



Welcome!

How to Create Value

Friday, January 23rd, 2015
NECPA EXPO & Conference, Springfield, MA

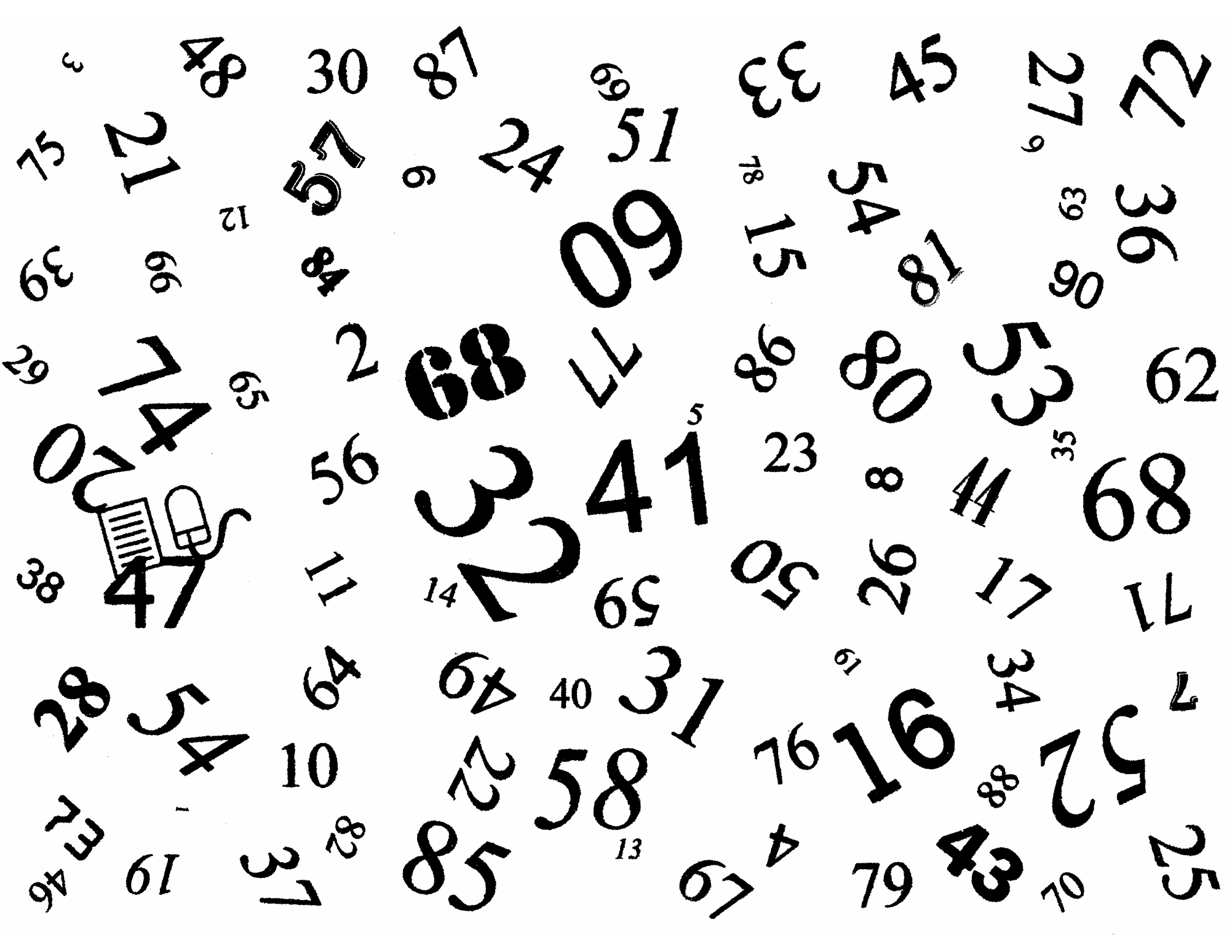
presented by Kevin M. Kelly, IFM, MFC, CPP

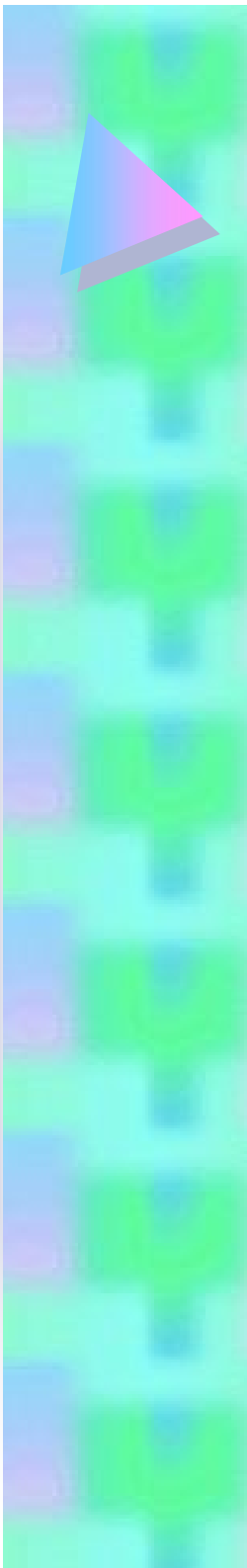
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Introduction

- ***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!***
- ***E-mail Contact: KanvasKing@globecanvas.com***
- ***So let's create some value...***





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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:**

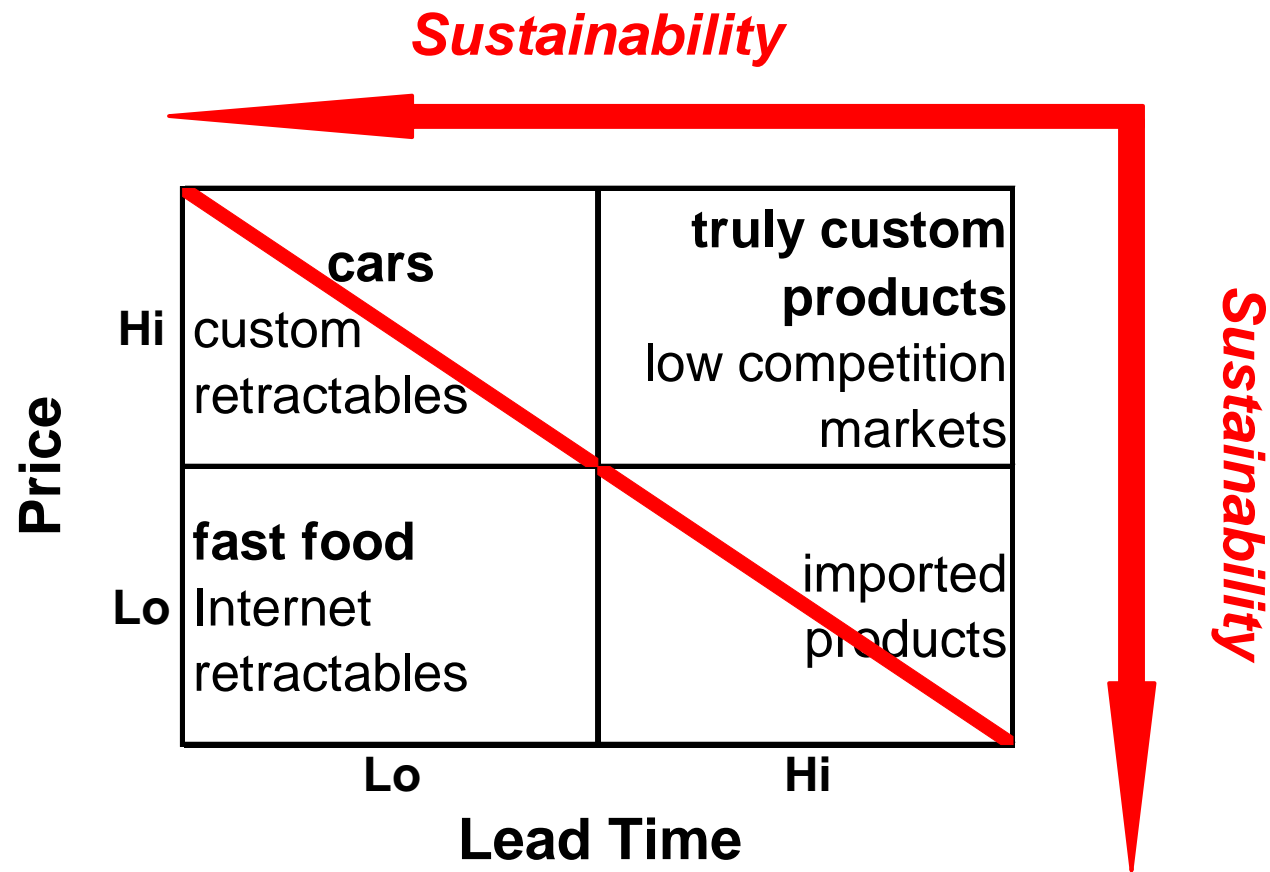
- 1.) *With no investment in equipment, training or materials, I've just demonstrated value can in fact be created by applying effort to that task*
- 2.) *I've identified an opportunity that exists to build value in most of our **EXISTING** businesses*
- 3.) *I've given a real life example from a complex 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 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 (3,000 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*

M'fd. 1993!



M'fd. 2002!





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***





EVER GREEN

CAR CARE CENTER

PERSONAL TOUCH SERVICE

PERSONAL ATTENDANT GUARANTEE

WAXING - WINDOW TINT - OIL - DOOR JAMBS

BELTS - DASH - CONSOLE - ETC.





Clifton Heights

WASH & DETAILING

DETAILING

CAR WASH

WASH & DETAILING

FULL SERVICE CAR
VACUUM & WINDOW
And TOWEL DRY

WASH
→

WELCOME

Every Customer LADIES DAY 20 ⁰⁰ hr ANY CAR WASH \$10.00	Every Customer SENIOR(65) CITIZEN DAY 20 ⁰⁰ hr ANY CAR WASH \$10.00
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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!*

