

'Things Will Never Be Normal Again'

The rules of today's market have changed; figure out how to use them to your advantage.



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WE ARE JUST emerging from the most severe downturn in PCB industry history. Estimates are that business in North America fell 30% to \$7 billion: without a doubt, a drastic drop. Now, the refrain is: "When is business coming back?" or "When will the industry return to normalcy?" The good news is, business will come back. But what, it must be asked, constitutes "normal"? Because normal is the last thing we want if normal means

the way things were before the downturn.

There is a school of thought, borne out by history, that says that during adversarial times great innovations emerge. This was certainly true during World War II, and signs are starting to show post-9-11. My hope is that the PCB industry will prove this right, but I doubt it. Amid the emerging signs of recovery, I see PCB companies going back to doing things the way they did them before the drop. Have we not learned a thing?

Take a moment – particularly those who are company owners – and ask yourself: Am I doing everything I can to be as innovative as possible? Am I trying to find new ways of doing business? Am I delighting my customers, not just servicing them? Am I doing everything I can for my customers?

Now ask yourself: If a Steve Jobs, Michael Dell, or a Bill Gates, or some other innovative technologist was entering the PCB industry today, what might they do to change it? ("Cash out immediately" is not an answer!) What steps would a great business leader take to assume a leadership role in our industry? This is something you should be contemplating all the time. It is the role of the business owner to determine ways to make their company the best-run, the most profitable one in the industry. Figure out how to make customers feel that they cannot survive without you. Find new, unique ways to run your business to make it recession-proof and immune to offshore competition. Constantly source ways to keep your company between the cutting- and bleeding-edge of technology, quality, and service.

Although the concept of "no boundaries" has become cliché, it applies now more than ever. Think of what it takes to make your business successful, then eliminate all barriers to doing it. If you need to partner with an offshore supplier ... do it! If you need to stock inventory for your customers ... do it! If you need to develop a new technology for one of your customers ... do it! And do it happily, because that new technology just might be the niche that saves your company some day.

Of this you can be certain: things are not going back to "normal." We don't even know what the term means anymore. About 25% of the North American PCB capacity has been shuttered in the past 12 months. More than 60 plants have closed. With facts like these, forget any semblance of normalcy; a return to the way things were in 2000 is impossible. My friends in Europe tell me that they are always about a year behind the U.S., and that is holding true. The PCB business in Europe is now entering the trough. They also have left normalcy behind. And keep in mind that innovation doesn't simply mean new equipment or acquisitions (read: Viasystems). If being successful means merging with another company, you're still in that steel box (see Hadco, Zycon, Continental Circuits, or Praegitzer). If thinking out-of-the-box means simply increasing your technology level, think again. As I've mentioned in recent columns, a small number of companies have been very successful in this market, primarily by figuring out what their customers want, then supplying it. Simply put, this means understanding what the new marketplace requires and meeting those requirements, realizing what you are good at and selling that. Here are a few characteristics of the new market, as I see it:

- For the most part, commercial large-volume production is dead in North America.
- Likewise, the prognosis is dire for large shops in the U.S.
- To overcome this requires a solid overseas partner.
- Quickturn is king.
- Specialized high-technology is invaluable.
- Delivery and quality statistics must exceed 97% in order to compete.
- A complete focus on customers' needs leads to success.
- Growing by mergers and acquisitions leads to short-term wins and long-term failure.
- Contract manufacturers will gain market share, and they lack respect for PCB technology.
- Only the very best-run companies will survive.
- The company with the best-defined strategy and strongest sales team will survive. "Build it and they will come" is not enough: tell them about it ... over and over again.

You can hate the situation, or resent me for saying it, but these are the facts, the rules of today's market, and we have to figure out how to use them to our advantage. Until next time, good luck. ○

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