



Navigating the MEP map

Matt Bolch looks at how Manufacturing Extension Partnerships are finding their way in a rocky US economy

Heale Manufacturing President Elliott Erickson credits the Wisconsin Manufacturing Extension Partnership with helping the company secure a defense contract valued at \$10 million over three years.

And Dan Nash, director of operations for surveillance and reconnaissance systems at Goodrich, says that a workforce training grant and able assistance from the Massachusetts MEP have brought \$2 million in annual cost reductions.

In fiscal year 2003, the National Institute of Standards and Technology MEP program served 18,422 manufacturers, resulting in new and retained sales of \$4 billion and the retention or creation of more than 50,000 jobs.

Partially funded by the federal government, MEPs help small and medium-sized manufacturers improve their processes and technologies and address other business needs through staff and contract consultants who charge near-market

rates. For the smallest manufacturers or those in rural areas, MEPs often are the only way to receive competent assistance at a price they can afford.

In fiscal year 2004, federal belt tightening reduced support for the program from \$105.9 million in 2003 to \$38.6 million. Although the Bush administration has expressed support for manufacturers in public, the MEP program has been targeted for elimination for several years. While the cuts were painful, many agency directors say their organizations became leaner and more focused on their mission: helping manufacturers stay competitive in a global marketplace.

The 60 MEPs spread throughout the US and Puerto Rico want a little respect, and a chance to showcase the success stories of the small manufacturers they assist

The American Small Manufacturers Coalition, a trade association for MEPs, is trying to gain additional funding to aid manufacturers in the Gulf Coast get back on their feet in the wake of Hurricane Katrina.

With a documented return on investment of \$6 for every dollar invested, according to NIST research, MEP officials argue that the program should be expanded, not shrunk or eliminated. The 64 percent drop in funding served as a wake-up call for the MEP network, which receives roughly one-third of its funds from the federal government, with the rest from state and local governments and fees paid by manufacturers for MEP assistance. Faced with severe budget cuts, many MEPs were forced to cut staff and trim services to survive the downturn.

"Right now, the administration has that silver bullet aimed at our head," says Mike Coast, president of the Michigan Manufacturing Technology Center and ASMC chairman. "After 2004, we realized we needed to get our ducks in a row and do the due diligence with champions in the House and Senate." He adds that MEPs have received heightened local support after taking members of Congress to manufacturing facilities in their districts to demonstrate the good that MEPs do.

Funding for fiscal year 2005 is \$107.7 million, but the administration has requested only \$46.8

million for the 2006 budget year. Fortunately, the House and Senate both have earmarked \$106 million in funding, which is likely to pass.

"\$106 million is the overrun on one battleship," Coast says. "The conversation we should be having is how much more can we invest."

Robert Loderstedt, president of the New Jersey MEP, calls the \$106 million "a rounding error in the federal budget." Loderstedt, an ASMC board member, notes that federal agencies such as the US Department of Defense, US Department of Education, US Department of Labor and National Institutes of Health are among those who recognize the value of MEPs and are using them to spur new ideas and technologies.

The 60 MEPs spread throughout the US and Puerto Rico just want a little respect—and a chance to showcase the success stories of the mainly small manufacturers that they assist. One such manufacturer is 70-employee Jøtul North America. The Gorham, ME-based company manufactures cast iron wood and gas stoves, inserts and fireplaces, ringing up \$31 million in annual sales.

A recent lean manufacturing project, partially reimbursed with a government training grant and with the assistance of the Maine MEP, brought a 22 percent improvement in labor for yearly savings of \$66,000. The initiative also helped Jøtul reduce its manufacturing footprint from 21,000 square feet to just 7,500, which allowed the company to relocate from two buildings into one for an annual savings of \$285,000. "Without (the MEP), we would have been much more reluctant to scale up like this," says Bret Watson, Jøtul North America's president. "The private sector is much more expensive."

Nash from Goodrich says a workforce training grant that included a lean initiative and skills development through the Massachusetts MEP has energized the 220-employee division of the Fortune 500 supplier to the aerospace and defense industries. Each division within the company operates as a decentralized organization, Nash explains. "It really got us started," he says of the training. "We recognized a business need to do this before getting guidelines from corporate to do more in this area."

Starting in January 2004, 30 employees in the SRS group, which manufactures surveillance and reconnaissance systems, went through an introductory lean program. Follow-up training

