



Five Steps to Improving Performance and Cutting Costs

By Doug & Carole Anton

“It is said an Eastern monarch once charged his wise men to invent him a sentence to be ever in view, and which should be true and appropriate in all times and situations. They presented him the words: ‘And this, too, shall pass away.’ How much it expresses! How chastening in the hour of pride! How consoling in the depths of affliction!”

-- Abraham Lincoln

Prior to the horrific events of September 11th, the *Wall Street Journal* had an article by Clare Ansberry, about how small manufacturers were helping to protect the economy. Used as an example was Extrude Hone Corp. of Irwin, Pennsylvania. Extrude, along with other businesses, has been understaffed in recent years and needed to invest in recruiting and training workers. Layoffs would leave them without much-needed talent when the economy picks up.

According to Mr. Rhoades, Extrude President, having relatively few, good employees helps his company remain flexible and close to the factory floor and customers. The key is capitalizing on the advantages intrinsic to being a small manufacturer. Along with making things more economically, precisely or consistently, a small manufacturer, he said, has to make something distinctive which its customers find difficult to do without. That requires investing in new designs and processes.

Many small and privately held companies are very cautious of spending. They do not have public investors helping with expenses and investments. However, on the upside as Mr. Rhoades points out, he and other privately held businesses are freer to focus on the long term instead of just quarterly results.

This is a good time for us to focus on the long term. During his final months with GE, Jack Welsh noted that even in an economic downturn there is opportunity. Perhaps this is your company’s opportunity to invest time typically not available when a backlog of orders must go out the door. Implement and improve systems; invest in employee training, research and development, and marketing. Then when the economy does turn around, you will be ready to deal with the new challenges.

During an economic down turn there are obvious advantages to cutting operating costs. So invest in the tools and processes that will reduce costs, increase quality and productivity.

Here are five steps related to Six Sigma and Kaizen Blitz to help you cut costs and improve performance at the same time.

Step #1: Executive management determines specific and measurable objectives for cost cutting and streamlining operations. Customer service cannot be jeopardized.

Step #2: Prioritize these opportunities, giving the highest priority to those that deliver the greatest financial return with the least investment in resources. Keep the number of projects low, maybe only one at a time. Maintain a very focused approach.

Step #3: Assign responsibility and resources, then demand results.

Step #4: Follow up weekly and keep accurate records of progress until the objective is completed.

Step #5: Continually reassess and reprioritize additional opportunities, measuring results, maintaining accountability, providing resources and inspiring results!

Give this straightforward approach a try and refine it to best fit your company's needs. This economic downturn too shall pass and now is a good time to prepare for your future success.

© 2002 Doug and Carole Anton, All rights reserved. You are free to use this material in whole or in part as long as you include attribution. Please also notify us where the material will appear.

Doug and Carole Anton of AEM Consulting Group, Inc. are authors of the ISO 9000:2000 Survival Guide and ISO 9000:2000 Survival Software Templates. Contact them at 800 950-7123 or at anton@aemconsulting.com. Visit AEM Consulting online for more information on tools and processes that will reduce costs and increase quality and productivity.