



Sustainable Businesses

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Beneath the din of bad economic news on TV and in the business pages, if you listen carefully, you'll hear another theme: sustainability.

For many of us who grew up in another era, "green" means money. But to the folks setting the agenda in the media these days, green (from our perspective) means likely having to spend more money to meet somebody else's "green objective," whatever that might be.

So, when you hear the word "sustainability," perhaps it might be a good idea to ask, "What exactly is it that we are trying to sustain and in what order?"

Sustainability was defined by the 1987 World Commission on the Environment and Development Report, "Our Common Future" as "meeting the needs of the present without jeopardizing the ability of future generations to meet their own needs."

This rings true to me, as it first points out that taking care of the needs of the present is an important precondition if there are to be future generations. From the



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point of view of a small precision manufacturing company, sustainability must first address "meeting the needs of the present."

What are the needs of the present for a small precision manufacturer?

Viable, creditworthy customers. Without demand, there is no need for our products. The current economic crisis has taught all of us that it is demand, not supply, that rules the markets.

Taking actions to cultivate, nurture and serve our customers is probably our first and most important foundational step towards sustaining

our businesses. What is your company doing for customer cultivation?

Skilled, talented employees. Even automatic machines have to be set up, operated and maintained. Despite the economic pressures to reduce our costs—of which payrolls are a large part—we must walk a fine line in maintaining our companies' abilities to use our machines and systems versus reducing current payroll expense. Companies in our industry have identified a number of ways to reduce employment expense while

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maintaining talent. I hope that you are, too.

Available capital resources.

A critical input to our businesses is capital. The lesson from the current economic crisis is that more local community sources of capital might be more stable over the long term.

Currency flowing globally and chasing ever-higher returns is one symptom of the current economy. Global investors aren't in a position to see the value you create in your shop and in your community. Community bankers and investors helped build our industry in the last half of the last century. Perhaps this is a means toward a more sustainable capital structure for us going forward as well.

Efficient use of resources.

The Sustainable Community Roundtable in Olympia, Washington defined sustainability for a community this way:

"A community is unsustainable if it consumes resources faster than they can be renewed, produces more wastes than natural systems can process or relies upon distant sources for its basic needs."

What the roundtable defined for a community may also apply to our businesses.

"Consumes resources faster than they can be renewed." Or, consumes resources that aren't truly needed. Our industry has been working on Lean Manufacturing for many years. But we still have a long way to go.

In processes, we have the idea of mass balance, meaning that inputs and outputs must balance. In sustainable thinking, the idea that the amount of inputs is greater than the amount of outputs is a signal of waste. It is also a signal that additional waste of expense is created in having to pay for the disposal of the wasted materials.

All shops should be looking for and eliminating the eight kinds of wastes every day.

"Produces more wastes than natural systems can process or relies on distant sources for its basic needs." This idea demonstrates our need to minimize wastes. Our industry has been a leader in recycling process wastes. The steel, aluminum and brass mills remelt the chips we make in our processes. Our oils are recycled, replenished and reused; when exhausted, they can be fuels for energy recovery.

The idea of "relies on distant sources" points out that our sourcing also creates a waste if we purchase from farther away than necessary. We must be careful here. This is not a declaration that we should purchase coffee grown in North America just to save the freight. The expense of trying to create an environment for coffee-growing here would make coffee far more expensive than bringing it from where it grows naturally.

This idea really asks us to thoughtfully consider what the best supplier is for each of our shop's needs and then purchase accordingly. Our sourcing—the purchase of the tools, equipment and materials we need—should first be based on the ability to fulfill our identified need; then on its cost; and finally, on reducing any other incidental costs, such as transportation or disposal. This is the sustainable way.

Where one buys commodities, perhaps the idea of buying local becomes the primary consideration. Are boxes and packing materials better sourced locally or out of state? What about absorbents? Do first aid supplies really have to come from a national mail order house or can we keep our dollars in the community for such items? Do we need to have an officially

ordained "kit" or can we equip our shops with the first aid and safety supplies we actually use?

Finally, what about using this "relies on distant sources" lens to evaluate our customers? Are we really in the best place to serve a customer in a different time zone or more than a day away by conventional freight?

While far-off customers might look more attractive, it may be more sustainable to consider, "have we fully investigated the opportunities in our own local or natural market?" And then, work that list.

When the talking heads bring up the idea of sustainability, they almost always start talking dreamily of a far-off future. Long-term thinking has its place in our understanding of what it means to be sustainable. But more important is defining what it is we wish to sustain for that far-off generation of the future.

I would like to see us, as precision manufacturers, sustain our ability to produce parts that improve the quality of life for all of us. I would like to see us sustain our businesses that produce parts using the talent of our craftsmen with a minimum of waste. I would like to see us sustain and be sustained by the local, state and national communities, of which we are an important part, as well as our global community of precision manufacturing.

Most of all, I would like to sustain an attitude of continuous improvement that has been the hallmark of our industry since its founding. Because, while sustainability is currently on everyone's minds, our industry has and will continue to exemplify progress and continuous improvement. And that, I believe, will be the real engine of sustaining the precision machining industry into a new and prosperous future.