

Ron Fowler, Editor & Publisher of Metal Fabricating News Interviews Vincent Bozzone on *Speed to Market*

Ron Fowler: Vincent, tell us a bit about your book, *Speed To Market*...what is the main idea, what does it cover, and who would benefit from reading it?

Vincent Bozzone: I tried to make the title descriptive. "Speed To Market" refers to the need for companies to deliver to customers more quickly. The ability to cut lead time, or reduce customer "wait time" as I call it, is essential in today's competitive business environment, and is the essence of lean manufacturing in a job shop environment. It ranks on a par with cost and quality. Job shops are truly service companies, but this may not always be recognized because the focus tends to be on the products and technology employed. However, those companies that truly understand they are operating in a service business environment will be in the best position to exploit speed as a competitive advantage to grow their business and make them more profitable.

The book is written specifically for owners and managers of job shops and similar custom manufacturing companies. As the subtitle indicates, it describes how to cut lead time and increase profits in these kinds of companies. It's a guidebook that provides a road map for cutting time out of every step in the process, starting with a customer's inquiry all the way through to shipping and converting accounts receivable into cash.

Ron Fowler: How much faster can a company expect to ship as a result of your approach?

Vincent Bozzone: That depends, of course, on the company's situation, top management's commitment to improvement, their ability to manage change, and other factors. Ken Rizner, Hyde's VP of Manufacturing, addressed that question in his Introduction. For companies that have never implemented any type lead time compression effort, he estimates cutting 75% or more off the time from customer contact to product delivery is reasonable. A shop that typically requires a 3 month lead time can reduce that to 3 weeks, for example.

Ron Fowler: I'm sure that many managers will find this degree of improvement hard to accept.

Vincent Bozzone: That may be, but let me point out that the focus in business has traditionally been on reducing task time because it's generally paid for by the hour and productivity has a direct bearing on profitability. The focus for reducing lead time is on process or chronological time which is different. The costs can be huge...and hidden. Everyone knows what happens to bottom line profitability when a company reduces labor costs or overhead, but what is not obvious is how many orders you lost last year because somebody else could deliver to your customers faster. You'll never know, and those lost sales and lost profit dollars will never show up on your income statement.

Ron Fowler: Why is cutting lead time so important? What is the relationship between lead time and increasing profits?

Vincent Bozzone: A company that is able to cut lead time will increase sales, reduce costs, increase productivity, improve margins, accelerate cash flow, and increase effective production

capacity all at the same time. Cutting lead time will have a positive impact on each of these factors. *Speed to Market* is based on the proposition that an organized, company-wide approach for reducing lead time is the single most effective strategy you can adopt to strengthen your company's competitive position, improve profits, and secure the future of your business.

Ron Fowler: It sounds like you've gained a lot of insight as a result of your many years of consulting experience. What made you decide to write this book?

Vincent Bozzone: The book evolved from the *Golden Road to Profit Improvement* series of articles you published in the *Metal Fabricating News*. Reader response to the series was very positive and that encouraged me to develop these ideas in more detail. A book seemed like a natural next step. I would like to thank those who took the time to call me personally to tell me they liked my writing and were getting a lot of use out of the articles. Also, many people requested reprints of these articles...I even got a call from a university professor who wants to use the book as a foundation for a course.

I also wanted to write a book that was specific to managing a particular type of business as opposed to a more general management book. I get frustrated by management books that talk about "manufacturing" as if it was all one thing. The fact is that a job shop has a different architecture and is managed differently from a refinery; a refinery is managed differently from manufacturing a standard line of discrete products that are shipped from finished goods inventories; a build-to-stock business is structured and managed differently from a food processing plant which operates more like a refinery. The distinctions and implications for management are significant.

Ron Fowler: Well if all manufacturers are different, how do you define a job shop?

Vincent Bozzone: The terms "custom manufacturer", "make-to-order" and "job shop" are not always clearly differentiated, but basically are alike in some fundamentals. They all produce on an order-by-order basis to meet customers' specifications as opposed to making a line of standard products they ship off the shelf. They secure work through a bidding process and go head-to-head with their competition on every order. They serve other companies and/or distributors as opposed to consumers or end users. They also tend to be highly specialized and highly diverse as a group. They may produce single parts all the way up to complex subassemblies they engineer for customers. They may transform metals, plastics, paper, rubber, cloth, ceramics... virtually any material with commercial applications, and of course they use a wide variety of production technologies as well.

However, as much as they may differ from a materials and production point of view, they all operate on a similar business process model. This process provides the foundation for my book.

Ron Fowler: Vincent, you used the term "customer wait time." What do you mean by that?

Vincent Bozzone: Lead time is defined from a company's internal point of view. It is the amount of time they need...or think they need...to convert a customer's order into a shipment. However, the customer perceives this same period as waiting time. I reported some research in the book that shows how responding quickly to customers' RFQ's can increase sales. I use the term "lead

time" more broadly to encompass the entire time span from initial customer contact to product delivery...from "quotes to cash" as they say.

I should also point out that many companies approach the challenge of reducing lead time by focusing almost exclusively on manufacturing and ignoring the rest of the organization. But any manufacturing manager will tell you that orders come to the shop late, are inaccurate or illegible, are missing critical information, don't reflect the latest engineering changes, are not scheduled properly, lack materials and have other problems...all of which contribute to missing ship dates and increasing customer wait time. The approach I describe in my book takes the entire business process into account, not just the shop floor, and nails down these "missing links" so to speak.

Ron Fowler: You referred to *Speed To Market* as a guidebook. How would you suggest shop owners and managers use this book?

Vincent Bozzone: That's right, Ron. I wrote it to provide guidance for people who actually have to manage job shops on a day-to-day basis. In fact, before I found that wonderful cover photograph of the comet Hyakutake by Mike Broussard, I considered a cover design that had fingerprints all over it as a way to communicate the book should be seen and used as a tool. My aim is to help managers see their business in a new way, recognize opportunities for improvement, and act on these opportunities to achieve positive results.

The book follows an internal logic that is based on the idea of looking at a custom manufacturing company horizontally as a process that converts demand to supply on an overall level. The objective is to get that process to operate more quickly and effectively. I describe where to look, which is at each process step in detail; what to look for, which I call lead time extenders and waste; and what to do when you find them...specific actions managers can take are offered throughout. Managers also have to know if their efforts are being successful, so a portion of the book is devoted to performance reporting and how to build in continuous improvement loops.

I think there are many ways to use this book. It provides a structure and tools that can be used for a company-wide performance improvement program. Or it can be used to address specific problem areas one at a time. Another option is to use it as the foundation for a management training program. My company offers a combination training and launch program that enables companies to get a lead time compression project up to warp speed in no time.

Ron Fowler: Is there anything else you would like to add?

Vincent Bozzone: I believe people who own and manage job shops will find *Speed to Market* to be a unique and valuable book that will deliver on its promise to cut lead time and increase profits in their companies. I'm looking forward to their feedback. I would also like to thank you for the support you and the *Metal Fabricating News* have provided from the initial idea for an article to the publication of this book.