

# WINTER 2018

INSYTE'S PHOTO CONTEST CELEBRATES NATIONAL MANUFACTURING DAY BY SHOWCASING WNY'S MANUFACTURERS IN ACTION. CONGRATULATIONS TO JEFF CUMMINGS FOR HIS AWARD-WINNING PHOTO OF WELD REMOVAL WITH DYNABRADE'S NEW REBEL CLASS SANDER, DESIGNED AND MANUFACTURED IN CLARENCE, N.Y.



# INSIGHTS



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## PRESIDENT'S MESSAGE BY BEN RAND



**THERE HAS BEEN A GROWING DEBATE ABOUT WHETHER TECHNOLOGY IS DESTROYING JOBS, PARTICULARLY IN THE MANUFACTURING SECTOR.** In 2011, two MIT professors published "Race Against the Machine," in which they suggest that new technologies such as robotics were reducing the demand for human workers, perhaps permanently. Will such technologies cost us manufacturing jobs?

Fear about new technologies is not new. It dates back to at least 1779 and the dawn of the Industrial Revolution, when an Englishman named Ned Ludd purportedly smashed some machines to protect his job, giving rise to the Luddites, English textile artisans who protested against power looms in the early 1800s. While power looms cost

some artisans their jobs, that technology also dramatically reduced the cost of fabrics, making them accessible to more customers and leading to a textile boom. The increase in demand caused the number of weavers (i.e. loom operators) to grow dramatically throughout that century, even though the labor required to weave cloth fell by 98% over that same period.

A similar thing happened in the early 1900s, when Henry Ford introduced the assembly line, dramatically lowering the amount of time and labor it took to manufacture his cars, from 12 hours to 90 minutes. Fewer labor hours meant each car cost less to build. Ford passed some of that savings along to consumers in the form of lower prices, which again

sparked a boom in demand that saw Ford's sales increase. That led to more hiring to meet the demand, even as the labor content of a Model-T plummeted, culminating in Ford's famous "\$5 Day" offer in 1914, which effectively doubled the previous average manufacturing wage. Ford's own workers could now afford a Model-T and the modern middle class was born. By the way, Ford's sales went up. Again.

Clearly, new technologies do eliminate certain jobs. We're seeing that now especially with low- or no-skill jobs. Just as textile artisans lost out to loom operators, in the future, driverless cars could put bus drivers, truckers and cabbies out of business. But if new technologies spark demand by dramati-

cally lowering prices or meeting unmet needs, then other new jobs or even new industries are likely to be created. In reality, certain jobs are always being destroyed by new technologies, new products, new processes and/or new business models.

What is not open for debate is that new technologies are coming, just as they always have, whether we are ready or not. The companies that embrace and successfully deploy technology to make their products better, faster and cheaper will have an advantage over those who do not. This has been a simple, immutable truth of manufacturing since the Industrial Revolution. In reality, there can be no debate. There is no choice. The Luddites will always lose.

## CASE STUDY: SETTERSTIX CORPORATION

**COMPANY** Setterstix has manufactured paper sticks for the confectionary, pharmaceutical and medical industries since 1938. Setterstix currently employs 42 people, including unionized production personnel, at its Cattaraugus facility. The company sells 17 billion sticks a year throughout the U.S. with about 10% of sales exported to Canada, Mexico, Africa and China. Over time the sales mix has shifted from 70% healthcare/30% confectionary to about 95% confectionary and food products. Major OEM accounts and consumer brands include Tootsie Roll Pops, Charms, Spangler (Dum Dums), Cake Pops and Hot Dogs on a Stick. Their sticks are also seen in specialty food products at Disney World and Starbucks.

**SITUATION** Although Setterstix is not a food processor, they are subject to many of the same regulations and requirements. Their sticks come into direct contact with food and are subject to food safety standards. Several years ago a number of accounts dictated that Setterstix implement a formal food safety program known as Hazard Analysis Critical Control Point or HACCP, so Setterstix turned to Insyte Consulting.

**SOLUTION** Insyte Consulting helped the company perform a gap analysis of its current practices relative to accepted standards of food safety. Based on this analysis a plan was designed to close the gap and meet the required food industry safety standards. A formal, quality structure, including food safety HACCP control procedures, internal review, correction action and management review processes was developed. Insyte provided assistance in developing, training, implementing and monitoring the HACCP quality structure. This positioned Setterstix to have a formal food-safety audit conducted through a certified, third party.

### THE RESULTS



**SELLS 17 BILLION STICKS A YEAR THROUGHOUT U.S.**



**CONSISTENTLY ACHIEVES A "GOOD TO EXCELLENT" RATING.**



**RETAINED OVER \$10 MILLION IN ANNUAL SALES WITHIN THE CONFECTIONARY MARKET.**

"The HACCP program keeps our personnel focused on food safety in a day-to-day environment. This has been a major factor in the success of our third-party audits."

**ERIC PRITCHARD, PRESIDENT & COO**

# STEPHEN TUCKER PROFILE

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In this issue of Insights, we talk with Stephen Tucker, the president and CEO of Northland Workforce Training Center, the centerpiece of Northland Beltline redevelopment project on the East Side of Buffalo. Tucker comes to Buffalo from a similar post in Cincinnati, where he served as assistant executive director of Partners for a Competitive Workforce for four years. Here, Tucker shares his thoughts on the new training center, support from the Buffalo Billion, and moving to Buffalo.

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**Welcome, Stephen! Can you describe the work that you did in Cincinnati, and how it relates to your work here in Buffalo?**

I served as the assistant executive director at an organization called Partners for a Competitive Workforce, which is a workforce intermediary. They focus on meeting business and industry demands by growing the skills of our local labor pool. We worked in five in-demand industry sectors: construction, advanced manufacturing, information technology, supply chain, and health-care. I led our work in advanced manufacturing and construction. I've been working for the last four years, leading and managing an advanced manufacturing sector partnership which prepared me for my new role at Northland Workforce Training Center.

**What was your foray into workforce training?**

Prior to my role at Partners for a Competitive Workforce, I was the vice-president of workforce development with the Urban League of Greater Cincinnati. There I managed a budget of about \$3 million a year, a staff of 16 individuals, and 10 different programs. We trained 600 individuals every year, preparing them for entry into industry.

About 75 percent of the folks who went through the Urban League's programs were placed in employment, earning wages of about \$10 to \$12 an hour, which generated and added about \$7 million annually back into our local economy. So, I've been working in workforce development for the last 15 years, working with business industry leaders to make sure that they had a qualified workforce.

**What are the challenges associated with workforce development on such a large scale?**

We typically work in silos, meaning that you have your business and industry focuses, your workforce development organizations, your education providers, and economic development all working in this space. And none of us are working collectively or collaboratively. In Cincinnati, we adopted what's called the Collective Impact Model, in which we all work together and make sure that business and industry have a qualified workforce. The key component to that collective impact strategy is that everything we do is business and industry driven and led. Meaning that we start with business and we back into how do we create and provide them with a qualified workforce? That's pretty uncommon when you look at delivery of workforce development systems.

**It must be wonderful to be working together with the center's partners here in Buffalo.**

Yes, it is. Because they all provide different services in the community, whereas the Buffalo Urban League, they're heavily connected to inner-city and Buffalo Public Schools. Catholic Charities is represented throughout Erie and Niagara Counties, and Goodwill Industries, who are known for their effective placement of hard-to-serve individuals in employment opportunities. So, you have those three successful nonprofit organizations who've been around more than 100 years providing services, partnering with the Business and Industry associations, like the Buffalo Niagara Manufacturing Alliance, to make sure that we are including the voice of business and industry to make sure we're meeting their needs.

**You've been here for a few months. How has your introduction to Buffalo been?**

Everybody has been very welcoming, very inviting, very supportive of me, very supportive of Northland Workforce Training Center, and excited to help participate in the plan.

# STRATEGIC PLANNING IS A PROCESS BY JACK MCGOWAN

**STRATEGIC PLANNING IS MORE THAN DOCUMENTING A COMPANY'S DESIRED ACTIVITIES OR DEVELOPING A WISH LIST FOR THE COMING YEAR. DEVELOPING A USEFUL PLAN IS A PROCESS THAT CONSISTS OF THE FOLLOWING ACTIVITIES:**

1. Assemble a planning team of people who represent key functions at the company, are committed to the organization's success, are willing to communicate and think openly, and will be responsible for implementing the plan after it is developed.
2. Clarify and document the company's core values and mission statement, which guide and inspire employees and are filters for planning, hiring and day-to-day decisions.
3. Develop a vision that describes what the company will be at a defined point in the future. Think beyond the current situation and describe this vision in qualitative and quantitative terms.
4. Gather information, on which planning decisions will be based. Get honest information about the company's performance, customer needs, market trends and competition. Identify and analyze

internal strengths and weaknesses, and external opportunities and threats (SWOT). Prioritize key issues facing the company.

5. Develop a strategy to sustainably provide value that customers will pay for and that differentiates your company from the competition. A key element of strategy is determining what a company is NOT going to be. Few companies generate sustainable success trying to be all things to all people.
6. Develop multi-year objectives that support the strategy and move the company toward its vision. These objectives should be realistic, limited in number, address all aspects of the business (customers and products, operations/process, people/capabilities, financial) and be aligned to support the company strategy.
7. Develop action plans to achieve the objectives. This is where the rubber meets the road. Action plans are specific, measurable, have due dates and are assigned to a person responsible for their completion.
8. Develop key, quantified goals that are aligned with the objectives and enable the company to track performance.

9. Inform employees about the plan so they understand the company's goals and how their work helps the company achieve them. Keep staff updated on progress so they feel more engaged and can take corrective actions when needed.

10. Regularly monitor progress implementing action plans. This is typically done at monthly review or management meetings. Discuss reasons or alternatives if action plans are not being met by due dates.

11. Evaluate and update the plan each year. Determine if longer-term strategies and objectives are still appropriate and develop new action plans for the upcoming year to keep the company moving toward its longer-term vision.

Developing a plan is a learning experience. Guidance from an experienced facilitator can result in a more effective plan and a more efficient planning process. Contact Insyte to discuss our strategic plan facilitation services.

## RECENT PROJECTS A SAMPLE OF PROJECTS THAT INSYTE RECENTLY CONCLUDED WITH WNY COMPANIES:

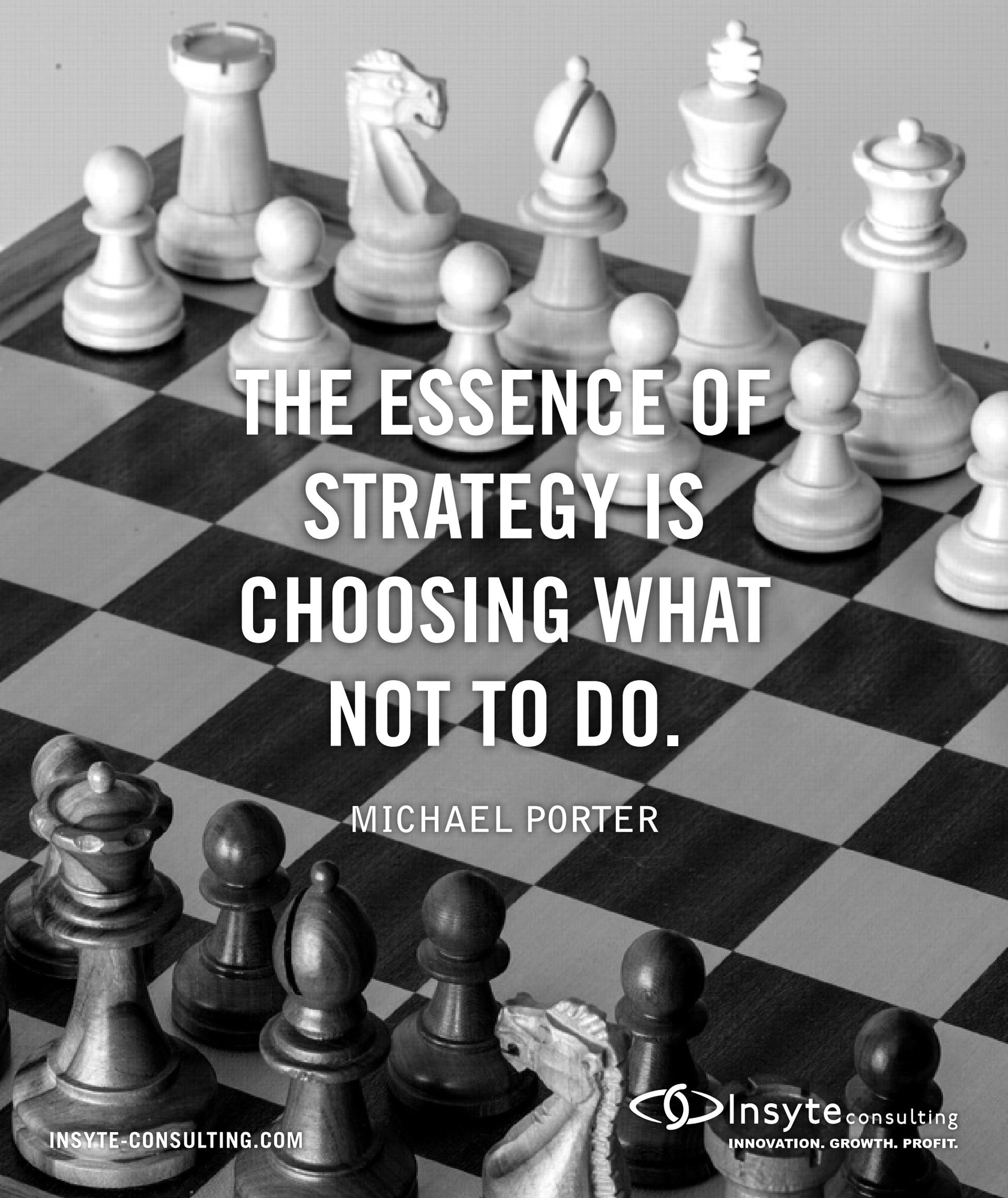
- Helped a large Chautauqua county food cooperative develop a strategic marketing plan to pursue growth opportunities and increase profitability over the next three to five years.
- Improved production flow and space utilization for an Erie County building-products manufacturer's expanded production facility.
- Provided strategic support to a WNY construction company to help them develop a vision and the supporting strategies to achieve that vision.
- Helped a Niagara County metal fabricator upgrade to the new ISO 9001:2015 quality standard, allowing them to retain approximately \$12 million in annual revenue.
- Defined critical business system requirements to support a Wyoming County equipment manufacturer's selection process for a new ERP system.
- Provided strategic sales and marketing support to diversify a Livingston County precision tool manufacturer's customer base, reducing dependency on two key customers that accounted for 75% of current sales.
- Helped a Niagara County electronics manufacturer verify compliance with the International Traffic in Arms Regulations (ITAR) export control law regarding the disclosure of sensitive information to foreign nationals.
- Improved the inventory management system of an Erie County hoist manufacturer for the marine and construction industries, doubling inventory turns while freeing up physical facility space.
- Developed an ISO 9001:2015 compliant quality management system for an Allegany County glass manufacturer's pursuit of new business opportunities and improved production metrics.
- Provided coaching to the quality manager of an Erie County building products manufacturer to ensure the new organizational structure for the quality department met expectations.
- Worked with an Erie County protective clothing manufacturer to improve facility utilization, production capacity and process flow in support of strategic sales objectives.

## EVENTS

<b>JAN</b>	<b>25</b>	<b>5:30 P.M.</b>
<b>BUSINESS LEADERSHIP FORUM—10 YEAR ANNIVERSARY</b>		<b>- TO -</b>
		<b>8:00 P.M.</b>
<b>INSYTE-CONSULTING.COM/CALENDAR</b>		

<b>FEB</b>	<b>9</b>	<b>8:30 A.M.</b>
<b>OPERATIONAL EXCELLENCE WORKSHOP</b>		<b>- TO -</b>
		<b>4:00 P.M.</b>
<b>INSYTE-CONSULTING.COM/CALENDAR</b>		

<b>MARCH</b>	<b>7</b>	<b>7:30 A.M.</b>
<b>WNY VENTURE ASSOCIATION—COMPANY PRESENTATION FORUM</b>		<b>- TO -</b>
		<b>9:00 A.M.</b>
<b>INSYTE-CONSULTING.COM/CALENDAR</b>		



**THE ESSENCE OF  
STRATEGY IS  
CHOOSING WHAT  
NOT TO DO.**

MICHAEL PORTER