



Three Ideas to Thrive in 2015

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It is late December 2014 as I write this, and I have just posted a story from NAM to the PMPA Weekly that manufacturers expect 2015 to be even better than our "good year of 2014." I had prepared some facts and figures for our Capitol Hill lobbying just last week, explaining how the precision machining industry created over 26,771 new jobs from 2010 to 2012 (employment is up 34.9 percent!). I also just finished helping a PMPA member explain to their customer why that customer's failure to adequately forecast the demand for their medical components means, that due to the normally extended mill lead times for the exotic material needed to make their product, the earliest possible delivery of raw material to our member's shop to begin making their parts is some 27 weeks away.

If the pundits are right and 2015 is going to be a strong year for manufacturing, what can you do to optimize your chances for success?

Recalibrate Your Plan

Yes there are lots of potential business disruptors in the news. Syria (anything about the Middle East really), Russia and European oil/natural gas supply, lack of a real housing recovery in the U.S., the list could go on and on.

The fact remains that the forecast for real GDP growth and industrial production are expected to be up about 3 percent next year.

But what do your peers think? What do their plans expect? PMPA is finalizing our 2015 Business Forecast Report, but until that is released, let's take a look at a survey by NAM in December 2014.

91.2 percent of respondents were somewhat positive or very positive in their own company's outlook. Outlook for sales was positive as well, with manufacturers expecting sales to grow 4.5 percent on average over the next four months according to the survey. Manufacturers also expect to increase their staffing by 2.1 percent over the next 12 months, the fastest pace in over three years, according to the report*.

Your customers, supplier and competitors are planning for a year of growth. How do your current plans measure up? Will

you be competitive with your peers? Are you prepared for growth, or are you still in hunker-down, play-it-safe mode? You need to calibrate your plan on the emerging reality that we really are in an industry-led economic recovery.

Invest in Training Your Talent

In manufacturing, there are two things that help you to create unlimited wealth: Eliminating root causes of problems, and deploying unused employee talent and creativity.

When you eliminate a root cause, so that non-conformances can no longer occur, you save the cost of dealing with those non-conformances in perpetuity, freeing up your resources to add further value and grow your business.

When you train an employee, you similarly gain new skills and new value as they learn to operate at a higher and better use than previously. Everyone wins when we train. The "Skills Gap" is not going to be solved for us by people or organizations "out there." It is up to us to equip our people with the knowledge they need so they can achieve their highest and best potential in, and for, our shops.

Plan for Lead Time Issues

Losing half a year waiting for raw material is not a plan for success, as one PMPA member's customer found out. Neither is speculation and hoarding of materials for price hedging purposes. But identifying critical materials that are likely to be unobtainable in an up market, as well as those materials with historically long lead times, and taking steps to assure continuity of supply is called "intelligently managed risk."

Early in my career I helped our company go "from worst to first" ranking as supplier to a major fluid power company. What we did to improve had little to do with how we operated; it had everything to do with divorcing our raw material ordering pattern from our customer's forecasts. By creating a statistical understanding of their consumption over the previous year, and considering the quarterly and semiannual rolling schedules for some of the materials that were needed to prepare their products, we found it easy to have material in house 100 percent of the time to convert to their items,

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regardless of their demand changes, forecast inaccuracies or clerical errors.

What are the items that you just know are going to be problematic with your customers? What is your plan for having material available for those items, regardless of mill lead times and rolling schedules?

Without such a plan, it will be material availability, and not your shop's competitive advantages, that determine your profitability in 2015.

Final Tip

Regulatory issues can derail the best plan. If your shop is going to capitalize on this 2015 year of manufacturing

opportunity, it will do so because it is operating safely and complying with the applicable regulations. Nobody wins a race dodging speed-bumps or chuckholes. Regulatory violations can derail your plans for success quicker than anything else. Make 2015 the year that your shop gets regulatory right. Train. Follow up. Assess. Improve.

Ultimately, the success of shops is determined by the ability of management to anticipate challenges and execute their plans. We've given you our "anticipation" for 2015 in the above points. Let's see how well we can execute this year.

**You can view the report at:*
short.productionmachining.com/staffingreport

As a matter of fact...

Precision Machining shops have a wealth of indicators related to their shops. The industry trend resources provided by PMPA help member companies make decisions based on strategic, real-world data.

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:

- Burnishing on Swiss: Tooling?
- NGT thread gage
- Webinar on Massachusetts paid sick time law
- 6105-T5 aluminum extrusion machinability
- 6061 T4 aluminum and work hardening
- Shop management software
- Looking for Swiss advice
- Air cylinder for Lipe bar loader
- Step grinding
- Conflict minerals compliance

PMPA CALENDAR

Below is the calendar of upcoming conferences and events scheduled for the 2015 program year. For the latest district/chapter meeting information, please view the Calendar of Events at pmpa.org/events. 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.

Management Update Conference

February 27-March 1, 2015
 Hyatt Regency River Walk
 San Antonio, Texas

National Technical Conference

April 19-21, 2015
 Greater Columbus Convention Center
 Columbus, Ohio

Precision Machining Technology Show

April 21-23, 2015
 Greater Columbus Convention Center
 Columbus, Ohio



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