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MEPs are Essential to Rebuilding American Manufacturing Competitiveness



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The MEP network is vital to helping manufacturers be competitive in the global marketplace and rebuilding U.S. manufacturing. Eliminating the MEP program seems contradictory to President Trump's focus on manufacturing.



Last month, President Trump submitted a "Skinny Budget" with the goal of removing some of the "fat" within Washington, DC. Unfortunately, one of the programs eliminated in his budget is not "fat." The Manufacturing Extension Partnership (**MEP**) is the only federally funded national network dedicated to serving small and medium-sized U. S. manufacturers. The MEP program was reauthorized by both houses of Congress by unanimous consent earlier in January when the MEP program went back to 1:1 cost matching. The reality is that the MEP network is essential to helping manufacturers be competitive in the global marketplace and rebuilding American manufacturing. Eliminating the MEP program seems contradictory to President Trump's focus on manufacturing.

The MEP website states, "Since 1988, the Hollings Manufacturing Extension Partnership (**MEP**) has worked to strengthen U.S. manufacturing. MEP is part of the National Institute of Standards and Technology (NIST), a U.S. Department of Commerce agency... MEP is built on a national system of centers located in all 50 states and Puerto Rico." It explains: "Each center is a partnership between the federal government and a variety of public or private entities, including state, university and nonprofit organizations. This diverse network, with nearly 600 service locations, has close to 1,300 field staff serving as trusted business advisors and technical experts to assist manufacturers in communities across the country."

This public-private partnership provides a high return on investment to taxpayers. "For every one dollar of federal investment, the MEP national network generates \$17.9 in new sales growth for manufacturers and \$27.0 in new client investment. This translates into \$2.3 billion in new sales annually. And, for every \$1,501 of federal investment, MEP creates or retains one manufacturing job."

The top challenges reported to MEP by manufacturers are:

- Cost Reduction - 70%
- Growth - 54%
- Employee Recruitment - 47%
- Product Development - 45%

In FY 2016, the MEP national network interacted with 2S,44S manufacturers and achieved these results through their wide range of services:

- \$9.3 billion in new and retained sales
- 86,602 new and retained jobs
- \$3.5 billion in new client investments
- \$1.4 billion in cost savings

I have long been aware of the work of the California MEP, California Manufacturing Technology Consulting, headed up by Jim Watson, but when I visited Cincinnati, Ohio last fall, I had the pleasure of meeting with Scott Broughton, director of the [Advantage Kentucky Alliance](#) (Kentucky's MEP), and David Linger, president & CEO of [TechSolve](#), one of the Ohio MEP affiliates.

I contacted all three for input for this article, and Scott Broughton was the first to respond. He said, "AKA has generated over \$88 million in impacts with so clients working with over 1,300 employees in the past 12 months alone. We are currently working with small manufacturers in Eastern Kentucky, who used to work in the coal industry to identify, vet and implement change allowing them to work in non-coal industries and helping them to be sustainable in the future. These companies have worked with other entities with mixed results. AKA's programs are centered on AKA facilitators mentoring and training employees, allowing them to be the driver of change with continued support. This allows the employees to 'learn by doing' with the support and assistance of AKA's specialists. AKA's average engagements are over 12 months with monthly interactions allowing for sustainable support, change and implementation."

He added, "For every federal dollar spent, it has resulted in \$170,000 in impacts in Kentucky! Specific impacts in the past 12 months are below and that does not include the 762 new jobs created/retained:

- \$9.9 million in new sales
- \$21.6 million in retained sales
- \$10.8 million in cost savings
- \$40.3 million in investments made"

Broughton provided me with case studies for six clients, which are too lengthy to cite in detail in this article. Three of the six received training in lean manufacturing through AKA, two were helped to find new markets, and two were helped with new product development. Highlights of the results are:

- Skillcraft Sheetmetal, Inc. - "a reduction in labor equating to \$27,000 in 2014 alone"
- Post Glover Resistors - "12% reduction in unnecessary labor"
- Outdoor Venture Corporation - "Increased sales by \$500,000 and increased cost savings by \$1 million"
- Cumberland Mine Service, Inc. - "Uncovered 17 potential industries/business opportunities and 21 potential future customers"
- RT Welding & Fabrication, Inc. - "Uncovered 21 potential industries/business opportunities other than mining and identified 13 potential revenue streams"
- Taper Roller Bearings - "\$10 million in retained sales, \$200,000 in cost savings, and \$20,000 in new product development"

David Linger responded, "The Ohio Manufacturing Extension Partnership, located in Columbus, Ohio, provides technical services for small and medium-sized manufacturers to drive productivity, growth and global competitiveness; and can ultimately help Ohio's manufacturers become more profitable and competitive. From October 2015 - September 2016, the Ohio Manufacturing Extension Partnership served 439 manufacturers resulting in new and retained sales of \$277,900,000, created and retained 2,399 jobs, facilitated cost savings of over \$41,700,000, and created new investments of \$132,600,000."

He commented, "An often overseen benefit of the relationship of a MEP and their regional clients is the two-way information exchange. That is, the MEP receives constant Voice Of the Customer information from the regional clients throughout the year. This allows the MEP to proactively develop new solution packages that meet those needs, needs that are often unique to small and mid-sized manufacturing firms. This feedback loop drives the MEP to be current with the latest technology or methods and be an ongoing subject matter expert to push this new know-how back out to the manufacturing community. A few great examples of this are the work MEP's are doing in regards to cybersecurity as it relates to manufacturing, additive manufacturing or 3D printing, data analytics, and system integration (Industrial Internet of Things, IIOT)."

Impact on California Manufacturing

Jim Watson responded, "Last year, CMTC was awarded a five-year agreement to be the California MEP. In 2016 CMTC served 1,065 small and medium-sized manufacturers, creating or retaining 8,575 high paying jobs statewide resulting in \$169 million in cost savings, \$647 million in total sales, and \$305 million in total investment. For every manufacturing job, there are 3-4 full-time jobs created elsewhere in the United States to support manufacturers. Manufacturing is critical to the California economy, employing more than 1.2 million workers at more than 39,000 companies."

Headed, "CMTC's services provide innovation, growth, technology and operational solutions that foster profitable growth for small manufacturers impacting personal income, tax revenues and the California economy. A study by the LAEDC Institute for Applied Economics indicated that the annual economic contribution from California MEP projects with customers surveyed in 2014 was an estimated \$1.8 billion to California's GDP and more than \$450 million in federal, state and local tax revenues. The California MEP program is a valuable partner for manufacturers and generates a significant dividend for the State of California."

There were four client case studies mentioned in their 2016 end of year report, which I have briefly summarized below:

Amflex Plastics is a woman-owned company making polyolefin co-polymer formulated plastic hoses and spiral hose equipment. Amflex needed help getting prepared to get their ISO 9001:2008 certification to retain current business and get new customers. After CMTC coaching, they passed their audit and got their certification, resulting in \$675,000 in projected increased sales, \$300,000 in retained sales, three new jobs, 10 jobs retained, and \$209,000 in cost savings.

Summertree Interiors is a minority owned business that builds finely crafted baby and children's furniture. The company needed help reducing lead times and improving on-time delivery. CMTC provided them with lean manufacturing training, which resulted in:

- \$400,000 in increased sales
- 1,000,000 in retained sales
- 6 jobs created
- 12 jobs retained
- \$250,000 in cost savings
- \$115,000 in capital investments

Space Systems Loral is a manufacturer of communications satellites and satellite systems. Because former customers are now making their own satellites, "SSL needed programs to reduce costs and lead times as well as provide an in-house team to lead and implement their continuous improvement philosophy. CMTC provided yellow belt lean training and a "train the trainer" program, which resulted in \$7,500,000 in retained sales, 17 jobs retained, \$1,861,000 of cost savings, and \$500,000 in capital investment.

OHIO Design is a builder of custom, made-to-order, modern furniture and interiors. The company needed help with their manufacturing processes, finding qualified workers, and access to capital. CEO coaching helped OHIO Design to understand and implement business metrics and a cost structure to track their manufacturing expenses, and a continuous improvement program to focus on solutions to fix problems. As a result, they experienced \$500,000 in increased sales, retained seven jobs, achieved \$150,000 in cost savings, and made \$55,999 in capital investment.

One of the companies I represent as a manufacturers' sales rep has been a repeat client of CMTC. President Steve Cozzetto of [Century Rubber Company](#) wrote me, "As the business climate has become more demanding, CMTC has been instrumental in providing the training that we need to remain competitive. In the past 10 years, we have used their resources and expertise to develop our lean manufacturing procedures, to upgrade our marketing methods, and most recently to take our quality program from ISO: 9001 and prepare us for our AS9100D certification which should occur this year. As a small company, the variety of programs offered by CMTC makes it possible to accomplish goals that would otherwise be difficult to achieve."

These success stories illustrate why the nationwide Manufacturing Extension Partnership network is essential to the growth of the United States economy. When the president submits his budget, it is the first step in the long process that results in a federal budget. No president's budget ever gets approved without substantial amendment by Congress, and Congress has the final say on governmental spending. To support the MEP program, you should contact your Congressional Representatives to urge them to keep funding for the MEP program in the federal budget.

<http://www.industryweek.com/public-policy/meps-are-essential-rebuilding-american-manufacturing-competitiveness>