



GET BACK TO MAKING MONEY

As Competitively As You Used To!

By Maurizio Porta

TRANSFORM FIXED COSTS INTO EBITDA



There is a concept that goes beyond simple business growth, and has to do with the concept of choice.

Do you know the so-called “Butterfly Effect”?

“Small variations in initial conditions produce large variations in the long-term behavior of a system”.

That moment when you choose “Yes” or “No” can change your whole life in practice.

Beyond everything else, “to choose” means one thing only in particular: to take responsibility.

That’s why people hate having to choose.

It is mentally tiring, and we are often not ready to make well considered choices.

Especially when we are faced with a difficult crossroads, or many options and you have to choose only one. To weigh costs and benefits, at times, can be really exhausting.

The real problem is the hidden responsibility behind the choices.

Not the choice itself, but “what happens next, if I choose one thing rather than the another”.

Because sometimes you can know what will happen only after having picked something. Otherwise you cannot know.

“TO CHOOSE means one thing only in particular: to take responsibility”

An example?

If you implement the FLEXIBLE PRODUCTION method in your company by installing for the first time the MULTICENTER, you risk to produce in a more competitive way by cutting the fixed costs in favor of EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization). Then get more money and live the life of your dreams, whatever that may be.

If you go on with old patterns well ... needless to say that I cannot let you know what the future of your company will hold for you.

Surely it will be something out of your control. And if you lose control of your business and take a decidedly unproductive road ... your company may close, and you may miss it.

I want you to know one thing clearly: in life there are choices that you may be unsure about, and choices you will NOT make ... for which you will regret and never forgive yourself.

And regret is one of the things you should never want to live with, because it can never be mended.

Regret is a negative, conscious, and emotional reaction to behavior in the past.

Generally, it is accompanied by sadness or embarrassment, which manifest themselves after a person realizes that he should have done a certain thing he did not do. Regret is stronger over what we did not do than what we attempted to do.

And the past does not change!

What you can change is the future. What does it mean for you to turn around, look at what you've done and have no regrets?

From the choices you make today.

If you have done everything possible, in fact, whatever the result, you will not have any weight on your conscience.

"What would have happened if that day I had chosen the path of FLEXIBLE PRODUCTION?"

And this wears on you inside, believe me.

Luckily, you still have time.

Your decision today can change your life. Just like other American entrepreneurs who already use the FLEXIBLE

PRODUCTION method and see increases in sales and profits.

And you will be the only one responsible for this success.

How you will possibly fail if you leave the fate of your company at the mercy of the market, continuing to blame the government, or the crisis. Certainly, they are a problem. But problems in which you have no control.

Today, however, you have the power to say "Yes" and tomorrow to think:

"Luckily that day I said 'Yes!'".

For a life as a successful entrepreneur or manager, able to take responsibility and live a life without regret, make the decision now and implement the FLEXIBLE PRODUCTION method which transforms YOUR FIXED COSTS INTO EBITDA!

Read the following article explaining how to transform fixed costs into EBITDA!

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There are many companies that can build a flexible machine ... I have no doubt about it.

But I'm the only one who has created the METHOD "FLEXIBLE PRODUCTION" that allowed to sell the biggest number of flexible machines succeeding in to be the first to build them in SERIES, to a pace never seen before in my sector, with ALL THE BENEFITS of the case (Reliability, Price, Deliveries)

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THE MOST IMPORTANT DATA FOR YOUR MACHINE TOOLS



Are you an operator in the world of Manufacturing?

Do you take care of the production department or do you have to deal with machine tools, cycle times, costs per piece and retooling?

Well, this article is for you.

Everything starts from the usual problem that arises at the basis of the purchase of a machine tool.

The vast majority of entrepreneurs or production managers in the manufacturing world who want to invest in new machine tools usually look at a figure that, in my opinion, is perhaps among the least important.

The price of the machine

And you will think: "Of course, what impacts most of all on the purchase choices is certainly how much the machine tool will cost"

Nothing could be more wrong

Managing a production department is never a simple thing, but even more difficult is to know how to make the various calculations behind the use of machine tools, orders and customer orders.

As you know, there are a lot of data and numbers that you have to learn, to watch and keep under control whenever you compare yourself with a customer who asks you for an offer.

But above all, it is obvious that even before comparing with customers you must LEARN to look at these numbers.

And above all, learn to look at the CORRECT numbers.

Your production department is full of numbers.

Normally those who work in this sector always check the same data:

- Cost of machine tools
- Cycle times

Managing a production department is never a simple thing, but even more difficult is to know how to make the various calculations behind the use of machine tools, orders and customer orders.

So, whenever you are faced with a new job opportunity, take the calculator and check out to see what PRICE you can offer to your potential client.

The classic calculation you make is to see, exactly, how much the Machine Tool costs you, how much is the cycle time.

So, from here (in summary) you do a calculation on how much the piece part price will be and “hope” to be able to figure out if you can take the order.

But this is a very serious ERROR.

Are these only the numbers you need to watch?

Absolutely not.

It is obvious that the numbers mentioned above are the basis and are very important.

As well as these, there are a lot of other data that you have to consider, if you want to make good investments on valid machine tools and if you want to take orders correctly.

But this is the classic approach.

If this way of doing the calculations were really enough today we would not find ourselves in the current situation, where many companies are in crisis and can no longer take orders, because they always think only how much the single piece or the single machine will cost them.

There is a particular figure, which is the most IMPORTANT, and that you really have to learn to know, master and monitor if you want to see your production and your company go to the stars.

What data are we talking about?

The most important data in the production department

Ok, now I tell you what almost no entrepreneur and no production manager (really a very small part) take into consideration every time he evaluates machine tools and job orders.

And, coincidentally, those who know this data and use it correctly are also the same ones who are exploiting the wave of the crisis to see their turnover grow, even more than years ago.

The data is the EBITDA.

That is Earnings Before Interest, Taxes, Depreciation and Amortization.

It's strange because it is within the budget and very few people in the manufacturing world take it into consideration.

But, absurdly, it is also the fact that if you learn to master, it will take you to another level of entrepreneurship.

All the biggest entrepreneurs use this data as the only real number to make strategic business choices that can really work.

But let's see together what it is.

EBITDA, that is Earnings Before Interest, Taxes, Depreciation and Amortization – what is its purpose and how you can interpret it

The EBITDA, as you can read from this study is an indicator of profitability that highlights the income of a company based only on its operational management, therefore without considering the interests (financial management), taxes (tax management), the depreciation of assets and depreciation.

By adapting this data to the context of machine tools and purchasing decisions, we can learn to use it to our advantage for a variety of reasons.

What can I calculate with the EBITDA?

The basic idea is:

“Transforming direct costs into EBITDA”

When you are about to buy a machine tool, instead of dwelling on the price and how much the machine costs you in the short term, you should instead calculate “How much the purchase of this machine tool will affect the EBITDA of my company”.

In summary, it is much more important that you learn to calculate:

1. How many years your machine tools last
2. How much they will perform during these years
3. How much are you able to transform your current direct costs into EBITDA future
4. Relationship between automation and productivity

This is the most important data !! The EBITDA...

You can stay there doing the calculations on the price of the machine, on the cycle times and on the time of retooling.

These are fundamental data, there is no doubt.

But to these numbers you must learn to combine the above calculation even earlier in the process.

Turning direct costs into EBITDA!

- How long will it last for every single machine tool
- How much your machine tools are able to transform direct costs into the EBITDA not yet visible future
- What is the relationship between automation and productivity between one machine tool and another

And, guess what?

The Flexible Production Method is able to guarantee an increase of your EBITDA in the medium term, as no other method has been able to do so until now.

A record-breaking automation-productivity ratio.

In particular, through the application of the method I realized that my customers had an ace up their sleeves to beat the competition.

Something that others did not see and that even today still are unable to see.

And this is precisely what others do not see.

The EBITDA

Applying the concepts and strategies that underlie the Flexible Production method, it can be noticed that in the medium-length term the results of my customers go on, improving considerably.

Absurd, right?

If you have a “short term” entrepreneurial vision, you will not see this figure and will continue to run in a hamster’s wheel.

So it is essential that you train your mind to develop a “medium-long term” mentality, able to help you make entrepreneurial choices as a true expert.

From a chat

Just chatting with one of my historical clients, he reveals his “secret” to calculate how, how much and how many machine tools to buy.

He reveals his winning method in substance.

And he does not consider the price of the machine very important.

Here’s what he tells me:

THE TESTIMONY

“The choice of machine tools is first and foremost the relationship between automation and productivity.

It is not only the productivity of the piece that interests me, but the automation that is needed.

For example, 3 machining centers are much more costly and difficult to manage than a single Multicenter.

With the machining centers you have 1 robot for each machine and the direct costs are much higher, while the Multicenter makes up to 3.5 times more production, with low-cost equipment.

The application of the Flexible Production method is a winner in the flexibility to have few direct costs to produce pieces.

The policy is:

I DO NOT WANT TO HAVE DIRECT PRODUCTION PERSONNEL.

Applying the method and using a Flexible Machine is a winning idea!

We are decreasing the number of machining centers, we have gone from 8 to 7 and the numbers say that we will go to 5 within a few years.

We do not compare the Multicenter to other machines.

It is incomparable, as is the method, because we are talking about different things.

In my company, this method is not used to make small lots, but to make medium lots, which last from 5 days to 20 days.

This method is good for medium and medium-high quantities.

In our case the Flexible production method is focused on productivity that I do not find in the machining centers if not buying many of them and, the, the automation kills everything.

The transfer does not go more than 10 days, apart from some rare cases in which in 2 weeks you make mega-sized lots.

It is the relationship between automation and productivity compared to the machining centers that we are most interested in.

The direct cost of production and the EBITDA.

Turning direct costs into EBITDA"

So as you can read from these words we are no longer talking about the classic method of calculating "old" numbers.

But we are really revolutionizing the way we read data and numbers, to bring calculations for the medium to long term to our advantage.

Do you think things are too difficult and far from your classic way of thinking and calculating how to buy your machine tools?

It's never too late.

If you want to start to master your production department and to finally start your revolution, you are in the right place at the right time.

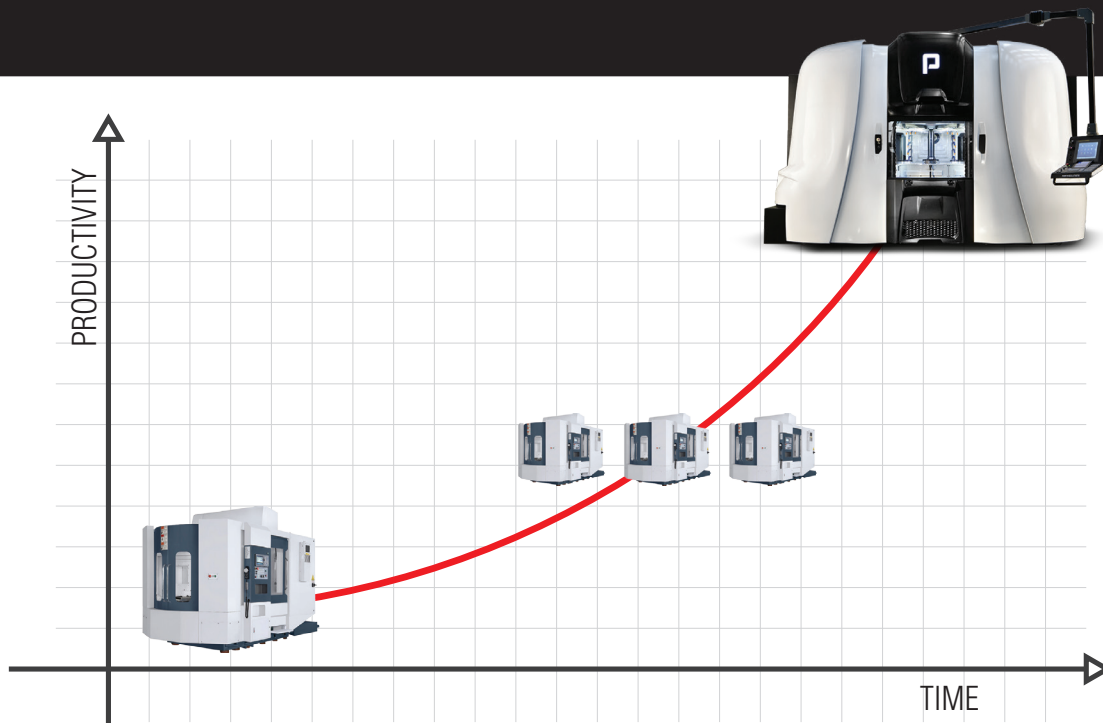
The Flexible production method is waiting for you.

It was created personally for me for this reason, to help you implement a methodology that can make you achieve excellent results even and especially in the medium and long term.

What your competitors will NEVER - and I say never - to support.

EVOLUTION

FROM FLEXIBILITY TO PRODUCTIVITY



Testimony of a customer who applied the method Flexible Production



VALVOMECC

HERE WHAT THE MULTICENTER SOLVED!

Below are the three questions that I asked one of my customers who uses the MULTICENTER.

Incidentally, let's give real names and surnames, because there are too many endorsements that praise certain products that are entirely made up. The funny thing is that it is never possible to verify them, and this aspect, which is the result of science-fiction marketing, upsets me a great deal!

Why? Well... Because there is no signature at the bottom of these endorsements; no one knows who this super satisfied customer is and, because of privacy laws, you are not allowed to know... This is a typical gimmick!

SO, WHAT DID I DO?

I simply asked my 3 questions and then asked for permission to publish the answers as an endorsement (in compliance with privacy laws) with all the necessary references so that anyone, even you, can contact the person/company in question and verify the truth of what is being reported!

Here are my three questions and the respective answers, verbatim:

1. What kind of problems were you experiencing before buying the MULTICENTER?

Mainly tooling times and cycle times were long. In addition, the precision of the previous machine was not high anymore (the machine was the '96). Long cycle times and long tooling times did not allow an immediate machining change. Let's say that once we had found the balance, we tried to machine as much parts as possible increasing the inventory (a great cost for the company).

2. How did you solve this problem thanks to the MULTICENTER?

Since I have a big tool magazine (24 for each unit for a total of 72), I have the chance to have more tools mounted for different machining, so the tooling time is only for the replacement of the jaws. The MULTICENTER is very compact, more precise and faster both in the cycle times and in the tool management. This allows to produce also small batches and then to change item in a short time reducing the tooling time.

3. What positive results have you achieved by using the MULTICENTER?

More precision, reduction of tooling times, reduction of cycle times, flexibility in item change. This allows to follow the requests of customers as much as possible.

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