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...See insert

## STI-CO Sees a 70% Reduction in Lead-Times

What does a small company do when it needs to resolve operational issues, improve quality and provide marketing impetus? This was the situation facing STI-CO Industries, Inc. (STI-CO).

STI-CO specializes in the design and manufacture of covert, tactical, and public safety antenna systems. The majority of STI-CO's customers are local, state and federal government agencies within the continental U.S., Canada, and Mexico. In addition, they partner with major high profile OEM customers.

The woman-owned business, founded in 1967, had sales exceeding \$3 million for FY 2006.

Manufacturing operations are conducted within a single level facility of 10,000 square feet located in Orchard Park, NY. The company currently employs 30 people. STI-CO's primary competitors are generally large, multi-national companies that have significantly more financial and people resources. STI-CO successfully competed with these manufacturers based on its ability to develop and introduce technologically advanced products as evidenced by the number of patents awarded to the company.

### Situation

For several years following record sales in 1999, STI-CO experienced a stagnant sales base and marginal profitability. Part of this was attributed to sales and marketing issues, including an over reliance on federal government business.

However, there were also a number of operational and quality issues that also contributed to this situation. Even though considerable investment was traditionally made into R&D and new product development, there were some design issues that limited market penetration and customer satisfaction. In addition, the company experienced more customer returns than desired — potentially putting a key account relationship in jeopardy.



STI-CO's Ryan Lau performs antenna tuning for validation of frequency.

STI-CO's ability to effectively service its customer base also required improvement. Lead-times were generally 2-3 weeks in a market that needed quick response, and on-time delivery averaged less than 50%, which further exacerbated the situation. Related to the above performance, the company's inventory turns were low at about three turns annually.

Company management believed that a lean manufacturing approach could help address and resolve the operational issues, and that an ISO 9001 quality system could improve quality and provide marketing impetus. Due to limited internal resources, STI-CO engaged the services of Insyte Consulting (Insyte) to simultaneously support these two initiatives.

### Solution

The first step was to introduce all employees to the principles of lean manufacturing through a full-day workshop which combined classroom lecture with a live simulation. Not only did this session provide basic knowledge in lean manufacturing methodology, but the participants were also able to relate to applying these concepts in their specific work areas.

STI-CO continued on page 7



## Our Silver Anniversary

When Insyte Consulting was founded a quarter century ago, Ronald Reagan was a first term president and Kay Stephenson was still coaching the Buffalo Bills. MTV was only a year old and Flock of Seagulls had a big hit with "I Ran (So Far Away)." "Hill Street Blues" won the

Emmy for TV Drama but the last episode of "M\*A\*S\*H" was the big news. "E.T. - the Extra-terrestrial," "Ghandi" and "Tootsie" were the hit movies. In the business world, Philips Electronics had just manufactured the first compact disk and Motorola was testing something called a "mobile phone." The Dow Jones Industrial Average was soaring above 1,000 while the prime rate had plummeted to 11% from its all-time high of 21.5%. You get the idea-it was a LONG time ago. So please indulge us while we reflect back on the road Insyte Consulting has traveled for the last twenty five years...

We began life as the non-profit Western New York Technology Development Center Inc. (TDC), the brainchild of Art Moog, one of the founders of Moog Inc., Steve Sample, the then-new President of the University at Buffalo (UB), and Bill Donohue of the Erie County Industrial Development Authority. Our mission was to "create or maintain jobs utilizing high technology to regenerate WNY's manufacturing base." Since our start, we have created or retained thousands of jobs-over 3,700 jobs since 2000 alone-an average of more than 450 jobs per year, based on independent surveys of our customers conducted for the U.S. Department of Commerce.

By 1984, we had established the first of several business incubators, in conjunction with UB, to provide infrastructure and other support for new technology companies. ATTO Technology, Inc., Ony Inc. and PCA Group, Inc., are a few of the successful WNY companies that passed through these incubators. We are still actively involved in supporting start-up companies like Kinex Pharmaceutical, LLC. through the Western New York Business Development Fund, which provides up to \$200,000 in seed capital, and through our role as administrator for the Western New York Venture Association.

Ten years later, in 1994, we won the National Institute of Standards and Technology's Manufacturing Extension Partnership contract to provide hands-on consulting assistance for small- to mid-sized WNY manufacturing companies. Since then we have worked with hundreds of companies from Niagara Falls to Jamestown to Wellsville to improve their profitability so they could survive and grow in WNY. We even changed our name in 2005 from TDC to Insyte Consulting to better reflect what we do. In the process, we have grown to be the largest management consulting organization in WNY and have delivered over half a billion dollars in documented benefits since 2000.

Throughout our history, we have benefitted from the contributions of many prominent and farsighted Western New Yorkers committed to helping our region. People like our retired president Bob Martin, our current chairman Warren Johnson (who continues Moog's tradition of involvement with Insyte), our vice chairman Tim Tevens of Columbus McKinnon, past board chairs such as Keith Blakely of NanoDynamics, Bob Fox of Conax Technologies, Jane Griffin from Hauptman-Woodward Memorial Research Institute and many others. Without their wisdom, guidance and, yes, insight, we would not be the organization we are today.

Why is any of this important to you? If you are looking for a partner to help improve your business, a partner with long experience and a proven track record of success, a partner that has been committed to WNY for decades, a partner that measures itself not on its own profit but on your success, then you should know our history.

No matter how you measure the passage of time-by decades and generations, by movies and music, or by jobs created and saved-Insyte has been here for a long time working to help WNY. We are so proud of our history and our longevity that we will be celebrating it throughout this year with more newsletter articles and events. After all, you only turn 25 once...



## IEP Funds Improvement Initiatives

For over twenty years the Industrial Effectiveness Program (IEP) has helped New York State's manufacturing companies become more globally competitive. The program is designed to reimburse manufacturers for out-of-pocket consulting expenses that introduce improvement initiatives into their company.

### Funding Criteria

IEP is a participatory grant that reimburses consulting expenses based on company size as follows:

- For less than 25 employees, 2/3 is reimbursed up to a maximum of \$25,000.
- The 2/3 reimbursement increases to \$40,000 for companies of 25-100 employees.
- Companies of more than 100 people can receive 50% reimbursement with a maximum of \$50,000.
- In all cases the reimbursement is based on a rate of \$80 per hour.

This funding opportunity can be used for a wide array of improvement initiatives within the manufacturing, support or management areas. Typical projects may include strategic planning, quality systems, lean manufacturing, human resources, marketing, supply chain management, information technology, safety etc. Multiple activities may be covered under a single grant.

### Funding Process

The process for obtaining this funding is also relatively simple. The first step is a brief qualification which describes the competitive issues and evaluates the company's basic financial position. This can normally be done within one day. The next step requires an assessment of the company's business within its major functional areas. Based on the assessment findings the company may then apply for the grant to address the issues and recommendations that were cited in the final report.

## Industrial Effectiveness Program Awards

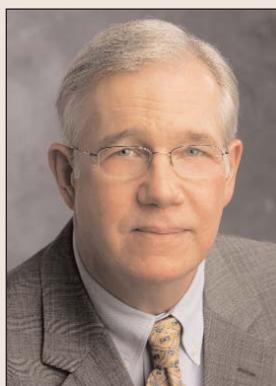
January 2007 - November 2007

Accellent, Inc.	\$36,200
Artone Manufacturing Co., Inc.	\$31,654
STI-CO Industries Inc.	\$28,400
United Biochemicals Inc.	\$24,960

The state has a standard application, which is comprehensive but not difficult to complete. The completed application is submitted to the local office of Empire State Development for initial review prior to it being forwarded to Albany for final review and approval. While the complete approval process typically takes 6-8 weeks, the company is allowed to begin work at their own risk immediately after the initial, local review.

The IEP grant is particularly appealing due to the variety of improvements that can be addressed within a single application. Furthermore, it is an excellent funding alternative since the recent expiration of Department of Labor funding. Insyte Consulting has administered the IEP grant since its inception and is very familiar with the application process. If interested, please call 716-636-3626 to see if there are opportunities for your company. ❖

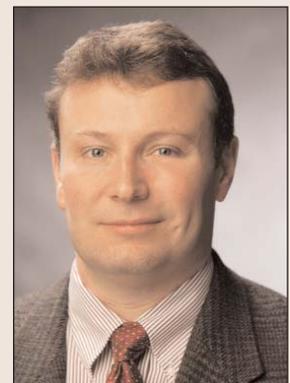
## New Hires & Certifications



**Bill Shepard** (left) has been named North District Regional Sales Manager. Bill will work with WNY companies to overcome their strategic and tactical business challenges. Prior to joining Insyte Consulting, Bill owned and operated Shepard & Associates, a corporate training and development firm. Mr. Shepard holds a B.S., University at Buffalo, School of Management.

**Philip Celotto** (right) has received Lean Bronze

Certification through the Society of Manufacturing Engineers (SME), the Society for Manufacturing Excellence (AME) and the Shingo Prize. Facilitated by SME, AME and the Shingo Prize and developed by industry, the Lean Certification program is the first professional credential, independent of curriculum, in industry. Its intent is to bring alignment and consistency to the assessment of knowledge, skills and abilities of lean practitioners. ❖



## Reduce Your Lead-Time by 50% in One 4-Hour Session

Give us 4 hours at your business and we will create a company-specific plan to radically reduce your Lead-Time by at least 50% – Guaranteed!

**R**educing Lead-Time is key to winning more business and allows companies to compete on service instead of price.

Lead-Time is the single best measure of performance excellence. World class companies including Harley Davidson, John Deere, and United Technologies use Lead-Time as the only performance measure in their supplier improvement programs.

In general, as Lead-Times improve:

- Sales grow,
- Quality improves,
- On-time delivery improves,
- Capacity is created, &
- Invested assets are reduced.

To see a comprehensive list of the benefits of Lead-Time reduction visit

[www.insyte-consulting.com/Home/Resources/Tools](http://www.insyte-consulting.com/Home/Resources/Tools).

### Principles of Lean Manufacturing

Join Insyte Consulting for a fast-paced, information-packed session that will show you how to reduce costs, speed up delivery times and improve quality in your manufacturing operations.

**Date:** Wednesday, March 12, 2008

**Time:** 8:00 AM - 4:30 PM

**Site:** LCo Building, 726 Exchange Street,  
6th floor, Barton Room, Buffalo NY 14210

**Cost:** \$75.00  
(includes lunch & training materials)

For more information or to register visit  
[www.insyte-consulting.com](http://www.insyte-consulting.com) or call 716.636.3626.

This interactive workshop introduces the basic concepts of lean manufacturing and demonstrates the tools and methodology necessary to implement “lean” on the shop floor by combining a comprehensive classroom presentation with hands-on simulation of a production facility. ❖

### How It Works

- Choose a product or a product family that utilizes common resources. Select the starting and end points of the process (may be as broad as customer order to product delivery).
- Populate baseline data in a spreadsheet that we provide (includes annual demand, processing times, current work-in-process, etc.) and email it to Insyte.
- Choose a 3 to 4 person Working Team to spend 1½ hours reviewing the process with the Insyte consultant. The team must be very familiar with the selected products and processes.
- The Insyte consultant works individually for 1½ hours documenting the current state, future state, and major activities necessary to reach the future state.
- The Insyte consultant reviews findings during a 1-hour presentation to the Working Group and Company Leadership.

### What You Will Receive

- A final presentation showing the findings and the action plan to reduce your Lead-Time by at least 50%.
- A CD with electronic versions of the consultant's analysis, value stream maps, action plan, and the final PowerPoint presentation.
- An understanding of the techniques and methods needed to implement your action plan.

### Our Experience and Methodology

Insyte Consulting has helped Western New York companies reduce Lead-Times and improve operations using Lean Manufacturing and Theory of Constraint (TOC) methodologies for over 10 years. During this period, we have successfully worked with more WNY companies using these techniques than any other consulting organization. Independent surveys from the federal government show that our customers receive \$28.18 in impact for each dollar spent with us.

### Cost and Guarantee

There is a fee of \$225 for the 4 hour Lead-Time reduction session. If the consultant is unable to document a plan to achieve a 50% reduction in Lead-Time, the session is free. In addition, the cost of the session will be credited towards any added consulting work with Insyte that starts within 60 days.

There are a limited number of Lead-Time reduction sessions available with this special offer. Contact Insyte Consulting at 716.636.3626 to reduce your Lead-Time by 50%. ❖

# "Growth Guru" Coming to WNY



## ▲ Think Smarter & More Creatively about Top Line Growth

- Insyte Consulting is pleased to host national author & speaker
- Doug Hall's visit to Western New York



## Made in the USA – Choices for Growth

*Helping USA Manufacturing Companies Think Smarter & More Creatively about Top Line Growth*

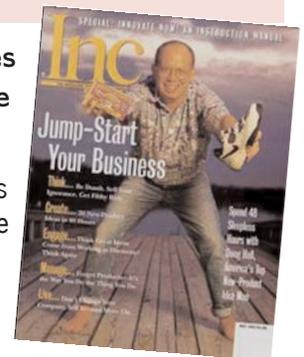
Tuesday, February 26, 2008

WNED Studios, 140 Lower Terrace, Buffalo NY 14202

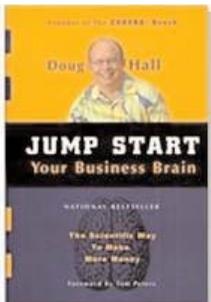
Registration & Breakfast 8:00 am • Presentation 9:00 am - 10:30 am

Doug Hall will bring his experience developing new ideas with Fortune 500 companies directly to Western New York manufacturers and show you how you can adapt these methods of growth for your business.

Hailed by *Inc Magazine* as "America's Top New Product Idea Man," Doug Hall is the author of numerous business books including the national best seller, *Jump Start Your Business Brain*. Doug has been the "growth guru" to America's top corporations, including Disney, Procter & Gamble, and Nike. You may recognize him as the Truth Teller Judge on ABC TV's *American Inventor*. Doug heads up Eureka! Ranch, a place that offers systems and solutions to help develop "Measurably Smarter Choices for Growth."



In a high energy, data-packed presentation Doug will review new research on how USA Manufacturing Companies can ignite the chain reaction of top-line growth. Doug will also review the results of some 1,300 hours of front line work with small and medium-sized companies plus the latest Eureka! Ranch research on the science of growth. Such as:



- How changing your sales message can increase effectiveness by a factor of 5.
- Why new customers and markets are 2.8 times more valuable than building loyalty.
- Why "anticipating customers' future needs" is the key to new product success.
- The 3 most important questions in customers' minds when evaluating your company.
- Why classic brainstorming doesn't work in today's business world.

Doug is a dynamic speaker not to be missed!

Doug is working with the US Department of Commerce's NIST/MEP Network to bring his Eureka! Winning Ways methodology to help small to medium sized businesses think smarter and more creatively about growth.

→ Fee: \$50.00 — All attendees will receive a copy of Doug's best seller *Jump Start Your Business Brain*.

→ A limited number of pre-registered companies will be eligible to participate in a one-on-one growth coaching session with Doug Hall. To be considered for a growth coaching session contact Insyte Consulting at 716.636.3626.

For more information or to register call Insyte Consulting 716.636.3626 or register on-line at [www.insyte-consulting.com](http://www.insyte-consulting.com).

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## cGMP for the Drug/Pharmaceutical Industries by David English

Regulated industries and, to a varied extent, suppliers to these industries must comply with industry-specific controlling requirements. In this issue we will look at the Drug/Pharmaceutical industries.

Manufacturers in these industries must comply with regulations FDA CFR 21 - parts 210 and 211 cGMPs (Good Manufacturing Practices). Although the requirements are very detailed, they have been generalized for this overview.

Manufacturers' requirements (suppliers are also expected to comply with all or most) include:

- A designated quality control function or person responsible for product quality decisions.
- Personnel educated and/or trained to perform specific functions including cGMP.
- Training in cGMPs to be conducted on a continuous basis and refreshed annually.

- A facility that is adequately-sized, cleaned and maintained to assure safe, free from mix-ups or contamination possibilities.
- Equipment that is appropriately sized, constructed and maintained with documentation that prevents unsafe, unpure, inaccurate strength or contamination while in use.
- Written procedures detailing the proper receipt, testing, handling, storage and identification controls of product containers and closures or seals.
- Documented process controls including records of identification and traceability as product moves through a process, recorded on a record (Batch record), identification and recording of testing or measurements and a calculation of batch yield.
- Strict instructions and controls for packaging and labeling including issuance and usage controls accountability.
- Requirements for finished product inspection and storage shelf life, including customer with batch traceability distribution records.
- Records associated with batch records must be retained, maintained, safely stored in good condition for specified periods of time, and readily accessible for review.
- Procedures for handling complaints describing how to capture, investigate, and use for correcting problems and for preventing an unsafeness to users.

Just a reminder, these bullet points are a general requirements summary that a manufacturer must act in accordance with. In order to comply it must have selected suppliers who will be able to provide materials that can be used in a regulated process.

*David English, Insyte consultant, has extensive compliance experience with ISO and cGMP-FDA, including ISO 13485 inspections in the medical device and pharmaceutical/drug industries. ❖*

## Preparing for an OSHA Inspection

by Sharon Hilts

OSHA conducted over 38,500 inspections last year. This included over 17,000 unannounced inspections resulting from fatality investigations, referrals, employee complaints and other sources. When facing the possibility of an inspection, the following steps will prepare you and some will even serve to minimize the likelihood of an inspection occurring:

### • Designate an OSHA Expert/Safety Coordinator.

Not only do you want someone to be knowledgeable of the regulations and to monitor developments in the law, but you will also want an internal "go-to" person for employees who have safety concerns.

*Note: 19.1% of all audits conducted last year were a result of 'Complaints'.*

### • Institute a written Accident Prevention Program.

Make sure this includes all the necessary plans (i.e. Hazard Communication, Lockout/Tagout, etc.).

- Maintain records of training and communication activities related to this plan.
- Document all disciplinary action resulting from safety rule violations.
- Implement incentives for employees who follow safety guidelines.

### • Keep your OSHA 300 Logs and OSHA 30I Incident Reports up to date.

### • Pre-appoint a team to participate in an inspection.

A management representative, a photographer, and a document controller should be included in this team. All should be trained on inspection conduct.

### • Have a camera available.

Your photographer will need to take the same pictures as the OSHA inspector.

### • Conduct self inspections.

This allows your organization to identify and abate hazards internally.

### • Make sure required postings are conspicuously posted.

This includes the OSHA postings and, February through April, OSHA 300 logs.

For assistance on beginning or enhancing an Accident Prevention Program at your company, contact Insyte Consulting at 716.636.3626.

*Sharon Hilts is an Insyte consultant. Her leadership focus on safety improvement has resulted in significantly fewer recordable incidents and corporate awards in OSHA's Safety and Health Achievement Recognition Program (SHARP). ❖*

# Case Study - Sti-Co Industries



STI-CO continued from page 1

The next step was to complete a high-level value stream map of the entire organization for both current and desired future states. The value stream mapping exercise enabled the combined teams of STI-CO and Insyte to formulate a comprehensive implementation plan utilizing the appropriate tools of lean manufacturing for each of the major product lines. Based on the results of the mapping process, cross-functional teams of 3-4 members each were established for work place organization (5S), cellular flow and pull systems (Kanban). After receiving basic training and orientation, the teams began introducing these concepts into key production areas. The teams then worked with the entire employee base to proliferate these improvements throughout the organization.

**"The lean manufacturing and ISO quality programs initiated with assistance from Insyte Consulting have enabled us to gain a competitive advantage within a very demanding market. The ability to better meet customer expectations has been critical for us to sustain sales growth and profitability over the long term.**

**Kyle Swiat, Vice President**

STI-CO and Insyte began the process of building and implementing an ISO 9001:2000 compliant quality system, with the goal of achieving certification within one year. An internal project leadership team was formed and, combined with facilitation from Insyte's certified ISO 9001 system consultant, they expeditiously guided the organization through the project.

An initial review of existing procedures and documentation was conducted at the outset in order to develop a realistic project plan. An overview of the ISO 9001:2000 standard was presented to all employees. This overview set a strong, common foundation of understanding across the organization and validated the importance of the ISO implementation to the company's future.

The management team developed a quality manual, along with a quality policy and quality objectives to provide the structure for a system that was aligned with the company's vision. An ISO registrar was also selected and scheduled for the formal audit. Personnel were trained in process mapping to assist in development of internal procedures. Teams were assigned to develop area and process specific procedures,

while Insyte reviewed the created documentation and coached the team to ensure compliance to the ISO standard.

Internal auditor training was also completed. The internal audit schedule was created and

one complete audit cycle implemented. Review of the quality system was done through weekly meetings with the project management team. This aided in the system implementation while developing the practice of management reviews required by the standard. An accredited registrar conducted STI-CO's registration audit and the company received their formal ISO 9001:2000 Standard certification in November, 2006.

## The Results

Over a two-year period STI-CO experienced phenomenal results in terms of operational and quality improvement. Lead-times were reduced from an average of 2-3 weeks to less than 5 days. Likewise, on-time delivery improved from as low as 46% to 90%. This enabled the company to increase inventory turns from 3 to 7 annually with the expectation of increasing to monthly turns on a regular basis.

From a quality perspective, the ISO 9001 quality system enabled the company to improve internal processes and minimize customer returns. Most importantly, these significant improvements enabled STI-CO to accelerate growth and substantially increase profitability through business expansion. Annual sales increased by 43% and net operating profit increased by more than 8 percentiles as a percentage of sales. This was accomplished by solidifying business with current accounts as well as obtaining 150 new customers with a more diversified business base. Finally STI-CO's management believes that these improvements have established the foundation for continued growth, particularly in regard to new product development, increased inventory turns and a formalized supply chain management/ purchasing agenda. ❖

## Project Benefits

- 70% reduction in lead-times
- 90% improvement in on-time delivery
- Increased inventory turns from 3 to 7 annually
- ISO 9001:2000 Standard certification received in required time frame
- 43% increase in annual sales
- >500% increase in net operating profit
- Improved internal processes and reduced customer rejects



STI-CO's Khamphay Phenghaeng conducts soldering operation on cable assembly.

# Affiliates News

## Insyte Directory

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recommendations expressed in this publication  
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ly reflect the views of NYSTAR.

## Celebrating 25 Years of Service

Founded in 1982, we are the largest management consulting organization  
in Western New York.

Our mission:

“to transform our region by stimulating the growth and creation of  
dynamic companies to provide a superior standard of living for our  
residents.”

We do this by consulting with WNY manufacturing and technology  
companies to help them grow their sales and profitability. Our industry-  
experienced, full-time staff provides results-oriented solutions custom-  
ized to our clients' specific situations.

Since 2000, our work with WNY companies has resulted in\*:

- over 3,000 jobs created or retained
- over \$500 million in sales, cost savings and new investments
- an average of \$28.18 payback for every dollar spent with Insyte.

*\*according to independent surveys of our customers*

## Our experience improves your business



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