

Do More with Less: Increase Productivity and Boost Profits

Written By Jerry Stenger, President, Mechanical Finishing, Inc.

Because of the economy, manufacturers are putting a greater emphasis than ever on key business decisions such as which employees to keep, what can be done less expensively, how to grow sales and so on.

The biggest downside to some of those decisions is that employees are asked to do more with less support, less supervision and less training. That often leads to mistakes and the savings the company thought it would be realizing are now gone with rework costs, scrap parts, etc.

Enter the manufacturing service job shop. The job shops still in business today are probably ones that have good leadership and talented employees. The entrepreneurial spirit that defines so many job shops is what allows them to be successful.

You the customer say we have done this process in house for twenty years and we have always done it this way. We don't need to talk to anyone about how to do this. Right? Wrong. Any company that believes it can do everything more efficiently and less expensively internally is mistaken.

There are several issues that cause this misconception.

First, I have never been to visit a customer who had an accurate idea what the costs were per hour or per piece to perform a process. They can give piece prices and tell you if you can't do it for this, you are more expensive. Then the fun begins. I ask, do you include the cost of your quality people in that number? Did you include the cost of your maintenance people in that number? Did you include the cost of waste, materials, sales, floor space, full benefits for your employees and capital equipment in that number? Did you include repair parts, down time, rework, and employee training? And the questions continue like that until I am either thrown out or the original price I was told to beat has now risen three to five times. These are all real costs.

Second, during reorganizations many managers and supervisors are told they are taking over departments - that they really know very little about - in addition to their original duties. This lack of in-depth experience and knowledge will cause extreme hemorrhaging to the company. It isn't that the supervisor doesn't care; it is just a matter of time. All of us are trying to do more with less, even in job shops.

Next, some companies believe that if they send it out, they lose all control over quality of the part. This misconception was true at one time. But with the quality registration requirements that most companies have today, this is not usually the case.

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The key to addressing this concern is the company's involvement in transferring the work, and all the successes and failures they have had in the past, to the job shop. When a customer sends parts to me and says do these, and I have never seen them before, how successful am I going to be? The movement of work to a job shop can be extremely successful if the information is exchanged and fully disclosed in advance. The main thing is neither one of us wants to cause any issues with the end customer. That is crucial.

Finally, many job shops specialize in a certain type of activity, such as cutting, machining, or cleaning. Typically the job shop will have much more capacity than the company did in house. In my own company we have multiple pieces of equipment and processes that allow us to process over 1,000,000 pound of parts a day. In many job shops, there are a large variety of services that are all connected to each other in some way. This concentration in a specific area allows the job shop to understand the full capabilities first hand, and provide the service the customer needs.

Once the true costs are understood and factored into the piece price, the job shop's quote is usually the better choice, and it becomes a win-win situation for both parties. So the next time a job shop salesman calls on you, take a couple minutes to explore the possibilities. It will be worth your time and the company's bottom line.

The author of this piece, Jerry Stenger, is president Cincinnati, Ohio-based Mechanical Finishing Inc. which has serviced the Ohio Valley's metal finishing, deburring and parts cleaning needs since 1992. The company also sells metal finishing equipment, including vibratory finishers and tumbling barrel, and offers a selection of vibratory media and liquid compounds available for purchase.

For more information about Mechanical Finishing visit www.mechfin.com