

Idea Surfing: Fighting The Fad

Do you ever wonder what happened to total quality management? What about open book management, product life cycle management, activity based costing, the learning organization, product positioning, or business re-engineering? Each one of these ideas exploded onto the manufacturing scene and initially received a lot of media attention. But then what happened to them?

According to Phred Dvorack in a recent article in the Wall Street Journal, "many management fads are driven by over eager consultants who attempt to ride the wave as early as possible in order to rake in their consulting fees... within a few years, companies are disgruntled with the results of bringing in all this high priced talent and move on to the next big idea. This phenomenon is called idea surfing and is described in a new study which appeared in Academy of Management Journal."¹

Having worked in manufacturing for 35 years, I have watched many management ideas come and go. Most seem to be described by three letter acronyms such as MRP, ERP, TQM, JIT, and ISO. All of them are based on truths, but the problems seem to be in the application of the strategy, and the motives and expectations of buyers and sellers. Here are some examples:

The Magic Key

Many manufacturing executives whose companies are struggling are looking for answers to their problems. They make the mistake of looking for one quick solution that will solve all of their problems. Because they are in trouble, there is a tendency to look for the elusive "Magic Key" solution to all of their problems. In fitting, oftentimes these solutions are packaged and sold as Magic Keys that can unlock the secrets of profitability and growth. When the Magic Key turns out to take a lot longer to implement, and does not answer all of the problems, the executives often lose interest.

Complexity

Very often these management solutions are too complex for smaller manufacturers. Six Sigma is a very good approach to analyzing problems and finding the right solution.

But if paperwork, data collection, and data analysis overwhelm the company, the project may get bogged down or abandoned. This is particularly true when company employees begin spending more time in meetings about the strategy than in doing their actual jobs.

One Size Fits All

One of the most popular approaches to helping small and mid-sized manufacturers (SMMs), is based on the assumption that the same theoretical concepts or solutions pioneered by giant manufacturers will also work for SMMs. If the solution does not take into consideration the resource limitations of a smaller manufacturer, the strategy can harm rather than help SMMs. In a medical analogy, one must be careful that the dose of medicine does not kill the patient or make the symptoms worse.

Manufacturing systems differ greatly in terms of company size; very small manufacturers may not have accurate cost information or retrievable data, so solutions that require accurate data and accurate costs are not going to work. When manufacturers experience these kinds of problems and decide that the costs will exceed the benefits, they likely will abandon or cut short the implementation of the new strategy or process, and then tell other companies about their ordeal. Maybe eventually there are enough problems that the popular strategy becomes a fad that runs out of steam and is replaced by a newer strategy.

Small Samples

Sometimes there is a tendency in manufacturing to extrapolate big conclusions from small samples, and to see patterns and trends where they don't exist. Just because one or two companies had tremendous success with a specific strategy does not mean that all manufacturers in any industry can use the same solution

It seems to me that there is wisdom and truth in

all of these manufacturing fads. Some of the methods and principles can be implemented by any manufacturer. Most of them can cite specific companies that have used the new strategy with good results. But this doesn't mean that the manufacturing strategy will work for all industries, all types of manufacturers, or all manufacturing systems.

Finding The Right Fit

From my experience, there are at least four different types of manufacturers:

A **micro** manufacturer might be just a few people managing a small shop with very little operating capital, and a day-to-day fear of not generating enough cash flow to keep the doors open.

A **small** manufacturer with less than 75 employees is likely a family owned business with known customers, and decent cash flow. In my experience, the small manufacturer is generally very good technically but lacks the knowledge and staff to install and manage sophisticated systems and strategies.

Midsized manufacturers range from 75 to 500 employees, and are usually managed by a professional staff with well-developed systems (such as cost accounting).

Giant, publicly held manufacturers are those with thousands of employees.

These four types of manufacturers are so different in their knowledge and resources, that one solution does not fit all four. To ensure a longer product life cycle, and to avoid the "fad" label, developers of these new ideas and strategies need to consider tailoring the strategy to the type and size of the manufacturer. It would also be helpful if consultants and sales people worked hard at not overselling the systems, and were more revealing about the limitations. **IMPO**

¹Theory and Practice Column, Wall Street Journal, Phred Dvorack, March 2, 2007.

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