

# Do You Consistently Use Technology in Indirect Functions to Increase Your Profits?

by:

**Joe Greenslade**  
President  
Greenslade & Company, Inc.  
2234 Wenneca Avenue  
Fort Worth, TX 76102, USA  
[www.greensladeandcompany.com](http://www.greensladeandcompany.com)



**Productivity gains are available in quality assurance functions through a greater utilization of computer technology.**

Do you still use adding machines and keep pencil and paper records in your accounting department? Do you still type your customer invoices on a typewriter? Do you still use slide rules in your engineering department and draw your prints on a drafting board? Do you still handwrite or type your letters to your customers? Do you still maintain your inventory records in a handwritten card file system?

Most who read this will probably grin and say, "That's crazy. We have not done those things for years. We could not stay in business if we were so archaic in accounting, sales, engineering and materials management areas."

If it would be crazy to continue to do those important indirect operations with pencil and paper, adding machines, slide rules, drafting boards and typewriters, then why do so many fastener suppliers still create and maintain quality assurance records and inspection reports using pencil and paper methods in some, if not all, of the stages of their operations? What does that say about the attitude of management about the quality assurance function within the organization?

## Quality Directly Impacts Profit Margins

Product quality is not an option for today's fastener suppliers. All customers expect consistently good quality fasteners from their suppliers. Quality is not free. The cost of quality comprises part of the overhead costs of a supplier and has an impact on profit margins.

Every fastener supplier has pressures on profit margins. Raising prices to improve profitability is generally out of the question these days. Therefore, fastener suppliers must supply consistently high-quality products to customers who are not willing to pay more to get them.

Then what can be done to maintain customer satisfaction and preserve or improve profit margins? One solution is to improve the productivity of the quality assurance functions.

## The Best Way to Improve Quality Function Productivity

The biggest potential boost in productivity in quality functions comes from exactly the same place that tremendous pro-

ductivity gains have come to the accounting department, the sales department, the engineering department and the material management function. These dramatic productivity improvements have come from the ever-increasing use of computer technology.

Many fastener suppliers simply view the quality assurance functions as necessary evil. They know they must have the quality assurance function to maintain customer satisfaction, but few choose to expend any more resources on the quality assurance function in terms of man power and capital than is absolutely necessary. Quality assurance is an indirect function. Its operations cannot directly produce added sales dollars, therefore management finds it difficult to use its limited resources to upgrade the quality function.

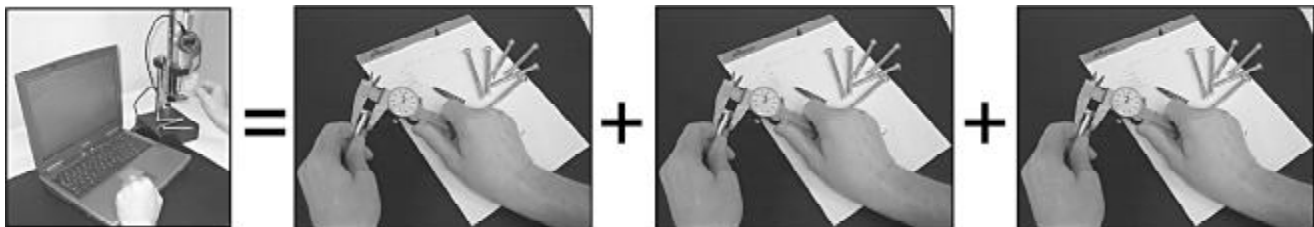
Accounting, engineering and material management functions are also indirect functions. Their activities do not add directly to sales dollars. The approach for dealing with these necessary, indirect functions have been to reduce the costs associated with these operations. This has been accomplished by an ever-increasing use of computer technology to drive down the costs of these operations to improve profit margins.

Management of many fastener suppliers has not realized or pursued the tremendous savings available through the greater use of effective computer technology in the quality assurance functions. The quality assurance functions are heavily laden with data analysis, record generation and records-keeping requirements. These requirements can be referred to as "number crunching." This is exactly what computers do best—crunch numbers.

## What Do Computers Have to Offer?

Computer technology has a lot to offer quality assurance area. Computers can be effectively used in the following ways to improve the productivity of quality assurance functions.

**Documentation.** PPAP documentation can be gathered and compiled more efficiently through direct data input from digital gages to a computer. The dimensional data can be recorded very quickly, without error and the required statistics can be computed and recorded almost instantly.



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**SPC.** Statistical Process Control (SPC) can be more effectively implemented, maintained and monitored using direct data input from digital gages into data collection systems in manufacturing. Computerized systems help to ensure that critical processes are being monitored at the rate established by those overseeing the SPC program. Direct input reduces errors associated with illegible handwriting and transposed numbers. Process trends or out-of-control conditions can be detected in real time instead of after-the-fact. Many manufacturing processes can be monitored remotely on one centralized workstation, minimizing the number of people required to effectively oversee the various operations simultaneously.

**Inspection Results.** Final inspection documentation creation times can be cut by as much as 60% by gathering the measurement data through the use of digital gages that input their results directly into computer employing specialized final inspection software programs. This kind of time savings enables a facility to cut the amount of labor utilized in the quality assurance function by almost two thirds. On an annual basis, that alone can have a significant impact on the company's bottom line.

### **Conclusion**

Since you cannot do without the quality assurance function, you should at least try to get the highest possible output from the smallest possible expenditure in manpower.

Quality assurance, like accounting and materials manage-

ment, require a great deal of "number crunching." Few would argue that the ever-increasing use of computerized systems have produced tremendous savings in man hours as well as dramatic improvements in accuracy in accounting and material management.

The same potential productivity gains are available in the quality assurance functions through a greater utilization of computer technology.

To learn more or for info on fastener inspection equipment and services, contact the author or **Circle 203.**

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***Greenslade & Company, Inc.** is an ISO 17025 (A2LA) accredited provider of dimensional calibration services to suppliers of mechanical fasteners in the USA. The company offers the "Three Guarantee Calibration Program" that guarantees five day or less turnaround, error-free certificates and the meeting or beating of all published calibration prices within the scope of Greenslade's accreditation. Additionally, Greenslade & Company supplies a broad range of fastener inspection equipment.*

***Joe Greenslade** is a regular contributor of articles to this magazine. Greenslade has been active in the fastener industry since 1970 and has held positions with major fastener producing companies.*