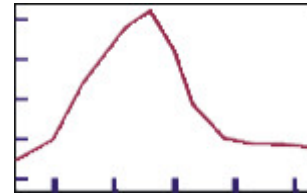


The Downturn is Ending. Should You Add Computers or People?

For many manufacturers, this past six months have been tough. Orders have been far less than anticipated, some plants have closed, and many have had to lay-off the workers they worked so hard to hire and train last year. The good news is that, by all indications, we are reaching the bottom of this down turn, with inventories in the supply chain largely depleted, and customers starting to reorder. The bad news is that there is no up turn in sight. We will probably not return to the growth days of the 1990's for a long time. Does this mean that manufacturers should simply sit and bemoan their fate. No! This is the time for action.



There is a global revolution going on in manufacturing plants, as operations change from labor intensive to computer intensive.

Computers cost far less than people. The manufacturing plants that survive this current down turn will employ less people and far more computers. Flexible automation will be the keyword of the day as will the use of computers to track operations and automate scheduling. The whole goal here is to be the company that provides quality goods at the lowest cost and with the best customer service in your market sector. The bad news is that achieving competitive excellence requires investment in real-time information systems infrastructure at a time when orders are down. The good news is that the cost of computers, networks, and other needed technology has never been lower.

As orders pick-up, there is a natural tendency to add back the people you laid off. There is something comforting about a large number of employees. Managers pride themselves on how many people they manage. But this is false pride. The true measure of a good manufacturing manager is how much his plant can produce with a minimum of people.

Instead managers should be looking at how they can reduce employee head count while increasing output and improving customer service. Some areas for managers to look at include:

1. Eliminating paperwork from the factory floor by automating data collection.
2. Getting lean and minimizing inventory by automating inventory control and tracking.
3. Automating production planning and scheduling and then tracking jobs to ensure delivery schedules are met.
4. Having the computer system alert supervisors and managers when problems occur, rather than having them wade through reports.
5. Automating estimating and then tracking costs against estimate to ensure that you make a profit on every order.

For more ideas on how to become more competitive, you are invited to one of BellHawk's free seminars.