

Case Study

Argent International

Location: Plymouth, Michigan

2015 Revenues: \$37 million

Employees: 100

Industry: Manufacturing

Highlights



Challenge

Addressing a general lack of knowledge about the financial health of the business among its associates.



Solution

Turn around an operation that had been run in a dictatorial command-and-control style by opening the books and getting associates to think more like owners.



Results

Sales have continued to grow by double-digit percentages since 2011 – contrary to the trends in the automotive industry. Fueled by that profitable growth, the company implemented a gain share program in 2014 that amounted to 6% of quarterly wages – a total that was increased again in 2015.



Argent International is a veteran-owned business that specializes in designing, fabricating, and distributing a wide variety of custom adhesive and die-cut solutions primarily for customers in the automotive industry.

Company Background

Fred Perenic founded Argent International in 1977. At the time, he was working with 3M in Minnesota to develop a cutting process for a tape that would adhere name badges to vehicles – a process that he perfected. By 2008, Perenic had brought in a successor to allow him to step away from the daily operations of the organization to enjoy retirement. Unfortunately, the company's performance suffered under its new leader while employee morale hit rock bottom. In fact, Perenic received an anonymous tip that his company was about a month from closing its doors due to the bank calling in their credit line. As a way to save the business and turn its fortunes around, Perenic ousted his successor and followed the lead of his wife's company, Argent Tape and Label, by opening the company's books.

“Open book management has helped our organization grow in profitability, in values and as a team.”

“The difference in the company's culture is like night and day since we opened the books.”

Playing the Game Together

When the decision was made to open the books, the associates at Argent were admittedly a little gun-shy about what to expect. Worse, several associates fell asleep during the first company huddle. That led Perenic to create a position of Master of Ceremonies to try and spice those huddles up by making them fun and entertaining. "Once people were paying attention, we were able to walk them through the operating costs of the business – which opened a lot of people's eyes," says Bekah Keehn, the company's open-book management coordinator.

Argent associates soon created their first MiniGame to deal with product rejections, which cost the business some \$200,000 a year. They named their game "Show Me the Money." Its goal was to keep the rejections under \$100,000 for the year. Each quarter the team was given a \$25,000 budget. Anytime a rejection was received, the cost was taken away from the \$25,000. At the end of the quarter, whatever was left in the pot, would be split evenly between the manufacturing department employees. It was a giant success: rejections were cut to just \$50,000 for the year. As a result, Argent's associates split some \$50,000 in bonus money.

"MiniGames are an important part of our growth with open-book management," says Keehn. "We use them to focus on areas in quality, financials, education and more. We always have at least one MiniGame active and we even had a MiniGame that collected MiniGame ideas!"

"We share in both the good and the bad. When something goes wrong we find out how we can fix it for the future and turn it into a positive."

Rapid Financial Results; Lasting Cultural Change

Open-book management is now a part of every new employee's orientation. The company conducts monthly training sessions to help cement core values and learning to think like an owner on a daily basis. While the company continues to enjoy improved financial results, opening the books also impacted how engaged and dedicated associates were in their work and involvement and dedication is on a rise too.

"Our employees are truly a large extended family that support one another through both good and bad times," says Keehn. A great example of that dynamic is how associates banded together to create a committee called Argent Cares, which supports their community with food drives, blood drives, Christmas present collections, and many more supporting such organizations as Wounded Warriors, the Salvation Army, the Red Cross, Heart 2 Hart Detroit, the Humane Society and many more.

"Open-book management has become part of our core and can be seen in all aspects of the company," says Keehn, who notes that Argent was recognized by Crain's as one of its cool places to work in Michigan. "It's empowered people to think like owners."

"When asking employees what open-book management means to the organization and themselves, we receive answers like 'better communication on where the company is financially' and 'a voice – I feel like I have a voice in what happens.'"
