

Why Marlin Steel is Growing

www.MarlinWire.com

www.SheetMetalFabrication.com

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Transforming from a Commodity to a Profitable Niche Market

- Techniques Marlin Steel deployed to grow 6x since 1998 and 118% since 2006 so you can:
 - Grow
 - Thrive



Productivity Leaps – Critical for Success

- S&P 500 companies increase revenues, profits, cash & hire more people since 2007
- Grew over 1,000,000 jobs during great recession!
- What was the key?
 - \$378,000 sales per employee in 2007
 - \$420,000 sales per employee in 2011



Big Companies are doing it – now you must

- Invest heavily in new technologies to be different and build a moat around your business
- What is your secret sauce that will differentiate you?



Robotics & Automation - tool to grow your business.

- Critical
- Aggressive – Heavy Emphasis on Capital Expenditures
- Management Engagement
- Where should companies focus Robotics & Automation
 - Choke Points
 - Quality Challenges
 - Speed
 - Scrap Reduction



Benchmark Your Company

- Join Trade Associations
- How do you match up with your competition?
- When I bought Marlin we were \$40k sales/employee
- Now we are \$180k sales/ employee
- Striving for \$250k sales/employee
- Competition \$130k sales/employee



We import nothing





We make everything in Baltimore and ship
all over the world.....





Exporting a container of custom engineered stainless baskets to Australia





Marlin 1968 to 1998 (Company I bought)

- **Established:** 1968
- **Size:** 5,000 square feet
- **Product Line:** Wire Baskets for Bagel Shops
- **Newest Piece of Equipment:** 1950s
 - Every Bend by hand
 - Every Weld by hand
 - Hand cut wire
- No prints – if we got reorder, we had client return basket so we could copy



Old Marlin continued.....

- Pay: Minimum Wage (two employees at \$8/hr)
- Health Insurance: Go to Emergency Room (No health insurance)
- Retirement: No 401k
- Marketing: No brochures
- Investment: Just got a fax machine (most purchase orders received were mailed via USPS)



1998

- I bought the company
- Quickly two outside Seismic Shifts occurred
 - Atkins Diet
 - Anti-carbohydrate
 - China commoditized Bagel Baskets
 - Sold them cheaper than my steel cost (still had to weld, plate, pay receptionist)



Negative Slide

- Atkins Diet killed my clients – Bagel Shops closing (don't need baskets if shop is closing)
- Clients leaving because they can buy cheap wire bagel baskets from China
- Losing \$. Lots.



What do we do now?

- If we do not change, we are toast
- Choices.....
 - Close the plant?
 - Take our licks and move on?
 - Transform? How?

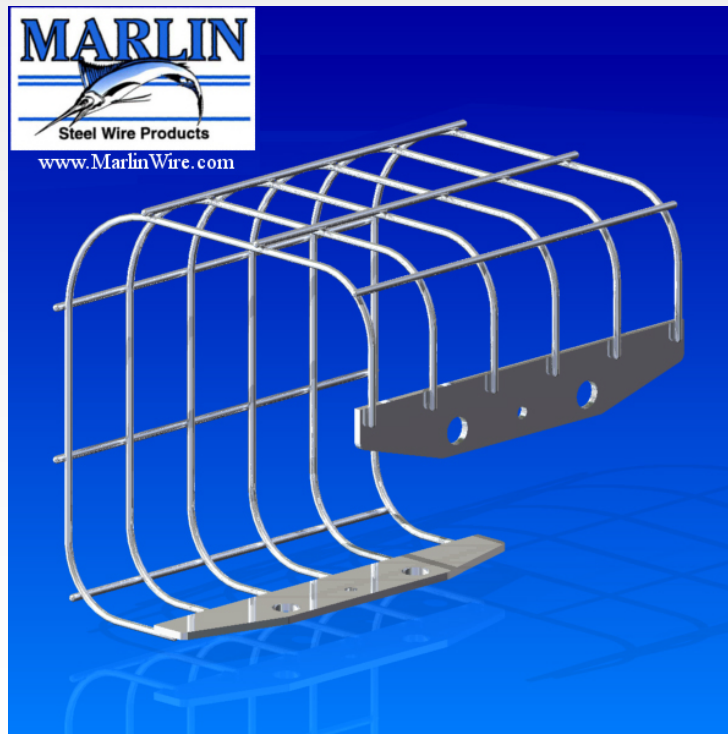


Phone call from Boeing

- Epiphany
- Problem 99.9% of sales in wrong niche
- Time to transform



Time to migrate to precision



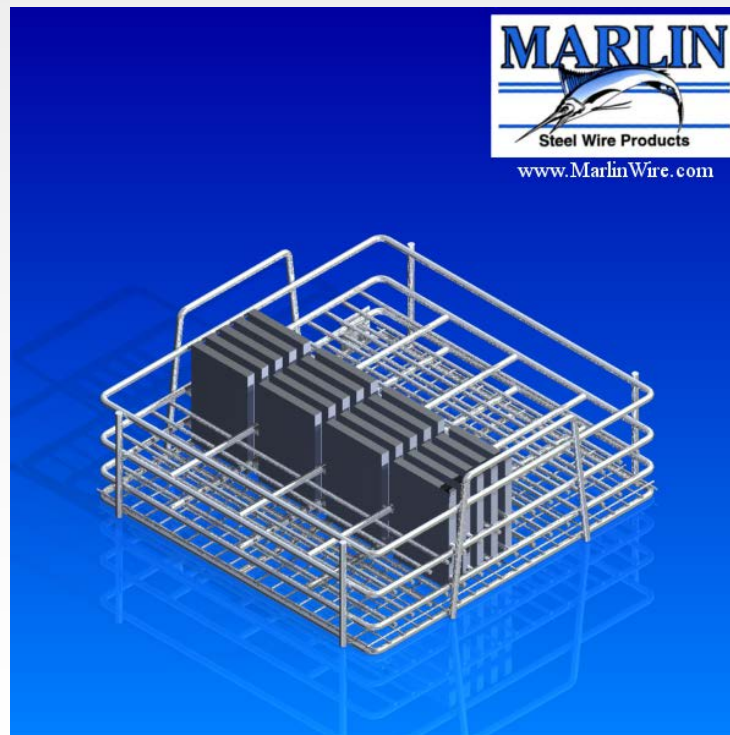


Understand fit, form and function





Holding delicate parts for rushed precision manufacturing engineers





Now we sell to Toyota, Merck, Raytheon,
United Technology, Delta, United, Cessna....





Transform – How we did it.....

- Strategic Change - QEQ
- Recruit Great Talent
- Invest in Technology – Robotics
- Focus on Profits (not Revenue)
- Lean Manufacturing





Strategic Change: QEQ

- **Quality is King – triggers reorders**
 - Make one time
 - Eliminate rework
- **Engineering – Innovation differentiates**
 - Optimize clients throughput
 - Improve internal processes
 - Designs that are friendly to your equipment
- **Quick - Fastest Company in the world**





Quality is King

- Reorders are easy when you ship Great Quality
- Demand Excellence from your team
- Prints rule
- Invest in fixtures
- One Piece Flow
- Clear & Transparent rules





ISO 9001: 2008

- Embrace
- Refine Systems so you ship faster
- Shine light on quality challenges

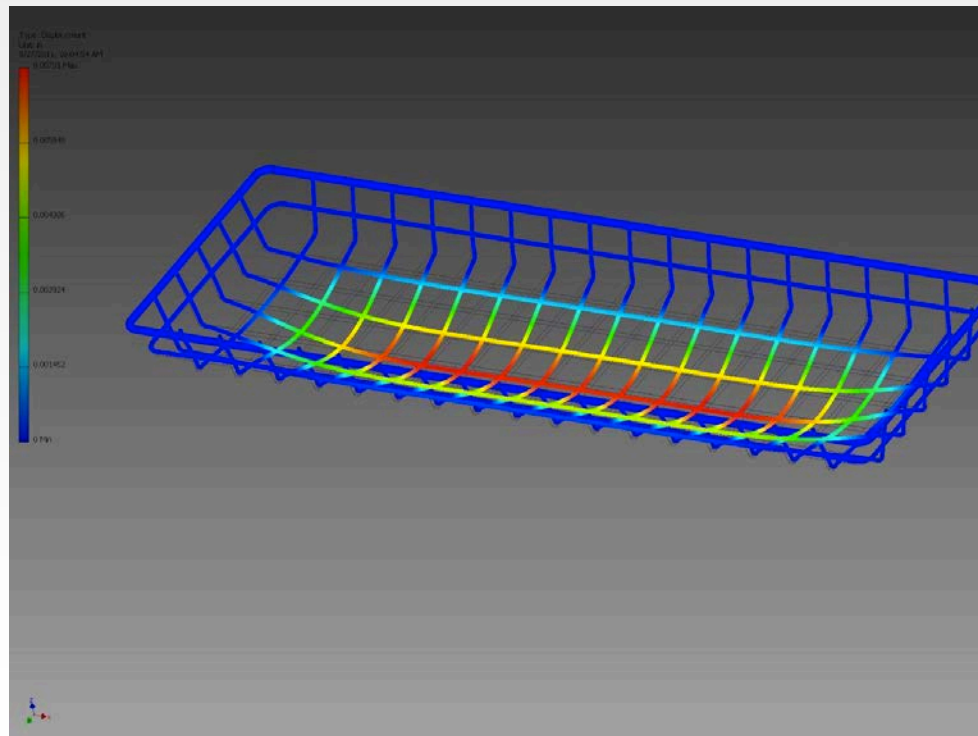


Engineering Powerhouse – Secret Sauce

- 25% of our employees are designers or mechanical engineers
- Top of the Line AutoCAD 2011 Software
- Stress Software – How much weight can basket hold? Where will it fail?
- Two Monitors for each employee – 30” monitors
- Train Talent – 5+% of salary is spent on training
- Foster a creative and brainstorm culture

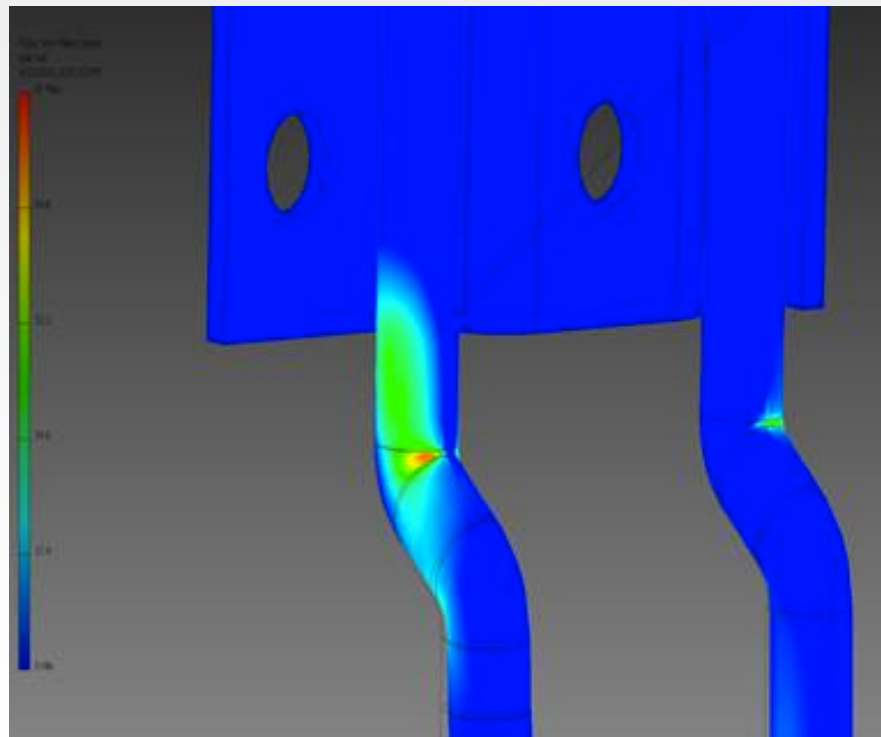


Secret Sauce – Stress Test





Working Smarter, Not Harder





Quick

- Delivery Wins – we are faster than anyone
- Develop Systems to go faster
- Empower employees to come up with ideas
- Overinvest in equipment – do not focus on Utilization
- Meet Deadlines
- Standard Operating Procedure – our book is 200+ pages long



Recruit & Retain Great Talent

- Pay Well – you get what you pay for..... Allows you to focus time elsewhere
- Rich Benefits – if the person does not care about this, they are the wrong person
- Demand Much from your team
- Clearly defined goals – black & white with precise deadlines
- Skills Matrix – lunch room visible, every job, every task, Where is Achilles Heel?
- Weekly Bonuses tied to objective targets that they control
- HR Guru – retain and recruit amazing talent
- Frequent Lunches – stay close



Every Two Week Bonus Plan – Big \$\$\$





People are key –
focus on developing great talent





Transparent

- Candid
- Quickly tell bad news
- Under Promise, Over Deliver (no one else does it)
- Don't shoot messenger – embrace them





Safety – critical

- Safety Committee - empower
- Embrace OSHA – have them mentor you
- Embrace Insurance Company – have them mentor you
- Safety Checklist
- Great Talent prefers working for safe company
- My Mentors.....
 - ** E. J. Ajax Stamping – NO LTA since 1991, 2 Mil hours! Minnesota **
 - ** Acadia Windows – Baltimore, MD**



Safety – strive for SHARP





Invest in Technology

- **\$3.5mil in new - Stay Cutting Edge -beat competition – Employees love it**
- **Focus on Faster & Quality Enhancers**
- **New Robot for precise fixtures in Dec 2008**
- **New 3d Robot for Bending in July 2009**
- **New Sheet Metal Punch in July 2010**
- **New 3d Robot for Bending August 2010**
- **New Mill ($\pm 0.0004''$) July 2011**
- **New Press Brake ($\pm 0.0004''$) July 2011**





Invest in Speed & Quality: Baskets for Novartis





492 feet/minute & 3600 degrees/second





Making parts for China, Singapore & Ireland





Can not wait for outsiders to make tools, so make them ourselves....





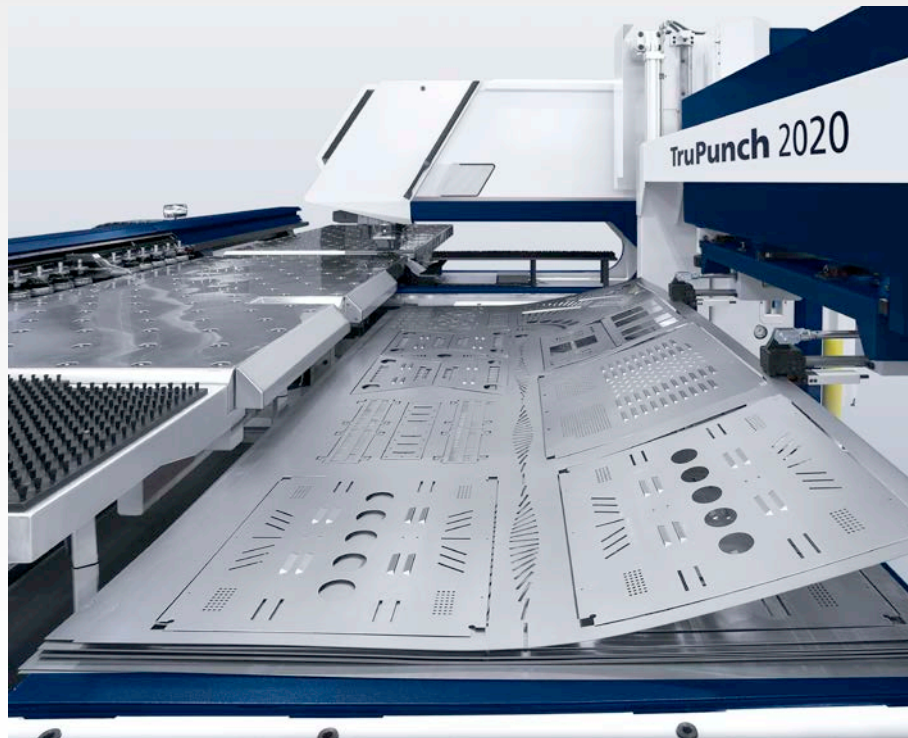
Identify areas where you can sprint past competition.....

- We identified “Quick”
 - Faster quoting
 - Faster prints
 - Faster shipment

However, our sheet metal dividers and lids and tags were pokey so



Case Study: How do we go quicker?





Invest in the Fastest Sheet Metal Punch in the USA: 8 feet/sec & 900 strokes/min





Automatic Load & Automatic Unload





Go faster.....same day ship?
Bought Laser (Nov 2011)





Cut 0.6" thick steel with no tooling





Made in the USA – Making Parts In Maryland – Shipping to 35 countries

TruLaser 1030





Sheet Metal Fabrication is New Blue Ocean

- HP
- US Army Aberdeen Proving Grounds
- NSA
- EZ Fuel
- Cummins
- First Laser Sale was an export – Japanese Automotive Client



Where to get cash for Investments?

Lean Manufacturing – Kill Waste

- Kill Inventory
- One Piece Flow
- Move Operations/Equipment adjacent to each other
- Cross Train
- Visual Cues
- Raw Materials – partner with vendor – Marlin Consignment plan
- Continuous Improvement
- Find a mentor - Mike R and Jeff F
- The Goal & Toyota Way



Now

- 6x bigger than 13 years ago – 20% over last year (best year ever)
- Six Years of Record Revenue/Profit growth
- Average Employee paid 3x more
- Employees – rich benefits (Blue Cross Blue Shield, College, etc)
- Export to 36 countries – China, Costa Rica, Canada – last month



Future

- Same Playbook
- Aggressive Growth
- More QEQ
 - Quality
 - Engineering – hired fourth mechanical engineer
 - Quick
- More Robots
- Recruit More Talent



Invest more – go faster – Marlin's Future

BendMaster: Automatic production of large sheets up to 100kg





Books to Read

- “The Goal” – Eli Goldratt
- “The Toyota Way” – Jeff Liker
- “From Good To Great” – Jim Collins
- “Mastering the Rockefeller Methods” –
 - Verne Harnish
- “Going Lean Field Book” – Stephen Ruffa





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