
Next Generation MEP

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Agenda

- **1:00 P.M.** **Overview and History of the MEP Program**
- **1:30 P.M.** **Review of the Current Environment**
- **2:15 P.M.** **Break**
- **2:30 P.M.** **Ideas and suggestions to improve the MEP Program**
- **3:30 P.M.** **Break**
- **3:45 P.M.** **Review of Competition Schedule and Process**
- **4:45 P.M.** **Closing Comments**
- **5:00 P.M.** **Adjournment**

Meetings to Date

- **Regional Meetings Held: Cleveland, Detroit, Dallas, Los Angeles**
- **Web Casts: July 14, July 21, July 23**
- **Remaining Meetings:**
 - NAM August 2
 - Web Cast August 3
 - Milwaukee August 4 with OEMs
 - Web Cast August 9
 - MEPNAB September 23
 - Center Directors October 8

Next Generation MEP: Meeting Participation

- **Total Participants: 150**
- **On-Line Comments: 24**
- **States Represented: 22**
 - AL, AR, CA, ID, IL, KS, KY, MI, MN, MS, NC, NJ, NV, OH, OK, PA, SC, TN, TX, VA, WA, WY
- **SMEs in attendance: 16**
- **State/Local Partners: 38**
- **Academic Partners: 8**

Additional Methods for Public Comment

Due to the aggressive and limited schedule of meetings, some comments and questions may not be addressed due to time constraints. If you would like to submit additional comments which were not expressed or shared during the meeting, please:

- **Write comments or questions down on handouts provided and submit them following the meeting**
- **Submit written comments on-line at <http://www.mep.nist.gov/competition/intro.htm>**

MEP History

- Congress created MEP through the Omnibus Trade and Competitiveness Act of 1988, Public Law 100-418
- Began serving clients in 1989 with three centers
- By 1996, MEP was nationwide with nearly 400 locations in all 50 states and Puerto Rico
- In 1998, Congress removed the Sunset Clause from the enabling legislation

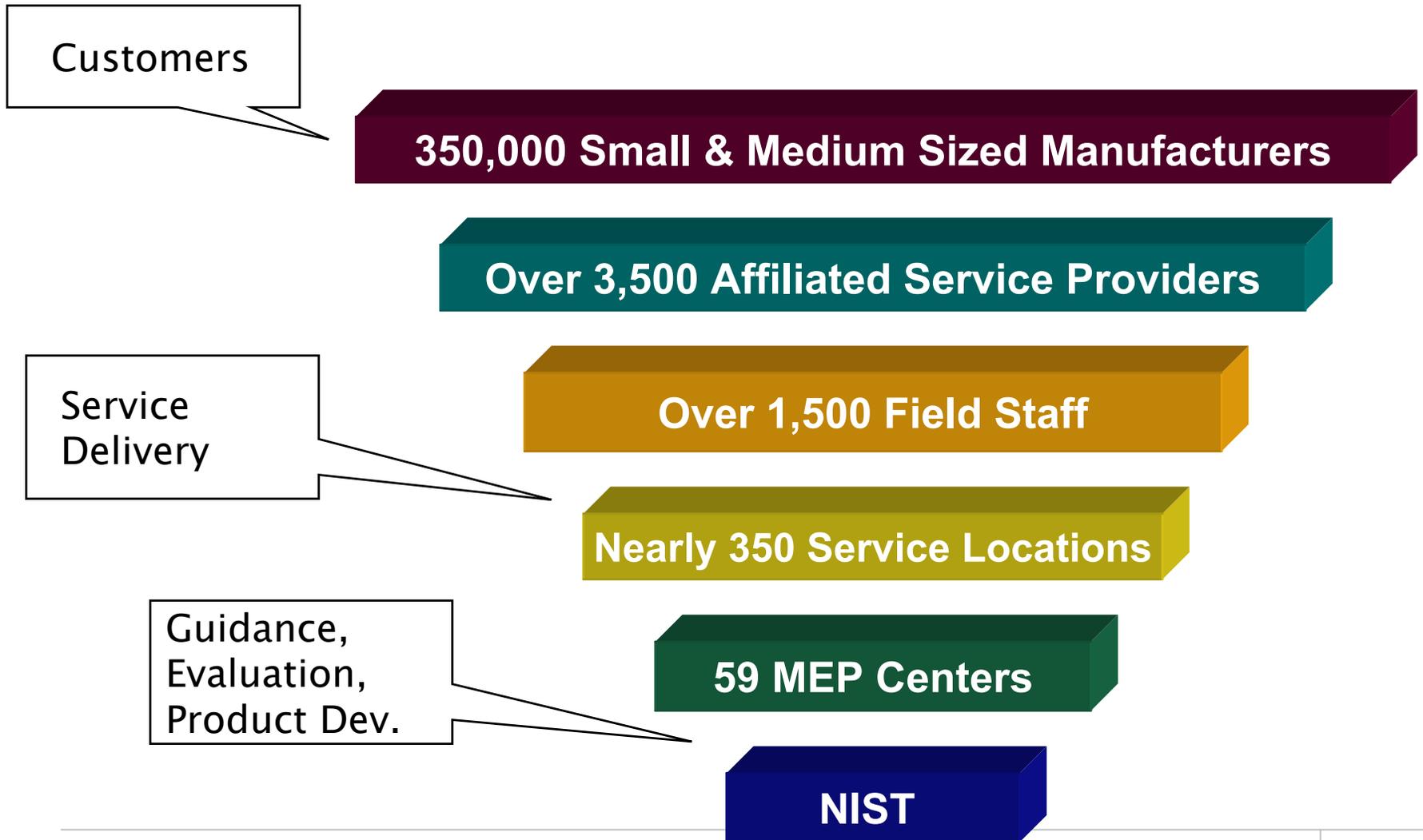
MEP Mission Statement

“To strengthen the global competitiveness of US-based manufacturing by providing information, decision support, and implementation assistance to smaller manufacturing firms in adopting new, more advanced manufacturing technologies, techniques, and business best practices.”

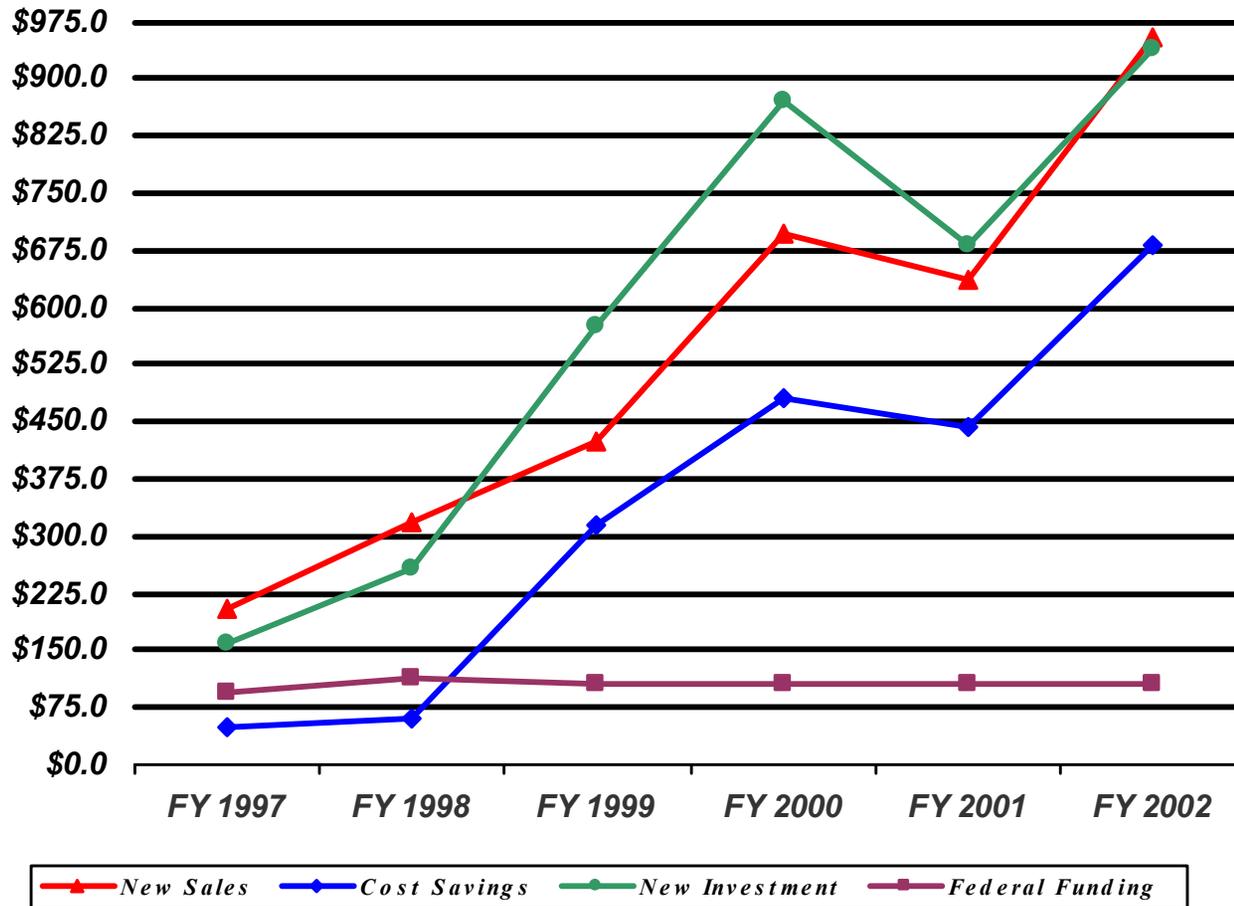
MEP Values

- **Customer-focus** – MEP products and services are selected by business owners and managers locally
- **Co-investment** – the Federal investment is leveraged many times by state investment, industry and by the direct investment of MEP's client firms through fees for service
- **Collaboration** – MEP has partnerships with over 3,500 service organizations nationwide
- **Continuous improvement** – MEP's impact, performance and efficiency has grown each year without increases in Federal dollars

Building a National Program



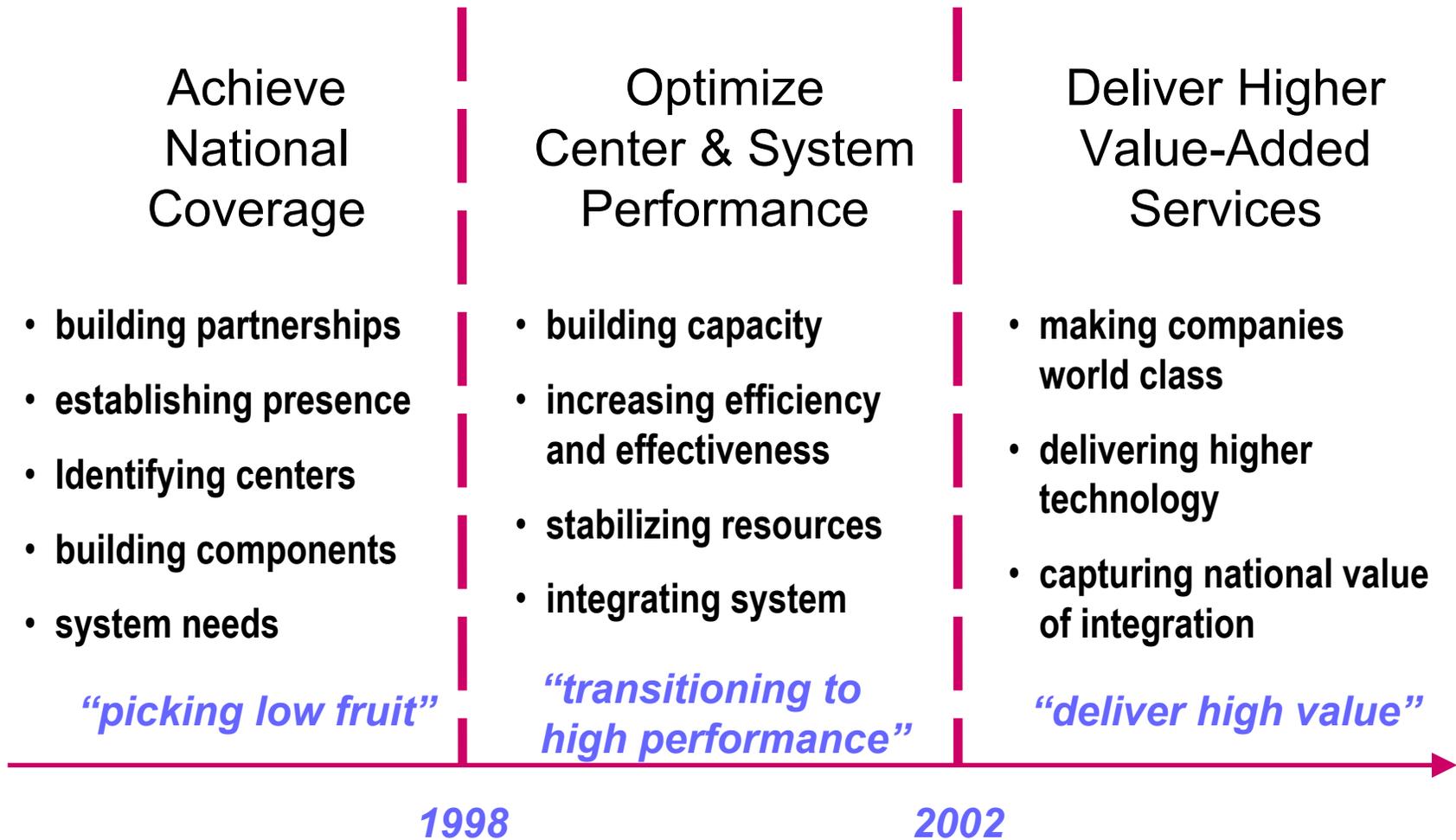
Making a Difference: MEP Performance Record



FY2002 performance is based on a survey of 5,015 MEP clients out of 5,808 attempted.

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MEP Program Evolution

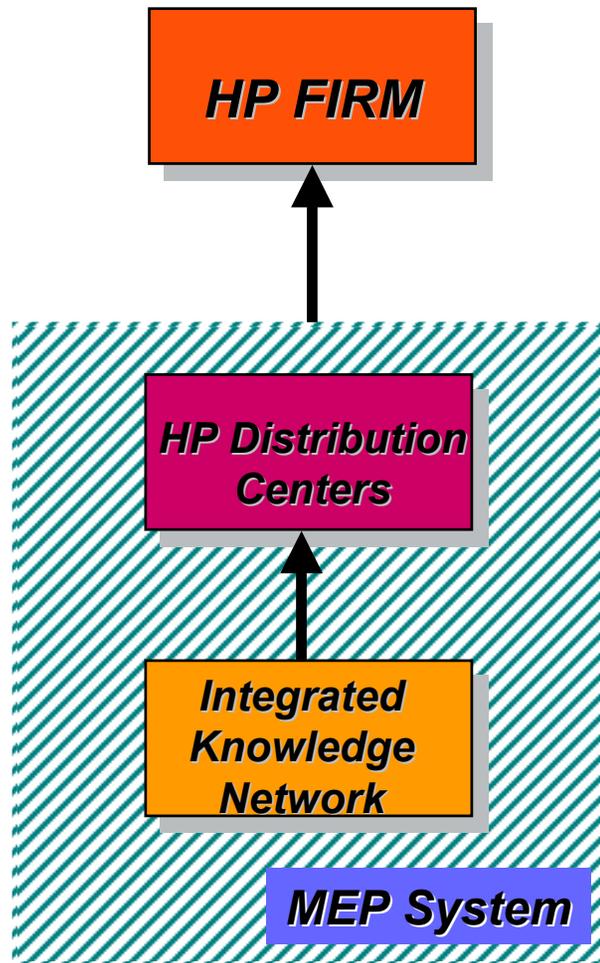


MEP Strategy

Our strategy is ultimately directed at developing or improving a range of marketable assets which render the highest value added to our customers, stakeholders, & the economy

Marketable Assets:

- National Capacity
- National Presence
- Resource Connectivity
- Strategic Alliances



Marketable Assets:

- Efficient & Effective Delivery
- Change Agent Competence
- Customer Knowledge Base

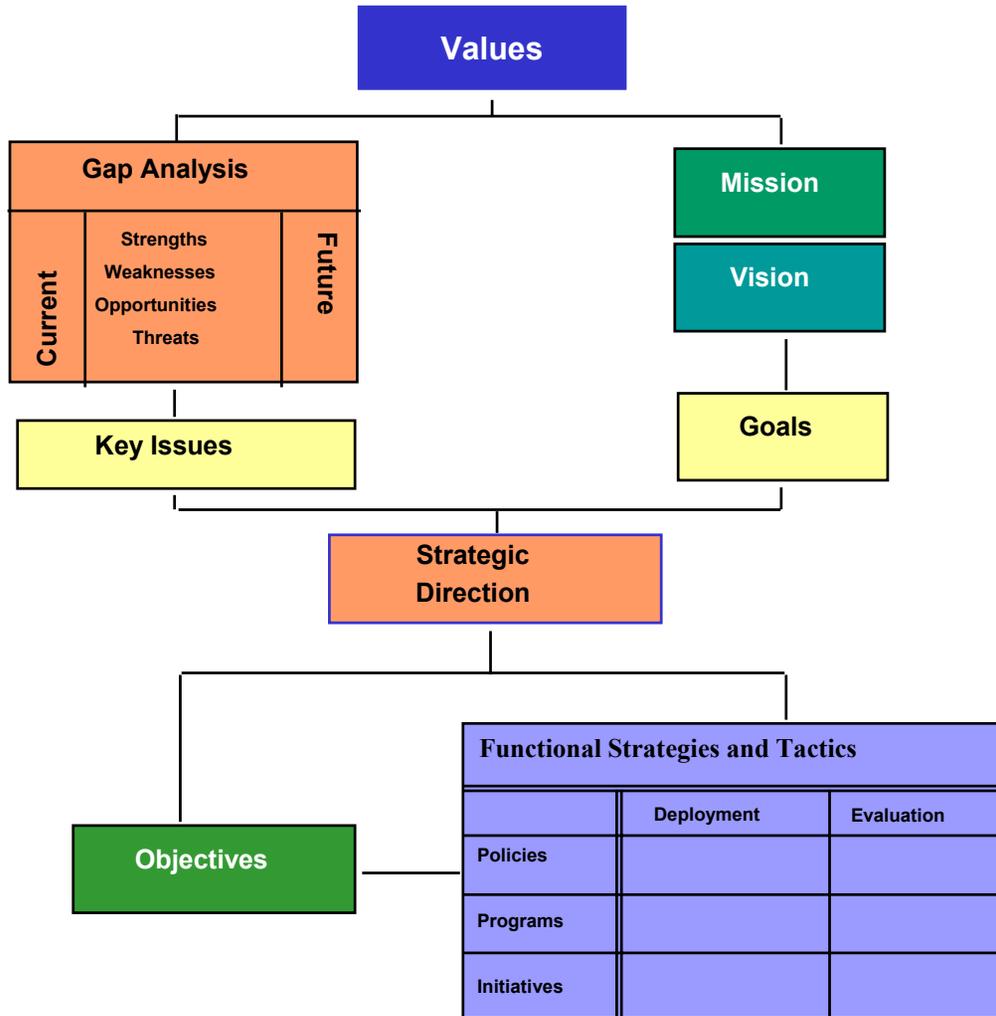
Marketable Assets:

- Technology Application K/B
- Industry Knowledge Base
- HP Transformation Models

Marketable Asset:

- Stable Funding

Strategic Planning Model



Input

- Stakeholder
- Center Leadership
- Center Staff
- DOC NIST MEP
- States
- MEP National Advisory Board
- Associations

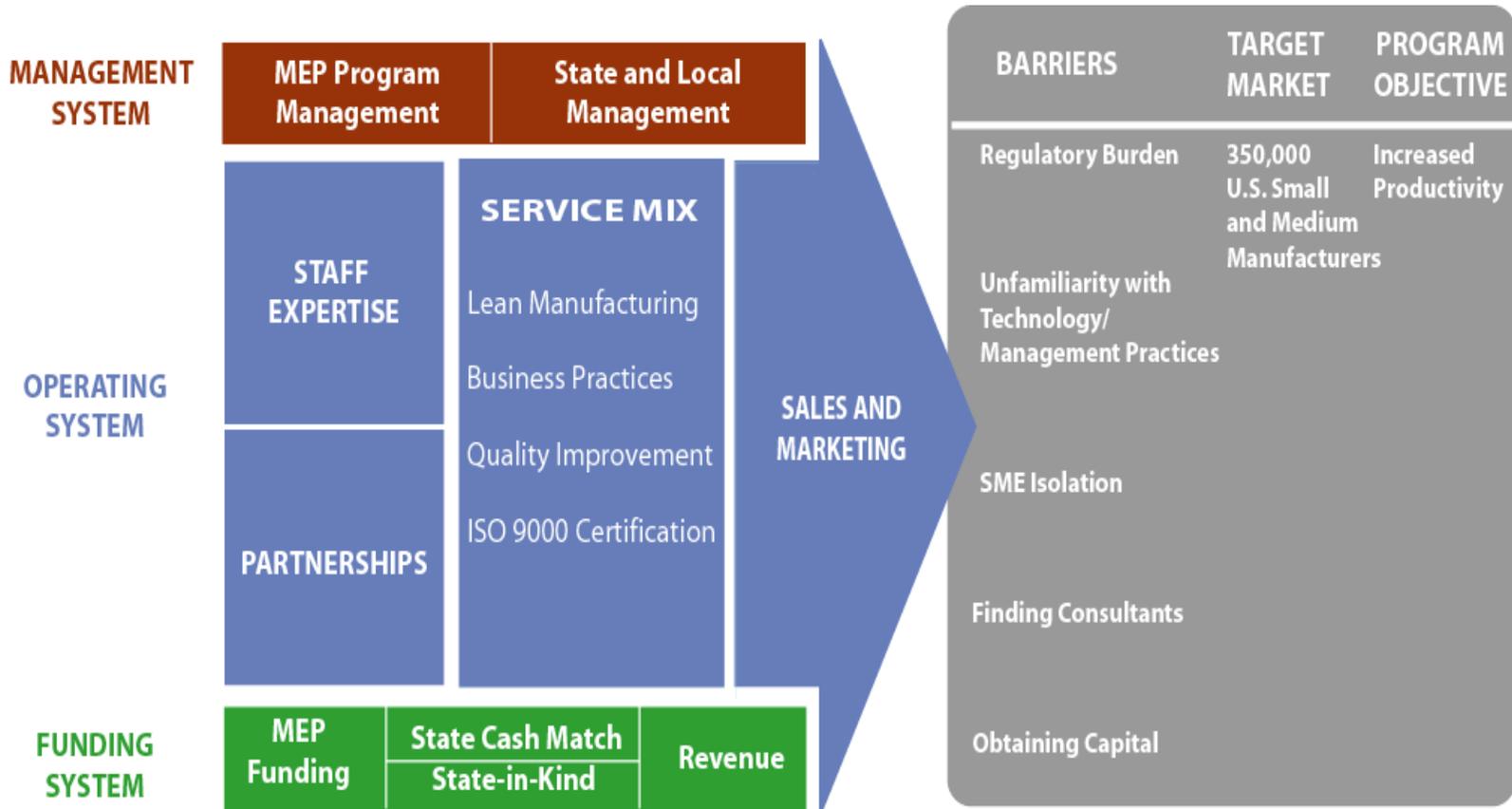
NAPA Report: Phase II Recommendations

- 1. Emphasize technology diffusion, product development, and supply chain integration services as basic services of the Program in addition to providing technical and business services to SMEs**
- 2. Build an integrated national network of assistance for SMEs**
- 3. Improve the coordination and partnering by MEP headquarters with other organizations that assist SMEs**
- 4. Adopt some of the business practices used by their programs that operate federal and state/local partnerships**

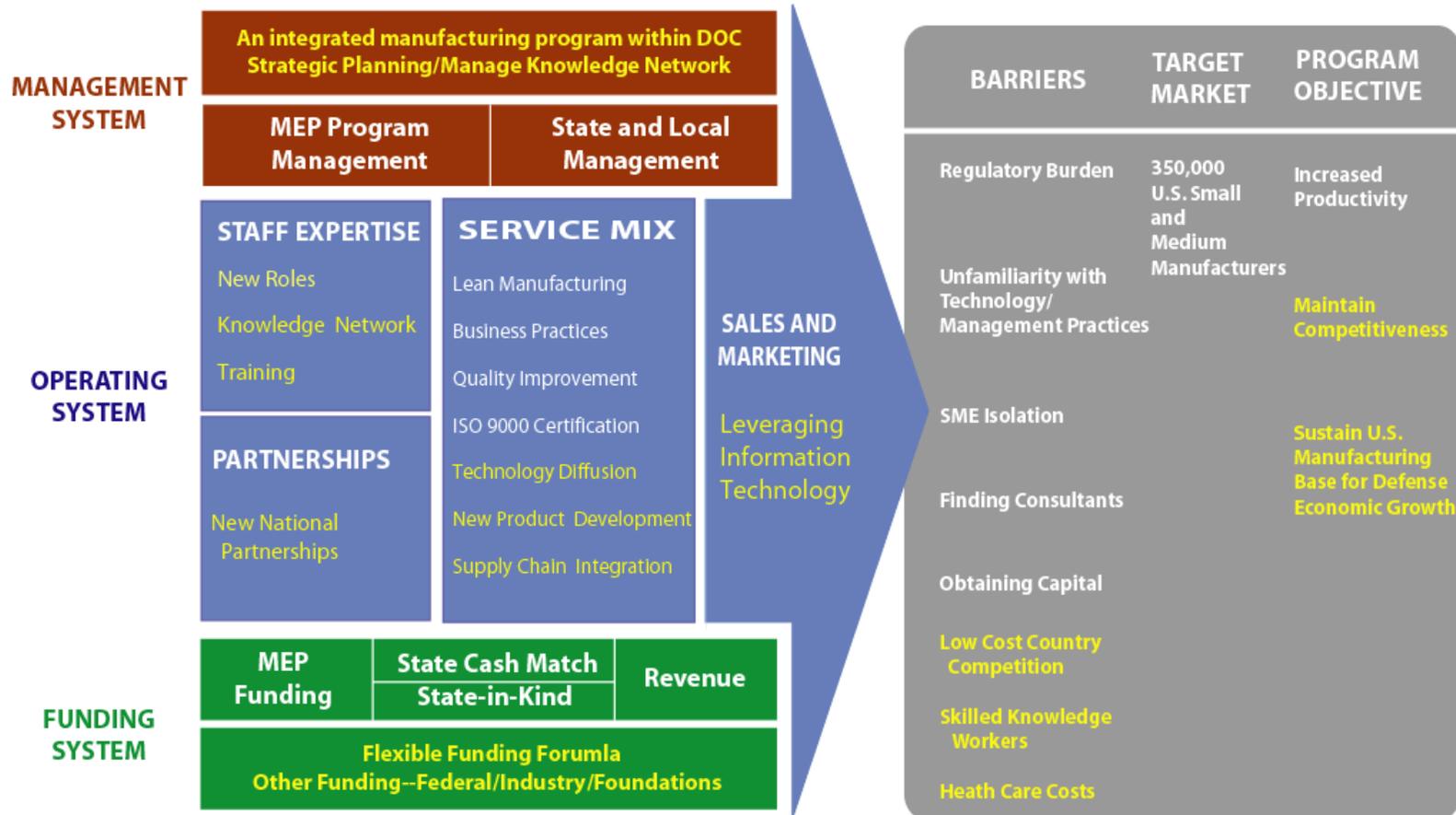
NAPA Report: Phase II Recommendations

- 5. Improve the system-wide sharing of knowledge and information and the systems for measuring performance**
- 6. DOC should consider aligning and integrating the various organizations within the Department that have manufacturing assistance responsibilities**
- 7. MEP Program officials should consider several structural and operational changes including a strategic planning process and seeking authority for more flexible Program funding**

MEP Business Model



MEP Business Model



Vision: Next Generation of MEP

- What do you believe should be the vision of MEP in the next generation?

MEP Program Objectives: Current State

- Increase Productivity (firm focus)
- Increase Competitiveness (sector focus)

MEP Program Objectives: Future State

- What are we doing well in the current state?
- What can we do better?
- What can we do different?
- What can we do that is new?

Management Systems: Current State

- Selection and evaluation of participating state-based centers
- Maintaining and evaluating overall system performance with respect to federal goals and objectives
- Providing strategic direction for continuous improvement

Management Systems: Future State

- What are we doing well in the current state?
- What can we do better?
- What can we do different?
- What can we do that is new?

Operating Systems: Current State

- **59 different Center models**
- **Center staff expertise vary per Center and are locally supplemented**
- **Partnered with other organizations to leverage resources**
- **Service mix and delivery**

Operating System: Future State

- What are we doing well in the current state?
- What can we do better?
- What can we do different?
- What can we do that is new?

Funding System: Current State

- **One-third federal, one-third state/local, one-third fees for service**
- **Various levels of support including quality of cost share**
- **All mission related expenses are allowable under current funding system**

Funding System: Future State

- What are we doing well in the current state?
- What can we do better?
- What can we do different?
- What can we do that is new?

Participation Feedback: What has changed in the last 5 years?

- **Increased globalization due to technologies such as the internet, IT and transportation**
- **Increased out-sourcing to low cost countries**
- **Increasing difficulty of manufacturers to operate within the U.S. (e.g. due to challenges such as low cost labor)**
- **Increased need for supply chain integration**
- **Decreased knowledgeable and skilled workforce continues to be a challenge in training**
- **Increased technical & business demands on the SME**
- **Scarcity of Capital**

Participation Feedback: What can be done to meet those challenges?

- **Offer SMEs assistance in product development**
- **Improve the sharing of best business practices through knowledge management**
- **Promote the new paradigm of manufacturing**
- **Increase workforce training efforts in manufacturing**
- **Create industry focused services**
- **Develop and pilot an integrated technology diffusion/ deployment system**

MEP Center Recompetition



Basis for Recompetition

- **DOC Manufacturing Report specifically recommends a recompetition for MEP**
 - Recompetition provides basis for re-examining the Federal investment in light of today's environment
 - Many centers were last selected competitively in the early 90s

Schedule

- **1 September 2004 - Federal Register notice of competition published**
- **31 October 2004 – Proposals due**
- **1 Jan 2005 – New awards made**

Eligibility Criteria

- **Eligible applicants for these projects must be affiliated with a non-profit institution or organization and may be a consortia of non-profit institutions.**
- **The applicant must provide the necessary cost share**

Evaluation Criteria

(From 15 CFR 290)

- (1) **Identification of Target Firms in Proposed Region.** Does the proposal define an appropriate service region with a large enough population of target firms of small- and medium-sized manufacturers that the applicant understands and can serve, and which is not presently served by an existing center?
- **(i) Market Analysis.** Demonstrated understanding of the service region's manufacturing base, including business size, industry types, product mix, and technology requirements.
 - **(ii) Geographical Location.** Physical size, concentration of industry, and economic significance of the service region's manufacturing base. Geographical diversity of the centers will be a factor in evaluation of proposals.

Evaluation Criteria (cont.)

- (2) **Technology Resources.** Does the proposal assure strength in technical personnel and programmatic resources, full-time staff, facilities, equipment, and linkages to external sources of technology?
- (3) **Technology Delivery Mechanisms.** Does the proposal clearly and sharply define an effective methodology for delivering advanced manufacturing technology to small- and medium-sized manufacturers?
- (i) **Linkages.** Development of effective partnerships or linkages to third parties such as industry, universities, nonprofit economic organizations, and state governments who will amplify the center's technology delivery to reach a large number of clients in its service region.
 - (ii) **Program Leverage.** Provision of an effective strategy to amplify the center's technology delivery approaches to achieve the proposed objectives as described in 15 CFR 290.3(e).

Evaluation Criteria (cont.)

(4) **Management and Financial Plan.** Does the proposal define a management structure and assure management personnel to carry out development and operation of an effective center?

- **(i) Organizational Structure.** Completeness and appropriateness of the organizational structure, and its focus on the mission of the center.
- **(ii) Program Management.** Effectiveness of the planned methodology of program management.
- **(iii) Internal Evaluation.** Effectiveness of the planned continuous internal evaluation of program activities.
- **(iv) Plans for Financial Matching.** Demonstrated stability and duration of the applicants funding commitments as well as the percentage of operating and capital costs guaranteed by the applicant. Identification of matching fund sources and the general terms of the funding commitments.
- **Budget.** Suitability and focus of the applicant's detailed one-year budget and budget outline for years 2-5 and beyond.

Evaluation Process

- **Proposal qualification**
- **Proposal review**
- **Site visits**
- **Award determination**

Formal Agreement

- **The formal agreement between NIST and the applicant will be in the form of a cooperative agreement. Under this agreement, the NIST MEP will have substantial interactions with the applicant in planning and executing this project. This will include the following:**
 - Assisting in developing required plans
 - Providing access to standard manufacturing extension and related tools
 - Facilitating partnering with appropriate organizations both within and outside of the MEP national system
 - Defining measures for evaluation of performance
 - Direct involvement in helping to understand, define, and resolve problems in the center's operations

Participation Feedback: Recompetition

All but 2 of the 150 participants to date are opposed to the recompetition as proposed. The concerns of a recompetition are focused around a few themes:

- Loss of service to SMEs
- Difficult to find and retain qualified field staff in this environment
- Difficult to propose to an unknown funding level
- Does not provide value to the program
- Will put state partnerships (and funding) in jeopardy
- If held, should be limited to the low performing centers
- If held, should incorporate NAPA recommendations into the competition