



Three Commitments for Sustainable Success

By Miles Free, Director, Industry Research and Technology / mfree@pmpa.org



We have all learned that the capability to make things is not what drives the market for our products. We did not have a viable

market for our automotive components when the demand for new cars went away at the end of 2008 and 2009. So, if our capability to produce isn't a guarantee of our sustainability, what is?

Commitment is a strong predictor of success in my life experience. Talent is nice. Luck is great to have. But without commitment, neither luck nor talent can assure you success.

My father was an airplane pilot. He was absolutely committed to landing safely and having the number of landings equal the number of takeoffs. His talent and knowledge were important. Perhaps he was lucky, but his commitment was key.

So what are the three commitments that are your best assurance of sustaining your business? Here are my nominations for three key

commitments for our precision machining businesses:

Commitment #1: Find a way to say "yes." The foundation of our business is customer demand. If we say "no" to customers, we slam the door on demand—the basis of our business. Finding a way to get to "yes" on difficult-to-achieve tolerances, positional callouts or other product attributes is the most critical competency your shop can have.

Find a way to offer what your customer wants, rather than just accept the engineering department's safe and business-killing stock reply: "Can't do it."

The commitment of the pilot is to land safely. The commitment of our shops is to provide customers with products they want. That means getting to "yes" on their needs via our capabilities.

(Continued on page 2)

In This Issue

[Three Commitments for Sustainable Success](#)

[Technical Member Profile: Horn USA, Inc.](#)

[Mark Your Calendar for the PMPA Washington, D.C. Fly-In—September 21, 2011](#)

[Why Join PMPA? Connect!](#)

[Three Reasons Why Mechanical Properties of Cold-Drawn Steel Can Vary](#)

[Listserve Topics](#)

[PMPA Calendar](#)



(Continued from page 1)

How can you get to “yes?” Ask questions like, “What if we...?” or “What could we do with...?” or “If we had to do this today, what would it take?”

In the event that you cannot get to “yes” offering your best capability, what it is that you can do at least keeps the conversation going. Offering your best trumps “no” in keeping alive the opportunity to win the order. Who has the authority to say “no” for your company? Why? It’s time to help your people understand that the goal is to get to “yes.”

Commitment #2: Commit to continuous improvement. Continuous improvement originates from our culture. Our culture expects “progress.” Things that are better today than they were yesterday. Learning from our mistakes so we don’t repeat them and their painful consequences.

Continuous improvement applies to all areas of our business. The categories of the fish-bone diagram—Man, Machine, Method and Materials—give us a starting point for our continuous improvement efforts.

Man—training to improve or upgrade skills.

Machine—Capability documented? Understood? How can it be improved?

Methods—Our people are talented craftsmen. What ideas regarding methods and techniques can they offer? (At April’s PMPA National Technical Conference, in several round table sessions, several hundred experts shared their best ideas to develop ways to manufacture challenging parts.)

Materials—Materials can be a challenge since their selection and availability are out of our control. But with every batch we machine, we have an opportunity to learn a little bit more about how materials behave when forced to confront our choice of tooling.

Continuous improvement is a way of life for most small business owners. If they aren’t improving, they know they will be left behind by others using new tools, technology, marketing plans...the list is endless.

Do you have a process established for continuous improvement? Does your process assure that the improvements your team develops not only become adopted, but also are sustained and shared throughout your shop?

*“Get to “yes.”
Commit to continuous
improvement. Recover
your cost of capital.”*

Lessons have to be both learned and institutionalized if they are to lead to permanent improvements. Commit to continuous improvement. Have a process and follow up to assure it is ongoing throughout your shop.

Commitment #3: Recover the cost of capital. This commitment is different from the other two. It is inward-facing and has its consequences solely on your business, not the customer’s.

This commitment requires a discipline and process so that your business itself can actually continu-

ously improve, because you are not cannibalizing it. Commit to treat your business as a financial venture, not a hobby.

Returning the cost of capital is critical if your business is to be sustained over the longer term. Lowering prices just to get an order is short-term folly as it fails to help you maintain, let alone improve, your company.

If you are not made at least whole in each transaction, then you are losing enterprise value. If you fail to make a profit, you will not have funds to further invest...in training, in improved technology, and in improved deliverables and services.

Committing to having a bottom line by assuring that you at the very least recover your cost of capital is equally important as the other two commitments described above. After all, without financial stability, you cannot afford what is needed to help you say “yes” to tomorrow’s opportunity, nor to be able to afford improved technology and people in your company.

Failing to commit to recovering your cost of capital is like failing to commit to putting down the landing gear on that plane coming in for a landing. It’s not a nice flight if it is a crash landing. Cover your cost of capital. Then you can continue to improve your offerings to your customers (and maybe to someone else’s customers) and make it easier to say “yes.”