

OPED: The state of manufacturing

## Is Arizona just good enough, or can it be even better?

I'm distressed about the state of manufacturing companies in Arizona. The whole state of Arizona.

And, I'm incorporating the comments and thinking of one of our Solutions Forum consulting associates, who works on supply chain management and enterprise resource planning.

I also come at this subject having run a manufacturing company in Reno, Nev., that back in the 1980s incorporated most of the solutions I'm going to advocate.

I read recently that American manufacturers, on average, have a 22 percent disadvantage over foreign competitors, presumably the Chinese.

Many Arizona manufacturers it seems,



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have rather assumed the position that 'I'm not competitive, and I don't see any way I can be, so I'll just stroke things along until I retire.'

Hence, the title of the column. As in, are we just good enough to survive?

This is sad, really. There are about

5,000 manufacturing companies in Arizona, which is about 10 percent of the total. I'm sure the employment is substantial, probably around 100,000. I'd hate to see these jobs go

away, because they tend to be high paying. They may not be glamorous jobs, but they're solid, or would be if the company owners would wake up.

My associate and I will guarantee that we can make any Arizona manufacturer competitive with anyone in the world, or rethink various things to alter the way you compete. That includes the Chinese, Indians, what-have-you. OK, that's the commercial.

How might you do this? Pay attention: Here's the cookbook.

1. Automate all supply chain management functions, and allow your suppliers to find out what you're doing. Software to do this starts at about \$50,000. If done correctly, it will pay for itself in about two years. Lower priced versions are coming from SAP and Oracle/PeopleSoft. This will lower your costs.


2. Automate your financial systems, all the way from order call-ins (we hope you have a website) to shipment off the loading dock. You should figure \$50,000 to \$80,000 for this. There are many suppliers for this software. Again, you'll lose some jobs in accounting. The payoff will come in about two years. (We've seen people do this as

step No. 1, but we put it second, because we see less automation of the supply chain.)

3. Put in lean manufacturing techniques. Take a look at Six Sigma.

4. Depending on your size, automate all routine reports that don't come out of the financial system. This might be important for you divisional people who think headquarters isn't quite with the program outlined above. Ask them if they've ever heard of business intelligence. This is an overhead function, but much of it might be done manually now, and that can be improved.

5. If, after the first four steps you're still not going to be competitive, rethink your products or services. What can you do to differentiate our products or services from others in your industry?

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