

A
Manufacturing
CEO's

*Secret
Tips
for*

*Improving
Profit*

"Every manufacturing CEO must read
this nuts-and-bolts book."

—Jerry Jasinowski, President
National Association of Manufacturers

Richard Ludwig

A Manufacturing CEO's Secret Tips for Improving Profit

Richard Ludwig

NAM/Wiley Series in Manufacturing

John Wiley & Sons, Inc.
New York • Chichester • Brisbane • Toronto • Singapore

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Published by John Wiley & Sons, Inc.

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Library of Congress Cataloging-in-Publication Data:

Ludwig, Richard.

A manufacturing CEO's secret tips for improving profit/Richard Ludwig.
p. cm.

Includes bibliographical references.

ISBN 0-471-12555-5 (cloth:alk. paper)

1. Corporate profits. 2. Manufactures—Cost control.
3. Industrial management. I. Title.

HG4028.P7L83 1996

658.15'5—dc20

95-22725
CIP

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

Acknowledgments

In most human endeavors, there are people who help. Those people should be thanked, publicly if possible.

There are several people whose contributions were important to having this book published, and I'd like to thank them.

Donald Wood, vice-president of Finance, Lavelle Aircraft Co., retired
Earlyn Church, of the Superior Chemical Company and
Jim Chartrand, of the International Paper Company

Donald was the vice-president of Finance, my advisor, and friend during the years as owner of my company. Both Earlyn and Jim were early readers whose comments were encouraging enough to keep me going. In addition, Earlyn helped identify the people to contact to get this book published. If you are helped by this book, you should thank her too.

David Ginsberg, Esq., Ginsberg and Ginsberg

David was a great help with business and contract matters.

Then, of course, there's my wife Sandy; daughters Carol, Donna, Michele, and Sherri; and their spouses Ron Bree, Joe DiMeo, and Jeff Zucker. Each supported me with wonder, love, and encouragement.

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Introduction

Making a profit in today's global, highly competitive, business environment is a greater challenge than managers have ever faced. Business managers not only need the best tools available, they need them fast, and they must be able to use them in a planned and coordinated manner. Unfortunately, many books on this subject are written by financial people, such as accountants or MIS experts, not by hands-on managers. This book is the happy exception. Written by a successful businessman for successful businesspeople, it's everything managers need to identify poor or weak performance along with methods and techniques for making immediate improvements that will lead to improved operating results. It's a complete management system that can provide improved profits from all areas of operations, from administrative or indirect labor functions to production. Best of all, the techniques have been proven to work.

Most books, and most business colleges that teach this subject, adopt an academic approach, presenting each topic as a single and separate system. It's left to the individuals, when they become managers, to discover which ideas work and how to combine and coordinate them for their specific area of responsibility. That is not so with this book. Unlike the academic approach, *A Manufacturing CEO's Secret Tips for Improving Profit* assumes the mental posture of managers facing the everyday problems of their position and helps them answer questions such as, "What shall I work on first to improve performance by my firm?" and "How should I go about improving its performance?" The chapters are arranged to provide an organized, immediate approach to identifying organization weakness and problems, generating information and using systems (some new and unique, never presented anywhere else) to improve results (i.e., to increase profits). The pages are jammed with both practical ideas and the information needed to implement them. The approach is logical, complete, comprehensive, integrated, and easily understandable. By using this book, managers will avoid overlooking opportunities for increasing the profit for their businesses.

MAKING A PROFIT IS A THREE-STEP PROCESS

There are important reasons why a company must be profitable, including survival, being able to attract capital, and covering the risk of being in business. As a minimum, the owner, senior staff, and middle management should be aware of the need for profit and the importance of their decisions on the company's ability to make or increase profit. It is helpful if frontline supervisors, leaders, and other employees have a similar understanding. One of the goals of this book is to provide managers the proper perspective and knowledge about profit and to give them a desire to teach it to other personnel.

It is elementary that profit is realized only when sales income is greater than expense. It should also be obvious that there are only two ways to increase profit: by increasing sales or by reducing cost. Considering that sales can be *directly* influenced by a very few people in a manufacturing company while everyone in the company can *directly* influence cost reduction, it is obviously important to concentrate on controlling and reducing cost. It is also important that everyone in the organization be taught to identify personally with the need for making a profit. After that is accomplished, the three steps to improving the firm's profitability are:

1. Get a grip on costs: Make data available and visible in order to identify weak, troublesome, and expensive functions of the business. The book shows how to accomplish this.
2. Develop the plan of action: Decide which weaknesses and problems are most important to overcome in order to make the greatest positive impact on profit. The book shows how to decide.
3. Employ proven techniques: Apply the medicine! That is, use techniques known for their effectiveness to strengthen the organization and solve problems. The book describes many techniques.

GET A GRIP ON COSTS

In order to accomplish the work necessary to make or increase profit (by increasing sales or reducing cost), it is useful to be able to visualize potential and actual problems. Management will be able to improve performance and increase profit only if they know why the company