



Andrew Martin

ONE STEP BACK, TWO FORWARD

*The Story of a Company
Forced to Make Changes*

IT IS TRUE THAT YOU CAN IMPROVE your business by creating more sales, reducing costs and retaining talented people. There are also other strategies.

My company, the ATM Group, is a manufacturer, designer and distributor of loudspeaker and videowall mounting hardware. The recent change we underwent—a successful one—was driven by an ideology and methodology that could have a positive impact in virtually any type of business.

In 1989, ATM Group began selling loudspeaker rigging hardware to anyone with the need and the will to invest in the hardware. Though the first years of business saw lean sales, within four years ATM Fly-Ware became a market leader for loudspeaker rigging product sales and was expanding rapidly to accommodate market demand.

Doesn't this sound like the wishful entrepreneur's dream? It certainly was my dream, but as Mom used to say, "Be careful what you wish for."

THE PROS AND CONS OF EXPLODING

Soon, ATM Group was moving into an expansive new building, adding new equipment, bringing in a professional staff and becoming a professional manufacturing business growing up to 125% per year. This growth, combined with my pursuit of an EMBA, was a tremendous daily strain for the entire management staff. Somehow we persevered and emerged strong.

It still sounds like an entrepreneur's dream come true; and it was a dream. I remember the conversations clearly:

"Andrew, we have too many orders and

not enough time to fill them."

"We need more people, more machinery, more engineering, more..."*

"We can't deliver what we are promising to our clients, what do we do?"

We did what seemed logical: We added more people. We spent large sums on automated machinery. And we redoubled our efforts to control production flow and client service. On the surface, all of these efforts seemed to work. We improved our delivery times and accommodated mar-

ket demand fairly well, barring the occasional short-term problems in delivery that all manufacturers endure. About this time, being the entrepreneur that I am, I saw an opportunity to start up another manufacturing business in another industry. So I went off to do the thing that entrepreneurs do and diverted my attention to starting another business.

machine. All of these were symptoms caused by a faulty business model. Eventually, that faulty business model would force my attentions back to ATM Fly-Ware for some emergency care.

When I returned to ATM Fly-Ware, I observed a team of dedicated individuals doing everything they could to make our clients happy. The entire team was focused on one thing: delivering the products to the clients that needed them the most. So products that might normally have

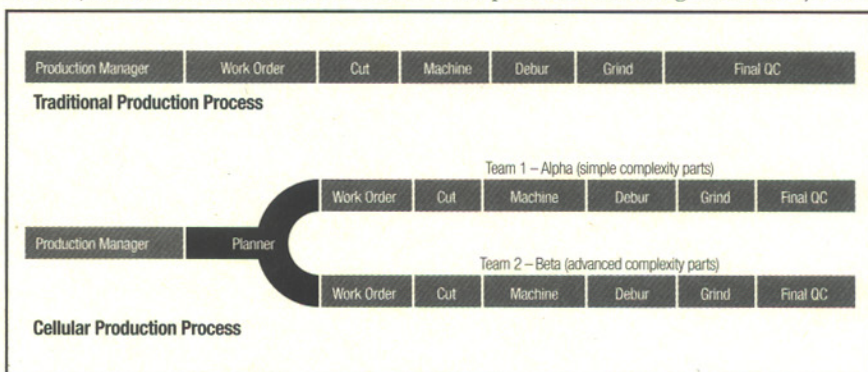


FIGURE 1: Before and after reorganization.

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CRASH!

But I had made a mistake: I did not realize that our true production challenges were not the result of machinery obsolescence, head-count on the production line, or even how fast a particular part could be produced on a particular

taken several weeks to manufacture were being built in a matter of days, and products that should have taken a few hours to manufacture would be stacked up behind the more complex parts, just waiting for a space in the production schedule. We had successfully created a logjam in production. Have you ever pushed against the wall to make it move, and it doesn't move, so you push harder and longer? Pushing harder was clearly not the answer to our dilemma, but soon the answer became clear.

We had grown a successful organization by following a few core truths:

1. Our organization understood our clients' needs and designed products that