

CUSTOMER SUCCESS STORY - WOW PROJECT

JobBOSS Empowers: Roncelli Plastics



Leaving a Legacy

Persistent growth that reaches a crossroads

Gino Roncelli leads a company that has prospered for most of its 38-year history. Though competition is fierce in the Los Angeles area, Roncelli Plastics, Inc., of Monrovia, California, carved out an envious niche as a plastics machine shop, working on materials that other shops found risky and unprofitable. From the defense boom in the 1980s to the military base closings in the 1990s to the airline industry's ups and downs in between, the shop has weathered volatility and flourished in manufacturing plastic and other nonmetal parts.

As Roncelli's growth, profitability, and expanding clientele persisted, the business had sales volume of \$8.5 million, employed 80 people, and served a range of industries from semi conductors to aerospace to

food and medical, all by the year 2000.

But after September 11, 2001, profitability declined significantly. As a result, some managers held their expertise too close to the vest, and although new business still trickled in, management had no handle on revenue by sales rep or new customer profitability.

By the end of 2001, company margins were thinning and markets were shrinking. The future of the business and the legacy Roncelli planned to leave were in jeopardy.

Ensuring the future

"The slowdown in 2001 worried me. But I had no intention of selling the business,"



Leaders like Jack Welch, Brett Favre, and Condoleezza Rice strive to leave a legacy. Gino Roncelli, CEO of Roncelli Plastics, Inc, is no different. After a business downturn in 2001, he and his management team made operational and cultural changes to position the shop for long term growth. “Eighty-two families depend on this company for a living. I want to make sure it provides that,” says Roncelli.



says Roncelli. “My whole idea was that one of these days I’m going to turn this company over to others. How will I make sure they can run it? At that point, I realized I had to change our philosophy.

“I’m on a transition out of here,” says Roncelli. “But I’ve put in place the stepping stones to make it workable. Eighty-two families depend on this place for a living and I want to make sure it provides that. We’ve made changes, both cultural and operational, and positioned the company to thrive for decades to come.”

In 2001, Roncelli believed the long term future of his company hung in the balance. By empowering his management team, adopting a culture of sharing, and investing in technology, he began to strengthen his company for the future.

Embracing technology and transforming processes

A transformation began in 2003 when Roncelli held a series of strategic planning meetings. A consultant was hired to review every position from president to custodian with the goal of zeroing in on which people and processes were adding the most value.

Shortly after, Roncelli devised a ten-year business plan with lofty goals. It became known that generating ideas, sharing information, and mentoring were expected rather than optional.

“We actually had to let some people go,” says Roncelli. “I’m talking about top people who weren’t going for it. They didn’t understand it. If they let any of their information go, they thought they’d lose power. They didn’t realize they could move up and take my place.”

Unlike most shop owners, Roncelli’s biggest strength has always been his sales ability. His belief in proactive marketing had built the business. But sales were flagging. “I was never interested in just riding the wave. I wanted to go out and make it happen,” says Roncelli. But now his sales team required better management that only analytical reporting could deliver. “We had no idea who our top performing sales reps were; number of accounts sold was not a good indicator, nor could we see which new customers were profitable.”

Roncelli had always been a firm believer in technology, purchasing the best software and machines the shop could afford. Though Roncelli Plastics had implemented Exact JobBOSS business management software in 1994, the product was not being used fully.

Roncelli knew the business needed accurate data to accomplish its transformation. From managers to machinists, teams were encouraged not only to share and mentor, but to deepen their use of JobBOSS.

The estimating department at Roncelli Plastics, a two-shift, sales-intensive shop doing world class plastic machining since 1969.



The How: Data analysis, diversity in clients, and deepened customer service

Starting in 2004, Greg Fisher, a 24-year company veteran who started in shipping and is now Vice President, began pinpointing the most profitable and fast growing segments of the industry. All the while, diversity continued as a guiding principal. “Our largest

customer is less than 10% of the business; our largest industry, aerospace, is less than 15%,” says Fisher. “Semiconductors, medical, food, aerospace—we stay diversified.”

The push to use data from JobBOSS led to the first increase in the shop rate in seven years. “Before 2001, we had not analyzed our

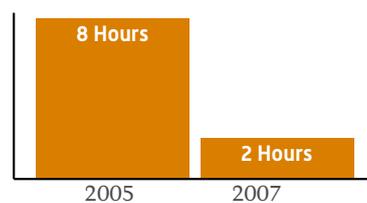
The results in numbers: 2001–2007

In 2008, Roncelli speaks confidently about the future. Empowerment of his management team, and action on employee ideas fuel the business. Greater use of JobBOSS has improved information, communication, and costing. Data is visible and accessible allowing management to gain a clear view of the present and future. Always, current operations are viewed in the light of expectations for tomorrow.

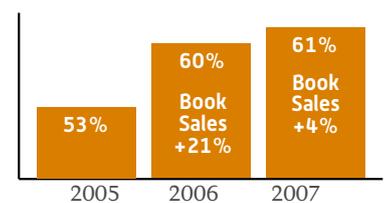
Annual Sales: '01-'07 (Millions)



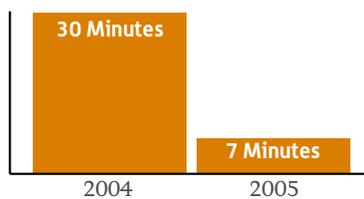
Reduction in Daily Time Spent Scheduling



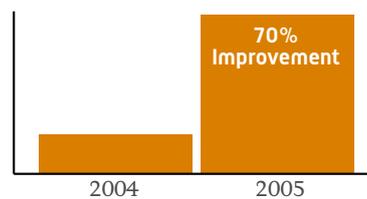
Quote to Order Ratio (Hit Rate)



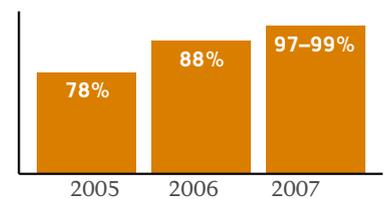
Reduction in Estimating Time Per Job



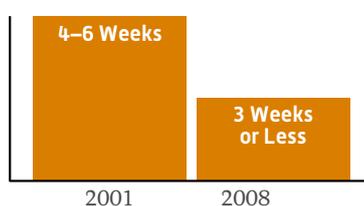
Estimating Accuracy



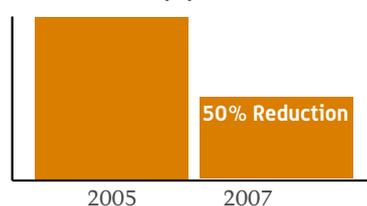
On-time Delivery Rate



Reduction in Lead Time



Move towards a paperless environment



ISO Certification

ISO 9001:2000/AS9100 achieved in 2006.



International Organization for Standardization

At Roncelli, 100% of the shop use JobBOSS, including front office employees.



shop rate in a long time,” says Fisher. “The job history data we accumulated proved it was time to bump up our rate to estimate profitably and improve cash flow.”

The shop initiated employee performance tracking. For the first time, labor and productivity were tracked by employee. Fisher says, “We began using job efficiencies, variance, and employee performance information from JobBOSS for our employee reviews. It has enabled us to promote from within whenever possible.”

Better information increased communication and deepened customer service. Priority coding tracked jobs and ensured on-time delivery. According to Fisher, an employee who formerly walked the floor all day tracking Travelers for each of their 500–700 active jobs was able to work more efficiently from his desk using reports showing job priority and due dates.

Director of Sales Tom Marquez, responsible for quotes, orders, and supervision of inside sales engineers, gained a handle on sales rep performance. “I use JobBOSS for my sales reports, recording quote-to-job ratios for each sales engineer, and closed job profit percentages. Every month I look at numbers of quotes and win rate by individual. I can see how many jobs were new and how many repeat, plus how many dollars we ship on a given day, week, or month by customer. Our next goal is monthly summary reports for benchmarking year to

year.” Since Roncelli began using JobBOSS to track their quote-job-ratio (hit rate) their hit rate increased from 53% in 2005 by 61%.

“The LA basin couldn’t be more competitive,” says Marquez. “Speed is everything, so we’re proactive. Today, inventory is 99.9% accurate, which speeds along repeat work (50% of jobs).”

In 2003, the entire shop received instruction in lean manufacturing. A year later, Boeing came in and trained the shop in 5S. Roncelli set up workcenters with tools, in advance, on the shadow board of each machine.

Changes also occurred on the shop floor. After his hiring in 2004, Operations and Plant Manager Sal Ramirez, a Six Sigma Black Belt and CPIM in Apex 35, began running the shop floor based on the Japanese Theory of Constraints: discover the bottleneck, fix it, find the next one. The shop’s ISO AS9100 Certification followed in 2006. Quality and the importance of process—doing things the same way every time—increased. With every job being one-of-a-kind, processes had to remain consistent to achieve speed.

Ramirez also dialed up automation. During his first week at Roncelli, he implemented automated scheduling by job priority and time per job. “JobBOSS calculates critical ratio and priorities, moving work from one workcenter to the next and providing real time status for the shop’s 500-700 active jobs. Exact JobBOSS understands the flow of the shop floor,” says Ramirez.

Riley Cole, President; Gino Roncelli, Founder and CEO; and Greg Fisher, Vice President—members of the team that spearheaded transformation to strengthen the company.



The Wow: Continued growth in sales, on-time deliveries, profitability and performance

According to Roncelli President Riley Cole, on-time delivery rate at the shop has climbed 10% a year since 2004 and now hovers at 97–99%. Lead time on a job has lowered to three weeks or less, down from 4–6 weeks in 2001, with a Short Run Program for special requirement prototypes delivered in 1–2 weeks

Rather than stalling after 2001, sales volume resumed its steady growth, moving from \$5.5 million in 2001 to \$11.5 million in 2007, with an average increase of 10% a year. In 2006 alone, business at the shop increased 34%, with profits up 17%. Individual performance tracking of inside and outside sales teams led to higher volume of sales and more profit per new customer. Cole cites the importance of accurate data in offering customers the best quality and price. “With all the data and variables in there, it makes it more profitable to go back and evaluate the part. And it benefits our customers. We know how much it cost to run it the first time. If the job is competitive, we look if there are areas where we can shave off time in order to give a customer a 5% reduction. It works both ways.”

Cole sees profitability on a positive trajectory as the shop maintains its emphasis on diversity. “We’re a job shop making custom parts. They vary from part to part in difficulty and time, but overall profitability has gone up on a very positive increase. JobBOSS has allowed us to become more technical and sophisticated with the customers we deal with and the types of parts we’re making,” says Cole.

Performance tracking reveals which employees excel, leading to promotions and greater job satisfaction. Of eighty-two employees, twenty now have over ten years at Roncelli, 8 have more than twenty, and 2 are nearing thirty years.

In some ways, Gino Roncelli welcomes the wake-up call that 2001 dealt him. Empowered management, openness combined with lean manufacturing, and a strong business management system solidified employees’ faith in the future.

Meanwhile, this two-shift, non-metal, sales-savvy shop continues to flourish doing world class plastic machining since 1969.

“When a customer needs it right the first time, they come to us,” says Roncelli. “If it has to go to Mars or has to sweep a street—it has to be right.” His legacy, a company that will flourish and sustain its employees for decades to come, has moved from wish to reality.

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