

# 17

POWERFUL RULES  
THAT WILL  
**SAVE, SUSTAIN AND  
SCALE**  
YOUR BUSINESS.

From the author of "**life lessons**: The adages, bromides, lessons, and just plain good advice I have used to run my businesses." & "**Mergers and Aquisitions for the first time sellers and buyers**"



- REDUCE YOUR PRODUCT LEAD TIMES
- INCREASE YOUR MARKET SHARE
- INCREASE PROFITS

BY C JOSEPH INCROCCI  
CASE STUDIES BY MICHAEL LAURIA

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# Dedication

This book is dedicated to the loves of my life,  
my children, and my grandchildren,

They are my, daughter, Lauren Boehm, who  
earned her master's degree at night at  
age 47 and is now a 5th grade math teacher.

Her children, and my grandchildren,  
Jon and Norah.

My son, Michael Incrocci, who is a partner in a  
private equity firm,

His children, my grandchildren,  
Jackson, Taylor and Brady.

# Prologue

## **A No-Nonsense, Easy-to-Read, To-The-Point, Execution-Driven Book!**

Is your business underperforming?  
Are you struggling to generate enough cash  
to pay your bills? Are you going deeper and  
deeper into debt? Are you struggling to grow?  
Is your new product program  
performing woefully? Are you shrinking?

THIS BOOK IS FOR YOU!

Yes, YOU! I promise the 17 Rules for fixing  
problems will apply to you. There is no excuse  
for underperforming. High interest rates? Tariffs?  
Financing out of reach? It doesn't matter.  
The rules still apply and will help. This book,  
and the rules it teaches, will help you turn  
your business around.

Foundationally, the rules deal with the issue of  
capacity, and specifically free or excess capacity.  
Here, I'm defining capacity as anything that  
enables production: time, cash, space,  
talent, and equipment.<sup>1</sup> Creating capacity is  
your Number One priority in saving and  
improving your business, and the 17 Rules will  
guide you on how to do exactly that. You'll be

<sup>1</sup>*This book is primarily aimed at manufacturers and, to a lesser extent, distributors. But it's worth noting that its lessons will fundamentally apply to any organization, including service-oriented businesses. We all need capacity to produce the product or service that allows us to create billing or a paycheck, and all professional endeavors face capacity needs and limits.*

able to stop the bleeding (loss of cash) within 90 days of implementing the rules and then go on to both sustain and scale the success over the next few quarters after that.

No matter your situation, no matter the problems you face, this book will show you how to overcome. In fact, I'll help you understand why all the fixes you thought would make things better are making things worse. Like that "quick-ship program" that didn't work. Like that expensive Master Scheduler turning out to be a bust. Like all that inventory and payroll that just made your cash situation worse.

So, yes, this book is for YOU!

Don't bother saying, "Yeah but...we have special problems and unique circumstances!"

No, you do not! Your business is in trouble, and in these pages, I will tell you exactly why and how to correct it.

I'll start by taking you on a journey through the 17 Rules via Buckets OEM. This company is a fictionalized composite of five or six of my most typical manufacturing clients, with the story organized so we can talk clearly about each rule and how it impacts business turnarounds.

Then, once we've introduced, explained, and illustrated the rules, I'll bring my argument home with two real-world case studies of real companies with real numbers from my colleague and contributor, Mike Lauria. The results of these two examples far outstripped anything we ourselves could have anticipated. They will truly bring the rules to life and show how powerful they are in action.

There will also be a bonus, the 17 rules deal with reducing the demand on your current capacity. So, you do more with less of all forms of capacity. Thereby, increasing your profits!

Let's not waste a moment more! Buy the book now! You will learn at least one new thing that will make a tangible difference in your business, I promise!

Joe Incrocci  
Incrocci Business Consulting





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PART ONE  
**STOP THE BLEEDING**

**That's exactly what I'm going to help you do within the next 90 days: stop the bleeding.**

**We will reduce lead times and improve on-time delivery to boost market acceptance.**

**We will restore profits and positive cash flow.**

**Remember: you must have a short term before you can have a long term.**

**Let's get started right now.**



CHAPTER 1

# THE REALIZATION OF PROBLEMS

Bob Buckets, owner and CEO of Buckets OEM<sup>2</sup>, was deep in thought on his drive to work. The year had started off fine, but something wasn't right anymore. Sure, they were still making money, but cash was worryingly tight, and the bank loan was creeping up. In fact, given that he was about to miss his debt service coverage covenant this month, Bob worried the upcoming meeting with the bank would go badly.

As he drove, Bob made up his mind. When he arrived at the office, he'd call an all-hands-on-deck meeting with his leadership team. Normally, he didn't like meetings, only holding them in emergencies. In his mind, managers should spend time working, not sitting around talking.

But maybe this was an emergency.

Bob's factory was typical for an OEM shop. It housed raw material storage, two shears, two punch presses, a brake press, a paint line, work-in-progress (WIP) storage, a kitting area, assembly lines, finished goods storage, and shipping.

Each work center had a manager responsible for it. Bob believed every work center should have a member of his leadership team

<sup>2</sup>*This is our composite company, incorporating elements from half a dozen actual clients.*

accountable for its output. He set clear output goals and measured efficiency by comparing hours worked times output against standard production times. By doing this, Bob thought he had complete control over shop efficiency.

Today's meeting, however, was different. Bob was determined to make this a "come-to-Jesus" moment for his team. He prided himself on strict controls, including forecasting, efficiency metrics, inventory tracking, and a few others, but he couldn't figure out why things were unraveling.

He had his sales managers submit detailed weekly product forecasts down to individual model and quantity, ensuring the shop knew exactly what to build and when to ship. Even the machine shop operated under Economic Order Quantity (EOQ) guidelines, a way to balance ordering frequency with storage costs) to minimize setup times and maximize production runs. On top of that, Bob had hired a "Master Scheduler" to keep everything on track.

The machines were always humming.  
Every second was accounted for.  
They faced neither downtime nor wasted effort.  
The shop floor was alive with constant activity.  
Yet despite all of Bob's controls, forecasting,  
efficiency measures, everything that mattered—  
revenues, profits, and cash flow—were all  
trending down, down, down.

## **The Meeting**

When Bob arrived, he wasted no time.  
He called the leadership team together and  
asked each manager for their report while Larry  
Numbers, the CFO, sat quietly taking notes.

Art Box, the manager of raw storage, spoke first.  
"Mr. Buckets, I don't understand the complaints  
about late deliveries. I followed the master  
schedule from Mary and loaded up on raw stock  
based on the 90-day sales forecast. I don't see  
the problem."

Tom Press, manager of the machine shop, spoke next. “I made all the parts the schedule called for—and more. I ran extra to amortize the setup costs. My efficiency was 110%.”

“Good job, Tom,” Bob replied, albeit uneasily.

Lou Blue from the painting department gave a similar report. “We’re producing according to schedule!”

In fact, one by one all the others—the managers of WIP, kitting, finished goods storage, and shipping—all echoed the same message: they followed the master schedule exactly.

Mary Calendar, the master scheduler, confidently added, “I worked directly from the 90-day sales forecast, broken down by product and model, and scheduled every department accordingly. I also ordered the necessary inventory. The schedule’s not the issue.”

Larry Numbers added some sobering news. “We’ve had to extend vendor payments from 45 to 60 days because of cash flow. The bank’s getting anxious. They’re threatening to move us to their workout desk. Also, John More, our VP of Sales, is frustrated. Customers are complaining.”

Bob sat stunned. Every manager claimed they were hitting their targets. The CFO, meanwhile, said they were running out of cash and displeasing customers. Why weren't customers happy if everything was going according to plan? Why was cash tight, profits declining, and the bank nervous? It hit Bob like a ton of bricks: everyone was working in isolation. Each team was following its own plan, thinking they were succeeding; but in combination, they were creating chaos. There was no unified strategy pulling the company in one direction. All they had was a schedule. And at the end of the day, if the team fails, no individual can claim success.

### Rule #1

**There is only one true measure of success: the run rate, or actual shipments (also known as throughput).**

All leadership team members must be aligned to this single goal. Efficiency metrics, production numbers, and local optimization mean nothing if they don't result in products leaving the building and customers receiving them.

Before we move on to Chapter 2, an important note about the 17 Rules: they are meant to be “negatively deployed.” That means you only need to implement any given rule if the rule is being violated by your organization.

So, for example, if you’re using a measure of success other than the run rate, you need Rule #1! But if you’re already following this rule: good for you! You’re already ahead of the game! No need to make any specific changes to implement this rule.

But keep reading, because Rule #2 might be another story.

Additionally, outside of Rule #1, the rules are not sequential. They can be deployed in any order, as and if needed.

Now, with all that said, let’s get into the meat of the story.

**“Each team was  
following its own  
plan, thinking  
they were  
succeeding; but  
in combination,  
they were  
creating chaos.”**