



Friends-of-the-Firm Mini-Briefing

Beware of Madison Avenue Manufacturing!

By

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North American manufacturing loves buzz words and panaceas! JIT, CIM, ERP, MRP and DRP are buzz words which bring promise of prosperity, world class manufacturing and newfound competitiveness. Unfortunately, many companies approaching the philosophies behind these acronyms quickly discover there is no such thing as a cure-all, solve-all panacea to manufacturing ills! Just as quickly, they discover that none of these are as easy to implement as proponents of the panaceas will lead them to believe. So why did they embark on implementation of something they knew nothing about in the first place?

Though the manufacturing equation is, in theory, a simple one, it can become very complex in practice. In theory, manufacturing is nothing more than the conversion of raw material into finished goods, with value and utility being created through the manufacturing process. Complications occur because factories are *really* controlled by thousands of internal and external variables. Pressures for return on investment, labor conditions, supplier relations and demand management problems all work together, with thousands of other variables, to complicate the day-to-day understanding of the basic equation. This often results in Leaders looking for new processes to describe these growing sets of complications. It is the Leader's desire to simplify or label these "*new systems*" that usually leads to the establishment of new buzz words and acronyms. When management is incapable of describing all of the complexities associated with the manufacturing equation, they simply create a new label to simplify discussion of the issues! Unfortunately, many of these same executives begin to believe that "*turning-on*" the buzz word will solve the problems.

There is no such thing as a "*plug-n-play*" solution to manufacturing company problems. Just because one labels an overall system with a new acronym does not mean that it can be plugged-in, turned-on and run smoothly. Regardless of which panacea you observe, they all require a mastery of business fundamentals. Inventory record accuracy, formal forecasting processes, non-front loaded master schedules and formal, recurring internal training programs are but a few of the fundamentals that every company must master before pursuing any of the "*new systems*."

Instead of falling prey to the "*Madison Avenue Hoopla*" associated with these new panaceas, try mastering the fundamentals. With the fundamentals of your organization operating routinely, you will be surprised at the levels of profit you can achieve... without the new panaceas!

The difference between Madison Avenue Manufacturing and world class manufacturing is **results**. You can implement buzz words or you can implement profits. The choice is yours.

About the Author



Alan G. Dunn is currently President of GDI Consulting & Training Company and founder of the Manufacturing Executive Institute (MEI). He is also the creator and lead-instructor of the 18-month Next Generation Global Supply Chain Leadership Development Program at the California Institute of Technology's (Caltech) Center for Technology & Management Education (CTME), where he has taught since 1984. Mr. Dunn also serves on the University of California at Riverside's (UCR) Advisory Board for Transformative Leadership in Disruptive Times.

Mr. Dunn specializes in supply chain management, strategic planning, manufacturing management, operations management, leadership development, cost management and business finance.

Previously, Mr. Dunn was a Vice President at Gemini Management Consulting and a Partner at Coopers & Lybrand. In both positions, he led large technical manufacturing teams through innovative productivity enhancement projects. Mr. Dunn has participated in >188 significant manufacturing and distribution projects inside >118 companies. He has worked in 24 countries and across most manufacturing sectors.

Over his 40-year career in global supply chain consulting, Mr. Dunn has served on the Boards of Directors of numerous public, private and non-profit companies. He is the recipient of the National Association of Corporate Directors (NACD) prestigious "*Director of the Year*" award in 2007.

Alan is a career Association of Supply Chain Management (ASCM) volunteer, having served as the President of the Orange County Chapter in 1984 and Chairman of ASCM in 2015. He was inducted into the "*ASCM New England Supply Chain Conference Hall of Fame*" in 2022.

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