



Friends-of-the-Firm Mini-Briefing

Our Most Precious Corporate Asset

By

Alan Dunn, President, GDI Consulting & Training Company, 2020



I wish businesses could re-invent the format of the balance sheet and income statement. If this could be done, I would strongly recommend that we rethink the asset section of the balance sheet and the expense section of the income statement. By doing this, we could bring to life a whole new understanding of what "real" corporate assets are and what the real expenses of running our businesses can be.

The most precious corporate resource in most businesses is people. It is not machines. It is not technology. It is not robots. It is not the internet. It is not "corporate culture" or six-sigma thinking. It is people... people who execute plans, add value to raw material and provide a service that domestic and other countries' consumers need. It is people who exploit market niches, not machines.

If we are to succeed at building the productivity machine that America desperately requires to remain a world competitor, we must invest in the maintenance of this most precious asset. Leaders must begin investing in training as well as technology. No longer can we afford to think that buying and implementing a new information system, buying a new robot or buying a new piece of machinery will solve our problems. When we do try to buy our way out of a problem, all we ever succeed in doing is spending a lot of our stockholders' cash while never implementing the new tool effectively, or as we promised the Board of Directors when seeking project funding. This is usually because we "installed" the new device or system and failed to train and retrain our people. We apparently believe that people in our companies learn through osmosis. Nothing could be further from the truth!

Implementing a new information system in your company without implementing a recurring and formalized way of training is like installing a large and complex machine without any consideration for preventive maintenance. Eventually it is going to break, and it is going to hurt. **Instead of waiting for the pain to stimulate a response, why don't we implement "preventive maintenance" for our people assets?** Why don't companies develop training departments that execute training for all levels, throughout the organization? Why can't training be considered part of the job?

During the next several decades, America will both prosper and maintain its position in the world marketplace or it will become a nation of hamburger flippers, day traders, law clerks Amazon

warehouse clerks, and service clerks. Foreigners, who always seem to want to build things, will own the mortgages on our buildings, our factories and our homes.

There are many tasks that need to be performed to preclude productivity gains from eroding... probably none more important than the development of recurring training programs in our manufacturing companies. And I do not mean classes on how to weld, how to solder and how to assemble. I mean classes on how to plan, schedule, manage quality levels, measure performance, and lead others to excellence.

Recurring, formalized training programs should be considered *part* of the cost of maintaining human assets, not an expense to be cut at the first hint of trouble. When you don't continually train your people, you are saving short-term cash while mortgaging your future.

As the wise man once said, pay me now or pay me later!

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.

Mr. Dunn has a degree in business management from California State University, Fullerton.

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