

MANUFACTURING MATTERS

Interview with
JOE MARTELLO
MANAGING DIRECTOR
ROSCOMAC



In a series of interviews with the partners of Knill James, manufacturers talk about their ambitions and reveal the issues which are mission-critical for them to address in achieving their goals.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.

DECIDING TO LOSE A "significant" amount of your turnover in one year might sound a nightmare scenario, but for Joe Martello it was a "godsend."

The deliberate drop was the result of closing a factory in the Czech Republic in 2016. The MD of Roscomac, manufacturers of components and sub-assemblies using CNC technology, says managing the site, which they had opened eight years previously, was a "nightmare" and it proved to be loss-making.

So they closed it, keeping a sales office and technical support, and returned most of the production to the company's UK home. Turnover duly dropped and hundreds of thousands of pounds worth of machinery had to be sold at a loss – but actually profits went up without having to increase prices.

"It's all very well turning over £1million a month," reflects Martello, "but I would rather turn over £5million a year and make a profit than lose money. And running two sites meant we couldn't be close enough to the coalface of both." He puts the offshoring episode down to experience. "Sometimes the only way to learn is to do something," he says philosophically. "Having consolidated the business back in the UK, we are forecasting an increase in sales year-on-year."

Roscomac supply parts to about sixty customers, mainly in the aerospace, medical, oil and gas sectors. "We have sixty machines here, which are doing more than thirty processes at any one time. We make a thousand different products every year," says Martello.

One product they will be making the key parts for is a drill that can make square holes in walls to enable plug sockets to be installed. "It's an amazing new concept which will revolutionise the building industry," explains Martello. "There are thousands of customers in the US alone who have said they want it, and that was before production even started."

Roscomac won that work when Martello went to Japan to look at new machining technology. "One of the guys I went with happened to be a sub-contractor for manufacturing the product and he needed to share the work. We found we were very aligned in our thinking, so we became the other subcontractor. It's an unusual arrangement."

Martello says he is a hands-on owner, to the point of being a "control freak." When he brought the health and safety function in house instead of subcontracting it, he read all the documentation himself, and he even carried out all the interviews for Czech staff, with the help of a translator. "You can't beat seeing the whites of

someone's eyes and getting that rapport with them," he explains. "One applicant told me he didn't do well at school but he had realised where he went wrong and wanted to put it right. It doesn't matter what education you have on paper; his heart was in it and that meant so much to me. He turned out to be one of our best employees."

There's another reason, Martello says, why an owner-manager can find it difficult to let go. "I want everything yesterday and that's a reason why customers work with us. They want everything cheaper and quicker, and I want us to provide that."

"I'm a creator, an ideas person, but I'm not good at detail and implementing. When I did 360° profiling, somebody said I was a bulldozer, but what he meant was that I say what I have to say. I want to be able to plant the seed and then walk away and let everyone else get on with it."

The trouble is, though, he goes on, the more people who get involved in something, the longer it takes. "If I could change business culture overnight I would speed up the time it takes to go from concept to delivery. If you agree something, get on with it and be energised to make it happen."

Martello is a proponent of the theory of constraints, a management philosophy introduced by Eliyahu M Goldratt in his 1984 book *The Goal*. His thinking is that organisations are prevented from reaching their goals by only a few constraints; you need to identify them and restructure the rest of the organisation around them. For Martello the goal is on-time delivery and the constraint is production efficiency.

Through constant monitoring of production (if the 'traffic light' on a machine is not green, he wants to know why), Roscomac have improved on-time delivery from about 60% to 98% over the past three years, and Martello is enthusiastic about the production efficiencies that automation can achieve.

With this in mind Roscomac have just invested £2million in four new machines. One of them checks and measures parts that have just been made so that workers don't have to stop to do it. The machine takes half a minute to do checks that took at least an hour to do manually.

The measuring process is critical, Martello explains, holding a tiny aerospace part in the palm of his hand. "This might not look much but it has to be spot-on, within eight microns, which is about a quarter of the width of a human hair."

"With other machines we can make really complex parts in seconds that used to take twenty or forty minutes - and achieve a more consistent quality. Automated processes, of course, can also run for longer periods."

In fact, Roscomac are planning to triple the level of annual investment in the coming year, using asset finance. "Every year, something comes off finance and then we can bolt something else on," explains Martello. "If you don't continually invest in machinery it becomes a problem because then you have to have a big spend later on. We have to keep ticking over with investment in technology or we would have no chance of competing."

Today, only about 10% of production at Roscomac remains non-automated. Though it means fewer people are needed for each process, Martello says staffing levels are maintained because the company is attracting more work. For example, some of the new technology will enable Roscomac company to do product testing as well as manufacturing. "We will get more work by providing more services under one roof," explains Martello. "Now we can do it all: five-axis milling, multi-axis turning, assembly, welding, everything. Even a CNC grinding process that used to be subcontracted we have brought

back in house to keep the supply chain tight. There is more control if you have processes in house."

He believes one of the best ways to refresh a company's culture is to make physical change. "If you repaint the factory floor it makes a difference, and I want this place to be a shopfront for manufacturing, so it would be like visiting an Audi showroom."

British manufacturing itself is a changing landscape, he suggests. "Ten years ago we used to do a lot of repeat work, producing 5000 of the same component, but now customers might want only five hundred, or fifty. Increasingly, the smaller runs are staying on-shore or coming back."

It's an opportunity to demonstrate a customer-centric approach that overseas-based manufacturers cannot even attempt to emulate. "We have literally gone the extra mile for customers," says Martello. "For example, a courier got delayed last night so I jumped in the car and took some samples to the customer. We're like a duck in the water; the customer doesn't want to see the legs."

The 'under one roof' strategy extends to an investment in having an in-house CAD/CAM team. "I want the design done in the office, without it having to be

adjusted on the machines," Martello comments. "It used to be in an engineering company that if someone wasn't on the shopfloor, they weren't productive, but we now have a team of engineers doing design and programming, taking the risk element out of production."

While Roscomac would like to introduce products of their own - "we are always coming up with ideas for things" - he believes it could be a distraction. "We are a specialist contract manufacturer, and we don't want to dilute what we are good at," he explains.

The business was founded in 1976 by Martello's father, Fernando, who is now chairman. "We see eye to eye on 99% of things," says Martello, whose first job with the company was sweeping the floor when he was at school. "At the end of the day, he's been there and done it."

A third generation could become involved in due course: Martello's teenage son would like to work for the company and has already helped out in the holidays. His eldest son works on the company's social media while at university. That encouraged Martello to take students from his children's schools on work experience: "Some of them have been fantastic. They have raw passion and they are like sponges in terms of learning new things," he observes.

And the impact of energy levels cannot be over-estimated. "If you have someone who's really enthusiastic but the person next to them is not, they will drag everyone else down," he suggests. "As a managing director you have to keep the momentum up and have a connection with staff. Being able to talk to people on the shopfloor and listen to their ideas is important. That feedback loop is crucial. People shouldn't be afraid to speak their minds and that's been built into our culture. They are prepared to say 'Joe, you're the boss, but I think this is a better way of doing it'.

"At board level, we used to agree with each other all the time but we have started to have some robust discussions and I like that. What's the point of having a board meeting if you're going to agree on everything?"



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