Focus on the DoD Supply Chain

by Bob Zaruta, President/CEO, NWIRC

Several economic development partners within NWIRC’s 13-county footprint will soon begin an initiative aimed at assisting companies impacted by declining contract revenues from the Department of Defense (DoD). Their mission will involve a comprehensive analysis and evaluation of manufacturers within the DoD supply chain. This includes exploring challenges and opportunities with operations, workforce, and diversification efforts. The end goal of their outreach will be establishing a plan and linking the company with the regional expertise needed for implementation. The outcome of these evaluations may point to a need of finding new customers in current private sector markets or the need to diversify into new markets altogether, whether known or unknown. NWIRC is here to assist the leads of this initiative and the participating companies in a variety of ways. Here are just a few:

- Small companies often don't employ an inside sales team with the time and skills required to find potential new customers. Through Revenue Growth Services, manufacturers gain the benefit of NWIRC resources to fine-tune value propositions, research prospects, execute an outreach campaign, and secure qualified leads for the company to pursue. Technology-Driven Market Intelligence (TDMI) is a process for conducting market research that can find new market opportunities for a company’s product or process.

NWIRC recently worked with a company in St Marys, PA to research new markets for their product and identify prospects. We identified 14 potential markets and narrowed to the 5 being most viable. The final deliverable included 10-20 prospects within each market. The company’s sales team then got down to business and the first 2 leads contacted became customers. They have seen continued success from this work.

If your company is within the DoD supply chain with a significant percentage of your business relying on this work or you’ve already experienced at least a 5% loss in revenue, it is worth your time to explore. While the initial focus of the DoD initiative may begin with prime contractors, major emphasis will be given to 2nd and 3rd tier suppliers that aren’t always as obvious. If you are a company in NW PA and know (or think) you are within the DoD supply chain, NWIRC can assist in making the connection to the appropriate contact in your region to complete the evaluation process and explore opportunities.

On a similar note, NWIRC and many other economic development resources are available in northwestern PA to help companies grow their business...whether in the DoD supply chain or not. We are here for you, so proactively loop us in before you actually start to see any sort of negative change in your business.

Solar Atmospheres Makes Impact with 2 Second Lean

By Molly Reichard
NWIRC Training & Event Coordinator

Solar Atmospheres, a Hermitage PA manufacturer specializing in vacuum heat treating, is a member of NWIRC’s Lean Together™ working group in Mercer County. Company President, Bob Hill, embraced the 2 Second Lean methodology immediately at the group’s first meeting in April. After that initial session, Hill purchased the book, 2 Second Lean by Paul Akers, for all of his employees and began to implement.

“2 Second Lean has taken the critical identification of waste out of management’s hands and put it into everyone’s hands,” Hill said. “The front-line staff now identify problems and waste; they own it and they fix it. The buy-in starts at the top. When employees present a 2 Second Lean initiative that requires capital, we support the improvement by purchasing what is necessary – and we do it quickly! By seeing these prompt actions, the employees now understand how important this is to our business. They see that management is serious and totally committed to improving and eliminating waste.”

continued on Page 2
Continued from Page 1

Solar Atmosphere’s staff members have found approximately 200 improvements and fixes since starting this journey, and each of them have seen action. A great example of one of their simple fixes involved heavy metal baskets that were stacked on pallets on the floor. Workers would lift these stacks and place them onto a cart to move around the shop floor. The bending and repetitive motion, while lifting heavy objects, was a risk for future injury. Their improvement was to keep the pallets on wheeled carts with a spring-loaded shelf. This simple change eliminated the need for heavy lifting. They took it one step further and added their own modification to the carts to allow for fork lift transportation.

Before:

After:

Solar Atmospheres, as well as many other companies participating in the Lean Together™ working groups are enthusiastic about the results they are seeing by fixing ‘what bugs them’. A new Lean Together™ working group is forming in Elk and Clearfield counties to begin in October. For information and to join, call (814) 898-6888.

Sustaining Your Business Long-Term
by Susan Hileman, NWIRC Strategic Business Advisor

I recently heard an employee say, “I’ve been here a long time, and I’ve really enjoyed working for (the owner), but when he leaves, I’m outta here!” In manufacturing, each owner brings their own personality and skills to the table. Making a mistake in deciding who will continue the leadership of your company can be costly, resulting in the loss of well-qualified employees, customers, and suppliers. Owners must be able to position the company for transitioning to the next generation (or buyer) successfully and seamlessly, especially when the business itself is the retirement plan. So how can this be done?

• Step back early. Your business must become LESS dependent on you running it. The more your business can operate without you at the helm, the more options exist for planning your own retirement. Ideally, together you set objectives and allow the next generation to take on more and more responsibility—while you step back from the decision-making process to take on a more advisory role in the business.

• Assemble your best team. The most successful businesses have an engaged team of employees, who may or may not be family members, but who are empowered with both the responsibility and the authority to make decisions independently. Qualified employees, customers and suppliers are much more likely to stay in place, even during a major leadership transition, when they know the company will continue to move forward “business as usual” without obstacles.

• Maximize your potential cash flow. Even if passing the leadership of the company to your sons or daughters, you’ll want to increase efficiencies and diversify. Get expert help with process improvements. Reduce over-reliance on any one single customer—ideally, less than 15%. Evaluate your competitive advantages and differentiation. (There IS a reason customer’s buy from you and not your competitor. If you don’t know what that reason is, find out!) Then provide expert customer service to your top customers to ensure they will not be at-risk of becoming inactive. These efforts will help maximize the cash flow in the business to continue operations during the transition.

• Build value. The single biggest area of success—for both family owned businesses and non-family owned businesses—is found in “positioning”. This means taking the time to plan and then act on those plans. Build the value of your company while you’re actively running it. Using CoreValue or a similar business valuation tool can help determine where to achieve the highest growth objectives with the lowest potential risks. You can then break those areas down into smaller goals. Assign metrics to help you see when you’re achieving those goals or falling short. Then adjust the goals as needed to steer back on track and build the value of the company over time, positioning it for a strong transition or sale.

continued on Page 3
Can You Survive a Ransomware Attack?

by Mike Estrich, Technology Strategist, Techworx

“What just happened?! How do we fix this? And, what is a bitcoin?” were the first words, albeit slightly more colorful, out of our client’s mouth four years ago when they fell victim to a crippling ransomware attack in the middle of their busy season. For those of you unfamiliar with ransomware, it’s a computer virus that will encrypt all of the shared drives on your network and demand ransom for thousands of dollars paid in bitcoins to unlock it. In this case, the ransomware encrypted the company’s server. A server that over 60 employees needed access to on a daily basis in order to remain productive.

Luckily for our client, they had a hybrid onsite and cloud backup solution in place that allowed us to easily recover their data and remove the virus with minimal downtime. The unlucky part was that their employee had manually bypassed multiple security features to open a quarantined email to cause the infection. But what would have happened if they didn’t have a verifiable backup solution? What if they lost all their data? Imagine what the financial impact would have been to their business and what it would have taken to recover if they weren’t proactive with protecting themselves. In fact, 60% of companies that fall victim to ransomware close their doors within 6 months of the attack because the impact is unrecoverable. And like the company in this example, 90% of cyber attacks are due to human error.

Many companies are worried about complying with the new NIST cybersecurity requirements for defense and other government contractors by the end of this year... because the regulations seem very daunting. But the reality is that 85% of the regulations are simply ensuring that a standard is met. This standard should be considered a best practice requirement for your business, non-profit, or government entity to protect your company data, your clients data, and your personal data. The remaining 15% of the regulation pertains to creating processes and procedures to mitigate human error.

Mike Estrich has worked in business development and management for over 16 years. He received a Bachelor of Science Degree in Financial Economics with Specialization in Industrial and International Trade from the State University of New York at Binghamton.

Side Note: NWIRC, Clarion SBDC, and Northwest Commission PTAC will host a Cybersecurity Bootcamp on September 13th in Clarion. The program will provide training and an open discussion about developing a cybersecurity framework and the new DFARS cybersecurity requirements. More details at www.nwirc.org/events.

Plastic Manufacturing Supply Chain Meeting

The plastics industry in northwest PA is anticipating supply chain growth with the addition of the Shell cracker facility in Beaver County, PA. An invitation is being extended to leaders of plastic manufacturing companies in northwest PA to discuss whether an industry-led sector partnership is in order to share challenges, provide input, and set priorities for sector growth as a result of this unique opportunity. A facilitated meeting, sponsored by Department of Community & Economic Development (DCED) and the Department of Labor (DOL), will be held in Erie on Sept. 12th from 8:00am-11:00am. The meeting will include discussions on education, workforce development, and ensuring competitiveness within the plastic industry. The meeting location is Penn State Behrend (Knowledge Park), 5451 Merwin Lane, Room 215A (parking passes are not needed). There is no commitment required or cost to attend. If interested, RSVP to lhummer@keystoneecce.org by Sept 7.

Building Bridges and Developing Women in Leadership

Mark your calendar for the next Women in Manufacturing (WiM) Pennsylvania Chapter Meeting to be held in Erie on Sept 28th with guest speaker Cheri M. Phyfer, President, Consumer Brands Group, Sherwin Williams. See all the 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:

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

Susan Hileman 814.572.2077
Crawford, Forest, Mercer & Venango Counties

Ed Barthelmes 814. 923.3084
Erie & Warren Counties

UPCOMING EVENTS

Failure Modes & Effects Analysis
Sept 12
Locations: Meadville
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.

ISO 9001:2015 Internal Auditor
Sept 12-14
Oct 17-19
Location: St Marys, Erie
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.

Sales Process Mapping Workshop
Sept 26
Locations: Titusville
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.

IATF 16949:2016 Internal Auditor
Oct 3-5
Locations: 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.

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