

# The Manufacturing Leader

Perspectives for small and mid-size manufacturers

## A Personal Note

Thank you! Your time is valuable, and I appreciate you granting me a slice of it to take a look at this newsletter.

My goal is to curate high-quality content about a range of topics that is written specifically for small and mid-size manufacturers.

It's ad-free, with no sales pitches or sales campaigns. It's just information that hopefully piques your interest.

The delivery method, a monthly newsletter, is not new-to-the-world, but it is certainly rare in these days of email drip campaigns, social media bites, and online webinars.

I want to support you, and in order to do that I need your feedback. I'll do all that I can to make this newsletter something that you look forward to each month. Thanks and take care.



## We Are Our Habits

Actions & behaviors drive results - not our words

By Rob Tracy

We all have habits, and that's a good thing! If we didn't have habits, we'd be rethinking every movement every day, and we'd go nowhere or more likely, we'd go insane. Can you imagine waking up in the morning and thinking, "Should I brush my teeth first, or should I shower first? Maybe I should make the bed first? Which sock should I put on – left or right? When I go downstairs, should I check email or make a pot of coffee?" The list is endless. Much of our daily actions occur on autopilot. They are habits.

Habits can become deeply ingrained in us, like the groove in a vinyl record. If you don't believe me, try this experiment. Cross your arms over your chest. Look at the positions of your arms and hands. One arm will be crossing over the other, and one hand will be dipped beneath the bicep of the other arm. Now, on the count of three, switch them so that the other arm is on top. 1,2,3 – GO! It's hard, isn't it? You have to stop and think and force yourself to do it differently. If you repeat it 5, 10 or 20 times, it starts to get easier, but it may take thousands of repetitions to make the new arm-cross the new habit.

I think it's easy to relate to our personal habits. After all, we live with them every day. We have habits related to diet, exercise, family, friends, spending, hobbies, spirituality, and so forth, and we can see how these habits are impacting us.

Leadership teams and

organizations have habits too. Some of those habits are helpful and move the company forward. Other habits may be hurting more than they are helping. Here are some statements that you can ponder to assess whether the habits in your organization are working well. How strongly do you agree with each of these statements?

- The work environment feels in control and stable – not hectic or chaotic.
- I sleep well at night because I know that we have the team and habits to take care of any challenges.
- I have the balance of life outside of work that I want.
- We have a clear strategy for the future, and we're making good progress at implementing that strategy.
- We are growing at the pace that we want to grow.
- We're achieving the financial results that we think we should.
- We are clear about the culture we want, and our employees would agree that will live by our core values.
- Our organization structure is clear, and we all understand our roles and what is expected of us.
- We have plans in place to meet our talent needs, both now and in the future.

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### Marketing ROI

How (and When) Manufacturers Can Measure Marketing ROI  
By Joe Sullivan

\$10M in new sales. 25% growth. 50 new customers. Goals are critical. But what role should Marketing play in helping you achieve them? And how can you measure Marketing's contribution? Not so long ago, measuring Marketing ROI was challenging. But today, we're immersed in tools and data that have quickly changed the narrative.

Here's a simple framework to get you started. The basic idea: Start at the bottom of the funnel with your desired business outcome. Then work backwards to set benchmarks for Marketing key performance indicators (KPIs).

For example, let's say your goal is \$5M in Marketing-attributed revenue for 2021. Based on your historical close rate, how much pipeline revenue will you require to hit this target? Now back up another step. How many Sales-Qualified Leads (SQLs) will you need to produce that pipeline of quoted Opportunities?

Back up once more. How much website traffic is needed to hit that SQL target? And if that level of traffic is unachievable, how many SQLs will you need to generate via outbound and paid media to supplement them? With these targets in place, you now have benchmarks against which to measure.

Two important considerations before I let you go:

1. Set realistic target outcomes.

If your sales cycle is 12-months long, then any SQLs you generate after December won't convert to revenue until 2022. So either the "business outcome" you focus on for Marketing's 2021 contribution needs to be pipeline revenue (not actual sales), or your window for measuring Marketing ROI needs to be longer than 12 months.

2. Not all things should be evaluated on short-term ROI. In this era where everything is measurable, we tend to suffer from "Marketing Nearsightedness" – investing only in activities that will pay off in a quantifiable way, and quickly. Thought leadership initiatives like writing expert content, podcasting or speaking won't often turn a short-term ROI. But they're critical for building awareness, trust and equity in both our personal and company brands for the long haul. Let's be sure to avoid sacrificing long-term success over an obsession with short-term ROI.

For a funnel worksheet to accompany this article, visit [gorilla76.com/funnel](http://gorilla76.com/funnel).

*About the author: Joe Sullivan is a Cofounder of the industrial marketing agency Gorilla 76 and host of The Manufacturing Executive podcast. Visit [gorilla76.com/learn](http://gorilla76.com/learn) for an ever-expanding collection of articles, videos, guides and tools to help mid-sized manufacturers identify, attract, engage and drive sales with ideal-fit customers. And listen to his show at [themanufacturingexecutive.com](http://themanufacturingexecutive.com).*

### Your Front-Line Supervisors

What got them here won't get them there  
By Gayle Noakes

Are you frustrated with your front-line supervisors? Do you feel like they spend too much time fire-fighting and expediting and not enough time fixing the root issue? Do you wish that they would spend more time training, coaching, on-boarding, and implementing continuous improvement?

Front-line supervisors were often your best machine operators. As operators, they did quality work and met the production schedule. They found innovative methods to get the job done. They were always there. You could count on them. When we needed production leads and supervisors, we looked to these great operators and rewarded them with a promotion.

However, when they were promoted to the supervisor level, their job completely changed. The skills they needed to do this job were very different than the skills that made them a great operator. They went from having a relatively predictable routine with a clear escalation path to their supervisors to having a fragmented, unstructured day dealing with issues like:

- Managing their time and creating their own schedule.
- Operators calling in sick or just not showing up
- Multiple meetings, coming out with action items they need to complete

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### Supervisors

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- Training employees
- Schedule changes
- Quality issues
- People issues
- Managing the conflicting priorities of management, customer service, purchasing and their employees.

In one manufacturing company I worked for, I would routinely find Joe, a new supervisor, driving a forklift. When I asked him what he was doing, he told me his guys needed material to keep their machines running and the material handler had not come in that day. In the absence of a better toolkit, Joe was doing what he does best – getting the job done, right now.

Today, supervisors need a new set of skills. It starts with clarity about their role (e.g. job description), and then it must be followed with a development plan. Note that I did not say a “training plan”. In order to create the behavioral changes that you want, a combination of classroom training and on-the-job coaching will be needed.

I will be writing more about how to transform your supervisors into the leaders you need them to be in future issues of this newsletter.

*About the author: Gayle Noakes spent 20 years in manufacturing companies, working in learning & development, continuous improvement and quality. Gayle now owns Gayle Noakes Supervisor Success, working with manufacturing companies to build the skills of their front-line Supervisors.*

*If you would like to explore more about how to build the skills of your Supervisors, check out her website at [gaylenoakes.com](http://gaylenoakes.com) or contact her at [gayle@gaylenoakes.com](mailto:gayle@gaylenoakes.com) or 612-791-8981.*

### Habits

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- We’re doing well with key employee metrics, like engagement and retention.
- The organization is 100% aligned with our key priorities for the next quarter.
- There are minimal turf battles and infighting.
- We have clear goals and leading indicator measures – both at the executive level, and within each functional group. We are focused on the critical few and not the trivial many.
- We have very effective meetings that are essential for managing the business.

If you were able to strongly affirm each of these statements, congratulations! You’re breathing very rare air. However, most

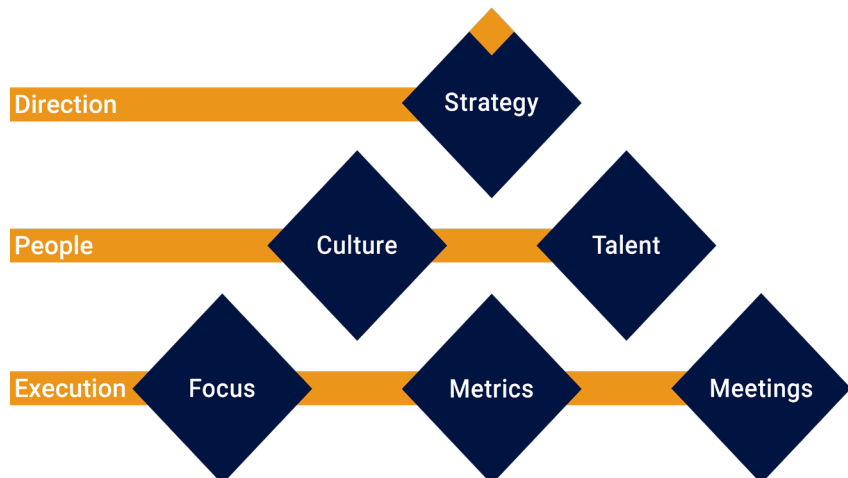
organizations struggle with at least some of these. That’s OK. Organizations are a lot like people – they’re fallible and imperfect. The key is to pick the areas that would benefit the most from improvement and take the positive steps towards building new habits.



In future issues, I’ll be diving deeper into different kinds of habits and how to shed the bad habits and adopt better ones. Below is a simple diagram that I use to frame the various types of habits in organizations.

*About the author: Rob is the founder of Rob Tracy Consulting. His passion is creating effective leadership teams at small and mid-size manufacturers through the implementation of strong leadership habits, coupled with the coaching of individual team members. He can be reached at 651-398-9280, or [rob@robtracy.net](mailto:rob@robtracy.net)*

### The Manufacturing Habit Toolkit



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## Planning with a Cracked Crystal Ball

By Rob Tracy

It's now the 4th quarter of the year, and it's time to prepare a plan for 2021. I can imagine the frustration that this may be causing. How are leaders

supposed to prognosticate a year into the future given all of the unknowns? Let's just accept that we can't predict that far out. We can guess, but that's all it is - a guess.

In times like these, I recommend a six-step planning process:

1. Identify the key drivers of business performance.  
Key drivers often include revenues, labor productivity, wages, fixed cost changes (e.g., hiring of non-production people), and material cost changes. Your business may have other drivers. A large portion of the costs of the business are largely fixed.
2. Make a baseline set of assumptions.  
Make assumptions about the key drivers using your best wisdom and insight. The baseline should be your best guess – neither optimistic nor pessimistic.
3. Create a planning model.  
Prepare a spreadsheet model that uses the assumptions about the key drivers to predict financial performance. The purpose of the model is to be able to analyze various

situations quickly. It is not a detailed budget. The model is fast and directionally correct and not slow and precisely wrong.

If you have questions about what this would look like, or how to build it, just give me a call. My phone number is at the end of the article and in the footer of the newsletter.

4. Prepare scenarios.

Once you have the baseline model, prepare a couple of alternatives based on different sets of assumptions. One set of assumptions may be rosier than the baseline, and the other may be more challenging. Try to pick realistic alternatives that seem possible.

5. Budget, if you must.

You may be required to prepare an annual plan. If so, bite the bullet and do it. However, this is an excellent opportunity to reflect on the purpose and usefulness of a yearly budget in unpredictable times.

6. 90-day cadence.

In the "Leadership Systems" article, I mentioned that 90-Days is one of the core elements of a sound leadership system. It is critical in unpredictable times. It will be nearly impossible to predict a full year into the future, but the next 90 days may be more apparent. Conduct the 90-Day sessions and adapt to the realities that are unfolding.

In 2020 the world has been changing fast, and we've all had to respond. A predictable pattern has not emerged yet, which means that "responsiveness" is the name of the game. Create a baseline, but be prepared to react and adjust as the future gets clearer.

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**Go to [robtracy.net/subscribe](https://robtracy.net/subscribe) or**

**Text me at 651-398-9280, providing your name and company, and whether you prefer mail, email, or both**

I apologize for requiring you to "opt in". I want to ensure that only those people that want to read this newsletter are receiving it.