Welcome!

How to Create Value

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Introduction

• *Today’s Theme: Healthy Things Grow, Change*
  – Where there is growth/change, there is value
  – Consumers, employees, business owners and indeed the industry itself benefit from ongoing growth because value is created

• *Value is an Asset (something that can be sold)*

• *Fabricator and Supplier relevant*

• *Ask questions as you have them!*

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• *So let’s create some value…*
Opening Observations

• 94% of the time spent during order life of most manufactured products is “non-value added” (i.e. waste)

Example: Retractable Awning
• 7-day lead time (= 56 hours @ 8 hrs/day)
• 5 hours actual assembly time
• >91% of lead time nothing is happening!

Example: Stationary Canopy
• 20-day (4 week) lead time (= 160 hours)
• 16 hours assembly time
• >90% of lead time nothing is happening!
Opening Observations

• My wife needed a new car and here’s what happened …

• Bottom Line
  – Car was sold before it was built
  – Faster lead time than an awning
  – Seller converted inventory to cash in 7 days
Opening Observations

• **Some Conclusions:**

1.) *With no investment in equipment, training or materials, I've just demonstrated value can in fact be created by applying effort to that task*
2.) *I’ve identified an opportunity that exists to build value in most of our EXISTING businesses*
3.) *I’ve given a real life example from a complex supply chain proving the value of lead time reduction*

**Reality Checks**

#1: *Don't be left behind by thinking this is all just heady stuff for big shops or suppliers or other industries to worry about. It matters to you!*
#2: *Everything now competes against everything!*
#3: *How we respond to the call to create value affects our ENTIRE livelihood!*
Value in Reducing Lead Time

- **Value Proposition Sustainability Matrix**
  - Simple analysis of what makes value sustainable

![Value Proposition Sustainability Matrix Diagram]

**Sustainability**

- **Hi** Custom retractables
- **Lo** Internet retractables
- **Hi** truly custom products, low competition markets
- **Lo** imported products
Value in Reducing Lead Time

- **Lead time drives ALL other business processes**
- **Lead time reduction efforts (i.e. waste elimination) are the root of all continuous improvement, and drive quality and price improvement**
  
  Example:
  - **reduced warp beam set up (3,0000 yds - 1,500 yds – 500 yds)**
- **Improved quality and reduced unit price are the natural by-product of well designed lead time reduction efforts**
- **Increasing value does not mean increasing price, but does mean increasing profits**
- **What is the value of one hour of your time?**
- **What is your Productivity per ee per year?**
Value in Reducing Lead Time

**Example:** installation vehicle preparedness

- Are all the tools, equipment, parts, fasteners, job drawings, work order, permits, contact information and other required items ready to go when the installers arrive on the job site?
- Do you use an installation checklist?

**Example:** awning put-up/take-down preparedness

- Do you actively manage the process to achieve goals?
  - routing, scheduling, handling, condition evaluation & feedback (to customer and operations), storage, insurance, communication
- Do you have established benchmarks against which you measure progress?
Where Can I Create Value?

- Can value be created in any (or all) of the traditional "4 P's" of Marketing?
  - Product
  - Price
  - Promotion
  - Position
Creating Value Within the “4P’s”

- **What are the sources of value of the product you sell?**

- **Do you sell more than just the “nuts & bolts” of the product?**
  - *Longevity photos*
Creating Value Within the “4P’s”

Examples of other areas of value:

• *Installation*
• *Service contracts*
• *Extended warranty*
  – *A note about the Origin of the Specifier’s Guide*
Creating Value Within the “4P’s”

Examples of other areas of value (cont’d.):

- **Color**
  - *Establish a conversation about color*
  - *Awareness of regional, neighborhood preferences*
  - *Awareness of Color family complements and “flavors”*
  - *Familiarity with new colors (i.e. new SB2015 colors – can you name them?)*
  - *Become a credible color adviser*
Creating Value Within the “4P’s”

Examples of other areas of value (cont’d.):

- **Showrooms**
  - *Do you drive traffic into this expensive (& proven) investment?*
  - *Do you Co-op or share a showroom?*

- Anything you do to **establish greater choice in any of these 4P’s improves your chance to create value in the eyes of the consumer**
Creating Organizational Value

- Can value be created internally in an organization?
- What impact on industry value is individual organizational value?
  - If enough companies within an industry look and behave a certain way, will that flavor the industry?
Creating Organizational Value

• **Personnel Management**
  - *Do you support/develop m’fg. curriculum at local schools?*
  - *Do you establish m’fg. as a viable vocation for students?*
  - *Do you offer apprenticeship programs in your company?*
  - *Do you offer a career path to your employees?*
  - *Do you manage generational expectations?*
  - *Do you participate in Owner/Manager/CEO forums locally?*
Creating Industry Value

- Can value be created by an industry?
  - Got Milk?
  - Go RV’ing!
  - Others

- Has the awning industry historically taken advantage of or overlooked major opportunities to create value?
  - Has the awning industry suffered from “craftsman ego?”

- Let’s look at some examples
Creating Industry Value - examples

1982-1992

• **Backlit awning demand surge**
• **Dominant topic within the awning industry:**
  – *Is it a sign or an awning?*
• **Within the sign industry:**
  – *Can we make money selling these?*
• **1984 EXPO presentation by Jackson Brooks, ABC Sign Systems**
• **Suppliers sold to other interested providers**
• **Awning industry had first crack at this market**
• **To this day the sign industry outsells the awning industry in this product segment**
Creating Industry Value - examples

1988-1998

- **Staple system manufacture created and advances**
- **Awning industry:** *Steel versus Aluminum?*
  - or: “That’s not craftsmanship.”
- **Sign industry:** *Can we make money?*
- **Suppliers sold to other interested markets**
- **Again, awning industry beaten by another trade who embraced what we would not and focused (correctly) on what mattered to the consumer.**
Creating Industry Value - examples

1990-2000

- Substantial promotion of contemporary, motorized retractable awnings

- SOMFY/Sunbrella Promotional Program

- Awning industry response:
  - “It's not a SOMFY awning, just a motor.”
  - “It’s Sunbrella fabric, not a Sunbrella awning.”
  - “You can’t use it if it’s windy.”

- Retailers response: We've got a lead!

- Market was offered to awning industry first, but others capitalized, and bypassed the industry...
Creating Industry Value - examples

2000-2010

- **DIY/internet-direct suppliers and retractable awnings promotion, Round 2**

- **Awning industry responses:**
  - “Where's the boom in retractables?” (IFPR)
  - “The DIYs are not our competition.”

- **Marketplace responses:**
  - Market doubles in size, substantially outside major industry providers
Creating Industry Value

Future Examples?

• Shade structures, ShadeSails?
• Screens?
• What will the awning industry response be?
• How many more opportunities can be overlooked before the awning industry is not regarded as a relevant industry?
• Possible Indicator: “Awning” dropped from top selling US fabric brand 2015 collection
Creating Industry Value

- **Healthy things grow...**
  - Has the awning industry grown?
  - Is change embraced?
  - Is innovation championed?

- **Are we witnessing “…an insidious evaporation of demand?”**
  - Demand is not a given; an unfed market can atrophy.
    - Rochester, NY 1986-2001 example

- **Are we reaping what we have sown?**
  - Not nurturing a market?

- **Always local market exceptions**

- **What are we doing – as an industry – to grow our market?**
Thank You!

• I appreciate you taking the time to attend this session and hope you found something of value here!

• Spend time creating value for yourself, your industry and your legacy!