

COMPANY CASE STUDY

MALCO PRODUCTS

Location: Annandale, Minnesota; Dewitt, Nebraska

Employees: 219

The Critical Number™: Net Operating Profit



Work. Perform. Outlast.

COMPANY BACKGROUND

Malco, which started in 1950 and is now 100% employee owned, manufactures high-quality, specialty hand tools that help construction contractors—including HVAC professionals who service heating and air conditioners—do their jobs better. The company also added a second manufacturing facility in DeWitt, Nebraska, that used to make the iconic “Vise-Grip” pliers—now called “Eagle Grip”—which are now available on Amazon.



“GGOB gives me the ability to see the big picture, instead of just my own little world. My role is more meaningful to me because I get to see how my role affects other aspects of the business as a whole.”

Bruce McDougall
Sr. QA Coordinator



CHALLENGE

While the company had a strong foundation in top-down planning, they wanted to find a way to evolve into a bottom-up approach. They also needed a way to establish their new facility and to give the Nebraska associates a better understanding of the overall company.



SOLUTION

Implement The Great Game of Business® (GGOB) inside the organization in 2015, including embracing financial projections, weekly management and company huddles, financial literacy training for all associates, and a critical number and scoreboards. Also create a critical number that helps drive engagement between the company's two locations.



RESULTS

GGOB dovetailed well with Malco becoming 100% employee-owned in 2018 as the company has become more transparent as a company. Through MiniGames, financial literacy, and accountabilities at all levels, they have improved efficiencies and lead times while sales and net operating profits have increased to record levels—improvements all of the employee-owners in Malco's ESOP have benefitted from. Just as impressively, the company has collectively paid out more than \$3 million in incentive payments since they began playing the GGOB. “Associates are more engaged since they have a greater stake in the performance of the company,” says president Mardon Quandt, who is retiring as new president, Rich Benninghoff, takes over leading the business into the future.

MINIGAME™ HIGHLIGHT

MiniGames have evolved from management driven improvements to more grassroots department level problem solving, many of which have resulted in a direct line of sight to the net operating profit line. MiniGames are announced at the company's weekly huddles, where the participating team members give a presentation detailing their achievements. A great example is a game called "Malco-opoly" aimed at improving their supply chain.



"I'm a better listener, at home and at work. I more fully understand how powerful it is to involve people more in decisions that affect them."

Eric Peterson

Director of Sales and Marketing

SPOTLIGHT ON THE PANDEMIC

Back in April 2020, the situation looked bad at Malco. Revenues dropped by 50% as their wholesale distributors held off on placing orders. The possibility of cutting back to four-day workweeks was discussed. "The GGOB helped with regular communication of our financial situation throughout that time to reduce the fear and uncertainty as we continue to work through the volatility together," says Quandt. By continuing to operate, demand for the company's product surged into the second half—a trend that will continue in 2021. "We are booming and can't keep up," says Quandt. "We've never seen growth like we've had, and it's been the regular rhythm of the Huddles that have provided the platform to keep our people informed and connected."

WHAT'S NEXT?

In 2021 Malco is going back to its roots of using Net Operating Profit as its Critical Number. "Through our High Involvement planning Process it became clear that NOP would be a critical driver for Malco's success as we start shipping a new product line out of our Nebraska facility," says Quandt. With their new facility now online, the company will be focused on reaping the returns from that significant investment in 2021 and beyond. At the same time, Quandt is also mentoring Benninghoff in learning more about the power of the GGOB and how it ties so nicely with the company's ESOP. The company is also rolling out a GGOB Committee for the first time as part of their effort to use the GGOB to help improve their talent recruitment and retention efforts. "GGOB makes my job easy," says Kirk Langbehn, HR manager.

"GGOB has led to more transparency, communication, and focus on how we can make the company perform better and remain competitive. It flows very well with being 100% ESOP." ~ Marvin Kampa, Accounting Manager

For more information, visit www.greatgame.com or
call: 800-386-2752, email: info@ggob.com

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of Business™