Reshaping the Impact of COVID-19
by Bob Zaruta, President/CEO, NWIRC

Just as manufacturers have repurposed their operations, realigned talent, and zeroed in on COVID-19 specific priorities, so has the NWIRC. Last month I ended my article with a preview of the no-cost COVID Recovery Program (CRP) developed by NWIRC, Steel Valley Authority, and Department of Labor’s Rapid Response in collaboration with the area’s Small Business Development Centers (SBDC). Since then, we provided an orientation to regional support partner organizations in NWIRC’s 13-county region and introduced the program to Senate and House members serving northwest PA. The program officially launched towards the end of May with business assessments being conducted virtually with several manufacturers. Two of our staff members are now focusing most of their time on this initiative. Susan Hileman is one of the three architects of CRP and will be leading the effort as the Program Manager. Many of you know Susan and have worked with her over in multiple capacities over the past 14 years with the NWIRC. Susan’s genuine passion and commitment to help businesses and communities in northwest PA thrive is unquestionable. Joining her to assist manufacturers with CRP is NWIRC Strategic Advisor, Tom Weible. For over six years, Tom has served manufacturers in our north central region. There is no better way to describe CRP than to say it is truly a collaborated and coordinated regional initiative.

The program includes an initial business assessment and cash-flow/financial analysis, followed quickly by a thoughtful tactical action plan and debrief to provide a business the custom support they need. All work is completed via virtual meetings (for a total of 6-hour time investment) with a company’s owner or management team. This initial assessment and planning work is completed with funding authorized by the CARES Act via the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP). Additional funding phases may support the project implementation needs recommended in tactical action plan. To get started, a 15-question business assessment is completed and will inform three foundational questions:

- What does the business need to reopen or rebuild?
- At what point does the business regain strength and stabilize?
- How can the business sustain and grow?

The result will be recommendations for various direct services, agencies, partners, and consultants who are best qualified and positioned to provide customized assistance. Companies can then move forward with implementing the recommendations with continued support of regional resources, including identifying potential funding assistance for various aspects of the tactical action plan.

Assessments for manufacturers will be completed by NWIRC, Steel Valley Authority, or another economic development partner. All non-manufacturers will be served through the Clarion University and Gannon University SBDC. As a commitment to businesses, regional partners will work together for providing efficient and effective support as we move through the pandemic crisis. We hope to be able to reshape the impact of COVID-19 in a positive way!
Use a SWOT to Find Your Next Path
by Lisa Pustelak. NWIRC, Strategic Business Advisor and Employee Development Specialist

Whether you do formal Strategic Planning or not, it is time to re-visit the SWOT. A SWOT Analysis is a review of your company’s Strengths and Weaknesses (these are internal things you can control) and the Opportunities and Threats (these are external, things you can’t control). If you have done a SWOT in the past, chances are many of those items have changed since March. Most of us would never have had Covid-19 or a pandemic listed as a threat to our business, yet here it is wreaking havoc for most of us.

If you have never done a SWOT, now is the time. There are many benefits to this exercise. I highly recommend you engage your team, now more than ever we need to look at things from all perspectives. This also gives your team a voice and helps them be part of a solution regardless of where your business stands during these challenging times.

To conduct a SWOT, brainstorm and write down everything you can think of for each category, one at a time. Then ask yourself questions such as: How can we best utilize our strengths? What is the biggest weakness holding us back and what can we do about it right now? What opportunities exist that we can pursue? What are the immediate threats we need to address?

Another benefit is taking a good look at where you are right now. Strengths you had last year may not be the same now. You have new strengths that have appeared during crisis. The same applies to all the categories. Taking an in-depth look at where you stand right now will help you look at your business differently, and help you make decisions on how to move forward.

The SWOT Analysis can be used as a tool to get you out of survival mode and back on track to reaching your goals for the company. Chances are that track has changed significantly, however; it does not mean your goal has to change. Journalist Po Bronson said, “Allow for many paths to your goal. Do not fixate on one path, because then you are likely to give up when that path is blocked.” While many of our paths have been blocked right now, there are other ways to get there, a SWOT Analysis can help you find the next path.

Side Note: Lisa Pustelak and Michael Griffith facilitate NWIRC’s program, Strategic Planning for Small Manufacturers. This program has helped companies improve focus on goals, employee engagement, morale, and create a visual plan that the entire team can follow.

Re-Opening Your Business Safe and Smart
by Max Krug, Future State Engineering

As we wind down from the COVID-19 pandemic, businesses are transitioning back to some sense of normalcy and beginning to re-open for business. This transition period comes with a high degree of uncertainty and it will be extremely important that companies make the right decisions and consider the factors necessary to achieve success, specifically: ensure employee safety, and maintain a positive cash position.

To maintain a positive cash position, we have developed a list of factors to consider to preserve as much cash as possible and to generate as much cash as quickly as possible, so the business does not become cash constrained. Below is the list of factors to consider:

Minimize Operating Expenses

During the ramp up period, only bring back the employees necessary to establish flow of work within the organization. Any labor that is brought back that isn’t absolutely necessary to establish flow, will only create a drain on cash without contributing to the generation of cash. The key performance indicator that will determine if labor is being managed properly is the amount of work-in-process. If the amount of work-in-process sustains or declines, it is being managed correctly. If work-in-process increases, then too much labor was brought back, or the labor that was brought back is not working on the right jobs.

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Turn Inventory to Cash

The quickest way is to focus on the work-in-process that is closest to shipping and only produce what is needed to satisfy the short-term demand of the customer. By producing only what the customer needs will accelerate work through your organization and will shorten both the lead-time and the cash conversion cycle. Another consideration to turn inventory into cash is to substitute material that is on-hand verses purchasing new materials to process a job, even if the substitute material is more expensive.

Minimize Risks

The risks to consider are two-fold: one being internal risk and the second being external risk. The internal risk that needs to be considered is the likeliness that something could go wrong with processing the job to completion. The external risk that needs to be considered is the risk of collecting cash, which includes the number of outstanding receivables with each customer, the payment terms, and the payment history of customers.

Focus on Capacity Constraint Resources

To maintain positive cash position the focus needs to be on the utilization of the capacity constraint resource(s), which determines the flow of the value stream. Utilizing the non-capacity constraint resource more than the capacity constraint resource will consume cash at a faster rate than generating cash. This may mean breaking jobs into smaller batches and only producing to the short-term demand of the customer. Prioritize the sequence of work through the capacity constraint resources by the customer need by date and highest throughput value first.

Produce to Customer Demand

Producing only to customer demand (not forecasts) is extremely important to maximize the cash flow across the supply chain. This requires a shift in thinking from minimizing cost to maximizing the generation of cash. To maximize cash flow, the information flow and product (or service) flow must be improved. Therefore, if the replenishment cycle for a product that your organization produces is two weeks, then the order size that should be produced is based on your customer's consumption rate within that two weeks factored by uncertainty.

The re-opening of your organization is the perfect opportunity to shift the mindset within your establishment to rapid and remarkable improvement through the application of operational excellence practices and methodologies.

Side Note: Max Krug will conduct an Operational Excellence Lunch n Learn Series starting on June 9th. This 3-part series will inspire you to open your mind to a new perspective. The session topics include: Foundations to Operational Excellence; Employee Engagement: How to Get Buy-In and Accountability; Improving Organizational Productivity. Register for all three at once, www.nwirc.org.

What’s So Cool About Manufacturing - Best of PA

The WSCM student video contest ‘Best of PA’ statewide awards event is scheduled to be live streamed at www.whatssocool.org on June 9 from 12:30-1:00pm.

NWIRC coordinated three contests this year for the northwest PA region, the nominees for Best of PA are:

- Northwest: Meadville Area Middle (Mecal by Starn)
- West Central: Greenville Jr/Sr High (Hodge Foundry)
- Forest & Oil Region: Oil City Area Middle (Matric Group)

Workforce Solutions coordinated the North Central Contest and these nominees are:

- St Leo’s (Domtar)
- Oswayo Valley (Napoleon Engineering)

Please tune in and support these regional schools and companies.
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  
814.590.5202  
Cameron, Clearfield, Elk, Jefferson, McKean & Potter Counties

Susan Hileman  
814.572.2077  
Forest, Mercer, Venango, Clarion Counties & Titusville

Lisa Pustelak  
814.683.1034  
Crawford, Warren Counties, Corry & Edinboro

Andrew Idzik  
814.217.6068  
Erie County & Bradford

NORTH CENTRAL OFFICE  
2 EAST LONG AVENUE  
DuBois, PA 15801

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

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

ERIE OFFICE  
8425 PEACH STREET  
ERIE, PA 16509

UPCOMING EVENTS

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

Workplace Productivity Series: (Free Lunch and Learn Webinars. Register for all three at once)

June 9: Webinar  
Foundations to Operational Excellence

June 23: Webinar  
Employee Engagement: How to Get Buy-in and Accountability

July 14: Webinar  
Improving Organizational Productivity

CARES Act 2020:  
PPP Loan Forgivness

June 11: Webinar  
Courageous Leadership:  
Inspiring Your Team During Times of Crisis

Virtual ISO 9001:2015 Internal Auditor

June 15: Webinar  
2 hour sessions/3 days a week for 3 weeks

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