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Power Point

By

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Businesses only exist because people want them to
God did not create business first.

People are regarded as a problem in most businesses
No only the people who work in the business, but the people who sell to the business and the people who buy from the business, and the people who lend money to the business. They are a problem because they are so UNMANAGEABLE!!

The game of business is all about creating MORE. It is never enough. Service is an incomplete word because the Customer is King. Except in real life, the customer is King only in the mind of the customer. The employees don't think he's a king. He's often a pain in the ass. If the customer is King, what about me?

A strong focus on customer service is not only insufficient to produce lasting results in a company, but in itself makes lasting results impossible to achieve. Because unless the employees are not disenchanted, the owners are making a decent profit, and the suppliers are getting paid on time, there can be no effective customer service.

Every answer you come up with in business is only temporary.

“If we don't, they will. And if they find it first, our ass is grass.”
You are either the lawnmower or the lawn. And one day you wake up and find that somebody opened the gate and rolled in the John Deere while you weren't looking.

Business is not what goes on around us while we get on with our lives, it is our lives.
Business is what we do.

What is a good idea? It is something that will attract customers, employees, suppliers and lenders to your business. Have them standing in line.

Business must strike our imagination. Achieve some greatness by rising above the one dimensional symbols and empty rituals of our every day flat existence.

To create a great business you need concentration – the ability to listen, respond and be available. Next is discrimination – the ability to choose what, where and whom our attention, our ability to concentrate is directed. If concentration provides us with the attention and energy we need, discrimination provides us with the intention, the will to select the most important work we do.

The third is organization – the ability to turn chaos into order: Org Charts.

It provides the room for right action to be taken. But only the work can be organized. You cannot organize people. It only creates chaos and boredom.

Innovation turns order in to right action. Innovation is concerned with effectiveness
Communication is the channel through which life is conveyed.

Ad for a car said, “Once you see it, you’ll wonder why.”

Believe in your company enough to follow through on the motto: “Whatever it could be, it is!” Whatever greatness it can achieve, it will.

Is a visually deteriorating business the act of an emotionally deteriorating mind?

Anyone who has grown up and taken over the reins of a family business knows the feeling. It’s like wearing someone else’s suit. No matter how well it fits, it’s never your own. To succeed, an heir must grow beyond that excruciating discomfort. They have to make the suit theirs. They have to break that rut of the business continuing to act, look and feel like the person who originally shaped it. You can either spend your time recreating the past or more of your time looking at the present and the future.

Walt Disney had the innate ability to see things whole and in their entirety. While everyone else would be caught up in specifics, Walt could see the finished product. And when he revealed what he saw, only then did it become obvious to everyone else that it was there all the time.

Six tangible components in business:

1. Color. Is the business playful? Is it serious? Is it upbeat? Formal? What color is your company?
2. Form. From the logo to the style of dress, to the architecture to the products. Is it bold, adventurous, sedate, austere, powerful, what? Is it comfortable?
3. Visual. Is it built for people or to intimidate people? Does it take your breath away or make you laugh. Does it say this is going to be one helluva fun time or is it a Gothic church?
4. Order. All things in their place. Clean. Impeccable. Belief in the quality of life. It is preparing the ground before us.
5. Details. The little things that show you care.
6. Information. Cover your entranceway with impact letters from customers. Awards. Etc. Visually convey a message.

What is the sign of a GREAT Company? A key one is when you hear people talk about it later. “That was the most challenging, toughest place I’ve ever worked. No one, nothing, has ever tested me as completely.” **Great companies demand more from their people because the leadership within the company constantly demands more from themselves.**

A company is only as alive as its people. We need to instill a drop of childhood into every company. To free it up.

It is not that the gas station is clean that’s important; it is that someone was possessed by the need to clean it. It is the fire in the heart that either possesses us or not.

7 Rules:

1. People need order
2. People need to be heard
3. People need to feel connected to something bigger than they are.
4. People need to have a purpose
5. People need to feel that what they are doing has moral weight
6. People need to feel that what they do is important
7. People need to feel loved.

You have people oriented companies and process oriented companies. People companies have bosses shouting, “Find me somebody who knows how to get the job done!” Process oriented companies rely upon the processes to get the work done, not a key person. Not a hero. When something goes wrong in a people company, they will nail a person for it. When it goes wrong with a process company, they will take a look at the process that failed.

If the definition of good people is people who produce good results, logic says that when people fail to produce good results, they are no longer good people. Isn’t it better to ask what’s wrong with the process than what’s wrong with Sam?

People use a process. Instead of always looking for the best person for the job, why not look for a better way of doing what it is you are doing and then hire a person to get it done. Every great person uses a great process.

If there is a way to do everything, there must be a better way to do everything. And, there must be a BEST way to do everything. Not the only way, but the best way to produce the best results. The way that performs best in relationship to all other options available at this time and for the foreseeable future. Discover the best way for now. Because as things change, your options change, and eventually the best way will change.

A process for discovering the Best Way:

1. What one thing would our customers, employees, suppliers and lenders most like us to do for them that we and our competitors currently don't do?
2. Has anyone tried to do this then?
3. If yes, why did it fail?
4. What would it mean to us if we could do it?
5. Why can't we do it?
6. What would be the best way to do it?
7. How much would it cost to do it?
8. Is it worth it?
9. Would it really impact those we want it to impact?

The best way is always the way which eliminates the Primary Frustration experienced by the four primary influencers. It is the negative experience most commonly complained about concerning someone's interaction with a business.

World Class Manufacturing

Citus, Altius, Fortius. = Faster, Higher, Stronger. Motto of the Olympic Games. In WCM it becomes: Continual and Rapid Improvement.

Numbers do serve the WCM: **Do it, judge it, measure it, diagnose it, fix it, manage it on the factory floor.** Don't wait to find out about it by reading a report later.

Growth is not the problem. Trying to use current methodology and apply to an augmented business is the problem. A tiny 10 seat restaurant that becomes a large 100 seat restaurant cannot possibly stick with the same systems and processes and survive. Everything changes with growth.

TPM – Total Preventative Maintenance

Maintain the equipment so often and so thoroughly that it hardly ever breaks down, jams, or misperforms during a production run. There is nothing like equipment failure to turn a continuous processor into its opposite number. **In strategic planning, TPM can be applied to processes, not just the equipment!**

Making more than can be sold is costly and wasteful which is why marketing, manufacturing and finance must have open channels of communication. And they must be used. Manufacturing must make it easier for marketing to sell the product.

In manufacturing. They divide the thousands of part numbers into production families, not marketing families. A group of parts that follow the same production path. The result of which becomes a cell. A mini production line.

How do you measure progress? One is reduction of deviation and the other is reduction of variability.

Deviation: Reduce deviation from zero defects Reduce deviation from zero manufacturing lead time.

Lead time is a sure and truthful measure, because a plant can reduce it only by solving problems that cause delays. That includes:

- order entry delays and errors
- wrong blueprints and specifications
- long set up times and large lots
- high defect counts
- machines that break down
- operators who are not well trained
- supervisors who do not coordinate schedules
- suppliers who are not dependable
- long waits for inspections and repairs
- long transport distances
- multiple handling steps.
- Stock record inaccuracies

How fast you solve these problems determines how fast you drop your lead time.

How long does it take you to convert from a first generation product to a second? To determine lead time, just stamp the hour and date on a product in its raw stage and stamp it again when it is finished. Then subtract.

Variability Reduction: If a ticket taker can sell a ticket in 30 seconds nine times out of ten, but then the machine jams and it takes 300 seconds to sell a ticket to the tenth customer, consider the effects. Not only has 1/10th of your customers been poorly served, but at a rate of one customer every 30 seconds, ten new customers will have arrived only to get in line and wait while the jammed machine gets fixed. Fixing the machine is a solution that merely lets you live with the problem. You need to fix the problem.

Strategic planning forces you to anticipate these problems and gives you an opportunity to prevent them happening. It is about finding solutions for things that didn't happen yet, and will hopefully never happen as a result of your planning.

Rensis Likert in 1961 gave 300 studies on the power of “democratic participative” leadership. He was pushing strategic alignment of objectives way back then. But mere participation and communication is not enough. There must be massive involvement in the minute to minute problems that everyone faces in their jobs, everyday.

WCM companies require world class equipment which means machines that don't break down.

Identify the critical factors and determine in advance what to do about it.

Using Statistical Process Control (SPC). The most common type of critical factor relates to product quality: It's all about doing and checking, doing and checking.

Objectives for Manufacturing;

1. Better maintenance with fewer people – operators lubricate and maintain their own equipment
2. Better Quality with fewer people in quality department - six sigma. Quality at the source. Inspect your own work and be responsible for it.
3. Better accounting with fewer accountants. -
4. Better production with fewer production controllers - one schedule serving many work centers
5. Better materials management and fewer materials staff –
6. Better information with less data processing

You need to get everyone working together, pulling on the same rope in the same direction:

Industrial Engineering is responsible for a work study. Purchasing provides the raw materials. Manufacturing engineers are the equipment experts. Design engineers design products in R&D.

Adding value to the product is the true measure of worth. To do that you must define value which can only come from the customer. If you are not providing value, you are creating waste. To eliminate waste you need to identify and improve the process.

Think not only in terms of strategy planning but in sales, selling a manufacturer's piece of equipment that will fit into another manufacturer's manufacturing process.

General Principles:

- Do not put equipment simply to displace people.
- The main advantage that equipment has over people is to decrease variability
- Employ TPM
- Employ pre-automation
- Link machines together
- Buy small, simple machines first.

In Selling a Piece of Equipment you must consider:

(Nothing Gets Used in a Vacuum – Pre-Use, In-Use, Post-Use)

- How fast the machine can be set up
- How easy is it to maintain and keep making good product
- How easily is it moved
- Can its speed be adjusted
- Is its price within reason
- Can it be matched to our growth

What a Buyer goes through before purchasing a machine

- Marketing projects more demand
- Decision is made to add capacity
- Engineering searches for a machine and decides upon the right one
- Machine is installed and debugged
- Machine is greatly underutilized for the first year or two
- Demand for growth catches up to machine's capacity. Machine is fully utilized.
- 3 shift operation allows little time for machine maintenance – neglect results in about 2 shifts worth of production due to down time
- Time to buy another machine – repeat cycle

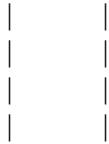
If demand projections are wrong, you just bought a machine that will sit and be underutilized forever. If 2 out of 3 new product introductions fail, buying new production machinery can be disastrous.

A better route is to buy capacity in small increments and add more increments as demand grows. Buy enough capacity for 8-12 months. Install it, start producing and place orders for the second increment. If demand is less than expected, slow down deliveries of equipment; if a failure, cancel completely. **What a Great Way to Sell! If you sell this way, you can become a part of the manufacturer's team. You are working with them as they grow by offering an incremental program.**

What do you do with an operator when his machine is down? In a WCM company the operator needs to be versatile enough to do other work.

It is insane for operations to be planned this way: _____>

The people to be organized this way:



and the jobs to move among machines and assembly stations all over the place”



Clustered vs. Cells

Clustered puts all the same type of machines in the same area

Cells put process flow in the same area. All the parts that go through the same production steps. Dedicated flow lines

Selling Points of a machine to a manufacturer:

1. Performance – speed, acceleration, brightness of picture
2. Features – push button windows
3. Reliability – failure rates
4. Conformance – lack of defects
5. Durability –
6. Serviceability
7. Aesthetics
8. Perceived Quality.

IF YOU WANT YOUR BUSINESS PARTNERS TO BE THE BEST YOU NEED TO CHANGE YOUR THINKING:

1. Purchasing has to stop beating down the price because it is eating into the provider or customer's profitability. This kills investment improvements.
2. You have to stop holding information on your plans. You have to share this stuff
3. You have to clearly specify your requirements, both current and future. Make them a part of your team.
4. Share your best practices knowledge and what you expect of them
5. Quit searching for new suppliers and cultivate the ones you have.
6. Don't treat them as an adversary and they won't treat you as one either.

DEVELOP YOUR SUPPLIERS – the quality will go up and the price will come down. We need to get CEOs talking to CEOs, Gen. Mgrs. Talking to GM's, Buyers, engineers and other staff talking to sales people, order entry and engineers, Supervisors to supervisors and Assemblers talking to machine operators and subassemblers.

Measurements

We also need to measure ourselves against what is important to our customers. High quality, low cost, short lead times and flexibility. What is our cost against what the customer wants to pay and what our competitors charge? Same with lead times. Same with quality, performance, reliability, durability, serviceability, aesthetics, features, etc.



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