Change and Innovation at Marlin Steel

Marlin Steel is a wonderful example of how innovation plays such a tremendous role in the success or failure of a company. The company had enjoyed a comfortable and relatively competition-free position of making wire bagel baskets. This was a successful venture until the bagel market shriveled up and cheap competition entered, leaving the dependent company with no alternatives but to reinvent itself. Marlin Steel needed to transform from a company which produced a single product selling to a single, narrow niche market into a company which produced solutions to customers' problems. The small company achieved this transformation through a product change and a culture change.

Marlin Steel's product change came about by accident when its owner, Drew Greenblatt, received a request from Boeing. The engineer at Boeing was in the market for some custom, high-precision wire baskets when he stumbled across a Marlin ad. During this phone call, Greenblatt came to the realization that this customer was very price-insensitive as long as the product was precisely to order and produced quickly. This custom order was very foreign to the boring-basket manufacturer and it resulted in a painful, and seemingly costly, trial-and-error process, but it was the beginning of the company's product change process. Greenblatt took a chance and moved away from the dying bagel basket business and created a strategy of providing engineering, precision, and speed to meet customers' needs (Fishman 2). After some research, Greenblatt discovered that many factories use high-quality, custom wire baskets for transporting and cleaning delicate and expensive parts. This ensured that there was a viable market for Marlin's new products. The next phase of the product change process was to improve the basket making and earn a reputation for quality which would draw more price-insensitive core customers like Boeing. The wire basket improvement was achieved through technology changes such as more sophisticated equipment and improving the engineering (Fishman 3). The final piece to the puzzle was a culture change.

When Marlin Steel was in its bagel basket mode, there was no need for engineers. The product was so uncomplicated and easy to produce that blueprints weren't required. Only eighteen low-paid employees using hand tools were required to make the baskets. In order for Greenblatt to attract the customers he desired, he needed to change the culture through some informal organizational development. He hired a small team of design engineers to ensure that the materials and specifications met the incredible tolerances. Knowing that he needed to train and develop his laborers, he incentivized them through higher wages and benefits to ensure that these quality products would be assembled quickly. He invested heavily in his company with automated machinery rather than simply spending the profits on himself: "I could have had a yacht instead of [an expensive manufacturing machine]" (Fishman 4). He said yes to all customers, showing that the leadership was ready and willing to tackle all challenges placed before the company.

Through massive product and culture changes, Marlin Steel has become a force in the wire basket business. Greenblatt continues to keep a competitive advantage over others by constantly innovating his products and how he produces them. His innovation has even bled over to his customers who can now innovate new ways to perform their operations with these wire baskets (Fishman 7).