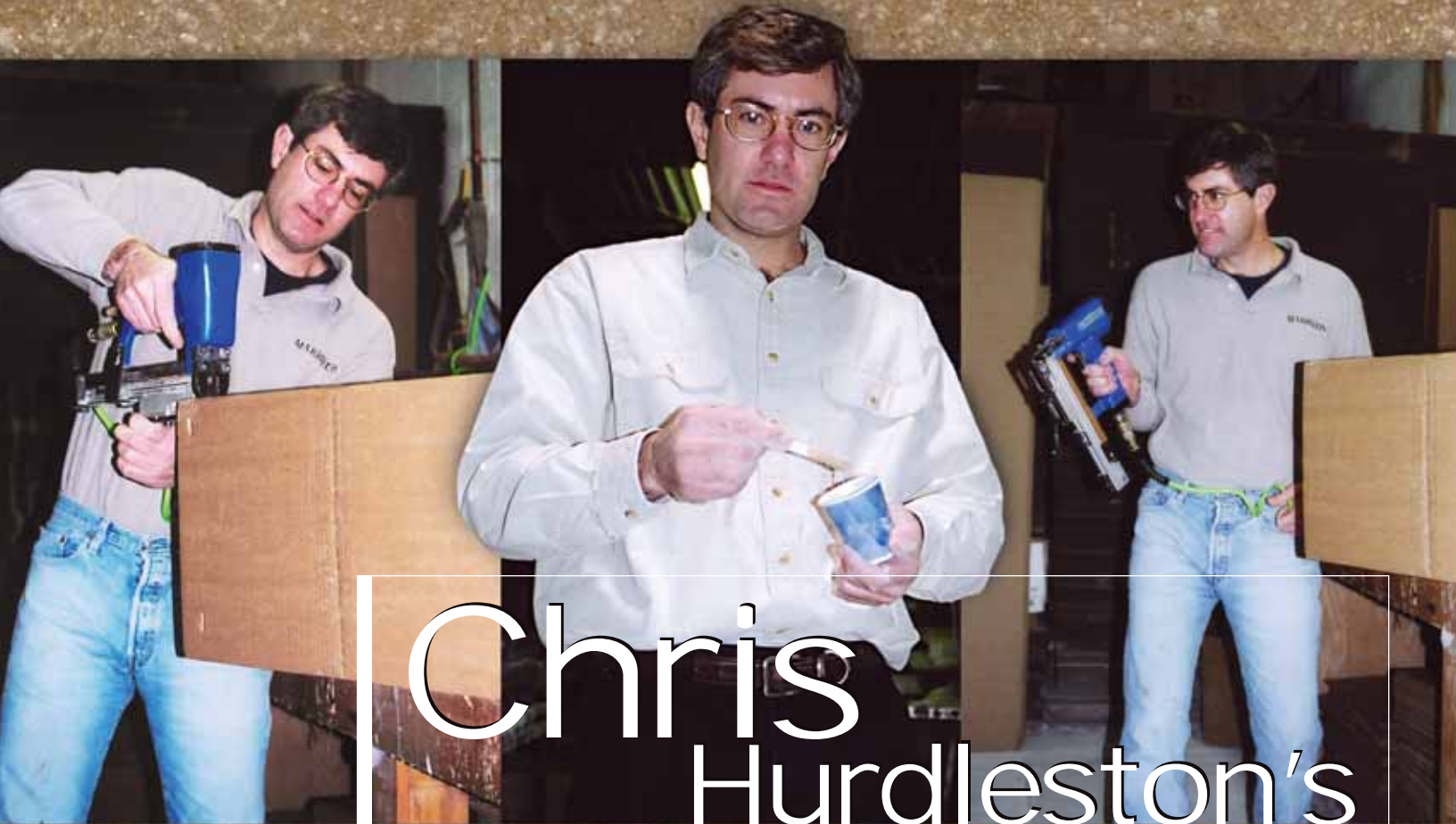


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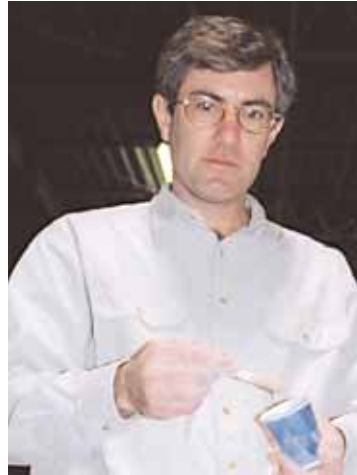


**Chris**  
Hurdleston's  
Inclination and  
Marbleon's Aim

Be a Skilled Presenter—Preparation is Everything  
Counter Top Materials I Have Known and Loved

## 18 Profile—Seeing Opportunity and Setting Plans—Chris Hurdleston's Inclination and Marbleon's Aim

Working for Chroma Paints, time was eroding with too many airports, too many hotels, too much time on the go. It was time for Chris Hurdleston to do something for himself and his family, something local that wouldn't require so much travel. Something with equity. *Photos and story by Tim Ernst.*



## 22 FAQ: POLYCON 2006 & COMPOSITES 2006

ICPA answers members' questions about next year's co-located POLYCON and COMPOSITES tradeshows.

## 24 Overflow Update

Three separate plumbing codes include overflow sections, which have a direct effect on cast polymer manufacturers' sink and vanity designs. Includes a national regulatory review and explains the 2003 updates to the NSPC, UPC, and IPC provisions. *By Pat Toner.*

## 26 Counter Top Materials I Have Known and Loved

Today's counter top marketplace is crowded with options. A cast polymer manufacturer relates specifications for natural stone, engineered stone, cement, solid surface, and laminate. A PSI table helps marble shops size up the competition. *By Jack Simmons.*

## 30 Tell Your Story—Why the Public Needs to Know About Composites

Composites manufacturers have the challenge of introducing new products to contractors and consumers. So how does the composites industry educate the end user with information needed to select cast polymer products from a wide array of alternatives? *By John Busel.*

## 32 Be a Skilled Presenter—Preparation is Everything

You can have the greatest topic, be speaking to an enthusiastic audience, have material that this specific audience needs to hear, and be excited about your topic, and yet not give a successful speech. *By Stephen Boyd.*

- 6 **From the President:** Bobby Johnson relates his experiences at Lobby Day 2005.
- 8 **Up Front with ICPA:** Managing Director Sabeena Hickman wants cast polymer makers to be prepared for a housing bust.
- 10 **Inside ICPA:** News from the industry.
- 14 **Capitol Ideas**
- 14 **Marketing in a Minute:** Roxanne Fraver continues her description of opportunities presented by direct mail campaigns.
- 16 **Ask the Expert:** Ken Lipovsky relates difficulties in repairing a granite installation gone wrong and suggests solid surfacing as an alternative.
- 34 **Focus on Solid Surface:** Ed Pell interviews Verne Powell, Powell Flutes, maker of the Pinnacle Award winning Sonaré piccolo.
- 36 **Business 101:** Joan Adams provides tips for creating a simple yet effective cost tracking system.
- 38 **Talk the Talk:** Jeannette Martin tells companies six tips to maximize tradeshow exposure.
- 39 **Book Nook:** Jenn McCabe Gorman reviews the retail marketing book *Category Killers* by Robert Spector.
- 40 **Leader of the Pack:** Leadership values and characteristics are discussed in this column by Susan Heathfield.
- 41 **Building Trends:** This brief new column provides insight into trends sweeping the construction industry.
- 42 **Eye On Industry**
- 44 **Regional News**
- 46 **Advertiser Index**
- 46 **Building Blocks:** Featuring Pat Sharp, American Custom Marble Inc.



## For Good Measure, Make Sure Your Shop Tracks Costs

### Good Measures = Reduced Costs

It's got to hurt. You work so hard to bring in more revenue and most of it goes right back out the door. What's the point of selling more if you wind up keeping less? Increasing revenue is good - but not if your costs are increasing at an even faster rate. Where is all that money going anyway?

Most business owners focus exclusively on sales. Of course you'd expect some increase in expenses when sales are up, but this doesn't mean allowing the cost side of the business to get out of control.

Typically, small business owners get so wrapped-up in running day-to-day operations they don't devote any time to analyzing costs. Company owners have a general sense of how things are going, but it's difficult to pin down some specific costs that are notoriously sneaky. They hide amongst the real costs of doing business, avoiding scrutiny.

Far too often, owners don't have the cold, hard, numbers that tell the whole story of business solvency. The old joke of selling a product below cost and making it up on volume is just that - a bad joke. Growing sales numbers can give a company a false sense of success. Go ahead and lose sight of costs- you may sell yourself right onto Chapter 11 bankruptcy proceedings.

### Measures are an Important Tool

"If you don't measure it - you can't improve it." This old saw is exactly on point. Measure your costs and you can see where they need to be trimmed.

To the harried business owner, installing cost-measuring tools and systems sounds like a luxury, something for which only large companies have the time, people and money - or perhaps it sounds like a complete waste of time. You've got far more important things to do... right?

The sad truth is that you don't have anything more important to do-once you start measuring your money, you'll find most of your revenue leaves the company in costs. Measures will make those costs visible. You can't fight an enemy you can't see, but once your flow of income and expense is established, you can fight hard to keep more of that revenue.

### Why Measures?

Measures are neither trends nor wastes of time. Ask yourself - do you really know your cost of delivery, cost of carrying inventory, or costs involved with servicing your customers? Probably not. Measures are the

only way you will be able to clearly "see" costs and what the trends are for your shop.

### Measures Must be Simple, Easily Tracked and Meaningful

With the advent of computers and a plethora of software packages - companies can (and some regrettably do) measure everything. Volumes of reports are printed daily, weekly and monthly, but are often not read - making them useless.

Measures are not about generating more unread reports. When implemented conscientiously, measures bring clarity to your business costs, serving as tools to do simple comparisons and analyses. Measures will help you answer the all-important question you may have been asking yourself-Where are those costs coming from?

### Bad Measurement Programs Will Fail

Measure programs are like any other new business initiative-make them complicated or vague and they will be miserable failures. Most companies actually measure badly, don't collect data with alacrity, or they collect too much, don't analyze it, and in the end, it is all a big muddle. The result? It takes too much time to sort through the mountains of gathered information to uncover and target costs that need to be cut.

There have to be good business reasons for implementing cost measuring programs. I've seen companies track everything from average vacation days per month to cell phone usage by salespeople. Think about it-what possibly could you learn from this information that will help you cut costs?

### Think Simple-Start Small

For new measuring programs to be most useful, think simple and start small. Install one measure at a time. Make the measure clean and clear - avoid putting interdependent systems into place until your employees can handle and process cost-calculating information. Here are some basic steps to insure your first foray into measures produces actionable results:

1. *Determine what to measure.* Your first effort should be based on computing a direct cost, which is easily measured. You will be able to convert the analysis into cost reductions quickly and relatively painlessly.
2. *Assign the task of measuring - collecting the data - to one person per shift.* Explain what exactly is being measured and why. Each chosen staff person must measure religiously every day-at the same time and in the same fashion to ensure accuracy.
3. *Develop your own measuring tools.* At first it may be

easier to use a predesigned software program or booklet, but consider customizing some kind of template or grid to be filled out every shift with measures specific to your plant ops.

4. *Ensure compliance with cost measurement protocol.* In the beginning, you have to follow up to make sure everybody is collecting the same data, the same way. There's no point to measuring programs if you collect useless data!
5. *Choose a time period for cost measuring typically one month* – longer if your business is very seasonal and shorter if you see an immediate trend.
6. *Analyze the data weekly and take a look at the macro-picture.* The longer you collect the information, the clearer your spending and revenue patterns will become.
7. Now that you have the facts and some expense-related figures, *you can finally take action to cut those costs.*

### Example—Payroll and Overtime

Payroll is probably one of your biggest expenses. As far as you know, you need all your people. Your plant is operating at maximum capacity to fill orders fueled by the housing boom. Your employees work hard—in fact, they are putting in a lot of overtime, a significant portion of your payroll costs.

### The Measures Process

Let's take a very specific case – shop employees' overtime. You want to know everything about this overtime – so that you can take action to reduce and ultimately eliminate it.

1. You have decided what to measure – production line overtime.
2. The production/shop manager collects the data and is responsible for measuring overtime.
3. Give the warehouse manager a tracking tool and the authority to make this work:
  - a. Provide your manager with a simple spreadsheet listing employees' names in the left column, next, a column for their start times, then a column for their end times and if the total is greater than 8 hours, a place to write

down the reason for the overtime.

- b. To insure everyone complies, the warehouse manager has the authority to deny overtime to any employee who does not give an acceptable "overtime reason."
4. Perform this measure every shift. Some trends will show up almost immediately.
5. Measure overtime for at least one month.
6. Do your wage and cost analysis. You can slice and dice this data many ways, including:
  - a. Who put in for the most overtime?
  - b. What are the primary reasons given?
  - c. Is overtime dependent on the day of the week?
  - d. Does one shift consistently have more overtime than another?
7. Take action based on the results. Perhaps the Thursday night shift regularly works extra hours to finish tubs and spas for Friday's installation crews, who are anxious to get product in place for your builder clients who have new residents moving in to homes on the weekends. If this is the case, and the overtime is unavoidable, use creative problem solving. If the Thursday afternoon shift works 2 hours overtime on Thursdays, perhaps they can leave two hours early on Fridays. Just make sure that the incentives you employ are used fairly across the board.

### The Analysis Process

Measures and analysis are not exact sciences – nonetheless you will see patterns right away. You may find that:

1. A few of your employees have given themselves a raise. They routinely put in for 4, 6, 8 hours of overtime every week, whether it was needed in order to meet production goals or not. No one has ever questioned this practice so these workers figure, why not?
2. The overtime activity and business activity don't match. Sales are down for the month – yet the warehouse is still wracking up overtime and worse – extra hours logged continue to increase.

3. There's consistently more overtime on Mondays – or second shift totals up more overtime than first.

### Use Measures to Take Action

Now you know where, when, how, why overtime costs occur. Next, it is time to take action and keep measuring:

1. Kick off the Overtime Program - communicate the plan to reduce overtime by a certain percentage over the next 3 months and the goal to eliminate all but emergency overtime.
2. Reward the plant or line manager for every 10 percent reduction in overtime with a bonus.
3. Allow NO overtime without your approval – the worker must request overtime, have a good reason for overtime, and estimate the hours of overtime needed.
4. Follow-up with each overtime request. Did the extra work get done? Was the estimated number of hours of overtime correct?
5. Start identifying root causes of overtime. Start correcting those root causes.
6. Look at overtime during a 2-month period. Track your progress – compare this month with last month.
7. Keep working to reduce overtime. Dig into every reason given. Overtime should be the exception, not the rule.
8. Extend the overtime program to all employees.

You can measure all your costs—warehouse, inventory, payroll, benefits, everything you pay for with a systematic program of analysis. If you measure it – you can improve it. What are you waiting for? Start measuring where your money is going today. CPC

*Joan Adams heads up Pierian Consulting, and has served the interests of small and medium sized manufacturing companies for 15 years. Pierian works with businesses to improve operations, customer focus and market strategy. You can contact Joan at [adams@pierian.net](mailto:adams@pierian.net) or via phone at 212.366.5380.*