

## Is That Opportunity Knocking?

By Rebecca A. Morgan  
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*Understanding and responding to market expectations and fluctuations is pivotal to managing a business's operations.*

Remember that woozy feeling right after stepping from the house of horrors at the amusement park? Not all that amusing. Many business owners have that same sick feeling day after day. The increase in required speed and market demands coming from all directions can make one dizzy. Entrepreneurs quickly have to find a way to meet them or exit the ride for good. What separates those that make it from those that don't?

AIMCO Precision Inc. was founded in Phoenix, AZ in 1978. It began as a small metalworking shop, emphasizing grinding capabilities. In the subsequent 15 years AIMCO attracted some well-known companies as customers, largely on its unwavering commitment to quality and customer service. Credibility was strong as the company built operations around the ability to make promises that could be kept, and then keeping them.

It is the role of Operations to develop and deliver the goods and services that your company sells. How it does that, good or bad, is the embodiment of your competitive advantage in the market. Effective operations require an accurate understanding of marketplace expectations and the solid ability to meet them, neither of which is easy. Some customers may seem to make demands just for fun, with the same gusto that the carny shows in turning up the speed on the ride. In all the hubbub it can be difficult to tell if that sound you hear is opportunity knocking or merely the whistle of hot air rushing by.

In the mid 1990's one of AIMCO's largest customers asked Maxine Jones, President and CEO, to change AIMCO operations to add machining services. The customer valued AIMCO's quality of work and service, but explained that the company needed to build those capabilities or risk losing business.

Jones had a decision to make. She could "stick to her knitting" or she could invest in new equipment, training, personnel, and other

aspects of the business to meet this customer's request. She opted to make the changes. Clearly a business strategy that required outstanding operational support.

Let's be honest. Outstanding operational performance cannot overcome bad business strategy. The buggy-whip manufacturers who refused to see the automobile as competition lost everything, no matter how good their service or how cheap their prices. But great business decisions alone are not enough. Operations is more than a means to an end; it is a strategic function that creates competitive advantage.

Aerospace was a significant part of AIMCO's business, with commercial aviation an especially important component. The aftermath of September 11, 2001, hit Jones' business hard as customers slashed orders.

Again, she had a decision to make. She could lay off almost everyone, or she could retain those with hard-to-find skills without the business volume to justify them. While Jones reduced her company from about 30 employees to 12, she retained those with the skills most valuable to meeting the future demand she believed would eventually come.

While many operations groups seem to thrive on heroic fire fighting, the willingness to develop and use systems that align operations with the business plan and market demands can provide effective fire prevention. That means lower costs and better performance in the areas that the market deems important.

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Jones chose the 2001 downturn as an opportunity to get her company compliant with AS9100, an aerospace quality system certification. She didn't wait for the mandate from her customers; she was determined to take that initiative as a way to both utilize the employee talent available and to position operations for future growth.

Just because a few big decisions have turned out well doesn't mean that the next one will also. Even your best decisions may not be enough. The carcasses of many good companies lay strewn across the economic landscape. But the best long-term chances of success rest on a valid business strategy and operations that repeatedly and reliably deliver competitive advantage.

Since 1995 AIMCO has gone from two machines to over 30. Since the 2001 downturn the company has increased employment to almost 40. Just last year the company bought a new larger building, providing both the space and the environment that continued growth requires.

So while good companies can go under, a characteristic of those that survive and grow is the ability to finish strong. Deliver your competitive advantage on every order to every customer. It requires good systems, attention to detail, follow through, and a team that doesn't quit too soon. And recognizing the sound of opportunity knocking.



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