Return on Net Assets PROGRAM

The **Return on Net Assets** (RONA) concept measures the financial performance of a company that takes the use of its assets into account. Higher RONA means that the company is using its assets well and is working capital efficiently and effectively.

The best way to increase RONA at the service center level is to do my due diligence in making sure the facility runs in the most efficient way possible. To achieve this goal, I need to focus on the "assets" I directly influence: my employees.

The most effective way to do this is ultimately through training—ensuring that all employees know how to do their job and work towards our company's three pillars:

the philosophies of calm, clean, and current.

We need to all work together to cut down on wasting time doing frivolous work.

Examples:

- Highlighting notes on orders properly and making sure ranking checkers/pullers read those notes and do what the customers requested (i.e., reduce Q3 errors).
- Asking customers if they need to add to their order in case they forgot anything.
- Making sure sales flyers and promos are readily accessible in will call.
- Instilling in employees how vital safety is to the company—accidents cost the company
 money, and of course, we don't want anyone injured.
- Keep current on training for warehouse personnel (i.e., reduce Q3 + Q5 errors).
 - Pullers (Triangulation Technique)
 - Packers
 - Checkers
 - Meter Operators

Training on Packing Properly & Responding to Customer Requests for Packing/Product

Example:

(email from a customer with images)

Hey Matt,

I just wanted to touch base with you about the order we received today, especially since we have had missing pieces with this exact kit on previous orders.

This kit did arrive with all its parts. It was well supported on the sides, but if you look at the pictures' ends, it appears as though it wouldn't have taken much for the tape to break and the contents to be lost (which happened to one of our orders). The hardware inside tends to shift back and forth during the shipping process.

Even though it is in a separate bag, it puts significant stress on the taped ends. I just thought I would let you know because this is an expensive kit. Reinforcing the backs is essential for safe arrival.

Thanks for your help with the past order that was lost in shipping.

Best,

Mike Vasil



Initiative:

Review with packers that we need to use boards on all sides and tape over the ends, so the box doesn't break open and we lose parts.

(cont.)

Making Sure Products Received at the Facility is in Good Condition

Example:





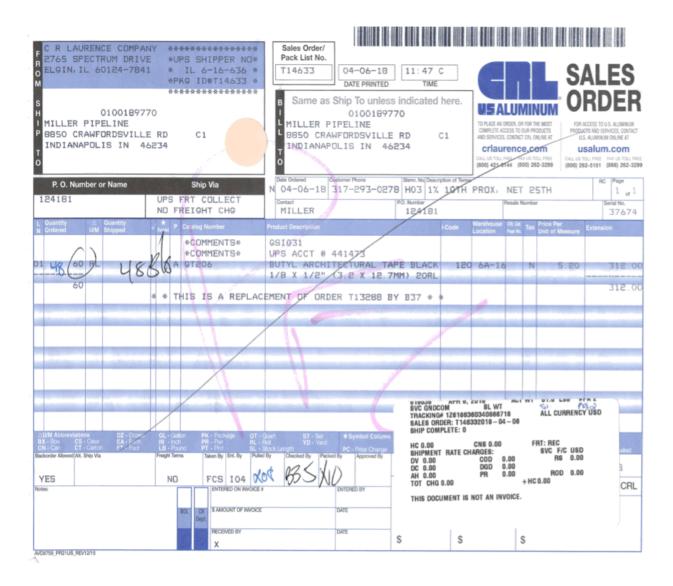


Example:

The bill shown above was signed for "Free and Clear" with no notation of damage! Obviously we did not ship it out laying on its side, and a clear indicator of that is that the arrows that denote "this side up" are pointing to the left, which SHOULD have prompted the receiver to further inspect the shipment before signing for it.

So the company loses money, and we not only have to clean up the mess and have it sent back to Service Center 01 to prevent further damage, but we have to repair the entire display. This mistake cost money, but now we can't even file the claim.

We need to make sure BOLs are filled out properly and work with corporate to have freight bills corrected if the charges are different than originally quoted. Make sure my staff knows how to properly get quotes.



Shown above is an OBVIOUS checking error. GT206 parts are sold in quantities of 20, so there is no way we should have shipped 48 RLs and back-ordered 12 RLs.

These examples and ideas for areas of focus are the essences of RONA, and we need to start using them.

Thank you,

MATT CRATTY