Manufacturing is Now
by Bob Zaruta, President/CEO, NWIRC

Last month, I wrote about the Manufacturing Extension Partnership (MEP) as a tool to strengthen manufacturing and the importance of keeping the program in the Federal and State budgets. On the heels of a successful trip to our Nation’s Capitol, and prior to going to press with this May newsletter, I was finalizing plans for Manufacturers Hill Day in Harrisburg scheduled for April 25th. Manufacturing executives from across the state, including several from the 13-county footprint served by NWIRC, are confirmed to make the trip. We’ve made arrangements to meet with the Senators and State Representatives from their respective Districts. Once again, the mission is for the manufacturers to share their first-hand experiences of working with an MEP center and the impact it has had on them and the community. This month, I share data to back up the work that MEP Centers do, but this time on the State-level.

An independent analysis performed by the Fors Marsh Group, an applied research firm based in Arlington, Virginia, credited the PA Industrial Resource Centers (IRC) program with helping to create and retain 5,943 manufacturing jobs in 2016. Companies participating in engagements also recognized $775.1 million of additional revenue, invested $174.4 million in modernization or expansion within Pennsylvania and realized $61.8 million in operating cost savings. These results were accomplished by the IRC Program’s seven centers including NWIRC, Catalyst Connection, DVIRC, IMC, MANTEC, MRC, and NEPIRC. Collectively, we cover every county of the Commonwealth.

These results represent the summation of client-reported IRC engagement impacts gathered by the Fors Marsh Group through a voluntary survey process. Survey participants identify the impacts as direct results of IRC engagements. Results are subsequently reported to the Pennsylvania Department of Community and Economic Development and the U.S. Department of Commerce, each of which funds a portion of IRC operations.

As part of another study, IRC Program outputs are being analyzed by the Regional Economic Studies Institute of Towson University. Preliminary results of that study suggest that IRC engagements added nearly $3.75 billion to PA in 2016 and provide a return of $14.42 to the PA treasury for each $1 invested in the program.

From these statistics and personal messages from manufacturers in the region, I am optimistic that our State and Federal legislators will see the benefits of the program’s continued financial support. #MFGisNow!

Congressman Kelly Visits Onex, Inc.
U.S. Congressman Mike Kelly toured Onex, Inc in Erie on April 19th to see their new facility and hear about the positive impact for growth they’ve seen from several projects working with the Northwest Industrial Resource Center (NWIRC).

Onex President, Ashleigh Walters, along with NWIRC President Bob Zaruta, traveled to Manufacturers’ Hill Day in Washington D.C. last month to advocate for the MEP network. At that time, Walters invited Kelly to tour their plant in Erie next time he was in the area. During the tour, Walters stressed that creating jobs at small manufacturers is not just good for that company, but also all the companies in the supply chain.

Onex started in 1965, and has grown into a furnace service provider that includes combustion services, refractory linings, and shop fabrication for all heat intensive industries and plans to double its growth in the next 5 years.
What Does It Mean to Prepare for Transition?

by Susan Hileman, NWIRC Strategic Business Advisor

You’ve worked a lifetime to build your company, but at some point you will exit the business...voluntarily or otherwise! Does the thought make you nervous? It shouldn’t. Not if you’re running your business as if you won’t be there someday. How can you better prepare for what’s ahead?

**Position your company to succeed.** Too often owners work in their business, but not on their business. Potential owners (whether children, employees or an outside buyer) don’t want your company if it’s only going to succeed with you in it! Having a solid plan which positions the company to move forward profitability is simply good business. Regular evaluation of benchmarks and key performance indicators (KPIs) will help identify areas for improvement and growth—as well as red flags. The State of Ownership Readiness Survey Report states “Only 2 out of every 10 businesses that come to market actually sell...” So position the company to succeed. Run your business as if you’re going to sell it, even if you’re not!

**Understand the value of your business.** Many owners, understandably, postpone having a formal certified valuation completed until late in the process. They have in mind a dollar amount for the overall business, but fail to break down that value into key functional components. As a result, opportunities to grow the market value are missed during the final years leading up to a transition. Well before a certified formal appraisal is in order, owners should look to obtain a ballpark of the business valuation. In addition to assets of building and equipment, other value-drivers can and should be identified and a plan developed to improve those with the greatest potential impact. As an example, the IRCs CoreValue assessment tool identifies value-drivers including goodwill, the company’s brand or reputation, obligated orders or contracts showing sustainable cash flow, intellectual property or royalties, a diversified customer base, next-level management, and/or strong financial foresight or controls. From a buyer’s perspective, the risk of purchasing your business is, in large measure, a function of how well the business is run. A buyer might be willing to pay additional funds for potential earnings if there is a significant assurance the ROI is valid.

**Consider what you’re going to do with your time once you retire.** Baby Boomers often identify their self-worth through their work. As a culture, we are conditioned to feel valuable, contribute, and have structured time. It’s estimated over 68% of business owners work more than 40 hours per week and 32% work more than 60 hours per week. So take some time to really dive into, what will the next chapter of your life look like? Where will you invest your time? Travel? Grandchildren? Golf? Perhaps join the Senior Corps of Retired Executive (SCORE) mentoring other start-up businesses? Begin divesting of your time into other interests while you’re still working. Take the fear and uncertainty out of “what” will happen by being proactive about looking at your options for the next chapter of life.

**Have a plan.** Too often that’s the elephant in the room. You might say, “Yes, of course I have a plan.” To which I would reply, “Is it in writing? Have you talked to the others involved? Do your key employees know what the plan is? Your children? Your spouse?” We find many business owners have a retirement plan or concept of a plan in their head, but have not fully developed or shared that plan with those around them. The longer amount of time you have to plan, the more efficient the transition will be when the time does come for you to exit your business. And the easier it is to make changes as unexpected situations occur.

Truth be told, a great plan starts about 5 years before you’re really thinking of retiring. Understanding and building the value of your company will position it to succeed—even if your plan is to live forever! The NWIRC can help owners navigate the unknown and prepare for what’s ahead. It begins with a simple conversation.

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.

The Importance of an Outside Perspective

by Susan Mayer, MS CFS
Innovation Advisor, RTI International

I love the diversity of regional manufacturers- from established companies started in the 1800s, to entrepreneurs with no manufacturing experience but lots of guts and vision, to family-owned and regional companies that are the backbone of so many communities. Even with a wide range of industry type and company size, there’s a lot in common – striving to make great products faster, safer,
and more useful, utilizing more technology – but sometimes hitting a road block or unexpected challenge. Maybe you have a great product and want to explore new markets but aren’t sure how to find and qualify them. Or the road block is a manufacturing problem that just can’t seem to be solved with your current processes and suppliers. You know there’s opportunity for your company if only you can meet this challenge. Consider this option: Go outside.

Yes, some fresh air can always clear your mind, but what I mean is look outside your organization and vendor circle to get a broader view. There are two good reasons to go outside.

Consider your resources: Your staff has the time and skills for the daily and even cyclical work, but probably no time for these challenges and roadblocks.

If you believe that you are staffed for the challenges too, then consider the second reason.

Get a different perspective: You are great at what you do and what your company does. When your challenge goes beyond that area of strength, you can meet it by utilizing resources that specialize in what you need – the expertise and ability to look beyond your company. A different perspective can find new market opportunities so you can then make sound strategic decisions for your business. An outside perspective can see your process challenges differently and search more broadly for solutions. I’m not suggesting a permanent staff addition – just contract these resources for the task and time you need them to solve the problem or move the roadblock.

What are your company challenges? Perhaps you need a technology solution for a manufacturing problem, or want to grow your products and technology into new markets? Consider joining the many companies across Pennsylvania and the country who have grown their business by going outside.

Mayer has over 25 years of experience in food industry manufacturing, product development management, and quality systems. As an Innovation Advisor for RTI International, she leads a wide range of technology projects for food and consumer goods companies. Mayer holds a BS and MS in Food Science from the University of Maryland, and is a Certified Food Scientist.

Side Note: Susan Mayer is a featured speaker for the Manufacturers Growth Conferences in St Marys (May 17) and Erie (May 18). She will share more information, along with case studies and resources, to help companies take the next step to market and product diversification. The event, hosted by NWIRC, is sponsored by PNC, Knox Law, and Ben Franklin Technology Partners.

Conference Keynote Speakers Offer Insights

The Manufacturers Growth Conference planned for this month in Erie and St Marys will offer education and insights. In addition to the informative sessions planned for helping manufacturers grow their people and revenue, special keynote speakers are featured to share their insights about business, people, and the region.

The conference in Erie will feature keynote addresses by Keith Szewczyk, CEO of Bliley Technologies and Rob Englert, Founder and Principal Designer of Syracuse NY company, ram industrial design (ram).

Szewczyk will focus on why growing people starts with a clear vision that has measurable success and is constantly communicated. He said, “communication is critical for the workforce, the market, and key customers. Leveraging collaboration platforms can allow you to transform your company into the culture that you are trying to drive. Culture is key to growth.” Englert, a Harborcreek native, will offer his story and insights of embracing technology during his presentation “Staying at the Forefront of an Uncertain Future”.

For the conference in St Marys, the keynote speaker is State Representative Matt Gabler. He will focus on benefits of living and working in North Central PA and the critical role of manufacturing.

The conference will be held in St Marys (May 17) and Erie (May 18) from 7:30am-4:00pm and is sponsored by PNC, Knox Law, and Ben Franklin Technology Partners. Find more details and register at www.nwirc.org/events.

PA State Representative Matt Gabler

Keith Szewczyk, CEO Bliley Technologies

Rob Englert, Founder and Principal Designer, ram industrial design
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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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UPCOMING EVENTS

ISO 9001:2015 Internal Audit  
May 9-11  
Locations: Corry  
This 3-day course will provide a detailed review of the quality standard, including the most recent changes. Participants will learn how to conduct an audit, write the audit report, take corrective actions, and more.

Failure Modes & Effects Analysis  
June 1  
Location: St Marys  
A failure modes & effects analysis (FMEA) is a helpful tool for companies to identify and manage risk (a critical aspect of the new ISO 9001:2015 standard). You will learn how to uncover potential failures before they occur, while investigating at-risk processes, components, or products.

Lean Champion Certification  
June 7, 15, 22, 29  
Location: Erie  
Learn the detailed principles of Lean over a 4-week period via hands-on training and individual assignments pertaining to your business. Creating a culture of continuous improvement involves leadership that will engage the entire organization. Becoming a Lean Champion can be the first step!

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.

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