

### MERIT PROGRAM

In the summer of 2014, our management team met and agreed to replace RSL's profit sharing plan with a new "MERIT" program. This new program gives RSL employees an incentive to work harder and smarter, while generating profits and keeping fixed costs low. People will generally do more when they know they'll get a nice reward if the company has a great quarter and increases its value due to their efforts. The benefits of our past profit sharing was limited, because the recipients seldom knew exactly how they helped generate the profits, beyond just doing their jobs. If the employees don't know what they've done to deserve the extra money, they will might view it as part of their regular compensation-that is, as an entitlement program.

The MERIT bonus program is altogether different. Its whole purpose is to make the company stronger and more competitive. Increased profits will become the funding mechanism for the bonus. The essential elements of the MERIT bonus program are:

- **First**, define clear goals that people understand.
- **Second**, make it clear that full time employees with the company at least one year from the start of the quarter are eligible.
- **Third**, develop measurable targets that are both challenging and attainable. By hitting these targets, we can strengthen the company, and so we're going to give ourselves a reward if we do it. We set up five measurable criteria that have the greatest impact on the company's profitability:

**M** is for Medical costs which we can somewhat control by visiting doctors regularly for checkups and living a healthy lifestyle.

**E** is for Employees which measures Units per Man Hour production, attendance & safety.

**R** is for Sales Revenue which measures total sales & gross margins.

**I** is for Inventory which measures the cost of materials, variances each month & discounts from vendors.

**T** is for Transportation which measures the costs of shipments of orders to our customers.

- **Fourth**, encourage employees to work as a team to achieve goals. We have already learned that each of our measurable goals can be improved.

- **Fifth**, provide monthly feedback- posted on colorful charts at each facility.

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### QUALITY AWARDS

There are many outstanding employees at Champion and RSL that, each day, deserve our praise and thanks. In this newsletter, we would like to recognize the following exceptional individuals and give them a \$50 gift card as a token of our appreciation.

**Reggie Allen** started as a temp worker at Champion Injection Molding in October 2008 as a press operator. Soon after his start with us, he was transferred to the frame grinding department where frames from the start of production runs that are not yet perfect are recycled. In 2010, he was hired as a full time employee. His hard work and dedication

earned him the opportunity to advance to Material Handler position where he is responsible for bringing raw materials to the presses and removing raw materials to the staging areas, among other tasks. He handles his responsibilities with dedication, is well liked by others, and we wish him continued success!

**Dave Gonder** joined RSL Ohio in May of 2012 as our Shipping and Receiving Manager. Dave maintains the warehouse and ensures that all orders are shipped out properly and quickly. He also takes care of ordering skids, boxes and all other shipping material. Dave has an important role in our company and mastered his responsibilities with skill and speed. The fact that he is so quiet does not hide the fact that we greatly value his contributions and count on him every day. Dave, we sincerely appreciate the fine job that you do to keep RSL Ohio running efficiently.

**Daniela Filipova** joined RSL's corporate office in NJ as Controller in June of 2013. Taking on this significant responsibility at a time of great challenge for the company was a major ordeal. It required long hours, a very fast learning curve, and the skill of challenging past procedures in order to help the company grow and improve. Fortunately for RSL, Daniela met and exceeded all expectations and has played an instrumental role in the company's success. She provides reliable financial analysis, earns the respect of all that interact with her, and brings a fresh approach to all of her responsibilities. Thank you Daniela for all that you have done!

## Merit (continued)

We want people to think, to figure out what more they can do to improve the profit drivers. The employees have to be able to see the connection between their actions, decisions, participation, and changes in the profit.

The management's role is to provide constant feedback on the program, to give it high visibility and total support. We can tweak existing goals or introduce new ones in addition to giving greater details about weekly, monthly and quarterly performance. That's a lot of information, but education in this form is not a burden or a chore, it's an essential part of the program. And when the bonus comes, everyone will know they've earned it, because they took responsibility and increased the value of the company. It's not a gift or an entitlement. It's payment for a job well done.

## Memories

Looking back through RSL's 50 year and Champion's 25 year history, we find some interesting memories:

RSL was started in Margate, NJ in 1963 with a lot of hope for the future in a two car garage, with the owner as the only employee for almost two years. Every cent of earnings was reinvested and little by little the company established itself as a supplier to the wholesale millwork industry and door manufacturer alike. By 1967, RSL had grown to 3 employees and was incorporated. In 1969, RSL purchased a 3000 square foot building in Cardiff, NJ. All profits were reinvested into better machinery, newer technology and most of all in the building of a management team which in its abilities is second to none."



General Fire Extinguisher Company. This complex was called plant #1. and a complex across street, later to be built was called plant #2. Much of the complex on the right is now used by a Champion Injection.

## Congratulations:

Steve & Tina Nixon on their birth of their grandchild Aiden!

Ron & Sharon Lewkowitz on the engagement of their oldest son, Micah!



## Birthdays

### JANUARY

Rebecka Phillips	1/4
Tadaro Murphy	1/10
Hector Mercado	1/15
Bill Willis	1/22
Adam McMahan	1/26

### FEBRUARY

Lashawn J Bobbitt	2/1
Jerimiah Hostetler	2/2
Josh Faison	2/12
Aaron McMahan	2/15
Herbert Sanchez	2/16
David Gonder	2/18
Milan E Campbell, III	2/18
Dustin Barrett	2/20
Mark A Munyon	2/25
Sharon D Mendick	2/28

### MARCH

Jemell Keeney	3/7
Heather L O'Shea-Botbyl	3/9
Johnesha Jones	3/18
Nolan Ingram	3/18
Wendell Milliner	3/22
Wayne Gibson	3/26
Leda Sell	3/27
Renee Meardith	3/29
Lisa Allen	3/30

### APRIL

Jose Alfredo Villanueva	4/4
Marshon McCollum	4/8
Kevin M Dennis	4/15
Hoang Q Nguyen	4/29

### MAY

Cathy Mort	5/1
Gary Butler	5/2
Jared Lemaster	5/6
Malcolm Gilliam	5/8
Patricia A Eigenmann	5/14
Anthony M Tyma, Sr	5/20
Sharon Oran	5/24
Patricia Martin	5/27

### JUNE

Jonathan Walters	6/6
Israel Castro	6/6
David V Perez	6/8
David Redd	6/10
Hilde Lewkowitz	6/14
Christopher L Vingle	6/16
Tobi A Parker	6/17
Daniela Filipova	6/18
Desirae Graves	6/20
Daniel Stokes	6/20
Devon Morgan Jr	6/20
Louise Martin	6/21
Guillermo Cruz	6/25
Jonathan Rivera	6/26