Reflecting Within During a Crisis
by Bob Zaruta, President/CEO, NWIRC

As I write this article during such a turbulent time, I’m inspired by our manufacturers across the region. They are truly stepping up in a variety of ways to help the fight against COVID-19. On social media, there are wide-spread messages from companies supporting health and hope by announcing changes in their procedures for the safety of their employees and customers - if they are still open. Many of you responded to NWIRC’s ‘call to action’ in gathering information to address the critical supplies needed. In the spirit of times during World War II, when companies converted factories to produce other products to support the war effort, our regional manufacturers are doing the same by raising their hand to serve with their capabilities and capacity.

There is a flood of information coming at all of us daily via news, email, and social media. We know it’s a critical time to be informed. Being sensitive to the issue of information overload, we felt we can serve by creating a special page on our website to include links to important information and resources. We can also serve as a matchmaker for companies in need of specific materials, products, or services. As part of the Manufacturing Extension Partnership (MEP) national network, we have access to other Centers who work closely with their manufacturers in every state.

With MEP’s forum, we can query the network with specific requests and also monitor this forum for others’ requests that our regional manufacturers may be able to assist with. We are monitoring this information daily with one goal in mind, connecting our companies with new opportunities.

Our mission to help small and mid-sized manufacturers improve their ability to compete, grow, and create opportunities for current and new employees remains steadfast during this crisis. But, our mode of operation has pivoted and we’ve repositioned our internal resources. Like many organizations… we have transitioned to working remotely, communicating virtually, and expanding our online capabilities to help manufacturers in the best way possible. People, leadership, and company culture for most organizations are being tested during this time in our history. NWIRC is no different, and we are still adjusting to our new business environment. To foster face-to-face communications, we have scheduled virtual staff meetings using video-conferencing three times per week. To replicate chatting and information sharing around the ‘water cooler’ or the lunchroom, our CFO Kim Stebick sends emails with fun, light-hearted, and engaging communications. For instance, the first was to share a few photos of each of our new workspaces. NWIRC’s culture has been one of routine engagement of our entire staff in addressing manufacturing issues, charting new offerings, and driving greater value for our clients, so what better time than now to take it to a higher level. While we continue to help our regional manufacturers, virtually, we’ll use this unique time to redo our own strategic plan, enhance marketing and operational plans, and position our organization for greater success.

While we at NWIRC are reflecting on our own organization, we know that manufacturers across the region are doing the same. We hear in the news everyday how manufacturers are stepping up to help with the COVID-19 ‘war effort’. But there are many others taking the time to look within, rethink their operations, and make critical decisions amidst a still uncertain time. I recently heard a term coined ‘industrial meditation’. That companies, once out of crisis mode, will be pausing to review historic data from their machines to help determine areas for future improvements. Like most businesses, manufacturers are now needing to be more creative at how they are running their business, asking themselves questions like: can some employees work at home, can we re-tool to make a new part for the critical supply chain, or can we source something regionally that we were previously getting from overseas or from across the county. This sort of reflection is what will spark innovation to keep our country moving forward and allow manufacturers to move past this blip in time and bounce back even stronger than before.

Bob Zaruta
President/CEO, NWIRC
Three Totally Insane Things to Know About ISO 9001
by Kevin Smith, Leaderstone

If there’s one thing I know after delivering performance and quality management consulting for over a decade now, is that most people would rather take a hockey puck to the midsection than to tackle what it takes to create a world-class quality management system (QMS).

#1 The Grammar Makes the Mindset….Really.

Let’s take a look at the term “Quality Management”, and how you’ve likely come to accept it in your organization. Now, don’t get me wrong, I’m not really a grammar guy. But dropping a bit of grammar perspective here can change everything for you.

Many people look at this term Quality Management and think it means “how you manage quality”. But this is really an outdated way to look at things….like calling-a-couch-a-davenport outdated. Instead of looking at it this way, look at the word “quality” as an adjective...not a noun.

In other words Quality Management is not how you manage quality, but a management system “of high quality”...yes a (high) quality management system.

ISO 9001 is a management system….dare I say….a business management system.

But don’t take my word for it. Take a look inside the short, but admittedly boring, book of requirements. You will soon notice that only about 10 -15% of the requirements have anything to do with the actual part itself. No, most of the standard is about planning, providing resources, making improvements, defining metrics, process control, and a number of other good business practices.

Once we change this perspective, we can see exactly why “dumping” the entire system on the Quality Manager never works out like it should! It takes a village to manage a business!

So if it’s really about managing a business, why do people get so down on this little book of requirements? Well that brings me to the second thing you should know.

#2. The Little Book of Baggage.

ISO 9001 has a history…it has baggage. And I’m talking about bad-previous-relationship type baggage! People have heard about the document management nightmares, they have fallen victim to half-baked implementations, and in many cases...just don't like things with acronyms!

But I would argue that it is all mental...and it doesn’t take Dr. Phil to understand exactly why.

But again, don’t take my word for it. If you were to ask someone in your organization, “do you think it’s a good idea to make sure your measuring equipment remains accurate?”, 99% of the people you ask would say “yeah, of course”, and the other 1% will probably just stare at you because they think it’s a trick question.

But if you tell those same people you’re going to implement a system for equipment calibration “because ISO requires it”….. You will get all sorts of eye-rolls, convulsions, head-shakes, and even an occasional five-year-old-toddler stomp! Why? Mindset.

People don’t like being told what to do by an “anonymous, bureaucratic outside entity”, even when it’s in the best interest of the company!

So instead of doing it because ISO requires it, leaders would be much better off just doing it because it makes sense….and communicating it in the same framework. Ditch the “because ISO said so” crutch, and things will go much smoother!

#3 Shooting Yourself in the Foot

Way too often, nonconformances found in a quality management system have very little to do with ISO 9001 requirements. Rather, they come as a result of the organization painting themselves into the proverbial corner.

See, “back in the day”, the idea was to over-document everything to avoid getting a nonconformance on an audit. It was almost as though the penalty for a nonconformance was 5-10 years in the state penitentiary, or worse yet...having to fix the nonconformance!

The truth is that QMS documentation is a lot like a good steak... It’s great, but it can be overdone. If you say you’re going to put a smiley face in the bottom right-hand corner of every document, then that’s on you. But remember, ISO 9001 doesn’t tell you HOW you have to do anything. They say “what”, and you decide “how”. The takeaway...keep it simple and add carefully as you go along!

Side Note: Kevin Smith has partnered with NWIRC to

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offer a FREE online ‘micro-course’ called ISO 9001 Simplified: The Five Critical Mistakes That Kill Quality Management to show the five common mistakes that could be getting in your way....and the FIVE CRITICAL ELEMENTS that will jump start your quality management system in the right direction. Use the QR Code to navigate to the registration page, or register at www.nwirc.org/events.

Cash Forecasting: 13-Week Cash Flow Statement

by Bob Value, Deputy Director, SEWN

Companies often utilize some form of cash forecasting, typically in the form of a monthly or annual budget. This is fine for long-range planning but is severely limiting for companies where cash is tight.

A standard tool in the turnaround world is the rolling 13-week cash-flow. Companies that are operating in a cash-constrained environment do not have the luxury of thinking months ahead and need a tool that provides better insight to cash inflows and outflows. They need something that can be updated even daily as assumptions and conditions change. This enables the company to predict a liquidity event and react before it happens. If they are under, say vendor pressure, this method can keep them from promising something that can’t happen causing them to lose further credibility in the market.

Why weekly?

Major expenses like payroll, debt service, rent or trade payables impact at the weekly level. If your semi-monthly payroll hits on the 31st, your debt service and rent is due the 1st of the month, and it happens to be the end of the quarter when you have to send in your payroll taxes, it can cause a crisis if it doesn’t coincide with converting your accounts receivable into cash. Just looking at cash in a monthly format, you might predict a positive cash-flow for that overall time period; however, you could be in a serious bind for a period of time within that month.

Why 13 weeks?

Thirteen weeks represent an operating cycle from when an order is received, materials purchased, product produced, invoiced, and accounts receivable is collected. It also represents a realistic period to layout expenses, sales and focusing management on the immediate time frame and cash conservation.

Building a 13-week forecast requires some comfort with Excel, access to data (i.e., order backlog, customer payment history, costs of material) and the discipline to keep it updated. In its most basic form, cash receipts are the top line and require either linking or manually inputting collection assumptions from the Accounts Receivable Ledger. Expenses are then laid out just like in an income statement in the weeks where they occur. Trade Payables from the Accounts Payable Ledger are linked or entered which then leaves the cash-position.

If there is Line of Credit available to the company it is usually tied to a borrowing base and has a cap. These are the next line items with availability computed from eligible Accounts Receivable and Inventory balances followed by outstanding balance. If there is a need to draw down the line to meet a net need or the ability to pay down the line based on a net surplus, that is noted and the final line gives the net cash position for that week. If a company is also dealing with past-due vendors, an appropriate line item can be added recognizing promised payments on non-current purchases. Again, the goal is to NOT make promises that you probably can’t keep.

If your manufacturing firm is having cash-flow issues contact your Regional Strategic Early Warning Network (SEWN) Director for a confidential, objective talk about how SEWN can provide FREE assistance to help you manage the problems and avoid failure or layoffs.

COVID-19 Resources for Manufacturers

NWIRC continues to monitor the COVID-19 health crisis and pass along resources to help our regional manufacturers with their current challenges and business contingency planning. We offer this page of federal, state, and local resources to address many aspects of your concerns regarding employees, customers, and your supply chain. Find these resources at: www.nwirc.org/covid-19.

We are here for you, let us know how we can help!
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 (SBA):

Tom Weible  
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UPCOMING EVENTS

In light of the COVID-19 crisis, we’ve added many free webinars to our event schedule, offered by industry expert sources on a variety of topics. We are also creating our own free training webinars. Check the schedule often at www.nwirc.org/events.

Future in-person events are subject to change.

Hubspot CRM  
Apr 23  
Location: Webinar  
This no-charge live webinar will help you get started with the HubSpot Free CRM. You will gain the essential information needed to immediately start using the CRM and begin the process of customizing the system for company-wide use at your organization.

5 Critical Mistakes that Kill Quality Management  
Starting April 7  
Location: Webinar  
Free online ‘micro-course’ includes three webinar videos.

Operational Excellence Workshop  
June 6  
Locations: Erie  
A highly interactive workshop to learn the conditions to create a high-performing organization, including roles of leadership and customer focus, establishing and measuring performance metrics, creating a stable and capable delivery system, and converting improved operational performance into growing sales.

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