

## 'Empowerment room' yields results



**Steve Swihart**, president of Swihart Industries Inc., stands in the company's 67,000-square-foot facility in Harrison Township. The company's revenue has climbed nearly 30 percent during the first part of the year.

### Swihart Industries to hire five or six

BY JOE COGLIANO  
DBJ STAFF REPORTER

At first glance, management gatherings within Swihart Industries Inc. seem more like tactical planning for a military operation than a meeting at a manufacturing firm.

Twice a week, department leaders at the Harrison Township precision machining business get together in a small room — dubbed the "empowerment room" — lined with dry erase boards that contain a jumble of information.

The boards track everything from safety, scrap and maintenance problems to quality

issues and customer concerns. The moderator role rotates among managers, any of whom are free to blurt out suggestions and comments as the meetings roll along.

The idea is to spot trends and get to the root of problems as a way to improve areas such as the rate of defective parts and boosting on-time delivery stats.

Steve Swihart, president and founder of the company, credits the empowerment room for driving growth and opening new opportunities by making the company stronger than its competitors.

"It shows our shortcomings, our bottlenecks, our constraints," Swihart said. "That communication, that systematic discipline of coming together, that's powerful."

The meetings have helped empower Swihart's sales.

For the first five months of this year, revenue at the company has increased 28 percent compared to the same period in 2010.

In addition, Swihart Industries has hired six people this year, bringing its employee roster to about 30, and looks to hire another five people during the next six weeks.

Swihart Industries churns out parts, such as hubs used by the trucking industry. Its clients are typically direct suppliers to truck and auto manufacturers.

#### Meeting room

Managers stand during the meetings, to keep them engaged, and anyone in the company can put an issue or suggestion on the board prior to the meeting.

Swihart said the boards paint a clear picture of little details the company hadn't been watching so closely.

For example, since instituting the empowerment room meetings 16 months ago, Swihart Industries has nearly cut its scrap rate — or defects — in half. That means

#### SWIHART INDUSTRIES

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thousands of dollars in savings on materials, tooling and labor costs.

Prior to the new structure, company meetings had not channelled management efforts on problems across department lines.

"Having five people focusing on a problem means we have a lot more possible solutions," Swihart said. "We're now taking work from our competitors. That's because we've gotten better with quality and our services, on-time delivery. They trust us to get it done."

Chris Albrecht, who serves as Swihart's chief financial officer, is one of several contract professionals who work at the company a few days per week.

He said the company trimmed its ranks during the recession, but is now close to being back to peak employment largely because of the new meeting structure, which has allowed the company to be more efficient.



**Chris Albrecht**

"We're doing more business with same amount of people," Albrecht said.

Swihart admits there is a downside to the empowerment room meetings: occasionally managers step on each other's toes.

"But that's a natural thing to happen," Swihart said. "Coming together regularly helps build a rapport, a relationship that makes it easier to avoid conflicts."

Michael Kalter, owner of Dayton-based Kalter Consulting/Wildwater LLC, brought the concept to Swihart 16 months ago when Kalter sat on the company's advisory board.



**Michael Kalter**

Kalter, who learned the process from the Japanese and has modified it consider-

See MACHINING page 9

#### HARVEY MACKAY: SWIM WITH THE SHARKS

## Companies need to utilize good ads and 'deliver the goods'

A lion and a tiger were drinking beside a river when the lion let out a huge roar. The tiger said, "Why do you roar like a fool?"

"That's not foolish," said the lion, with a twinkle in his eyes. "They call me king of all the beasts because I advertise."

A rabbit heard them talking and ran home. He thought he'd try the lion's plan, but his roar was just a squeak. A fox came to investigate and ate the rab-

bit for lunch. The moral of the story: When you advertise, be sure you've got the goods and can deliver them.

For every hundred ads that run, only ten are effective. About 85 sink beneath the waves unnoticed. The other five are noticed and give such negative sparks they work against the advertiser.

The Super Bowl presents an unequalled showcase for television ads — so much that folks who don't care about the game watch just to see the commercials. The great ones run on air and online for weeks after, getting

plenty of buzz. For those ads, the investment of \$3 million for a 30-second spot, not to mention the \$1 million to produce it, is worth it. Those that bombed will just leave their sponsors baffled, wondering where they went wrong.

What's the difference between good and bad advertising?

Advertising is one of those soft sciences in which many people regard themselves as experts. The results often are ads designed for a target audience of one — the guy who pays the bills. Agencies may offer strong

opinions, but there aren't many that are going to refuse clients who insist on having their own way just because the ads are stinkers.

How do you avoid the pitfalls of bad ads?

**Rule 1:** Stay out of the picture. There are many egotists who insist on having their own faces leering out from amid assembled multitudes of refrigerators or used cars because "the public knows me" or the agency couldn't talk them out of it. Consider

See MACKAY page 9



# MACHINING: Owner started the company at age 17 with \$1,500 borrowed from sister

FROM PAGE 8

ably, said few local companies are using the empowerment room concept, but it is starting to catch on.

"It's not easy to start these, it takes a lot of discipline, but once it gets going it is a huge boost for the whole organization," said Kalter, who also is a past president of the Dayton Tooling and Manufacturing Association. "It connects everything (managers are) doing to the company's vision and strategy."

Now, word has gotten out about Swihart's success with the empowerment room and other companies have asked to sit in on his manager's meetings.

"Dayton is a networked town, business owners and professionals know each other. They talk," Swihart said. "I give Aileron a lot of credit for that, for bringing people together."

In addition to the empowerment room, Swihart Industries went after its TS certification during the recession. The specialized certification, for those within the trucking and auto supply chain, should help it to attract more business, he said.

Swihart hopes to grow employment to the mid 40s by the end of the year and has plenty of space within his 67,000-square-foot facility.

Swihart is big on bringing his employees together and on training.

In addition to the empowerment room meetings for managers, the company holds weekly meetings for all its employees where it offers "mini" training sessions on various topics. It also recently opened Swihart University as a way to offer extra training on technical and soft skills.

## Beginnings

Swihart started the business in late 1970s at age 17 when he bought an old lathe machine.

The vocational school student borrowed \$1,500 from his sister to buy the machine and rented a small space in a welding shop for \$50 a month. His first orders came from his father, who invented a product but couldn't find a machine shop to do the work.

Swihart touts his company as a faith-based organization. He start meetings with a prayer and rents space in the building for \$1 a year to Dayton House of Prayer, which involves numerous churches.

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# MACKAY: Don't play it safe with your ads

FROM PAGE 8

this: Is it more important to sell your face or your product?

**Rule 2:** Don't be your own copywriter. This is the common failing of glib corporate types who make their livings selling words to other people. The only problem is, they make their livings selling the wrong kind of words as far as advertising copy is concerned. They sell big words and technical words — and lots of them. Advertising people sell tiny words, and as few of them as possible. They know effective advertising isn't about products. It's all about the benefits people get from the product.

**Rule 3:** Hire an advertising manager. This is a tough one because so many corporate cultures are committee-driven rather than research-driven. It's true that too many cooks spoil the stew. An ad stuffed with everyone's idea of what's most important results in visual and verbal clutter.

**Rule 4:** Don't play it safe. The most common mistake of all is the "safe" ad. It doesn't make any obvious mistakes. It just isn't interesting enough to be noticed amid the multitude of ads clamoring for attention.

**Rule 5:** Hire an agency the same way you buy a suit. First consider quality. You can define quality as demonstrated success in working with companies similar to your own, with budgets similar to your own, and winning awards for those campaigns.

**Rule 6:** Consider an agency's style. There are two types of agencies to avoid: account-driven and creative-driven. If the account people dominate, you're going to get terrific service. But what about the ads themselves? If the creative types dominate, you'll get great ads, but they might be wildly expensive and wide of your target. You need an agency that has strong account services, plus creativity.

**Rule 7:** Then make sure you have a fit. You want an agency that isn't so big you'll be lost in the shuffle but big enough to include the range of talents or media-buying capabilities you need. You want to make sure that personalities mesh.

**Rule 8:** Set the price of the contract. Agencies can and do make a profit on your account. Remember, it's all negotiable. The good agencies will be open with you and discuss their fees.

Quality advertising shows your commitment to your product or service. Advertising puts a face on your company. Put your best face forward.

Mackay's Moral: If you're sold on what you're selling, great ads will do the telling.

**Harvey Mackay** is author of the New York Times bestseller "Swim With The Sharks Without Being Eaten Alive." He can be reached via his Web site, [harveymackay.com](http://harveymackay.com).

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