



MANUFACTURING EXTENSION  
PARTNERSHIP  
NATIONAL ADVISORY BOARD  
ANNUAL REPORT 2000

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## BOARD MEMBERS

The Board consists of nine members with expertise in industrial extension who are appointed by the Director of NIST to serve three-year terms. The members bring a variety of manufacturing and manufacturing related backgrounds to the Board. Their experience and expertise includes in-depth representation of small and large manufacturing, labor, academia, economic development, consulting and state government. This mix will bring to MEP the outside advice critical to maintain and enhance the program's focus on the customer—America's small manufacturers.

RONALD AUGER  
President/CEO  
American Industrial Casting, Inc.  
East Greenwich, Rhode Island



Mr. Auger has over 35 years of managerial and production facilities experience. In 1999, the U.S. Small Business Administration (SBA) recognized him as the Rhode Island Small Business Person of the Year. In addition to serving on SBA's Regulatory Fairness Board, Mr. Auger serves as Board Chair for the Rhode Island Manufacturing Extension Services.

In 1993-1996, Mr. Auger served on the Metal Casting Advisory Board for the Department of Energy and on the Rhode Island Governor's Defense Conversion Advisory Board. He was designated the 1993 honoree of the U.S. Chamber of Commerce's Blue Chip Enterprise Award and the 1996 honoree of the John J. Touhy Award, the City of Cranston's award to an outstanding business and civic-minded person. Mr. Auger's additional service includes participating in a trade mission to Estonia and a Good Will Mission to Guatemala and Panama, as well as serving as a review panelist for NIST MEP.

RICHARD BENDIS  
President & CEO  
Kansas Technology Enterprise  
Corporation (KTEC)  
Topeka, Kansas



Mr. Bendis has been a successful entrepreneur, corporate executive, venture capitalist, investment banker, and consultant in the technology and healthcare industries. He has been involved with KTEC since its creation, where he designed and implemented the Kansas Innovation and Commercialization Network. Mr. Bendis serves on numerous public/private boards and committees, including the White House U.S. Innovation Partnership Advisory Task Force Steering Committee and co-chair of the SBIR Committee, the National Governor's Association Science and Technology Council, the State Science and Technology Institute Board of Directors, the Council on Competitiveness, and the National Association of State Venture Funds Board of Directors.

MARÍA ESTELA DE RÍOS  
Vice-President of Corporate Affairs  
Orion International  
Technologies, Inc.  
Albuquerque, New Mexico



Ms. de Rios has over 25 years of experience in general business and in government and commercial contracting. Currently she is executive vice president of Orion International Technologies, which is a research and development engineering company specializing in nuclear and environmental engineering services, advanced technologies, and data and control systems. She currently sits on the Governor's Business Advisory Council and the Board of Directors for the Industry Network Corporation, the local MEP Center in New Mexico.

KELLIE DODSON  
President  
ACE Clearwater Enterprises  
Torrance, CA



Ms. Dodson joined ACE Clearwater Enterprises, a family business, in 1983, taking over operations in 1985. By 1995, she had doubled annual sales, positioning ACE as the preferred supplier for several prime original equipment manufacturers and the full-service manufacturing facility of choice for Lockheed Martin, General Electric, Allied Signal, Bell/Textron, and other primes. Under Ms. Dodson's leadership, ACE has been featured in two business books, Transformational Learning and The Knowledge Enabled Corporation. In addition to her professional work, Ms. Dodson served as Board Chair for the California Manufacturing Technology Center in 1995, and remains an active Board member and Technical Advisory Council Member for that organization. She also sits on the Board for The Gateway Cities partnership and the Technical Advisory Board for City National Bank.

IRWIN FELLER  
Director, Institute for Policy  
Research and Evaluation,  
Professor of Economics,  
The Pennsylvania State University



Dr. Feller, director, Institute for Policy and Research and Evaluation at the Pennsylvania State University, has extensive experience in policy research and evaluation. Dr. Feller's research has included the economic and political aspects of state technology development programs, the evaluation of these programs and the roles of universities in national and regional economic development. He has served as consultant to a number of organizations including the White House Office of Science and Technology Policy, the National Governors' Association, and the National Conference of State Legislatures. In 1996, Dr. Feller was appointed as an American Society of Mechanical Engineers (ASME) International, State Government Fellow in Pennsylvania.

DEAN J. GARRITSON  
Vice President, Small & Medium  
Manufacturers Department,  
Policy & Public Affairs Division,  
National Association of Manufacturers  
(NAM)



As Vice President of Small & Medium Manufacturers (SMM) for the Policy and Public Affairs Division, Mr. Garritson is responsible for SMM legislative policy and serves as the key staff spokesperson for SMM issues.

Previously, Mr. Garritson was the Vice President and Division Manager of the National Division in NAM's Greenbelt, Maryland office. During his tenure there, he more than tripled membership sales to small and medium manufacturers and doubled the number of small manufacturers who serve as members of NAM's Board.

Mr. Garritson is the Chairman of the International Association of Membership and Marketing Executives. In addition to serving on the MEPNAB Board, he is a board member for The Institute for Organization Management, the Center for Work-force Success, and the City Club of Washington.

EDWARD NOHA  
Chairman of the Board  
CNA Financial Corporation  
Chicago, Illinois



Prior to his current position, Mr. Noha served as chairman of the board and chief executive officer of the CNA Insurance Companies. Under his leadership, CNA rose to become one of the strongest and largest multi-line insurance organizations in the U.S. In 1992, Mr. Noha was appointed chairman of the Chicago Economic Development Commission by Mayor Richard M. Daley. In this role, he established the primary goal of job retention and expansion leading to over 20,000 jobs in the last three years. He also organized the proposal for the Chicago Manufacturing Center, one of the local MEP Centers in Illinois. He is currently the Chairman of the MEPNAB.

LAWRENCE RHOADES  
President  
Extrude Hone Corporation  
Irwin, Pennsylvania



Extrude Hone Corporation is a leader in the field of non-traditional machining, finishing, and measurement. In 1989, Mr. Rhoades was named the first Small Business Exporter of the Year by the Commonwealth of Pennsylvania and currently serves as Chairman of the Board for the Southwestern Pennsylvania Industrial Resource Center, one of the MEP affiliates in Pennsylvania. In that capacity, he has testified before the House Science Committee on behalf of the MEP system.

## EXECUTIVE SUMMARY

Manufacturing in the new economy—and a new millennium—framed the issues addressed by the MEP National Advisory Board (MEPNAB) in 2000. Reflecting this perspective at the first meeting of the new year, MEP Director Kevin Carr noted for the Board the five critical areas MEP would target in 2000. These areas included eBusiness, lean manufacturing, an integrated knowledge network, MEP University, and organizational improvements, pursued primarily through the Integration Pilot Project.

In addition to reporting progress made in these five key areas, this annual report notes progress in other areas of interest to MEP and the Board in the past year. These areas include the Y2K initiative, supply chain issues, national marketing efforts, the MEP/Advanced Technology Program Technology Diffusion Collaboration Project, and MEP Center activities.

This annual report summarizes MEP's reports to the Board on its activities in each of these areas and the Board's responses to activities undertaken and progress made by MEP in each area. It has been developed from the minutes of MEPNAB's meetings on

January 27, May 10, and September 20, 2000, and from progress reports issued to MEPNAB by MEP staff. On a final note, the current report also provides an overview of discussions

**We** need to consider how manufacturing will change in the new economy—and how MEP will change to meet the needs of the small manufacturer.

*Rich Bendis, Board Member*

that occurred during the Board's Round Table 2000 discourse. Round Table 2000 was instituted in January 2000 in response to a 1999 motion calling for a 30-minute open forum at

each Board meeting to allow members the opportunity to address new ideas, issues, and concerns about manufacturing that could be fully addressed at future meetings. A discussion of topics raised in this forum at the three MEPNAB meetings in 2000 is found in *Round Table 2000: A Summary*.

## MEPNAB: AN OVERVIEW

The Manufacturing Extension Partnership National Advisory Board (MEPNAB) of the National Institute of Standards and Technology (NIST) was established by direction of the Secretary of Commerce in September 1996. The Board provides advice on the programs, plans, and policies; assesses the soundness of MEP plans and policies; evaluates current performance against MEP program plans; and functions in an advisory capacity.

MEPNAB consists of nine members with backgrounds in industrial extension. All are appointed by the Director of NIST to serve three-year terms.

This year, four new members joined the Board: Ron Auger, Rich Bendis, Kellie Dodson, and Dean Garritson.

The Board is required to hold three business meetings a year with representatives from NIST MEP management, who actively participate in the Board's meetings. These meetings allow MEP staff the opportunity to report on the progress of their projects and the program's impact on our nation's more than 361,000 small manufacturers. MEPNAB meetings also provide a forum for NIST MEP representatives to update the Board on the status of MEP's budget and internal operational issues. Other meetings

may be called during the year, as deemed necessary by the Board Chair or at least one-third of the members.

In addition, the Board is required to summarize its findings each year in an annual report that is submitted to the Director of NIST and transmitted to the Secretary of Commerce. The report covers the Board's discussion of issues that affect MEP and its nationwide network of Centers. The present annual report covers MEPNAB meetings held in January, May, and September 2000.

## eBUSINESS

At its January meeting, the Board learned of MEP's plans for its eBusiness project. MEP reported that this project would be developed using the model of the 1999 Y2K initiative, which revealed a significant need for eBusiness assistance. As with that initiative, MEP plans to work with other federal agencies and the private sector to prevent duplication of effort. Federal partners include the Department of Commerce (DOC), the Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA).

MEP also laid out the eBusiness project schedule at this meeting, proposing to concentrate in the first quarter on eBusiness strategic opportunities and fundamentals. During the second quarter, MEP proposed that it would implement a multi-agency eBusiness website. In the third quarter, MEP would concentrate on the design of eBusiness products and tools. At the request of DOC, a mock copy of one tool—the *eBusiness Readiness Assessment Tool*—was already under development. MEP also reported that workshops and product delivery training were being developed for CEOs, presidents, and senior management of small manufacturing firms, as well as for MEP Center field staff.

In response to MEP's project overview, the Board suggested that MEP keep comprehensive education about eBusiness to a minimum and focus instead on increasing one-on-one client support. The Board believes that small manufacturers want to know the steps to improvement—what actions they should take—and not the background and data on why they should improve. In addition, the Board questioned the value of the proposed workshop series. MEP explained that most of the workshops would be “train-the-trainer” programs for Center field staff to help them meet their clients' eBusiness needs. After one Board member suggested holding focus groups to discuss this issue, the Board noted the timeliness of the eBusiness issue and requested a status update at its May meeting.

Complying with that request, MEP reported significant progress on the eBusiness project at the May Board meeting. Through extensive planning, MEP had more fully defined the eBusiness product line. The result, the Board learned, was a product suite with five key components: Education/Awareness, Preliminary Readiness Assessment, Transformation Planning, Implementation Project Management, and the eBusiness Solutions Center. MEP updated the Board on each component, as follows:

### **Education/Awareness**

MEP launched *Net Knowledge 101* in mid-April. A self-paced, web-based course, this learning tool introduces MEP field staff to basic Internet con-

cepts and knowledge. Based on beta tests held in February, the *eBusiness Strategic Opportunities and eBusiness Fundamentals* workshops were revised and scheduled for launch in early May. The first three train-the-trainer workshops would be held in June.

### **Preliminary Readiness Assessment**

The major product in this arena is the *eBusiness Readiness Assessment Tool*. A downloadable prototype would likely be ready by the end of June. The product contains a self-assessment tool that examines if a firm has an eBusiness strategy; its information technology infrastructure and the ability of that infrastructure to support an eBusiness strategy; and the firm's business processes and functions. The tool also contains a generic *eBusiness Roadmap*. Production and distribution of a CD-based version would require Fiscal Year (FY) 2001 funds.

### **Transformation Planning**

Targeted for development is a product and service set that would help small firms develop and plan for implementing their eBusiness strategy. This would include use of the industry-, sector-, and niche-specific adoption tools. Preliminary thinking about this area is ongoing, and detailed planning and implementation await funding.

## **Implementation Project Management**

MEP expects to be able to help companies with the implementation aspects of becoming an eBusiness.

### **The eBusiness Solutions Center**

The Y2K Help Center will be transformed into an eBusiness Solutions Center to provide support for all eBusiness courses, the *eBusiness Readiness Assessment Tool*, and other aspects of the product line. One of the key roles identified for the Solutions Center is to have a demonstration and testbed capability. This will allow MEP Centers and their clients to see various solutions in practice before committing to implementation and allow MEP to carry out appropriate product development activities to get modular, scalable, flexible, and integratable solutions for clients. The Solutions Center will also support MEP's SBA and USDA partners.

Commending MEP staff for its progress, the Board provided MEP with feedback on these efforts. It was suggested that MEP consider making the CEO eBusiness workshops available in an easily transportable medium, such as videotape, audiotape, or CD-ROM. Noting that such materials provide a significant marketing opportunity, the Board also urged

MEP to consider establishing a pricing structure that reflects the growing demand for these products and cautioned it against allowing these products to be viewed as a free service. The Board noted, however, that a modest fee structure would be appropriate, as offering such products opens the doors for the kind of one-on-one consulting opportunities that lead to deeper project involvement.

The Board asked in its May meeting if MEP had secured additional funding for the eBusiness project. MEP stated that ongoing conversations between the Congressional Authorizers and Appropriators have not yet been resolved. MEP also projected that 2003-2005 would mark significant growth in small manufacturers' need for eBusiness assistance.

At its September meeting, the Board learned that MEP had successfully launched the *eBusiness Strategic Opportunities and eBusiness Fundamentals* workshops. As projected, the first three train-the-trainer workshops were held in June, with about 120 attendees. MEP also reported to the Board that the *eBusiness Readiness Assessment Tool* had become two separate tools, based on feedback from field staff.

The first tool, *Opportunities Assessment*, has been beta-tested, and was scheduled for launch at the Montana Manufacturers' Conference on September 21, 2000. It contains a self-assessment tool, which examines what a firm thinks are its important

business functions and identifies possible eBusiness areas to consider in more detail; a set of inserts on the MEP eBusiness methodology and a "how-to" on choosing an Internet service provider and web designer; a User's Guide; and a generic *eBusiness Roadmap*.

*Readiness Assessment*, the second tool, examines a firm's eBusiness strategy, if any; its leadership, corporate governance, and technology; and whether those items will support its eBusiness strategy. MEP reported that its goal was to have the prototype of this tool available at the end of March 2001.

MEP also informed the Board that it had partnered with the Centers to develop a draft *eBusiness Engagement Methodology* to explain to clients how their eBusiness issues can be solved. The methodology contains four major areas of client support: eBusiness Assessment and Strategy, Solution Design, Implementation Planning, and Implementation and Ongoing Support. MEP reported that it anticipates a more complete documentation of all tasks, deliverables, and supporting materials by March 2001.

This methodology, MEP noted, replaces the previously identified product line components of Education/Awareness, Preliminary Readiness Assessment,

Transformation Planning, and Implementation Project Management, which were incorporated into the methodology.

The Board also learned that MEP does not anticipate a change in its role, or that of the Centers, in delivering specific products, services, or solutions. Most of the solutions are expected to come from the private sector. MEP Centers provide the valuable link between the firm and the appropriate *eBusiness* resource.

The Board heard that the Y2K Help Center was officially transformed into the *eBusiness* Solutions Center on July 3, 2000. The Solutions Center provides support for the *eBusiness* product line, including controlling course

configuration, answering questions about installation and use of tools, and researching specific *eBusiness* technologies. As part of its progress toward developing a demonstration and testbed capability, MEP had drafted a possible Federal Register Notice inviting all interested participants to take part. Establishing this capability will allow MEP to accomplish the goals it had articulated to the Board in May.

In summing up *eBusiness* activities at the last Board meeting of 2000, MEP Director Kevin Carr noted that the *eBusiness* suite has been a direct result of market demand. Although the Board was pleased to learn of MEP's efforts to date, one member queried why MEP was lagging behind the market on *eBusiness*, given that it is almost a requisite for MEP clients to stay in business. Carr explained that MEP is still struggling with funding

and budget issues. Carr reported that MEP is relying on investments that Centers have already made in the *eBusiness* area and is pulling those investments together to create a product line.

## LEAN MANUFACTURING

Lean manufacturing is a systematic approach to analyzing design, flow of material, and information with the goal of eliminating waste, while striving for perfection in manufacturing operations. To support that goal, MEP has worked to develop a training and certification course for manufacturing specialists, who, once trained, would be capable of helping client companies transform themselves into lean enterprises. At the Board's January meeting, MEP Director Kevin Carr noted the increased demand for lean manufacturing training. Agreeing with the need for this type of training, the Board requested that it be kept informed of its status at future meetings.

As follow-up to this request, MEP was pleased to report to the Board in May that lean enterprise instructor kits had been distributed to all MEP Centers, bringing the number of Centers delivering lean enterprise training to clients to 29. MEP reported that the Lean Manufacturing Help Center continues to receive a high volume of calls about the availability of lean training and lean solutions for clients. MEP also noted that it is documenting its lean manufacturing outreach efforts and impact and is compiling case studies.

Of further interest to the Board, MEP reported having established a strategic relationship with Productivity, Inc., for use of the training course, *The 5S System: Workplace Organization and Standardization*. This course was piloted as a pre-conference training opportunity at the MEP National Conference in Florida on May 10.

The agreement provides for training of instructors in the MEP system, co-branding the product, and special MEP network affiliate pricing for training materials.

The Board also heard at its May meeting that MEP is pursuing a new strategic relationship with the Lean Enterprise Institute to use its training course, *Value Stream Mapping*. This course was presented as part of a technical track at the MEP National Conference. The agreement being sought with the Lean Enterprise Institute provides for co-branding the product and special MEP network affiliate pricing for training materials. The Board also learned that MEP's work is expected to begin in May.

At the September Board meeting, MEP reported huge success with its lean enterprise training. In particular, MEP noted that since May 1998, the percentage of total Centers that had participated in lean enterprise training had risen to over 95 percent. Moreover, 52 Centers are now delivering lean enterprise training to clients, and, as of September, nearly 2,000 individuals (including both Center staff and their small manufacturing clients) have attended training. As MEP had reported at the May Board meeting, Centers can continue to get information on-line through the MEP Source for Centers.

The Board also learned that *The 5S System: Workplace Organization and Standardization* course piloted at the National Conference in May had been refined and was scheduled to be offered by year's end.

As follow-up to its report to the Board in May, MEP announced that it had contracted with a training courseware development firm, to update courses in *Principles of Lean Manufacturing with Live Simulation*, *Value Stream Mapping*, *Setup Reduction*, and *Cellular/Flow Manufacturing*. In addition, one new 300-level course will be created. The Board also learned that the strategic relationship with the Lean Enterprise Institute, as reported by MEP in May, was now in place and that the *Value Stream Mapping* course was being updated for release in Winter 2001.

The Board welcomed news of MEP's plans to soon establish similar contracts with experts in the fields of total productive maintenance and demand-pull manufacturing. MEPNAB also was interested to know if MEP had done a market survey on the lean product suite to determine who was using it and why. Kevin Carr noted that a formal survey had not been done, although the market appeared to be very large and diverse, with much of the interest coming from higher levels of the supply chain. Lean manufacturing news for 2000 concluded with MEP's announcement that it had added two new staff members to assist with developing the lean manufacturing product line and providing field training.

## INTEGRATED KNOWLEDGE NETWORK

Noting the abundance of information and resources within the MEP system, MEP Director Kevin Carr reported at the January meeting on MEP's plans to help Centers tap that abundance. The Board learned that MEP will build an integrated knowledge network (IKN) that will link the entire MEP system and foster the exchange of information, solutions, and resources among MEP Centers.

At the final meeting of 2000 in September, the Board heard Carr's summary of the IKN components.

The MEP Source for Centers, a key component, would capture information from conferences, directors' meetings, regional roundtables, best practices, and case studies. With over 2,000 registered members, this extranet is a significant vehicle for knowledge sharing. The Board believes the IKN could be a powerful resource for the Centers, while helping support MEP's efforts to integrate the system.

## MEP UNIVERSITY

At its January meeting, the Board was briefed on MEP's progress toward developing MEP University, a virtual training organization that will house all Center training currently available or in development. MEP developed this training vehicle after seeing the need for consistent training that could be disseminated throughout the system. It is envisioned that this initiative will increase the capabilities of manufacturing specialists in the MEP system by transferring knowledge and skills to specialists to help firms increase their competitiveness.

The Board was informed that MEP University will have three basic colleges: client development, practice areas, and center strategies. Each college will offer 100-level classes that provide general knowledge and training, 200-level classes that present MEP products and show how to implement them, and 300-level classes that are based on system integration. MEP is creating an on-line registration system for this virtual university.

Although MEP University was still in its conceptual stages when described to the Board at its January meeting, MEPNAB endorsed it, recognizing it met a significant need to train manufacturing specialists in the latest manufacturing technologies. The Board requested that it be updated on the status of this project at future meetings.

Meeting this request with an informative presentation at the May Board meeting, MEP reported that MEP University was well past the conceptual phase. Although the virtual university had not been formally unveiled, several courses have been successfully launched. The Board was informed that lean manufacturing 100- and 200-level courses were being scheduled through an on-line registration process available on the MEP extranet, with additional tracks for account management and eBusiness courses slated for delivery during the second quarter of 2000. While most courses are being taught in a traditional forum of student and instructor, at least one of the early eBusiness courses (*Net-101*) is intended to be the first of many courses to be delivered in an on-line, self-paced format. MEP also informed the Board of its third quarter plans for MEP University, during which it intends to develop the long-term business case for MEP University.

The last Board meeting of the year brought further reports of progress. MEP observed that MEP University, while not fully established, had delivered over 150 classes to approximately 2,000 MEP system personnel. The on-line registration system allows Center personnel to register for over 20 courses in consulting, lean manufacturing, and eBusiness. If they have a large number of attendees from their site, Centers can request to host a particular course tailored to their needs.

The Board also learned that MEP had contracted with a company that specializes in establishing corporate universities to provide the supporting documentation MEP needs for this project. This organization will help MEP document the business case for MEP University and develop the strategy MEP needs to proceed more effectively in addressing educational needs throughout the MEP system. They will also assist in developing the implementation plans, policies, and procedures needed to make the virtual university truly effective.

## ORGANIZATIONAL IMPROVEMENT

### THE INTEGRATION PILOT PROJECT

The Board first learned of the Integration Pilot Project, an initiative designed to effect system-wide organizational improvement, in September 1999. In its January and May meetings, MEPNAB members continued to voice their support for this Center-driven project. The goal of the project is to offer standardized approaches to MEP Centers' clients, which will result in manufacturing improvements in several key areas.

Thirteen of the MEP system's Centers (referred to as Integration Pilot Centers) are collaborating to define an integrated MEP system and to pilot examples of integrated services. These efforts have been catalyzed by clients asking Centers to provide services to sister plants or suppliers in different states. Currently, each Center offers different products, consulting rates, and levels of expertise. The goal is to be able to provide similar services through multiple Centers around the country.

To reach the goal of Centers operating as an integrated system, the directors of the Integration Pilot Centers will address four key issues. The Board learned that task groups have been formed for each of these issues, with three to four MEP Center directors appointed to serve on one of the following groups:

### Product and Services Task Force

This group works with MEP to present standard product lines and services to manufacturers on a national level.

### Knowledge Management Task Group

The goals of this group are to explore new ways to collect MEP Center best practices and to disseminate trend information and business intelligence between Centers' field staff.

### Professional Business Advisor Group

This pilot program involves senior-level field staff, from different MEP Centers, in delivering integrated services. As of the May Board meeting, MEP had conducted the second of several meetings to develop these candidates into business management mentors/professional business advisors (PBAs). These PBAs will serve as the pioneers for training of future PBAs in Centers. (For a full discussion of branding efforts during 2000, see *National Marketing Efforts*, p. 18).

### Policy Group

This group is charged with developing the protocols that will enable fair and productive relationships to be established between all MEP Centers. These protocols will address manufacturers' needs, Center transactions, and MEP system performance.

At its September meeting, the Board learned of the goals and objectives of MEP's new internal Integration Pilot team, charged with coordinating the

work of the Integration Pilot Centers, and how MEP will use the information collected by the team to transition itself to high performance. MEP explained that the internal Integration Pilot team is composed of people from each of MEP's functional departments: Marketing, Product Development, Account Management, Information Management, and Staff Training. This team serves three functions: to help the Integration Pilot Centers develop standards, to re-examine the MEP account management function in working with Centers, and to internally challenge the protocols and procedures to make all work processes more efficient.

The Board was informed of conclusions drawn by the Integration Pilot Centers and the MEP pilot team. Of note, both parties had concluded that "best practices" is a meaningless concept until it is utilized at the field level. Both acknowledge that there is no system-wide drive to standardize existing products and services, yet the Integration Pilot Centers remain excited about and committed to the project. Convinced that the integration effort will benefit individual Centers and the entire MEP system, both parties believe it is time to implement the following recommendations:

- Adopt a strategic partnership business model to drive this effort
- Select an initial product line. Lean enterprise is the first product of choice among the pilot Centers

- Adopt a new brand that signifies strategic partnership within the system and client transformational services. These newly branded services, aimed at assisting a company with its overall productivity and profitability, will be added to the Centers' existing portfolio of problem-specific and systems-level services
- Develop and implement standards that will build the strategic partnership and build equity in the new brand
- Recognize it will take up to a year to implement those standards
- Move to a subsequent product line only when ready

Any Center that elects to provide comprehensive services to transform a client firm and meets the brand standards will be certified to carry and market the new branded services. The Board heard that helping Centers build the competencies to be able to successfully carry the brand is a win-win proposition. The brand will become national, Centers will achieve the improved performance they need, and clients will receive the next level of services needed to enable them to become global competitors. Carr stressed to the Board that the new brand is designed to be a mark of excellence and to represent an integrated service. The Integration Pilot

team, along with the directors of the Integration Pilot Centers, are currently finishing a draft of the standards, which are due to be released in December 2000.

#### **IMPROVING SYSTEM PERFORMANCE BY STRENGTHENING CENTER SUPPORT**

Another effort to effect system-wide improvement focuses on strengthening the support MEP provides to Centers. MEP Director Kevin Carr told the Board at its January meeting that one strategy MEP is pursuing is providing more consulting assistance to Centers

*The goal of the Integration Pilot Project? To develop integration standards reflecting core competencies, quality of service, and a national capacity for transaction standards and knowledge networking.*

*Kevin Carr, MEP Director*

in targeted areas. Centers needing assistance are partnered with a team of MEP account managers that provide the appropriate resource tailored to the specific need of the Center. The Board heard a presentation on transitioning MEP account managers to a "Center consultant" role. By moving toward consulting and away from management and oversight, MEP believes it can better develop high-performance Centers, which in turn

will create high-performance firms. The Board learned, in sum, that since MEP has achieved its goal of having a Center in every state, it is focusing on helping Centers reach high performance. To achieve this, MEP has separated the review and consulting roles internally to allow account managers to develop a stronger relationship with their Centers, while helping them become high performers. The Board observed that this strategy has improved the review process, as well, adding that each of its members should participate in a Center review in the course of his or her service on the Board.

Commenting on another strategy for strengthening Centers, the Board recommended that the Centers' boards be strengthened or, where none exists, developed. The Board firmly believes that having a strong board in place can revive and save a struggling Center. Aware of this need, MEP is releasing a *Board Relationship Assessment Tool Kit*. Pleased to learn of this, the Board also requested copies of a *Harvard Business Review* article on board effectiveness mentioned by MEP.

As follow-up to the Board's interest in strengthening Centers' boards, MEP discussed its efforts in this area. Noting that a common characteristic of high-performance Centers is a strong Board of Directors, MEP reported that it had conducted market research and assembled a team to

build tools for identifying and applying best practices for board responsibilities and operations. As a result, resources available to Centers include a *Board Survey Process*, the *Building Better Boards On-Line Manual*, and membership in the National Center for Non-profit Boards. Under development, the Board heard, were the *Board Snap Shot Survey*, the *Board Survey User Guide*, and the *Account Manager Training Module*.

The Board congratulated MEP on its efforts, noting in particular the Board

Assessment on-line tool. The Board observed that it contains, guiding principles general to any non-profit board, as well as those specific to MEP Center boards. After MEP staff and Board members discussed the efficacy of confidentiality in survey instruments under development, Kevin Carr said he would have their comments taken back to the Board resource development team.

## SUPPLY CHAINS

At the May Board meeting, MEP updated the Board on supply chain activities, including the efforts of Supply America Corporation (SAC). SAC was created by the Centers to educate the marketplace about the importance of supply chains and how to improve communication within those chains. Commenting on recent activities, MEP reported that supply chain development opportunities had begun to appear during 1999.

Although several MEP Centers have engaged in supply chain development projects within their regions, the Board learned, no national supplier development project had been initiated. Centers engaged in local projects with suppliers to original equipment manufacturers (OEMs) (not the OEMs themselves) are Tennessee MEP (Saturn and Nissan), California Manufacturing Technology Center (Boeing), Wisconsin MEP (John Deere), Michigan Manufacturing Technology Center (Freudenberg NOK), and Lake Erie MEP (Honda). MEP also reported that SAC and NIST were working to develop supply chain programs with John Deere, Pratt & Whitney, and B.F. Goodrich.

The Board was interested to hear that SAC had addressed several associations and companies on the importance of supply chain integration and the services MEP provides for supply chain integration.

Variability in services and products across MEP Centers is a continuing challenge, the Board also learned. However, widespread adoption of standard products, as evidenced by the lean training suite, provides greater leverage when selling MEP's capabilities. MEP reported that internal management practices, staff skills, and pricing practices are all challenges to quoting services to OEMs interested in supplier integration.

Harnessing the power of the Internet to the advantage of supply chains was the focus of MEP's report to the Board at its September meeting. The emergence of the Internet as a tool for conducting business throughout the supply chain has increased the potential for MEP supply chain project opportunities, the Board learned. For example, MEP reported, Daimler Chrysler has recently invested in Powerway, Inc., a company that provides web-based management software tools for documenting quality requirements within the supply chain. First- and second-tier suppliers to Daimler Chrysler will be required to use this software. Powerway has discussed with MEP the possibility of having the Centers conduct software training and implementation for its second-tier suppliers and beyond.

The Board also heard that MEP is continuing discussions with the following Centers about their supply chain development projects: Tennessee MEP (Saturn and Nissan), Wisconsin MEP (John Deere), Michigan Manufacturing Technology Center (Daimler Chrysler), Lake Erie MEP (automotive industry suppliers), and Mid-Atlantic Manufacturing Technology Center (Allied Signal). SAC and Connecticut MEP have presented a proposal for a pilot project to a John Deere supplier (Stanadyne Corp.) in Connecticut. Also, MEP reported, Daimler Chrysler has asked SAC for a proposal to conduct a pilot project among lower tier automotive suppliers.

## NATIONAL MARKETING EFFORTS

The Board had requested at its last meeting of 1999 to be updated on MEP's identity and branding efforts. This project evolved from research in 1998 by Stone & Associates that found MEP lacked strong brand and name recognition in the marketplace. Moreover, the research found, without a clear message, the market was confused about Center identity. In response to these findings, MEP began working with Interbrand, a branding expert, to help MEP work with the Centers to develop a system-wide identity and brand rollout to the Centers and the national network as a whole.

Throughout late 1998 and early 1999, the Board strongly supported MEP's efforts to strengthen its identity in preparation for two highly publicized 1999 events—Y2K and the Year of the Small Manufacturer. The Board agreed that the concept of brand identity is necessary for market awareness of the MEP program, and it was equally supportive of maintaining the flexibility of services at the local level. The Board believes that because MEP's success is based on locally driven services, it must not lose that focus as it markets its services nationally. Believing as well that MEP should leverage the system by endorsing Centers with a new brand, the Board suggested that a core group of standardized services be co-packaged with

unique local services at each Center. As a final observation, the Board stated that for Centers to use the new national brand, MEP should establish a rigid qualification system for Center performance.

At the May Board meeting, MEP was pleased to report its progress toward national marketing goals. The Board learned that the MEP brand strategy had been defined by members of the Integration Pilot Team, a subset of Center directors: John Irion, South Carolina; David Braunstein, California; and Bob Weinstein, Illinois. This strategy, MEP reported, would operate as follows:

- Continue to leverage Centers' equity by associating them with a new national endorsement representing an unprecedented level of information and resources
- Encourage increased leverage of the existing network and avoid disruption of existing Center relationships with clients and partners
- Distinguish the new brand as a new level of products and services separate from MEP

The Board also learned that the new brand would in effect be a "mark of assurance" contributing to the brand's value. The new brand will represent a quality standard, suggest a competitive edge for the Centers carrying the brand, and instill confidence in the services clients receive. At the time of this Board meeting, MEP was still evaluating names but had finalized the brand vision, mission, values, and visual identity, as follows:

### **Brand Vision**

Small manufacturers are a critical cornerstone of America's future economic growth.

### **Brand Mission**

Enable small manufacturers throughout America to be the recognized world leaders in efficiency, technology, and growth.

### **Brand Values**

Resourceful, knowledgeable, insightful, confident, and passionate.

MEP informed the Board that its next steps would be to finalize the name, complete the legal requirements for trademarking, and build criteria for qualified Centers to carry the new brand. Launch of the brand, MEP noted, would be contingent on completing these items.

By the September Board meeting, MEP was able to report that legal requirements had been researched and that trademarking of the brand was in progress. The Integration Pilot Team and key MEP staff had begun learning the benefits and mechanics of branding. Of note, the Board learned that implementation of the new brand—360vu—had begun on September 1 and included development of the following key steps in marketing this new brand:

- Conduct a design audit of all Centers' marketing materials to ensure that the new brand mark can be designed to co-exist with established Center identity on all collateral materials, signage, and related items
- Create visual vocabulary to guide MEP and the Centers in how to properly adapt and use the brand mark
- Provide advice on image rights and font licensing
- Conduct socialization and communication infusion of the brand identity throughout the network (Socialization and communication infusion are discussions with key groups designed to continually define the process and solve concerns as MEP progresses through the phases.)
- Develop interim guidelines for signage during brand launch
- Create corporate stationery standards and templates for MEP and qualified Centers to incorporate the new brand into communication devices
- Develop a literature system for brochures, pamphlets, and other collateral (This addresses design elements as well as beginning statements, standard copy, and photos.)
- Create electronic standards and templates and provide training to key staff in the MEP network
- Develop advertising format standards and templates and tagline
- Create interim guidelines for typical 10' x 20' trade show booth
- Provide website design guidance for public internet and extranet site

On a final note, the Board learned that the criteria for Centers to carry the new brand were being finalized.

## MEP/ADVANCED TECHNOLOGY PROGRAM TECHNOLOGY DIFFUSION COLLABORATION PROJECT

Launched in Summer 1999, the MEP/Advanced Technology Program (ATP) Technology Diffusion Collaboration project began as a pilot with participation from seven Centers. The goal was to identify critical steps, key success factors, and obstacles to the effective diffusion of advanced technologies to small manufacturers. An additional goal was to determine how the MEP system could leverage its resources to support this diffusion and help report the results of the pilot. Once these goals had been accomplished, the project team would then develop a plan for diffusing the targeted technology to small manufacturers.

This pilot will not market or support ATP or ATP-funded companies, but will instead focus on diffusing the advanced technology. ATP is primarily funding this pilot project, having provided \$200,000 at the outset.

At the May Board meeting, MEP reported that the project was progressing well, despite changes in project leadership. A team of MEP and ATP staff and Center directors had selected three ATP-supported technologies appropriate for diffusion. The next step, the Board learned, would be to assemble three teams to identify and work with small manufacturers to facilitate adoption of each technology. These teams will consist primarily of MEP personnel with expertise in the chosen technology and representatives from the technology

developer's organization. Each team will prepare a diffusion plan, which the Project Team will review for final approval or feedback at the September MEP Directors' meeting. Once approved, implementation of each diffusion plan will begin.

The Board was concerned about ATP's budget for this project, but was assured that funding was adequate. In its final comments, the Board urged MEP to work toward creating a vertical integration forum between small manufacturers and the companies developing new technologies.

## CENTER UPDATES

MEP informed the Board at its May meeting that most of the Centers continue to improve their methods of product and service delivery through internal continuous improvement processes and NIST-provided external support and evaluation. Given the current situation of a stable federal investment, MEP believes it needs to develop new methods for increasing the impact returned with each dollar invested in the Partnership. From an operational and service delivery perspective, MEP believes this return can be achieved through a more effective and timely exchange of knowledge and information, the Board learned.

This perspective is reflected in the five areas of focus articulated by MEP Director Kevin Carr in early 2000: to roll out Lean and eBusiness related products and services, make national training more readily available through the development of MEP University, establish a culture of knowledge-sharing through improved knowledge management, and focus on specific organizational improvements.

The Board heard, however, that the time and resources MEP had spent on the poorer performing Centers had significantly impacted its ability to focus on activities that benefit the larger group of high-performing Centers. As a result, Centers that MEP identified as needing more attention have been pulled out of their existing Account Teams and teamed up with two account managers. This staff has been given the necessary resources to move these Centers back into the mainstream or, if their performance does not improve, out of the system. To date, this approach appears to be effective, having significantly improved the operation in many of these Centers.

At its September meeting, the Board was pleased to learn that MEP had met or exceeded all of the FY 1999 impact goals set for the system, based on the results of the Center survey. Despite this strong performance, MEP believes the full impact of its system is underreported. The Board learned that MEP plans to address this issue at the next two Center Directors' meetings, with plans also underway to set quantitative baseline goals for each Center to be used by the account managers and the review panels to improve impact reporting.

The Board had several observations about the survey, the data collected, and how that data is used. It questioned the decreasing number of clients served, as reported in the most recent survey, and noted the need to

balance product quality and customer retention with an increased number of clients served. The Board also wanted to know how MEP uses the reported customer impact data to evaluate itself and, in turn, adjust its program. Also queried were MEP's efforts to assess if Center activity has led to regional economic growth. In addition, the Board encouraged MEP to consider examining socioeconomic measures to determine whether different groups use MEP services disproportionately. Finally, the Board urged MEP to distill its wealth of data into one or two "truth charts" that succinctly evaluate the organization's progress and current level of effectiveness.

During the September meeting, MEP further reported that two regions of the United States—Indiana and Southeast Ohio—were not receiving federal funds for service delivery. To address this situation, MEP launched a competition to establish new MEP Centers in these regions, with results to be announced in October 2000. MEP concluded its report on this issue by noting that these funds are only available for one year, and unless it is provided with an increase in the Center base funding, funds will be unavailable for FY 2002.

## Y2K UPDATES

The Board received a final Y2K update at its May meeting. MEP reported only minor, localized impacts with the transition to 2000, with questions about whether some failures were even related to Y2K. MEP reported that the interagency Y2K Help Center for Small Business, which it operates, will continue to provide general support to small businesses and the general population through June 30, 2000, when the Help Center transitions to providing eBusiness support.

The Board also learned that since the Year 2000 rollover, the Y2K Help Center has continued to receive calls of general inquiry or requests for assistance in obtaining compliance information. MEP reported that the Help Center has handled nearly 8,000 contacts since its March 1999 inception, 118 of which were received between January 1 and April 20, 2000.

MEP also reported to the Board in May that its Y2K Help website continues to experience hits and downloading of software tools for conducting assessments and preparing contingency and remediation plans. From the rollover through March 2000, the website received 14,603 visits and 85 downloads of the Y2K software tools. Since its inception, the website had 124,192 visits and 31,335 tool downloads.

## INTERNATIONAL ACTIVITIES

At its first meeting of 2000, MEPNAB discussed what role, if any, MEP should play in assisting U.S. firms operating internationally in facing foreign competition. As a preliminary strategy, the Board suggested that MEP consider conducting a study to determine how many small manufacturers produce their product internationally.

In response, MEP Director Kevin Carr noted that Congress has charged MEP with focusing on U.S.-based firms, rather than U.S. firms that are based abroad.

In its follow-up discussion on international activities at the May Board meeting, MEP reported that it had failed to obtain seed funding to carry out international activities at the national level. Kevin Carr noted that the Office of Management and Budget had proposed awarding funding to the International Trade Association (ITA), with instructions for ITA to partner

with MEP. The status of those funds, however, is unclear, Carr observed. Absent such funding, some Centers are partnering with local resources, such as Export Assistance Centers and state trade offices, to serve their clients.

The Board urged MEP to pursue innovative ways to develop a program in international trade. It believes the need among small manufacturers for international trade assistance will become even more acute as eBusiness evolves. The Board strongly supports MEP's continuing efforts to partner with existing resources to provide some level of international business assistance to client firms and asked to be updated on its progress.

## ROUND TABLE 2000: A SUMMARY

At its January meeting, the Board instituted a 30-minute forum, called Round Table 2000, to allow Board members the opportunity to address new ideas, issues, and concerns about manufacturing. A key point of discussion at this first-ever Round Table was the need for a process to review issues addressed at prior Board meetings. Such review, while historically tracking agenda items, could also include a more comprehensive report of MEP's progress on specific issues. MEP agreed on the efficacy of this approach and noted that it would circulate a draft report prior to the Board's May meeting.

Manufacturing in the "new economy" was also discussed at the January Round Table, with the Board wondering how manufacturing may change and how MEP will change to meet the needs of small manufacturers. In response, MEP Director Kevin Carr observed that even the definition of manufacturing is the subject of ongoing debate, although MEP still follows the current SIC Code definition.

In further considering the needs of small manufacturers, the Board suggested that MEP re-evaluate client needs to make sure that it is meeting those needs. Kevin Carr noted that all products MEP develops are based on Center demand, with Centers carrying out market research by continuously polling their clients regarding their needs.

In its final comments during the January Round Table, the Board observed that it would be helpful to have a standardized financial report of Centers that is succinct and easy to read. As envisioned by the Board, this reporting tool would provide MEP with a quick overview of the financial status of all Centers, while helping to identify Centers with successful business practices.

At the May Board meeting, MEP complied with the Board's request for progress reports on previous actions items and discussion points. The Round Table for this session consisted of MEP staff delivering its progress reports in key areas of MEP focus and MEPNAB interest.

During the final Round Table of the year at its September meeting, the Board applauded MEP's progress toward the goals it had set for 2000. The Board also commended MEP for implementing many of the ideas it had suggested over the past three years.

In its final comments, the Board suggested that MEP focus on the following areas in 2001:

- Work toward articulating its strategy for continued growth, to reflect an economic environment increasingly defined by the need for sustainable growth and less by the threat of competition
- Improve its understanding of the quality of state-level support for its program
- Encourage MEP account representatives to work more closely with Center Boards of Directors, thereby increasing the opportunity to share MEP's expectations with those Boards
- Pursue eBusiness, particularly given the eEurope initiative to wire all businesses within the European Union
- Study technology clusters, as the cluster phenomenon will increasingly define long-term strategy for U.S. businesses