

# AME/APQC Benchmarking CoP Virtual Networking Event September 25, 2013

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From Bagels to Brainpower

Drew Greenblatt, President, Marlin Steel



# From Bagels to Brain Power



Drew Greenblatt



President, Marlin Steel

Baltimore, Maryland USA



# Marlin Steel Wire Products

- Established in 1968
- I purchased in 1998
- 18 employees
- Minimum wage/no benefits
- Plant 5,000 square feet
- Largest bagel-basket maker in America



# Marlin Steel Wire Products

- Bagel Business Booming
- In 1993, every man, woman and child in America consumed annual equivalent of 14 bagels. Just three years later, it was 26 bagels.\*

*\* Bakery Production and Marketing, Feb. 1997*

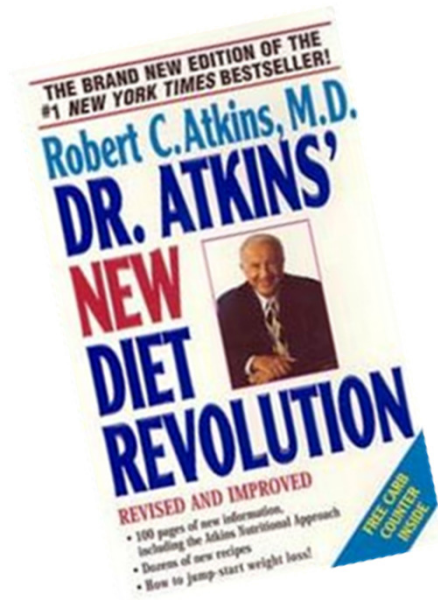


# Antiquated Style....Passable

- Our technology in 1998: 1950s equipment and a FAX machine
- Every wire bend and weld by hand
- No engineering prints
- If we got a reorder, client had to send back basket so we could copy it

# Perfect Storm

- Atkins' Diet
- Clients going Bankrupt
- Surviving Clients move to Asian Commodity Baskets
- Hemorrhage Cash





# Epiphany

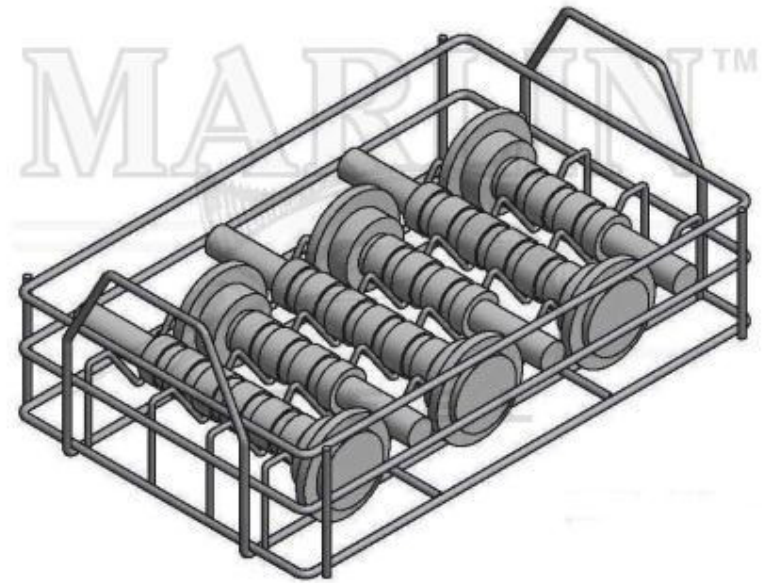


- Boeing engineer calls
- Light bulb went off
- Make custom baskets for industrial customers
- 99 percent of sales were in wrong niche



# Quality Engineering Quick™

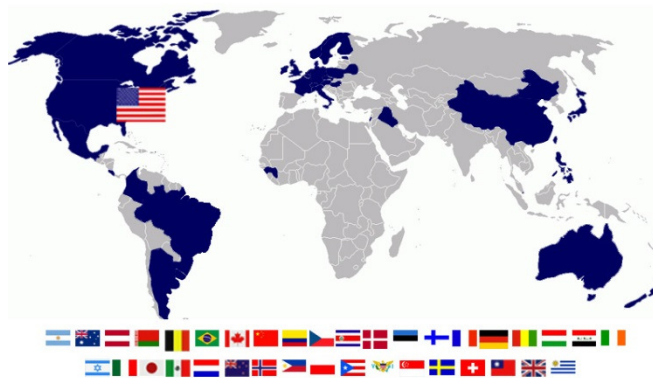
- Now: Engineer & Manufacture custom wire and mesh baskets, stainless-steel products, & other wire and sheet metal fabrications
- Markets: Automotive, Pharmaceutical, Medical, Industrial, Aerospace, Military.





# Marlin Steel today

- 20% of employees mechanical engineers
- 1700+ days without a lost-time accident
- 25% of business in exports



# Quality Engineering Quick



# P3 times 5

Five tips for success on:

- Productivity
- Process Management
- People (Human Resources)



# Productivity

## (1) Skills Matrix

- Post prominently (lunch room) for all to see all the skills that make the company run.
- Share how many skills each employee knows.
- Grade each skill so clearly showing employees what matters - not golf or after work socializing





# Skills Matrix

[illegible]

## Productivity

### (2) Train = 5% of labor budget

- Your talent will have the best skills in the industry.
- They will be more authoritative w/ clients and vendors.
- Less defects.
- Make your investment in machinery work better.





## Productivity

### (3) Automate

- Give your employees the best tools so they are on “steroids.”
- Ship faster, better quality, delighting your clients.
- The more automated, easier it is to be safer.



# Automate



# Contrarian Approach to Recession: Massive Investment at Bottom

TruLaser 1030



# Productivity

## (4) Pareto Principle

- 19<sup>th</sup> century Italian economist Vilfredo Pareto noted that 20 percent of his country's people owned 80 percent of the land.
- His assessment became known as the 80/20 rule – 80% of the effects derive from 20% of the causes.
- 20% of clients generate 80% of net income. Tend to those clients. They deserve red-carpet treatment.
- Conversely, peel back – “fire” – some of the 80%. They distract you ... credit issues ... difficult to work with.





## Productivity

### (5) The 30-inch monitor

- Empower employees to have all of the tools they need to be effective.
- Better bandwidth, better rivet gun, 30-inch computer monitors.
- Less fatigue. Easier to scrutinize prints. Two monitors for every employee.
- More productive. Enjoy job more. More likely to catch problems. Pays for itself.



# Process Management

## (1) Safety First

- Cultural change whose rewards exceed obvious benefit.
- Establish an Employee Safety Committee. Meet monthly. Huge impact. Safe workplace not just a dictate from on high. Made us a stronger company.
- Employees must “own” it.
- Not cheap. Investment of staff time, costs of remediation.
- Lean principles and safety go hand in hand.





# Process Management

## (2) ISO

- Instantly recognized global standard.
- Improvements to drive quality.
- Doubled # of skylights to inspect work in natural light.
- Reflective white walls to better inspect product quality.
- Sealed and painted floors to ease cleaning



# Process Management

## (3) Slay Muda

- Inventory = Devil.
- Capital is too precious to be tied up in excess raw material sitting on your floor.
- We used to have 400,000 pounds of coils on factory floor. Now we buy our steel on consignment.
- Many benefits: Vendor manages inventory. Six-month fixed price. No more sending out three Requests for Quotes each time for raw material and freight.



# Process Management

## (4) Standard Operating Procedures

- Clearly defined rules of the road.
- Helps bring uniformity to operation so steps are not overlooked. Tasks are performed consistently and correctly.
- We have a 200-page SOP that details virtually every activity in the factory. Frequently updated.
- New employees get up to speed more quickly. Employee confusion is reduced.



# Process Management

## (5) Benchmarking

- Like emphasizing transparency for employees and investors, this is transparency for yourself.
- Participate in industry trade groups to gather data: What are labor rates? What is a rational gross profit margin?
- You can't say you want to be median in everything.
- Figure out where you need to match your competition, where you need to beat them.



## Human Resources

### (1) Cash Bonuses - Skin in Game

- Create mini-entrepreneurs
- \$ motivates
- Pay fast - short duration (two weeks)
- Micro cell (not overall company performance)
- Concrete black & white targets





# Human Resources

## (2) Evaluating talent

- Reading signals to raise your “batting average.” Is candidate a “job hopper”? Why did they leave their last job? Starting / ending pay?
- Drug test, credit check and check criminal records of all new hires. Sensitive area, but you’d rather not have the regret after you make the job offer.
- Use personality test to discern traits that fit well with your corporate style.
- Show prospective talent exactly what they will do before they accept so they are more likely to make a better decision.





# Human Resources

## (3) Pay Well

- Cash bonuses
- You get what you pay for
- Your competitor's best talent will come to you



# Human resources

## (4) Rich Benefits

- Employees that get great benefits are more appreciative and engaged
- “Nucor Style”: Hire 5 Talented People, Pay like 8, Produce like 10



## Human Resources

### (5) Hire Fast, Fire Fast

- When business picks up, hire people quickly to please your clients
- However, we make mistakes
- If you have the wrong person on the bus, move swiftly since they impact negatively on the karma of the group
- When not a good fit, part ways quickly

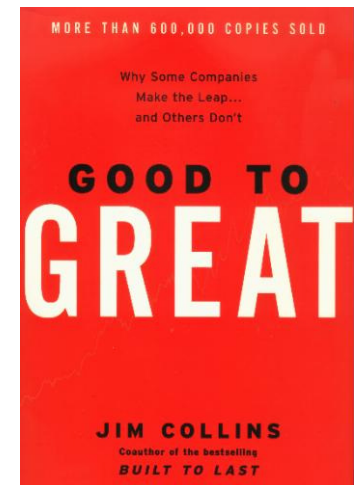
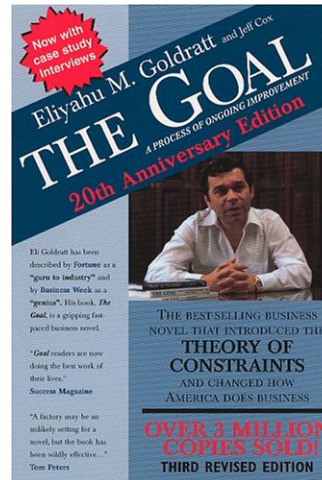


# Three books you should read

“Good to Great”  
by Jim Collins

“Enchantment”  
by Guy Kawasaki

“The Goal”  
by Eli Goldratt





# My Limo Ride with Eli

- If people are not predictable, there is no basis for society.
- The success of a company is determined by the harmony of human relationships within it.



# What Eli Said

- People don't resist change on instinct. They judge the change first, then resist.
- Excess capacity must be used to grow the business, never to lay off people. Loyalty = two-way street.
- Identify core conflict that is the root of every other problem: That takes courage.





# Contact Information

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