

You are a marketing company that makes things

Brent Balinski



Brent Balinski spoke to Manufacturship Founder Jason Furness about his new book, why “boring, routine, and reliable” is best, and why innovation doesn’t have to involve a 3D printer.

Manufacturers’ Monthly: How many years has Manufacturing Money been in the making and what are some of the things that have informed it?

Jason Furness, CEO, Manufacturship: Basically it’s 47 years in the making, because that’s how old I am.

But really, being serious, it’s been put together probably in the last two years and really, this year, we’ve said, ‘Okay, we’ve got enough material, we’ve got enough scope. We’ve got to sit down and match the IP with the war stories and the client results - all the good ones and the not so good ones - from my corporate career, and pull it together as the one document.’

MM: What are some basic, simple places where manufacturers can often look to increase their profitability?

JF: I think there’s a couple of ways, a few real key areas. There’s something inside that business blocking cash flow. Either they can’t get the work out the door fast enough, or they can’t get the work in the door fast enough. Or they aren’t creating something that’s got a bit of ‘wow’ and a pop and a buzz to the whole thing. And whilst the issues are common, the solutions are unique for every business.

What we commonly see are manufacturing companies where everyone’s all consumed, all their horsepower is consumed by

trying to get stuff out the door, but they actually don't have a great connection to their market and a real insight into what their market wants. In many cases their market doesn't know they exist. They're part of the world's best kept secret. The one real, big premise that we try and get across to people is that you're not a manufacturing company that makes furniture or cars or whatever - you're a marketing company, first and foremost, and you really better get clear on that and have a systematic way of doing that. Otherwise the manufacturing expertise becomes pretty much irrelevant.

During the mining boom, a lot of mining service companies really woke up every day to orders in their inbox. Up here in Newcastle, when BHP was up here, a lot of these companies thrived on almost being sole sourced to BHP. The world's not like that now.

The consumers have got more and more choice, and there are more and more competitors in the marketplace. And people forget. They're always looking for more and more value. So you have to be able to go out to market and have everyone know that a) you're there, and b) you've got an offer that's actually attractive to them.

Secondly, your systems for doing business should mean that doing business should be boring, routine, and reliable. If you're looking for excitement: go bungee jumping on the weekend. If it's exciting, chaotic and stressful, you're doing it wrong. A lot of what we do is help business become very boring, routine, predictable, which gives people the time to go on to the other parts of their business they know they're neglecting. Be it product innovation, new product development, marketing, looking at how to go to the next generation of their production process. Whatever it might be.

And thirdly is get the offer better. If you're doing the industry average for lead time or industry average for cost structure or whatever - let's put a different word in there for average. Let's say what it really is: it's mediocre. If your industry norm lead time is ten days, but everyone sort of drifts out to 12 half the time, then you're mediocre. Whereas, if you get really good - and it doesn't take very long at all - and you can deliver 100 per cent on time in eight days or seven days, then your backend operation is part of your competitive advantage.

For a manufacturer operating locally under some pressure from imports, the only advantage you've got is proximity. Proximity to have shorter lead times and proximity to customise very, very quickly and cost-effectively. So that whole backend operation shouldn't be a millstone around the salesperson's neck. It should

be something where they can walk into an office, look a client in the eye, and say, handshake over the table, 'You will have your product in six days', or 12 days, whatever the industry average is, better than the industry norm. And you guarantee it will be there. And you do that with confidence, not with bravado. Whereas plenty of times, we all know, we get promised something based on the cheapest of three quotes, but the other parts of that promise, of quality and of delivery lead time - in particular - are let down. If your client's got 100 different suppliers all doing the same thing, they've got 100 people all taking turns to pull them back from supporting their client.

MM: In the press release you open with a comment about academic study tours. Do you dislike them, is it an attempt to get attention, is it an attempt to set yourself apart? What is your attitude here?

JF: All of the above!

If you have an academic study tour that goes off to a bunch of Scandinavian countries, there's some really good stuff to look at there. But our competition is not going to be those Scandinavian companies. It's going to be a few hours north of here, which you flew over on the way to get to those countries. Those closer countries don't have the rigorous intellectual infrastructure, I guess, that the Germanys, the Swedens and so on have, but they're successfully competing with us now. They're going to gain all that intellectual development as well. So that's one reason.

The second reason is you're not going to instantly replicate that back in Australia. I'm very suspicious of academics recommending more investment in academia. And of any other special interest group.

Thirdly, if I'm the owner of a \$20 million turnover SME manufacturing company in Australia, I've got my mining company clients demanding 30, 40, 50 per cent cost reduction, I'm dealing with changes in the dollar, a change in my raw material make-up. I can't relate to academic talking about putting more training into engineers or any other specialty area when they're the issues I'm dealing with today.

MM: What sort of manufacturers has your consultancy specialised in?

JF: The people we really have success with are the ones that are sick and tired of struggling or who've got growth opportunities and

they're not sure how they're going to be able to do it. So we've worked across - between Mike [McLean, Chief Performance officer at Furness's firm] and I - defence, government, all sorts of mining, through to mining support companies, the food industry, automotive and a range of automotive suppliers. There's no one sector where it seems to click, but it really does come down to there's a type of CEO, I think, that recognises that their job is to get the best outcome first and not to have all the answers themselves personally.

MM: Is there a particularly sexy case study that's worth mentioning from the book?

I think there's one that's particularly sexy because it's not sexy. A small, family-owned company at Cowra that makes tarpaulins for the big grain dumps.

JF: Anyway, this particular client was in trouble, they were being in a race to the bottom on price, and their market wasn't being served. The market was saying 'We've got safety issues, we've got productivity issues,' but the basic tarpaulins are the same as they've been for the last 50 years. And we've got safety issues with the whole thing. But nobody's listening. We were able to work through with them as part of an innovation strategy and come up with a number of changes to the basic tarpaulin that they subsequently patented and have taken back to the market, and that's allowed them to regain market share and adjust pricing in the right direction for them as a supplier.

But at the same time giving them better value, because the productivity of the grain dump has gone up, spoilage can go down, and safety has improved. And that one is so absolutely brilliant.

We're besotted with the idea that everything to do with innovation must involve a 3D printer. It's amazing! Whereas innovations with a commercial focus can be very simple. Some of it can involve a 3D printer. But really, what it's all about, is about a business model not a technology. And this [case study] is so sexy to me because it's so simple.

MM: Do you have anything to add about the industry?

JF: I think the thing I would add is that manufacturing gets a bum rap. And that's because of employment numbers. But if you look at the same criteria, agriculture should get a bum rap, because if you go back 100 years you can compare the number of people on

farms compared to now. Yet we're producing more.

If you've got 50 per cent of the world's GDP coming out of the Asian region by 2025, and over that same ten-year period Australia's population is going to grow from 24 million to 28 million - by the ABS stats. The opportunities are huge for Australian manufacturers domestically and abroad, if they want to go for them, and if they recognise that they're going to have to be globally competitive. And the centre of gravity of world economic activity is now only a couple of hours north. We're going to have to be really, really good. And that's primarily a management issue. Government can provide a better framework - I've got no issue with that. But it's really going to come down to us, as the owners and the operators of these businesses to decide, 'Right, we're going to radically go back and look at how we're going to change our whole offer and our business. Because the opportunities out there are huge.

So I'm really bullish for manufacturing in Australia for the people who say, 'Right, we're going to be world competitive.'

Jason Furness is the Founder and CEO of Manufacturship. For more on the consultancy's approach, click [here](#). During his career he has held roles including General Manager of Electrolux in Orange, National Manufacturing Manager at Smorgon Steel, and HFV6 Operations Manager at GM Holden.

To order Manufacturing Money, by Jason Furness and Michael McLean, visit [this](#) link.

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