Lean Together™
Momentum Continues

by Bob Zaruta, President/CEO, NWIRC

Over the last several months, participants of NWIRC’s Lean Together™ have seen several milestones. The first Lean Together™ 1.0 working group from Erie/Crawford Counties graduated in December, the Mercer County group reached their mid-term, and a new working group from Elk/Clearfield Counties launched with a special field-trip to Viking Plastics in Corry. It’s been exciting to hear the positive feedback from the company participants who are implementing 2 Second Lean improvements. Dean Madasz, Chief Operating Officer at Thompson Fabricating, Inc. told us that not only has the program helped them make improvements to their production process, but it has also been a building block for the organization to build a culture focused on teamwork, ownership of mistakes and improved safety awareness. Bob Hill, President of Solar Atmospheres, said, “2 Second Lean has taken the critical identification of waste out of management’s hands and put it into everyone’s hands. The front-line staff now identify problems and waste; they own it and they fix it. The buy-in starts at the top.”

But it doesn’t stop there, we’re looking forward to even more collaborative learning among manufacturers in northwestern PA during 2018. We’re starting a new Lean Together™ 1.0 cohort for manufacturing companies to study and implement concepts from the book, *2 Second Lean*, by Paul Akers. The program agenda provides a structured approach with practice and collaborative learning along the way. For companies who have already graduated from 1.0,…Lean Together™ 2.0 will focus on growing people for advancing continuous improvement and 2 Second Lean initiatives. Each month, different subject matter experts will build upon your company’s efforts with topics like strengthening the culture of continuous improvement; generational diversity; leading without authority; critical thinking; getting training to stick; and key performance indicators…. to name just a few. For the April kick-off meeting, we’re excited to welcome industry expert, Stephen Ansuini, founder of Employee Development Center. Ansuini worked with Toyota Motor Manufacturing for over 20 years. His company provides lean manufacturing training to Fortune 500 companies and worked with Purdue University Polytechnic to establish a Lean Environment Simulator (LES). We’re also planning a panel discussion among manufacturers who have successfully implemented a company ‘academy’ or ‘university’, along with some guiding factors to help companies get their own internal business school started for their employees. Companies participating in Lean Together this year will also benefit from two on-site assistance sessions to help implement some of their ideas and find new ones. Per request, we’re also adding a Lean Together™ CEO Roundtable for company leaders to participate quarterly in confidential peer to peer discussions, share successes of their company culture to help others, gain insights, test ideas, and stay connected with other companies pursuing 2 Second Lean.

We’re passionate about keeping the momentum rolling and can’t wait to have more manufacturers in the region ‘lean together’!

Tax Reform: Changes Ahead for Manufacturers

by Michael S. Neubauer, CPA, CVA, MBA
McGill, Power, Bell & Associates, LLP

The recently passed Tax Cuts and Jobs Act (“Tax Act”) is the most significant tax reform our country has seen in over 30 years. While most of the provisions don’t apply until tax year...
Continued from Page 1

2018 (which won't be filed until 2019), it is essential to be aware of them now so strategic decisions can be made throughout the year with this new tax law in mind. The number of changes resulting from the Tax Act cannot be understated. Below is a summary of a few items that will have a significant impact on manufacturing businesses and their owners.

For those doing business as a C Corporation, the federal corporate tax rate has changed from a graduated rate structure to a flat rate of 21%, representing a tax cut for corporations that have taxable income exceeding approximately $91,000. Additionally, the alternative minimum tax for C Corporations has been repealed.

If you aren’t doing business as a C Corporation, don’t worry, the new tax law has provisions for you as well. In addition to reduced individual tax rates which saw the top rate drop from 39.6% to 37%, the Tax Act also allows for a deduction generally equal to 20% of “qualified business income,” which includes income from partnerships, S Corporations, LLCs, and sole proprietorships. There are several limitations associated with this deduction, as such, careful planning will need to be done in order to attempt to maximize this benefit.

For those companies that are in need of purchasing capital equipment, the Tax Act increases the maximum amount that can be expensed under Code Sec. 179 to $1 million, subject to certain limitations. This deduction has been expanded to also include certain improvements made to nonresidential real property after it was first placed in service, including such items as roofs, HVAC systems, and alarm systems, among others. The Tax Act also expands bonus depreciation to allow a 100% first-year deduction for qualified new and used property acquired and placed in service after September 27, 2017 and before 2023, after which the bonus depreciation begins to be phased down. Between these two provisions, many equipment acquisitions will now have the potential of being completely expensed when placed in service.

As is to be expected, not all changes are beneficial. One example is the 9% (6% for certain oil and gas activities) Domestic Production Activities Deduction, which has been repealed for tax years beginning after 2017. Another significant change is the elimination of the 50% deduction for business related entertainment expenses, which means that these expenses are no longer deductible. The entertainment expenses that fall into this category have been expanded to include meals provided on the employer’s premises.

It will take several years before we are able to assess the overall impact that this tax reform has on both the local and national economy. In the meantime however, provisions of the Tax Act such as those mentioned above can and will be utilized by manufacturers to ensure their continued success into the future.

Michael Neubauer is a partner at McGill Power Bell & Associates providing tax, consulting, and financial reporting services with an emphasis on the manufacturing sector.

Side Note: NWIRC will present a program on tax reform and R&E tax credits featuring McGill, Power, Bell & Associates on April 24, 2018 in Meadville.

Paramount Die Corporation: ISO 9001 Certification to Stay Competitive

Paramount Die Corporation has provided expert die cutting and die construction services to the northwest Pennsylvania area for over 50 years. They die cut any non-metallic material, build custom steel rule dies, construct prototype parts, and pad-print any object from golf balls to pens. The company has experienced a steady growth rate over the past 17 years. In 1999, they constructed and moved to a new, state-of-the-art manufacturing facility located in Edinboro, Pa.

Paramount was experiencing an increase in quality assurance audits from existing customers and potential customers, and were losing opportunities due to not being ISO certified. Additionally, they lacked the internal resources and experience to implement an ISO quality management system (QMS). NWIRC vetted and helped select a service provider to conduct an assessment of their current QMS and develop a gap analysis against the ISO9001:2015 standard. In addition, the provider assisted with developing an implementation plan with timeline to become compliant, identifying required QMS documentation, and conducting an internal audit of the plan with required revisions.

Leaderstone (formerly Vie Associates) worked with Paramount staff to develop all systems and procedures necessary to meet requirements of ISO 9001:2015 certification. The company was audited in April 2017 with excellent results. Their official certification was announced

Continued on Page 3
in July 2017. Anticipated results of having certification include $100K in increased sales, $50K in cost savings, increased investment of $10K in products/processes, $25K in plant/equipment, $10K in cost avoidance, as well as 2 jobs created and 6 jobs retained.

“Everyone at NWIRC, and specifically the Strategic Business Advisor Ed Barthelmes, were great to work with and we simply could not have achieved our ISO certification without their help,” said Chris Flynn, President of Paramount Die. “Ed worked with us from day one, continued to follow our progress throughout our quest in becoming ISO certified, and I cannot even begin to say enough good things about his hands on approach and follow-through.”

Dr. Knight Joins NWIRC Board of Directors; Rutkowski Appointed to Executive Committee

Ivor T. Knight, Ph.D, Associate Dean for Research and Graduate Studies at Penn State Behrend in Erie PA, has been named to the Board of Directors of the Northwest Industrial Resource Center (NWIRC). Knight oversees Penn State Behrend’s strategic research programs and expansion of its graduate-degree offerings. He is a former Great Lakes researcher who later built a 50-member R&D team for Canon U.S. Life Sciences and Canon Biomedical, worked as a food-safety adviser for the U.S. Department of Agriculture, and led the “Partnerships for Food Industry Development” program, which assisted food industry entrepreneurs in Central America, Eastern Europe and Africa.

“NWIRC is honored to have Dr. Knight join our Board of Directors, said NWIRC President/CEO, Robert Zaruta. “Dr. Knight has an impressive background with extensive experience bridging academia, industry and government through research, program and product development, and partnerships. As a private and public partnership serving manufacturers, NWIRC will benefit from his insights, leadership, and passion for active collaboration with industry. We’re excited to have Dr. Knight as a Board of Director”.

In addition, Charlie Rutkowski, Plant Manager at Industrial Sales & Manufacturing, has served on the NWIRC Board of Directors for over 6 years and has recently been appointed the Executive Committee position.

STEM Internship Program on the Road Again

NWIRC recently attended the career fair at the University of Pittsburgh meeting with candidates who are interested in doing a project-based internship at a manufacturer in northwestern PA. Others are planned for later this month. These events provide the opportunity for NWIRC to meet one on one with students studying within the science, technology, math, and engineering (STEM) disciplines.

If your manufacturing 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. We have students ready and able to contribute to your success with varied engineering education like: Process; Electrical; Aerospace; Biomedical; Health, Safety & Environment; Chemical; Material Science; Mechanical; Industrial, and Computer.

To learn more, contact Michael Griffith at 814-217-6065 or mgriffith@nwirc.org.
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

8425 Peach Street  
Erie, PA 16509

NORTH CENTRAL OFFICE  
103 BEAVER DRIVE  
DuBOIS, PA 15801

NORTHWEST OFFICE  
764 BESSEMER STREET, # 105  
MEADVILLE, PA 16335

ERIE OFFICE  
8425 PEACH STREET  
ERIE, PA 16509

Happy St Patrick’s Day!

UPCOMING EVENTS

AS 9100 Internal Auditor (Rev D)  
March 13, 14  
Location: Erie  
For manufacturers working within the aerospace industry, this course provides your internal auditors the understanding of the AS9100 requirements; and how to prepare, conduct, report, and close-out an audit in accordance with AS9100 Revision D.

Critical Thinking  
March 13  
Location: Meadville  
This workshop will allow participants to begin to think differently, allowing them to better understand how to find the root cause of a problem and then create long-term sustainable solutions. Participants will walk away with new tools and resources that they will practice in class and be able to implement immediately.

IATF 16949:2016 Internal Auditor  
March 20, 21, 22  
Location: St Marys  
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 revised standard is required by Sept. 2018.

Improvement & Coaching Kata  
April 11, 12, 13  
Location: Erie  
Learn and practice the Improvement Kata and Coaching Kata with expert guidance in establishing current and target conditions, identifying obstacles, and choosing ideas for PDCA (plan, do, check, act) cycles. The program includes simulation, practice, and mentoring by a TWI Certified Kata Trainer.

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