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Profiles International®

CASE STUDY

Setting Free Human Potential in the Industrial Manufacturing Industry



imagine great people®



ProfileXT®

Setting Free Human Potential in the Industrial Manufacturing Industry

The president and CEO of an Ohio manufacturer offers a simple-sounding answer to describe how the family manufacturing business escaped disaster during recent economic downturns: The power of human potential.

The actions he and his team took to save the company give structure to the words “power” and “human potential.” The company shortened its workday, created a new pay system, and adopted a goal of paying every person on the manufacturing floor according to their productivity.

This helped strengthen operations at the manufacturer when clients and competitors were going out of business. How the plant accomplished all of this in three years is a lesson in the potential of people. The CEO believes people should do tasks they are interested in doing, and should have the freedom to accomplish their work. “Instead of educating just to educate people, we need to find out what people are meant to be and focus our education on what their interests are. Interest fuels passion. Passion fuels focus and intensity.”

Because of a vision for what his plant could achieve and a belief in the power of people to get the job done, the business now enjoys record production, higher employee pay rates, competitive prices on the products it makes, lower labor and healthcare costs, and near-elimination of turnover. Profiles International helped the organization reach these goals by creating assessments specifically customized for the manufacturer’s needs.

The background

The Ohio-based company creates patterns and manufactures sand molds that foundries use to create castable machine parts. Customers often come to the plant with their own patterns, but those who do not will find pattern experts at the company who can create a design from scratch, or from a customer’s simple drawing. The pattern workers can also modify patterns to ensure they will work.

The company began in 1959, when the current CEO’s father — dissatisfied with his employer’s labor practices — dreamed of owning his own shop. He started the pattern-making plant with a partner, whom he soon bought out.

CHALLENGES

- 2009 Recession
- -4% Net Worth
- Customers going out of business
- Downsizing from 200 employees to 20

SOLUTION

- ProfileXT®
- Realtime Payrate System
- Profiles Performance Indicator™
- Reduction in number and length of shifts
- Improved lighting

In addition to patterns, the company produces the sand cores and molds that foundries use when casting a part in metal, opening its own core-making division in 1977. The sand cores form the inside shape of metal castings, and the sand mold forms the outside shape of metal-poured castings.



In 1978, the operation built a new plant which occupied 44,000 square feet. In addition to running the core division and corporate administration, the CEO oversees the company in what he calls a servant-leader role.

RESULTS

- An increase in production sales per employee averaging more than 300%
- A potential to drop product prices by more than 70%, with profit margins maintained
- A fall in healthcare costs from 6.8% of goods sold to 1.46%, in spite of rising insurance rates. This reduction is a result of an increase in productivity
- A reduction of undesirable turnover to less than 5%
- A waiting list of job-seekers because of the manufacturer's reputation

The chief executive has worked in several places, forging his education on different aspects of running a business. A stint at a service station in his teens taught him about the importance of customer service. In mentoring under several experts, he learned about marketing and finance. Some of the most important lessons he learned were that "problems are opportunities in disguise" and that his company must be the solution provider, not just another supplier.

These lessons served him well during major financial upheavals in 1990, 2000, and 2009, when the industry as a whole was off by 65 percent. The Ohio manufacturer had many things to fix, including a net worth of negative four percent. Unemployment soared, and many of the company's customers went out of business.

Layoffs cut deep as a result, with the plant shrinking from 200 employees in December 2009 to 20 workers only two months later. The CEO compared it to "hitting an iceberg, taking on water, and sinking." But, the shop did not close.

"Necessity is the mother of invention," he says. "Before that time, I started working with Profiles. I found the thinking style, interests, and behaviors of a person are important, but before looking at that, we should look at those things in the job they do."

The executive enjoys his time on the job, so the hours he spends at work do not feel like work. He sees himself as the head coach or "player-coach" of a team of industrial athletes involved in their own football game. In fact, he sees

“Instead of educating just to educate people, we need to **find out what people are meant to be** and **focus our education on what their interests are**. Interest fuels passion. **Passion fuels focus and intensity.**”

similarities between Super Bowl players and employees focused on their work. “Watch the intensity on the football field. That field is a workplace. I think of the production floor as their work field when my industrial athletes walk into the shop.”

The CEO believes that the greatest source of energy on Earth lies in the potential of a person, and he wanted to show each of his workers a strong connection between their productivity on a machine and the money they made per hour. He began examining how he paid his employees by studying incentive plans at other companies, as well as his own. “They were good, but they came once a year,” he says. “We needed instant gratification.” He began working on a new “Real Time Pay Rate” system to give workers instant feedback on their work, which was focused on their goal of making money.



In 2001, the executive met a business partner with Profiles International who worked in Ohio. The CEO already believed in job fit, or hiring the right person to fit a specific role, as well as the company culture. He was searching for information about the concept of job matching when he was introduced to Profiles assessments. The two had conversations about the importance of the correlation between performance and pay.

Meanwhile, the manufacturer was devising his new incentive plan from scratch. His system uses a computer to show manufacturing employees how much money they are making each hour by showing them what they are earning in real time. This offers the instant gratification the executive believed would be helpful. He gave employees and job candidates this example: “If you produce 10 parts an hour, you will earn \$10 an hour. If you produce 20 parts an hour, you will earn \$20 an hour. Every work cycle, every minute, you will see your pay rate instantly produced on the screen.”

Once the system was devised and in use, his average production pay rate climbed from \$8 an hour to more than \$20 per hour. On a recent week, the average hourly pay reached \$46.22, and the CEO cheered. Operators have a team rate, and the teams regularly find better ways to increase their productivity.

The executive calls his pay system the “Real Time Pay Rate System,” and he has applied for a patent. His goal is for

ProfileXT® at work

Profile of Behavioral Traits - 61% Match

Energy Level
Tendency to display endurance and capacity for long runs.
Tendency to talk about long and hard runs. Lots more fun than Elixons.

Assertiveness
Tendency to talk about long and hard runs. Lots more fun than Elixons.

Sociality
Tendency to be outgoing, group-oriented and outgoing with others.

Manageability
Tendency to follow policies, organized, concerned and cooperative and work with others.

Attitude
Tendency to have a positive attitude toward people and activities.

Decisiveness
Tendency to make decisions in order to make decisions quickly.

Accommodating
Tendency to be friendly, cooperative, approachable. To be a team player.

Independence
Tendency to be self-sufficient, self-directed, to take independent action and make one's own decisions.

Openness/Judgment
The ability to think logically and to be objective in decision making.

Disclaimer for this assessment is within the acceptance range.

Sally Sample has an Overall 66% Match of 76% for the position of **Winger Brother**.

Dr. Steven A. Winger, Ph.D.
Winger Institute Model

The company also uses the PXT for coaching, as well as Profiles Performance Indicator™—which the HR manager has found helpful in team-building.

Because of these work efficiencies, the CEO is able to offer his employees 100 percent paid health insurance, long-term disability insurance, and life insurance. “[The CEO] is a generous employer,” the HR exec adds. “He is part of the team as a leader; he is involved and is in the trenches with us.”

Results

CASE STUDY: Setting Free Human Potential in the Industrial Manufacturing Industry

The **PXT** ties into the company's plans by **guiding leaders to select the best possible employees** in the shortest possible time.

cutting the number and length of work shifts. Employees work one six-hour shift; this helps them stay focused and prevents them from "wearing out." Extended shifts of seven hours are sometimes necessary to get the work completed, but even seven hours are less than the workday of 10 to 12 hours common in many plants. A second change was improving lighting in the work area, which helps reduce accidents.

The numbers tell the story. The manufacturer's triumphs include:

- **AN INCREASE IN PRODUCTION SALES PER EMPLOYEE** averaging more than 300 percent.
- **A POTENTIAL TO DROP PRODUCT PRICES** by more than 70 percent, with profit margins maintained.
- **A FALL IN HEALTHCARE COSTS** from 6.8 percent of the costs of goods sold to 1.46 percent, in spite of rising insurance rates. This reduction is a result of an increase in productivity.
- **A REDUCTION OF UNDESIRABLE TURNOVER** to less than 5 percent.
- **A WAITING LIST OF JOB-SEEKERS** because of the company's reputation.

The manufacturer was also chosen for a visit and interview by a group of professors from Massachusetts Institute of Technology who are studying American manufacturing successes.

The future

Employees are on pace to reach an average hourly pay of \$100, and the CEO believes they will do it. If workers are free to work, and receive the encouragement to figure out better ways to do their jobs, their potential is unlimited, he says.

The company continues to hire people as necessary, but the workforce will not rise to the pre-2009 levels of 200 people, says the executive. He hopes to make the "Real Time Payrate System" available to other operations that have repetitive, measurable tasks.

The PXT ties into the organization's plans by guiding leaders to select the best possible employees in the shortest possible time. "When you can find an industrial 'athlete' and give them an unencumbered goal, they will succeed," the CEO says. "If someone does not listen, you cannot empower them. Then they have to work for you, and you need supervisors. That's not a fun company to run. I believe in servant leadership—I have people I work for. Human potential is so amazing, and empowerment is so exciting."