

An open letter to “Chicken Little”

BY RANDY NEAL

Dear Mr. Little,
Excuse me; we know each other better than that;

Dear Chicken,
Despite all of the “Breaking News Alerts” bombarding you every day, the sky is not falling. Yes, the stock market is unstable but unless you own a lot of stock — so what! And yes, the housing market values are declining, but unless you are trying to sell — who cares! And if you think all of the gas guzzling, high-horsepower trucks, SUVs and luxury cars are going to the salvage yards for destruction, then it is time to look around on your way home from work and get a grip!

Now before you take this article and discard it, please honor me with just a few more minutes of your time.

The sky is not falling; it is simply changing, and with that comes opportunities for those of us who work to succeed. During my 35+ years associated with this industry I have witnessed tremendous changes; in fact, whether I saw positive or negative changes I took it upon myself to study the methods or physical changes that resulted in success and failure.

There is a saying that “The only constant in life is change” and we all know that is true. However change can present itself as a problem that can be disruptive and potentially devastating. It could also be earth moving and life changing like the birth of a new child. Both start with challenges and opportunities.

Allow me to take you back to the day that you decided to start your business. I think a lot of us started with tremendous optimism and very little guarantee of success. I have seen hundreds maybe even thousands of new start up businesses that were started without any legitimate business plan, under-capitalized and lacking in general skills for the chosen business.

Unfortunately a lot of them failed, but then there were a limited number that defied the odds and developed into good stable businesses that have weathered during numerous economic up’s and prospered during downs. And that is the purpose of this article. I hope to pass along a few ideas and examples that have come from successful companies that are working in our industry.

Let me start with the number one thing that every company should have: A Business Plan.

B&G Machine of Seattle, Washington is owned by John Bianchi and his two sons Johnny and David. These guys have developed into the premier diesel machine shop in the country. They have by design managed to grow in a market that others have been destroyed by. Simply put they have taken the position that quality with purpose can reap financial benefits.

Without discussing how they did it, they simply state that if they had not developed a fine tuned business plan about 5 years ago, they could have ended up as a statistic rather than a survivor. During my discussions with the “Bianchi Team” I was amazed at the energy and level of focus that these guys have. I saw what I have seen in the eyes and hearts of the people who just opened their doors for business. But there is one major



difference; this is a matured company that has been in business for 55 years. They have been competing with the same problems that we all have only to be compounded by the overwhelming resources of the Heavy Duty OEMs.

So, is enthusiasm their secret? Singularly no, but you can tell by their confidence that they know they have done their homework. Realizing although their business plan is not absolutely perfect they are guided by facts not fiction. So as they hit the bumps in the road they have the knowledge and needed resources to correct their course as situations change.

Is your business plan to be successful? That is not a business plan; that is a wish, and wishes and the tooth fairy are entertaining but I would not want to put my future at risk with either choice.

Part of your business plan should have a mechanical component; this is to say what type of equipment will be needed for the type of work you are going to do. The simple rule that I have seen by successful companies is “Automate Don’t Populate”.

Study the product, develop procedures and purchase equipment that exceeds your current standards. Look at the product and clearly understand the tolerance requirements and the machine type that will be needed to process the job. And most importantly ensure that you are “minimizing your labor” for each job.

Why minimize your labor? One common denominator that all industries have had to come to grips with is that skilled labor has become less and less available. In some cases the tolerance of some machining operations requires the repeatability of CNC over the skill of the best operator. Simply put the automated machine can repeat and process at a much faster rate and more importantly increase the profit for each job.

And speaking of profit, while you are developing your business plan, see to it that you bring in someone with strong financial knowledge. I was told once by “Old timer” that this industry has some of the hardest working people period; he said they have never been afraid of hard work, but for some reason they are afraid of “Smart Work”.

I spoke with Dave and Sue Deegan of Tampa, Fl. a number of years ago and the one thing that they stressed was when you consider the capital investment along with the technical knowledge required for this trade we are entirely too cheap. Their position has always been to “charge a price” that is representative of their investment and talents.

Will Hodges of Will’s Auto Machine, Chamblee, Ga. is one of the old guards of our industry and has seen shops come and go and he along with his son (Mark) have learned from every one of the closed shops. As Will says “he saw what not to do”. They believe that they have prospered by doing “good work at a profitable price”; violating one, the other or both is what his former competitors were doing. (continued on page 16)

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Will is quick to say that business is not as simple as one rule. In fact he has said over and over that you can be good and broke at the same time. The link to being good is being able to prove it. The way you prove it is by "asking for the work", then showing the customer that he made a good choice. What Will is saying is that you have to get the work in the building thus you better have a marketing plan.

We now have another element to add to our business plan, "how are you going to market"? Again no simple answer; but it does not mean you have to hire an ad agency. Keep it simple; first, if you are doing automotive machining then do what Mark and Will do. Get some flyers made and start going to street rod events, local race tracks, church and social events and take the time to put a flyer on the windshield. It's cheap and they have proven that it works.

If you are pursuing a larger account or a bigger company, then "find out who the decision maker is"; setup an appointment and simply ask for their business. What do you have to lose? I will guarantee that by doing nothing you will achieve the same.

Notice that I have not talked about any specific machining services that can help separate your company from the competition. I believe that this has been reviewed by other articles in a host of magazines. The examples used here are the common denominators to successful companies that are not just surviving but are defying the odds by growing.

Here are some questions that I suggest you ask yourself: do I have a solid business plan? Am I focusing on a business or a hobby? Do I understand I am the only one that can take the steps that will help my company? Is my enthusiasm high or low for my success (remember the day you started)? What will my company look like in three to five years?

So Chicken Little, when you are looking up at the sky, try and look at the clouds, even the dark ones, take a breath — don't worry, the sky is not falling. If you have any suggestions that will help the industry, please call me as I am always interested in improving.

Regards,
Randy Neal ■



Randy Neal from CWT Industries in Norcross, GA, has over 30 years of experience in the industry and is considered a leading expert in engine balancing and understanding shop profitability.

For more information, please contact Randy Neal, 800-449-1849 or e-mail randy@cwtindustries.com



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