

CAPITALWORKS

Case Study

**Six Disciplines®
Strategy-Execution-Coaching®
Developing the Moves to
Achieve your Goals.**

January 21, 2013



SIX DISCIPLINES®
Total Performance Excellence™

CapitalWorks, a private equity firm located in the Cleveland suburb of Beachwood, has found its niche in the Midwest market. Primarily focusing on acquiring manufacturing and distribution companies in the lower end of the middle market, CapitalWorks learned it needed to offer a management program to help these acquired companies achieve growth and success. They have found measurable success with Six Disciplines' Total Performance Excellence program.

Defining Goals

Dick Hollington, CapitalWorks President, is the first to admit it is sometimes difficult for the management teams of the acquired companies to develop and successfully execute strategic plans for growth.

"Our belief is that many of the businesses we work with are undermanaged," said Hollington. "A lot of what we can bring to the table is management discipline. We want them to develop a clear strategy and hold them accountable to that strategy. Six Disciplines provides one of the best coaching programs out there. The program allows for development of a strategy and mentors the tools on how to execute and monitor the results. "

Currently, four CapitalWorks portfolio companies have implemented strategies by Six Disciplines with impressive results. All portfolio companies are presented the option of working with Six Disciplines, but it is up to each individual company's management team to make the commitment to the process and program.

Bluffton Motor Works in Bluffton, Indiana, is a global leader in custom-engineered fractional electric motors. The company serves a wide variety of OEM manufacturers and industrial production facilities.

KKSP Precision Machining in Glendale Heights, Illinois, is a manufacturer of high-volume, precision made-to-print automatic screw machine products for automotive, medical/veterinary, appliance, HVAC and aerospace markets.

Gallo in Cleveland, Ohio, is a marketing communications company providing design, engineering, production and service of three-dimensional exhibit and digital displays for museum, tradeshow and traveling exhibits.

Magna-Tech in Muncie, Indiana, is a premier provider of vacuum impregnation of castings for automotive, marine and electronics markets.



Bluffton Motor Works has been involved with the Six Disciplines program for the longest period of time, implementing its program in the beginning of 2010.

In the first stage of ownership by CapitalWorks, performance strategies were developed internally, but never really put into practice. Then, the Six Disciplines program was initiated and continuous improvement of the manufacturing operations, the commercial sales strategies and the development of the sales force have taken place.

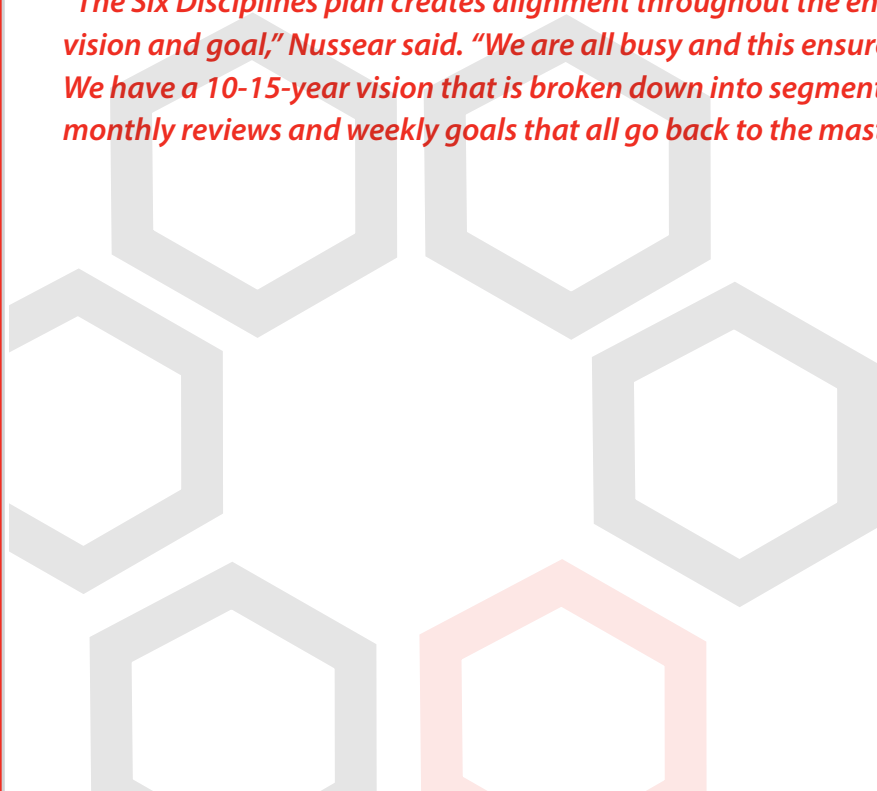
"It is very hard for CEOs to stay focused on these kinds of things because there is so much that demands their attention," Hollington said. "Management teams need to continue to stay focused on a plan. It's one of the things Six Disciplines does best, monitoring progress and results to make sure the path is clear, well defined and within reach."

David Nussear, President and CEO of Bluffton Motor Works, agreed.

"Several other companies provide strategic planning services. Most of those help you develop the plan and leave it with you," Nussear said. "With Six Disciplines, it's a process. They not only help you develop the plan, but they stay with you during execution of the plan. It's easy to have a plan, but not always easy to put it into practice. The coaches are great as they help you crystalize a plan and execute it."

With 300 employees, Bluffton Motor Works relies on strategic planning daily.

"The Six Disciplines plan creates alignment throughout the entire organization. It creates a unified vision and goal," Nussear said. "We are all busy and this ensures we are all working on the same goals. We have a 10-15-year vision that is broken down into segments. We have an annual strategic review, monthly reviews and weekly goals that all go back to the master 10- to 15-year plan."



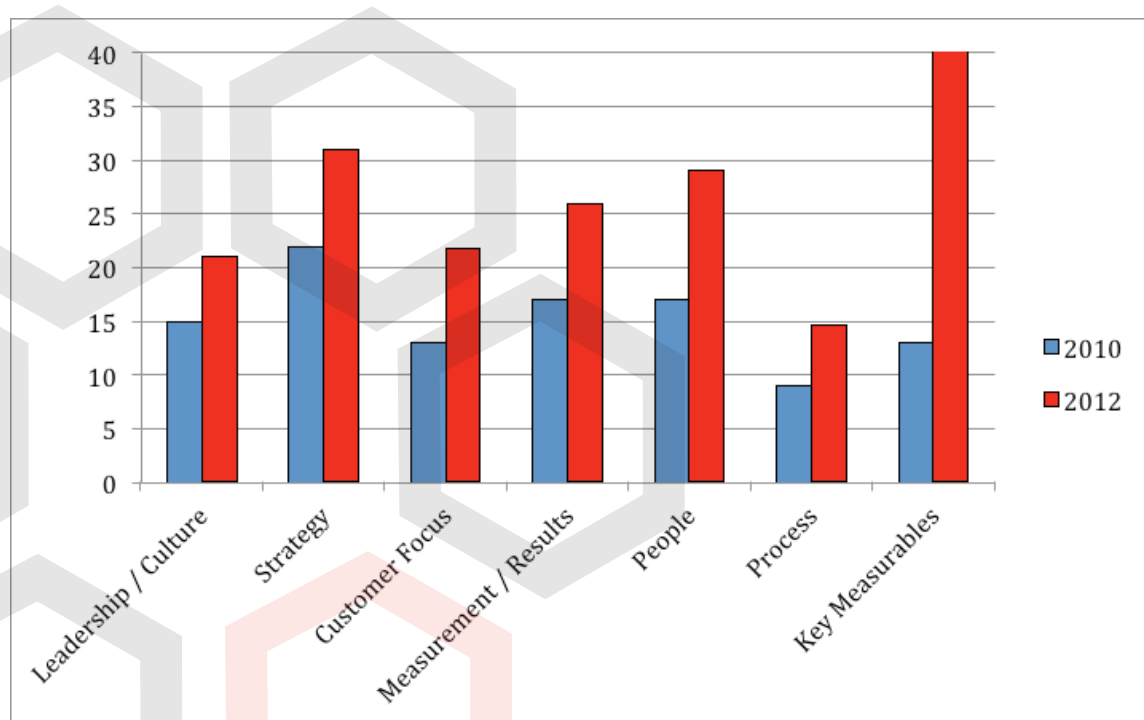
The Six Disciplines Solution

By implementing the Six Disciplines Total Performance Excellence program, Hollington says it allows CapitalWorks the ability to have a productive owner/manager relationship without micromanaging each acquisition.

Six Disciplines' program combines continuous business improvement methodology based on proven best-practices, an innovative add-in for Microsoft Outlook, and coaching services to increase self-leadership effectiveness. One of the initial steps in the Six Disciplines process is analysis of the Business Performance Assessment (BPA) service. BPA is one of the most powerful methods available for determining an organization's health and planning for improvement. It brings clarity about the performance of an organization; identifies strengths and "at risk" areas; and gives immediate focus and attention to a problem area that needs to be fixed and a way to correct the issue. CapitalWorks companies have seen a significant increase in each organization's level of performance excellence.

Eric Kurjan, President of Six Disciplines, said BPA maps directly to the Malcolm Baldrige Quality Award Performance Excellence criteria and is the quickest, most effective way for a leadership team to rate its organization's performance on the dimensions of: leadership/culture; strategy; customer focus; measurement/results; people; process; and key metrics.

In all seven categories, Bluffton Motor Works has seen a marked improvement. One of the largest areas of growth is the key measurables category where Bluffton scored a 13 in 2010 and is now at 40 out of a possible 60 score. In the leadership area, Bluffton currently achieves a 23 out of a maximum 25 score. Prior to starting the program, Bluffton scored at 15.



Measuring Success

Kurjan says the BPA allows for immediate outcomes by identifying strengths and weaknesses as the process identifies priority areas for improvement. After identifying the shortcomings, those areas are prioritized and solutions determined.

While Bluffton Motor Works has several years of data to analyze and measure results, the other CapitalWorks companies—KKSP, Gallo and Magna-Tech—are in the beginning stages of the process, but have already seen a steady climb in numbers.

For Hollington, the proof of the importance of Six Disciplines philosophy is easy to measure.

"The difference between Six Disciplines and other strategy consulting firms is their focus on execution and accountability. They achieve this through their software tool that creates a management tool to track progress and their ongoing coaching. This keeps the strategy from collecting dust on the shelf and teams execute their plans," Hollington said. "It is not an easy process to undertake and takes a significant commitment from the CEO and leadership team of the business. With that commitment, there are substantial results. I highly recommend their process for organizations aspiring to improve performance."

Contact us to
learn more about
how Six Disciplines®
can help your company
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