NIST Opens Competition to Fund Manufacturing Centers
by Bob Bengel, NWIRC President/CEO

In late January 2016, the National Institute of Standards and Technology (NIST) opened a competition to award new cooperative funding agreements for its Hollings Manufacturing Extension Partnership (MEP) centers in Pennsylvania, Alabama, Arkansas, California, Georgia, Louisiana, Massachusetts, Missouri, Montana, Ohio, Puerto Rico, Utah and Vermont. U.S.-based nonprofit institutions or organizations, including existing MEP centers, are eligible to participate.

The competition continues a multi-year effort to provide MEP with the opportunity to reset the funding levels in its nationwide network of centers and match the funding to the centers’ current needs. To date, two rounds of competitions have been completed and new awards have been made for MEP centers in 20 states.

The awards provide half of each center’s first-year operating funds, which the centers must match with funding from non-federal sources. MEP anticipates awarding a total of nearly $39 million for up to 13 centers in these locations. The cooperative agreements have a five-year period of performance and continued funding for an additional five-year award may be made by MEP.

The NWIRC, along with its partners in the statewide Industrial Resource Center Network, are participating in the Pennsylvania competition as existing MEP centers. Key steps in the process include:

- January 26, 2016 – Announcement of Federal Funding Opportunity
- February 23, 2016 – Information Webinar #1
- March 4, 2016 – Information Webinar #2
- April 25, 2016 – Due Date for Proposals
- April – June/July 2016 – Review, Selection and Execution of Awards
- October 1, 2016 – Target Start Date

Full details on the competition and award process can be found in the Federal Register Notice.

R&E Tax Credit for a New Process
by Kevin Oviatt, McGill, Power, Bell & Associates

By now, I am sure you have heard of the Federal Research Credit and how it can benefit your business, especially if you create new or improved products. The Credit has been discussed at length during the latest rounds of new tax laws, including how the United States rewards its many innovative companies with tax incentives to combat global competition. The recently passed PATH Act (Protecting Americans from Tax Hikes Act of 2015) finally made the Credit a permanent fixture of the Internal Revenue Code.

If you couple the Credit with the other significant tax incentives for manufacturers, namely Section 179 (now permanent), the Section 199 manufacturer’s deduction and the temporary bonus depreciation, it’s easy to deduce that this may be the best taxing framework for capital intensive manufacturers that we have seen in a very long time, if not ever. Improving the tax laws for manufacturers has been a very important objective (albeit a slow progress) of lawmakers because of the inherent value of having manufacturing businesses and the stable job markets they create. That’s all well and good, but the question you need to ask yourself (or your accountant) is whether or not your business is taking full advantage of the tax incentives available.

If you previously looked into the Federal Research Credit and decided it was not for your business, I believe it is time to take a fresh look.

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R&E Tax Credit for a New Process (Continued from page 1)

One of the great myths is that the Credit is only for the large companies that create “brand new” products. The Credit is intended to incentivize businesses’ activities that undertake for the purpose of discovering information (research) that is intended to be useful in the development of a new or improved business component. The term ‘business component’ encompasses many different things, including product, technique, formula and, most importantly, process.

The inclusion of processes as a business component is very beneficial for all businesses, particularly in our region. Our region is rich with a diversified manufacturing base, including manufacturers who are principally custom/contract manufacturers, or job shops. In most instances, job shops are not the originators of a product’s design or purpose. However, job shops are often tasked with designing and developing a non-existent manufacturing process to bring products (or product components) to commercial production. Commercial production is a very important point in time for the Credit because the regulations state that all qualified activities can accrue related costs (more costs equal more Credit) up and to the point of commercialization; therefore, the qualified activities include not only the innovative design and creation of a new product, but also the development of the manufacturing process to bring that product to commercial production.

In addition, the regulations were re-written recently to remove the onerous “discovery test”, which required businesses to essentially prove that their new or improved business component was not already established in the marketplace; obviously a daunting task. Accordingly, with the removal of the “discovery test” rules, a business component (product or process) only has to be something not already developed by your business.

So, where does that leave us? If your business is often working on the development of manufacturing processes for products your business has never developed before, your business would most likely benefit greatly from the Credit.

Kevin Oviatt is a Partner at McGill, Power, Bell & Associates, LLP, joining the firm in 2004. He is a member of the firm’s Manufacturing Services, Research and Experimentation Tax Credit, and Business Valuation and Litigation Support Groups.

Accelerate Your Technology Innovation Projects Now

If you’re trying to solve operational problems through technology, or are looking to develop new products and capabilities, the NWIRC’s Technology-Driven Market Intelligence (TDMI) and Technology Scouting (TS) services can help.

TDMI is a systematic research process to help identify new markets, new prospective customers, and help size up opportunities for newly developed products or methods. TDMI services can also identify adjacent markets for existing novel technology products.

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For more information, case studies, and client testimonials visit www.nwirc.org or contact Mike at mgriffith@nwirc.org.

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April 28, 2016: Setup Reduction/Kaizen/Kanban

Community Education Council (CEC)  
4 Erie Avenue, St. Marys, PA

Details at www.nwirc.org/events.
Building Success with an IT Strategy
by Joe Kloecker, Lakeview Consulting Services

As you develop plans to enhance company performance in 2016, consider the role that Information Technology (IT) will play over the long term. Prior to embarking on any specific IT project, you should build an overall strategy that includes technology initiatives geared to your business needs and ability to spend.

Managed IT

One approach to containing costs, while still providing a secure operating environment, is to consider managed services. This is the practice of outsourcing day-to-day IT management responsibilities as a method for improving operations and cutting expenses. Allowing IT professionals to monitor and maintain your network 24/7 will ensure error-free operations and enable you to focus more on business needs. Security requirements can also be managed by an experienced outside source. With new cyber-attacks being launched every day, a managed services company will keep your data and systems secure by taking steps to ensure their safety, confidentiality, and availability.

Cloud

Another growing alternative is to move your data and infrastructure to the cloud. This has the potential to remove a large portion of non-business related responsibility from your organization. Cloud services are designed to provide easy, scalable access to applications, resources, and services, and are fully managed by a cloud services provider. With a cloud service, there’s no need for your company to deploy its own resources or allocate IT staff to manage the service. A few examples of cloud services include online data storage and backup solutions, web-based e-mail services, hosted office suites, document collaboration services, database processing, and managed technical support services.

Website

This year may also be a good time to reflect on future opportunities for your website. Hopefully your website has been helping you to sell your products, find new customers, or partner with your distributors. But there are a host of advanced functions for manufacturing websites. Here are just a few ideas: 1) online warranty registration, 2) product demo videos, 3) configuration calculators, 4) online safety training, and 5) replacement parts ordering. Increasing the functionality of your website can build a stronger relationship between you and your customers and also improve search engine optimization (SEO). Many organizations have used their website as a competitive advantage to grow their business.

Our region has experienced the growth of competent IT support organizations to support your needs. These companies are capable of providing valuable advice and services to assist with any of the above initiatives. The NWIRC is also ready. Since many of these strategies involve some labor or services component, your company might obtain partial funding through the NWIRC’s IT KickStart Program. To learn more about this offering, please contact your NWIRC Business Advisor for information on IT assistance services.

Joe Kloecker, Owner of Lakeview Consulting Services, has over thirty years’ experience advising a range of organizations, from small start-up businesses to large international manufacturing companies, in selecting appropriate software and planning for disaster recovery and business continuity.

2015 Annual Report

Each year, NWIRC works with manufacturers in 13 counties of Northwest Pennsylvania to help accelerate technology and business growth. A snapshot of client feedback and impact of completed projects is reviewed in our recently published 2015 Annual Report. See the Annual Report at www.nwirc.org/about.
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:

Tom Weible  
814.590.5202
Cameron, Clarion, Clearfield, Elk Jefferson, McKean & Potter Counties

Susan Hileman  
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Crawford, Forest, Mercer & Venango Counties

Ed Barthelmes  
814.923.3084
Erie & Warren Counties

UPCOMING EVENTS

ISO 9001:2015 Management Transition  
April 12  
Location: St Marys  
This 3-hour course reviews how ISO 9001:2015 will impact your current Quality Management System (QMS), stressing the new requirements and what changes to make as a result of the transition. Geared for owners; executive leadership; department management; and process owners.

ISO 9001:2015 Internal Audit  
April 5-7 and May 24-26  
Locations: Erie and Meadville  
The revised ISO 9001:2015 was recently published, so this 3-day workshop will provide a detailed review of the quality standard and all the changes. Participants will learn how to conduct an audit, write the audit report, take corrective actions, and more.

Calibration & Using Measuring Equipment  
April 13-14  
Location: Erie  
This 2-day workshop features gauging and measuring techniques which guide the continual improvement process within an organization. This course will help improve the competency of individuals who determine if a product meets requirements.

Management Quality Tools Certification  
Begins May 3  
Location: Erie  
Give your employees, who are responsible for quality, the tools they need for continuous improvement. This multi-day course can be taken as a certification or as individual course offering. Topics include: Failure Mode Analysis, Root Cause Analysis, Statistical Process Control and more.

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