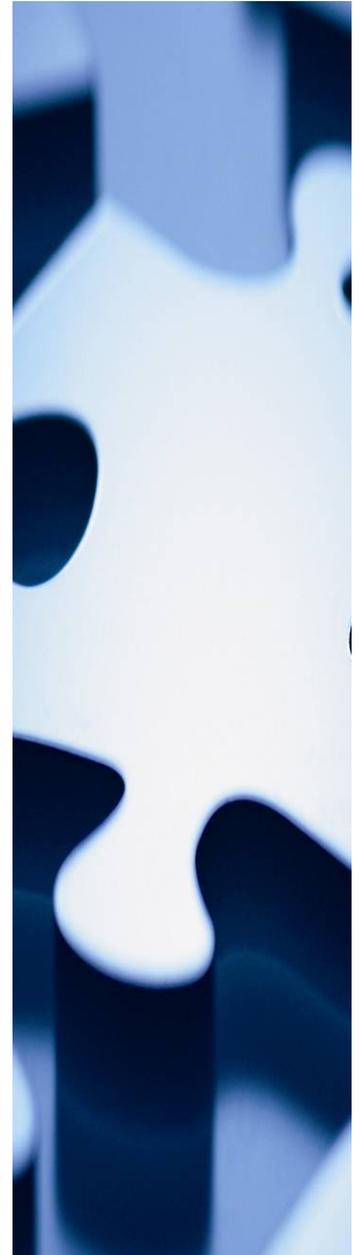


***MEP, WIBs, PA SEWN and Layoff
Aversion: Responding Proactively to
Save and Create Jobs!***

Mark Troppe
NIST MEP
mtroppe@nist.gov
301-975-5745

Fred Botterbusch
Director of Operations, MANTEC
fred@mantec.org
717-843-5054 x251

Jack Bardol
SEWN Consultant
jackbardol@bardol.com
717-580-6440



Agenda

- What is MEP?
- MEP and Layoff Aversion: The Opportunity
- Examples
- Discussion/Q&A

Key message:

MEP centers, workforce system and PA SEWN
can team up to save jobs in companies.



What MEP Does

- National system of centers that work directly with existing U.S. manufacturers to improve their productivity and competitiveness
- Focus on meeting manufacturer's short term needs, but in context of overall company strategy

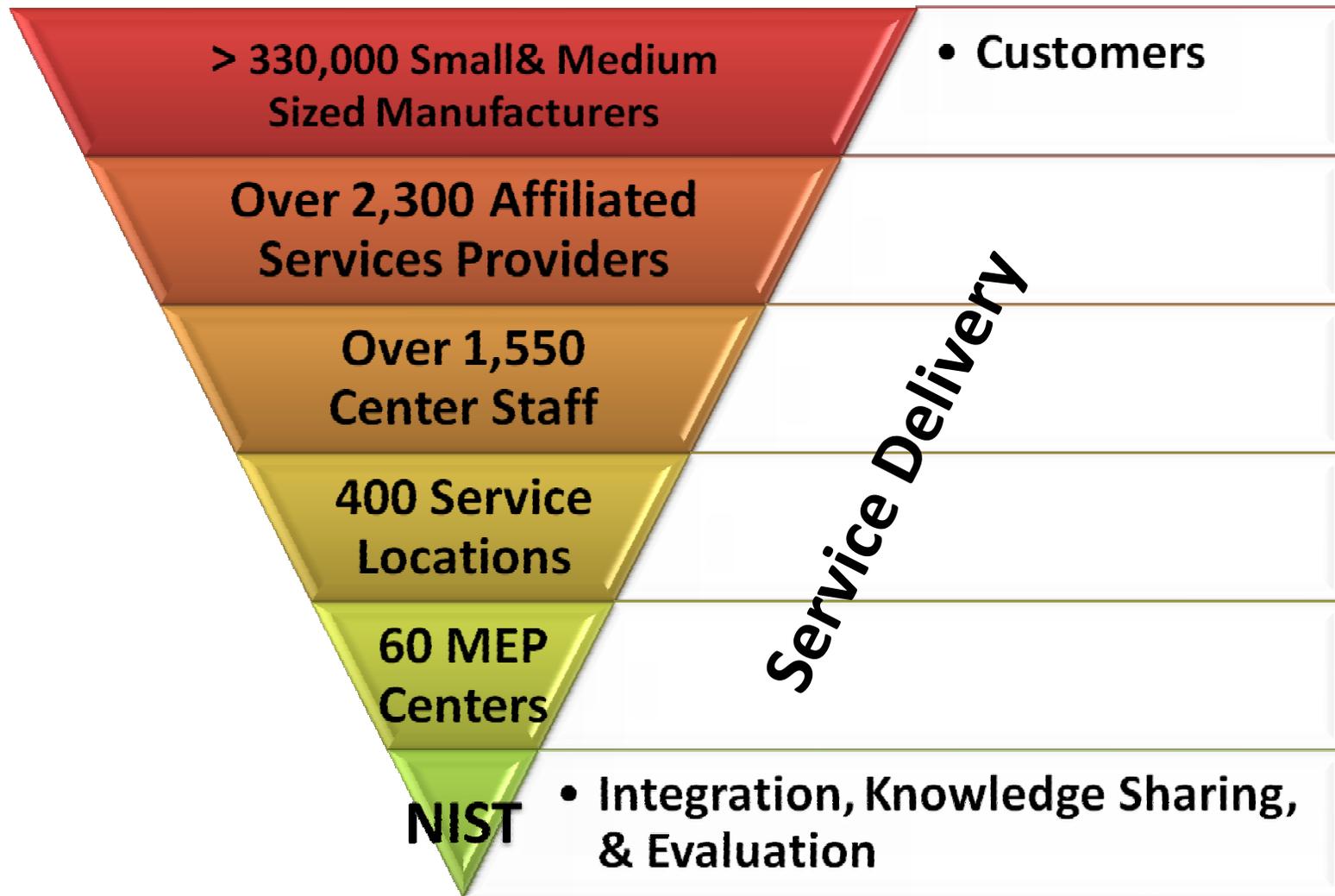
- MEP Center areas of common strength
 - Engineering Services – products and processes
 - Growth Services – new or expanded market opportunities
 - Lean Manufacturing
 - Quality Systems
 - Environmental Services
 - Workforce Development

- Reach nearly 33,000 manufacturing firms and complete over 10,000 projects per year*

*Based on FY2009 MEP Center reported performance data.



Partnering to Drive a National Program



MANUFACTURING EXTENSION PARTNERSHIP



MEP • MANUFACTURING
EXTENSION PARTNERSHIP

VISION

MEP is a catalyst for strengthening American manufacturing – accelerating its ongoing transformation into a more efficient and powerful engine of innovation driving economic growth and job creation.

MISSION

To act as a strategic advisor to promote business growth and connect manufacturers to public and private resources essential for increased competitiveness and profitability.



How Centers Work With Manufacturers

- **Initial contact** – group sessions, referral
 - **Assessment** – informal walk-through, detailed company analysis
 - **Identify** potential issues, define proposed project and approach for solving it
 - **Negotiate** with company and sign project contract with fee paid to center
 - **Project execution** – center staff, partner organization, and/or third party consultants
 - After completion, project follow-up by center to assure customer satisfaction and explore further project opportunities
-
- Project impact data collected by contractor for NIST approximately 6 months after project completion



MANUFACTURING EXTENSION PARTNERSHIP

Client Impacts Resulting from MEP Services-*FY2008*

- **New Sales** **\$3.6 Billion**
- **Retained Sales** **\$5.5 Billion**
- **Capital Investment** **\$1.7 Billion**
- **Cost Savings** **\$1.4 Billion**
- **Jobs Created and Retained** **52,948**



The Opportunity

- A **collaboration** between Workforce Investment Board Rapid Response/Layoff Aversion teams and MEP Centers and partners
 - **To Avert layoffs** by
 - reaching out to identify manufacturers at risk using an early warning check list & assessment
 - and provide layoff aversion business assistance to retain jobs **before they're forced to layoff**
 - Give early notice – referrals of potential nonWARN and WARN companies for assistance
- Retain manufacturers and manufacturing jobs and create new jobs!



MEP Contact Information

Mark Troppe

mtroppe@nist.gov

301-975-5745

800-MEP-4MFG

<http://www.nist.gov/mep/>



Mission Statement - MANTEC

- To serve the manufacturers of South Central Pennsylvania as a trusted partner in their efforts to strategically and continuously strengthen their businesses.



Market Position Statement

- For manufacturing leadership, MANTEC is an objective business advisor that provides access to strategic pathways to growth and profitability.

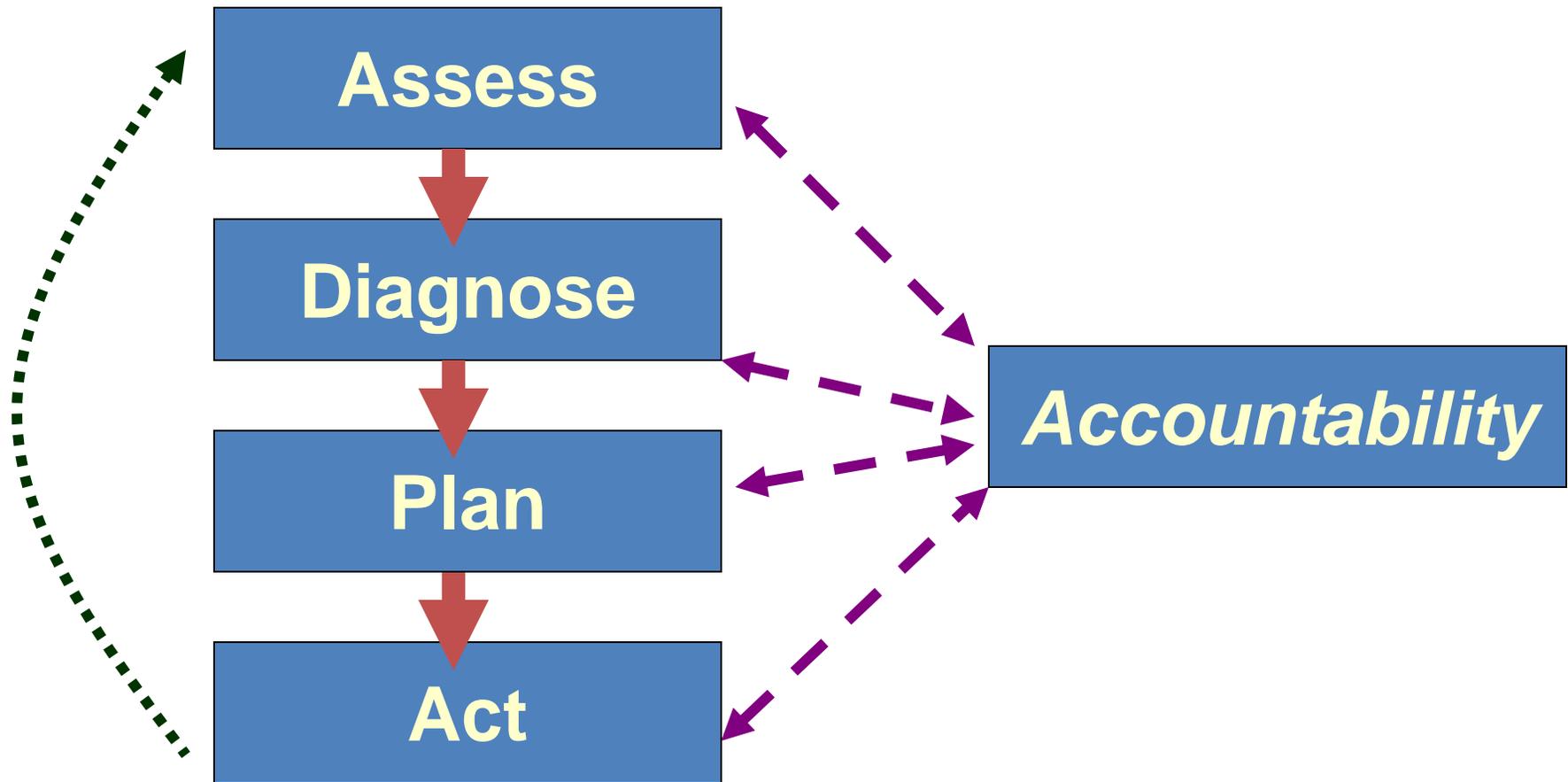


Industrial Resource Center Network

- Celebrating 23 years- founded in 1988
- Partially funded with state dollars from Department of Community and Economic Development (DCED)
- Additional funds derived from revenue earned, grant administration, special appropriations, and our affiliation with National Institute of Standards & Technology (NIST) & Manufacturing Extension Partnership (MEP)



How MANTEC Works



Historic Bottom Line Focus

Since 1988, MANTEC has worked with manufacturers in the areas of:

- Process Improvement
- ISO and Quality Systems
- Workforce Development
- LEAN – Just in Time
- Environmental, Health & Safety
- Human Resources
- Business Systems
- Regulatory Compliance
- Management Practices
- MRP/ERP/Information Technology



Client Successes

- Through an independent study, clients reported the following **impact on their businesses as a direct result of undertaking projects** with MANTEC (from January 2001 to December 2010)

Increased Sales	\$362,731,811
Retained Sales	\$416,419,170
Cost Savings	\$ 83,313,908
Unnecessary Investments Avoided	\$ 56,254,749



Deloitte Study Findings (2004)

- Too many Pennsylvania manufacturers produce commodities—mature goods within the capabilities of thousands of competitors in many countries.
- All firms must develop well informed strategies that give them **distinctive positions** in the marketplace, based on **product innovation** and **continuous improvement of performance**.

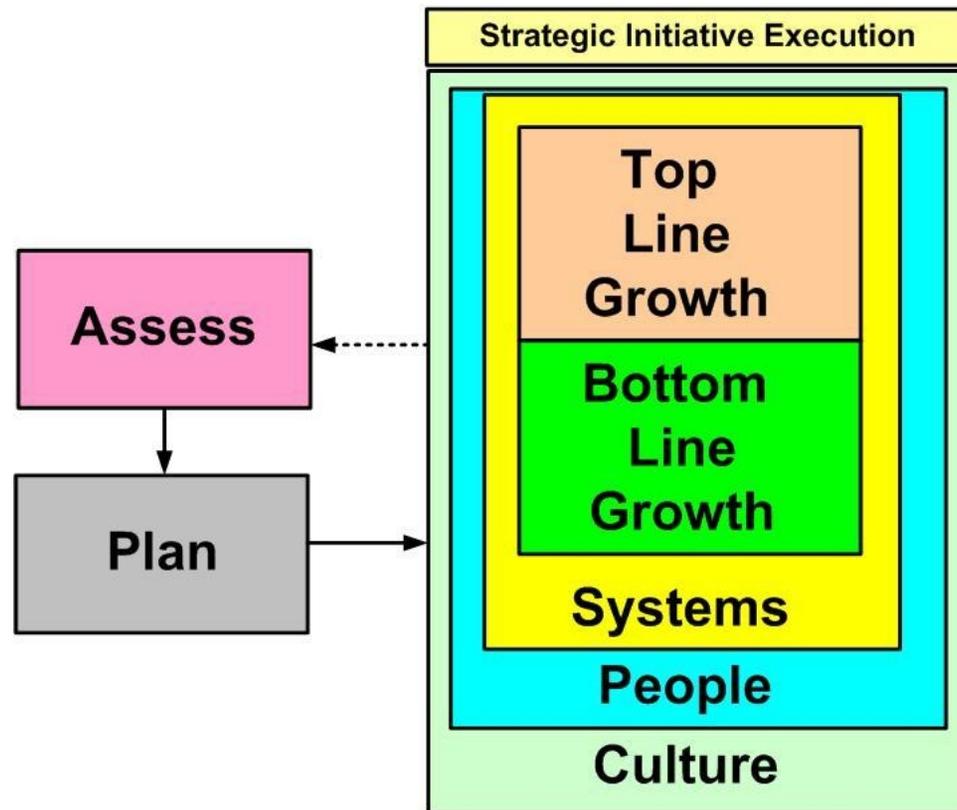


Strategic Pathway to Growth



Business Transformation Process

The Business Transformation Process



Next Generation Manufacturing Strategies



IRC Network Plan

- Collaborate to Implement Next Generation Manufacturing Strategies
- IRC Research Project
 - Pennsylvania's True Commonwealth:
The State of Manufacturing- Challenges and Opportunities



2011 Landmark Study

- Pennsylvania's True Commonwealth:
The State of Manufacturing- Challenges and Opportunities
 - Led by Dr. Edward Hill- Dean of the College of Urban Affairs at Cleveland State University
 - Analyzed extensive quantitative data
 - Focus groups: 70 CEOs from the “best of the best” manufacturing companies across the state



2011 Landmark Study Key Findings

- Pennsylvania manufacturers continue to take seriously their roles as wealth generators for the state and the nation.
- Manufacturing leads all other sectors of the PA economy, accounting for 13.6% of gross state product (GSP).
- Manufacturing provides family sustaining employment with an average annual wage of over \$52,000.
- With over 550,000 jobs, manufacturing still employs more Pennsylvanians than nearly all other industry sectors. Only health care, government and retail employ more people.



2011 Landmark Study Key Findings

- Productivity in manufacturing dwarfs that of the non-manufacturing sector. Gross product per employee is approximately \$34,000 higher for Pennsylvania manufacturers than for non-manufacturers.
- To fight commoditization, PA manufacturers are innovating through new product development. Of the 16,054 patents issued to PA companies and universities in the last 10 years, nearly 60% were assigned to manufacturing companies.
- Ever \$1 increase in final demand for manufactured products leads to a total increase in gross value of all industries of \$2.52, the highest multiplier for any industry in the state.



MANTEC Contact Information

Fred Botterbusch
Director of Operations
fred@mantec.org
717-843-5054 x251

600 North Hartley Street
Suite 100
York, PA 17404
www.mantec.org



SEWN

- Strategic Early Warning Network (SEWN)
- Saves manufacturing jobs and helps revitalize communities throughout Pennsylvania by offering layoff aversion services to stabilize, restructure, or turn-around at-risk small to medium-sized companies, as well attracting buyers to businesses unable to recapitalize their operations.



SEWN Data

- From January 1, 2000 – March 2011:
- SEWN has completed 12 projects with MANTEC clients
- A total of 383 consultative hours have been expended.
- Companies reported a satisfaction score of 4.81 out of a possible 5 on all completed projects.
- Bottom Line Impact projected as reported by clients - \$234,000
 - (As certified by the client at the time the project was opened. Calculated by cost savings + savings on investments made and avoided + 15% of new and retained sales)



Our Goal

- Reduce client risk while increasing opportunities for success



*A Program of the Steel Valley
Authority*

SEWNN

Strategic Early
Warning Network

Strategic Early Warning Network

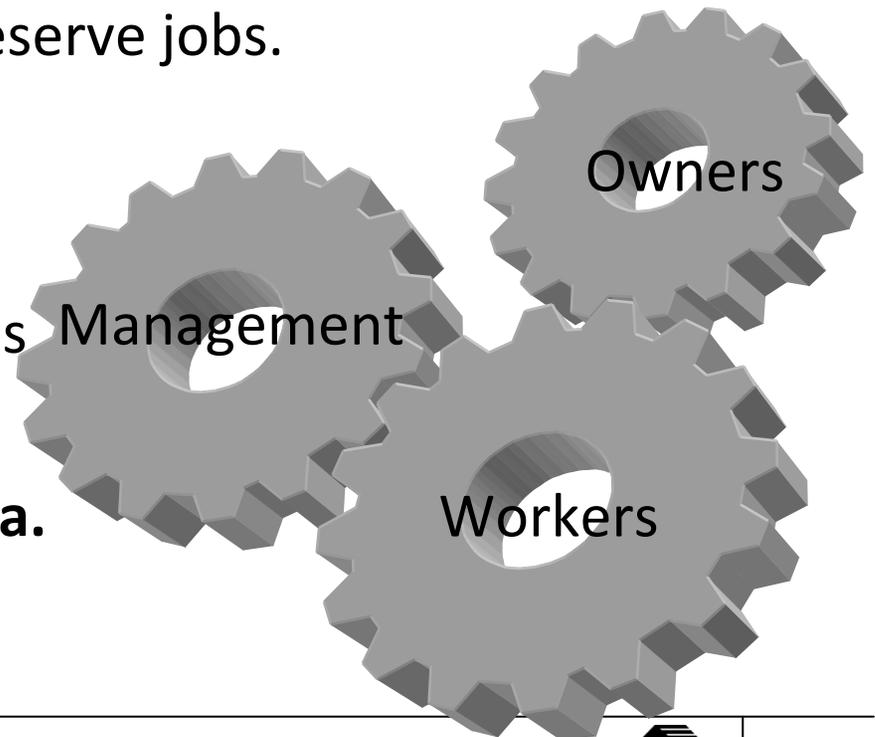
How Does Steel Valley's Strategic Early Warning Network Work?

SEWN is sponsored by the Steel Valley Authority – a unique development agency founded in 1986 to retain and revitalize the region's economic base and preserve jobs.

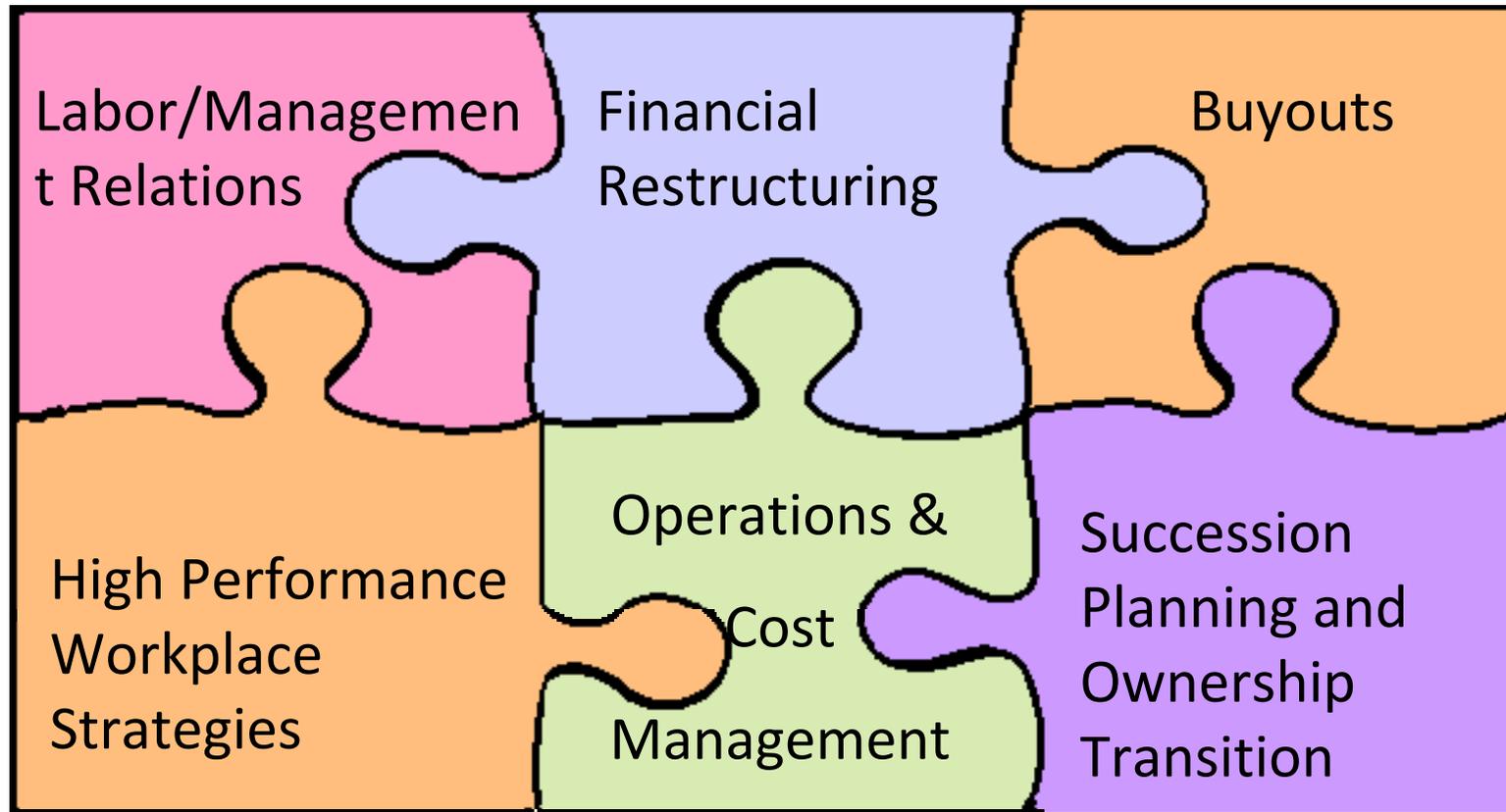
- We provide a wide variety of consulting services at no charge

- We work with all interested parties

Our only objective is to save Manufacturing jobs in Pennsylvania.



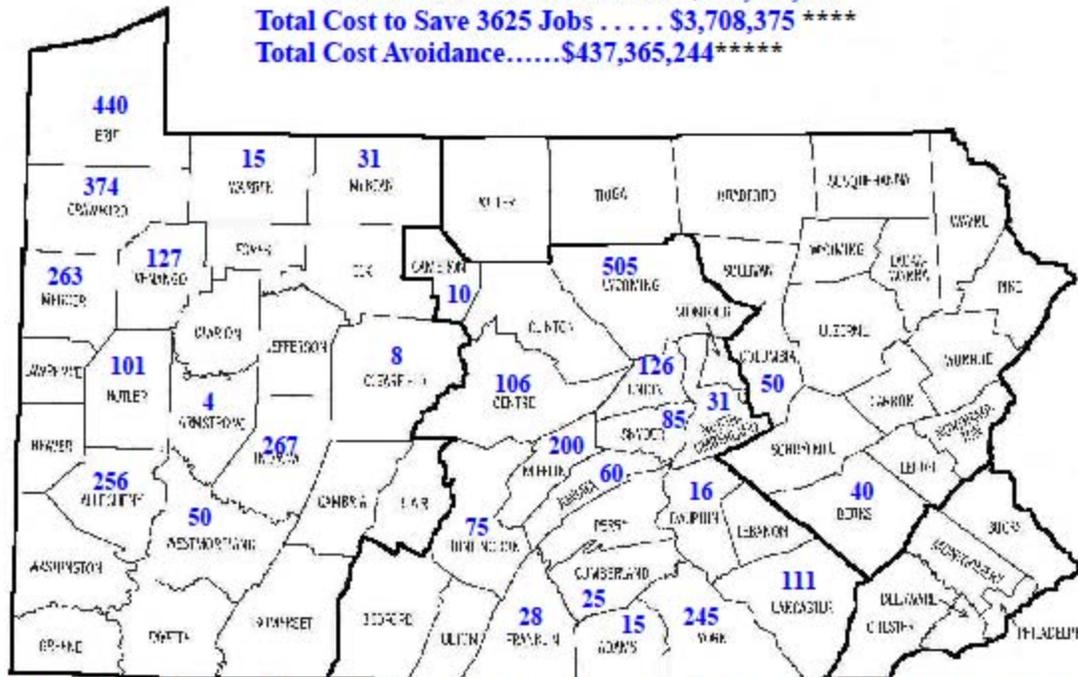
SEWN's Core Turnaround Services



MANUFACTURING EXTENSION PARTNERSHIP

SEWN's Impact 2005-2010 Jobs Saved - 3625

Unemployment Compensation Saved \$18,716,311*
 Cost to Create and Equivalent Number of Jobs \$90,625,000**
 Multiplier Effect: UC Saved \$74,865,244***
 and Job Creation Saved \$362,500,000****
 Total Cost to Save 3625 Jobs \$3,708,375 *****
 Total Cost Avoidance.....\$437,365,244*****



*PA Dept. of Labor & Industry, average weekly payment of \$303, average length of payments 20 weeks, adjusted down for lower unemployment in previous years. Figures represent Pennsylvania's UC expenditures only.
 **Assuming a low end figure of \$25,000 per job.
 ***According to the American Alliance for Manufacturing, one manufacturing job supports two supplier jobs and two consumer jobs for a multiplier effect of 4.
 ****Average cost of \$1023 per job saved, SVA Annual Report.
 *****Unemployment Compensation saved and Job Creation saved.

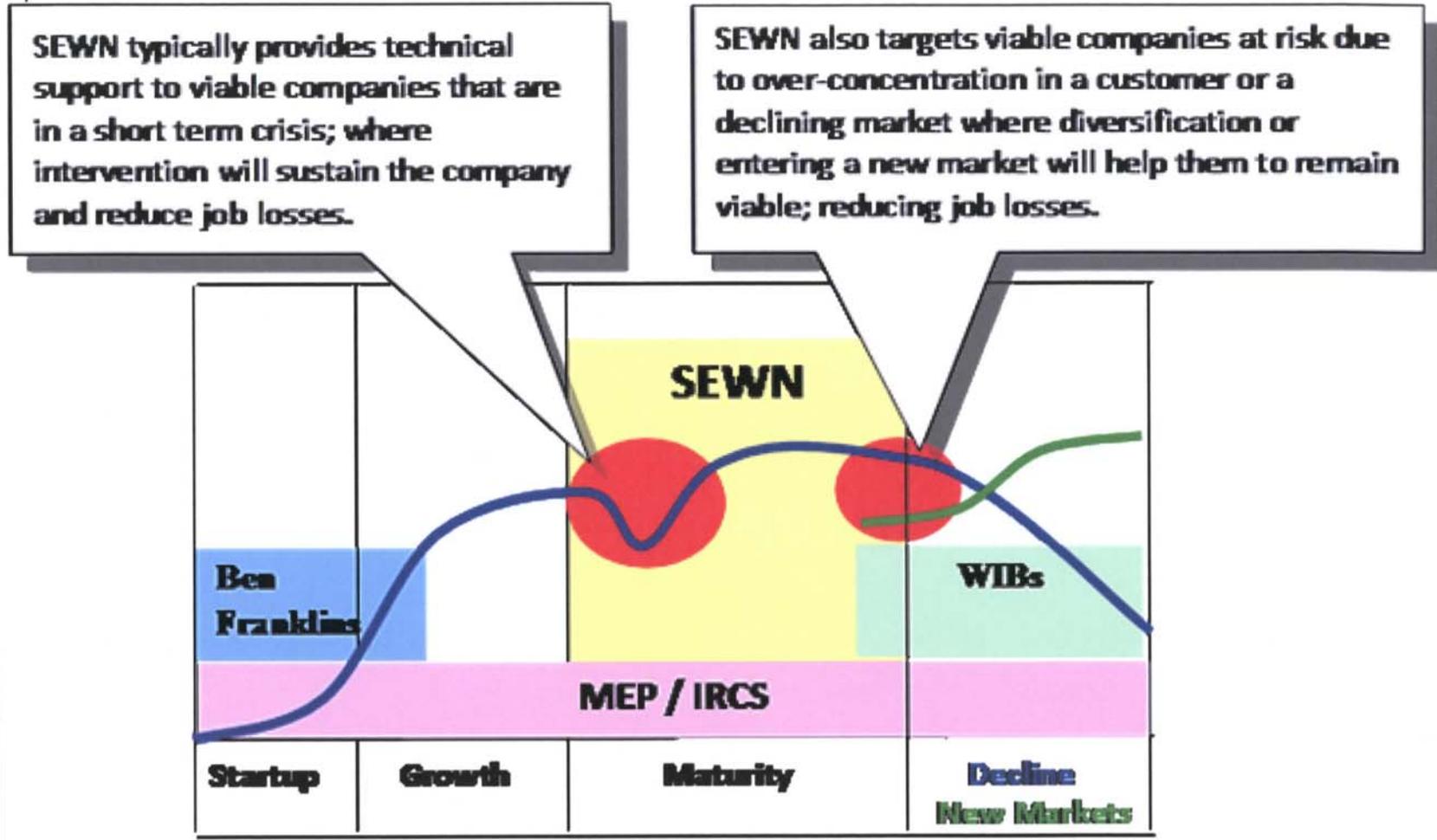


Profile of Typical Client Company

- Privately Held Manufacturing Company
- Company is in some form of financial stress
- Owners/Stockholders are active in business
- Owners/Stockholders have personal guarantees in place on all loans
- 20 to 200 employees
- Company has been impacted by foreign competition
- Company has been impacted by the current economic downturn
- Company does not have a banking source for additional cash



MANUFACTURING EXTENSION PARTNERSHIP



Warning Signs

- **Management**

- Quality Problems
- Past Successes
- Absentee Owner
- Lack of Sales Focus
- Financial Skills

- **Environment**

- Economy
- Foreign competition
- Technology changes

- **Warning Signs**

- Declining Sales
- Financial Problems
- Banking Problems
- Excess capacity
- Lay-offs

- **SEWN**

- Business Assessment
- Financial Modeling
- Operational and Financial restructuring



MANUFACTURING EXTENSION PARTNERSHIP

SEWN/MANTEC/MATAAC

Martins Chair

- SEWN was referred by bank
- **SEWN** developed Financial/Operational get well plan
- SEWN assisted company in obtaining **MATAAC grant**
- SEWN Identified Improvement projects with management.
 - New Web Site
 - Sales Assistance
 - Marketing Literature update
 - Advertising
 - Manufacturing Process Improvements
- **MANTEC**: Became the program managers of the improvement projects utilizing the MATAAC grant money

The Woods Company

- **MANTEC** had an ongoing relationship with the company. The company called and asked for assistance
- MANTEC Identified the opportunity to obtain a **MATAAC grant**
- **SEWN** was referred to the client by MANTEC.
- SEWN did an operational review of the business and identified needed projects
- SEWN did a financial review and developed a financial forecast model that was instrumental in obtaining an increase in their line of credit
- **MANTEC** will act as the project manager utilizing the MATAAC funds.



Springs Window Fashions

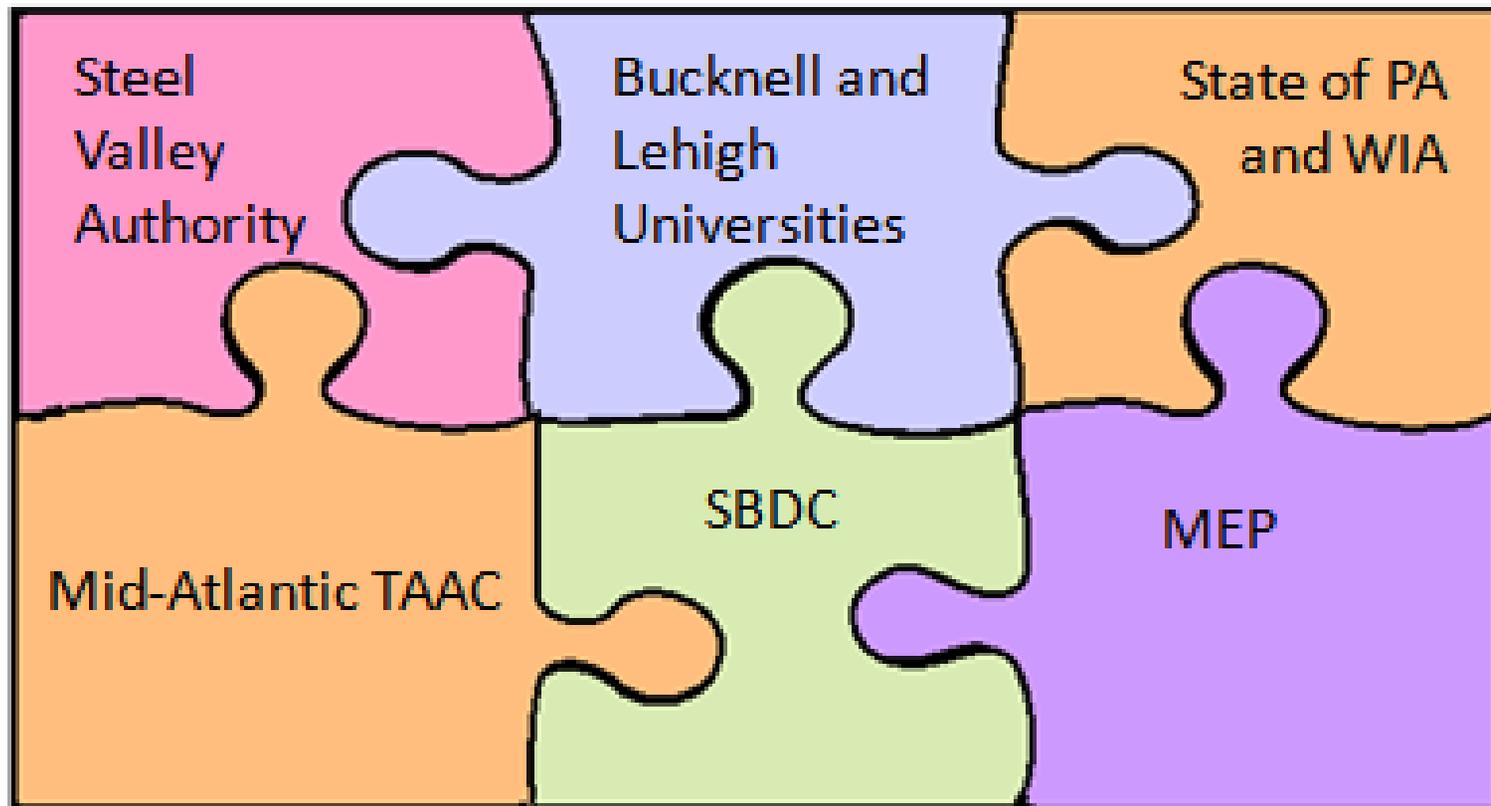
Montgomery, PA

- WI parent company wanted cost reductions or would send 160 jobs to Mexico
- Steel Valley Authority and Strategic Early Warning Network developed strategy, supported by WIA funds
- MEP center identified process improvements
- SBDC and Bucknell University provided engineering improvements to the assembly process
- Lehigh University provided automation recs
- Funding provided by PA and federal Mid-Atlantic TAAC
- Result: Corporate decided to add new product line in PA resulting in additional 40 jobs at the site



MANUFACTURING EXTENSION PARTNERSHIP

SEWN Provides Aligned, Coordinated Service Delivery to Springs Window Fashions



SEWN Contact Information

- Jack Bardol
SEWN Consultant
jackbardol@bardol.com
717-580-6440



Questions?

