

# SUMMER 2014

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# INSIGHTS



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## PRESIDENT'S MESSAGE BY BEN RAND

**OCT. 3 IS MANUFACTURING DAY**, the annual celebration of manufacturing in North America, designed both to acknowledge this important economic engine and to dispel common misperceptions about manufacturing. Here's a test. Which of the following statements about manufacturing is true?

- a) *Manufacturing is so "Old Economy."*
- b) *Manufacturing doesn't pay well.*
- c) *Manufacturing has all moved to China.*
- d) *Manufacturing jobs are hard to find.*
- e) *None of the above.*

If you answered "e" go to the head of the class! Now let's debunk these falsehoods one by one.

Manufacturing is not "Old Economy." In fact, manufacturing is cutting edge and the major driver of innovation in our economy. According to the National Science Foundation, manufacturers in the United States perform two-thirds of all private-sector research and development nationwide. The manufacturing sector spends 4.5% of domestic net sales on R&D, well above the 2.8% average of all non-manufacturing sectors. Manufacturers are continually developing new products and technologies to bring to the market, as well as using innovations such as

lasers, robotics and additive manufacturing to build their products faster, cheaper and better. The new Buffalo Manufacturing Works, run by EWI, will help manufacturers bring cutting-edge technologies to WNY factory floors.

Manufacturing does pay well. According to figures from the U.S. Department of Commerce, Bureau of Economic Analysis, the average manufacturing worker in the U.S. earned \$77,505 in 2012, including pay and benefits, compared to only \$62,063 for the average worker in all other industries. That's a difference of \$15,441 per year or almost a 25% premium for manufacturing workers.

Manufacturing has not all moved to China. Based on figures from the World Bank and the United Nations, America and China appear to have equal shares of the global manufacturing pie. While it's true that China's share has been growing and America's shrinking over the last 20 years, China has serious problems with labor costs and demographic trends.

Manufacturing jobs are not hard to find. According to the Bureau of Labor Statistics, there are over 12 million direct manufacturing jobs in the U.S, not to mention the millions of indirect jobs manufacturing supports. In 2012, Deloitte conducted an industry

survey and found that approximately 5% of all manufacturing jobs—about 600,000 nationwide—go unfilled because manufacturers cannot find people with the necessary skills due, in part, to the false assumptions.

That's why we're celebrating Manufacturing Day by partnering with WNY STEM Hub and "Dream It, Do It WNY," the grassroots program that educates kids about careers in manufacturing, to showcase some of the great things area schools are doing to educate kids about manufacturing.

Join us at the Buffalo Charter School for Applied Technologies at 8 a.m. on Oct. 3 to see what their students (your future employees) are learning and doing with additive manufacturing, welding and other manufacturing tools and techniques.

In fact, there is so much to see and learn about WNY manufacturing, that we cannot squeeze it all into one day. So we're expanding Manufacturing Day into Manufacturing Month and we'll be offering factory tours, open houses, job fairs and a Women in Manufacturing event throughout the five counties of WNY.

## Case Study: Safetec of America

**COMPANY** Founded in 1991, Safetec of America manufactures infection control, first aid and compliance products sold to medical, safety/first-aid and industrial markets. Products are sold through several channels, including its distributor network, contract packaging and several private label agreements.

**SITUATION** Over the years, Safetec of America experienced tremendous spikes in business due to the outbreak of various epidemics, including SARS, Bird Flu and Swine Flu. Once the medical crises passed, a business would return to previous levels. The company maintained a solid base but was unable to sustain real growth on a consistent basis. Management believed a differentiating strategy, value-added programs for key distributors, enhanced outside sales function and pull-through demand from end-users were needed to drive new business growth.

**SOLUTION** The joint Insyte-Safetec team formulated a comprehensive marketing program designed to meet the above needs. The company's manufacturing strengths and core competencies were clearly defined to provide the primary focus for the plan, business-to-business emphasis within its existing markets. A major initiative was to provide key distributors with private label products, in addition to Safetec branded products, to increase penetration and solidify relationships with these accounts. The overall positioning (differentiation strategy) emphasized the "ease of doing business" with Safetec. This includes exceptional customer response, on-time delivery, short lead times and low minimum-order quantities. This overall positioning became the foundation for building the Safetec brand equity.

### THE RESULTS



40% OVERALL GROWTH FOR LAST TWO YEARS.



KEY JANITORIAL SUPPLY AND HOSPITAL SUPPLY DISTRIBUTORS USED TO GAIN ENTRY INTO NEW MARKETS.



20% ANNUAL GROWTH FOR PRIVATE LABEL SALES IN EACH OF LAST TWO YEARS.



10% ANNUAL GROWTH FOR SAFETEC BRANDED PRODUCTS IN EACH OF LAST TWO YEARS.

#### SAFETEC BRANDING REINFORCED THROUGH:

- 1 IMPROVED PACKAGING AND LABELING FOR INCREASED VISIBILITY AT END-USER LEVEL.
- 2 "WE CARE" TAG LINE ON COLLATERAL MATERIALS.
- 3 NEW WEBSITE TO BETTER COMMUNICATE SAFETEC'S MESSAGE TO ENTIRE SALES VALUE CHAIN.



"THE PROJECT ENABLED US TO REFOCUS ON OUR EXISTING MARKETS AND CHANNELS OF DISTRIBUTION. THIS PROVIDED OPPORTUNITIES FOR ACCELERATED GROWTH WITHIN OUR CORE BUSINESS. NEW PRODUCTS AND PROGRAMS RESULTED IN INCREASED PENETRATION OF EXISTING ACCOUNTS AS WELL AS EXPANDING SALES INTO MAJOR NEW ACCOUNTS."

— KEN BIANCHI, VICE-PRESIDENT OF SALES

# Employee Profile—JOHN MURRAY



In this issue of Insights, we talk with business development manager John Murray about his role on the Insyte team. John's responsibilities include marketing the company's services to manufacturers in Erie, Chautauqua and Cattaraugus counties, as well as providing marketing support to Insyte's clients. Here, John discusses his South Buffalo roots, working with his father and how Insyte has evolved in his almost 20 years with the company.

## So you're a Buffalo boy.

I grew up in South Buffalo. In those days, almost everyone went to Catholic school, and your neighborhood was delineated by what parish you were in.

I went to St. Ambrose. From there, I went onto Canisius High School and from there, to Canisius College, where I got an undergrad in marketing, and then I got my master's from UB.

## What did your parents do?

My mother was a stay-at-home mom, and my dad worked at the Pillsbury plant for 40 years. He was the production manager and, I think, also the traffic manager.

## What was your first job in manufacturing?

My first summer out of high school, I was at Bethlehem Steel in the joist mill, which gave me some good exposure to how things are made. The next summer, I was on the railroad as a yard clerk, [where] UPS is now. I worked a steady midnight shift and made a lot of money, paid my tuition, and had enough left to buy a car. The last two summers I worked at the Pillsbury plant in the lab, where I pulled samples and tested flour.

## Did you work with your father at Pillsbury?

Oh yeah. One summer I was on steady midnights

and he was on days. He was in the office on the fourth floor and I was up on the fifth floor.

## What do you think of the evolution of Buffalo manufacturing over the years?

We're finally seeing things happen, rather than [things] just being talked about. I mean, just the amount of construction that's going on around here with all positive things. Even manufacturing is starting to come back here. I think what's happening at Riverbend, the old Republic Steel site—it's phenomenal! It's advanced manufacturing. It's advanced technologies. It's going to be a great contribution to the local economy and to the manufacturing base here.

## You've been with Insyte for close to 20 years. What did the organization look like when you began?

It was totally different. It was the very, very early stages of us being a consulting company. We really had nothing in place and we were not known as a local manufacturing resource for consulting services. We had a very meager customer base back then. We actually had five people doing outreach and one person to do project work [laughs]. It was totally different than what we have now, where we have two people doing outreach and, you know, ten people doing project work. But it built pretty quickly

and it became very interesting and very fascinating right from the start.

## You've been described as someone who knows everyone in town. Are you just good with faces and names?

I think that's maybe part of it, but just the fact that I have lived here so long and worked here for so long, it's just natural to know a lot of people. Anywhere we go, I'm going to know somebody there, or if somebody drops a name, I'll know who they are.

## Do you find that that is helpful in the work that you're doing with your clients?

Absolutely. People still buy from people, so you're more likely to buy from somebody you know than somebody you don't.

## How has Insyte's legacy remained intact over the years?

Sometimes you have to take a step back because you don't realize how far you've come, and that's certainly the case here. When we started, we weren't that well known, we had no credibility as far as consulting in the manufacturing environment. Now I really think that we've come to the point where we're generally recognized as the best resource for manufacturing support in WNY, and that's where we want to be. We've established ourselves as a valuable resource here for WNY manufacturers.

# Made in WNY: Iconic Crescent Wrench Born in Jamestown



**THERE ARE FEW PRODUCTS SO UBIQUITOUS THAT THEIR NAMES DEFINE THEIR PRODUCT CATEGORY; ALMOST EVERYONE KNOWS THEM AND OWNS THEM.** One such product is the crescent wrench, which originated right here in WNY. Karl Peterson, a Swedish immigrant born in Malmo in 1866, founded the Crescent Tool Company in Jamestown in 1902. The company originally focused on pliers, until Peterson received a visitor from Sweden, who described an adjustable wrench, perhaps made by BAHCO, a Swedish company that also made a modern adjustable wrench. The idea certainly was not new, since the original adjustable wrench patent dates to 1857. In any case, the idea of an adjustable wrench piqued Peterson's interest and he had soon carved a wooden prototype. But the transition to production proved challenging until Emil Johnsson, Crescent's plant superintendent, designed a machine that could cut the precise slots required for the sliding jaw.

Crescent's new wrench proved immensely popular both for its unique design and its high quality. It also appeared at the perfect time to complement other innovative American products like the automobile and the airplane. As early as 1908, a Crescent adjustable wrench and pliers were being supplied with every Model-T sold by Ford. Crescent got another boost when Charles Lindbergh was quoted as saying he brought only "gasoline, sandwiches, a bottle of water, and a Crescent wrench and pliers" on his 1927 solo flight across the Atlantic. A kit of Crescent tools accompa-

nied Captain A.W. Stevens when he established a world balloon altitude record in 1935. It is no wonder that the "crescent wrench" soon became a brandname like its contemporaries: Band-Aids, Nylons and Kleenex.

Crescent's success led to growth, expansion and acquisitions for the company. Forge Shop No. 2 was completed in Jamestown in 1922. Tool maker Smith & Hemenway was acquired in 1926. A 25,000 square-foot plant addition was completed in 1956. Karl Peterson had retired in 1933, but the company was still family owned until 1960 when it was sold to an investment group. Today, Crescent is part of the \$1.5 billion Apex Tool Group based in Sparks, Maryland with 25 plants worldwide and approximately 8,000 employees. Apex continues to sell crescent wrenches.

Echoes of Crescent Tool remain in Jamestown. The Chautauqua County Industrial Development Agency is housed in the old Crescent plant at the corner of Foote Avenue and Harrison Street. Phoenix Metal is across the street and there are still WNY manufacturers involved in hand tools, including Dynabrade, Filegar and Matco, among others. Some of the company's wealth remains as well in the Crescent Foundation, now renamed the Karl Peterson Foundation and administered by the Chautauqua Region Community Foundation, which funds the needs of religious and non-profit organizations. And, of course, we all have at least one crescent wrench in our garage...

## RECENT PROJECTS

a sample of projects that Insyte recently concluded with WNY companies:

- Improved Lean Six Sigma capabilities of a Buffalo plastics manufacturer by training and coaching three Six Sigma Green Belts to Black Belts. Project work associated with the training helped the company avoid \$800,000 in expenses.
- Helped an Erie County manufacturer of filtration equipment develop a sales and marketing plan to better manage their internal and rep sales processes for more effective penetration of new and existing markets. The company anticipates increasing the percentage of new sales based on new customers, new products, new markets, or new services from 40% to 60% of total sales.
- Assessed the manufacturing operations of a Hamburg precision metal stamping company to identify and prioritize opportunities to reduce lead times, increase efficiency and grow profitability. The opportunities identified will provide over \$500,000 in annual impact to the company.
- Helped an Allegany County bearing manufacturer develop and implement a sales and marketing growth plan. In a related project, the company created an operational improvement plan using value stream mapping techniques to increase their manufacturing capacity in support of the new sales strategy.
- Assessed a Lancaster automotive supplier's existing supply chain and recommended improvements to their supplier certification process, especially the review and certification of suppliers for new products. The company anticipates increasing sales by \$1 million through reduced lead-time and fewer quality issues.
- Partnered with the NYS Pollution Prevention Institute to help an Erie County manufacturer of architectural materials reduce the volume of waste sent to landfills by minimizing waste generation.
- Worked with a national not-for-profit's local facility on a series of

projects to increase the processing speed for donated goods through the use of lean manufacturing principles, secure ISO 9001:2008 certification, and reduce workplace injuries and illnesses by providing safety training to the workforce.

- Facilitated the development and implementation of a sales and marketing strategy to help an Erie County food manufacturer grow revenue by 35% over three years.
- Worked with the NYS Pollution Prevention Institute to help a Tonawanda industrial packaging manufacturer reduce the amount of water and natural gas used in its manufacturing operations.
- Provided facility consolidation support for two related Buffalo metal fabricators wishing to collocate. In addition to cost savings and improved efficiencies, the new layouts provide the needed capacity for revenue growth for both companies.

## EVENTS

SEPT	23	8:00 A.M.
MAXIMIZING ENTERPRISING VALUE: IDENTIFYING IMPROVEMENTS WITH COREVALUE		- TO - 10:00 A.M.
INSYTE-CONSULTING.COM/CALENDAR		

OCT	3	8:00 A.M.
MANUFACTURING DAY 2014		- TO - 10:00 A.M.
WNYMANUFACTURINGDAY.COM		

OCT	30	8:00 A.M.
PRINCIPLES OF LEAN MANUFACTURING WORKSHOP		- TO - 4:30 P.M.
INSYTE-CONSULTING.COM/CALENDAR		



**THE BEST  
WAY TO  
PREDICT  
THE FUTURE  
IS TO  
CREATE IT.**

Peter Drucker