



Marsh Electronics Surges with Enterprise Business Transformation (EBT)

MARSH
Electronics, Inc

EBT prepares business for post-recession growth

The Company

In early 2009, Marsh Electronics of Milwaukee was feeling the full effects of the recession. Like many distributors and assembly firms, Marsh Electronics went in survival mode – instituting layoffs, salary and benefit reductions and a range of other cost-cutting measures. But unlike many companies, President John Casper kept Marsh's focus on the future and used the down time as an opportunity concentrate on better serving customers and developing growth opportunities.

Transformation

Fortunately, Casper knew where to turn for assistance in the process. WMEP's Enterprise Business Transformation (EBT) services are designed to help manufacturers and distributors develop a clear vision for their untapped potential and a roadmap for success.

"I liked the enterprise business transformation approach – it's more than just strategic planning, it's a practical way to develop the teamwork, focus and actions that make it possible to achieve strategic goals," said Casper.

David York, WMEP senior manufacturing specialist, facilitated the EBT process. "The Marsh transformation team included 13 people from all levels of the organization. That's an unusually large group, but this team really came together to develop the business goals and the roadmap to achieve those goals."

Results

The results of Marsh's Enterprise Business Transformation include:

- ▶ Without any capital investment, Marsh reduced the warehouse defect rate from 1.5% to 0.2%
- ▶ When sales increased by 23%, Marsh kept staffing levels constant
- ▶ Employee benefits were restored to pre-recession levels

True North

One of the key exercises in EBT is to develop the company's "True North" – the one strategic goal that underpins all others. This process takes time, especially since many businesses are diverse operations. But unless the entire organization has a common goal, real progress is unlikely.

In a matter of weeks, the Marsh team had developed its core strategy. Then the practical work of making strategy a reality began. "You can't get to where you're going unless you know where you are. Good metrics are essential, and Marsh had metrics for everything," said York. After identifying the critical metrics, the team developed A3s for each strategy. A3 refers to the practice of tracking all of the critical metrics for a company goal on one A3 (or legal) sized sheet of paper.

Activities, results, justification, action plans, a timetable and responsibilities are all listed and tracked.

One of the A3s focused on the goal of increasing inventory turns. In a distribution business, a lot of cash is tied up in inventory, and reducing inventory is mission-critical. The initial analysis revealed that one contributing factor to high inventory levels could be addressed with Lean techniques.

Small changes lead to big results

Another area that Marsh focused on were picking and putting away inventory. By focusing on the errors that occurred most often, Marsh concentrated on implementing Lean 5S (organizing and straightening all work areas & putting most-used items near where they're needed) and improving flow so that the process of picking, packaging and shipping parts was clear and logical. One of the small things that made a big impact on defect reduction was simply improving the readability of the part number labels in the warehouse.

"Without any capital investment, we were able to reduce the warehouse defect rate from 1.5% to 0.2%," said Casper. "The staff initially didn't think this dramatic reduction was achievable, but once they got started, the positive results energized them. "The process provided a real morale boost for the employees," said Casper. It's tough going through layoffs, but everyone pulled together and with the new processes and cross-training, people are a lot happier when they're at work. They feel they have a say in how things are done and their tremendous effort has sustained the company and preserved their jobs."

In fact, in 2010, when sales increased by 23% due to increased customer confidence, Marsh Electronics was able to keep staffing levels constant and restore employee pay and benefits to pre-recession levels.

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Looking ahead, Marsh Electronics plans to improve its quoting and order entry processes. "Once again we'll be calling on WMEP to help us develop a Value Stream Map of the entire procedure in order to find and improve any weak points. WMEP is a terrific resource for helping us improve and grow our business," Casper said.

About WMEP

WMEP is a private, nonprofit consulting organization committed to the growth and success of Wisconsin manufacturers. A leader in Next Generation Manufacturing, WMEP brings best practices to Wisconsin firms to help them achieve world-class performance through innovation and transformation. During the past five years, WMEP-assisted manufacturers have reported nearly \$1 billion in economic impact with 6,557 jobs created and retained.

For more information, visit www.wmep.org or call 877.856.8588.



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