

Cheaper is Not Always Better

Whether it is a service or a product, cheaper is not always better...but it *is* cheaper. We have all experienced the difference between something that is “cheaply made” and something that is “a lot of value for the money” (inexpensive but effective). So, what is motivating us, our society, our companies, our organizations to blur the lines between “cheap” and “low cost/high value”? Is it corporate financial greed? Is it perceived cost savings by the consumers? Short term cost cutting? Ignorance?

I remember toys and games from my childhood that by any standard were cheap. They fell apart quickly and easily. Being a mechanic, I also have teenage memories of tools that were a bargain, but they didn’t last very long before they broke or wore out and had to be replaced. As a young adult, I bought cheap tires for my car, only to realize that they did not last nearly as long, nor were as round as the more expensive tires. I soon learned that the car used more gas, had a rougher ride, and the tires cost more per mile than the expensive tires.

Cheap, Fast, and Right

As a machine and tool designer and in later years supporting new plant startups, I learned that of three important attributes—cheap, fast and right—only two were generally attainable...any two: cheap and fast but it wasn’t right; cheap and right but it wasn’t fast; fast and right but it wasn’t cheap. Today it seems, many individual consumer decisions and business decisions wrestle with these same three attributes and often make compromises along the way. When we want something cheap and fast, we often don’t really expect it to be right because it’s disposable anyway. At times, we are willing to go for right and fast. We know it isn’t going to be cheap, but we value the higher quality...and we want it now. When Henry Ford produced the car for the masses, the Model T Ford, he carefully balanced all three attributes. It wasn’t the cheapest or the fastest or the best form of transportation, but it proved to be a powerful compromise that benefited the consumers (and Ford) at that time in history. As consumers when we compare value for the money spent and delivery time today to a century ago, or even 30 years ago, we have often seen reduced cost and prices, improved quality, and dramatically improved acquisition time. We have the freedom to choose what is most important to us.

Freedom to Choose and to Act

John Quincy Adams (1767—1848), one of our nation’s most influential leaders and the sixth president, was quoted as saying, “Posterity—You will never know how much it has cost my generation to preserve your freedom. I hope you will make good use of it.” Our country was founded on certain freedoms and rights. We have the freedom to be inspired, motivated, enthusiastic, hard working, honest, ethical, innovative, trustworthy, and responsible. Unfortunately, we also have the freedom to be bored, annoyed, dull, lazy, conniving, immoral, out-dated, corrupt, and irresponsible. In general, we have the freedom to be whatever we want as long as we do not violate laws, regulations, and/or policies. Likewise, our businesses, our companies, and our merchants have the freedom to operate however they choose, as long as they comply with applicable laws and regulations. Have we turned into a society with a disconnected “who cares” majority unwilling to stand up for our heritage, for what is right, by accepting (or demanding) cheap goods that are not right?

Is Offshore Outsourcing Right?

We currently have the freedom to outsource manufacturing to foreign countries including a few that do not respect the same laws, regulations, and/or policies that we do here in the United States. U.S. manufacturers struggle to compete with countries such as China because of our higher and their lower cost of manufacturing. When President Bush announced his “High-Growth Jobs” initiatives and “targeted industries” in 2004, neither he nor the Department of Labor probably ever recognized that we were deep in trouble, not only in “advanced manufacturing” but also in our fundamental manufacturing capabilities and capacity to compete. And our transportation, health care, facilities management, power generation, water, and telecommunications industries are also being affected by the same career apathy and skills shortages that are affecting mid- to small-sized companies in our manufacturing sector. This ignorance is driving our operating costs up and sometimes off the scale of competitiveness.

Is This Right?

As a nation, we became so enamored with “high-tech” and advanced methods, with No-Child Left Behind and college educations that we lost sight of the fundamentals of strong, diverse revenue generating capitalistic society. Jobs were being lost because of:

- 1) the quest for “cheap labor” not available in the U.S.
- 2) corporate financial greed
- 3) stock holders’ and owners’ desire for rapid financial growth
- 4) a growing market for “cheap” goods and services for consumers who came to expect quality and value

My parents were children during the Great Depression. They grew up learning what it was like to be frugal and not wasteful, not because they were poor or stingy but because that’s the way life was in their growing-up years. Times changed after World War II when the U.S. prosperity was the envy of the industrialized world. Our nation’s economy took off. Our middleclass population out-grew their homes and cars. They thrived, prospered, and had lots of children. Life was good. Tom Brokaw labeled this the “Greatest Generation” because of their “get-it-done” spirit through WWII, the Korean War, and the massive job of rebuilding the world’s industries.

Then the post-WWII Baby Boom generation ushered in the “disposable” concept followed by the “recycling” waste innovations. Here is where, I believe, we began to usher in the idea of the “big box” stores, “self-service” gas stations, and “fast food” restaurants – fast, cheap, but not necessarily right in the long term.

Cheap and Fast

We are currently experiencing nationwide consumer scares. With the largest pet food recall in U.S. history, our pets got sick and died because of tainted food. Imported toothpaste is contaminated, and children’s toys have poisonous levels of lead in the paint. Chinese farm-raised fish and shrimp are being rejected because of unsafe levels of antibiotics and other compounds not permitted in our food chain. Where will all the unsafe toys and products end up? “Made in China” is becoming a new warning label of sorts. Tainted toothpaste and weight-loss products are turning up in Japan, Canada, Italy, Spain, and Panama. The European countries are sounding an alarm, too. China has been producing powerful electronics, computers, laptop computers, printers, LCD screens, and electronics for years, and they are getting better at it. This success has fueled a capitalistic firestorm

in China as largely rural, agrarian, small communities scramble for the almighty dollar often breeding corruption in its wake. Not being bound by our society's values and laws; not ethically honoring and respecting world health, safety, and environmental regulations; and not being bound by international copyrights, patents, or other intellectual property rights, China can produce real cheap goods for the world market, and they can do so on a huge scale—fast. Counterfeit, knock-off, unsafe products, with no guarantee should be unacceptable in our modern society.

Have we drifted to the point where business decisions that affect our lives and our society are being based on goods and services that are cheap and fast, but are not right? When are we going to realize that “cheap is cheap,” and that means cutting corners, making compromises, and taking risks that might be harmful in the short and long term?

We are making a huge mistake every time a maintenance budget is cut in our plants and facilities without considering the risks and employing appropriate countermeasures to prevent damage. It's only a matter of time before something bad happens that overshadows any intended “cost savings.” Oftentimes, there is a reluctance to spend money to improve maintenance and reliability, so we end up fixing things fast, and that's not cheap or right!

There is a balance to be achieved in our business of maintenance, reliability, and asset care. The old adage “*you have to spend money to make money*” is true. Time and time again, I have taught work groups how to make huge sustainable improvements on constraint equipment performance and reliability in four days. That's fast, but it's not cheap... until you look at the return on the investment and then realize that it was free. Because the focus was on the constraint, high cost, high downtime, and/or high scrap output equipment or process, it was the right thing to do. And it's also about saving American jobs by improving our competitiveness, now and in the future.

Beware: When we treat cost and price as a top priority, we may very well be pursuing expensive, slow, and the wrong results. NASCAR pit crews know this all too well: Right in the pits is more important than fast and cheap if you want to be competitive.

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