Mfg Day is Everyday
by Bob Zaruta, President/CEO, NWIRC

Each October as Manufacturing Day approaches, I’m reminded that Mfg Day really does go on all year long and that you don’t have to be a manufacturer to agree. We all know that manufacturing is vital to the economy at the national, state, and local levels. A day doesn’t go by that there isn’t some sort of news (both positive and negative) about manufacturing on television or social media. There are many organizations, professionals, and funding opportunities in Pennsylvania that support our manufacturing community all year long in a variety of ways.

Manufacturing Day is a celebration of the people and products within industry and is an opportunity to increase awareness and change perceptions about manufacturing careers. Many companies in our region will open their doors on October 6th for students to see first-hand what today’s manufacturing is all about. NWIRC has supported this activity for years with small grants to assist schools with travel expenses. The Manufacturer and Business Association will again host one of the largest Mfg Day events in the country on Oct 11. Throughout the year, technical and career schools in Northwest and North Central PA work to prepare students to fill the skills gap. The Career Street program offers teachers and students manufacturing ‘experiences’ that are listed on their website. NWIRC supports the What’s So Cool About Manufacturing student video contest in North Central, and will introduce it for the first time to middle schools in Erie County this year. Onex, Inc in Erie plans to construct an outdoor classroom for Clark Elementary School to conduct STEM experiments, with support of other manufacturers and community sponsors. All of these activities will help inspire the next generation.

And, the list goes on. Gathering plastics manufacturers last month to discuss opportunities with the new cracker plant, assessments of companies seeing a reduction in Department of Defense (DoD) work, connecting manufacturers with export trade representatives, training assistance for new and current workforce, offering a STEM intern to work on a process improvement project, providing a process for finding new business, developing apprentice programs, offering a working group in support of a Lean culture...this is just some of the assistance that regional organizations, associations, and industry partnerships provide manufacturers all year long.

We salute all of the companies, their employees, and organizations who keep manufacturing top-of-mind all year long. So Mfg Day can come and go, but for so many of us, Manufacturing Day truly is every day.

Closing the Books
By Jean Cunningham, President
Jean Cunningham Consulting

After 10 years of lean accounting consulting, I continue to think holding an improvement event focused on ‘closing the books’ is a great entry point for those in the accounting function. The activities associated with closing the books each month touches on nearly every process in the company and certainly is an opportunity to free up capacity in the accounting department.

In its purest sense, there should not be any need to ‘close’ the books. (OK, don’t let me lose you here...) Instead, institute an ability to look at results based on transactions properly and timely entered throughout the month. For instance, ability to see the invoices created due to shipment of goods or delivery of services in real-time. Or, the obligation of wages due from time worked. Or, the levels of inventory due to stock increases and decreases. However, to reach this utopia is not always realistic. But, it would be much more realistic and valuable to the company than what most accounting departments publish today.

Let me offer a few benefits of starting the lean journey in accounting with ‘closing the books’:

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1. Detailed maps of the sequence of work used to make waste reduction adjustments within the accounting processes
2. Increase or decrease the frequency of review. Daily review for daily transactions, and quarterly review for quarterly transactions. Match the work to the actual flows
3. Use set-up reduction to move work out of the closing time window
4. Identify causes and sources of correcting entries which is a window upstream for the need for process improvement across the organization
5. Simplify accounting terminology so that users of the statements better understand the meaning of the reports
6. Simplify the accounting for inventory and other GAAP-based requirements to meet, not exceed requirements
7. Listen to the voice of the customer, the users of the closing information. Find out what additional information would be helpful and what information is no longer helpful.

The outcome of ‘close the books’ improvement (kaizen) events will result in immediate reduction of lead time, immediate capacity creations, and a view of what is possible over the longer term.

By starting with ‘close the books’, the accounting team will have a new respect for the importance and value of their time and energy as they start to be consultants to the overall organization.

Jean Cunningham is President of Jean Cunningham Consulting and former CFO of two manufacturing companies. She is co-author of Real Numbers: Management Accounting in a Lean Organization, as well as other books.

Side note: NWIRC will host a Lean Accounting course with instructor, Jean Cunningham, on October 24th in Erie.

Succession Planning: Why Here – Why Now?

by Susan Hileman, NWIRC Strategic Business Advisor

Did you know there are approximately 2,100 manufacturers in Northwest PA? Similar to national averages, the vast majority of those (64%) are companies with less than 20 employees. The average age of an owner in the U.S. is 50 years old and average age of manufacturing employee in Northwest PA is 56 years old. Baby Boomers are retiring at a rapid pace, yet statistically only 30% of all family-owned businesses survive into the second generation and only 12% will survive into the third generation. So... what do you think is going to happen over the next 10 years?

Added to this, the Family Business Institute notes “88% of current family business owners believe the same family or families will control their business in five years, but succession statistics undermine this belief. Research indicates that failures can essentially be traced to one factor: an unfortunate lack of family business succession planning.”

So why here—why now? Because we want our regional manufacturers to continue to be successful, continue to employ workers, and continue to grow their customer base and be profitable. Succession Planning is more than just ownership and control. It’s also more than ‘just’ transitioning your business to the next generation. It’s a holistic approach for developing a plan to minimize the risk of failure or falter of the business and a way to position the company for its greatest success.

We often hear (and believe), “people are your greatest asset”. Succession planning includes developing a plan to communicate the changes within the business and gain the trust of your existing employees to retain and grow talent. This is especially true when it comes to identifying and developing your mid-level [team leads, supervisors, managers] bench-strength. The “domino effect” of transitioning key positions within a business means you not only need to ensure the right person (or people) are chosen to assume leadership, but also ensure those who fill the gaps have the tools and knowledge they need to succeed.

Succession Planning can also help to:

- Look for gaps around responsibility and accountability
- Determine what knowledge, skills and abilities are needed to perform each role
- Consider potential challenges, industry movement and pitfall scenarios
- Develop a clear understanding of who does what and who reports to whom
- Ensure the company is prepared to address rapidly changing technology as well as the changing workforce
- Compare best practices in organizational development to other manufacturers
- Begin planning your legacy and spending time in the next chapter of life
You are the experts about your business. NWIRC helps guide the process so strengths remain strong and challenges are addressed. So again, “why here—why now”? Because we want to help minimize the risk of faltering, keep our regional economy strong in manufacturing, and help your company be one of the 30% who succeed... regardless of whether that’s transitioning to a family member or an outside buyer.

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.

Sintergy, Inc: Innovative Improvements via STEM Internship

Sintergy Inc. was founded in 2003 and is a world class manufacturer of custom engineered powder metal components located in Jefferson County. These components are used in a variety of manufacturing industries, some of these include: automotive, agricultural equipment, lawn and garden, consumer products, and appliances. The company had been using a cumbersome manual process to manage statistical process control that is prone to operator error and doesn't provide timely information. They wanted an automated system for tracking statistical process control to alert operators, in a timely fashion, about out of process control capabilities. NWIRC helped Sintergy scope a project for a student intern to address this issue.

Through NWIRC's STEM Internship Program, an engineering student was selected to work on the project to improve quality and process control by implementing new equipment and procedures for measuring, recording, and analyzing product and process data. The goal of the project was to reduce process variation and improve the part re-work rate from about 3% annually to less than 0.5% annually. Specifically, the requested Quality Engineer Intern focused on: 1) identifying best practices, equipment and available technologies to measure, record and analyze process control variables with minimal operator input; 2) procuring and implementing the best-fit solution; and 3) developing, implementing and training employees on improved procedures.

The intern successfully completed the project objectives and continued to work with Sintergy while attending school. “Matt really stepped up to become a valuable Sintergy team member. With his assistance on SPC and data collection, we are leaps and bounds ahead of where we were just a year ago,” said Sintergy CEO, Rick Young. As a result of this work, Sintergy anticipates a $200K increase in sales over 12 months, creating 3 new jobs, cost savings of $30K, and an increased investment of over $100K in the shop.

Side Note: Now that college is back in session, NWIRC has hit the road to attend the career fairs that have already begun. These events provide the opportunity for NWIRC to meet one on one with students who are interested in a manufacturing internship.

If your company has been putting off a project, process improvement, or other initiative, NWIRC can assist in matching your objectives with the ideal student's skill-set and work interests. Contact Michael Griffith, (814) 898-6882, for more information.

UPDATE: What’s So Cool About Manufacturing? (WSCM)

We are excited to announce that there are 12 middle schools participating in Erie County this year. The program is a student video contest that captures images of local manufacturing environments and cool careers through the eyes of 7th and 8th grade students. Stay tuned for an announcement of the participating schools and their sponsoring manufacturers. Be sure to follow the journey on social media.

Thank you to program sponsors, Merrill Lynch, Marquette Savings Bank, McGill Power Bell & Assoc, Lillis McKibben Bongiovanni & Co, Haines Printing and Erie County Technical School. Contact us if your company would like to get involved at (814) 898-6888

NWPA MFG Advanced

Save the date! The National Tooling and Machining Association (NTMA) Northwestern PA Chapter, along with Neff and NWIRC, will host “NWPA MFG Advanced” on November 17th from 10:00am-3:00pm at the Ambassador Conference Center in Erie. This event showcases vendors in automation technology, robotics, and advanced manufacturing for a smarter production floor.

Watch for more information 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:

Tom Weible  
814.590.5202  
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Jefferson, McKean & Potter Counties

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Crawford, Forest, Mercer &  
Venango Counties

Ed Barthelmes  
814. 923.3084  
Erie & Warren Counties

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Upcoming Events

ISO 9001:2015 Internal Auditor  
Oct 17-19  
Location: Erie  
This 3-day course will provide a detailed review of the ISO 9001:2015 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  
Oct 18  
Location: DuBois  
A failure modes & effects analysis (FMEA) helps uncover potential failures before they occur...while investigating at-risk processes, components, or products. Learn how to conduct and analyze FMEAs and add this to your quality management toolbox.

Lean Accounting  
Oct 24  
Location: Erie  
Learn the role of management reporting information and the accounting team to support a lean transformation. Jean Cunningham, previous CFO of two manufacturing companies and author of Real Numbers, combines lecture, discussion, and simulation to cover the learning objectives.

Statistical Process Control (SPC)  
Oct 24  
Location: Corry  
SPC is another tool for your quality management system. This hands-on class teaches integrated SPC charts, how to select and use the proper control chart, and establish control limits. Exercises will demonstrate data gathering, constructing the control chart, and continuous monitoring.

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