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| Interviewee: | David Steedman, General Manager |
| Company: | Maton Guitars |
| Date: | June, 2017 |
| Website: | maton.com.au |

“It takes 110 years to make the ‘Grange of Guitars’...”

Context: In the Jan-Feb 2010 edition of the Harvard Business Review, authors T.M. Amabile & S.J. Kramer provided ground breaking research findings into what produces a “good day” in the workplace. Within some 12,000 individual diary entries, “progress” or the sense of ‘moving the dial’, was the vital ingredient discovered in over 76% of participants “best days” at work.

Building on these insights this interview series considers what happens when employee’s seeking to ‘move the dial’, unknowingly choose the wrong dial to shift? What happens if employee efforts don’t align with the movement of levers that best support the performance of the business P+L?

1 Describe a good work day for yourself:

Staff turning up as planned makes my morning. We rely heavily on skilled labor to construct our guitars, so having them in place each day is essential. Building on this is the individual productivity of each of our 70 employees’. Admin people aside, our craftspeople are responsible for a specific amount of completed “unit’s” per day at a very high-quality standard. If these basics are in place, I look to see if the future order book is tracking to plan. Over 35% of our annual production of 8000 guitars are exported & pleasingly this demand is growing. Combine this with a lower exchange rate and my day can look brighter quite quickly.

Beyond this, a good day takes shape when our team comes together and collaborates in the solving of problems or innovation breakthrough. A great day is when loyal customers such as Colin Hay or Tommy Emmanuel drop by and thanks us for the contribution we are making to their sound.

2 Describe a good work day for the Maton Guitars P+L:

As a family owned business we set a clear annual budget but aren’t ruled by it. We invest in long term brand building through our pursuit of quality sound & guitar feel. Measured growth is important. Less so sheer step changes in volume and resulting revenues. We’ve been described as the “Grange of guitars”. It’s a fitting comparison and one that Paul Kelly stands by given he’s played the same Maton guitar that we gave him some 30 years ago!

A good day on the P+L would see our revenue plan being achieved; costs in line with expectation and crucially, the product quality return line item, empty.

A Good Day at Maton Guitars

3 Do the two days align?

From my perspective, they do. The majority of staff work to productivity & quality metrics. These reflect directly on the P+L. Culturally we are all focused on the user experience of our guitars and take great pride in the finished instrument. Seeing one of our creations being used on the big stage is always a special moment, even for our finance manager!

4 How many good days have you had in the past 3 months?

I get half a good day every second week. It's not that I have bad days but that I drive home each night and reflect on the progress our business is making and where we can continue to improve. I always seem to think of something new. Problems happen in manufacturing. Solving them quickly is key. Accepting some things like energy prices are out of my control is essential.

5 Where is value chain leakage most likely to occur in your sector?

It takes 110 years to make a guitar because we use wood grown in Australia, from tree's about to complete their lifespan. For this reason, any lower than anticipated production yield represents material leakage from our core input. Secondly, is the time it takes to skill up our staff. Turnover can be very costly from a quality perspective, yet alone training cost impact.

6 Key Takeout:

Maton Guitars are an exceptional example of a company who has aligned their staff to productivity metrics that drive their P+L and crucially the long-term value proposition of their core product - the Guitar. Walk through their Box Hill factory and you can sense a unique feeling of vibrancy, creativity and a good day being had.