



Five Keys to Success for the Precision Machining Industry

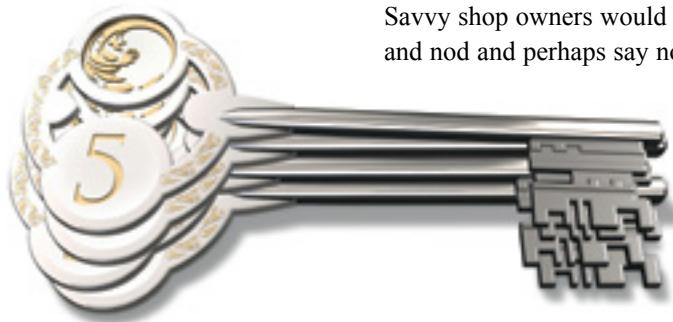
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The precision machining industry has several unique characteristics that make it a relatively steady performer in the North American economy. Because our shops serve a broad range of industries and markets, volatility in one area is usually compensated by steady performance in another.

While industrial production is seen as a major driver, the automotive and aerospace markets have shown themselves to be indicators of the state of the industry's shipments. Historically, growth in the PMPA Index of Sales has tracked closely with growth in the U.S. economy.

So, if we serve such a broad range of markets, what can we look at as possible keys to our success?

1. Technology. In another piece in this issue, I discuss Technology and how it reduces the time required to make complex parts and, ultimately, costs. Technology is the means of achieving best-in-industry capability, efficiency and lower costs.



I continue to be impressed with the shops that continually upgrade their capabilities with the latest technology. They continue to grow. They also continue to win quotes they would have probably declined (or lost as being too expensive) a year ago.

2. Training Your Skilled Workforce. Just as technology improves your company's ability to manufacture world-class parts, so does training improve the capability of your people to meet the challenges they encounter in daily operations.

You are already paying supervisors and lead men wages. So getting them to teach the operators "how to fish" just makes sense in terms of increasing both your team's effectiveness and its

efficiency. A senior, knowledgeable person's highest and best use includes training the team, not just "doing his or her thing."

3. Customer Loyalty. Many people think that customer loyalty is out of their control and subject to the fickle whim of the lowest price. Savvy shop owners would smile and nod and perhaps say nothing.

That's because those shop owners know their percentage of repeat business. They also know the costs to find and deliver new customers.

Customer loyalty is very much under the control of your company. It is dependent on the treatment and demeanor of every member of your team that interacts with the customer. It also includes the handwriting legibility of the person labeling boxes, tags or paper work...the readability of bar codes...the accuracy of part counts and weights...and the attitudes and abilities of the people your customers communicate with over the phone and via email.

In the old days, our shops served our locales and a visit with an annoyed customer to smooth things

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over was not a major expense. Today, many of our shops produce for customers several time zones or continents away. Customer service is our way of controlling customer loyalty. When was the last time you took a hard look at your customer service? And how do you track it?

4. Quality. These days, quality is considered to be a given, so it probably comes as some surprise to see it listed as a key to success. Quality continues to be a key for several reasons: a) Discrepant products are an economic loss to the company whether or not they get to the customer; b) If those products do get to the customer, they can increase costs and damage claims exponentially for your company, thus destroying any profit that might have been; c) If your team mishandles the whole “lack-of-quality experience” with your customer, you might just end up losing the customer.

5. Management Attention.

This is the master key for success in our machining businesses. You see, it is only management attention that can assure that the latest technology is deployed, that people are trained and continuing to upgrade their skills, and that customer service is practiced to create customer loyalty.

To recap, *technology* contributes to maintaining your company’s quality performance by improving capability, reducing variability and by creating more robust processes. *Training* reduces the chance for errors and misunderstanding, and improves the capability of your team. Training deserves to be paid more than token attention.

Customer loyalty is a result of the relationship between people at your customer’s and your company. It is built on favorable customer service. Just as *quality* is “conformance to requirements,” customer loyalty is based on how customers perceive their interactions with your team. Do your people put the customers’ needs first? Or are they always quoting some policy or rule that gets in the way of great customer service?

It seems like everyone has a “quality system” these days. *Management attention* to the indicators of an organization’s quality—and its efficiency and effectiveness, just like its costs—is essential. It is essential to assuring that the other four keys are in place to unlock the profits that your business can manufacture, using your shop’s unique technology and talent.

Why Join PMPA?

Connect!

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Connecting with fellow members allows distributed problem-solving. You have the wealth of knowledge of the entire membership at your disposal. By sharing this collective wisdom, PMPA members help one another address issues and solve problems that are common to our businesses.