



# Prosperity in 2015: If You Dare

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2015 and 2016 are poised to be very profitable years for our shops, employees and industry, if we have the courage to manage our businesses, rather than just avoid the challenges. How will you meet the challenges?

I was pleased to be in the audience when Brian Beaulieu, of Institute for Trend Research (ITR), gave the keynote at PMPA's Management Update Conference. Brian is a top-ranked speaker (he has the top three slots on our speaker tracking list!), and frankly, why would you even have an economist as a keynote speaker unless he was a great speaker and had a great message to share?

Here's why you should believe Brian when he speaks about the economy, our industry, the business cycle and what it means to our shops:

1. His firm forecasted eight indicators for 2014: Seven of those eight came in at 97 percent or higher accuracy. The sole miss was their forecast for U.S. housing, which came in at 94.7 percent accuracy. That is why when Brian speaks, we are all ears and taking careful notes.
2. My personal experience with ITR began 10 years ago when I heard a presentation at a conference in Chicago. At that time they were saying, "It really doesn't matter who wins the election in 2008. In 2008-2009 there will be a major recession, of enormous impact."

While no one back at the office wanted to consider this prediction, I wrote it down. And we all know what happened to our sales and businesses in 2009...

So that is why we pay close attention to the ITR forecasts and leading indicators about the business cycle.

What did Brian share with our attendees, and what does it mean for your business?

**Strong Dollar** is good news for our businesses. Yes, a strong dollar can hurt exports. But frankly, our exports to Japan and Europe are not really critical to our economic recovery and growth. The strong dollar also means lower energy prices, which ITR forecasts to remain low for the balance of the year, hitting their low in the Q3 of 2015.



**Economic Outlook** is positive until 2018. With no major economic obstacles in the short term, what should we be doing to make the most of this period of opportunity? Here are some thought starters:

**Pricing.** Stop worrying about pricing. Pricing is going to be increasingly irrelevant in a world where high demand and no inventories make delivery king. What good is the lowest price quote when your best delivery is a quarter away? Delivery is going to be the determinant of who gets the business in the years ahead. How can you work with your suppliers and customers to assure that your company can provide the best delivery?

**Delivery.** Delivery is why shops set up machines. No one sets up machines to get a great price. You set up your machines because we have material to start running. Managing your supply of raw materials is probably going to be the most critical thing that you can do to grow your profits over the next year or so of economic calm. What can you do to assure that when the customer calls, you can say "yes" and get the order?

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**Quality.** Yes, quality is going to be more important than price in the year ahead. Why? Because when everyone is busy, and at capacity, a quality miss is actually a negative penalty imposed on the lost time and diverted attention, over and above the costs involved in the quality issue. You (and your customers) already have more to do than time to handle it. The additional overlay of solving quality issues is a penalty or tax that your business will impose on them if you fail to get it right. That means no more business. Get your quality right. This is every bit as important as having material. Without material, without quality, you do not have a sustainable business.

**Culture.** Focus on your culture. Your business is based on successful employee behaviors converting raw materials and processes into customer-desired, conforming products. Your modeling of professional behavior helps build a culture that supports the desired behaviors in your team. Investments in training today will add to your revenue stream permanently as your team becomes more productive and operates at their highest and best use.

**Evaluate.** Audit your company. One of my favorite lines from Frank Herbert's *Dune* series goes something like this: "Who

knows what senses we lack, that we might better see the world around us?" What about our businesses? What systems do we lack (or need to improve, refine or upgrade) that we might better meet the needs (and increased volume) of our customers in our upcoming years of increased activity?

What else did Brian share with the attendees of our management update? I have shared just a handful of takeaways from Brian's time on the stage. Our attendees got an 11-point list of objectives to prepare themselves for success in 2015-2018. Our attendees know which eight economic indicators to watch to confirm that the business cycle and their actions remain on track. These from a source with *ninety-seven percent accuracy* of economic forecasts.

**Prosperity will be there – if you dare.** PMPA members have the economic indicators to make smart decisions in a world that to everyone else seems volatile, uncertain, complex and ambiguous. Are you going to win on price over the next couple of years? It worked before. But we think not. Making inferences from the available data gave our attendees sensemaking about the coming years. Our leading members will dare to be prosperous. I hope that you are one of them.

## 2 GREAT BLOGS!

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## HOT TOPICS

PMPA members support one another through email Listserves, where they can solve problems, share advice, sell excess material and equipment, and learn about new developments and opportunities. Here is a list of topics that were recently discussed:

- New character stamping method
- Questions about SAE AS 7228 material
- Rust-preventive, non-tacky
- Upcoming tour of Corey Steel
- Mist collection
- Breaks and meal periods: extended and nonstandard shifts
- Multi-machine cell operations: cost accounting treatment
- Short part detection: Escomatic
- Machining plastics dry or with coolant?
- ID burnishing tool sources
- Keyway broaching on 4-inch part

As a matter of fact...

**96%** of PMPA PAC-supported  
2014 candidates won their elections.

## PMPA CALENDAR

For the latest district/chapter meeting information, please view the Calendar of Events at [pmpa.org/events/calendar](http://pmpa.org/events/calendar). If you have questions about PMPA conferences or regional meetings, please contact Monte Guitar, director of technical programs, at 440-526-0300 or [mguitar@pmpa.org](mailto:mguitar@pmpa.org).



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