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# TEAM 1 Michigan: Forward Thinking for Upward Growth

By Dianna Brodine

In 1987, three sales engineers saw an opportunity with the Japanese transplant Tier 1 automotive suppliers located in south central Michigan. Six years later, the company they started made the *Inc. 500* list as the 101<sup>st</sup> fastest-growing company. Today, Team 1 Michigan is running 24/7, producing small plastic molded parts in an environment that strives for continuous improvement through innovative strategies that involve every employee.

## The Albion Business Incubator

In Albion, Mich., population 9,144, the local government created a 'business incubator' to draw new jobs to the area. The city supplied space at low lease rates, provided starter funds, and offered additional support to help new companies be successful. Team 1 Michigan, formed by Jim Capo, Craig Carrel, and Gary Grigowski, jumped on the opportunity provided by the city of Albion, starting out with two molding machines in approximately 5,000 square feet.

The officials in Albion must have been pleased to see Team 1 Michigan grow, representing the ideal in the incubator concept. Within four years, Team 1 moved to a new 15,000 square foot facility. The next year, the company was named one of America's fastest-growing private companies, ranking 101<sup>st</sup> on *Inc.*'s Top 500 list in October 1993. The article that accompanied the Top 500 listing, by Martha E. Mangelsdorf, described the list by saying,

"Because our list is based on the percentage revenue growth of companies that do not have publicly traded stock, we catch many of America's hot entrepreneurial growth companies when they are just starting out. When a company appears on our list, odds are, you've never heard of it before."

Less than a year after the article appeared, Team 1 began 24/7 production with four shifts. Focusing on horizontal injection molding, Team 1 is a producer of small, complex plastic molded parts for Tier 1 automotive customers, with more than 85 percent of the parts finding a home in Honda and Toyota cars built in North America. The company typically runs 60 different materials and has over 200 active part numbers. Products are mainly plastic components weighing under one pound, including lenses and light pipes, precision components, housings and covers, and light assembly. Team 1 operates with 21 horizontal injection molding machines – primarily Nissei, Sumitomo, and Sodick – ranging in size from 25 to 200 tons. Expansions in 1995 and 1998 brought plant and warehouse space to 45,000 square feet.

## A New Kind of 'Shift Work'

Owners Craig Carrel and Gary Grigowski (Jim Capo left the company in 2004 to pursue other interests) are quick to credit the growth of Team 1 to the 35 employees working four shifts on the production floor.



**“...every employee is trained in every position, allowing the company to do more with fewer personnel.”**

“We run a day and a night team from 7 a.m. to 7 p.m. and then 7 p.m. to 7 a.m. One crew works Sunday, Monday, and Tuesday, with another crew working Wednesday, Thursday, and Friday,” described Carrel. “Every other Saturday, those two different crews rotate. It averages out to be about 42 hours of standard pay.” Carrel pointed out that the system offers consistency to Team 1 employees, making it easier for them to fit appointments around the work schedule, improving attendance. The 24/7 schedule also allows Team 1 to keep the machines running, which is important with a thermal process.

Another unique personnel philosophy involves job classifications. “Our production teams are fully cross-trained and we have reduced job classifications from six to one since 1999,” explained Carrel. Citing maximum flexibility, Team 1 assigns its employees to a position – quality, material handling, and production/assembly – for each workday. No backups are needed since every employee is trained in every position, allowing the company to do more with fewer personnel. “With eroding prices, we actually produce as much product now as we did at our sales peak, but we are doing it with about 35 percent of the staff,” said Grigowski.

The employees at Team 1 have responded to the challenge and are committed to the employer that both demands, and provides, flexibility. The company’s voluntary turnover has averaged 7.5 percent since 2000. Average length of service is over eight years and 80 percent of the employees have been on the team for more than two years. Team 1’s management team averages over 11 years of service. This experience translates into an exceptional safety record. The facility currently has more than 2,600 days without a lost time accident (which is a Team 1 safety record) and has gone almost 5,000 days with only one lost time day.

### **An Open-book Management Company**

In 1999, Team 1 became an open-book management company. The decision, said Carrel, was driven because the company was running through financially difficult times and had to look at its wage structure. “We were paying out bonuses and frankly, we were losing money.”

Inspiration came in the form of a book called *The Great Game of Business* by Jack Stack. The book espouses the concept of business as a game, with the ‘score’ measured in profit. Stack points out that the people who drive the success of a business – the employees –

rarely know the score on a daily basis. Carrel and Grigowski decided to change the rules of the Team 1 game, and now all employees have access to information about the financial standing of the company. When the company is struggling, the openness of information allows the management and employees to have a discussion about cost-cutting, without the often-related panic about job security. “We have monthly meetings where we go over our financial statements,” said Carrel. “All of our team members know what it takes to be successful and share in the related bonus plan. With a company that is comprised of team members who conduct themselves as owners, better decisions are made at all levels because all team members have a vested stake in the outcome.” Team 1 also has meetings throughout the year to discuss the company’s broad plan.

Frank discussions about profits and the related costs are necessary these days. The automotive supply base is under tremendous price pressure because of rising material costs. Team 1 has used automated molding operations and information systems to become more efficient. Much of the floor activity is completed electronically, delivering information right to the molding machine – everything from production sheets to labeling – which minimizes handling and extra effort.

The operation also has a “very deep” understanding of its costs. “We use an activity-based costing model to quote all of our parts,” explained Carrel. “This allows us to only accept parts that will be profitable. In automotive, if you do not get the right price at the beginning of the program you will never recover because the pricing pressures and customer cost down requests always mean that the original price is the highest price you will ever see.”

Team 1 also uses web-based tools to share information and communicate internally in a real-time environment. Each department has its own web site, and on that site department members can post relevant information. Using security features, the system one day will allow Team 1 to create individual sites for its customers, letting them see order status, inventory levels, and a production schedule.







*Team 1 Michigan operates with 45,000 square feet of plant and warehouse space.*

**Capacity for Growth**

One of the most exciting things for Carrel and Grigowski is the capacity for future growth within Team 1. The company has open machine capacity, as well as the personnel and experience that would allow it to add new business smoothly. As a result, the company has focused on a strong sales development program for the last couple of years, with the emphasis on new customers. “As we’ve looked at our current customers, we’re at a high penetration rate with them,” explained Carrel, “so we’re trying to go outside and add new business. In automotive, that’s a long process. We’re starting to see some fruits of that work. We look at the sales cycle as a two- to three-year process.”

In the long-term, Carrel and Grigowski believe the model they’ve built at Team 1 could have an application in other parts of the plastics industry. “As we see the systems that we’ve developed and the team that we have, we think we could take that across to another company,” said Grigowski. “Using its systems and our processes, we could create the best of both worlds.” The company will continue to grow sales internally while looking for possible acquisition opportunities, particularly in the South where there are other foreign automotive bases. Despite the company’s Top 500 reputation as a ‘fast-growing company’, Team 1 is in no hurry. “We want to be careful,” cautioned Grigowski. “It takes a lot of financial and people resources to complete an acquisition, and we want to be sure we do it in a very focused manner.”

Carrel and Grigowski admit that the company has had its share of failures on its way to success. “It’s a process,” explained Grigowski. “You can’t try to improve by 50 percent each year, but you can

shoot for 5 or 10 percent.” As a result, Team 1 is constantly looking for the next big area to tweak, finding ways to improve its processes and increase the bottom-line. In the end, Team 1 is a state-of-the-art injection molding company competing in a global environment from its base in a small town in Southern Michigan. The company is well-positioned to take advantage of the next five years, despite the uncertainty in the automotive markets. With its strong team of employees and drive for continuous improvement, who knows what list we’ll see Team 1 Michigan on next. ■



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