



Management 101—A Syllabus

Who should take this course: Printed Circuit Board (PCB) business owners and managers who are tired of working long hours for little or no profit.

Prerequisite: Have you ever asked yourself “what happened, this business used to be fun?” Are your days spent fighting fires rather than charting a course for the success of your company? If you answer yes to these questions, you qualify for this course.

Description: This course, delivered in monthly articles, will provide business owners and managers with an understanding of strategic management that will enable them to function effectively during the current turbulent times we are experiencing in the PCB industry. Using the conceptual tools and analytic frameworks of strategic management, this course provides a perspective that is integrative, yet analytical. This perspective will help owners make sense of the global business environment, understand the ambiguities and dilemmas of management, and learn how to take effective action to accomplish their goals.

Schedule: Monthly, when the new issue of Circuitree arrives.

Tuition: Free with subscription.

Credits: Vary by company

Instructor: Paul J. Emello, founder of Capitol Technologies, LLC, a business consulting firm specializing in the PCB industry.

Introduction: Will this course be helpful to you? I certainly think it will, and so does the editor of Circuitree. That is why we decided to run a series of articles dealing with business issues important to owners and managers of PCB companies.

Back in the good old days, when there was a lot of money around and business was fun, demand exceeded supply, so it was easy to be profitable. All that was required to be successful was a few pieces of equipment and the basic knowledge of how to build a board. Manufacturers could not increase production capacity fast enough to meet the ever-growing demand for product (who remembers when the lead time for a new drill was 18 months?). If your pricing, quality, or lead time were not satisfactory to the customer, it was not considered a problem; there were plenty of other orders out there. At that time, the forces limiting a manufacturer's growth and profit potential were primarily internal. There was little need for innovation or competitive advantage. Competition was based primarily on product type and manufacturing capacity, rather than on price and delivery. Starting in the early 1990s, how-

ever, this “build it and they will come” business model started to sputter. Here in North America, capacity began to exceed demand. Inefficient companies experienced financial difficulties, auctions started to become commonplace, and profits became harder to come by. Nowadays, orders are scarce and competition is fierce.

In my 30 years in this business, I have noticed that owners and managers are innovative in designing and developing new processes to meet their customer's product design needs, but when it comes to running their business, they are slow to adapt to changing market conditions. Most manufacturers reacted to the decrease in demand in one of two ways. The first group hunkered down in an attempt to outlast the market downturn by cutting costs and curtailing investments in their company. Owners typically cut staff (especially the more expensive, higher-qualified personnel), discontinued equipment maintenance programs and delayed buying new equipment needed to reliably produce their customer's latest designs. This approach exacerbates performance problems. On more than one occasion, I've been asked by PCB users, “Why, when business is slow, do our PCB suppliers have trouble delivering a good quality product on time?”

The second group spends their time tweaking the way they do business to try and bring sales levels back to the heydays. I've visited shops where only half the drills are running and the owner tells me, “we're adding a new type of lead-free finish – it will increase sales by 30 percent” or “we are going to hire a new rep firm to help increase sales.” However, on my next visit, I notice that the only thing that has increased is the amount of dust covering those unused drills.

Owners' reactions may be changing now. Based on the calls and questions I've been receiving lately, I believe many owners are beginning to understand that their actions, or inactions, have left them trapped in a profitless war of attrition. Merely cutting costs or tweaking an old business strategy has not been enough. They are realizing that it is external forces outside of their control that are limiting their growth and hurting their bottom line. What is needed is a business strategy that will use these external forces to their advantage to gain a competitive edge.

During turbulent times the risks facing businesses are much greater, but so are the opportunities. Now is the time to be innovative, to look at new technologies or new ways of doing business. This series of articles will help you learn how to take advantage of these opportunities. We will start next month with an overview of the business strategy development process. □

See you in class!

Paul J. Emello is president of Capital PCB.

E-mail: paul@cappcb.com