

Inside:

Page 2

- President's Message

Page 3

- DoD Offers \$\$\$ for Product Development
- Suggested Reading

Page 4

- Sales Opportunities Exist If You Understand cGMP

Page 5

- Looking for Funding? Learn to Think Like an Investor

Page 6

- CEO — Are You Buying Technology Band-Aids?
- Made in the USA — Choices for Growth

Conax Develops Complex New Product In Only 67 Days

What does a company do when a major customer informs them that they have 90 days to develop a product that tests as well, if not better than one manufactured by a competitor, or risk losing all of their customer's business? This was the situation faced by Conax Technologies, LLC (Conax).

Conax is a developer and manufacturer of custom-designed, high performance temperature sensors and pressure/vacuum sealing assemblies. The company has been serving applications in power generation, semiconductor manufacture, petroleum and chemical processing, aerospace, nuclear, steel, pharmaceutical, food processing, and general industry for over 50 years. The Cheektowaga, NY company employs 80 at a fully integrated modern facility that features some of the most sophisticated manufacturing systems in the industry. Conax competes by utilizing its talented in-house engineering staff and integrated manufacturing capability to offer quick turnaround solutions to challenging application-specific problems.

Situation

One of Conax's major customers informed Conax that they had just tested a competi-



Product development team strategizes action items in the Conax 'War Room'.

tor's new sensor, and that it had a 70% longer life in the customer's highly corrosive manufacturing process. The longer product life offered significantly increased manufacturing throughput and cost savings due to a longer duration between maintenance shutdowns. The customer informed Conax that they had 60 to 90 days to develop an equivalent product or risk losing all of their business.

Conax recognized that it could not meet the time challenge using its routine product

Conax continued on page 7

Check Out Insyte's New Website

Insyte Consulting is pleased to announce the launch of its new and improved website located at www.insyte-consulting.com. Targeted at WNY manufacturing and technology businesses, the site has links to WNY

business resources, is searchable and provides on-line registration and payment for training workshops and seminars. We invite you to visit us at www.insyte-consulting.com and give us your comments. ❖



Soft Skills

It is tempting to use management fads and buzz words as an excuse not to consider new ideas. Often the hype can obscure what would otherwise be useful, logical tools which we could use to improve ourselves and our businesses.

It has been about a decade since major business schools began modifying their curricula in an effort to teach "soft skills" to their MBA students. Why? Because corporate recruiters were complaining that MBAs with technical skills often had weak "interpersonal" or "leadership" ability. Soft skills were seen as the solution to this problem. Soon MBAs could be found everywhere from military boot camps to climbing Andean peaks, all in search of those elusive soft skills.

It is not surprising that there is demand for better leaders with stronger interpersonal skills to create exciting, gratifying, successful work environments. Almost any business person will tell you that people are their companies' most important asset. This is not trite political correctness, it is reality in a period when finding, hiring and retaining skilled employees is becoming increasingly difficult. In Western New York, our universities and colleges graduate tens of thousands of students annually, yet many local companies are struggling to find talent and many expect the problem to get worse.

If these soft skills are the key to attracting and especially keeping people, as well as increasing company performance, then they must be a top priority for CEOs, presidents and senior managers. The question for these executives is, what are soft skills and how can they be obtained (without mountain climbing, if possible).

"Soft skills" may be vague and have the hallmarks of many management buzz words and fads. But, broken down into specific tools and/or skills, there is value to be had. Here are two powerful soft skills for senior managers, why they are important and how they can be developed.

Coaching - Management coaching can be defined as a one-on-one process designed to assist subordinates in identifying and resolving issues by guiding them to reach their own conclusions rather than providing "The Answer." This kind of coaching can improve problem solving, self-confidence, independence and empowerment for subordinates. Helping subordinates reach their potential

will generate goodwill, improve team performance and ultimately free the Coach from always providing "The Answer." For CEOs and presidents, this means more time for studying external trends.

How can you become a good coach? Start coaching. Like any other skill, you have to practice it to improve. Remember your goal is to help with the thought process, not provide your own interpretation or direction. Ask open ended questions and avoid being drawn into providing "The Answer." Being coached yourself can be the most powerful training for coaching others, as well as an important personal and professional development tool.

Change Management - Now that your coaching has given you extra time to study external trends and formulate your business response, you can focus on change management. For business purposes, this can be defined as a structured approach to change in individuals, teams and organizations that enables the transition from a current state to a desired future state. Successful change requires the engagement and participation of all the people involved.

How can you manage change? Communicate, communicate, communicate. As a change agent, you must make the case for change by clearly defining and communicating why change is necessary. Once the organization understands why it must change, you must explain how. Describe the specific things that will change. Finally, you have to reinforce these changes with both words and actions. If you change your information system, for example, you should refuse to use data or information from the old system(s) to set an example and send a strong message. Throughout the process, you need to communicate progress to the organization while encouraging everyone (yourself included) that you CAN change successfully.

There are numerous models and texts that deal with change management such as ADKAR for Awareness, Desire, Knowledge, Ability, Reinforcement. These models can provide a framework for moving your organization through the change process. But the key is constantly communicating why you need to change, how/what to change and where you are in the process.

Soft skills may seem mysterious, vague or complex. It would be easy to ignore them, but it would be a mistake. Break them down into specific skills and don't be afraid to use them to improve your personal performance and the performance of your company.





DoD Offers \$\$\$ for Product Development

by Bob Kosobucki

\$1.14 Billion Awarded to Small Businesses in 2006

I recently attended a conference sponsored by the National Defense Industrial Association in Washington D.C. where high level civilian and military officials from the Department of Defense (DoD) repeatedly encouraged small companies to apply for monies available for product development. Keynote speaker Dr. James I. Finley, Deputy Under Secretary of Defense for Acquisition stated that, "Small businesses are a key to the development of new technologies for our military."

Over \$1.14 Billion was awarded to small companies during 2006 via the Small Business Innovation Research / Small Business Technology Transfer Research (SBIR/STTR) programs. As evidence of the emphasis on 'small,' approximately 42% of the companies receiving funds employed fewer than ten employees.

Generate Sales Too

The SBIR/STTR programs are a great opportunity to receive funds for the development of innovative new products, as well as an entry door for small companies wanting to sell to the military. Approximately 65% of the SBIR project topics lead to commercialization revenues. The DoD is anxious to not only develop, but also deploy new products in support of our troops at an accelerated rate.

How to Apply

The DoD issues topics (solicitations) four times a year for which companies can submit product development proposals. Proposals that are selected may receive what is called a Phase I contract

for up to \$100,000 to demonstrate feasibility of a new technology or product. Even more exciting is that if the DoD likes an idea, the company may be invited to submit a proposal for a Phase II contract of up to \$750,000, and in special circumstances even higher funding. Bob Kosobucki and Jack McGowan of Insyte Consulting are available to provide no-charge guidance on how to apply for funds from the DoD as well as other

Federal agencies participating in the SBIR/STTR programs. Give us a call at 716.636.3626.

Bob Kosobucki is a consultant with Insyte Consulting. He has guided numerous new products from concept to market in vice president and managerial roles of engineering, and sales and marketing with companies in Silicon Valley, Austin, Dallas and the Northeast. ❖

Suggested Reading

Inside the Tornado by Geoffrey Moore

A small company with early success in an emerging market must change its business model in order to continue that success as the market transitions into the mainstream phase of the market life cycle. This is a key premise in Geoffrey Moore's follow-on book to *Crossing the Chasm*, his earlier guide to building sales in emerging product markets. Using the product adoption curve as a reference, the tornado refers to the rapid increase in market as the wider breadth mainstream market begins to adopt a new product.

As companies scale up to meet growing demand in an increasing market they do not recognize that new buyers entering the market are different than the earlier ones that brought the company success up to now. Early adopter buyers are more intuitive in their decision to purchase, and are willing to accept some risk when buying a new product. This contrasts with the pragmatists of the mainstream market who prefer to manage risk and are analytical in their decision making. As mainstream buyers enter the market, they expect a more complete product and are less tolerant of flaws in a product. Mainstream buyers don't want to be the first buyer and expect supporting confirmation and references to compel them to purchase. A company should not only invest in producing more product to meet demand, but must also modify and invest in additional product development, marketing support and sales resources to meet the different set of needs of the mainstream portion of the market.

The lesson of the book is that if a successful early market company does not change its business model to meet the different set of needs of the mainstream market, the company will be left behind and even go out of business as new competitors enter the market and do satisfy those needs. ❖

Sales Opportunities Exist If You Understand cGMP

by David English

Learn about cGMP (Good Manufacturing Processes) and be a part of the developing Life Science/ Bio Science industry.

There are over 130 existing Life/Bio Sciences companies in the Buffalo-Niagara region, representing an opportunity for a growing demand for goods and services. New biotechnology and medical device businesses are starting up each month. Make no mistake — there are multiple signs that these companies are being created, expanded in scope and will present opportunities for all WNY companies and individuals in the years to come. The demand for technicians is already exceeding the supply.

Western New Yorkers can find opportunity in these industries, either as a company or by becoming educated to be one of the technical employees required in the future.

Requirements

Most Life/Bio Sciences companies are subject to FDA regulations. What requirements will a company operating in an FDA-regulated industry have to consider to play a part in the developing Life/Bio Science industries? All of these indus-

Consider cGMP Guidance & Training if your company is:

- new to the pharmaceutical or medical device product industries
- considering entering these markets
- an OEM supplier to the medical or pharmaceutical industries

tries are now, or eventually will be required to “comply” with FDA cGMP regulation guidelines.

Now is the time to prepare. What does this mean to the average manufacturer or supplier of goods and services? It means that a company needs to comply with cGMP, a system of FDA requirements that must be adhered to when providing goods or services. As an example:

- Medical Devices must follow the Code of Federal Regulations “CFR21 - Part 820 current good manufacturing practice for manufacturing Medical Devices.”
- Pharmaceutical/Drug manufacturing, processing, packaging, or handling must follow the Code of Federal Regulations “CFR21 - Part 210 and 211 current good manufacturing practices for manufacturing, processing, packing, or holding of Drugs.”

Definitions

According to the code, “comply” or “compliant” means that you have a solid quality system in place that guides your company through the manufacturing process under a state of control. The control comes from creating a management process that states what you do in cGMP terms, that you do what is stated and required and that you can prove it. Sound familiar? The same could be said for an ISO system; but in the FDA world there are specific practices and methods to be followed and documented.

What is the “c” in the cGMP — is it a typo? The “c” is the convention of the FDA indicating the requirement that you must know the current guideline of regu-

lation for your industry, not only the regulation last published, since regulations are not published every time something is enhanced or changed due to a current development.

Insyte can help

The questions still remain, “How does my company become compliant?” “How does my company become part of the supply chain for these industries?” “Can we be a life/bio sciences manufacturer?”

It is not as difficult as one might think — you can develop the required quality system or convert your existing system into procedures and practices compliant to cGMP requirements.

Insyte Consulting has the experience in ‘regulated industries’ to guide you into a quality system that will provide a framework for your unique needs. There are numerous practices described in the cGMP processes that Insyte can help you with, including full program development.

Next Issue

The next issue of the *Affiliates News* will address the major elements of cGMP including regulations 210-211 for manufacturing, processing, packaging or holding of drugs and for finished pharmaceuticals, and regulation 820 for the manufacture of medical devices.

David English, Insyte Consulting, has over 25 years of manufacturing experience in operations management and quality initiatives in various WNY industries. David also has extensive compliance experience with ISO and cGMP-FDA, including ISO 13485 inspections in the medical device and pharmaceutical/drug industries. ❖

Looking for Funding? Learn to Think Like an Investor

by Jack McGowan

For most technology entrepreneurs, the search for funding is a time-consuming, frustrating process with low odds of success. How does a company reduce time wasted and increase the chances of finding a willing investor? One key is to understand what investors want. Just as you need to 'know your customer' when selling a product or service, you need to know a potential investor's interests, criteria and 'hot buttons.'

Although they consider the product and technology to be important, venture capitalists or angel investors are more focused on business issues such as the quality and experience of the company's management, the size of the potential market, the soundness of the company's financial projections, and the company's exit strategy. One of the surest ways for an entrepreneur to kill his or her chances with an investor is to talk at length about the product or technology and not focus on the business opportunity and financial return.

How do you learn to think like an investor?

Several websites have compiled good articles about the investment process. Two of the best are:

- www.inc.com/guides/finance
- www.eventuring.org.

These websites also provide information and links of interest to entrepreneurs.

Investor Types

Once you understand how investors think, you need to identify the type of investor that might be a good match for your company. Although most investors have similar approaches when evaluating a company, they can differ significantly regarding preferred investment size, geo-

Angels & venture capitalists look for the following:

- A strong management team with experience and proven skills.
- A unique product or service with clear competitive advantage and large market.
- Your personal financial investment in the company and investments from your friends and/or family.
- A clear picture of the market for your product or service and realistic plan for market penetration.
- An exit strategy for the investor that is reachable within 5 to 7 years.
- The potential for a strong return on investment

graphic location, industry, and stage of development of an investment candidate.

It is important to know the difference between 'Angel' investors — high net-worth individuals who invest their own money, and Venture Capitalists (VC) — professional investment firms that invest funds from other sources (e.g. pension funds, insurance companies, foundations). In general, Angels invest in seed, start-up and early-stage businesses, while venture capitalists invest in later-stage businesses. Venture capitalists generally invest \$2 million and up in a financing round, while individual angels make much smaller investments (\$5,000 to \$100,000). Angel groups can make investments in the mid-range, between most individual angels and VCs. A survey

of member organizations of the Angel Capital Association found that the median Angel Group investment per round was about \$375,000.

In general, the best time to seek angel funding is when:

- Your product is developed or near completion.
- You have existing customers or potential customers who will confirm they will buy from you.
- You've invested your own dollars and exhausted other alternatives, including friends and family.
- You can demonstrate that the business is likely to grow rapidly and reach at least \$15-30 million in revenues in the next 3-7 years.
- Your business plan is fully developed.

It takes time to learn how investors think and to position your investment offering to meet their investment criteria, but you will increase your chance of success if you do your homework before approaching investors.

Investor organizations that operate near the WNY region include:

- Western New York Venture Association: www.wnyventure.org
- Rochester Angel Network: www.rochesterangels.com
- Golden Horseshoe Venture Forum: www.ghvf.org
- Upstate Venture Association of New York: www.uvany.com

Jack McGowan, Insyte Consulting, is a director of the Western New York Venture Association, a not-for-profit organization that provides a forum for the exchange of opportunities between entrepreneurs and potential investors. ❖

CEO – Are You Buying Technology Band-Aids?

by Thomas Quinn

For your next hardware or software purchase order, wouldn't you like a better way to predict if this money will be well spent and real medicine (versus a band-aid)?

As an organizational leader, you often have the last say in purchasing new technology. Well spent, technology-focused dollars can be that critical element that improves your internal efficiency or differentiates your products or services. There are many questions that can be asked to better determine if the technology is right for your organization, including:

- If the internal person promoting the next technology solution were to leave, would someone else in the company take it over?
- What is the metric that will verify that the entire process associated with this technology got significantly better?
- How well will people outside the implementation team adopt this technology?
- Did you even know there was a problem (before this solution was presented)?
- Is this project taking dollars or resources away from higher priority projects?

Band-aids are often not the best medicine

Understand that there is an appropriate time and place for a band-aid. The point is that if left unchecked, your company

may become significantly dependent upon these band-aids to support your customers and internal processes. Too often short term, lower cost solutions are alleviating your immediate pain, but are not fixing the real problem. Before you know it, your budget is depleted and your company is almost entirely managed by off-line tools and third party products that require exponential amounts of maintenance and generate data that fewer and fewer people trust. In fact, one local WNY company has adopted 'one version of the truth' as part of its technology vision based on the fact that too many of these solutions were generating conflicting sets of data.

Form a technology steering committee

One approach companies have taken to make better technology purchasing decisions is to have senior managers form a technology steering committee that regularly reviews technology projects and purchases. Every department in the company should be represented by one of the steering committee members. Well intended individuals or departments often have the 'technologic' perspective of their own departments and propose solutions that will only improve their local efficiency. Unfortunately they do not have a sense if company-wide processes will be improved or worse yet, they are not able to determine if their time or company dollars would be better spent elsewhere in the organization. All active projects and upcoming requests are regularly analyzed and prioritized by the steering committee to ensure the best utilization of dollars and internal resources. The primary responsibility of this steering committee is to align seemingly innocent purchases with the strategic objectives and priorities of the company, fixing problems versus applying more band-aids.

Insyte can help

If you don't have experience with a new technology, Insyte can provide another perspective on the product itself or help you with the framing and prioritizing of the problems you are facing. We are always available to help you make better technology decisions, starting with your next one. Let's do lunch!

Thomas Quinn, Insyte Consulting, has over 20 years of experience in the Information Technology field. His strengths and expertise lie in strategic business decisions involving technology and the ability to provide proven tactical plans supporting the vision of an organization. ❖

Hold the Date: February 26, 2008

"Made in the USA - Choices for Growth"

presented by Doug Hall

Creator of Eureka! Winning Ways, Doug Hall is hailed by *Inc Magazine* as "America's Top New Product Idea Man." Doug has been 'growth guru' to America's top corporations including Disney, AT&T, Procter & Gamble, Frito-Lay, Tenneco, Unilever, Nike and Schlumberger. He has helped Fortune 100 companies generate new ideas, increase profits and increase global competitiveness. His methods can help your organization too! Doug Hall is a dynamic speaker not to be missed!

Visit www.insyte-consulting.com for more information.

Conax continued from page 1

development process, and therefore had to try a different approach. They engaged an Insyte Consulting professional with substantial experience in managing new product development to facilitate the effort to develop a new product in this incredibly short time frame.

The difficulty of the situation was compounded by a lack of product samples to study the failure mode, lack of detailed information about the customer's operating environment, and an inability to simulate the customer's operating conditions at Conax.

Solution

A diverse team of 'thinkers' and 'doers' from manufacturing, engineering and technical sales support was formed, and a conference room was set aside as the 'war room.' The Insyte consultant's first step was to emphasize that the development approach was not going to be a typical, business-as-usual product development methodology, and that some of the activities would be uncomfortably different from the standard development process.

To drive fast turnaround, a cadence of frequent short meetings was established to brainstorm, define action items and report on outcomes. The diversity of the team expanded idea generation and accelerated idea refinement. The 'war room' walls were used to display flip chart sheets that tracked issues, possible solutions and action items so that progress was highly visible. The Insyte consultant pushed thinking beyond the company's comfort zone, facilitated 'out-of-the-box' ideas, and challenged fall backs to slower traditional practices. The probability

of success was increased by defining small incremental action items and by exploring multiple technical paths in parallel. The consultant's technical product development background also enabled him to contribute ideas and to help the group overcome obstacles that could delay progress.

Results

The strategy was to build up several product variations using different design concepts which could then be tested at the customer. Conax stretched the technology by incorporating features that differed from commonly accepted practices in the industry. In order to overcome supplier delivery issues, Conax took calculated risks by using less preferred technical alternatives that would verify a concept and keep development on schedule.

Samples for several new design variations were sent to the customer within 67 days of the start of the project. The customer reported back that after 28 days of testing one version of the multiple designs under test met the targeted operating life. Conax's customer is continuing to test additional samples of the successful version. Results have been successful and a doubling of orders is anticipated. In addition, Conax is investigating the patentability of some of the technical concepts developed.

The success of the accelerated new product development process has been motivating for the development team. They are currently considering how the process can be applied to other challenging technical problems and in the development of strategic new products. ❖

"The results exceeded my expectations. It shows that our team can meet the demands of a significant technical challenge when innovative management techniques are used."
Robert Fox, President

Firm Benefits

- New product developed in 67 days, a fraction of the typical development time
- Customer orders more than doubled
- Technical patents being explored
- Process being applied as a template for new products



Conax's Slavomir Rakic assembles new part at a laminar flow table.

Affiliates News

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Insyte Consulting assists WNY manufacturing and technology companies to overcome their strategic and tactical business challenges. Whether it's a short-term engagement or a long-term commitment, we create positive change.

Because our employees have hands-on experience, we can help our customers see the opportunities and threats that lie ahead. We're always ready to roll up our sleeves to help get results — results you can measure.

We also place a strong emphasis on teaching our customers proven methods for maintaining and replicating the success that has been achieved. Knowledge combined with common sense — that's how our experience improves your business.

Our experience improves your business



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