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Profiles International<sup>®</sup>

# CASE STUDY

Setting Free Human Potential at Humtown Products



imagine great people<sup>®</sup>



# PROFILEXT®

The president and CEO of Humtown Products offers a simple-sounding answer to describe how the family manufacturing business escaped disaster during recent economic downturns: The power of human potential.

The actions Mark Lamoncha and the team at Humtown took to save the company give structure to the words “power” and “human potential.” Humtown shortened its workday, created a new pay system, and adopted a goal of paying every person on the manufacturing floor according to their productivity.

This helped shore up operations at Humtown when clients and competitors were going out of business. How the plant accomplished all of this in three years is, to Lamoncha, a lesson in the potential of people. He believes people should do tasks they are interested in doing, and should have the freedom to accomplish their work. “Instead of educating just to educate people, we need to find out what people are meant to be and focus our education on what their interests are. Interest fuels passion. Passion fuels focus and intensity.”

Because of a vision of what his plant could achieve and a belief in the power of people to get the job done, the business now enjoys record production, higher employee pay rates than ever before, competitive prices on the products it makes, lower labor and healthcare costs, and the near-elimination of undesirable turnover. Helping Humtown reach these goals were assessments from Profiles International created specifically for the manufacturer’s needs.

## THE BACKGROUND

Humtown Products of Columbiana, Ohio, creates patterns and manufactures the sand molds that foundries use to create castable machine parts. Customers often come to the plant with their own patterns, but those who don’t will find pattern experts at Humtown who can create a design from scratch or from a customer’s simple drawing. Humtown’s pattern workers also can modify patterns to ensure they will work.

Humtown began in 1959 as a pattern shop. Russell Lamoncha -- father to Mark and Criss Lamoncha -- was dissatisfied with his employer’s labor practices and dreamed of owning his own shop. He started the pattern-making plant with a partner, whom he soon bought out. Humtown then became a Lamoncha family operation, and Criss and Mark Lamoncha both began working in the business at the age of 12.

## CHALLENGES

- 2009 Recession
- -4% Net Worth
- Customers going out of business
- Downsizing from 200 employees to 20

## SOLUTION

- ProfileXT®
- Real Time Payrate System
- Profiles Performance Indicator™
- Reduction in number and length of shifts
- Improved lighting

## RESULTS

- An increase in production sales per employee averaging more than 300 percent.
- A potential to drop product prices by more than 70 percent, with profit margins maintained.
- A fall in healthcare costs from 6.8 percent of the costs of goods sold to 1.46 percent, in spite of rising insurance rates. This reduction is a result of an increase in productivity.
- A reduction of undesirable turnover to less than 5 percent.
- A waiting list of job-seekers because of Humtown’s reputation.

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In addition to patterns, Humtown produces the sand cores and molds that foundries use when casting a part in metal, opening its own core-making division in 1977. The sand cores form the inside shape of metal castings, and the sand mold forms the outside shape of metal-poured castings.

In 1978, the operation built a new plant, and the modern-day Humtown Products occupies a 44,000 square feet. In addition to running the core division and corporate administration, Mark Lamoncha oversees the company in what he calls a servant-leader role.

Lamoncha has worked in several places to for his education on different aspects of running a business. A stint at a service station in his teens taught him about the importance of customer service. In mentoring under several experts, he learned about marketing and finance. Some of the most important lessons he learned were that “problems are opportunities in disguise” and that Humtown must be the solution provider, and not just another supplier.

These lessons served him well during major financial upheavals in 1990, 2000, and 2009. The last one was the worst ever since the Great Depression, Lamoncha notes. The industry as a whole was off by 65 percent. Humtown had many things to fix, including a negative 4 percent net worth. Unemployment soared and many of Humtown’s customers went out of business.

Humtown’s layoffs cut deep as a result, with the plant shrinking from 200 employees in December 2009 to 20 workers only two months later. Lamoncha compared it to “hitting an iceberg, taking on water and sinking.” But the shop did not close.

“Necessity is the mother of invention,” he says. “Before that time I started working with Profiles. I found that the thinking style, interests and behavior of a person are important. But before looking at that, we should look at those things in the job they do.”

## PROFILEXT® AT WORK

Lamoncha enjoys his time on the job, so the hours he spends at Humtown do not feel like work. He sees himself as the head coach or “player-coach” of a team of industrial athletes involved in their own football game. In fact, he sees similarities between the Super Bowl players and employees focused on their work. “Watch the intensity on the football field. That field is a workplace. I think of the production floor as their work field when my industrial athletes walk into the shop.”

Lamoncha believes that the greatest source of energy on Earth lies in the potential of a person, and he wanted to show each of his workers a strong connection between their productivity on a machine and the money they made per hour. He began examining how he paid his employees by studying incentive plans at other companies and at his own company. “They were good, but they came once a year,” he says. “We needed instant gratification.” He began working on a new “Real Time Pay Rate” system to give workers instant feedback on their work that was focused on their goal of making money.



In 2001, Lamoncha met a business partner with Profiles International who worked in Ohio. The Humtown leader already believed in job fit, or hiring the right person to fit a specific role as well as the company culture. He was searching for information about the concept of job matching when he was introduced to Profiles assessments. The two had conversations about the importance of the correlation between performance and pay.

Meanwhile, Lamoncha was devising from scratch his new incentive plan. His system uses a computer to show manufacturing employees how much money they are making each hour by showing them what they are earning in real time. This offers the instant gratification that Lamoncha believed would be helpful. He gave employees and job candidates this example: “If you produce 10 parts an hour, you will earn \$10 an hour. If you produce 20 parts an hour, you will earn \$20 an hour. Every work cycle, every minute, you will see your pay rate instantly produced on the screen.”

Once the system was devised and in use, his average production pay rate climbed from \$8 an hour to more than \$20 per hour. On a recent week, the average hourly pay reached \$46.22, and Lamoncha cheered. Operators have a team rate, and the teams regularly figure out better ways to increase their productivity.

Lamoncha calls his pay system the Real Time Pay Rate System, and he has applied for a patent. His goal is for employee teams to average \$100 per hour. “It’s fun to see -- and I can sell my product at a much lower price when I need to,” he says.



## PXT AT WORK

Every candidate for a job at Humtown takes the ProfileXT®, says Terrie Marshall, who is Administrator of Human Resources and Safety Coordinator. The organization used the PXT to build a new benchmark for hiring, and created a custom pattern for operators and finishers.

Marshall looks at candidates’ scores to determine whether to bring the applicant in for an interview. Successful interviews result in a job tryout, which she schedules every other Saturday so she can devote her attention to the workers without the distraction of telephones and other tasks. “They actually come in and do the job,” she says. This gives applicant a chance to test-drive the job and ask themselves if they like what they are doing and whether they can make money. It gives Marshall and Teresa Holland, the coach of the industrial athletes, a look at whether the applicant stays on task, maintains a good attitude, and would be a good addition to the team.

Humtown also uses PXT for coaching, as well as Profiles Performance Indicator™ -- which Marshall has found helpful in team-building.

By helping find the right employees, Profiles’ assessments have helped Humtown in several ways, Marshall says. “The Profile made an enormous difference in our efficiency by helping us hire the right people for the job.”

Because of the work efficiencies, Lamoncha is able to offer his employees 100 percent paid health insurance and long-term disability insurance as well as life insurance. “Mark is a generous employer,” Marshall adds. “He is part of the team as a leader. He is involved and is in the trenches with us.”

“Human potential is so amazing, and empowerment is so exciting.”