



DAVID A MARSHALL CONSULTING INC.

Monthly Leadership Newsletter

Improve and Change Often

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**TO IMPROVE IS TO CHANGE, SO TO
BE PERFECT IS TO CHANGE OFTEN.**

I've always been a big fan of Winston Churchill, and as I was growing up, I adopted several of his quotes as philosophies to live by.

This month, I'll discuss four quotes that have guided me over my professional career. I'm a believer of improvement and getting better. I also believe in measuring one's performance if only to help you find a way to get better.

After all, you don't know what you can improve until you know how well you're currently doing. That's where measurement comes in. Let's say you set a goal to "lose 10 pounds." That's a doable goal, but only if you know how much you already weigh. If you say your goal is to lose 10 pounds, but you don't step on the scale, you'll never know if you met your goal. You'll never even know if you've lost weight in the first place.

When I was the President and COO of Robroy, we had a philosophy of continual improvement, both on a personal and a corporate level. I wanted everyone to improve a little bit every day. This was an expectation throughout the company, so we wouldn't fall behind. Whether this was in our systems and processes, personal performance, executing new ideas, or even coming up with new ideas for improvement, we knew this was the only way we would stay ahead of our competition.

Continued page 3



That basically meant changing how we did things, seeing if it worked, and then working to improve on that. We were, as Churchill said, changing often, often in the pursuit of perfection. We may have never achieved it, but I like to think we got pretty close.

In measuring everything, you actually create a history of performance, whether that's a product, a customer, an individual, a team, a system, or a price. That way, when you examine the data, you'll be able to identify a trend, which will tell you if you're trending well or badly. And the earlier you can identify the downward trends, the faster you can change that dynamic.

A Story About Improvement



When I first joined Robroy, we had a problem with inventory accuracy — 40% of our invoices that were sent out came back with some kind of error on it. Maybe we put down the wrong price, sold the wrong quantity or sent the wrong amount. Whatever it was, 4 out of 10 invoices had errors that had to be fixed.

But this wasn't just a matter of changing a number on an invoice and calling it done. These errors rippled throughout our system. For one thing, it meant we had three times the people we needed to handle 40% more transactions. Trust me, if we actually had 40% more sales, I would have been happy to hire the staff. But these additional transactions were just fixing problems we created.

They also affected our inventory, receiving, shipping, and accounting. Whenever we sent the wrong quantity, we had to have it shipped back, which meant readjusting our inventory. And the accounting people had to deal with additional shipping charges, as well as figuring out what to do with all that extra inventory that just magically appeared, as well as making the necessary adjustments for sales, commissions, production costs, and so on.

So we started measuring everything and everybody quantifiably in the entire process. We figured that every time we gave a credit, someone had created the base problem, or the initial error that caused everything.



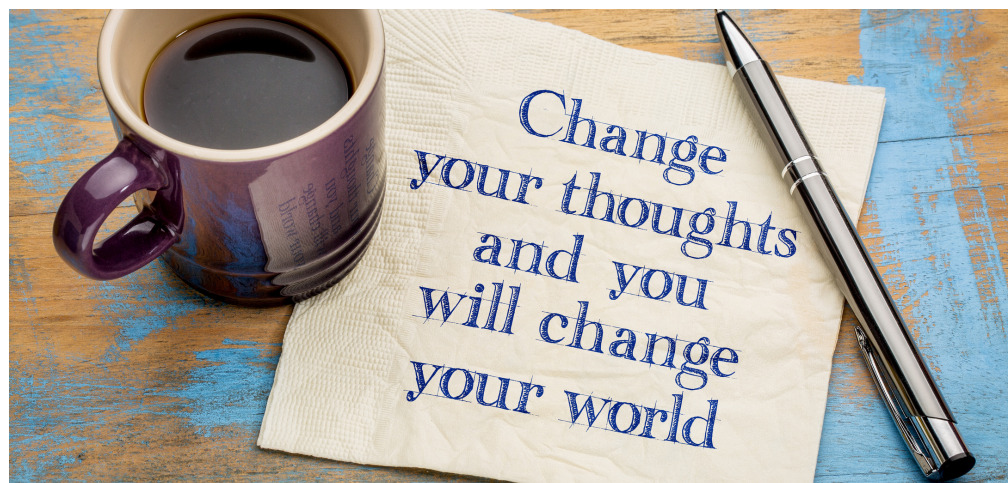
In that case, we would tally that credit against the individual or the group — the order entry group, quotations group, shipping group, or whomever. We did that every month as part of our accounting process, and said there had to be a reason for a credit to be issued.

Once we had this data over a period of months, we were able to determine whether the problems were training, competence, or the system in general, and we made the necessary corrections. In the end, we were able to reduce the number of errors to low single digits, and that had an amazing effect.

The accuracy of our inventory improved, our shipping costs dropped, and we were able to cut back on staff handling our invoices. That saved us a lot of time, resources, staff hours, and even helped us get paid faster, which had a positive effect on cash flow. It also increased customer service because every incorrect invoice negatively impacted the customer.

By getting rid of that, it positively helped the customer in addition to improving our costs. The ripple effect of this one improvement could be felt throughout the office, and just reaffirmed why we were measuring and improving throughout the entire company. We may not have been perfect, but we were making small changes every day, so we were certainly getting there.

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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."

He 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 my website and connect with me on Twitter, Facebook, or LinkedIn.

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