

A Personal Note from Rob

Welcome to the 7th issue of The Manufacturing Leader - a newsletter for the leaders of small and mid-sized manufacturers.

This month's articles lean towards the leadership and marketing side of running a manufacturing company. The topics include:

- Handling critical, but culturally toxic employees
- Leveraging engineering knowledge in your marketing
- B2B buying expectations are looking a lot like B2C
- Six essential elements of leadership
- Onboarding new leaders - the critical first 90 days

I'd also like to make a quick plug for my consulting business. In the spirit of the article on B2C, I want to be easier to work with, and that means being more transparent about my services and pricing. If you're like me, you don't want to "pick up the phone" just to get a feel for a company's offerings and pricing. You can check it out at robtracy.net. It's described as part of The Manufacturing Leadership System.

I hope that your spring is off to a great start.

Take care,

Rob



Five Hard Choices for Addressing Critical, but Toxic Employees - By Rob Tracy

The scenario: The toxic but critical employee

Jason is a product engineer, and he's been with the company for 20 years. He was instrumental in designing many of your products, and he knows all of its nuances and idiosyncrasies. However, he keeps all of the information in his head, and if he wasn't around, you might not be able to produce or support your products. In theory, you could grind to a halt for a long time.

Unfortunately, Jason isn't a very good person, and most people don't like working with him because he's a jerk.

You know Jason doesn't fit your core values, but he's critical for running the business. What should you do?

Note 1: I apologize to all decent people named Jason for disparaging your name.

Note 2: I used engineering, but Jason could just as easily be in sales, IT, maintenance, production, or accounting.

You're over a barrel right now, but commit to change

Your heart wants to just fire Jason and be done with it, but your head tells you that that isn't smart. It could put the business in a very tough spot for a considerable time.

The first thing that you must do as a leader is to commit to solving the problem - one way or another.

Either Jason will change his behavior, or you'll fire him. Period. It may not happen tomorrow, next week, or next month, but you will NOT be talking about the same problem employee a year from now.

Five options for dealing with the toxic but critical employee:

Option #1: Conversation

An open and honest conversation with the employee is always a good starting point. You may be pleasantly surprised to find that the employee was completely unaware of his impact on people. With the newfound insight into his behavior, he may make a steady and continued effort to do better. You may also find that the employee is deeply unhappy or stressed - due to factors inside or outside of the company - and a change of responsibilities or role would ease the situation.

It doesn't happen often, but it never hurts to start here.

I recommend avoiding threats and consequences right now unless you have your backup plan ready. At this stage, the discussion is an appeal for team unity and harmony.

Option #2: External Coach

If the person seems open to change but doesn't seem to be able to get there on his own, then a professional coach may be an answer. (*Con't on page 2*)

Five Hard Choices for Addressing Critical, but Toxic Employees (continued from Page 1)

Great coaches have tools and techniques that help people change themselves. They are far more skilled than the typical business leader at helping people through these changes.

Coaches aren't cheap, but if you can salvage the critical employee, it will be money well spent.

It's a gamble, and there are no guarantees. The question that you must wrestle with is, "Does the person want to change, and can they?"

Option #3: Proactive Backfill

This approach assumes that the employee can't, or won't, change his stripes, and you need to get a backup in place. This costs some money in the form of an extra salary, and it may take a year to execute, but it'll give you some insurance for when the day comes that you let the toxic employee go.

One of the biggest barriers to this approach can be the uncooperativeness of the toxic employee. Hoarding knowledge is a defense mechanism that has worked for them. You'll need to get creative about finding ways to impart the knowledge to the new employee.

The toxic employee is likely to read this for what it is. I think that's OK. Everybody gets to dance with the discomfort for a while.

Option #4: Ultimatum

With the ultimatum, we lay out the impacts of not changing behaviors. Personally, I think the only consequence of not changing is termination. Demotions or moving the person to another area don't remove the toxin from the company.

This wake-up call may change them. They may suddenly realize that they aren't quite as marketable or as irreplaceable as they felt.

Only do this if you mean it. There can be no false threats.

Option #5: Terminate them

The final approach is to rip off the bandage and terminate them. I'm not suggesting that you bypass good HR practices relative to performance management. Instead, I'm offering a warning that it's natural to catastrophize the impact of the loss of an employee, which can scare you into inaction.

I've used this approach a few times in my career, and in every case, the recovery time was far shorter than anyone imagined. Plus, the organization was so relieved to have the person gone that they rallied behind the effort to fill the vacuum left by their departure.

Wrap-up:

Many small and mid-size organizations find themselves with critical employees that don't

fit their core values. Smaller companies, by their nature, just can't have backfills for every position, which makes some people critically important.

However, core values must win the day. Your people are

watching to see if the core values are real. You are being judged by whether you are serious about your core values, or are they merely guidelines that you apply when it's convenient and safe.

Commit and take action. Your organization will thank you.

Rob is a consultant that works with the leaders of small and mid-size manufacturers. His focus is on the set of management and leadership practices that he calls the Manufacturing Leadership System™. He can be reached at 651-398-9280, [LinkedIn](#) or rob@robtracy.net. You can learn more about the Manufacturing Leadership System at his website: robtracy.net



Your Engineers' Brains are Your Best Marketing Tools - by Joe Sullivan

When I ask manufacturing leaders "What makes you different?", I most commonly hear:

Our customer service

Our deep expertise and experience

Both are great things. But here's the problem: Until a customer experiences them first hand, they have no reason to believe you. So how do you show a prospect (who hasn't yet signed on the dotted line) that you walk the walk?

#1 is tough. You can demonstrate hints of great customer service to a prospect through your responsiveness to their RFQ and the way you interact with them during their buying process. Every touch point counts. But until you physically deliver your product or service, there's only so much you can do.

So that bring us to #2: "Our deep expertise and experience".

How can you demonstrate that you and your people are true subject matter experts who have seen their problems before and solved those problems for others who resemble them?

Most companies tell their prospects all about it. "Our people are amazing. Our engineering is unparalleled. Our machines can't be matched."

Meanwhile, want to guess what your competitors are telling them? (Copy and paste the previous paragraph here).

Here's the truth: Your prospects simply don't care about you or how great you think you are. They care about themselves, the problems they're trying to solve and the business outcomes they need to achieve.

So what if instead of telling them about your expertise, you showed them? Time to pay off the title of this article – "Your Engineers' Brains are Your Best Marketing Tool".

Start with the things that matter to your prospects. What are the five most common questions you get during consultative sales calls? What are the three most common issues they're trying to address? What are the business outcomes they need to achieve?

Gather these insights from your Sales folks who interact daily with prospects. Better yet, interview five or 10 recently closed customers and let them articulate these insights first hand.

Next, tap into the brains of your most skilled and experienced Engineers and technical professionals to address these things:

Choose a topic that you know matters to your customers and prospects

Identify the Engineer or subject matter expert most qualified to talk about it

Interview them. Turn on the audio recorder. Better yet, turn on the camera.

Now that you've extracted that expertise, you'll turn it into your marketing content. Here are a few ways to do it:

Use Rev.com to transcribe that interview for \$1.25/minute and publish it verbatim in your blog.

Hand the transcription off to a copywriter and clean it up for a blog post.

Publish the video recording on YouTube and stream it into your website.

Chop out the three best highlight clips and use them as micro-videos for LinkedIn.

Turn the audio file into a podcast episode.

Once you've published the content in one of the above formats, summarize it in a few paragraphs send it out via email instead of your "Here's what we did at the company picnic" newsletter that no one reads.

You earn attention by focusing on the things your buyers care about. You earn trust by showing your expertise – not talking about it. Ready to get to work?

Joe Sullivan is a Co-founder of the industrial marketing agency Gorilla 76 and host of The Manufacturing Executive podcast. Visit gorilla76.com/learn for an ever-expanding collection of articles, videos, guides and tools to help midsized manufacturers identify, attract, engage and drive sales with ideal-fit customers. Joe is a frequent contributor on LinkedIn, and don't forget to listen to his show at themanufacturingexecutive.com.

Why your B2B business is now B2C - by Jordan Danger Stalker

Let me share a story about a B2B company that failed to think like a B2C.

Years ago when I started my first managerial position as a marketer at a bootstrapped startup, I was seeking a promo company that could produce all the swag, clothes, and random goodies we'd need to promote our product. I needed a company that was flexible with small orders and tight budgets because I knew that my needs would grow over time.

I found and fell in love with a promo company, and the credit goes to their salesmen. It was irrelevant that they were slightly more costly than the competitors, or that they took longer to ship because they were speedy communicators with a commitment to quality. And the reps I had were creative with swag ideas, really making me feel cared about as a customer and company.

Then one day, everything changed.

For the last five years, I had worked exclusively with this promo company, no matter where I was working. It was a smooth and mutually beneficial relationship until one day, I got a new sales rep, and the quality of service made a drastic 180°. Gone was the punctual communication and creative suggestions; gone was the rep who helped me carry

20 boxes of swag to my 3rd-floor apartment when I sprained my ankle.

I reached out to the VP of Sales and asked for another rep, explaining the situation; I was told there was no one else to take me on. When I explained that this would likely affect my loyalty to their company, he shrugged and never reached out again.

I'm sure at that point in history, this seemed like a minor loss of business to them; at this time in my career, I was immersed in small startups as a Marketing Advisor and was placing small orders; at present my business was a minor loss to their bottom line. But coincidentally, I had just taken on a role in a larger company, and my small consultancy blossomed into Danger Co with new, larger accounts. Suddenly, my swag and promo budgets totaled about 1500% more than the year before. We're talking about the combined budgets growing from '2010 used Buick' to 'New Porsche 911'.

Of course, I didn't return to using my original promo company; I had found a new shop that offered me the white-glove service I needed, and we had a blast with that 'Porsche 911 budget'.

Even in B2B, your customer is a human—not a business.

I was reflecting on this story yesterday after another great meeting with the owner of my new promo company. When we

work in B2B, we think of business relationships being forged between two businesses, but in reality, you are always in the B2C game: the business is not a living entity, so it doesn't care who I order keychains from. On the other hand, as the head of marketing, I sure as hell care, and I am fiercely loyal to companies who show they understand my needs.

Studies everywhere prove that people change careers every few years now, so it's crucial to focus on building a consistent client relationship with the people you interact with. The pain points you solve are experienced by the human, not the business. As their careers grow, a happy customer will take you with them to each new posting. It's a long-term investment strategy, and it requires that all customers get treated with the same care—even the very modest ones.

If you're in B2B and you haven't started working from a B2C mindset with your clients, it's time to start.

Jordan Danger Stalker is owner of Danger Co, a marketing company that provides pop-up team and growth strategy for SME's. For the last 10 years, Jordan has worked as a marketing expert with well over 100 companies, ranging from apps, B2C, and trades, to professional firms. It is for Danger Co's work that Jordan received a Forty Under 40 award.

Four Success Factors for Onboarding Mid-Management Leaders - by Nic Gianino

Most companies strive to develop talent organically. But practically, there will be times you need to recruit specific, elite-level leaders to strengthen your team and add depth. Even seasoned leaders will require a proper onboarding and professional development strategy to be most effective for the short and long term.

This article summarizes four specific ways to ensure this process is smooth for both the new leader and the hiring company.

1. Write a structured onboarding plan.

A formal, written guideline for approaching each new leader's first ninety days with your company creates accountability for all stakeholders and the new leader.

Here are some items to consider with your written plan:

All new leaders must have a fully-functional work-station on day one.

Years ago, my company hired a project engineer, but the process of getting him his PC equipment, software, and system access took nearly three weeks. This increased his onboarding time considerably.

Provide the new leader with a written summary that gives a layout of company history, strategic market review, and organization chart

Introduce the new leader to other

key company stakeholders during the first week that they are onsite

Illuminate key training milestones that the new leader will take part in, such as ERP/MRP/CRM systems review and production planning system overview

The sooner that a new leader understands the company's mission and core values and has full system access, the sooner they can start driving company success.

2. Schedule consistent coaching sessions right out of the gate.

The most effective development plans always give the new leader consistent, direct access to their manager. These "one-on-one" sessions are important for two reasons; first, they ensure that the new leader has a chance to connect regularly during their initial learning phase; and secondly, they create a sense of camaraderie between the manager and the new leader. Don't miss this opportunity right out of the gate.

3. Foster engagement through targeted industry groups.

Industry peer groups are powerful. When a company creates a pathway for new leaders to create these partnerships, it sends a strong message to that leader. The leader will build confidence and strengthen industry connections through best practices discussions and meeting other industry experts.

4. Establish a formal professional development plan that creates accountability and visibility.

Towards the end of the first ninety days, create a written development plan for the new leader. This plan should establish milestones, formalize ongoing coaching sessions with the manager, and track the completion of goals along the development path. Keep it simple and use it as a reference during established check-in intervals. If it is written down, it becomes far more likely to be a guidepost for ensuring consistent improvement.

If you practice these four steps consistently with your new leaders, you will have engaged leaders who do not spend their time talking with other recruiters. Start the journey now. Create your own leadership destiny proactively - do not leave it up to chance!

Nic has spent much of his career working as an operations leader in the custom metals fabrication and precision machining industry. Nic currently owns a manufacturing-specific recruiting and consulting company, where he continues to help advance small to mid-size manufacturing businesses to be industry leaders in their market.

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Six Essentials for Effective Leadership© - by Mark Capaldini

OVERVIEW

Everyone has experienced effective and ineffective leadership. Both are easy to identify, even to feel, in most settings. Understanding why leadership is effective or ineffective is tougher. Occasionally there are obvious strengths or weaknesses. But most of the time, the “why” is complex or even mysterious

During my four decades in business, I’ve noticed six factors always present with effective leadership. No matter my role – consultant, team leader, manager, vice president, president, COO, CEO, business advisor, management system implementer, and executive coach – they were always visible around effective leaders. Conversely, several were missing around ineffective leaders.

Even though my perspective changed over four decades and a variety of roles, the fundamental, mission-critical importance of these six essentials was constant.

They were not the only keys to success. Effective leaders must have other skills and priorities in addition to these. But I noticed that every effective leader demonstrates these essentials on a consistent basis. When one or more of these “essentials” are missing, leadership is ineffective.

SIX ESSENTIALS EXPLAINED – KEY QUESTIONS FOR EVALUATION

1. Focus – The need for focus on strategy, markets, and product/service offerings is obvious. But there must also be focus on hiring and retaining staff, on new technologies, on relevant trends, on internal processes and standards, on critical partnerships



in supply and distribution chains, and on capital sources. Not only on WHAT to do, but also on HOW to do it. While focus across these areas must be integrated and consistent, it must also adapt and evolve. Focus can’t be frozen.

QUESTION: Is there clear focus on strategy and its operational requirements throughout the organization?

2. Execution – Results are the currency of leadership. Without results, the leader will not keep his leadership position for long. This is most visible in the sports world. Coaches with consistently losing records don’t survive long. It’s also true in business, and

increasingly, even in the not-for-profit sector. It’s the simplest, most easily understood answer to the question, “Why should anyone follow you?”

QUESTION: Is execution a driving value in this organization, proven by consistent achievement of results?

3. Discipline – There is a critical need for systems and processes

to achieve consistent and high-quality results. Organizational discipline is reflected in the development and constant use of proven processes, available tools, and appropriate staffing levels. Lip service is easy – lining up all the critical components is proving it. Individual discipline is reflected in unvarying attention to detail, a willingness to hone skills, and a commitment to “doing it right every time.”

QUESTION: Does the organization foster and support a commitment to process, tools, and discipline?

4. Communication – Everyone in an organization should

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understand the “what, why, and how” of key priorities for the overall organization, for the department or team, and for the individual. Only rarely are the answers to these three simple questions consistently shared and clearly understood – at all levels. Especially today, the “why” of an organization is critically important to attracting, retaining, and motivating staff. Occasional presentations are good, but constant “micro-reinforcement” is necessary, too.

QUESTION: Is there complete awareness and understanding of key priorities, at all levels of the organization?

5. Collaboration – Spontaneous teamwork, without any obvious direction or “orders,” is the best example of collaboration. It’s why sports without the biggest “stars” can prevail over the teams that are loaded with them. Individual achievement and statistics are secondary to team results. In too many organizations, leaders exhort their teams to “work together” without demonstrating collaboration at the leadership level. Or by sharing staff, budgets, or other resources. This is an area for which “leadership by example” is critical.

QUESTION: Do the senior leaders in this organization collaborate well, providing examples of teamwork for results?

6. Clarity – Many organizations are unclear about current

conditions and challenges. Without clarity on those factors, how can there be an effective plan (including operations, resources, and finances) for achieving the organization’s goals? An important aspect of achieving clarity is consistency, too. There can’t be major weekly shifts in strategies, priorities, and everyone’s “to do list.” True clarity means more than simple awareness of strategy and priorities. It must include understanding, embracing, and consistently executing.

QUESTION: Does the daily, weekly, and monthly activity across the organization clearly reflect goals and priorities?

ACTION SUGGESTION

Use this 2-page document to evaluate your personal “six essentials” or those of your organization. Start a dialog on how to strengthen the items that may be falling short. On a weekly basis, pick a leadership situation or challenge that has already occurred and evaluate its handling across the six essentials. Better yet, use this list of six, in advance to optimize your preparation for effective leadership

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Supply - You Won't Know Until You Try - by Rob Tracy

Most companies that I work with claim that they are buying their raw materials at the best price. Many will say in the same breath that they have great suppliers that they've worked with for years, and they are convinced that the loyalty is winning them the best value.

If that is true, fantastic!

However, I believe that the opposite also holds true. Suppliers become complacent with long-term customers, often charging much more than new customers where they have to fight to win the business.

Perhaps you are doing this with some of your long-term customers?

I know that I've experienced this in my personal life.

I was with the same car insurance company for many years, accepting the annual increases. When I finally got some quotes, I found that I was getting skewered.

I have left jobs to find that my replacement was paid a much higher salary. (a market wage)

A software bundle was charging me a monthly subscription fee, and I found an alternative that had one fixed fee that was barely more than the monthly subscription cost.

Your mileage may vary, but you'll never know unless you push back and actively look at options.