



How Do You Calibrate Your Business?

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Every precision machining shop has a calibration system to assure that its products are dimensionally compliant and meet the expectations of its customers. Calibration systems assure that when shops say, “0.0001 inch,” that it is, in fact, 0.0001 inch.

How do you calibrate the business of your business? How do you know that you are getting the same share of sales in a market as your peers? How do you know that you are paying the wages the talent you have deployed is worth? How do you know that what you are seeing for material prices are the trend in the market and not an anomaly?

PMPA members calibrate their businesses by participating in PMPA surveys and reports. Changes in our monthly Business Trends Report correlate well with automotive market moves. In fact, our Business Trends Report has been reblogged by *The Wall Street Journal Online*.

In addition to capturing the trend of monthly sales of precision machined products, the report

tracks sentiment on hours of first shift scheduled and overtime, as well as outlook for sales, lead times, employment and profitability in our reporting companies.

Are you having a good month? A poor one? Is it just you or is it the market or industry? PMPA’s Business Trends Report will help you track and calibrate to the experience of your industry peers.

Wages paid to employees is another area that requires attention and facts to be managed effectively. We all know that it is our skilled and talented employees operating our technology and systems that make our businesses competitive and sustainable. How do you know if the wages you are paying are competitive and sustainable? The worst way to find out that you are underpaying is watching your most talented people leave.

PMPA offers an annual Wage Survey and Report for hourly shop employees. Every other year, the association offers an Administrative and Clerical Wage Survey and Report. In 2012, PMPA completed

an Executive Compensation Report for benchmarking at the executive levels. How do you know if the wages you are paying are competitive and sustainable? Participants in PMPA’s various wage surveys know because they are calibrated with precision machining shops just like theirs.

Markets and materials are other areas where PMPA members can have an information advantage over other companies. PMPA has resumed publishing its Material Impacts Report, which provides pricing trends and sense-making on the raw materials used to produce the feedstock for our products. Is the move on the pricing you are being given typical or a special case? Readers of the Materials Impacts Report have a way to calibrate.

PMPA also produces an annual Business Forecast Survey and Report. This report looks at participants’ reports and forecasts of sales in various market segments served by our industry. The report includes a longitudinal view as many participants provide data each year so that the trend over time—not just point in time—is apparent.

How do you calibrate your business? PMPA members have a variety of survey and report “Tools They Can Use” to give them a place to stand when evaluating the performance of their firms. Industry peers are their calibration standard.

How do you calibrate your business? How should you?