



## **“Driving Ownership and Growth in a Competitive Environment”**

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Presentation by

**Bob Swelgin, President of Smart Electronics and Lark Engineering**

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Studies over the last several years paint a bleak picture. Employees are unhappy. According to a Gallop poll, only 13% of employees are “engaged.” Risk Management, a subsidiary of giant staffing firm ManpowerGroup, reported that “only 19%” of employees were satisfied with their jobs. Yikes.

So imagine how refreshing it was to hear a business owner and operator with a long history of success share his management philosophies that have resulted in . . .

- Rare absenteeism
- Nearly non-existent turnover
- Growth in excess of 20% over the last few years.

A happy workforce? Sure seems so.

Here’s how Bob Swelgin, through acquisition and integration, overcame inherent challenges to create a trusting and progressive work environment.

Bob cut his teeth working for some of America’s larger companies. Texas Instruments in 1988 followed by Tyco, Panasonic Automotive and American Racing Equipment. He learned his craft during those years, building businesses through organic growth and acquisitions.

With “his kids off my payroll”, Bob was ready to jumpstart the next stage of his career. As one quickly learns from listening to him, Bob is not a seat-of-the-pants operator. He studied. He did his research. He was convinced that the Southern California aerospace and defense industry was a “hotbed” of opportunity. Asia was losing its allure as the low cost manufacturer. There were plenty of small A&D companies primed for consolidation.

Bob went about identifying his foundational targets. He built a relationship with the founders of Smart Electronics and Lark Engineering, two smaller sized companies in Bob’s target market of aerospace and defense. And then, when the timing was right, he acquired these two organizations, “kicking off his buy and build business model.”

Today, Bob is the President of both Smart Electronics and Lark Engineering. Quite a departure from the Fortune 1000 companies on which Bob built his career. Bob learned what he liked about business but, maybe more importantly, what he did not enjoy. Bureaucracy. Stifling environments. Cultures that ignored the “there’s no ‘I’ in team” approach to business. Bob set out to do things differently.

Bob hit the ground running with a 100-day plan that focused on customers and employees. His goals were to . . .

- Integrate quickly;
- Acquire quickly;
- Engage the workforce; and
- Create confidence and ownership in his team.

From an employee perspective, it was key to Bob to have everyone on board with the new direction of Smart and Lark. An all-hands meeting was convened to explain the “go forward” plan. He wanted to create entrepreneurs within the company. He wanted the employees to be engaged, to have ownership in their destiny. It was critical that the team understood the value of their customers, that they were not the “bad guys.”

“It’s a people business,” Bob asserted during his presentation. Whether it is those on his internal team or customers and suppliers, Bob is committed to treating everyone like he wants to be treated. Sometimes it is the “little” things, like improving the quality of coffee in the office or buying personalized shirts and smocks for the employees. Other times it is the more visible efforts –

- A fresh coat of paint,
- New machines, or
- Designated visitor parking.

Every 4 to 6 weeks something visible undergoes a change but, as Bob admonished, “don’t confuse change with progress.”

With cultural change comes some pain. One of Bob’s 100-day action points was to restructure compensation to focus on “pay for performance” and to reward employees for their contributions. One day an employee of very long standing . . . maybe 20 years . . . approaches Bob and asks why she had not been recognized with a quarterly award. Bob asks her why she deserves such recognition. “Because I come to work every day and give full effort.” “So do I and that’s what we get paid for,” he replied. “What have you done that’s special?”

Clearly, the employee was very unhappy with the exchange. She immediately went to her cohorts and complained. Fortunately they helped her to see the error in her thinking. Now Bob reports that this employee has become a very productive member and has earned her much desired recognition. To Bob it is clearly not about one’s length of service but instead about one’s contribution above and beyond.

Bob has a very simple approach to his customers. “Customers may not always be right but they are never wrong.” Bob goes to great lengths to reinforce this attitude to his employees. When he escorts customers on plant visits, he encourages the customers to ask questions of the employees. The depth and candidness of the answers continually impress the visiting customers. Bob credits these exchanges with solidifying customer relationships.

As you may have already detected, communication is an abiding principal of Bob’s. In that regard, Bob “walks the talk.” Mounted throughout the factory are video screens containing company information and metrics that are updated throughout the day. Achievement toward production requirements, progress toward identified targets, quality summaries and customer product news are just a few examples of what Bob has displayed on the screens.

Bob has “the right stuff” to drive ownership and growth in a competitive environment. Since the acquisition of Smart and Lark, in a relatively short 15 month period, two more A&D oriented companies have been acquired and successfully integrated under Bob’s stewardship. All four are operated under the umbrella of their parent and holding company, Secure Technology Company.

The aggregate revenue of the four companies has reached \$120MM thanks to a growth of over 20% last year. And the forecast is for another 20+% growth this year. Contracts that were once too big for the individual companies are now within reach. The companies are successful and the employees are happy.



Lee Schwartz, former CEO and President of manufacturing and distribution companies, is principal of the Schwartz Profitability Group (SPG) that, for over 13 years, has uncorked the operational bottlenecks of manufacturing and distribution companies, boosting their bottom line results. Lee’s clients range from smaller family run companies to Fortune 500 firms, including those in aerospace and defense. His work helps his clients find solutions related to process improvement, supply chain management, inventory control, workflow design, and operational performance. Results consistently include cost reduction, improved efficiencies and increased profitability.

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