What’s So Cool About Manufacturing?

by Bob Zaruta, President/CEO, NWIRC

As the school-year comes to a close this month, I thought a perfect opportunity to introduce a new program the NWIRC will be launching in Erie County for the 2017-2018 school year. We will be looking for middle schools, manufacturers, and community partners to participate in the “What’s So Cool About Manufacturing?” Student Video Contest (WSCM). The program is an expansion of the Dream It Do It statewide initiative with the goal to change the perception of manufacturing in our community and introduce 7th and 8th grade students to cool manufacturing careers. This program began in Lehigh Valley by our sister-Center, the Manufacturers Resource Center (MRC), and is now in its 4th year of success. WSCM matches a team of 7th/8th graders and teacher coach with a nearby manufacturer to research, interview, and film for a 2-minute video to capture the cool things about manufacturing. Students will spend time planning, filming, and receive professional editing training to create the final product. The actual work will begin in October with a teacher coach training and providing the team with all the equipment and tools they need. The program culminates with an Awards Ceremony in March 2018. “Viewers Choice” is one of the featured awards with the winner selected by online voting. This past school year, participation across the state included 123 middle school teams with more than 500,000 online votes and 3,300 attending the various award ceremonies. This program is most certainly creating awareness and changing the perception of manufacturing careers among students, teachers, and parents.

NWIRC was a community partner for North Central’s WSCM contest this past season and we are excited to roll the program out in another part of the 13-county region we serve…with hopes of expanding even further in the coming years. For now, we are starting the work in Erie County and looking to engage companies who are interested in partnering with NWIRC to sponsor this worthwhile program. With the assistance of our community partner, Career Street, we are working to gain commitment from the middle schools in Erie County. Soon after, we will match these teams with a manufacturer interested in opening their doors to show ‘what’s so cool about manufacturing’ for the team’s video.

If you are interested in getting involved, from being a sponsor to just spreading the word, please let us know by sending an email to lknoll@nwirc.org!

Onex President Named to Board

Ashleigh Walters, President of Onex, Inc in Erie PA was recently named to the Board of Directors of the NWIRC. Walters is a degreed Chemical Engineer from Auburn University, and joined Onex in 2003 as a Sales Engineer in the Charleston, SC office. Over the years, she has advanced through several increasing levels of responsibility at Onex facilities in Charlotte, NC, Pittsburgh, PA and Erie, PA, and recently assumed her new position as President. She has led the company through a comprehensive restructuring and repositioning process for future growth.

Walters participated in recent trips to Washington D.C. and Harrisburg with NWIRC’s CEO, Bob Zaruta, for manufacturing Hill Days. The purpose of both trips was to advocate for the importance of manufacturing to our nation’s economy and the vital role the Manufacturing Extension Partnership (MEP) has in helping manufacturers become more competitive.

Ashleigh Walters, President, Onex Inc
FINANCIAL ASPECTS OF EXIT PLANNING

by Susan Hileman, NWIRC Strategic Business Advisor

Companies are often disappointed when it is time to transition and they find out their business is worth less than they had imagined. Or, they sell the business at a good price but after taxes and transaction fees, they’re left with only 60% to 70% of the proceeds. According to the 2016 Business Owner Survey by the Business Enterprise Institute, 75% of business owners would exit today if they had financial security, but only 17% have put an exit plan in writing. Here are three important financial questions owners should ask before considering a transition from the business.

Can you afford to retire? For many owners, the business itself is the retirement plan. The owner may have invested profits back into the business to keep it growing, and the plan is to simply sell the business for cash. However, the sale price needs to be able to provide enough for retirement. So how much money do you need to live on? And what if the business can’t be sold at your asking price? Perhaps you’re going to transfer the business to someone in the family. Will you be asked to carry the paper on the purchase? The question then becomes BOTH can you afford it and can the business afford the repayment? As a consultant who has worked with family-owned businesses for years, I recommend you start with solid data. First, determine both the financial resources you have and those you will need. Your CFO can generate an accurate cash flow forecast for the business and your financial advisor can supply a realistic assessment of your personal income and investments. Then look at your spending—both current and what’s planned in retirement. Travel? Hobbies? Grandchildren? Health insurance? This is not an area to make a guess as the cost of living is not going down. Use solid data and realistic projections to back up your decisions and help determine if you can afford to retire. If it turns out you can’t right now, use that time to work on strategies to boost the value of your company.

Have you cleaned up your books for ease of sale? Smart business owners do take advantage of tax saving opportunities. Cleaning up your books simply ensures potential buyers can determine how profitable the business really is—or what potential exists for growth. Many owners use the business to pay home or lifestyle expenses. Others have rental income paid through the business which might not be required moving forward or a family member who is a full-time, fully documented and taxed employee who happens to have a generous salary. You may need to advise the buyer on positions or costs that should be eliminated or adjusted. Will existing salaries continue under new ownership? What about bonuses? Does the business or current owner have leases or property—cars, trucks, equipment, buildings? Will these all remain with the business? Are there personal guarantees on existing debts? Younger owners, including family members, might not have the capital or credit worthiness needed to purchase the company and maintain the businesses required line of credit. Insuring your books are cleaned up well before a sale will give potential buyers a realistic picture of the financial state of your business and can provide a smoother and more profitable transition.

Do you know your company’s worth? In addition to hard assets of building and equipment, there are other value drivers a company can capture including a differentiated value proposition, a strong brand or reputation, quantified customer satisfaction, and audited financial statements... among others. A company with strong value drivers is likely to demand (and receive) a higher dollar than a company with lower value drivers. A Core Value Assessment Tool, for example, can provide an uncertified valuation of both your overall business worth and the value of functional components within your company. As the 2016 Business Owners Survey results indicates “it is highly unlikely that in the next 10 years there will be enough capital to enable the number of outside transitions (sale to a third party such as private equity or strategic buyer) preferred by business owners. As such, owners will need to take a more serious look at inside transition options such as employee stock ownership plan (ESOP), management buyouts, and family or be forced to substantially discount the sale of the business to a third party.” So the time to build value and increase your company’s worth is now!

Let us know if you have questions about how the NWIRC can help your business prepare to navigate the waters for exit planning.

Susan Hileman is a Strategic Business Advisor at NWIRC. She is a Galliard trained Family Business Advisor, an Innovation Engineering Green Belt, and has degrees in Business Management and Speech Communications from Clarion University.
NWIRC Recognizes Scott Eighmy, CEO of American Turned Products

Scott Eighmy, CEO of American Turned Products, was recognized for his commitment at NWIRC’s April Board of Directors meeting. Eighmy has been involved with the NWIRC Board for 25+ years, including service as the Board Chair. He has recently transitioned from NWIRC Board Member to be a member of the PA MEP (Manufacturing Extension Partnership) Board of Directors at the state-level. Eighmy was presented with an appreciation award by NWIRC Board Chair Dan Ignasiak, President of SEPCO, and NWIRC President Bob Zaruta.

Thompson Visits Brookville Equipment

U.S. Congressman Glenn Thompson toured Brookville Equipment in Brookville, PA on Friday, May 12th, along with President/CEO, Bob Zaruta, of NWIRC. The tour was hosted by Brookville Equipment President, Rick Graham. The purpose of the visit was for Congressman Thompson to hear about the successes and challenges at the company and the impact they’ve seen from projects working with NWIRC.

Graham stressed the importance of continually evolving and improving in order to stay competitive, grow, and provide good paying family sustaining jobs. Thompson said meeting and touring with manufacturers in the region is important for him to understand the issues they are facing so he can speak about them first-hand in Washington. This past March, Thompson organized a special hearing at the Capitol for a delegation of manufacturers and representatives to speak to their elected officials about the importance of manufacturing and the MEP Program.

Brookville Equipment produces customized rail-mounted or rubber-tired haulage machines for underground mining, tunneling construction, industrial and switching applications, and mass transit applications. Graham was promoted earlier this year after serving for 14 months as Chief Financial Officer at the manufacturer which has a 99-year history.

Manufacturers Growth Conference Success

NWIRC thanks all of the presenters, sponsors, and participants of the Manufacturers Growth Conference held in St Marys and Erie last month. The packed agenda included a wide-range of topics to provide manufacturers with ideas and strategies for growing their revenue and people.

Some of the feedback includes: “Tons of good and thought provoking information.,” “Great info, always willing to learn and keep up with trends.”, “Would attend in the future, always looking for innovative ideas and opportunities.”, “This great info will help me be better than my competitors.”, “Very informative, nice flow, and diversified program.”

Sponsors of the event were PNC, Knox Law Firm, and Ben Franklin Technology Partners.

Next WiM PA Chapter Meeting

Mark your calendar for the next meeting of Women in Manufacturing PA Chapter on Wednesday, June 8 from 3:00-6:00pm. The meeting will be held at the Cranberry Township Library, 2525 Rochester Road, Cranberry PA. The educational keynote speaker is Patty Kreamer discussing Secrets of Successful Networking. Find more details at www.nwirc.org/events.
YOUR STRATEGIC BUSINESS ADVISORS

If you have questions, or would like to speak with someone from NWIRC about services, please contact your Strategic Business Advisor:

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**Lean Six Sigma Green Belt**  
Starting in June  
Location: St Marys  
The program includes 9 sessions spanning over 3-months. Learn Six Sigma and Lean tools to improve your company’s bottom line. You will also receive coaching specific to the process improvement project you bring to the course. A previous course participant had an inventory reduction project result in $150K in cost savings over 12-months.

**Sales Process Mapping Workshop**  
June 21, July 18,  
Aug 24, Sept 26  
Locations: Meadville, Erie,  
St Marys, Titusville  
If you are frustrated with your organization’s inconsistent sales performance or low percentage of wins, it may be because you need to create or refine your sales process. This 1-day workshop will help your organization become more proactive, qualify leads more effectively, and stay in alignment to your customers buying process both procedurally and behaviorally for greater efficiency. With built-in milestones, world class best practices, verifiable outcomes and sales tools in your newly mapped sales process, you’re ready to advance opportunities with a higher probability of success leading to increased revenues and improved profitability. Bring a team to begin this creative process. A company specific onsite workshop is also available for 5 or more employees.

**IATF 16949:2016 Internal Audit**  
Aug 8-10  
Location: Erie  
Training of this automotive standard will provide understanding of quality management principles in context with ISO 9001:2015 and the IATF 16949:2016, along with techniques of process-based auditing. Compliance to this new standard is required by Sept. 2018.

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For more information or to register for training, visit www.nwirc.org