



DAVID A MARSHALL CONSULTING INC.

# LEADERSHIP IN PRACTICE

A COLLECTION OF STORIES FROM MY 20+ YEARS  
AS AN EXECUTIVE IN MANUFACTURING



## CREATING A CARING COMPANY CULTURE WHERE YOU CAN HAVE RETENTION

When I think of company culture, I think of a company's office environment, the attitudes of the people, and the general emotional atmosphere around the building. It's the feeling of camaraderie and the drive to get things done. It's the relationships and whether people get along. A company culture can tell you a lot about their success, their management, and just how they treat and feel about their employees. Most importantly, this is all something that gets created from the top down. If the executives of a company share these values and ideals, that's shared throughout the company all the way down to the entry-level associates. When other people talk about company culture, they may think of casual Fridays, foosball tables, and break rooms with omelet stations and chair massages once a month. All of these things are a lot of fun, but that doesn't necessarily represent a culture of caring and camaraderie. A CARING CULTURE SHOULD FOCUS ON PEOPLE FIRST. One of the things I've always believed in is the principle of Management By Wandering Around. This creates a culture of listening and letting people be heard. This is how you get to know, and not just recognize, the people you're working with. You get to know their spouses, kids, and grandkids. You hear about their birthdays and anniversaries and your relationships become more personal. Jack Salzwedel, Chair and CEO of American Family Insurance, a Fortune 500 company, is well-known for his easy communication with his employees, no matter who it is. A friend once related a story of how Jack and one of the maintenance people in his building are both fans of Abraham Lincoln, often reading and exchanging different books on the 16th president. The two will chat every few weeks as they pass each other in the building, discussing the latest book they've read or the latest bit of knowledge they've learned. Salzwedel has built these kinds of relationships with his people over the years, and it's one of the reasons he rose from an insurance agent to become ..continued page 3





the CEO of the company. So walk out to the floor and wish someone a happy birthday. Keep a list on your calendar, and show up at their work station to just give them a quick greeting. It means so much that you knew about it and took the time to do it. They care about things like that. They care if you're concerned whether their child is unwell, so ask after them and send a little toy or gift. That attention to detail goes a long, long way. Ask people about what they're doing, how they're doing it, and even how it could be improved. Hold a two-minute conversation with as many people as you can in a day, and get them to talk about their work, instead of who won the game that weekend. At Robroy, every year, when Valentine's Day rolled around, all the women in the business got a rose and the men got a chocolate bar. Sure it was kitschy, and obviously, I couldn't get around to everyone on the same day, especially if I was traveling. But they always got a rose and a chocolate bar just to show we were thinking about them. We also regularly held recognition programs, like our annual awards banquet, as well as wellness programs and treatments. We did whatever we could to show we valued our people as people, and we made sure they knew it. Not every company can (or should) do fun things like foosball tables and free sodas. Those are more cosmetic and not in-depth. Yes, those seem like fun companies, but do the employees know you actually value them? Your goal as a leader is to create a caring culture that causes people to want to be there, irrespective of the distractions and the work. If people being there because they feel appreciated, that makes them happier. And they'll work harder and better for you as a result. End



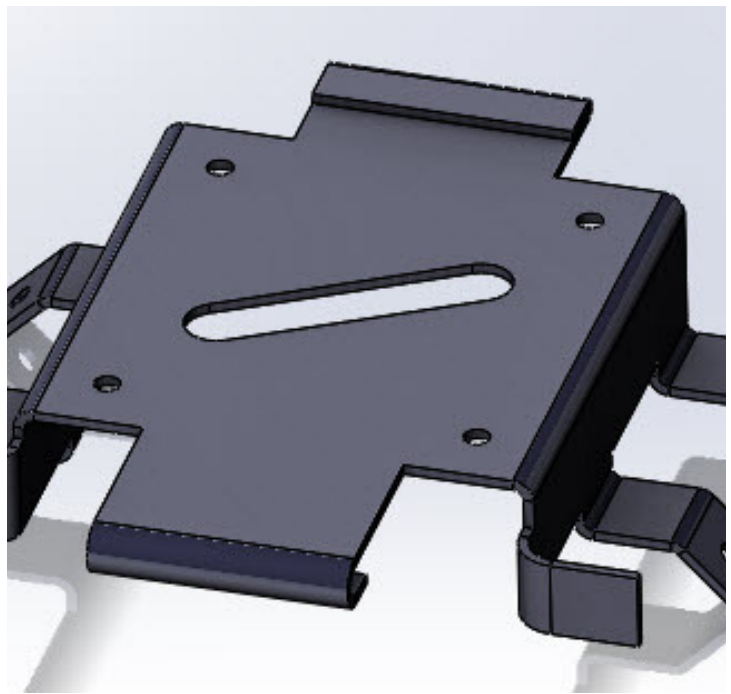
## DEVELOPING PEOPLE WITHIN THE ORGANIZATION TO HANDLE HIGHER-QUALIFIED WORK

When you're trying to recruit highly-skilled employees for a highly-skilled job, you have to look everywhere you can. However, those candidates are not always available for you to just pick one out of a pile of résumés, ready to start work at a moment's notice. In a lot of cases, you can focus on developing people yourself or create opportunities where they can develop their own skills. One place to look for employees with the needed skillset is with your own vendors. Oftentimes, depending on the processes and products you buy, the people you buy them from have the kinds of people you need. After all, they're familiar with the products and the processes, so the transition should be a smooth one. Of course, you can hire from your vendor partners, but you have to be up front about it and approach the vendor before you ever approach the employee. Once you get their okay, you can approach the employee, and bring them on board. Another option is to pay for the training and education of your own employees, sending them back to school to get the education needed to run your technical machines, such as a CNC operator or 3D printer operator. When I was the President of Robroy Industries, we had a program for developing people that would pay for anyone's continuing education. We just had two preconditions: One, your education had to fit the mission of the organization. That is, if you wanted to be a veterinarian, it didn't make any sense for us to invest in that. Second, you had to pass. It was that easy. If you did the coursework and learned the subject matter, we paid for it, and you could

move up into a higher position with more pay. It was a rather successful program too. Out of the 321 people who worked there, nearly 10% of our whole workforce took advantage of it. Another option in developing people is that your vendors can be your best educators and trainers. They're already the specialists in what they provide, and they can take an unqualified or under-qualified individual in your organization and either train them on the job or you can send them to the vendor for training. For example, you could send your CNC router operators to the vendors for additional training to learn a new CNC machine or CNC programming for a few weeks. But don't send them for a 6- or 12-month immersive apprenticeship. They could decide they like their new surroundings and abandon ship, so a few weeks at the vendor's place should be sufficient. Just make sure you maintain that umbilical cord between you and the associates so they know they're wanted back home. Another option is to pay some of your vendor partners to send their people in to train yours. Developing people can even be part of your contractual arrangements. They can train your operators and maintenance people on the actual operation of the machine, how to fix the most common problems, and even be on call to help with problems after the training program ends. If you're buying a new piece of equipment, choose your operators and maintenance people very carefully, and then involve them in the selection, installation, and operation of the machines right from the beginning. The managers should be there, but since they don't actually run and maintain the equipment, they don't need to be as involved in the process. But they should be aware of what it takes, so let them be involved. Finally, look to your local community college for employees. We're fortunate in that we have Kilgore College and LeTourneau College in Longview, Texas, and they provide a lot of the education and continuing education that we needed. -Continued Page 5



We would sometimes recruit their graduates to come and work for us in our various positions. If your community college doesn't offer the classes you need to ask them if they would consider starting the program. You might even be able to supply the faculty members to actually teach the program, which puts you on the inside track for recruiting the graduates when they're finished. Recruiting talent isn't just limited to posting job openings in your local newspaper or on the online job boards. You can find plenty of skilled labor if you look in places your competition hasn't begun to look and start developing people. Find them in your vendor partners ranks, find them in the local colleges, or train them yourself. This way, you can get the kind of talent you need, rather than letting orders and functions go unfilled, or launching expensive recruiting searches that may not turn up exactly who you need. End



## HOW TO MAKE SURE YOU MADE THE RIGHT BUSINESS DECISIONS

One of the great things about being president of a company is that you can, within reason, do whatever you want. You don't have to ask anyone or get permission. Of course, that depends on the magnitude of what you want to undertake, but for the most part, you get to call the shots and make all the decisions. But leaders don't always make good decisions, even when — and sometimes especially when — they're in the top job. They make emotional decisions, not objective ones. They'll make a decision based on how they feel at the moment, and then find out later that they made a bad one, and they have no way they can objectively support the decision they made. More importantly, bad decisions probably have a bigger negative effect down the organizational chart than it does going up. That's because it's the downstream people who are left to deal with the outcome of the bad decision, even though they knew it was a stupid thing to do in the first place, and you're left with a real problem. Not only did the leader make an uninformed, emotional decision, but they've lost a lot of credibility in the eyes of the associates underneath them. This is where objective measurements could make all the difference. It's important that you measure every new decision so that they're made on objective data, not on opinion or emotion. Then, when you begin to analyze the results of your decision, you can pinpoint whether the decision was actually a bad one (in which case, the project should be abandoned immediately), or if there are problems with the execution. Bottom line: If you're going to make an important decision that will affect the company, figure out how you're going to measure it, set up the analysis mechanism, and then define what success and failure will look like. Set milestones and goals along the way, so you can spot negative and positive trends right away, rather than waiting until the end of a test period — Six months? One year? Can you imagine the disaster if you left a bad decision in place for a year? — to know whether this is a success or failure. Continue page 5

#### HOW WE PROVED OUR DECISIONS WERE THE RIGHT ONES

I've talked in the past about the Duoline factory rebuild we did several years ago, where we basically knocked down an entire factory that employed 140 people building fiberglass liners for oil field tubulars. We built a new factory that was almost fully automated, employed 19 people, and quadrupled its previous output. In that case, I was fortunate enough to be in the position to say "I'm going to do this and we'll see what happens." I said I was fed up with terrible technology and bad employees. We would lose 20% of our workforce every time we had a random drug test, and our error/scrap rate was costing us \$2.5 million per year. So I said that if we were going to build a new facility, we had to be able to improve our capacity by a minimum of four times, and it had to have every one of the operations in one footprint and under one roof. (The previous facility was scattered over 23 acres.) Also, the product could only be touched once during the creation. In other words, it couldn't go backwards and forwards to be adjusted and tweaked. It had to be done right the first time. Right away, we had created our expectations for measurement. We had established our goals — 400% increase in productivity and everything in one large building — and so we could start designing and building everything to get us to that goal. We also knew how to tell if we were making those rates. One of the ways was to use an automated system that had all kinds of measurement sensors built into it so we could measure the results immediately and calculate the ROI on the automation. Then, we could measure our daily and weekly results against the milestones we had set up to tell if we were on schedule. We didn't have to look at the production numbers at the end of a quarter or a year, we knew every single day whether we were on track to meet the goals. If things were behind schedule, we could increase the number of shifts. If we were ahead of schedule, we could sit back and relax continue on and try to exceed our goals. When it was all said and done, given all of our savings — 19 associates, not 140; no environmental remediation costs; waste costs of \$250,000 — we saved nearly \$3.5 million per year and paid off the entire redesign in eight short years. And by setting those goals and milestones to begin with, and then measuring our progress on an ongoing basis, we were able to measure them and determine whether we were meeting them from the outset. End

### About David A Marshall

David Marshall is a Senior Manufacturing Executive with Corporate Culture Development and Operational Excellence Expertise. David most recently was President and COO of Robroy Industries and Board Member where he oversaw this manufacturing organization with four locations in the USA producing high quality electrical products and oilfield products. During his tenure he worked hard on implementing cutting-edge technology into these facilities during renovations of several of the plants and build out of one ultra-modern 130,000 square foot manufacturing facility in Texas. With David guidance, these companies saw a remarkable seven record years of profitability; eleven consecutive years with profitability exceeding 20% of revenue; and more than \$300 million added to the equity of the business since going private in 2001. David earned his MBA from the University of Virginia: Darden School of Business. He currently consults manufacturers looking to achieve operation excellence. His motto is: "If you can't measure it, you can't manage it."

David has been a manufacturing executive, as well as a sales and marketing professional, for a few decades. Now he helps companies turn around their own company by making the right decision. If you would like more information, please visit his website and connect with me on Twitter, Facebook, or LinkedIn.