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Prototype for Progress

Manufacturers' Collaborative Puts Pieces Together

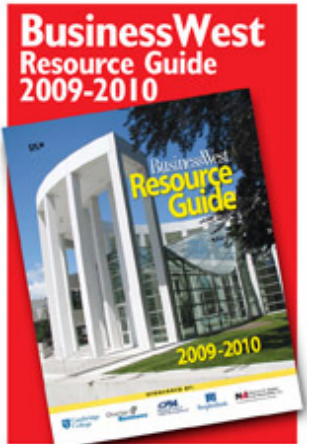
By *GEORGE O'BRIEN*



It's called the Pioneer Valley Precision Manufacturing Collaborative, a bold initiative whereby four small area machine shops will market themselves as what amounts to one larger enterprise, one with capabilities ranging from injection molding to the machining of tiny components for medical devices to the production of parts that help NASCAR vehicles go faster. The collaborative is expected to help participating companies gain contracts they couldn't garner on their own, while also making them better able to compete on what has become a truly global stage.

Tom Langevin says the idea is to take what he calls "big-company philosophies" and bring them to exponentially smaller businesses.

This is the main motivation behind the Pioneer Valley Precision Manufacturing Collaborative, or what Langevin described as an ambitious pilot program that involves four small area manufacturing outfits: Boulevard Machine & Gear and Thorn Industries, both in Springfield; Mechanical



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Drive Components Inc. (MDC) in Chicopee; and Creative Machining & Molding Corp. (CMMC) in Westfield.

Each of these companies is successful and profitable, and enjoys a solid reputation in their respective specialties, said Langevin, who takes the title 'technology innovation application engineer,' and works for the Regional Employment Board of Hampden County (more on all that later). However, they, like most other small manufacturers in the under-20-employees category, live "day to day," as he put it, a corporate lifestyle Langevin noted while surveying area companies in his first assignment with the REB as point person for efforts to expand and strengthen the region's precision-manufacturing sector.

"All of the companies I surveyed really hadn't planned beyond the current year," he said. "There were no three-, four-, or five-year plans, meaning marketing plans or engineering-research plans, or anything else," he explained. "Everyone was in the same predicament; they didn't really have a business system in place to take them through the next several years.

"It became clear that we needed to come up with a way to help these companies develop a business system that would help them strategically plan for the future," he continued, adding that the methodology chosen was the collaborative.

It should, in effect, enable the four companies, working in unison, to achieve progress in the key areas of revenue growth and cost reduction that they likely could not accomplish on their own, he explained, adding that, in addition to thinking and acting like bigger companies, those enterprises in the collaborative should be able to generate opportunities generally reserved for much larger corporations.

Chris Araujo, owner of CMMC, a unique outfit that handles both precision manufacturing and injection molding, agrees, and he says he's not speculating when he talks about the collaborative's chances for success; he speaks with the voice of experience.

"This is something I've done very successfully in my career," he said of the concept of collaboration. "By bringing together several smaller companies as we have, we can go after work that none of us could go after individually. As a group, as a collaborative, as a much larger entity, we will now be able to be competitive and have the horsepower that a lot of the big companies want.

"Everyone's reducing supplier bases, and they're looking for unique opportunities with their suppliers to have them do more," he continued, adding that the collaborative can accomplish this end. "This gives us a unique opportunity to go after some of the larger aerospace companies, medical companies, and possibly even automotive companies, utilizing not only the assets of four companies but the

intelligence of four individual owners to problem-solve and uniquely put together schedules and other details to accomplish very difficult tasks.”

Susan Kasa, owner of Boulevard Machine & Gear, concurred, and said she believes the collaboration represents another manifestation of an emerging trend within the manufacturing sector, one where smaller shops are viewing other players in the sector more as possible partners than competitors to fear and resist.

“I think local business owners have gotten over the hurdle, and no longer look at each other as competitors; we’re starting to look at what we can do to help one another grow and not necessarily be afraid of what we can take from one another in business,” she said while borrowing an industry term — prototype — to describe what the collaborative is or could easily become.

For this issue, BusinessWest takes an indepth look at the Pioneer Valley Precision Manufacturing Collaborative, how it is expected to benefit the participants, and how this model might be emulated by other companies in the region.

Gauging Possibilities

Joe Giffune, owner of MDC, said that, among other things, the company makes parts for the after-market automotive sector, or what he called “speed products,” including horsepower boosters, vacuum pumps, and other parts for NASCAR and National Hot Rod Assoc. vehicles and other customers.

“It’s a fun niche,” he said, adding that, while the company doesn’t deal directly with NASCAR drivers and owners, it serves those who do. “You’ll get calls from people saying, ‘so-and-so’s team needs this part by next weekend ... you’ve got to get this done.’ It’s a good talking point; it’s fun to do.”

While the 11-year-old company has done well historically, it has been limited by its small size, relatively tight niches, and that ‘day-to-day’ operating philosophy that Langevin referenced, said Giffune, adding that the opportunity to increase its reach and operate more strategically is what prompted him to jump at the chance to become part of the collaborative.

“He [Langevin] seemed to think our companies had a lot of similar things to bring to the table — skill sets, approaches to the way we do business, approaches to the way we do machining,” Giffune explained, “but also some unique things specific to our businesses. But his perspective is that we were also operating without a strategic plan as individual businesses, and that was a real shortfall — and no one really disagreed with him on that.

“As a small business you’re caught up in the day-to-day processes of making your debt payments, making your

payroll, those sorts of things, and that tends to lead to more short-term thinking," he continued, "which comes down to getting through a specific time period, be it a day, week, month, or a year, rather than think strategically."

Giffune's story is similar in many ways to those of the other participants in the collaborative, said Langevin, a former engineer with Danaher Tool who was hired in May 2009 by the Regional Employment Board as part of the so-called PMRAP (Precision Manufacturing Regional Alliance Project), a multi-faceted initiative involving the REB, UMass Amherst, the Western Mass. Chapter of the National Tooling and Machining Assoc. (WMNTMA), and other parties.

He told BusinessWest that his basic job description is to identify and execute strategies for helping area manufacturers become more competitive and tap new markets. One of his current endeavors involves work with educators at UMass to develop a cryogenic milling process for project machining.

One of his first assignments, however, was to survey WMNTMA members and determine what kind of support they needed. It was during these interviews that he identified a lack of — and need for — longer-term planning, as well as a stronger commitment to continuous improvement.

This is what Langevin calls a big-company philosophy, or 'lean' philosophy, and he acknowledged that it is something difficult for smaller companies to embrace and implement because of the resources required to do so.

"You have to develop data, gather data, coordinate data, analyze data, and things of that nature, and that's hard to do if you're a mom-and-pop shop with 10 employees," he explained. "But if you take three or four or five shops and put them together, you can amortize those administrative costs to implementing such a business system."

The desire to spread the cost and combine resources was the spark for creating the collaborative, said Langevin, adding that several area companies were asked to participate, with Thorn, Boulevard, MDC, and CMMC eventually agreeing to join forces.

They were chosen because they are among the more progressive companies in the area, said Langevin, adding that they are well-managed, have good engineers, are "above water," as he put it, and, above all, have something to offer each other.

Working together, said Langevin, the companies in the collaborative will be better able to do what he says they need to do to compete in the global marketplace — become what amounts to contract manufacturers focused on the big picture.

"I've sat with many companies, and their focus seems to be on how to increase the speed of their machines — that's where they think their money is," he explained. "But that's not really where their money is. We can't really compete with the rest of the world machine for machine; we can't compete labor-wise. We have to compete more on services; we have to provide more services to our prime contractors."

Parts of the Whole

Kasa told BusinessWest that, while Boulevard has a long track record of excellence in its specialty — machining parts for primarily the aerospace industry — she recognized that there were many potential benefits to becoming part of the collaborative.

That's because the companies involved complement each other and bring different things to the table. This should enable the group to compete effectively for more and bigger contracts from customers that always looking to get more from their suppliers.

"By coming together like this, we can, in effect, corner the market and gain business," she said, noting that the collaborative will likely enable individual companies to gain pieces of contracts that they could not have garnered otherwise. "We all bring very different things to the table: we have the aerospace certification, Thorn has the medical certification, Creative has the injection molding, and Joe [Giffune] has the commercial market.

"When we pool our facility list," she continued, "it's actually quite impressive, but we don't necessarily have duplicate equipment; we all specialize in such different niches that we feel that, by coming together, we can have a true edge on the market."

Steve Hicks, co-owner with his father of Thorn Industries, which specializes in machining parts for medical devices, agrees. He said the collaborative enables the four shops to merge in a figurative sense, not a literal one, and, in the process, present themselves in the same way that some of the area's largest and most successful precision manufacturers, such as Hoppe Tool, Berkshire Industries, and others can, and compete for bigger contracts.

"As part of this collaborative, we can look at some of these big jobs that we couldn't quote before and identify pieces of the pie that we'd like to work on," he explained. "One of us can handle the milling, another one the turning, and someone else can handle another aspect of making the part; we can all broaden our horizons."

Araujo, whose company produces everything from stands for scented candles (CMMC has dozens of manufacturers in that industry on its client list) to components for credit-card readers, has seen several collaborative efforts succeed through a lengthy career in precision manufacturing.

"I've done it with automotive, with medical, with gun companies, aerospace, and more," he said, adding that, through one collaborative effort, he was able to win a contract from Hamilton Sundstrand to make the air-handling system for the Boeing 787.

Echoing Kasa and others, he said that companies that award such large contracts are looking for diversity, but also solid management and especially long-term stability, and these are tangibles and intangibles that most smaller companies can't boast.

"With the size of these contracts and the number of years involved, they're looking for very strong companies that are going to be around a long time, with proven backgrounds and opportunities to handle not only their growth but the customer's growth," he explained. "As an individual company, you would have to be very large and established to meet those needs. As a collaborative, we can do the same thing."

End Product

All those participating in the collaborative say time will tell if it can yield the many benefits organizers say it can.

But there is considerable confidence within the various companies that, by coming together in this fashion, the machine shops in question can do far more as a group than they can individually.

In short, they believe they have a working prototype — a prototype for growth and progress.

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