# MEP CENTERS

## *Accelerating State Economies*

Arkansas

Indiana

Virginia

Washington

**MEP** • MANUFACTURING
EXTENSION PARTNERSHIP

*January 2011*

# MEP CENTER FUNDING FROM STATES

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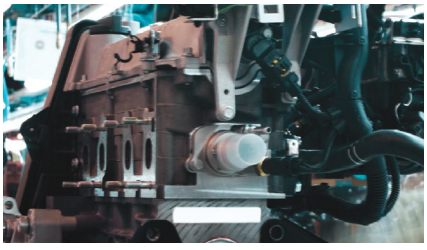
## $130 million in investments in Arkansas
## $13.4 million in cost savings in Indiana
## 1,262 jobs created in Virginia
## $96 million in new sales in Washington

*NIST MEP is providing examples of MEP centers in four states to illustrate how they work effectively with a wide range of state resources in these changing times, from the governor's office to the front lines.*

The bulleted information below has been collected by the State Science and Technology Institute, the lead organization on the MEP State Relations team, based on a review of state budget documents, conversations with NIST MEP and center staff, and other sources.

- **47 states provide some type of financial support to the MEP center.** The states that do not currently provide any financial support are Mississippi, New Hampshire, and New Jersey.
- **10 states provide direct line-item funding in the state budget to the MEP center** (Alabama, Alaska, Connecticut, Idaho, Massachusetts, Pennsylvania, South Carolina, Vermont, West Virginia and Wisconsin).
- **6 states provide legislative direction either for the MEP center or for funds that the MEP center can access** (Illinois, Kansas, Minnesota, New York, Virginia and Washington). For example, in Kansas, the legislature often sets the amount of funding that Mid-America Manufacturing Technology Center (MAMTC) will receive from The Kansas Technology Enterprise Corporation (KTEC) but does not provide a separate line item for MAMTC. In Washington, the MEP center is able to tap into funding that the legislature has appropriated to support manufacturers.
- **31 states provided other types of financial support for the MEP center** (Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Utah, and Wyoming). This may have taken the form of either matching funds to support center operations or the opportunity to compete for funding for specific projects. This funding comes through a wide variety of agency sources including state departments of commerce, economic development, energy, environment, workforce development or labor, community colleges, and others.
- **State financial support for MEP centers is bipartisan.** In 2010, twenty-three states had Republican governors. Of these 23 states, only two states (Mississippi, New Jersey) did not provide some kind of financial support to the MEP center. Twenty-six states had Democratic governors in 2010 and only two of these states (New Hampshire and New Mexico) did not provide some kind of financial support to the MEP center.



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# ARKANSAS

AMS Arkansas Manufacturing Solutions

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*Arkansas Manufacturing Solutions (AMS), the NIST Manufacturing Extension Partnership affiliate in Arkansas, is a force in state economic development initiatives, focusing on business retention and expansion (BRE), technology commercialization and start-up support. Housed within the Arkansas Science Technology Authority (ASTA), AMS collaborates with the Arkansas Economic Development Commission (AEDC) on a wide range of economic development and training efforts.*

**The Arkansas Economic Development Commission (AEDC)** executes the Governor's Strategy on Economic Development and has made BRE a priority, with more than a dozen staff working in this area and several teams focused on different aspects of BRE. AMS serves on one of the BRE teams to provide technical expertise and recently prepared a "Retention Assessment" for Cooper Tire when their Corporate Headquarters considered closing a plant in Texarkana. AMS provided the Governor's team with options that would justify keeping the plant in Texarkana. Based on these findings and recommendations, Cooper Tire decided not only to retain the plant, saving 1500 jobs, but also moved new products into Texarkana, adding 300 more jobs. The impact for Arkansas was substantial, with a financial impact close to $500 million in sales and capital investments around $15 million.

AMS also supports AEDC on business expansion and growth activities through technology commercialization and export promotion assistance. Arkansas is one of six states with an active Arkansas Innovation Marketplace (AIM), part of the NIST MEP National Innovation Marketplace (NIM). The NIM is an online marketplace pilot program that connects manufacturers to technology and business opportunities resulting in new markets and new products. AMS' partners in this effort include five major universities that have provided financial support for the state marketplace and listed in the database technologies that are ready for commercialization. As AMS launches Jump Start, a structured process for business growth, and ExporTech, a forum to help manufacturers develop export plans, multiple partners will provide support through marketing and referrals. These include AEDC, the universities, the Arkansas Small Business Technology Development Center and the World Trade Center.

The many collaborative activities in process are enhanced because AEDC and AMS are co-located in the same building, with AEDC providing more than $1 million of cost share for AMS. AEDC actively promotes AMS initiatives, provides referrals, and often uses its training budget to enable AMS to help existing Arkansas manufacturers with specialized training. Most AMS clients pay for the services they receive, although AMS helps clients apply for grant funds when appropriate.

AEDC is also the home for the Arkansas Energy Office (AEO). AMS works very closely with AEO to train companies and provide energy assessments around the state. Over the last three years, AEO has provided AMS with nearly $500,000 in grants to promote sustainable manufacturing practices. In addition, AMS and AEO are collaborating on development of an Arkansas Energy Clearinghouse to provide information to Arkansas companies on energy grants, answer inquiries and provide resources to address energy related questions.

Finally, AMS works closely with the Arkansas Institute for Performance Enhancement (AIPE) which hosts the Governor's Quality Award each year. AMS has partnered with AIPE to promote "Challenge Seminars" around the state to help manufacturers focus more on quality systems and other AMS services that will improve competitiveness.

These activities and others have generated significant economic impact for the state's economy. Data submitted to NIST MEP by AMS based on clients surveyed indicate that companies created or retained 4,861 jobs; generated more than $593.5 million in new and retained sales; leveraged some $130 million in investments; and saved $58.5 million.

## 4,861 jobs created or retained
## 130 million in investments
## 58.5 million saved

# INDIANA

PURDUE UNIVERSITY MANUFACTURING EXTENSION PARTNERSHIP

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*Indiana's agreement with the National Institute of Science and Technology's Manufacturing Extension Partnership (NIST MEP) flows though the state's leading economic development agency, the Indiana Economic Development Corporation (IEDC), in Indianapolis. Since the IEDC's inception, their partnering manufacturing outreach organization has been the Purdue University Technical Assistance Program (TAP). TAP has been serving Indiana's manufacturers since 1986 and is a reputable, well-established brand within the state's industry sectors. TAP's 10 offices reside within regions that have the most significant manufacturing concentrations. The IEDC and TAP partner to ensure industry needs are met from a variety of perspectives to include workforce, technology, business growth and competiveness. TAP positions the MEP Center as the prime outreach organization to industry.*

## Center-State Relationship

As a land grant institution and one of the nation's leading engineering schools, Purdue's impact on the state's economy is measurable from commercialized research, business and industry leaders, and business and job creation. The positioning of a MEP Center within a reputable brand such as Purdue creates immediate credibility for MEP representatives serving these industries. This was the foundation for reorganization under Purdue in 2005. TAP and the IEDC both operate statewide offices, many of which are in the same cities. This results in well-coordinated referrals and project collaborations. The IEDC commonly assists TAP as an advisor and door opener to other state agencies. In addition to the IEDC, the Indiana Office of Energy Development (OED) is a significant contributor to TAP's Energy and Sustainability outreach. OED sponsors TAP's applications for certain federal funds that must be awarded through the state agency.

2,084 jobs created or retained

## State Support

TAP receives direct funding that is allocated to the MEP Center in excess of $1.2 million. These fund sources include the NIST MEP sub-recipient grant, the Indiana OED grant(s) and state funds allocated to TAP for regional offices. Aside from the funding support, the IEDC and OED promote and steer the MEP and Energy Efficiency and Sustainability programs. The IEDC is a member of the TAP Advisory Council, participates in annual reviews, advocates for TAP and MEP, and connects the program with state resources and leaders.

## Innovative Collaborations

In 2008, the state's Office of Energy Development selected TAP to compete and apply for a Save Energy Now SEP grant. As one of 12 states selected in 2009, TAP received a three year $900,000 U.S. Department of Energy award to implement deep industrial energy savings projects across Indiana through the Save Energy Now program, an important new energy management systems capability. TAP is exceeding the metrics for this program by enlisting industrial partners for implementation of ISO 50001. See more in Noteworthy Impacts.

Another strong example of the IEDC's support of TAP has been in its encouragement and investment to help locate TAP in lesser served regions of the state. In 2007, the IEDC introduced TAP to a six-county region alliance in Southwest Indiana. As a result, a three-partner consortium formed, and allocated $450,000 over three years to establish a TAP office in the contiguous region. The IEDC, six-county alliance, and TAP equally shared the investment. In October of 2007, the IEDC, TAP and county group held a launch event to announce and create momentum for the partnership. The formal agreement ended in September of 2010, but the project remains intact and has had numerous impacts (reported in the next section).

## Noteworthy Impacts

The $450,000 investment in TAP program services for the six- county alliance project, over the three-year period, yielded $10,809,500 in reported economic impact - a 24 to 1 payback on that investment. TAP now has a solid service delivery reputation in the region and leads a well-established network of regional manufacturers known as the Southern Indiana Network for the Advancement of Manufacturing. Topics addressed in 2007 to date include Lean Manufacturing, dust explosion prevention, energy savings, top line growth methodologies, leadership, plant tours, export strategies and health care costs. These meetings allowed more than 600 participants from more than 400 companies to network, share best practices, and access current information on a variety of business critical manufacturing topics.

TAP and the State energy office (OED) are collaborators with continuing project work. Lt. Governor Becky Skillman leads the OED and has promoted TAP as recently as August 2010 in our Save Energy Now forum in Indianapolis. This event was attended by more than 150 manufacturers, service providers and partnering agencies. As a result of the aforementioned Save Energy Now grant, Indiana is one of the first states to enlist a significant industrial company, Haynes International, for plant-wide accreditation in the forthcoming ISO 50001 energy management system conversion. Indiana, through TAP and OED, will be a national leader with capacity to serve industry in implementing this emerging industry standard.

These and related activities have generated significant economic impact for the state's economy over the last year (7-1-09 through 6-30-10). Data submitted by Indiana MEP indicate that the companies served reported the following impacts: 2084 jobs created and retained; over $175 million in sales created and retained; $13.4 million in cost savings; and $46.6 million in investments.

# VIRGINIA

GENEDGE alliance

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*The A. L. Philpott Manufacturing Extension Partnership center, known as GENEDGE ALLIANCE, is the Virginia affiliate of the Manufacturing Extension Partnership and an institution of the Commonwealth of Virginia. GENEDGE ALLIANCE and its partnering organizations, the Manufacturing Technology Center at Wytheville Community College and Old Dominion University Business Gateway, create and maintain industrial and manufacturing jobs by helping Virginia industries compete.*

*GENEDGE received $443,462 in general fund appropriations in FY2010. Additionally, the Manufacturing Technology Center and Old Dominion University Business Gateway also received state funding for manufacturing extension support services.*

GENEDGE is committed to providing affordable, high quality assistance that helps companies increase productivity, lower costs, identify growth opportunities, improve technology application, and strengthen production teams. We have established thriving partnerships and close working relationships with a variety of Commonwealth agencies and organizations, including:

**Western Virginia Transportation Equipment Manufacturing Competitiveness Initiative.** An effort is underway to revive and enhance transportation equipment manufacturing in Southwest Virginia to help companies create new products, improve processes and find new uses for green technology. Under a $1.67 million grant from the U.S. Department of Commerce Economic Development Administration, experts from Virginia Tech's College of Engineering and GENEDGE provide technical assistance to companies that manufacture transportation equipment or provide services that support those businesses in the 14-county corridor from Bristol to Roanoke.

In addition to product development and process improvement, Virginia Tech's faculty members will guide the region's 8,000-worker industry the integration of green technology into plants and products. Volvo, a leader in introducing green technology in its plants, contributed $175,000 toward the project.

**The Virginia Tobacco Indemnification & Community Revitalization Commission (TIC)** and the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP) are partnering to support innovation and new growth initiatives. TIC provided $1 million in funding to help participating companies accelerate growth by using specialized evaluation tools, product development processes, improved marketing and executive growth coaching available exclusively through NIST MEP. TIC will match any company investment for qualifying activities, essentially covering two-thirds of qualifying company expenses. GENEDGE will hold public outreach events throughout Southside and Southwest Virginia to help firms evaluate their growth potential and better understand the funding process.

**Virginia Department of Environmental Quality (DEQ)** protects and enhances Virginia's environment, and promotes the health and well-being of the citizens of the Commonwealth. GENEDGE undertook a Lean Six Sigma Pilot Project with DEQ to support DEQ's continuous improvement efforts. The primary objective of this pilot project was to: improve business processes to realize greater efficiency and effectiveness and establish a model process to be used by other DEQ programs.

In addition to these product delivery efforts, GENEDGE partners with other Commonwealth agencies and organizations to enhance manufacturing, innovation, and exports in the Commonwealth. For example:

**Governor's Annual Manufacturing Summit** provides key decision-makers at Virginia companies with information on how they might utilize a variety of resources to enhance their workforce development, technology, and innovation efforts. The council responsible for planning and executing the annual summit includes GENEDGE's center director, and GENEDGE staff and clients were among the speakers.

**Virginia's Advanced SBIR Forum** is sponsored in part by GENEDGE, an active participant in the forum. The center helps Virginia-based SBIR recipients advance toward commercialization, including projects in prototype development, FDA requirements, process definition, process optimization, and quality systems development.

**Virginia Conference on World Trade** brings together companies, exporters, importers and service providers to learn: concrete ways to increase international sales, how Virginia is positioning itself for the future of international trade, and the latest developments on international trade issues. A GENEDGE staff member, board member, and client were among the panelists at this year's conference.

Members of GENEDGE's fiduciary Board of Trustees are appointed by the Governor and include six higher education presidents and 16 industry representatives, plus the Secretary of Commerce and Trade and the Secretary of Technology (ex-officio). Plus, GENEDGE has an agreement with Virginia Tech to collaborate on improving the competitiveness of Virginia manufacturers and awarding CEUs for workshops conducted by GENEDGE.

As a result of these and related activities, GENEDGE has generated significant positive impacts over the last year, including $247 million in sales increases and retained sales; cost savings of $167 million; bottom-line impact of $204 million; 1262 jobs created and retained; and increased investments of $73 million.

## 1,262 jobs created

# WASHINGTON

impact washington

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*Impact Washington is a non-profit, independent organization that is a key part of the state's strategy for promoting economic growth and prosperity. It has been officially established by the State legislature as the Washington State entity responsible for providing manufacturing extension services in the state as the affiliate of the Manufacturing Extension Partnership program.*

State funding for Impact Washington has ranged since inception in 1997 from a high of $400,000 per year, to the current level of $154,000. Multi-billion dollar state shortfalls in recent years have forced the state to reduce funding levels in many agencies, including Impact Washington. In spite of the funding reductions, collaboration with a variety of state partners is strong, including:

**The state of Washington—**recently designated by U.S. Commerce Secretary Gary Locke as a pilot export project state—has enlisted the help of Impact Washington in state efforts to increase exports by 30 percent over the next five years. The state legislature funded a $3 million export project competition to stimulate export growth, of which Impact Washington through its partner Highline Community College and its Export Center of Excellence were awarded nearly $400,000. Impact Washington leveraged an additional $260,000 in matching federal funds through a new competitive award from NIST MEP.

The project brings together six partner organizations in the state (colleges, export and finance centers, Impact Washington) to provide a structured approach to get companies exporting within six months of completion. Through the project, the partners expect to have 35 new companies exporting within 12 months, 75 new companies focused on new product innovation, new market penetration and continuous improvement, and 300 new jobs in the manufacturing sector (resulting in up to 900 jobs in other sectors statewide).

**The Washington Department of Ecology's (DOE) Technical Assistance Division** partners with Impact Washington to address the sustainability aspects of manufacturing companies. DOE initially provided environmental expertise for 3 pilot projects, while Impact Washington provided process improvement expertise and management of on-site activities at the facilities. The overall project objectives were to: (1) develop a partnership between DOE and Impact Washington; (2) evaluate the benefits of deliberately integrating environmental tools into lean practices; and (3) gain the expertise to offer and promote future lean and environment projects to manufacturers statewide. The 3 pilot projects yielded some $1.4 million in impact and have led the way for an ongoing relationship with many similar projects in recent years.

**The Export Finance Assistance Center of Washington (EFACW)** works closely with Impact Washington to develop and coach manufacturers in the fundamentals of export finance. In 2010 the state provided EFACW a $100,000 grant to work with Impact Washington to implement a rural export outreach program. The initial outreach in 2009 resulted in 7 companies participating in an ExporTech program; four of the companies have expanded exports already.

**Ten local Economic Development Councils** around the state are working with Impact Washington to increase market penetration and support manufacturers. Southwest Washington in particular has developed a model for the state—a four-way partnership involving MEP, the economic development council, the workforce development council, and a college that have come together to boost business opportunities in a county with the highest unemployment in the state.

**Multiple community colleges** collaborate with Impact Washington to provide training to incumbent manufacturing workers under the state's Job Skills Program (JSP), helping employees keep pace with technological and workplace change. Over the last 12 months the results of the JSP projects have yielded over $4 million in bottom line impacts; over $6 million in new investments; over $8 million in new sales or retained sales; and 102 jobs created or retained.

For one major aerospace company, Heath Tecna, this training support helped double the rate of hiring to up to 40 new hires per month. Using a $168,00 JSP training grant, the company asked Impact Washington to provide lean and basic skills training, plus identify unqualified candidates before they got to the floor. The project accelerates the transition of people from unemployment to work, and Heath Tecna expects to hire an addition 400+ new employees by August 2011.

These and other activities have resulted in significant economic impacts to Washington state manufacturers over the last year. During that time, this work generated bottom line impacts over $27 million; new investments over $20 million; retained and new sales of nearly $96 million; and 662 jobs created or retained.

## 662 jobs created or retained
## 96 million in new sales