

Employee retention & competitive advantage





Tom Innis – President
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Objectives

- Deliver practical, low-cost/high-impact ways to enhance employee retention.
- Connect the dots between employee retention and competitive advantage.



Some compelling numbers...



30



4²



9

11.4

Average Avantech employee tenure (years)

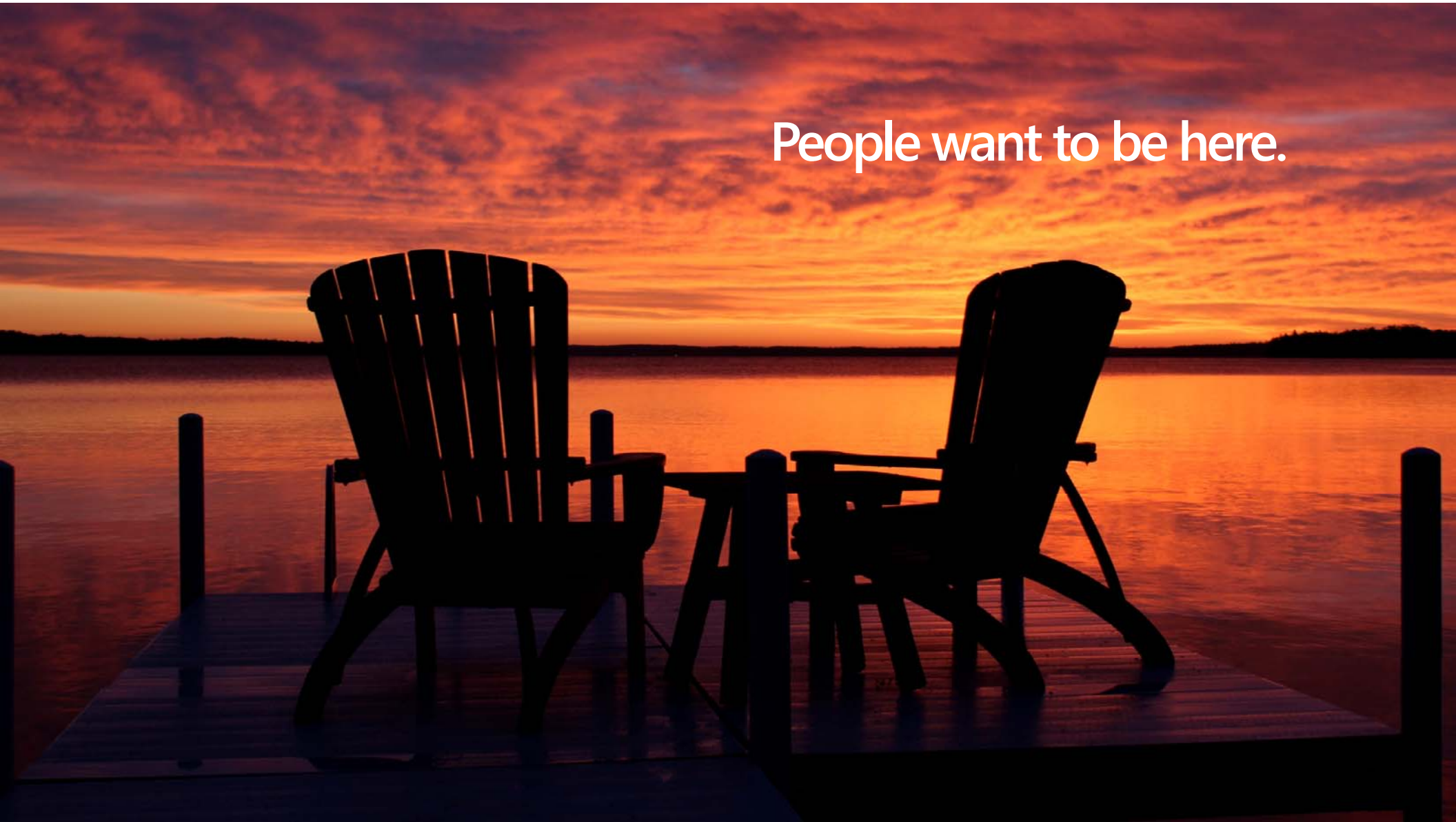
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5.3

Average manufacturing employee tenure (years)

Source: Bureau of Labor Statistics

People want to be here.





JACK PINE
BREWERY

BIG BUCK

Barleywine Style Ale

2014

JACK PINE
BREWERY

3 C's of employee retention

- Culture
- Communication
- Connection

Corporate culture

"The pervasive values, beliefs and behaviors that characterize a company and guide its practices."





DUTCHLAND

A Company Built on Trust.



7 DAYS AGO

Trilogy's volunteer efforts earn public service award

Rotational molder Trilogy Plastics Inc. has developed an innovative way to encourage community activism by its 200-plus employees: let them "work off" points assessed for unexcused absences by helping local causes.

Plastics News

Of course, the Trilogy volunteers also include plenty of employees who don't have attendance issues. Management gets involved, too. For example, Holly Blanton, director of human resources, serves on the Salvation Army's local advisory board.

Last year, the number of hours that Trilogy employees helped community groups more than doubled.

The efforts helped Trilogy win the *Plastics News* Excellence Award for Industry and Public Service.

A photograph of a white lighthouse with a dark top, situated on a dark, rocky coastline. The sun is setting on the right side of the frame, creating a bright orange and yellow glow that reflects on the calm water. The sky is a deep blue with some wispy clouds. The overall mood is serene and contemplative.

Guiding principles:

- People first; employees second.
- People are an asset to be invested in, not a cost to be minimized.
- Engage people holistically.



HEAD

Think



HANDS

Create



HEART

Advance



Values: our behavioral compass

Compass Points

Mission

Thinking people.
Creating solutions.
Advancing success.

Vision

Bringing new products
to a global market by
connecting concept to reality.

WE WILL
serve with humility
and with a passion
for problem solving.

WE WILL
tap into our collective
creative energy to
deliver unique solutions.

WE WILL
honor our inquisitive nature
through continuous learning
and development of people.

WE WILL
persist and persevere
to achieve our goals
and objectives.

WE WILL
promote diversity
in our capabilities
to consistently
generate value.

WE WILL
promote a safe work
environment and
be accountable for
our performance.

WE WILL
ambitiously pursue
opportunities to advance
our business and our
customers' success.

WE WILL
build trust by honoring
commitments and by
communicating
transparently.

Compass Points Form

I, _____, submit the Compass Points form recognizing _____
for demonstrating behavior in accordance with Avantech values.

Describe the specific actions and behaviors you observed:

Describe how these actions and behaviors help Avantech advance and achieve its objectives:

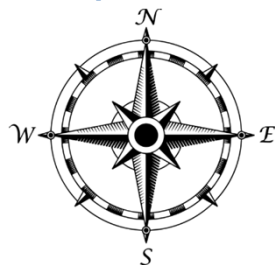
Please include any additional comments:

Please circle the corresponding values on the back of this form.





Compass Points



award winners





Compass Points - benefits

- Reinforce values & behaviors
- From verbalization to embodiment
- Employee-owned & enforced → positive peer pressure
- Collaborative *MOJO*
- Creates purpose & connects to cultural core

3 C's of employee retention

- Culture
- **Communication**
- Connection

Good Morning:

We've returned from a very successful **Fall ARM** (Association of Rotational Molders) **Conference and Rotoplas trade show** in Rosemont, IL, at which Avantech exhibited for an estimated 1,100 attendees (an all-time attendance record for the Rotoplas event). The Rotoplas event, which is held every three years, is the world's largest trade show for the rotational molding industry, and attracted attendees from over 30 countries throughout the world.

Pictured below is the Avantech booth, in which we featured unique, innovative customer products manufactured with Avantech tooling. The wide variety of products and colors attracted a steady flow of booth visitors, and underscored our "**Think, Create, Advance**" approach to bringing innovative products to the market.

Note products from **Seljan Company** (C3 Rover remote-controlled coolers), **Cordova Coolers**, **Tenjam** (Firm & DuraFLEX products), and **Gemstar Manufacturing** (Stronghold Cases) on display in our booth:



In addition to spending quality time with current customers, we also identified numerous actionable tool-building opportunities with new prospects; we will be aggressively following-through on these new opportunities to demonstrate the value-added difference of the Avantech experience.

The success of the Rotoplas event will allow us to strengthen existing customer relationships, and to develop new business with key rotomolders and OEM's. Thanks to the Avantech team for continuing to provide differentiated value via the tooling solutions we deliver.

THINK. CREATE. ADVANCE!

Tom Innis

President

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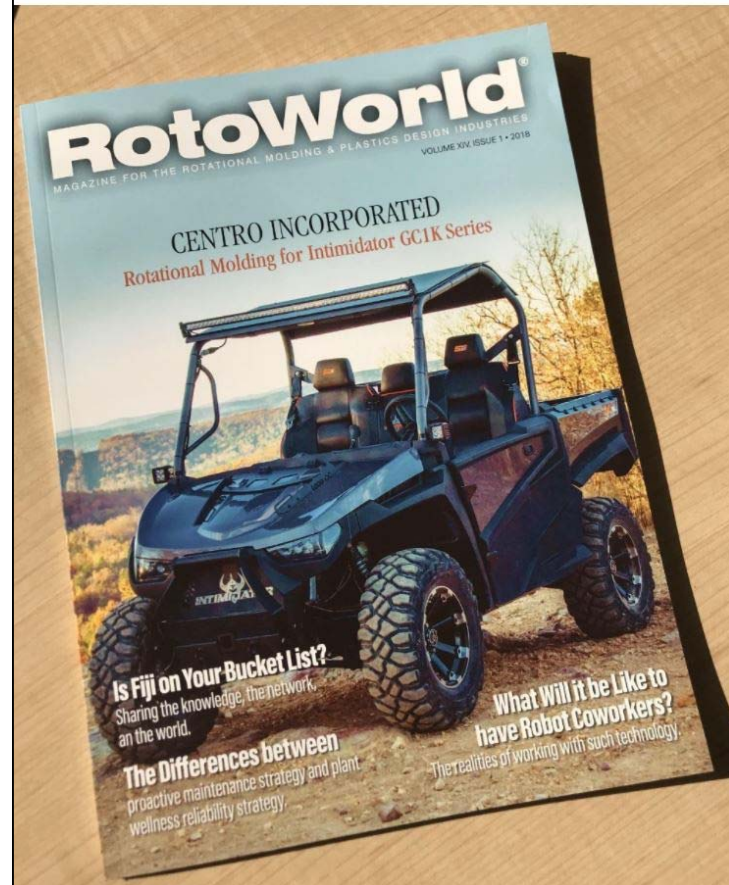
Tom Innis

President at Avantech

3d

LinkedIn

Very excited to receive the new issue of RotoWorld magazine, which includes a cover story on Centro, Inc. and the award-winning Intimidator GC1K project. We're very proud to have built all 11 tools for this project, and appreciate Centro's trust and confidence in selecting Avantech as tool-builder. Also, sincere thanks, praise and respect to the Avantech team for delivering award-winning tooling to the global rotational molding industry. THINK, CREATE, ADVANCE!





Quarterly all-employee meetings



Quarterly all-employee meetings

Safety Committee update

Compass Point awards

Review of previous quarter KPI's
(SCORE)

Continuous improvement initiatives

Employee service awards

Employee Focus Group

Market update

Guest speakers

Strategic plan & objectives



SCORE

key performance indicators (KPI's)

- **S** = Safety
- **C** = Continuous improvement
- **O** = On-time
- **R** = Results
- **E** = Employee engagement





Scoreboard for 4th Quarter - 2017

Safety
Continuous Improvement
On-Time Delivery
Results
Employee Engagement

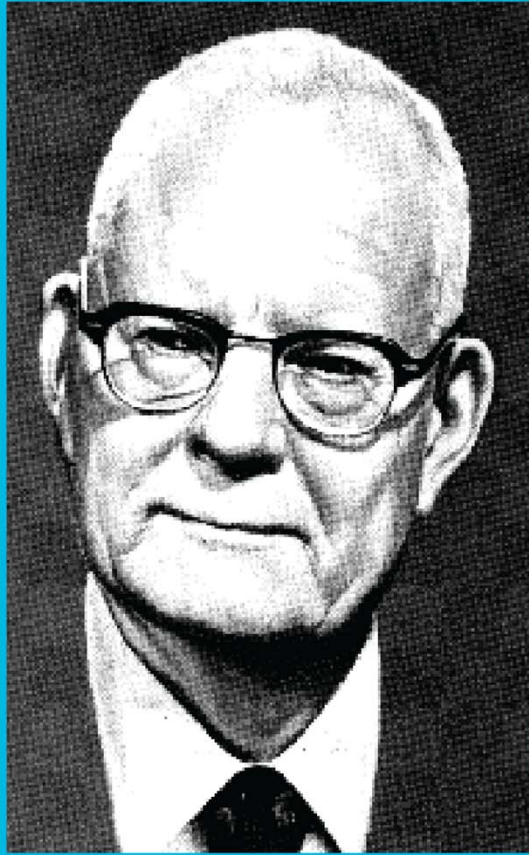
SCORE

Category	Data Points	Performance	Notes
Safety	YTD Safe Workdays	99.6%	Thank you for continuing to make Avantech a safe place to work!
	Days without accident	353 days	
	Total incident rate (YTD)	0.68%	
Continuous Improvement	Q3 Efficiency	91.10%	We continue to make progress in our manufacturing effectiveness. Quarterly goal: 3
	Q3 Productivity	92.60%	
	Q2 Utilization	88.70%	
	Continuous improvement initiatives implemented	4.0	
On-Time	Q4 on-time delivery (external)	94.20%	Goal: 97%
	Q4 on-time delivery (internal)	91.70%	Goal: 100%
Results	Q4 shipped revenue		114% of objective
	Q4 net income % to plan		103% to plan
	YTD net income % vs. plan		101% to plan
Employee Engagement	YTD voluntary turnover %	3.35%	Avantech training program (onboarding & skills development) in process
	Employee Focus Group		



Performance reviews

- Define expectations; provide feedback on performance vs. expectations.
- Individual goals tied directly to team and organizational goals.
 - Behavioral component (Compass Point values) integral to review process.
 - On-time delivery!
 - Developmental focus implemented to address performance/behavioral issues.



*“It’s not enough to do
your best, you must know
what to do and then do
your best.”*

W. Edwards Deming

3 C's of employee retention

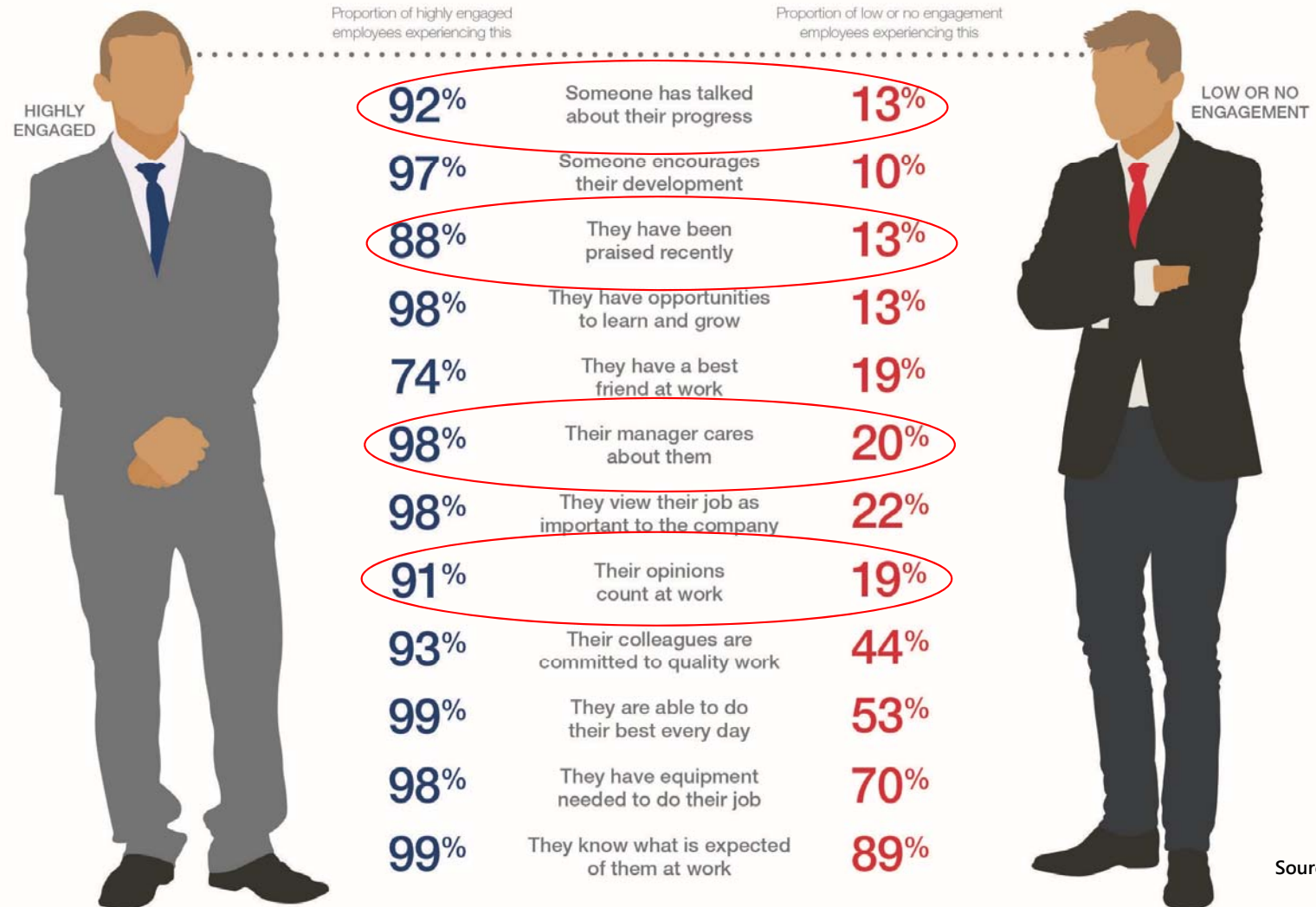
- Culture
- Communication
- **Connection**



“There are only three measurements that tell you nearly everything you need to know about your organization’s overall performance: employee engagement, customer satisfaction, and cash flow...It goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it...”

~ JACK WELCH

WHAT MAKES AN EMPLOYEE HIGHLY ENGAGED?





Employee Focus Group

"...enhance engagement of Avantech employees"



- Three (3) primary “engagement inhibitors” identified
- Compass Point values “too vague and long-winded”
- Training & onboarding programs need further development

Compass Points 2.0

- Collaborative
 - Perseverance
 - Embrace change
 - Safety
 - Inquisitive
 - Humility
 - Creativity
 - Honor commitments
-
- Customer-centric



NEW YORK TIMES BESTSELLER

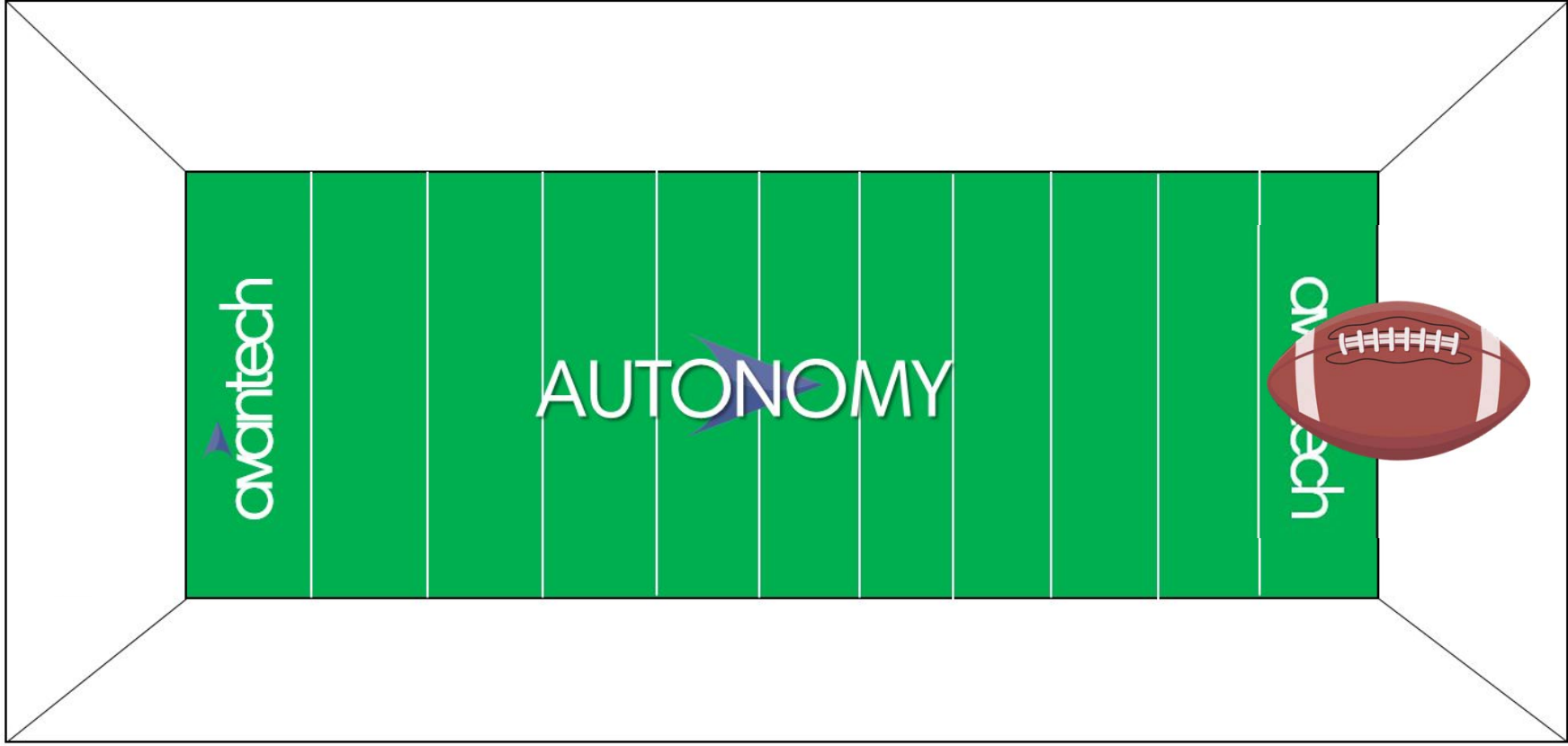
"Provocative and fascinating." —MALCOLM GLADWELL

Daniel H. Pink

author of *A Whole New Mind*

DRiVE

The Surprising Truth
About What Motivates Us



Jason Ostendorf
Senior Design Engineer
(19 years with Avantech)



AUTONOMY:

Develop manufacturing protocol and determine equipment requirements for CNC machining area.

MASTERY:

Continuous learning through training courses to keep pace with design software and equipment innovation.

PURPOSE:

Leading the Employee Focus Group to enhance employee engagement.

ONBOARDiNG

"The mechanism through which new employees acquire the necessary knowledge, skills and behaviors to become effective organizational members."

Innis says: "[it's kind of a big deal.](#)"



Safety: beyond lip service

- Safe workplace is a primary driver of employee engagement.
- Employee-driven Safety Committee charts the course.
- Safety is first item covered at management team meetings, quarterly all-employee meetings, and first metric on “SCORE” KPI’s.
- 400+ days without recordable safety incident.
- Safety performance has resulted in reduction in Workers Comp MOD = \$25k reduction in annual insurance premium.





100% retention is not the goal.



Rick Jaehnert – Account Mgr.
15 years



Joe Kroll – Account Mgr.
29 years

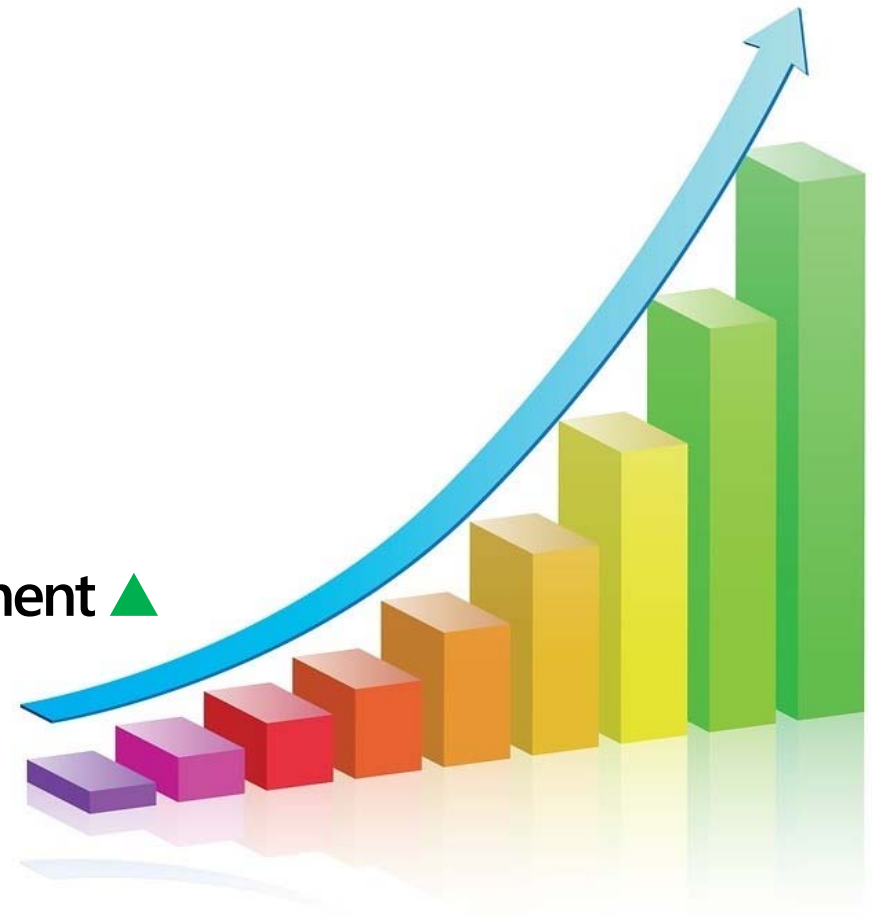


Jeff Herwig – Sale Engineering Mgr.
16 years

Diverse skills set + experience + industry knowledge + tenure = success

Employee retention correlates with performance

- Safety incident rate ▼
- Reduced insurance premiums ▼
- Consistent financial performance ▲
- Warranty expense ▼
- Continuous improvement & cost reduction initiatives ▲
- Investment in technology & equipment ▲
- Customer loyalty ▲





Thank you!

