what line item does this cost get entered? This error is the most trying of all. While we all like to think we make rational decisions based on cold, hard facts, most of us rely on a pretty large dose of “gut.” Our mental processes have a lot more adrenalin and other chemical inputs than we will admit.

If we really want to make a project happen, we somehow manage to ignore, underweigh or fail to

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consider unquantifiable criteria, especially relating to the human performance issues of those affected (e.g., employee fatigue, effort required, distractions' effect on performance and job dissatisfaction).

This is an invisible mistake to us in the organization, as the costs of change are not and often cannot be seen, nor are they

measured. Disruption, resistance to change, adjustment time, learning curve issues—these and others are invisible at the time when we most need to see them.

Worker acceptance of change is difficult to predict. It is even more difficult to manage. But, in my experience, the key to avoiding all of these mistakes when managing change is to give

the employees that have to do the work a contributing role on the team to implement the change.

“Become the change you wish to see” and “the easiest way to deal with change is to help create it” are two truisms that can help your people get involved. They can also help your shop avoid the mistakes (and their consequences) that I have listed above.

Put This Can't-Miss Program on Your Calendar

PMPA Management Update Conference—February 25-27, 2011
Disney's Contemporary Resort, Lake Buena Vista, Fla.

By Rob Kiener, Director of Government Affairs and Communications / rkiener@mpa.org

The premier leadership conference for industry managers and owners will be held this coming February in Orlando, Fla. when PMPA's Management Update Conference returns to Disney World's Contemporary Resort.

The conference will feature a broad range of topics covering the following critical subjects:

- Business Leadership
- North American and Global Economic Outlook
- Demographic Trends
- Workforce Development
- Creating a True Competitive Advantage
- Customer-Focused Selling
- Lean Revolution—A War Against Waste
- Labor Law
- Legislative and Regulatory Update

The speakers and topics are handpicked by the association's Management Update Committee, which meets throughout the year

to assemble the program. The vast majority of speakers selected have been audited in advance by the committee. This is done to ensure that each presenter has an instructive message and knowledge of manufacturing and our industry.

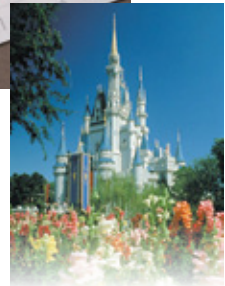
The event is open to the entire Precision Machined Products Industry, so make plans to be in Lake Buena Vista for this terrific annual conference. Industry leaders from companies across North America make PMPA's Management Update part of their business plan each and every year.

The Walt Disney World Contemporary Resort multi-year renovation project was recently completed. The resort now features expanded food and beverage outlets, refreshed guestrooms and complimentary transportation throughout the Walt Disney World complex.



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Disney will also provide PMPA Management Update Conference



attendees with free roundtrip ground transportation from Orlando International Airport to the Contemporary Resort via its “Magical Express” motor coach service. PMPA conference attendees have the option of purchasing “after 4:00 p.m.” entry tickets to the Disney theme parks at a reduced rate.

Details concerning the PMPA Management Update program will be available in the weeks ahead. For more information, visit the PMPA Website at mpa.org or call Rob Kiener at 440-526-0300, ext. 16.

Make 2011 magical. Join PMPA at Walt Disney World for Management Update.