

SPEED TO MARKET

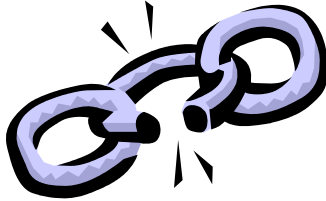
The Newsletter for Job Shops and Order-Driven Companies

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Feature Article

Where Does Implementation Go Wrong?



The industrial landscape is littered with failed programs that promised big results and produced very little because they were not implemented or could not be sustained. The inability to implement is most often the weakest link in any company's efforts to make changes that will improve business performance and profitability.

Popular theory has it that "resistance to change" is the culprit. We are all creatures of habit, this theory goes, who are comfortable in our routines, so we fight new ideas, methods, better ways of doing things, and change in general. We selfishly act to perpetuate the status quo because we believe this to be in our best interest. If this were so, the Wright Brothers never would have gotten off the ground. We hate to break the news to you, but "resistance to change" is no more than a poor excuse for a lack of implementation knowledge, and shoddy program design workmanship.

Michael Schrage, a researcher at MIT and author of the book, *Serious Play: How the World's Best Companies Simulate to Innovate*, argues that the core of the problem is a disconnect between program design and implementation. "We think the wrong thing is hard," he says. "We think that once you have the good idea, the implementation is easy. One of the problems in implementation is that designers think the details are the implementer's problem, not their problem. The designers do not understand enough about the implementation process to realize that you cannot divorce the quality of the design from the quality of the implementation."¹ (Listen up Six Sigma, Lean, ISO program designers—there's a clue here for you.)

¹ From an interview with Michael Schrage by David Creelman in HR.com January 6, 2003

The Five T's: We would add, based on our experience with some 300 organizations over the past two decades, that do-it-yourself programs fail because organizations typically lack five essential T's—Time, Talent, Tools, Tactics, and Tenacity.

Lack of Time: Many companies, especially smaller businesses, don't have extra resources to devote to implementing performance improvement programs, so the task falls to managers and other key people. However, these people already have full-time jobs running the business, and expecting them to take on the detail-oriented and time-consuming challenge of implementing a major change effort can be unrealistic. It's like asking the driver to run the race and tune the car at the same time. Do-it-yourself approaches usually take more time and cost more money than anyone imagines, especially in terms of lost opportunity costs that have a bottom line payoff.

Lack of Talent: Many managers believe they should be able to implement change because they are in positions of authority, and mistakenly believe that people will do what they are told. This is the idea inherent in "implementation by memo" which is naïve, and generally no more effective than wishful thinking. The fact of the matter is that implementation requires a distinct skill set, different from the skills required to manage an organization on a day-to-day basis. In addition to program organization and management skills, selling skills are essential. Selling the need for change, selling the benefits of change, selling the consequences of not changing, and selling the future are all necessary parts of the implementation process.

Lack of Tools: Implementing organization change must be viewed and managed as a program or project. In addition to a sound program design and top management's visible involvement and commitment, it requires:

- Clearly defining objectives, timeframes, and metrics
- Creating a project team with a leader and defined working process
- Constructing a well thought-out project schedule that strategically sequences tasks
- Assigning responsibility for task and milestone completion to specific individuals
- Scheduling frequent top management briefings and organization-wide update meetings to communicate progress, obstacles, and successes. Feedback is essential.

Lack of Understanding of Tactics: Programs are broadly defined strategies for achieving results, whereas implementation is grounded in tactics. How many executives or managers, for example, know how to use "the art of the pre-present," which is fundamental to implementation? There is far more to implementation, or "engineering change," than most know or can even imagine.

Lack of Tenacity: We have all heard the phrase "flavor of the month" which refers to the constant stream of new programs and panaceas that promise to transform the corporate world into an industrial nirvana. Change and improvement take time. A month, or even longer, is generally not sufficient to see the fruits of one's labors. Yet if we don't see results right away, we tend to abandon the current effort and it's on to "the next big thing." This is why we say it's essential to relentlessly and tirelessly work at cutting lead time as a strategy for performance improvement in job shops and order-driven environments. It's not something you do...it's something you keep doing. Persistence pays off in results.

Efficient Adaptability:¹ The manufacturing environment has undergone significant changes over the past twenty years or so, and continues to evolve at a rapid pace. This means companies can no

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longer accept implementation as the "weak link," and must take steps to implement more quickly and efficiently. This is the basis for Delta Dynamics' *Implementation Support Services*. We offer sound program designs, a structured approach, project management expertise, and skilled implementation specialists,

all of which work together as a system to achieve results. Look at it this way, delaying progress on a project with a potential annual improvement of \$600,000 costs you \$50,000 a month. Can you afford do-it-yourself approaches that take forever and produce few results? Don't be penny-wise and pound-foolish. Call us today to find out how we can help. 248-333-0482

¹Thanks to Ken Mackenzie, [Mackenzie and Company, Inc.](#), for this concept.

[Speed to Market Separates Winners from Losers](#) I usually don't have time to do book reviews, but I just had to make an exception. The best part is the format of the book itself. It's easy to read and contains detailed, step-by-step, how-to-do-it information that can help turn any shop into a winning team.

[Larry Olson, Editor, Modern Applications News](#)

MRP in a Job Shop?

We have a nice bridge in Brooklyn we would like to sell you.



We continually find job shops that have gone through great effort and expense to install MRP (materials requirements planning) computer systems, and then wonder why they are having so many problems with scheduling, materials control, labor productivity, job costing, on-time delivery, and more. This problem is another symptom of a more fundamental problem we have been bringing to the attention of job shop owners and managers through our articles, workshops, books, and educational materi-

als...manufacturing management concepts derived from volume production operations are the wrong tools for managing a job shop business. They create more problems than they solve because they don't fit, don't work, and will not produce the results you want or expect.

Note: Want to know more about the role of concepts in managing your job shop business? E-mail us at ddilink@aol.com and ask for your free electronic copy of *Job Shop Management Briefing # 7: Are You Using the Wrong Concepts?*

MRP systems are traditional push systems designed for manufacturing businesses that build a large number of SKU's (stock keeping units) to finished goods inventory. MRP systems forecast demand, and then set the steps in motion to order materials and schedule production so that inventories are replenished in time to avoid stock outs (lost sales). Lean manufacturing can work with these systems because smaller lot sizes are produced more frequently, and this reduces the total amount of inventory required to meet demand. This reduces the cost to carry (anywhere from 15-25% of the total value of the inventory), as well as eliminates waste in the form of inventory built in anticipation of demand that fails to materialize.

What does this have to do with a job shop? Nothing...and that's the essence of the problem. Job shops, by definition, are order driven, and so do not build finished goods inventories to meet forecasted demand. MRP systems, on the other hand, are based on a volume manufacturing model or architecture that is entirely opposite! What happens is that the job shop organization goes through all sorts of contortions to fit the system, as opposed to configuring a system to fit the needs of the business, and all manner of problems are created as a result.

The negative effects of an MRP system in a job shop are heightened when no one is willing to address the real problem, which is that the system does not fit the business. Too much time, money, and ego have been invested, and nobody wants to be wrong, or get blamed for making a bad decision for buying the system in the first place. So everyone lives with it, complains about it, and tries to find ways to work around it. Meanwhile, the company limps along, and the MRP system costs the business far more every day than it would cost to replace it. So what can be done if no one is willing to say the emperor has no clothes? Seems like it might be a good idea to call us. We'll show you how to get out from under the bridge.

I am excited about this book because I know the ideas presented work. I have seen them succeed in my work. Mr. Bozzone knows the way to drive continuous improvement and so will you by applying the information found in his book.

[Gary Jugenheimer Review for Injection Molding Magazine.](#)

Is There a Public Exchange in Your Future?



“Public exchange” is the term given to a new breed of Internet-based service companies that match buyers and sellers of commercial products and services. This concept is particularly well-suited to job shops and order-driven companies that secure work through a bidding process because it enables them to expand their customer base at a low cost, and at the same time, enables buyers to reach a network of qualified suppliers quickly and efficiently.

One example is *The Fab Zone*, an e-commerce company that focuses exclusively on the metal forming and fabricating market. The Fab Zone provides an efficient way for suppliers in this industry to increase sales by connecting them to over 900 buyers. And at the same time, it enables buyers to submit RFQ's to shops that exactly meet their requirements (geography, capabilities, quality certification, equipment, and more).

Founded by Matt Garbarino and two partners in December 2000, the first 6 months of the new company's existence were devoted to developing the specialized software that would enable buyers and sellers to communicate and share information. Now, 18 months later, The Fab Zone has some 100 subscribers serving over 900 customers with another 400 shops catalogued in its data base. To date, more than 500 RFQ's have been awarded, an average ratio of 5 RFQ's for each subscriber.

How it works: A shop logs onto <http://www.thefabzone.com> and completes a nine-step capabilities and equipment profile. This information is entered into a job shop database which is searched by buyers who are looking for suppliers with specific capabilities and expertise. Shops that wish to receive RFQ's submitted by buyers are required to activate their membership by paying an annual fee of \$2500. RFQ's posted to the site are sent to appropriate subscribers. Buyers can post their RFQ's at no charge.

Job shops that choose not to subscribe can complete a profile as well. A new feature being developed will enable non-subscribers to view RFQ's that have been submitted, but they will not be able to bid on this work. An additional benefit is that larger companies with their own internal RFQ system use The Fab Zone's data base to identify new suppliers who they may invite to join their bid list.

Competitive Factors: Matt Garbarino sees two opposite trends shaping the competitive environment. One is that OEM's are looking for shops with broader capabilities...a kind of one-stop-shopping approach that favors larger shops. The other is the need for highly-specialized niche expertise that favors smaller shops. This would suggest a business development strategy of either getting larger and adding capabilities (perhaps through a consortium approach---see the [Tool and Die Industry Study](#) in the January issue of the *Speed to Market Newsletter*), or refining one's capabilities to become more expert and cost efficient in a highly specialized area.

I've read *Lean Manufacturing for Job Shops* two times in the last 2 weeks. As a VP of Manufacturing for several large job shops in North Eastern Wisconsin, the book is so right on, its unbelievable. [Gary Gilbreath, VP Manufacturing, Badger Sheet Metal Co.](#)

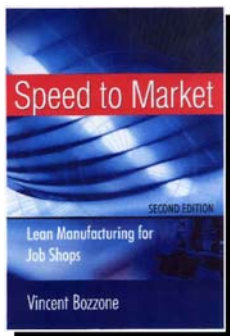
News and Coming Events

Update on Job Shop Management 101... In the last issue of this Newsletter, we reported partnering with [Lawrence Technological University](#) to develop a Job Shop Management 101 course. Based on feedback from our focus group of job shop owners and managers, a new course structure has been developed that combines class room instruction with on-site implementation. Six separate application areas have been created with guided implementation for each. For more, click here. [Speed to Market Course](#) If you would like to sponsor this course in your area, please let us know.

We are also partnering with Mott Community College and the MMTC-Genessee Valley to offer this practical program of learning and execution to companies in the Flint/Saginaw Michigan area. You are invited to attend a **free discovery session** at Mott CC on March 11. For a brochure, [click here](#), or call Marlene Nicol at 810-238-8669 to register.

Chicago Area Coverage Expanded... Delta Dynamics is pleased to announce the addition of Frank Baker, P.E. to our organization. Frank began his career as a machinist, received his BSME from Illinois Institute of Technology, and MBA from the Keller Graduate School of Business. For the last 14 years, he has successfully managed custom fabrication and assembly facilities that build such diverse products as rail car components, shell and tube heat exchangers, food and pharmaceutical packaging equipment, and plant engineering and equipment services. Frank is a registered Professional Engineer who has the education and practical experience necessary to fulfill Delta Dynamics' mission— to provide job shops and custom manufacturers with the expertise and hands-on implementation support required to improve performance and profitability in a lean manufacturing world. Want to meet Frank and get a free diagnostic assessment of your management information? E-mail to ddilink@aol.com for a schedule.

Workshops... The *Speed to Market Workshop* jointly sponsored by Delta Dynamics and the [Wisconsin Manufacturing Extension Partnership](#) in January was a big success, attracting 58 people from 28 different companies. We are looking forward to working with WMEP and job shops in the Wisconsin area in the coming months. **New Article Published...** "Want to Increase Sales? Quote Faster!" was published in the February issue of [The Fabricator](#). "Managing Capacity in a Job Shop Environment" is scheduled for publication in the March issue of [Forming and Fabricating Magazine](#).



Job Shops are Service Businesses... Those of you who are familiar with the *Speed to Market* technology know that we regard job shops as service businesses. And now mainstream manufacturing is moving in that direction as well. According to a recent article in the *Wall Street Journal*, manufacturing is morphing into the service sector. A decade ago, 68% of manufacturing jobs involved actual production, now that number has dropped to 52%. The rest are service jobs in engineering, design, sales, marketing, consulting, logistics and support. To read the article, click here. [Manufacturers Find Themselves Increasingly in the Service Sector.](#)

And if you have not yet ordered the easy to read, widely-acclaimed, ***Speed to Market: Lean Manufacturing for Job Shops 2nd Edition***, don't deprive yourself for another minute! Worth its weight in gold...literally!

[Click here to order and get on the golden road to profitable growth.](#)