



Managing Change, Changing Management

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There is nothing like business as usual to nurture a...well, let's call it a "business as usual" managerial role. In normal times, as managers, we work to achieve our organization's mission by planning, organizing, leading and controlling. This managerial focus is inward-looking, focused on the company itself, its people, processes and systems.

Organizational effectiveness is seen as a result of management's success at executing the plan, leading and organizing the organization's activities, as well as controlling the company's various systems and processes. The majority of the attention and efforts of the manager are rightly directed at the internal "means" of production, rather than the "ends." In normal times, the "ends" are presumed to logically result from properly executed "means."

There is nothing like today's Volatility, Uncertainty, Complexity and Ambiguity (VUCA) to turn the



managerial role upside down or inside out. The precision machining industry has suffered Volatility at the sudden lack of demand for our products. Our single-largest market—automotive and light truck—went from over 16-million units per year to annual production rates below 8-million.

In addition to this Volatility, our industry experienced Uncertainty as financial and credit markets imploded, making availability of credit and working capital virtually non-existent. When a line of credit is suddenly and unilaterally withdrawn, modified or tightened, even the basics of paying invoices and making payroll require heroic efforts.

Just a few years ago, our industry faced major uncertainty as the steel industry supplier base reorganized. Many companies reorganized under bankruptcy protection or closed, thus eliminating availability of preferred products and local suppliers.

Complexity for us, as small business owners, increased as government regulations and changes in their enforcement continued to emerge from the new Congress and administration in Washington. PMPA has also been involved in helping to combat unworkable metalworking fluid regulations on the state and regional level, as a case in point.

(Continued on next page)

In This Issue

[Managing Change, Changing Management](#)

[Member Profile: Enoch Manufacturing Company](#)

[PMPA Management Update Returns to the "Valley of the Sun"](#)

[Why Join PMPA? Connect PMPA Calendar](#)



Managing Change, Changing Management continued

Ambiguity is seemingly everywhere, but most painfully evident in two areas: the change in the pattern of demand and the increasing role of the federal government in our markets and industry. The pattern of demand in most of the markets served by the precision machining industry went from one of at least seasonal patterns to the current famine-or-feast model.

Long periods of no demand are punctuated by extremely urgent (bordering on hostile) demands to ship product given no lead time or notice at all. At the same time, changes in regulatory and market landscapes are being driven by new federal initiatives, regulation and enforcement in the areas of OSHA, EPA and COBRA.

Additionally, the Federal government continues to ignore the Chinese currency manipulation that has distorted our markets, decoupled the prices we pay for raw materials and permitted Chinese mercantilism to prevail.

Changing focus. In the current environment, managers that plan on surviving have to change from an internal to an external focus. The external world is the source of most of today's Volatility, Uncertainty, Complexity and Ambiguity, not the well-documented and controlled processes in our shops.

When the greatest and most serious challenges to our organization are from external threats, we must

adjust our focus and our roles as managers to these external challenges in order to remain effective. Fact-finding, sense-making, decision-making and execution are the most important dimensions of effective management today.

Certainly, the "means" (that is, those daily details of production) must be maintained and improved. But, with organizational failure just one external event away, managers need a process to stay attuned to the ever-changing VUCA environment.

This change of focus from internal to external might be uncomfortable for us personally, but it is necessary. The threat to the organization from external events is far greater today than ever before for our industry.

Effective associating. One means to better understanding and dealing with today's VUCA challenges is through effective associating. By combining the information you know with that of your peers, you construct a more informed view of our industry, customers and challenges. This year, PMPA has provided members with a number of different deliverables to help them achieve their "ends."

Two automotive market meetings were presented to review market direction and allow member companies committed to automotive to share sense-making and stay apprised of the latest developments out of Detroit.

PMPA has presented programs on critical legislative issues and continues to deliver to congressmen and senators the facts on the likely impacts of legislative proposals on our industry. We've worked to prevent unworkable metalworking fluid rules from becoming law. We've provided Webinars on regulatory issues affecting our shops. And, we have continued to provide technical support, industry statistics and benchmarks to help members evaluate their businesses compared to the rest of the industry.

Somebody ran a campaign on Change. Our industry continues to be ravaged by VUCA change at an unprecedented rate. Yet, by changing our focus from inward to outward, by effectively associating with our peers and by having great systems and process controls in place in our companies, our managers are sustaining our member companies despite the Volatility, Uncertainty, Complexity and Ambiguity we all face.

Our businesses are meeting these external challenges—not by focusing more on internal details—but rather, by changing focus, adapting to the current realities and working like crazy to make good things happen.

Change. It's uncomfortable. It's not pretty. But the managers in the precision machined products industry seem to have adjusted to the new reality. I hope you have, too.

"...Today's Volatility, Uncertainty, Complexity and Ambiguity (VUCA) have turned the managerial role inside out."
