

Kennedy Valve Brings Production Back to U.S.

By Michael Meador

National surveys reveal a trend toward manufacturing jobs returning to U.S. soil, and Kennedy Valve in Elmira, New York provided a local example when they recently began to manufacture a product line that had previously been outsourced to Thailand.

A look back over the last couple of decades will help explain both this national trend and the decision at Kennedy Valve. A large differential in labor cost originally compelled American companies to move work offshore, and while that strategy may once have been competitively necessary, times have changed. Manufacturing executives are realizing that not only are offshore labor and shipping costs going up, but there are other risks.

For example, suppliers tend to become competitors. A company in China that receives larger volume contracts can build capacity that is an enormous help when turning on production for their own versions of the product.

These factors, plus concerns over government-sponsored I.P. theft and production time lags are causing companies such as GE, Ford, Dow Chemicals, Cater-



pillar, Google, and Apple to start moving some manufacturing back to the U.S. In doing so, companies are discovering that these changes can also enable them to:

- Improve quality control
- Utilize excess capacity
- Reduce lead times
- Reduce shipment costs
- Improve on-time delivery
- Shorten innovation and R&D cycles

Most companies would pounce on the opportunity to make just one of these improvements. Kennedy Valve has realized multiple benefits from their re-shoring move.

The products re-shored by Kennedy Valve are Rotating Disc Gate Valves that range in size from 3" to 72", and were originally designed and produced in this region in the early 1900's. The ownership of these valves moved through several companies and the manufacturing was eventually moved to Thailand. In 2007, ownership of this design was acquired by American R/D, another division of Kennedy Valve's parent company, McWane, Inc.

According to Lisa Rawcliffe, Kennedy Valve's Lean Manager, longer lead times and transportation delays were getting to the point that it was impeding the company's business growth. Especially since the valves are sold in significant quantities in the U.S., bringing them back meant that Kennedy could improve the logistics and service levels to its customers.

"Our Lean Manufacturing accomplishments here have enabled us to free up capacity so that we can take on that business without having to purchase new equipment and build new space," said Rawcliffe. "We reorganized production areas so that we have a better flow of

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The Value of Registering to an International Standard

By Lloyd A. Johnson

To register or not to register? So many businesses struggle with that question. Should we pursue registration to an International Standard like ISO 9001, ISO 14001, AS9100, or TS16949? What will it do for our business? Will it help us improve our quality and customer satisfaction? Will we attract new customers or open up new markets? Is it worth the time and expense?

According to ISO, the International Organization of Standardization, "ISO International Standards ensure that products and services are safe, reliable and of good quality. For business, they are strategic tools that reduce costs by minimizing waste and errors and increasing productivity. They help companies to access new markets, level the playing field ... and facilitate free and fair global trade." Sounds great, but what's the value of registering to an International Standard?

In order to answer these questions, let's first look at the different International Standards. Standards come in many flavors:

- ISO 9001 defines the requirements for an internationally recognized Quality Management System (QMS). The focus is on meeting customer requirements, improving customer satisfaction, and continually improving your processes. Most other Standards are based on the requirements defined in the ISO 9001 Standard.
- ISO 14001 defines the requirements for an Environmental Management System (EMS). The focus here is on helping an organization minimize negative affects to the environment and comply with regulations. The result is a system to continually reduce or eliminate waste streams and pollution.
- ISO 13845 defines the QMS requirements specific to the Medical Devices industry. It focuses on helping organization provide medical devices and related services that meet regulatory requirements and is applicable to both design and manufacturing processes.
- ISO 17025 defines the competency requirements for Laboratory Testing and Calibration Services. This Standard helps laboratory, testing, and calibration businesses demonstrate their technical competence in producing precise and accurate test and calibration data.
- ISO/TS 16949 defines the QMS requirements specific to the Automotive industry. The focus is on helping organizations in the automotive supply chain continually improve through reducing variations in processes resulting in defect prevention. All global automotive manufacturers require their Tier 1 & 2 suppliers to meet this Standard.
- AS9100 defines the QMS requirements for the Aerospace & Defense industry. It helps organizations meet the quality

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Revenue & Cost Impact of Quality Standard Registration

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and safety requirements specific to Aerospace & Defense contractors. These contractors are usually monitored by government agencies.

Now, let's get to those questions! We'll start with **"What will it do for our business? Will it help us improve quality and customer satisfaction?"** From numerous studies and surveys conducted since 1990, becoming registered to a Standard leads to increased performance for an organization. Process variations are reduced through increased consistency and discipline. Everybody does it the same way, every time. Processes are tracked and performance reported regularly. More focus is placed on problem solving and customer satisfaction. Through continual improvement and capital investment, innovations in products and processes occur. All this leads to lower costs and higher profits.

How about attracting new customers and opening up new markets? Registration to a Standard makes your business more competitive. By being more

competitive, you'll see increased sales with existing customers. Who would you choose if prices are the same, the business who's registered or the one who isn't? It also leads to new opportunities in new markets. For example, if you're a small parts manufacturer and haven't been able to attract customers in the medical device industry because you're not ISO 13485, getting registered will open this market to you.

Lastly, is it worth the time and expense? That depends. Becoming registered takes between 9-18 months, depending on the Standard you're pursuing, the size of your business, and the stability of your current processes. The non-recurring costs associated with preparing for registration are typically \$10-30K. Less if you can do it without outside help. The cost of registration ranges from \$8-15K, depending on the Standard you pursue and the associated Registrar's fees. Then there's the recurring cost of sustaining your registration through a Registrar, which are typically between \$4-10K per year. If you're not being "pushed" by your customers to

become registered, it might not make sense right now.

However...

The number of businesses registered to the various International Standards is continuing to grow and, the ROI from registration, can be significant. As an example, five businesses in the Southern Tier reported a total impact of ~\$45M for FY 2012 and they attributed it to becoming registered to a Standard. This impact includes cost savings; capital improvements; sales retained; and new sales. Sooner or later, one of your current customers, or a potential new customer, will inquire as to "when will you be registered?" When that happens, you'll quickly see the value of registering to an International Standard.

For more information about becoming registered to an International Standard, AM&T will be hosting a breakfast seminar on May 22, 2013 at the Owego Treadway to provide an overview and benefits of becoming registered to an International Standard. Watch for more information in future newsletters.

Southern Tier Manufacturers

Are you looking for help with workforce development to compete in this advanced manufacturing economy?

AM&T is in the process of developing our open enrollment training agenda for 2013 and would like to know what's important to you and to your business success.

Please complete a five-minute online questionnaire that will help us provide the training you need for your company's success.

<https://www.surveymonkey.com/s/5R7CG9M>

Eliminate To Innovate

By Jamillah Warner

Several years back, while talking on the phone with a friend from college, I was also going through my pile of things-to-fix-up-and-reuse. When she asked what I was doing, I told her and her reply was certain and final enough to get my full attention:

“Don’t keep broken things around you.”

She went on with what she was talking about, but her statement stuck with me.

In “The Upside-Down Approach To Innovation,” (<http://www.openforum.com/articles/the-upside-down-approach-to-innovation>) Anita Campbell asks a core question:

“What if we approached innovation from the opposite direction – by getting rid of what isn’t working before we try to come up with something that works?”

What if we cleaned house first, addressed the mess and made room for innovation? What if we let go of the junk now and let it become somebody else’s treasure?

It’s time to quit wasting our energy on hackneyed systems and broken equipment. It’s like Spring cleaning, getting the house ready for the new year, except doing it now.

You can’t know what deals to take advantage of if you don’t know what you need. You can’t get intimate with what you need until you let go of what you don’t need. Eliminate first. That process alone will make you feel lighter and smarter. Then you can innovate with more focus and precision.

Don’t let the junk get in the way of your next steps.

3 Key Strategy Questions to Ask Your Teams Regularly

By Art Petty

In my experience, the management teams that lead the best performing businesses are those that incorporate at least three key strategic questions into almost every operational and status discussion.

What are Your Teams Talking About?

The gross majority of the dialogue in an organization is about How, and Who and When and the important What and Why issues are left for strategy meetings and other “high-level” discussions. While understandable in the hectic pace of the workday, the shortage of these important What and Why discussions reinforces a dangerous form of operational myopia, where the underlying and unspoken assumption is: If we simply get this done, we’ll be better off as a firm.

No disrespect nor trivialization intended for operations and execution. Getting it done is critical. However, my premise is that you can strengthen (without paralyzing) the quality of these discussions (particularly management and project team discussions) and potentially uncover new ideas or cross-check long-standing assumptions, with the regular inclusion of a few key questions.

Three Key Strategy Questions to Ask Your Teams Regularly:

1. How does this initiative help us grow/create power? (Power: new customers, new revenue in current customers, new revenue in new/adjacent markets, market share). If it doesn’t directly tie to or en-

able the creation of power, why are you doing it?

2. How meaningfully different is this to our clients? So many ideas are good in isolation...promoted by people passionate about their offerings, but ultimately, they are not meaningful enough to clients to prompt action (investment, change, trade-out etc.). While not all clients can articulate what they want (as Steve Jobs taught us most recently), your team must be able to substantiate that the initiative is one that will prompt action.



3. How defensible is our approach versus our most dangerous competitors? Too many “me too” and easily replicated initiatives is a formula for stagnation or decline. If you cannot pass this critical acid-test question, something is wrong.

The Bottom-Line for Now:

These are just a few of the important questions that must be regularly asked and answered in the course of forming, assessing and adjusting strategy. However, instead of saving all of the good questions for the offsites, start immediately incorporate these three in to your management and status meetings, and you’ll dramatically increase the quantity of meaningful dialogue (and action) taking place every day.

Are You Struggling with Growth & Profitability?

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Workshop Content & Benefits

A one-day workshop with a “live” simulation that guides you through the transition from a traditional manufacturing approach to that of a lean manufacturing environment! Waste is eliminated, productivity increased, and you gain a competitive edge in the marketplace.

Principles of Lean Thinking is part of an integrated suite of AM&T tools and services developed specifically for manufacturers. This course is one in a series of related lean courses that we offer. At this workshop you’ll learn the principles of Lean and how to apply them. During the simulation exercises—as a member of the production team for Buzz Electronics—you’ll apply Lean concepts such as standardized work, visual signals, batch-size reduction, pull systems and more. Experience firsthand how Lean improves quality, reduces cycle time, improves delivery performance, reduces WIP and enables Buzz to show a profit. This one-day class is the ideal beginning for your company’s Lean training program.

Date:	April 18, 2013
Time:	8:00 am to 4:30 pm 7:30 am sign-in, continental breakfast, lunch provided
Location:	Holiday Inn Express, Horseheads, NY
Cost:	\$250 (\$200 for AM&T Associates)
	Register on-line at www.amt-mep.org/index.php/news-and-events/ training-and-events/ or contact Kathy Peacock at 607-774-0022 x308

WHO SHOULD ATTEND?

Company Leaders & Manufacturing personnel charged with project management, process improvement, Lean initiatives, new employees in need of understanding basic Lean concepts, employees needing a re-fresher, or those interested in getting started with Lean.

Lean focuses on eliminating non-value-added activities from a company’s processes while streamlining its value-added activities. It is a people-oriented approach that empowers a team to take action to achieve improvements. Lean tools and implementation are the best way to effectively use a company’s most valuable resource...its people.

See first-hand what the power of Lean can do for your company’s growth & profitability

There is a better way!

Meet your Instructor: Carol Miller has over 25 years of experience in the manufacturing and service sectors. She has a B.S. in Industrial Engineering from the State University of New York, College at Buffalo, and an M.S. in Management of Technology from Polytechnic University. She is a member of the Association for Manufacturing Excellence (AME) and the Project Management Institute (PMI), is a NIST-certified trainer and implementer of Lean Manufacturing techniques, and has received certification as a Lean/Six Sigma Black Belt from Villanova University. Carol leads AM&T’s Lean effort.



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- Discounted fees at AM&T sponsored seminars & workshops
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Call Jim Cunningham at 607-725-1225 to ask about becoming an associate.

More information at www.amt-mep.org

Associates' Corner



ENSCO Avionics, Inc. is a provider of safety/mission-critical avionics

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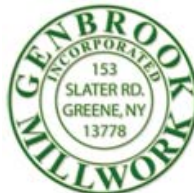
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Genbrook Millwork, Inc., is a premier custom millwork shop located in Greene, NY that fabricates and delivers

quality residential and commercial millwork and casework for customers throughout the Northeast and Mid-Atlantic regions.

2012 was a great year for Genbrook, producing record sales and receiving their Forest Stewardship Council (FSC) Certification. FSC Chain-of-Custody (CoC) certification helps their customers choose products that contribute to global conservation, community well-being and economic stability. Since receiving their certification, they have completed several FSC and LEED projects. Genbrook has also been a Certified Participant in

the Architectural Woodwork Institute's (AWI) Quality Certification Program (QCP) for over 10 years which places them among a small, select group of millwork shops in NY State that are premium certified through this program.

2013 marks Genbrook's 23rd year in business and is shaping up to be another banner year. They were featured in the winter 2013 issue of Design Solutions Magazine for their architectural millwork at the United Health Services' Vestal Extension Clinic and they are anticipating continued sales growth and an expansion of their operations in Greene.

For more information, contact: Joshua P. Browning, President 607-656-7563 www.genbrook-millwork.com

Manufacturing Returns to U.S.

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materials and less work-in-process inventory. We minimized inventory levels to the point where we have available space in our warehouse and production line that can accommodate these valves that are sometimes very large.”

She explained that it was the broader economic and marketing considerations combined with their internal Lean efforts that enabled McWane to make the strategic decision to re-shore this production without a lot of expense and disruption. Thus

Kennedy Valve is using existing resources to produce all components of the valve, from molding through machining, coating, and assembly.

This re-shoring event marks the return home for a valve that has been in use in America’s waterworks infrastructure since 1908. And it’s now being manufactured by Americans – the 400 employees who each earn their portion of Kennedy Valve’s annual payroll of \$24.5 million. And those employees apparently have reason to be optimistic about their company: since 1997, McWane has invested over \$32

million in capital improvement projects at the plant, with \$4.5 million of that amount going toward environmental control and pollution prevention.

McWane and Kennedy Valve appear to be preparing for the kind of changes anticipated in a recent report from the Boston Consulting Group that said, “While China will remain an important manufacturing platform for Asia and Europe, the U.S. will become increasingly attractive for the production of many goods sold to consumers in North America.”

Manufacturing In The New York Region Rebounded In February.

Bloomberg News (2/15, Jamrisko, Chandra) reported, “Manufacturing in the New York region unexpectedly rebounded in February, a sign factories will help sustain the US economic expansion after a brief slowdown at the start of the year. The Federal Reserve Bank of New York’s Empire State index climbed to 10 from minus 7.8 in January, exceeding all forecasts in a Bloomberg survey. It was the highest since May 2012.”

Around the Southern Tier

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Mar 12	How to Get the Most Benefit from Social Media - Watkins Glen Area Chamber - 607-535-4300
Mar 20	Succeeding in Changing Times - Greater Binghamton Chamber - 607-772-8863
Mar 22	Spring Economic Development Forum - Greater Binghamton Chamber - 607-772-8863
Mar 27	What’s In Federal Health Reform for Small Business - Tompkins Chamber - 607-273-7080
Mar 27	Weathering the Legal Storms in Small Business - Tioga Chamber - 607-687-2020
Mar 28	Business After Hours Networking - Greater Binghamton Chamber - 607-772-8863
Apr 04	Facilities 101 Workshop - CCMR - 607-255-4272
Apr 05	Improving Team Collaboration and Resolving Conflict - Commerce Chenango - 607-334-1400
Apr 18	Lean Thinking for Manufacturing - AM&T (see page 5) - 607-774-0022 x308
Apr 18	Business Expo 2013 - Greater Binghamton Chamber - 607-772-8863
May 22	Breakfast Seminar - Quality Management Systems - AM&T - 607-774-0022 x308
May 29	CCMR Symposium: Oxides: Saving the World at 4 K! - CCMR - 607-255-4272

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AM&T uses a comprehensive, overall business approach to create significant and long-lasting business improvements. Our experience is that individual improvement methodologies will provide some measurable benefits on their own, but it is the combination of them across the whole value chain that will lead to dramatic gains.

WE CAN HELP YOU:

- Assess your current state
- Articulate and define the desired future state
- Train your workforce in improvement methodologies
- Implement process improvements across the whole value chain
- Identify new opportunities
- Achieve and sustain growth and breakaway results

AM&T DELIVERS:

A third-party survey for 2005-2012 reported impacts of:

- 3,005 jobs created or retained
- \$634 million in increased or retained sales
- \$15.5 million in cost savings
- \$41 million in investments
- \$818 million total impact
- 4.7 out of 5.0 Customer Satisfaction

OUR SKILLS:

- Business Assessments
- Strategic Planning
- Lean Enterprise
- Supervisory Training (TWI)
- Project Management
- ISO/AS Quality Systems
- Sales and Marketing
- New Opportunity Identification and Growth — Markets, Products, Services, Customers

Our integrated, comprehensive approach, applied to the whole value chain, can make a difference. We are "hands-on", roll-up-your-sleeves people and we're passionate about manufacturing.

Call Jim Cunningham at 607-725-1225 to ask how we can help.