

Your Resource Driving Manufacturing Innovation

Measuring Up: To reach a certain standard



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John's

Corner



John W. Lloyd, President & CEO

Strong Value Proposition Critical to Success

Our theme for this newsletter is "Measuring Up." To measure up relates to the quality of the products and services we offer and how well we fare against the competition. Tough competition is a way of life in business and with the 2 year economic slump we've endured, more companies are competing for fewer sales opportunities. To make a sale it is critical to have a strong value proposition.

Every organization of any kind needs to be looking over the horizon at what will sustain it. By developing a strategy looking out 3-5 years, you have an opportunity to put your company at a competitive advantage. Ask yourself:

- What is my strategy to maintain a distinct competency for the next 3-5 years?
- What sales channels will maximize top line revenue opportunities?
- What markets, domestic and abroad, are available to bolster revenue growth?
- What new products are needed in the marketplace which will replace my existing products as they mature and decline?
- What resources are being committed to process innovation and product innovation to enable us to stay ahead of the competition?
- Is my organization's structure and culture positioned to facilitate innovation and growth?

- Do my people feel empowered to try new methods, take risks and explore innovative ideas?
- What are the technologies that will emerge that can either be a threat to the business or, conversely, an opportunity for growth?

In the severe recession we've endured there is a tendency to table new initiatives and to simply survive the turmoil. Now as we begin to emerge from the worst economy we've seen in our lifetime, it is time to renew the drive toward innovation and growth. Your competitors are reeling from the effects of the recession – some have not survived – and the opportunity to innovate and grow has never been better.

MANTEC has not been immune to the impact of the economy. Our support from the state has been slashed by 55%. To survive we have been forced to eliminate positions, make drastic cost reductions, freeze salaries and eliminate our cost share dollars for client projects. Making these changes has been difficult and has put a strain on our staff. More importantly, it has impacted some of the business practices in our project work with our clients and our consultant partners.

The changes, however, have not affected our mission to "assist the manufacturers of South Central Pennsylvania to continuously and strategically strengthen their businesses." Neither have they changed the value proposition we bring to our clients:

- We serve as your professional business advisor to open the possibilities for growth and profitability.
- Our experienced staff brings objective insight and a new perspective on the issues you face.
- We offer you a sounding board and serve as your "awareness merchant" on avenues for improvement.
- We provide appropriate resources from our network of first rate providers.
- We always bring objectivity. We have no agenda to sell you anything. You set the direction, we provide the road map.
- As thought leaders and advocates for manufacturing, we provide information on the latest trends in all disciplines of business. For example: opportunities in the energy arena and in the Next Generation Manufacturing Strategies.

The overt benefit of working with MANTEC can be summarized in four points:

- We create a greater probability for success of your initiatives.
- We identify areas for growth and support your implementation of these growth strategies.
- We support your drive for cost reduction to improve your bottom line.
- We allow you time to focus on the pressing issues which require your attention.

Our satisfaction rating as reported by our clients is 93%. And most importantly, MANTEC stands behind everything we do. We are passionate about our mission. How can we help you to crystallize your value proposition to your customers?



MANTEC Receives Two Recognitions

It has already been a banner year for MANTEC and we strive to celebrate every success. Please join us as we “toot our own horn that we have measured up to the best.”

MANTEC was named as one of the Best NonProfit Organizations to Work for in the United States for 2010. The annual list of the nation’s “Best NonProfits” was created by The NonProfit Times and Best Companies Group. This survey and award program was designed to identify, recognize and honor the best places of employment in the NonProfit sector; benefiting the nation’s economy, its workforce and businesses. The 2010 Best NonProfit Organizations to Work for list is made up of 50 organizations in the categories of small, medium or large. **MANTEC is ranked #1** of 9 recipients in the category of small organization designated by 15-24 employees.

In 2009 we launched our Business Transformation Process. This key offering works to create a vision for the future and a gap analysis between the current and envisioned future state. It incorporates all of our traditional services and coordinates them in a much more strategic way. In the fall of 2009 this offering was submitted to the Central Penn Business Journal’s 2010 Nonprofit Innovation Award program under the category of Management Operations. The awards event was held at the end of February 2010. MANTEC is proud to be recognized as a finalist.

We recognize that our clients, Board, consultants, and partners have all played an important role in these accomplishments. The rest of this page “toots the horn” of achievements of others we are proud to acknowledge.



Litts Quality Technologies, Inc. was selected for the 2009 Best of Downingtown Award in the Business Consultants category by the U.S. Commerce Association (USCA). Each year, the USCA identifies companies that have achieved exceptional marketing success in their local community and business category. These are local companies that enhance the positive image of small business through service to their customers and community.

Tucker Industrial Liquid Coatings was named as 2009 Business of Year in the 51-100 employees category. The award is presented by the Central Penn Business Journal. Precision Custom Components was a finalist in the 101 or more employees category.

The Central Penn Business journal named the Top 50 Fastest Growing Companies. The following manufacturers were recognized on the list:

- Advanced Cooling Technologies, Inc.
- Dentsply International, Inc.
- Farmers Pride, Inc. DBA Bell & Evans
- First Capital Fibers, Inc.
- Flinchbaugh Engineering, Inc.
- Gichner Systems Group, Inc.
- Mauell Corp.
- Military and Commercial Fasteners Corp.
- Pennfield Corp.
- Tucker Industrial Liquid Coatings, Inc.
- York Haven Fabricators, Inc.

Congratulations to our clients and partners for being voted a Best Place to Work in Pennsylvania:

- Cargas Systems
- HydroWorx
- McKonly & Asbury
- LMA Systems Group, Inc.
- Stoner, Inc.
- York College of Pennsylvania

Bert Elsner of Elsner Engineering Works, Inc. and Mike Moyer of Hanover Lantern were welcomed to the Hanover Area Chamber of Commerce Board of Directors.

York County Chamber of Commerce was awarded the 5-Star Accreditation from the U.S. Chamber.

Komax Solar, Inc. recently combined three locations in York County into a new facility in Springettsbury Township.

In July 2009, Solar Innovations® moved into its new Silver LEED pre-qualified facility in Pine Grove, PA. Each of its own products, including Energy Star Certified, are incorporated into the overall building including several environmentally-specific conservatories, greenhouses, skylights, sunrooms and folding glass walls.

VSM Leads to On-time Delivery

Value Stream Mapping (VSM) documents the current state of a product or process through data analysis. Value added and non value-added steps are determined which quickly identifies wastes. The company then establishes how the future state map should look and lays out an action plan to accomplish the end goal.



As Weaver Industries in Denver, PA learned it takes considerable effort to transform a process. They performed VSM during their Alcoa Block sawing project. Leon R. Good, VP of Operations, commented, "the mountain of work that we had in front of us and the delivery at the end of the week seemed like an insurmountable task." The team stepped up.

The job was completed 2 days early. "I think this was the first time we ever had a shipment ready on time. Absolutely amazing and a wonderful feeling of accomplishment," said Leon.

To start your own VSM project contact your District Manager or MANTEC directly at 717-843-5054.

Manufacturing is Cool

With the click of a mouse, young people can get a behind-the-scenes look into the significance and fascination of manufacturing. Manufacturing is Cool provides an inside look at how kid favorites – such as snacks, fashion, cars and cell phones – are designed and produced by engineers.

www.manufacturingiscool.com

Astro Machine Works, Inc. celebrated its 25th Anniversary with an Open House. MANTEC gladly participated by displaying an informational table. In December they achieved ISO 9001:2008 and AS9100B certification.

Kalas Manufacturing received its ISO 14000 certification and TS-16949 will be achieved shortly.

Lighting the Way to Savings

Energy efficiency is using energy wisely and eliminating waste. Energy efficient lighting technology provides the most quantifiable savings while providing the same - or increased - light levels.

THE TIME TO ACT IS NOW

Electric rates in the PPL Utility area increased on January 1. Rates in surrounding utilities will increase in January 2011.

PA ACT 129 Energy Efficiency and Conservation Plans offer Cash Incentives for the replacement of inefficient lighting systems and are available NOW.

CASE STUDY- South Central PA Manufacturer in PPL utility.

Hours of operation 21/5

Cost of electric: \$.09/kWh

Existing (102) 400W Metal Halides

Existing avg light levels 10-30 fc

Retrofit (70) 4 lamp T5HO and (32) 3 lamp T5HO fixtures

Retrofit avg light levels 30-45 fc

Installed project cost: \$25,963

Annual Electric savings: \$14,090

Utility Rebate: \$ 6,768

Payback in 16 months

Light your way to savings. Contact your District Manager or MANTEC directly at 717-843-5054.

Principles of LEAN Manufacturing for Food Processors

May 4, 2010



This course is an overview of LEAN practices and includes a simulation specifically for food processors. Benefits to learning LEAN principles and implementation strategies include:

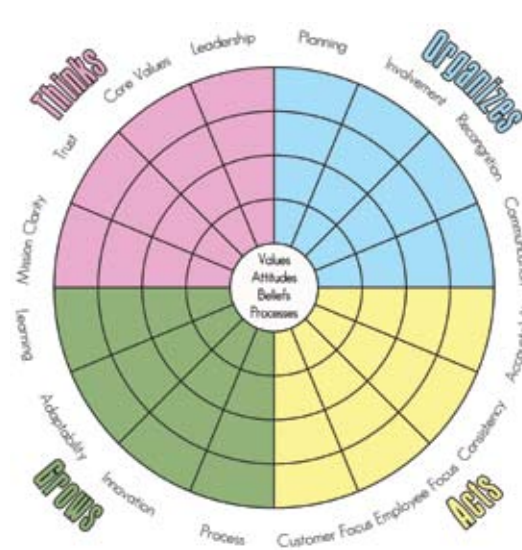
- Faster changeover time between products
- Improved on time delivery
- Reduction in operating expenses
- Higher gross margins!

More info: www.mantec.org/events.cfm

The Cultural Difference

MANTEC was recognized for a strong culture with the Best NonProfit Organization to Work for 2010 award. Developing a positive culture takes work from leadership. It also requires knowing what employees are thinking and effectively collecting that information.

Employee surveys are frequently used to gauge how happy employees are with their employer. MANTEC is partnered with Echo Strategies to bring a more comprehensive survey to clients. The OrgScan® is a cultural survey that digs deeper than employee satisfaction surveys. How they differ:



- Focus on employee values, beliefs and behaviors, not just benefits and facilities
- Identify company strengths and weaknesses, not just employee attitudes
- Reveal ideas for corporate involvement

The cultural survey focuses on 16 different topics which fall into four categories of Think, Organize, Act and Grow. Each topic is scored giving a company an idea of areas that require attention. Organizational culture is known to impact profitability.

MANTEC has conducted OrgScan® with clients including Tech Cast in Myerstown, PA. Shawn McKinney, Vice President, commented that **“Tech Cast strives to continually improve our business. The Cultural Assessment offered by MANTEC was an excellent gauge to determine how our employees viewed the organization and identified areas of improvement.”**

A recent LEAN Working Group hosted by Tech Cast highlighted the importance of the OrgScan® during its LEAN transformation. Culture is the mortar between all the LEAN building blocks. Ensuring there were no cracks in the mortar aided Tech Cast in successful implementation of LEAN processes.

For more information on this unique service offering contact Kent Keller at 717-843-5054 x239 or kent@mantec.org

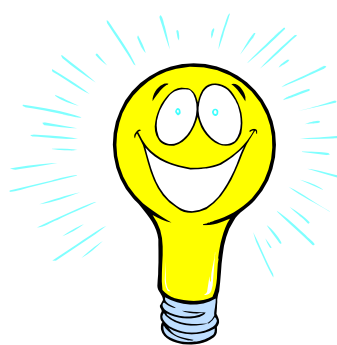
Creative Ways to Retain Employees

A recent request came from a Central Penn Business Journal reporter for MANTEC to identify companies using creativity to retain, train and recruit employees. MANTEC quickly identified the following:

Garrod Hydraulics in York, PA provides a fitness/recreation center for their employees. Employees are also able to use the facilities for family events.

McClarín Plastics in Hanover, PA encourages retention with two programs. Every employee goes through a Manufacturing Economics class that gives them insight into how a business is

run and how their actions and scrap impact the bottom line. McClarin also has a great program that rewards employees for perfect attendance.



Littlestown Foundry in Littlestown, PA is very employee oriented. Turnover is extremely low and a lot of attention is paid to personal lives and involvement along with rewarding activities at work.

How creative are you to keep your employees?

If you have a unique workforce story to share please contact Leigh Ann Wilson at wilsonla@mantec.org

Supervisory Training Overview April 27, 2010

Enhancing and developing supervisory skills throughout the workforce is critical to improving the working relationships and effectiveness between employees and managers. Four major managerial competencies will be covered as follows:

- Communication
- Organization
- Problem Solving
- Cultural Development



www.mantec.org/events.cfm
for additional details

Achieve Top Line Growth

Fred Botterbusch, Business Growth Services Manager, joined the MANTEC staff with one goal in mind: help our clients achieve top line growth in this tough economy. Fred brings with him a unique set of experiences and perspectives, all of which he offers to help you grow. Following more than 20 years leading manufacturing operations, Fred spent seven years directing business development, strategic planning, product development and marketing with The Pfaltzgraff Co. and Lifetime Brands.



How can business growth services work for you? “Based on a lot of best practice research and my own ‘down in the trenches’ experience, we’ve developed a straightforward but comprehensive set of assessments,” Fred commented. “Using these tools and a pointed conversation about your business, we delve into these key growth areas: strategic planning, market and sales development, and new product development. With these pieces of the puzzle defined and out on the table, we can then craft a prioritized plan to step-by-step move your top line forward.”

MANTEC’s “Get Ready to Grow” format addresses these business planning areas to give you the awareness required to help see the future more clearly. By making the commitment to work “on” your business, instead of just “in” it, you’ll be taking the first steps toward greater prosperity.

Fred has already helped firms such as Ames Industries, Lancaster County Coffee Roasters, and SME Foods take that first step. He is anxious to help you get focused on growing. Fred can be reached at 717-858-5855 or fred@mantec.org

Buy American and Save an American Job

According to SaveAnAmericanJob™ (SAAJ), “buying American” is the one thing that every citizen can do to help save jobs, stimulate our struggling economy, and ensure that 2010 will be a happy new year for everyone. Simply put, the driving goal behind the SAAJ organization, a patriotic initiative recently launched by Bollman Hat Company in Lancaster, PA, is to motivate more Americans to buy American-made products. Its noble mission is to unify like-minded American companies through a unique and powerful visual branding concept and provide consumer education on how and where to buy American, why it is important, and what the rebuilding of a strong manufacturing base in the U.S. will mean in terms of not only saving jobs, but also our long-term economic stability and independence. More information is available at www.SaveAnAmericanJob.com



Olympic Connection



Clair Brothers based in Lititz, PA set up and oversaw the sound system at BC Place during the 2010 Winter Olympics held in Vancouver, British Columbia. The 60,000-seat stadium hosted the opening and closing ceremonies as well as the nightly victory ceremonies, which featured the awarding of medals, presentations by Canada's provinces and a dozen concerts.

Assisting Troubled Firms

Since 1993 the Strategic Early Warning Network (SEWN) Program has provided free assistance to troubled Pennsylvania manufacturing firms in both the good years and the tough years. During this period they assisted hundreds of firms and retained over 14,000 manufacturing jobs. The recession hit the manufacturing sector hard. All firms using SEWN are referred to appropriate existing State resources including marketing assistance, incumbent worker training, dislocated worker supports, operational assistance, financing and where warranted the SEWN Program for turnaround assistance.



Following are two successful case studies of the SEWN and MANTEC partnership in 2009:

JF Rohrbaugh in Hanover experienced stretched lines of credit. SEWN’s assistance with financial modeling and cash flow projection increased the bank’s comfort level to continue to support the credit. The bank also agreed to restructure some of the existing debt which increased cash flow.

Leisters Furniture in Hanover struggled to measure profitability of the manufacturing process. After a business resource review SEWN advocated to reduce inventory and lease unused space.

If you feel your company could benefit from this opportunity, please contact your District Manager or MANTEC directly at 717-843-5054.

Energy Deregulation and How to Respond

The change has already started. Deregulation of electricity pricing has been in effect in most of Pennsylvania since the mid 1990's and consumers have experienced no more than nominal annual price increases over the last 14 years. However, removal of rate caps, the final phase of deregulation, has already occurred in PPL territories as of December 31, 2009; and rate caps will expire on December 31, 2010 for MetEd, Penelec, Allegheny Power and PECO.

"It is critical for companies to develop a long-term integrated and strategic energy plan that incorporates proactive procurement strategies, energy conservation techniques and self generation opportunities such as combined heat and power with renewable energy platforms and all viable funding opportunities to best position a company to manage their internal and external liabilities".

There are several factors to take into consideration when proactively purchasing energy in a competitive environment. To say the least, "market timing" and contract design are the two most important considerations.

Triggering an energy purchase at the "right" time has a dramatic effect on the final price. Electric futures prices have been extremely favorable since spring of 2009 and most suppliers are offering supply contracts through 2012. It is important to capitalize on "buying" opportunities reflective of the wholesale market when they occur to lock in stable, low cost power prices.

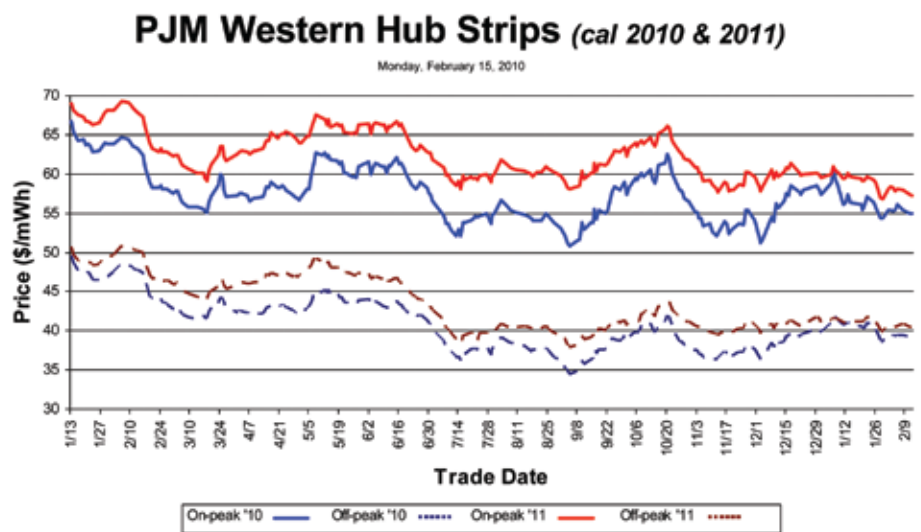
A second critical factor is "contract optimization". There is a large spectrum of contract structures a buyer can consider when purchasing energy. They range from 100% Fixed Pricing to 100% Spot Market. As you have the supplier "fix" more of the cost of service into a fixed non-variable rate, you gain more price certainty but at a higher overall cost. This is due to costs associated to the supplier to accept the higher risk. Conversely, straight "spot index" pricing supply typically results in the lowest cost for energy supply over time, but has the most volatility and most companies cannot tolerate the price fluctuations inherent in straight spot index supply contracts. For medium to larger industrial or commercial clients with reasonably stable load profiles, a hybrid structure called a "Block & Index" is fantastic at balancing the two extremes, with all the perks of each. With Block & Index the buyer can secure a high degree of price certainty while avoiding most of the premiums embedded in 100% fixed price contracts.

Any company can benefit from engaging the services of an objective professional consultant who can assist in defining and clarifying the two steps above as well as monitoring changes. Furthermore, auditing suppliers' work and billing for contract compliance is a best practice service that a good professional consultant can provide to assure that your experience of the contract is in compliance with the contract structure.

Another best practice component companies should consider while working through their internal management opportunities is performing a comprehensive, or specific systems based energy audit. An audit is designed to examine and review all major systems, whether mechanical, motors, lighting, compressed air or process heating and cooling. The overt benefit of this process is to identify and rank order opportunities by cost, ease of implementation and ROI. The benefit for the company is a cost-benefit analysis that key decision makers can review, and make educated financial and impact-based decisions which better their outcomes and overall energy performance.

Taking into consideration the components already mentioned, the key best practice is to integrate purchasing efforts with revenue generation opportunities like demand response and curtailment programming, grants and assistance programs from the state or suppliers like Act 129 rebates, and form an overall integrated energy management strategy.

MANTEC has developed a Five Point Strategic Energy Management Model and is actively implementing these best practices with clients throughout the region in conjunction with its valued partners, A1 Energy, J3 Energy, and APPI Energy. For more information, visit our website at <http://www.mantec.org/#energy.cfm>. Please call Patrick Meese at 717-968-6252 for questions, further discussions, or for an onsite visit.



Graphical representation of the wholesale on and off peak market trending.



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The Industrial Resource Center Network is supported by the Commonwealth of Pennsylvania through the Department of Community and Economic Development, Office of Policy and Technology.



May 19th

OSHA Advantages and Opportunities

September 16th

Driving Growth After the Great Recession

Additional events and details are available at:
www.mantec.org/events.cfm



International Trade Conference

May 27, 2010 8:00 - 4:30

Keynote: "Mad About Trade"- Dan Griswold
Director of the Center for Trade Policy Studies at the Cato Institute

4 tracks of breakout sessions & trade exhibition

Radisson Penn Harris, Camp Hill, PA

Info: www.wtccentralpa.org/events.htm

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Criteria:

- Manufacturer in Pennsylvania
- Comfortable spokesperson for camera
- 3 hours to film the tour

For more information contact Leigh Ann Wilson at 717-843-5054 x223 or wilsonla@mantec.org

IT Care Support Program

A proactive service that is used to manage and support computer networks. This tiered program will improve system uptime and availability which will result in improved utilization and productivity for corporate networks.

For additional information:
www.mantec.org/itcare.cfm or
Scott Sipe 717-843-5054 x249
sipesw@mantec.org

