Did We Learn Anything?

This is from the last paragraph in an article in the New York Times, about disruptions in the worldwide supply chain due to Covid 19: “The real question is, ‘Are we going to stop chasing low cost as the sole criteria for business judgement?’”

The point of the article was that Just In Time manufacturing strategy has been very good for many companies since Toyota first pioneered the concept in the 1960’s. It stopped being good when Covid stopped the flow of raw materials, which stopped the flow of component parts, which stopped the flow of finished products. In the printing industry, we had supply and demand issues with ink and paper and other substrates. Not to mention the difficulty in finding people to do our work, which is what I really want to talk about today.

Cost Focus

Low cost is a contributor to high profit. That’s inarguable. But it’s not the only way to achieve high profit. Also inarguable is the old adage that you have to spend money to make money. Here’s an observation. Printers love to invest in equipment. But, on the other side of the coin, printers tend to be reluctant to invest in Human Resources. “Keep payroll down” is the mantra, and it too often results in unexceptional people, compounded by not enough of them to get the job done. The other side of that coin is to pay premium wages to attract and retain premium people.

Here’s a tale of two printing companies. Company A spends $30,000 per month on 10 unexceptional people. The work mostly gets done. Company B spends $35,000 per month on 8 exceptional people. All of the work gets done, efficiently and effectively. Which company would you rather be?

There’s definitely some irony to the Covid situation. Company A was admittedly in better shape when people needed to be laid off. But Company B was in better shape when it was time to bring people back. The fact of the matter is that many Company A’s can’t even fill their open positions right now, and when they can, it’s with new people who have to be trained to some level of performance. Many Company B’s were able to keep their good people on — granted, sometimes with reduced hours and at reduced wages, but people were willing to suffer some to keep a good job. They were not as likely to suffer to keep a not-so-good job. And that has been compounded by the reality that many people with low-paying jobs could make more money through unemployment benefits than they could from working, and even when those benefits ran out, they could find higher-paying not-so-good jobs because of the demand situation.

Bottom Line

Here’s what I hope you will learn from all of this. Everything starts with your Human Resources! The ink, the toner, the paper and even the machines are essentially the same. Oh sure, some machines are more capable than others, but across the competitive landscape, *someone* always has machine resources at least equal to yours. (And in many cases, *someone* has machine resources even greater than yours!)

But here’s another fundamental truth. *Machine resources will either be enhanced by or diminished by Human Resources*.

Granted, it can be difficult to hire great people right now, especially if you’re not willing to view your Human Resources as an investment rather than a cost. But that mindset does make it easier. What I’m hoping to accomplish today is an attitude change, and the first steps toward building a Company B team. It may take you all of 2022 to get from where you are now to where you want to be, but if you can accomplish that, you will be in much better shape in 2023 and beyond.

“How The World Ran Out Of Everything” The New York Times, June 1, 2021, by Peter S. Goodman and Niraj Chokshi