

Business Strategies to consider for today's Mold Maker

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In today's rapidly changing plastics world, the hard reality is that loyalty means nothing, and more company executives make decisions to address shareholder pressures. They are not so impressed by a mold maker's machining capability or commitment to quality; this is a given. They are under extreme pressures to achieve quarterly business objectives and numbers. While we can sit back and critique their decisions and discuss what we feel will be the implications of their actions ... THAT IS NOT THE ANSWER.

A proven approach is to be proactive with management decision makers and finance executives; to give them sound business arguments and quantitative reasons about how they can be competitive in today's global molding market. This equates to higher PROFITS resulting from gains in PRODUCTIVITY through implementation of sound PROCESS's that improve the molding environment. For a mold maker, this means having a better understanding of the complete business case that impacts the tooling purchase. Simply put, it's not just the capital budget for tooling to focus on.

Sorting through your customers needs

Beyond building a tool, it's understanding the short/ long term customer goals, quality needs, domestic vs. global requirements, shot guarantees, penalty clauses and their customers' expectations for performance and quality, etc. While this may sound like a recipe we've all heard before, these are the first questions that SWM and Associates will work through with a customer be it, a mold maker, molder or OEM. SWM specializes in helping plastics companies identify their strengths, weaknesses and opportunities to gain a competitive advantage; a solution that relates directly to increased margins for both suppliers and customer. Then they work to harness best in class "technology partners" that can bring specific value to the solution. These are the guiding principles of SWM and Associates.

What Business Strategies to consider?

Starting with 5 key business strategies and the related questions to consider, a structured process identifies how you can evaluate where you are today, the opportunities to improve and the factors that significantly impact your ability to compete. Like building a house, you have to conduct a survey, develop a plan and then start to build a solid foundation that can sustain you over a long period of time. The resulting evaluation leads to the development of business plans based in "real world" terms. SWM's role is to help you through the process and then implement a strategy based on facts. The process starts by reviewing and documenting the following.

1- Teaching mold makers how to evaluate real savings (the importance of intangibles).

- A- What are your real job-to-job costs? i.e. Steel, Labor, Overhead
- B- What can be done differently? i.e. Process, Manufacturing, Procurement
- C- Dare to be different.....Quoting isn't a business. It costs money. Qualify those RFQ's. Ask the right questions to ensure you're not a "check bid"
- D- Sell beyond the mold. i.e. Demonstrate your approach to finding new solutions, your experience as it relates directly to the application and the customer needs will capture decision makers sooner in the process.

2- Breaking down of the cost elements that a shop actually controls.

- A- Do you really understand how the competition is quoting?
- B- Have you put a cost to quoting?
- C- Have you evaluated your win/ loss ratio?
- D- How have you streamlined your procurement process for materials and contracted services? If you have, do they target areas in your operation that can make a REAL difference to your bottom line profitability? i.e. consolidation of like services and reduction of supply chains.
- E- Understanding your manufacturing process. Have you identified specific technologies that can reduce your costs while adding value to your customers? i.e. Ritemp[™] mold cooling technology.

3. Questions you need answered when considering a change to your business model.

- A- What makes your tool different? i.e. Unique design logic that allows for reduce sized in tooling while maintaining required cavitation.
- B- Identify your "value add proposition". i.e. What is it in your process that helps your customers improve their ability to compete?
- C- Can you effectively explain today how and why a mold is not a commodity? i.e. What is your business argument that will catch the attention of management?

4. Defining a "technology partner" and what that means to today's mold maker.**What can you gain from seeking out "technology partners?"**

- A- Given the cost pressures, where does the creativity and innovation come from?
i.e. Internal capacity or select outside technologies that have specialized expertise
- B- What technologies can impact the mold design, performance and long term use?
i.e. Mold cooling, use of simulation software, mold controls, materials used that correlate to life expectancy of tool or product
- C- Is it possible to expect (internally) to be always up to date with technology?
- D- What commitment do you have in place in place for IP, R&D, and innovation?
- E- Leveraging an objective outside party can bring a fresh approach to your business strategy. They focus on helping you increase your customer base; you focus on the business of building superior tooling solutions.

5. What a mold maker should understand about process optimization. Making sure the tool you designed will perform beyond expectations.

- A- Does the tool design take full advantage of the customers molding environment? i.e. Machine compatibility, handling equipment set up, mold controls.
- B- What expectations do you have of the tool/product in the field? i.e. Does it actually correspond to what your customers expect?
- C- What follow-up is routine after delivery? i.e. Is the tool set up to the same parameters as the tool was designed for? If not, the mold performance could be diminished.
- D- Do you know the status of tool one, two, three years after shipment? i.e. Do you benchmark how the tool is running so that proactive maintenance can be implemented?

Differentiating yourself. The time to act.

What is interesting is that the 5 considerations and related questions also apply to molders, and end user OEM's to a considerable extent. So regardless of where you are in the overall molding process, the same approach to evaluation applies. That's good for you because it means that your customers are faced with the same business driven realities.

So now you understand what your customers needs are. You've identified technologies that can add value and you need to implement ASAP. The key is to **act on informed decisions** and to implement the "new approach" to building a complete "solution". The benefit is your ability to proactively promote and inform your customers about how you are incorporating leading edge technologies that offer clear advantages in cycle, part quality and reliability.

For example, as reported in the December 2006 issue of Mold Making Technology, the Ritemp approach to evaporative cooling in a mold has been proven through several years of in field use. New to North American mold makers and processors, the technology is gaining recognition and is an example of one approach to providing that elusive ability add value for your customers while reducing your tool manufacture costs.

The biggest single challenge faced by mold makers is the acceptance of having to go through a more strategic approach to positioning the true value of the tools that they design and build. Business on a hand shake unfortunately won't win the type of long-term accounts needed to sustain your business.

The potential result of "In-Action "

For lack of a different comparison, it really becomes a "race" now between suppliers to embrace new technology solutions and then TAKE them to your customers pro-actively. If you wait until your customers become self informed and request the technology from you, you lose that all important ability to differentiate yourself, other than being on a comparative level of experience.

Thoughts to take away

The preceding discussion points represent s the highlights of what is required to help develop sound business strategies that will empower you to compete. Not surprisingly, it takes a significant amount of time to debate internally with our customers. Interesting enough, if employees are asked separately, the disconnect between focusing on the manufacturing of a tool vs. what will it take to differentiate a mold maker in today's market, is apparent. Hence the need is often for a third party, objective perspective.

A proactive approach takes the above framework, works to hone in on key parameters, THEN strategically implements the utilization of advancements in technology to help achieve your goals, and those of your customers.

In phase 2 of the strategic plan, a technical marketing plan is established to help leverage the new technology platform into new business, new customers, and expanded market penetration. Lastly, a staff of seasoned experts in processing optimization work to ensure that the tools are running optimally, year after year with measurable gains in margin. Companies can appoint an internal champion to lead this all important activity if available within, or elect to have an outside party lead and then train staff moving forward.

In closing, changing your business is tough, but embracing a systematic and measurable approach to change will ensure your ongoing ability to compete and service the North American market. If nothing else, consider these two important points as you work through the process. 1- Think hard, real hard, about leveraging new technologies and partners and then ACT to implement. 2) Dare to be different and LEAD your customers before the pricing pressures associated with being a commodity supplier lead you into negative margins.



Article

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About SWM and Associates

Founded in 2005, SWM and Associates provide companies with complete optimized processing solutions through "best in class" technology partners that can reduce costs and increase margin through efficiencies gained in engineering, manufacturing and processing. Company founder and President Scott Molnar has a background in strategic sales and new business development with a Bachelor of Engineering and MBA degree. SWM associates provide relevant experience in the areas of sales, applications, engineering, tooling, automation, process improvement and strategic marketing.

