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The One Thing I Know For Sure

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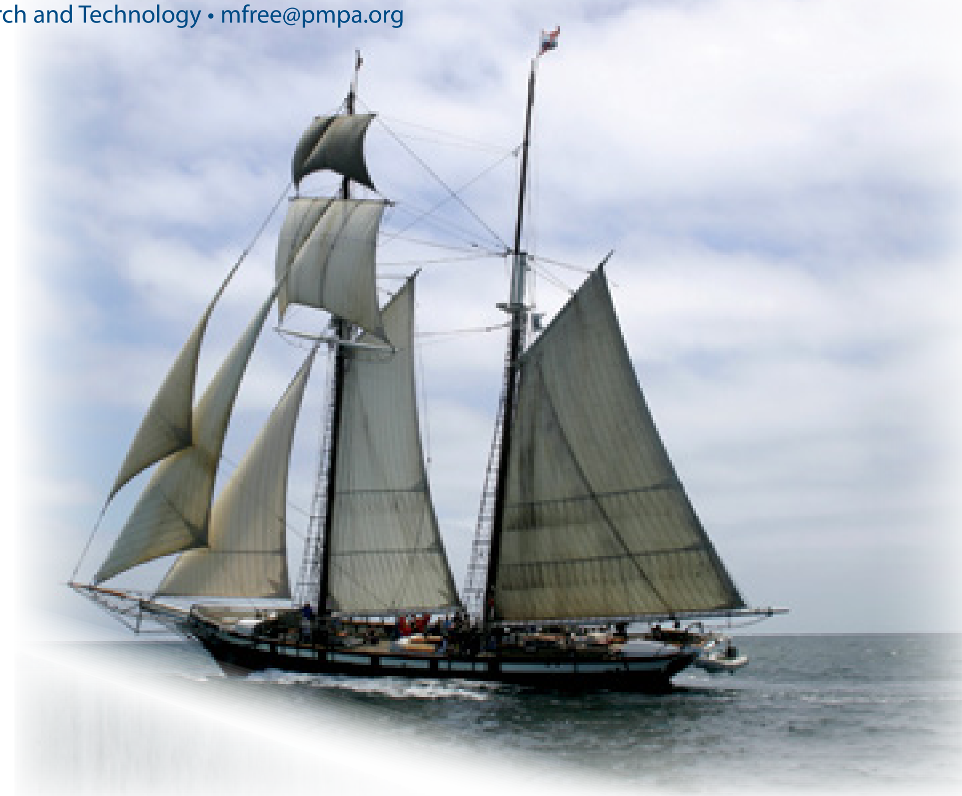

Many companies start their fiscal year in July or later and thus are in the process of preparing their annual strategic plan. In today's "crazy*" world — where banks have cash but won't loan it, companies want precision parts but won't pay for them and General Motors' current CEO lives at 1600 Pennsylvania Avenue in Washington, D.C. — there is not much we can be sure of.

Having been through some incredible down cycles during my time in the steel business, I offer four compass points to guide you to a useful strategic plan.

1. Before you start. Revisit how effective last year's strategies were. These are clearly trying times. Yet, here you are today, trying to plan for your company's success for the coming year. What worked for you through last year's high-rate-of-change, business environment—whatever it was—is a key strength. Recognize it. Name it. Respect it.

2. As you start. Agree upon the key measures of success. Real gritty, operational measures. Metrics, not "nice to haves." "Three new trial orders from new accounts" is a metric of success. "Made 30 cold calls to potential accounts" is not.

Metrics for success are not solely a reflection of your organizational performance. Understanding the financial, operational and sales performance of your customers, suppliers and competitors is crucial to intelligently managing today's risk.

3. Avoid the ruts. In my experience, strategic planning typically fell into three ruts. Rut #1: We'll just extrapolate from last year's curve; Rut #2: Business as usual (just increase the bogey); and Rut #3: The boys at the top pronounce the new plan without input from all areas and teams.

Rut #1: Extrapolating from last year's curve is unlikely to be successful. Last year, everyone knew the world was round. But damn, in October, we sailed right over the edge of a flat earth.

Dynamics are different this year. The U.S. Government has put huge amounts of cash into the economy. If you were I, you'd probably be looking pretty hard at finding those orders for infrastructure-related products.

(Continued on next page)

In This Issue...

The One Thing I Know For Sure continued

Rut #2: "Business as usual" means that the planners are oblivious to what really changed. That is, the nature of change itself. Sudden, precipitous, economy-wide global shocks are not the stuff of business as usual. Revisiting what has worked over the past year will help you sustain your company this year. That's as much of business as usual as your new plan can take.

Rut #3: The boys at the top hand down the stone tablets of strategic knowledge. This one is sure to be dead on arrival. Now more than ever is the time to get everyone's input on what has worked, what could work with a little adjustment and what really isn't working.

If your strategic plan worked these in reverse order…well, it seems to me that that would be the seed of a relevant strategic plan. Consulting with colleagues and the staff of PMPA can help you gain some broader perspectives, too.

4. Back to the future won't fly this time. We've worked through many dramatic downturns in our careers. None have been quite so dramatic as this one (though that is what we always say at the time).

So, here's the one thing that I know for sure: If you approach this year's strategic plan the way you've approached the last five, you will be toast.

The economy has changed. The government has changed. Our customers have changed. Our access to capital has changed. Change has changed. And, the rate of change of the rate of change has changed.

You can't simply look in the rear-view mirror to develop your strategic plan. Clinging to the past won't help you. You have to understand where we are now and respect what works today.

*A tip of the hat to Ozzy Osbourne and the song "Crazy Train."

"Revisiting what has worked over the past year will help you sustain your company this year."

PMPA Discount Shipping Program Adds UPS Freight

The PMPA Discount Shipping Program recently announced the addition of UPS Freight℠ to its stable of carriers for less-than-truckload (LTL) shipments.

"UPS Freight is another great carrier choice now available to PMPA members," says Harry Centa, program manager for PartnerShip, the Ohio-based organization that administers the program for PMPA. "Since its inception, the PMPA Discount Shipping Program has offered enrolled members world-class service and great discounts with YRC (formerly Yellow Transportation). Now, UPS Freight brings another great choice for service and savings in LTL shipping."

Enrolled PMPA members receive a 64 percent discount with UPS Freight and YRC (applied to base rates in effect at the time of shipment).

Members are encouraged to enroll in PMPA's enhanced Discount Shipping Program. There are no obligations, no minimum shipping requirements and the discounts are exclusive to PMPA members. "Another plus to the program is PartnerShip's experience in working with members to reduce shipping costs," says Rob Kiener, PMPA's director of marketing and communications. "PartnerShip provides free analysis of shipping invoices to show exactly where members can save money."

For additional PMPA Discount Shipping Program information, visit PartnerShip.com/26PMPA, call PartnerShip at 800-599-2902 or email info@PartnerShip.com.

If you're not a member of PMPA, but would like to learn more about the association's full range of programs and services, including shipping discounts, contact Rob Kiener, director of marketing and communications at 440-526-0300, extension 16 or via e-mail: rkiener@pmpa.org.