

A Contrarian View of Secondary Ops

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Earlier this year, I spent a couple of days with a leading figure in the precision parts industry. This was someone who owns his own shop and reorganized it several years ago, completely eliminating secondary operations. "Miles," he said, "running secondary ops is a lose-lose proposition. The costs of workers' comp and healthcare for the employee running them make secondary ops a non-starter in today's environment. The labor cost just kills you."

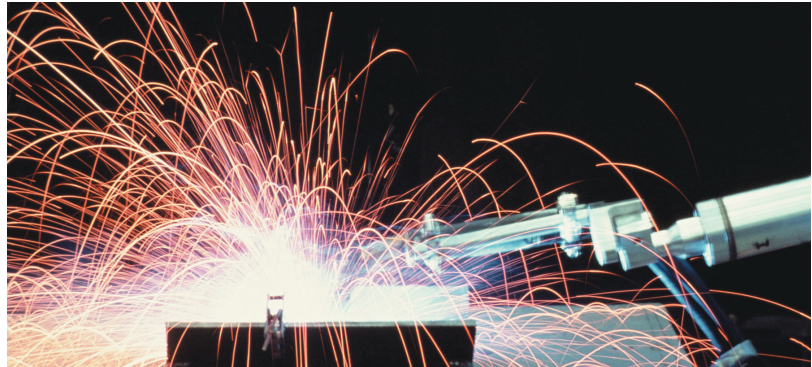
Since then, I have had plenty of time to think about the role of secondary ops in today's environment. I have also had the opportunity to visit a few shops where secondary ops are a major component of the companies' capabilities and contribute positively to their bottom lines.

I stood by one shop's Techno-Wasino A-12 chucker with automatic "part flipping" capability, and I can tell you, I never saw an operator at that machine the entire morning. While my friend did make a very convincing point, I am beginning to see the potential tactical advantages secondary ops can provide. These are in addition to the greater flexibility a shop would have over those who slavishly follow the "must drop part complete off the automatic" mantra.

1. Smaller Lot Sizes

The smaller lot sizes being produced today cannot cover the value of the hours of lost production time required to set up a big multi-spindle machine to drop some complex parts off the machine complete. Using less expensive and easier-to-setup secondary operations to finish parts blanked on the multi-spindle machine can achieve both a shorter setup time and a shorter cycle time.

The shop facing today's smaller lot sizes just might be able to compete



by using the secondary approach to maximize "shop throughput" without increasing its payroll or labor hours. This is especially true where the shop lacks significant CNC capability.

2. Lower Cost to the Enterprise Per Finished Piece

Tactically using secondary ops can reduce cost-per-piece if one has a good understanding of the cost structure and accounts. A 6-second cycle time reduction on a \$90/hour primary machine will cover almost 18 seconds of secondary time on a \$30/hour rate operation. Why not run the job using the lowest cost process routing combination that gets the job done to spec?

3. More Pieces Invoiced at End of Month

Shorter setups and shorter per-piece cycle times can result in increased throughput and production for the month. Those, in turn, result in more production for the same scheduled "operating" or "labor" hours in a month. In particular, shortening the setup time needed on the primary machines will result in more hours available for operations to actually produce parts.

Secondary ops can help achieve this by reducing the complexity of setups on the primary machines. That means an increase in available capacity, increased sales and increased cash flow.

4. What About That Labor Cost?

This is a crucial point. If you have to bring back an employee from a layoff or as a new hire, then the objection about the additional cost of workers' comp and healthcare is a valid argument against secondary operations.

In today's market, many shops are at their minimum staffing levels. The costs of an operator and a material handler are fixed because they are already on your payroll. If moving them to secondary ops can help a shop free more production hours by shortening cycle and setup times on the primary machines, that's a good thing. If they can help the shop reduce per-piece cost, that too is a good thing.

If, at the end of the month, because of a tactical decision to use secondary ops, a shop is able to produce and invoice more parts, that shop just might find a little extra revenue. It can be done using the same number of employees already on the payroll but only if the "must drop part complete off the automatic" mindset is overcome.

What can you do today to increase your parts produced and invoiced without increasing your payroll or capital expense? Consider the use of secondary operations!

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