HOW CAN TECHNICAL ASSISTANCE STIMULATE NEW JERSEY'S MANUFACTURING BASE

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON TAX, FINANCE, AND EXPORTS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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HEARING ON: HOW CAN TECHNICAL ASSISTANCE STIMULATE NEW JERSEY'S MANUFACTURING BASE?

WEDNESDAY, FEBRUARY 20, 2002

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TAX, FINANCE, AND EXPORTS,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The subcommittee met, pursuant to call, at 1 p.m., at Passaic City Hall, 330 Passaic Street, Passaic, New Jersey, Hon. Patrick J. Toomey (chairman of the subcommittee) presiding.

Mr. BARKLEY. Good afternoon, everyone. I would like to thank all of you for coming this afternoon. Mayor Rivera had a prior commitment that he couldn't get out of.

I'm Councilman Barkley, it is my distinct pleasure to welcome these members of the United States Small Business Community, thank you for coming.

Today the House of Representatives Small Business Subcommittee on Tax, Finance and Exports will hold its official Field Hearing to investigate the challenge facing the small and medium manufacturers and the performance of three federal programs that provide technical and procurement assistance to small and medium manufacturers.

Obviously the success of our manufacturing base is vital to our area. As you know most Congress Committee Hearings take place in Washington, D.C. So I'm most appreciative that both members felt that this topic was important enough to discuss right here in the city of Passaic.

Congressman Toomey, thank you for coming. I would like to welcome Pat Toomey, the Representative from the 15th Congress District of Pennsylvania. Congressman Toomey has chaired this subcommittee since February 2001. And joining him is our local Congressman, Congressman Bill Pascrell.

Congressman Toomey's real-world expertise, his experience in areas of international finance, as a small business man, he has helped this important panel take the leading role in matters that are near and dear to the hearts of many small business persons.

As a ranking Democrat on this subcommittee, Congressman Pascrell is constantly on the lookout to ensure that small entrepreneurs thrive in the hyper-competitive world marketplace.

It is encouraging to see Chairman Toomey and Congressman Pascrell to do everything they can to give small businesses the

tools they need to succeed, and they are doing this in a bipartisan way.

Now I would like to turn over these proceedings to Chairman Toomey. Thank you very much.

Chairman TOOMEY. Thank you very much, Councilman Barkley. I certainly appreciate your kind words. I also appreciate your making this facility available to us so that we can conduct this Hearing in this great facility. So thank you very much for your hospitality.

This morning's House Small Business Subcommittee on Tax, Finance and Exports comes to Passaic, New Jersey, to examine the impact that the Technical Assistance programs have had on New Jersey's manufacturing businesses.

It is certainly my hope that the technical assistance programs have provided New Jersey's small businesses valuable assistance, as they search for additional procurement opportunities, employee training, and strive to improve quality of their existing business practices.

As our nation's small businesses work to compete in a global marketplace technical assistance programs have served in other places as a valuable resource to help them grow. I want to learn more about how well they work here in New Jersey. I hope to learn lessons that may apply in my district, in my state of Pennsylvania, and across America.

Today we will receive testimony from the New Jersey Manufacturing Extension Program, the New Jersey Defense Procurement Technical Assistance Center, and the New Jersey Small Business Development Center Network, about their contributions to New Jersey's small businesses.

I would like to say a brief word about each of these organizations. The New Jersey Manufacturing Extension Program is a not-for-profit organization charged with assisting New Jersey's small and medium sized manufacturers to become more productive, profitable, and globally competitive.

The New Jersey MEP has field agents assigned to every county in New Jersey, and these field agents have worked their entire career in manufacturing, several have owned their own businesses.

Their job is to work with New Jersey-based manufacturers to identify opportunities to improve business or to assist in implementing solutions to an opportunity that may already have been identified.

New Jersey Small Business Development Center Network is composed of the Headquarters located at Rutgers' Graduate School of Management and ten, full-service regional centers. They provide a variety of educational and business resources to counsel and train small business owners to finance, market, and manage their companies.

Their clients are assisted in exploring their business ideas, developing and assessing their business plans, making cash-flow projections, and accurate financial statements, as well as formulating marketing strategies.

The New Jersey Institute of Technology's Defense Procurement Technical Assistance Center provides marketing, contractual, and technical assistance to small established New Jersey businesses, small disadvantaged businesses, and women-owned businesses, in-

terested in marketing their products and services to federal, state, and local agencies.

The Center operates under a cost-sharing cooperative agreement between the Department of Defense, and the New Jersey Institute of Technology under the auspices of New Jersey Institute of Technology's office of economic development.

In addition the subcommittee will hear from three small businesses that have worked with these organizations to obtain technical assistance. And I want to thank Mr. Mike Patel, President and CEO of PPI/Time Zero; Mr. John Watson, President of Premium Color Graphics Company; and Mr. Jack Yecies, President of Herman W. Yecies, Inc., for relaying their experiences with these technical assistance programs.

I look forward to the testimony of the witnesses before us today, but I want particularly to thank the subcommittee's ranking member, Congressman Bill Pascrell, for inviting the subcommittee and me to examine the resources available for small businesses in his congressional district.

As I said earlier, I think the lessons we learn here will apply elsewhere, as well. Mr. Pascrell clearly understands the needs of small businesses in his district, and throughout the nation, and I appreciate his attention to this matter.

I would like to also commend Representative Pascrell for the dedication and the passion that he has consistently shown in defense of the interests of the small businesses that he represents.

At this time I will now yield to my good friend, Bill Pascrell, for his opening statement.

Mr. PASCRELL. Thank you, Pat, and welcome to Passaic, New Jersey, and the 8th Congressional District. We are honored to have you. And I want to thank Council President Barkley for your hospitality, which is always there, always.

Congressman Toomey from the 15th District of Pennsylvania, I was there in 2001 for a Hearing, a Subcommittee Hearing into agriculture and dairy problems. And I said, what the heck are you doing out there in Pennsylvania, you don't have any farms in your district, really.

That is the point. When we talk about education and information, we need to understand each other's problems, which is part of my job, and part of my responsibility. And I had an earful out in Pennsylvania, I enjoyed it. Those people struggle just like all folks in this room, and they have hit, many of them, hard times.

Unless we think that that is foreign to us, we are never going to accomplish anything in trying to resolve the problems of our economy. I know that Chairman Toomey has shown that he is committed to small entrepreneurs, time and again, and is a true honor to have him here in the district.

I'm particularly appreciative that this hearing will examine something that is of great importance to me, all my life, and that is manufacturing. The manufacturing sector of our economy, which has been knocked from pillar to post over the last 30 years, not only in this state, but in many other states throughout the Union.

Manufacturers face difficult new demands in a turbulent world marketplace. The federal government, in my opinion, has not provided enough assistance to help them incorporate new technologies

or become more successful and productive to assist them in the federal contracting process.

Pat and I have worked very hard on that aspect of the problem of federal procurement, where small business folks for many times have been shut out when large corporations bundle contracts so that small companies have no way in.

Pat has been particularly sensitive to that, and we have been working on this for five years, and we hope we've made a little progress. And this shouldn't be the case. There are some 12,000 manufacturers in New Jersey, they employ close to 450,000 people, that is 11 percent of our workforce.

Nationally there are 380,000 small manufacturers hiring about 12 million people. So it is the largest contributor to economic growth, believe it or not, for what you say about the service sector of the economy, manufacturing is still a critical part of this economy.

The Bureau of Economic Analysis Study for example, manufacturing contributed 29 percent of the nation's economic growth between 1992 and 1997. This is larger than any other sector, believe it or not.

And trouble, we have trouble here. The New Jersey Department of Labor estimates that our state will lose 34,000 more manufacturing jobs by 2008. We've already lost 300,000 in the past 20 years.

Of that number Passaic and Essex Counties are projected to lose about 9,300 jobs, manufacturing jobs. That is a lot of small companies that are involved, a lot. We are trying to stop the projections from becoming a reality. And that is what this hearing is all about, to listen first-hand.

The folks that we've invited will explain the dynamics that they face, and the very real problems that they encounter on a daily basis. And then Chairman Toomey and I will bring these ideas back to Washington.

The federal government must seek ways to assist not only the manufacturers of old—imagine brick smokestacks, if you will. Budget we must find ways to enhance the productivity, the efficiency, the management, the communication of those involved in our digital revolution.

I want to thank the panelists. They have been introduced to you by our Chairman. But while we listen to their problems, let us not forget some of the exemplary programs that are already in existence.

One problem that I have heard from manufacturers is that they are not aware of what currently is out there to help them. Hopefully this hearing can change that.

I want to particularly thank Bob Loderstedt, from the New Jersey Manufacturing Extension Program, who I have worked with before. Burt Rashkow, who is Manufacturing Mentor of the Small Business Development Center, and Jim Mitchell, of the Defense Procurement Technical Assistance Center.

And I know we will get into some good questions about federal procurement. The Department of Defense is the largest buyer of goods and services at the federal level. In fiscal year 2000 the De-

partment had a procurement volume of $126.2 billion. Small enterprises need to be able to tap into this.

Again I want to thank the Chairman, I'm anxious to get the testimony, and thank you, and welcome to the 8th District.

Chairman TOOMEY. Thank you very much, Representative Pascrell.

Before we proceed I omitted from my opening comments recognizing Mr. Cliff Lindhom, III, I want to thank you for joining us today as well.

And then let me say a brief word about the way our lighting system works. I will ask each witness to limit their comments to five minutes. The full text of your message will be submitted for the record, and will be available. The lights will start in green, when there is one minute left it will go to orange, and then when your time is finished it will go to red. We will try to honor that as well when we go to our questioning stage.

At this time I'm happy to welcome, and recognize for his comments, Mr. Mike Patel.

STATEMENT OF MIKE PATEL, PRESIDENT AND CEO OF PPI/ TIME ZERO

Mr. PATEL. Thank you, Chairperson Toomey, Congressman Pascrell, thank you for taking the time to listen to the Small Business Manufacturing Specialty Sector.

PPI/Time Zero is a company, a manufacturing company, high tech business, we manufacture circuit boards that are used in a wide variety of different industries. And 30 percent of our business is with the defense industries.

We've been in business for 30 years, and over the years a lot of things have changed, and especially in the last 10 years or so, things have gotten to the point where it is a hyper competitive world. We no longer are just talking about New Jersey, or the tri-state area, we are no longer just talking about the United States, it is a global marketplace, and we are competing with off-shore day in and day out.

And we have found ways to compete with overseas. As you know, electronics is mainly made up in the off-shore marketplace. But with the help of some of the programs that are available from New Jersey State Department of Business Development, and New Jersey State Government trying to customize training programs, we've been able to, in 1999 we grew the company by 50 percent, in the year 2000 we grew the company by one hundred percent.

And in the year 2001 when our economy was going through the tailspin, we were still able to grow the company by another 20 percent.

So the programs that are available in New Jersey have direct impact on us. For example, the New Jersey Small Business Development Center, Mr. Burt Rashkow, Sy Reich, Brenda Hopper, these are the folks that work with us to get us to our ISO 9002 certification, which is probably one of the most influential certifications that we have gone through, in order to achieve the growth rates that we did achieve.

The ISO 9002 certification would not have been possible without the help of those folks that I've mentioned. And the New Jersey

Small Business Development Center has again, and again, came through for us, for customized training programs, for ISO 9002 training program.

Also when we had an opportunity to do an acquisition, Debrah Hoffman, from Passaic County, without her help we could not have done acquisition. She introduced us to all different kinds of banking people, got the loans packages for us, and worked tremendously.

So the programs are there, I think that we have been able to take advantage of some of them, to a great extent. Again, going back to the problems that we, as a small manufacturer face, I think that for us, in particular in our situation, there are two things that we, in the last two years, we have definitely, because of our growth rate, we have been very much up against a problem, which is human resource.

I am not aware of any type of human resource assistance that is out there for us to be able to attract the right type of engineering and technical level personnel, it has been very much of an uphill battle.

When we talk about attracting talent from out of state it is very difficult, because the cost of living from say, Carolinas to here, or if we stay within the New Jersey territory, it has been a very difficult process for us to find that. That is just one of the problems that I think that I was going to talk to Mr. Burt Rashkow, to see what available assistance is out there.

Besides that, basically an issue in reference to—because 30 percent of our business is in a hub zone, it is in defense area, hub zone would have been perfect for our business, except Patterson, which a lot of the areas are in the hub zone, except our address just happens to be one street away from hub zone.

That would have done wonders for us to get Raytheon, Allied Signals, these are the people that we do, currently, business with to some level. But they all told us that if we can have hub zone, that would have been—they would have given us tremendous amount of——

So these are some of the things that are out there that are federal government programs, that we would love to take advantage of. But, hopefully, there is some stuff that we can get assistance in getting. Otherwise all the programs that are available are an example of that.

Chairman TOOMEY. Thank you very much.

Mr. PATEL. Thank you.

Chairman TOOMEY. Now I would like to welcome and invite the comments of Mr. John Watson, the President of Premium Color Graphics.

STATEMENT OF JOHN WATSON, PRESIDENT, PREMIUM COLOR GRAPHICS

Mr. WATSON. Premium Color Graphics is a commercial printer and prepress provider located in Clifton, New Jersey. We have been in business for roughly 10 years. We currently employ about 30 people, and we have annual sales of approximately $5 million.

Over the past three years we've actually transitioned from a prepress provider, which is all the work that is done upfront prior

to getting the press, into a printer, where we actually put ink on paper.

And most of that was because of the technology that changed all that, where other printers were putting in what we prepress, we set the specialty business, which is now pretty much gone, which is why we were forced to get into the printing market, and the whole visual revolution.

But we managed to do very well because we saw it coming three years ago, and we were able to get into printing, we bought some of our own presses, we are looking to buy new presses, and hire more people.

Because of the rapid growth of our business we needed outside assistance from a place like NJMEP. And I have a partner, and even with that partner it is hard to run a business and keep an eye on dealing with the strategic half of where your company is going.

And that is where NJMEP has been able to help us. They've come in, they've assessed our company and the way that we run it, and made suggestions. They've offered solutions. We have choices to either move forward with it, or reject it, based on the amount of money that it is going to cost us.

But the fact of the matter is that you always have somebody that you can bounce ideas off of, and give you really good information on where to find the resource to do what you want to do, and to keep moving your business forward.

Some of the things that NJMEP has done for us is, like I mentioned, they did a business strategy assessment, where they came in and they assessed, you know, how we are running our business, suggestions.

One of the big things that we needed, as we were moving into this new printing phase of our business was more of a marketing plan. So they came in and they did a full marketing audit, and came up with ideas on how we could attack that.

One of the things was to create a customer satisfaction survey of our current customer base. And that was tremendously helpful, and it is something that we probably would not have done without the help of NJMEP.

That allowed us to really understand how we were perceived in the marketplace, and I would have to say that it probably increased our business because we found out a lot of things that we didn't realize, like leaving business on the table because of various reasons.

So we were able to address that immediately and get new business out of our existing customers, as well as take that message to customers. So it was definitely a great thing to do.

Right now one of the things we are working on is the sales management reporting system. We have four sales people, but as we continue to grow our business we need to grow our sales force. So it is getting to the point where you can't sit down and talk to two sales people and figure out who is calling on who, you need a system in place, and they have been able to help us with that.

Another huge thing that we are about to do, in 2002, is human resource program development and implementation. One day I called Tony, I said, you know we are this size now where there is

no real structure or management, because we grew from a five person shop to 30 people.

And although we all have our own responsibilities we know what it is, it is not organized enough. So they were able to come in and analyze that, and come up with a human resource type place, that is going to come in and help divide up the lines, even on the executive management level we cross over too much.

And being able to break that apart and really focus on certain things, it makes you a more efficient company. And what they are also doing is they are going through and helping us put together assessment tools for our employees.

Because right now reviews, basically, wind up being something that happens once a year, and you sit down and you talk, and that is about it. And now they are going to give us the tools to put in place to really measure and quantify what people are doing, and pay them accordingly.

And just in closing, as mentioned, we engage NJMEP in 2000, in 2001 our sales revenue increased to about 45 percent, due in large part to help we received from them. I don't think we would have hired an outside consultant to help us due to the costs of those services and the trust factor of those relationships.

They bring a real comfort knowing that they are not making a living, so to speak, off of us like a consultant would. We probably would have managed to grow five or ten percent, but with the systems that I mentioned that we put in place, we were able to post a 45 percent increase.

That is pretty much it.

[Mr. Watson's statement may be found in the appendix.]

Chairman TOOMEY. Thank you very much.

At this time I would like to welcome and invite the comments of Mr. Jack Yecies. Welcome, thank you for being here.

STATEMENT OF JACK YECIES, PRESIDENT, HERMAN W. YECIES, INC.

Mr. YECIES. Representative Toomey, Representative Pascrell, I'm an industrial distributor supplying one of these gentlemen, anyhow, at one time.

We have been in business for about 75 years, and New Jersey Engineering has been in business for over 100 years. We have watched, and I've watched in my 50 years in the industry, industry leave, first change, then leave, and as I said in my letter, I think it is inevitable and inexorable, it is like this glacier coming down from New England, going through Connecticut, eastern New York, eastern Pennsylvania, and so forth.

So the smokestack and chip-making industries we know is really no more to speak of. The thing that concerns me is we have lost so many of our major industries, and most of the small machine shops and manufacturers in support of the major industries.

And I really feel that looking at what are the industry that we service has changed so drastically, that I think that our whole focus should be on the human resources side, of training people to make our state more attractive to the kind of industry we want to attract.

Heavy industry, as I said, was legislated, and taxed, and badgered out of the state by zoning laws, planning boards, and so forth. And I think if we look at the miles, the pharmaceutical plants, which is one of our strengths, we look at all of the telecommunications and electronics plants, and high tech, we need trained people, whether it be from a sales point of view, or from a tech, you know, manufacturing point of view, to make other people want to move into the state.

Because centralized labor pools, whether it be insurance companies in Newark, which at one point was one of the insurance capitals of the country, or Hartford in Connecticut, if we look in Pennsylvania, when I was out in Pittsburgh, Carnegie Mellon decided to emphasize information technology and they built that huge basis there.

You look at all those hospitals up at the top of the hill, they decided that medical service would be their strong point to attract people in, when they lost all the mills and manufacturing.

And I really feel that our strengths lie, one in logistics, and transportation. I heard one guy from the New York Authority, New Jersey Authority many years ago say, we are one of the only places in the world that has a major deep water port, major railheads, major international airport, major east/west, north/south highways right together.

He also said you can't swing a big truck around because none of the corners are cut back, you can't get under the railroads except at one street, or you go around them. But when you look at the warehousing that is going on down at the turnpike, and moving away from our area, unfortunately, this is obviously one of the strong points, transportation being another, in spite of EPA.

And also, of course, the training of people to fill these industries. And in reality that is about what I have to say. I watch our industry move, I don't think we can stop it. We can try to attract different industry, because we are not going to make heavy manufacturing come back, I don't believe.

I don't think we are going to make machine shops, or machinery manufacturers, the mills are never coming back, legislatively. They won't do it, and competition is such, that they also won't do it.

So that is, really, I don't say it is hopeless, but I say that we have to—the whole thing is changing so drastically, that we have to change our whole point of view as to what constitutes manufacturing.

And by attracting them, through training, legislation, whatever you will, I think this is what is really going to create the new jobs in this state, and hold the ones we have.

I thank you for your time.

Chairman TOOMEY. Thank you for your testimony.

At this time I would like to welcome, and invite the comments of Mr. Cliff Lindholm III.

STATEMENT OF CLIFF LINDHOLM III, VICE-PRESIDENT, FALSTROM COMPANY

Mr. LINDHOLM. Thank you very much, Chairman Toomey, and Congressman Pascrell for holding the Subcommittee Field Hearing here in Passaic. It is also nice to see Councilman Barkley, who I

know from our time on the Passaic Enterprise Zone Development Corporation.

I'm honored to have the opportunity to share my views this afternoon, about the state of manufacturing here in New Jersey, and some of the programs that have helped to keep manufacturing competitive.

I think having a field hearing here in Passaic is fitting, as Passaic, like Patterson and some of the cities in Pennsylvania, such as Allentown, have a great manufacturing tradition.

The programs that we are talking about here today help to continue that heritage and I believe are beneficial to the wider community.

A little bit about Falstrom Company. Falstrom Company is my family's business. We are located in Passaic, and have been in Passaic since 1870. I represent the fourth generation of ownership and management of Falstrom Company.

As Mr. Patel's business, PPI/Time Zero, Falstrom Company is a contract manufacturer serving a wide variety of aerospace and defense companies. Our niche is fabricating custom steel and aluminum enclosures that support a wide variety of military programs.

The enclosures are mechanical and electro-mechanical assemblies. While our customer base is nation-wide, I can tell you that primarily our supplier base is right here in New Jersey. We do deal with a lot of smaller businesses here in New Jersey, and so I do have the opportunity to experience, first-hand, on a day to day basis, how manufacturing is thriving here in New Jersey, and where competitive pressures emerge.

Falstrom Company, did have the opportunity, a couple of years ago, to take advantage of the technical assistance from the New Jersey Manufacturing Extension Partnership. We had a consultant come in and take a look at our painting operations.

In our business painting is a very important aspect. Through the use of the NJMEP we were able to reduce, rework in our painting operations, as well as increase through-put in the paint shop. These are two very important aspects to maintaining competitive manufacturing processes.

I will tell you that having an individual from the outside come in as a consultant lended a lot of credibility to the changes that we made, and helped to make those changes be long term and lasting.

When I think about the challenges facing Falstrom Company, there are a number of different areas I could touch on today. And seeing that this is the subcommittee that sometimes deals with tax issues, I won't talk about tax issues today.

But I would like to echo what I heard from some of my other colleagues about the Human Resources side of business. In today's business environment, we find ourselves facing a plethora of regulations that we must conform to, and make good faith efforts to comply with.

Personnel law is becoming increasingly complex. And no matter the size of your business, you must find ways to comply with these human resources laws. Specifically in the manufacturing area, there are other regulations, such as OSHA and environmental reg-

ulations that sometimes come under the umbrella of human resources.

Anything that this committee could do to increase and expand, perhaps, legal help and assistance in compliance with human resources issues, I think, would be beneficial to all manufacturers, not only here in New Jersey but elsewhere in the country.

The second to last thing I would like to mention, as I begin to sum up, is that Falstrom Company derives its' business from the defense industry. There is a multiplier effect to any defense spending that occurs.

Every time that we are successful in securing a contract to support the defense industry, there is a multiplier effect that occurs here in New Jersey, five to ten other businesses also benefit.

If we can tie in continued support of the defense industry, along with some of the programs we are talking about here today, I believe that manufacturers within this state, and nationwide, will benefit.

Once again, thank you for the opportunity to speak this afternoon. I hope that the comments I have been able to offer will allow you to improve and expand the programs that we are talking about.

Chairman TOOMEY. Thank you very much. Well, I will begin with some brief questions.

I would like to start with Mr. Patel, if we could.

Your story of your company is one that seems remarkably successful, spectacular growth in recent years. Is your company profitable?

Mr. PATEL. Yes, we are.

Chairman TOOMEY. Great. About 30 percent of your business is sales to the defense industry?

Mr. PATEL. Last year we peaked at about 38 percent.

Chairman TOOMEY. About 38 percent. One of my concerns would be that a company growing at the rate yours is growing may not be a small business for much longer, if it even is any more.

But do you feel that you have any sort of structural disadvantages that you face vis a vis larger competitors, in selling products to the American defense industry?

Mr. PATEL. Yes, we absolutely do. We are about 165 employees at this point. So from a definition of 500 or less, we are a small business.

Our competitors come in all sizes, but there are some giant, big billion plus contract manufacturers out there that are all over the country, in fact they have plants overseas, and what not.

So we do face competition from those entities as well. That is why I mentioned that issue about the hub zone, because when we go head to head against a company that, for example SCI, which is based out of California, their sales last year, same business as us, but they were a $2 billion corporation.

Their buying power is enormously a lot larger than ours. When we go compete against that kind of company for defense contracts, if our company was in a hub zone we get 10 percent differential against a larger company of that nature.

So that is why I mentioned that if we were in a hub zone type of situation that would give us a lot of leg up. I mean, usually we

are about five percent on material side higher than our competition.

Chairman TOOMEY. And that is just because you don't have the same economy of scale as a larger competitor has. But is there any bias that is actually intentionally designed to your disadvantage?

I mean, it is understandable that a buyer would look to the lowest possible price. Is there any reason for which you feel that your company gets any additional disadvantage, other than your difficulty in matching price?

Mr. PATEL. Again the size and the location. We, at this point, have two locations versus our competition, they have multiple location. So geographically if we are talking about a Raytheon plant that is in Florida, there is a distance thing that we are competing versus this giant company that would have a plant right there in Texas or Florida.

Chairman TOOMEY. And you mentioned, if I have it correctly, that the Small Business Development Center helped you with a certain certification process, and I was not familiar with that. What is that certification process, and what does that do for your business?

Mr. PATEL. Yes. About four or five years ago it was becoming very evident that whenever we go to Allied Signal, Honeywell, or Raytheon, the bigger boys, what they generally do is in order for us to present our subcontract to them, they usually first give out a 30 page questionnaire to fill out, give a history about the company.

The very first question, usually, in that 30 is are you ISO 9002 certified? And, again and again we were coming to an opportunity where if the answer to the question was if you are not, continue filling in the rest of 30 pages, if you are, stop right there, you don't need to fill out any form.

So it was very crucial for us, being in a high tech business, to be ISO 9002 certified. So we approached Mr. Burt Rashkow and his department to say that if it is a tremendously costly affair for a small business to go through ISO 9002 certification on their own.

And they provided us with the help that we needed, from an outside consultant standpoint, and a grant, and they basically took our hands and got us through the ISO 9002. And because of that we have added so many different new, bigger customers that wouldn't have, ordinarily without a certification would not have done business with us.

And in the last two years we have been fortunate to get all these boys, to play in that league.

Chairman TOOMEY. Thank you. If you would indulge me, as I've exceeded my own time limit on the clock, I have a question I would like to ask Mr. Watson.

And the question is, I'm familiar with the manufacturing extension programs in other areas, and I have heard many great stories about the services they provide.

Very candidly I think one of the important questions that we have to ask ourselves is, when a quasi-governmental type entity, or an entity that gets government assistance provides valuable services, which there is no doubt it does, what is the appropriate balance in terms of who pays for it?

The client that receives the benefits versus the taxpayers, how do you strike that balance, what is the appropriate combination. And just some questions for you. You spoke very highly of the service, and many people do, without doubt.

Is your company profitable?

Mr. WATSON. Yes, it is.

Chairman TOOMEY. And did you pay anything at all for those services, or are all those done at no direct cost to you?

Mr. WATSON. We paid for the services.

Chairman TOOMEY. You did? Okay.

Mr. WATSON. Yes, because there is some stuff, advice they are giving me on a—not on a daily basis, but when we sit down and meet, I mean, I'm not being charged per hour to have somebody come in and consult with me.

But there are projects that they put out on the table and they bring in a third party vendor, and we pay for that.

Chairman TOOMEY. So you pay when a third party vendor comes in and provides a service. Do you pay anything for the direct services provided by the NJMEP, or——

Mr. WATSON. Yes, we do.

Chairman TOOMEY. In addition to paying for the third party?

Mr. WATSON. Yes.

Chairman TOOMEY. And so in your judgment, obviously, you think there is benefit value?

Mr. WATSON. Yes, it is extremely good value. I think that whatever tax dollars are being given to that organization, I believe it is money well spent, because they are helping businesses within the state grow their business. And by growing their business there is more jobs.

So I guess there is a burden for the taxpayer also, but it means more jobs. Overall, I think, it is a benefit.

Chairman TOOMEY. Thank you very much.

Mr. PASCRELL. Thank you, Mr. Chairman. I would like to put out some questions, and perhaps whoever wants to respond to it, make your responses brief so we get as many people, and I will try to make sure I keep my questions brief.

What do you say Mr. Lindholm to Mr. Yecies, who said that these factories we see in towns all over, you mentioned some, the market will never come back again; do you agree with that, or what are your thoughts?

Mr. LINDHOLM. My thoughts are that being a manufacturer that has its history in the smokestack era, we are a sheet metal fabricator doing business here in the east coast is extremely competitive.

Some states to the south and to the west offer to fly me and my wife out there, so that we can look at them in hope of relocating our businesses out there. Some states try to entice us to move our business.

I believe that the business can thrive in this area. However, it becomes increasingly difficult when we face more regulation, increased environmental pressures that some of our states to the west and to the south don't have, and the increased tax burden, that we enjoy here in New Jersey, that some other states don't enjoy.

There is competitive pressure, but you can survive if you are tough.

Mr. PASCRELL. You mentioned taxes, and that is part of our Committee's responsibility, business taxes, that is us. What are you suggesting we do in terms of taxes, what is the most onerous, what is the most—needs the most change, which would help you immediately in your businesses?

Does anybody want to take a shot at that?

Mr. YECIES. All right, I will take a shot. First of all, to attract capable people, the cost of—I tried to hire a fellow who lived in Pennsylvania, outside of Philadelphia, in a lovely home. This is some years ago.

And he agreed that the salary and the compensation I offered him was very generous. But when he came to look for a home to move he couldn't afford to move. I mean, my daughter lives outside of Philadelphia, and I look at her taxes, and her cost of living there, as compared to here, where you are really just a few miles, and it is unbelievably different.

If I might, there is one thing that I wanted to say, which I forgot about, or got carried away in my thought. We have done, in order to replace a lot of the business that we lost by the industry moving, we are doing a great deal of business with the GSA and the Department of Defense, and DOA.

And Jim Mitchell, and Dule Chapman, from MJIT center, down in the procurement technical center, have been immensely helpful in getting us into that area. And also the ECRC, which had a place in Scranton, I don't know if they still do, and we went up to see them at Picattiny, were very, very helpful in getting us there.

And quite honestly, as far as I can see, this is why we are still in business, is because what originally was supposed to be additional business has now replaced a great deal of business we've lost through movement south a defense contractor was enticed to West Virginia, a naval installation in West Virginia. There is a lot of water down in West Virginia, and things like that.

But, anyhow, I really think the cost of doing business here, because of the high real estate taxes, among others, and we have a tax for everything, we have sales taxes, we have the gambling revenue.

But no matter what we do everything seems to go up.

Mr. PASCRELL. The major factors that contribute whether we stay in business or not, you mentioned all of them, all of you have.

The state of the art of technology, because we would all agree, for instance in the textile business, you need to keep up with the state of the art, besides the imports that came into this country, but the industry did not keep up with the state of the art.

And you have to apply that to your own industries. The human resource problems, two or three of you did mention, in training personnel, how do we get those personnel, how do we attract them here.

And then capital investment, you need money to invest, and low interest loans, if you are going to grow your business to compete. Would you add anything or subtract anything from what I just said, any of you?

Mr. YECIES. Only one thing. As far as personnel we don't have to bring them in, we have the personnel here, we just have to train them in the right areas. We have a lot of very bright people in this state.

Mr. PASCRELL. That is true.

Mr. LINDHOLM. If I might add? In my business, we attract a lot of first generation immigrants, primarily from South America and Eastern Europe. I can tell you that they come with a very good skill set that is difficult to find here in the United States.

I would imagine in some of your dealings you have heard that the training for high school, and just out of high school aged youth is not focused on going into a manufacturing career.

It is becoming increasingly difficult to find individuals who have that training, that were born and raised here in the United States. This paradox speaks to the diversity of the United States, but it also points out something that I think we are all aware of.

Mr. PASCRELL. One more quick question, if I may, Mr. Chairman?

What is, very briefly, because we are running out of time, what is the impact from competition of off-shore manufacturing on your own business, and what do you see happening in that regard?

Mr. WATSON. In the printing business we don't get much offshore competition, other than in packaging, where a lot of—I have one customer that just shut down in Neptune, New Jersey, their whole printing operation. They will still do the design, and the publishing here, but all the printing and everything is getting done in China because of costs, obviously.

Mr. PASCRELL. Anyone else?

Mr. LINDHOLM. If I could quickly add, some of the products we make are exported to other countries, and so occasionally we do run up against issues where export licenses are slow and coming, and that is a competitive pressure that we face.

Mr. PASCRELL. It is not reciprocal?

Mr. LINDHOLM. No.

Mr. PATEL. Well, offshore competition is here to stay, I mean, that is the norm, you just have to be a little more creative, and find the niche markets that are here to stay, for example medical, or defense, or short run prototype stuff that is never going to go offshore.

And you have to be that much smarter, and let go of the motherboard type of business that is done offshore. But plenty of business out there, it just takes some skills, and some support from local government.

For example, the training that we talked about, there are boot camps for electronics. I agree with everybody that sits here, there are plenty bright people, especially immigrants. But if I take somebody off the street and have them try to run a million dollar pick and pace line, which is one of the robotic lines that help us compete, there are boot camps that we can send that high school graduate, they cost $5,000.

If there was some kind of program assistance that would take maybe 10 of these people and train them, they are going to be golden. So those are the kinds of things that we——

Chairman TOOMEY. Well, I would like to thank all of the witnesses for your testimony, it is very helpful to me, and I'm sure to Mr. Pascrell as well. So I would like to thank you for being with us today, and at this point I would welcome the members of the second panel to the stand.

We will be taking a very brief recess and return in just a moment.

[Whereupon, the above-entitled matter went off the record at 1:57 p.m. and went back on the record at 2:00 p.m.]

Chairman TOOMEY. Before we get started with the second panel, I would ask the second panel to please keep in mind what was said to the first panel. We are looking to you, gentlemen, for resolution. And if you could keep that in mind I think it would really be a productive afternoon.

I want to introduce the Mayor of the City of Passaic, New Jersey, who has been a Mayor for a very short time, who has had a very positive impact on this city, quality of life issues, he has impacted, and I want to commend him for that.

Mayor, thank you for joining us.

STATEMENT OF SAMUEL RIVERA, MAYOR, PASSAIC, NJ

Mr. RIVERA. It is a pleasure to be here, and I was unable to be here before. There were some personal matters I had to take care of.

But whenever I'm not around, Mr. Barkley is around, and he does a great job for us here in the district, and I'm sure that he does a very outstanding job.

So thank you very much for being here, and this is city hall, and this is your home, if at any time you need this, we are very grateful for what you do for us, and welcome here.

Chairman TOOMEY. Thank you Mayor.

Mr. PASCRELL. Thank you, Mr. Mayor, and thank you for making this facility available to us.

Chairman TOOMEY. At this time we will resume and take the testimony from our second panel. I would like to thank the witness for enjoining us this afternoon, and to begin the testimony I would like to welcome and invite Mr. James Mitchell, from the New Jersey Procurement Assistance Center to begin with his testimony.

STATEMENT OF JAMES MITCHELL, NEW JERSEY PROCUREMENT ASSSISTANCE CENTER

Mr. MITCHELL. Thank you, sir. Chairman Toomey and Congressman Pascrell, it is a pleasure to have us come and share what we do.

I'm James Mitchell, and I'm a marketing specialist for NJIT Defense Procurement Center. Our center provides free technical assistance in marketing and bidding government contracts to all small firms in the state of New Jersey.

The Department of Defense and New Jersey Institute of Technology, jointly fund the program. The federal government provides less than $300,000 per year. We have more than 1,000 clients, and we maintain four locations. Newark, the main location, Trenton, Mount Holly, and Atlantic City.

Our clients have won more than $550 million in contract since the creation of the center in 1986. As set forth in the attachment, and there is a copy of the attachment on the table.

We help businesses to obtain contracts with all of the federal agencies, both state and local governments, and also large businesses. Doing business with the government can be a challenging task, even for the most enthusiastic business owner.

We evaluate our clients' capabilities, and we direct the center's resources to respond effectively. A major tool the center employs is our bid matching services. We electronically bid match what the Government, state or federal agency, wants to buy, with what a company is selling. And this is done on a daily basis.

We send an email to the clients, at night, so that when they wake up the next morning, the bids are there. Keeping in mind that the DOD purchased more than 220 billion in goods and services, annually. We specialize in that agency's procurement process.

When selling to DOD manufacturers have targeted marketplaces. For example, the Defense Supply Center, Philadelphia, Pennsylvania, buys clothing and textiles, general and industrial supplies, medical supplies, including subsistence for all of the services.

Companies such as Lola Fashions, Jackie Evans, and Jacob's Textiles, have received marketing assistance in the bid preparation from the Center. And we have successfully assisted them in submitting bids, whether the solicitation was paper, or an electronic bid.

We direct electrical and machine parts, and computer manufacturers to places like the Defense Supply Center in Columbus, the ship parts out in Mechanicsburg, Pennsylvania, and Defense Supply Center in Richmond.

Again, companies are experiencing competition with offshore manufacturers, especially orders less than 2,500. And our witness, Mr. Yecies has discussed his concerns there. But in this area the Center has assisted companies to obtain contracts, such as Empire Electric, Sun Dial and Panel Corporation, and Swiss Technology.

We've made available copies of the websites of the logistical sites, on the table, for the small businesses that are present today. A particular challenge to the Center's clients is the loss of business experienced by the offshore exodus of manufacturing facilities.

To help overcome this negative impact to their bottom line, we encourage companies to leverage the competitive preferences made available by Congress in the area of certification.

If a firm can obtain a certification, such as a hub zone, 8A, or SDB, or team with a company who is certified, it would give the company a competitive edge, and possibly level the playing field.

We recommend another important marketing avenue to reach all federal agencies with buying opportunities. It is to obtain a General Services Administration, a GSA contract. We have assisted companies to do this, such as Phacil, Insap, Four Technologies, to bid these type of contracts.

These contracts are particularly helpful to both the small business and to the Government buyer. The company has a place to advertise their prices, the contract terms are already negotiated, so the buyer can simply write the order.

As I mentioned in my summary information, we strongly urge small business to market to large businesses. Ninety nine percent of all large businesses are government contractors. As such they are required to do business with small businesses.

We develop a strong professional relationship with large business buyers, so to assist them in expanding their small business basis, and meeting their small business goals. We frequently broadcast to our clients those large business requirements by running a daily advertisement of their needs.

And an example of this has been Stone & Webster with the Army Corps of Engineers. Thank you, respectfully submitted, James Mitchell.

[Mr. Mitchell's statement may be found in the appendix.]

Chairman TOOMEY. Thank you very much for your testimony.

At this time I would like to welcome the testimony of Mr. Burt Rashkow, from the New Jersey Small Business Development Center.

STATEMENT OF BERT RASHKOW, NEW JERSEY SMALL BUSINESS DEVELOPMENT CENTER

Mr. RASHKOW. Chairman Toomey, and Representative Pascrell, thank you very much, as well as the people in the audience who are here with us today.

I really find it a pleasure to be able to speak to all of you about the Small Business Development Center. You should know that the New Jersey Small Business Development Center means small business, because that is our name, Small Business Development Center.

The Small Business Development Center was brought into being as a result of a congressional public law in 1977. Since that time it has grown into a total of about 11 regional offices here in the state of New Jersey, along with—by the way, other small business development centers throughout the nation, were also part of an initial pilot group.

We have 11 regional offices throughout the state, and 18 satellite offices. In addition we have a number of private consultants that we use. Our funding is a matched funding from the Small Business Administration. The Small Business Administration matches funds that are received either for in-kind, or direct contribution by other entities.

The initial seeding contribution came from the New Jersey Commerce and Economic Growth Commission. That has been in effect since 1986.

The Small Business Development Center, as its core services, include free counseling and training. Certain training may be charged for, on a minimal basis, for any small business in this state.

Small business means small business, anywhere from a thought or a dream in somebody's mind, or a going established business. Some of our going businesses are growing in size, as you may have heard from Mr. Patel, who was here just a few moments ago.

We are measured by our economic impact. Economic impact is jobs. We understand very little else besides jobs. Of course that

translates into a need for revenues. And revenues is where the planning and the effort takes place.

The services that we offer, or the counseling services that we offer, which are all free, could be in business planning, marketing, government trade, government procurement rather, women-owned businesses, or minority owned businesses for certification, loan packaging, international trade, manufacturing alliances; add to that, technology commercialization.

Our diversity is our strength. And with respect to that geographic diversity, hands-on experience in service and manufacturing industries. Ethnic diversity and personnel and consultants from most backgrounds.

Within the SBDC, the Small Business Development Center, there are specialty centers. The manufacturing mentor protégé program, which is comprised by my colleague Sy Reich and myself, was formed, or at least tried out in 1993, Brenda Hopper, who is our director, state-wide director, felt that the drain in manufacturing jobs was excessive compared to any other industry.

She felt that it would be reasonable to make alliances between small businesses and large businesses. To have the larger business, the larger manufacturer, assist the small business in getting jobs in the state of New Jersey.

Would it not be reasonable that if the benefit accrues to both parties, an effort like that should take place? The larger manufacturer finds that he can get his products and materials right here in the state, versus getting it overseas.

The Mentor's question is, get the supply at a reasonable price, and at the quality necessary? In this mentor/protégé program a large manufacturer assists the smaller manufacturer to achieve these goals. Both of them have something to gain.

As we progress from company to company, we found that the majority problem was training of the manufacture personnel. This happened in 1994, that we learned all this.

Since that time, the Small Business Development Center's Manufacturing Mentor/Protégé Program has been able to deliver $6 million worth of training manufacturing workers here in the state of New Jersey. Customized training is tailored to the company's own defined needs. No canned training. It is what the companies wanted.

In that time we had 192,000 hours of training to more than 5,000 trainees, in about 107 facilitated here in the state of New Jersey, all manufacturers in appropriate manufacturing skills.

What we find, in general, is that the manufacturers need managerial assistance. They need to know how to do things, they need to know more about such things statistical process control. They need to know things that will help their business run.

In general manufacturers know what technology they need. What they need to do is training and connections.

I can tell you that we have had success in our operation, and we look forward to being able to do it in the future. Thank you.

[Mr. Rashkow's statement may be found in the appendix.]

Chairman TOOMEY. Thank you very much for your testimony.

At this time I would like to welcome and introduce the testimony of Mr. Robert Loderstedt, from the New Jersey Manufacturing Extension Program. Welcome.

STATEMENT OF ROBERT LODERSTEDT, NEW JERSEY MANUFACTURING EXTENSION PROGRAM

Mr. LODERSTEDT. Thank you Chairman Toomey, and Ranking Member Bill Pascrell of the House Small Business Subcommittee on Tax, Finance, and Exports, for holding today's field hearing.

I would also like to thank you for allowing me to speak before you about the impact the New Jersey Manufacturing Extension Program is having on New Jersey small and medium sized manufacturers, and to further comment on ways to stimulate New Jersey's manufacturing base.

By conducting this hearing it is clear you have an understanding of the importance of manufacturing to our country, and you are looking to understand what more can be done to strengthen this national asset.

Our manufacturing sector has always played a key role, if not the lead role, in leading this nation out of times of economic downturn, and threats to our national security.

It is also good to see our colleagues from the New Jersey Institute of Technology's Defense Procurement Technical Assistance Center, and the SBA Small Business Development Center.

We work together on issues involving New Jersey's manufacturers. As you know, the mission of the New Jersey Manufacturing Extension Program is to work with New Jersey's small and medium sized manufacturers to help them become more profitable, productive, and globally competitive. We focus exclusively on manufacturing.

Having spent my entire career in the private sector, 26 years, prior to joining the New Jersey Manufacturing Extension Program, I tell people we are implementing a public sector manufacturing mission with a private sector mindset.

We are a 501C3 not-for-profit. I tend to choke on that, I like to tell people we are a not-for-loss organization. And I always think in terms of return on investment. Whenever I have an opportunity to speak with our investors, of which you are one, I like to let you know what the return on your investment has been.

During the five years the New Jersey Manufacturing Extension Program has been in existence, for every dollar invested by you, we returned $55. The State of New Jersey has realized a return of $155 on each dollar they've invested, and the combined federal and state investment has been $40 return for every dollar invested.

That gets over most hurdles. That return is calculated by using the State of New Jersey economic input/output model, and the quantified responses provided by clients who are surveyed one year after completion of a project conducted by New Jersey Manufacturing Extension Program, by an independent third party.

The quantified results are in areas such as new sales dollars, retained sales, and new jobs created. In actual dollars the economic impact in our five years of existence has totaled $511 million.

The New Jersey Manufacturing Extension Program has worked with over 760 companies, and we have delivered over 1,300

projects. Every manufacturer has been contacted at least 10 times through our telemarketing and newsletter.

Manufacturing plays a key role in our nation, and in New Jersey. As you said, Congressman Pascrell, nearly 11 percent of the state's jobs are in the manufacturing sector. That is 445,000 people.

They are also some of the best jobs we have. Wages of manufacturing workers in New Jersey are 26 percent higher than the statewide average, and 67 percent higher than wages in the service sector.

Manufacturing accounts for 12 percent of our gross state product, and a comparable share of all state revenues. As New Jersey Manufacturing becomes more efficient, through the deployment of advanced technologies and modern management methods, the total number of manufacturing jobs has declined in our state.

However, productivity and output has increased significantly. The state of New Jersey ranks 14th in the nation in the number of manufacturers.

What can you do to assist New Jersey manufacturing, and manufacturing in the nation? I would like to tell you a story, before I offer you a simple suggestion. When I was first offered the job of president of the New Jersey Manufacturing Extension Program, and told I was the first employee, and that I needed to create a vision, and get it up and running, I agreed with one proviso, that I be allowed to work on a 1099, because I wasn't sure this thing could fly.

Having spent 26 years in the private sector, and having just left the company I had started and owned, I wasn't really sure this concept could work. I always thought the private sector made things go, and government got in the way.

Well, I stayed on that 1099 for 18 months, and five and a half years later I can tell you this does work, and it is not something that the private sector can do, or we would be doing it. I would be getting venture capital and making it happen if I thought it could fly.

This program, in my opinion, is the best use of my tax dollar. It produces quantified results, forces collaboration between the private and public sector, and draws the best from around a nationwide system of 75 manufacturing extension programs, making us more efficient and better.

For example, Congressman Toomey, we work closely with Edie Ritter, and the Northeast Pennsylvania MEP on best practices, and assessment tools, management information systems, and sales processes, making each center better and more efficient.

The end result, we have a stronger, more competitive, and more profitable small manufacturing base which is the backbone of this country's manufacturing.

In summary, you create wealth in an economy by making things, mining things, and growing things. We need to continue creating wealth by making things. The New Jersey Manufacturing Extension Program received $1.66 million of investment from you last year; the state of New Jersey invested $750,000, and we generated $1.6 million in client fees. Nothing is free.

Our future, and our growth, will come from increasing our client fees. But for us to do that, and for you to help to continue to create

wealth in our economy, we need the state of New Jersey to invest at the rate you are investing, and for you to continue to invest at your current level, your current level, not more money.

Your investment allows us to put experienced and knowledgeable field agents out working with small manufacturers, we'll grow the business, grow the assistance to small manufacturers, and help in creating wealth by growing client fees each year.

You need to reinstate the federal investment of the national manufacturing extension program. Thank you, sorry for running on.

[Mr. Loderstedt's statement may be found in the appendix.]

Chairman TOOMEY. Thank you.

My first question is for Mr. Mitchell.

Do any of your clients find themselves in competition, essentially, with the prison industries?

Mr. MITCHELL. Yes, sir, especially many of the small manufacturers——

Chairman TOOMEY. If you could take the mike and explain a little bit about the nature of that. And if you could touch on the inherent advantages that the prison industry has, versus your clients.

Mr. MITCHELL. The prison industry, their wage level is far lower, therefore they are able to manufacture and make items at a much lower cost. So it has impacted a number of our manufacturers, two or three, that have mentioned it.

Chairman TOOMEY. And are there government buying entities that are essentially required to buy from the prison industry?

Mr. MITCHELL. That I don't know, sir.

Chairman TOOMEY. It is my understanding that that does happen, and that there are industries where if the prison industry provides products, the Government is required to buy those products, and they are not even allowed to contemplate a competing bid.

Mr. MITCHELL. We don't see the prison industry bids, only the ones that are full and open.

Chairman TOOMEY. Okay. You mentioned that your budget is less than 300,000 a year comes from the federal government. Where does the rest of the budget come from?

Mr. MITCHELL. Matching funds from NJIT.

Chairman TOOMEY. Okay. Mr. Rashkow, your services are not limited to manufacturing, they are any kind of small business, is that correct?

Mr. RASHKOW. The New Jersey Small Business Development Centers cover a range of small business. The specialty program is called the New Jersey manufacturing mentor protégé program, where we match smaller and larger manufacturers for the improvement of skills in the state of New Jersey.

We are a component of the New Jersey Small Business Development Center.

Chairman TOOMEY. And as such you provide consulting and training services to small businesses?

Mr. RASHKOW. That is correct, we do supply that. Some of those training services do carry a small fee with it.

Chairman TOOMEY. With respect to the small business that happens to be in manufacturing, how would your mission and your

services differ from the Manufacturing Extension Program Services?

Mr. RASHKOW. We do not attend to technology. We concentrate on managerial requirements, managing the company, the marketing plan, packaging loans for small businesses. Getting them the opportunity to do a better marketing plan, getting them the consultants, and finally the match with the larger manufacturers.

Chairman TOOMEY. Okay. Mr. Loderstedt, some of those services, it seems, are also services that you provide. How do we avoid duplicative services for the same sector of the economy?

Mr. LODERSTEDT. I would respond to you this way. In five and a half years we have not arrived at the same company together in overlapping of services. Typically if we find companies that are in a start-up mode, and looking for the kinds of help that would be given by the SBDC, those are referred to the SBDC.

Many times a company doesn't understand how to create a marketing plan, or a business plan, because they are looking to start out in business. Since they cannot afford to pay us for those services, they are referred over to the SBDC.

So the types of work that we do, in fact, do not overlap, because we are working for the most part with going concerns that have an ability to pay. The SBDC will typically work with smaller companies, or companies perhaps that are looking for some help in packaging financing, or training type needs that we don't typically become involved with.

Chairman TOOMEY. So the SBDC would be dealing with startups that don't have the ability to pay any fees, and you are dealing with companies that are more established?

Mr. LODERSTEDT. That is a general rule, yes. I mean, they will work with larger companies, they will do things in the area of training that we might not necessarily work with. And as I mentioned to you earlier, there is a referral of leads where we feel the other organization can better serve that needs.

Chairman TOOMEY. Mr. Rashkow.

Mr. RASHKOW. Whenever a technology issue arises we generally refer them over to the MEP. We don't deal with technology issues, we deal primarily with the managerial issues, and the training needs within the company. We facilitate training.

Furthermore the service of matching a mentor and a protégé is something that is done on an consultative basis between the two companies. We are facilitators.

Chairman TOOMEY. Mr. Loderstedt, how do you determine what fees your clients—well, let me back up one second and just say, as an overall picture, what percentage of your budget comes from federal funds versus funds paid by clients in the form of fees?

Mr. LODERSTEDT. Our total budget is about 40 percent right now from the Federal Government. We are basically matching the federal contribution. As you may know the ideal model is a third federal, a third fees, and a third state.

We are pretty much together at the federal level in terms of fees. Unfortunately the state is not going to come up to match, your contribution and ours at a percentage in the state.

Chairman TOOMEY. And how do you determine what is the appropriate fee to charge a client?

Mr. LODERSTEDT. It is based on value added, and the type of project. We break projects into three types of projects, a tactical project, an intermediate type project, or a strategic project.

A tactical project typically takes anywhere from two days to a week. It typically would be priced somewhere less than $3,000. In that particular situation we recover our direct costs, and a markup to provide that service.

There is a very defined scope of work, client needing help for developing job descriptions. We have our third party resources, we have a defined scope of work, we have the markup to be put on that. And then we sell cost justified, and macro project manage that project for the client.

Chairman TOOMEY. But is it with no regard of the profitability of the client?

Mr. LODERSTEDT. Well, we always cost justify it. I mean, in 26 years, 30 years now counting my time here, I've never had a client give us money unless we've been able to cost justify a proposal.

So we do have the advantage in the sense that the way the federal and state money is used, it allows us to deploy the types of experienced resources that we have, working with clients to establish the relationship, spend the time at the facility, get to understand the business, unlike most consulting companies where the clock starts right away.

So that is really what the investment allows us to do.

Chairman TOOMEY. And I understand that, and I understand that, from hearing from many of my own constituents, that the program is very popular, and well-regarded. I'm raising the question which is, really, should we provide equally subsidized services to companies that are struggling, as well as those that are extremely profitable?

Mr. LODERSTEDT. The answer is, in the case where a company is extremely profitable, we typically will make more markup on those. It is their ability to pay. On a struggling company we give that individual, and that company, an opportunity to pay less, simply because they cannot afford the service at a full markup.

They need that service, but the longer term strategy with the account is basically we are investing with them on those early projects, knowing that if we can help them become more profitable we can now start to gain additional——

Chairman TOOMEY. So there is a means test?

Mr. LODERSTEDT. Yes, sir.

Chairman TOOMEY. Thank you.

Mr. LODERSTEDT. You are welcome.

Chairman TOOMEY. I yield to Mr. Pascrell.

Mr. PASCRELL. Yes, I think Mr. Chairman, that both panels have been extremely helpful today, and I hope the folks have been listening, because we are geared, mentally, to think about General Electric. And yet 90 to 95 percent of the folks work for the companies you do. Strange? Not so strange.

Let me ask you this question. Would it be esoteric to ask that each state and the federal government come up with a manufacturing policy which we don't have right now? Would that be a waste of time if we had a manufacturing policy?

Mr. LODERSTEDT. As I said in my remarks, I think if you look at any economic downturn we've had, if you look at any wars we've had, it has been manufacturing that has led us out of that economic downturn, it has led us to any victory in wars that we've had.

It is the backbone of this country. You make things, you mine things, you grow things, that is how you create wealth. And in my opinion, Bob Loderstedt's opinion, I do not see a national manufacturing strategy on what is probably the most important sector in this country. I do not see one in the state of New Jersey.

And I believe if nothing else comes out of this hearing, somebody needs to stand up and say manufacturing is important. Somebody needs to say to these manufacturers, you know, you are important to the state of New Jersey, you put a lot of money in the state of New Jersey, and we care about you. And there are programs available which do not overlap that can help you to become more profitable and grow in the state. Somebody's got to do it.

Mr. PASCRELL. Let me ask you this. You said that—you mentioned that, when you talked about manufacturing jobs, you said something about competitive service jobs which I found the figures you used very difficult to believe. Not that you are difficult to believe.

But could you just crystallize that idea? 67 percent higher in terms of what we get out of every dollar we invest?

Mr. LODERSTEDT. Well, it is the economics. The more money that people are able to make, the more people can make in terms of earning a wage——

Mr. PASCRELL. But you said manufacturing jobs was producing higher income than service jobs?

Mr. LODERSTEDT. Yes, sir.

Mr. PASCRELL. I think I heard you say that?

Mr. LODERSTEDT. That is correct.

Mr. PASCRELL. And you are pretty sure about that?

Mr. LODERSTEDT. Yes, sir.

Mr. PASCRELL. Could you just repeat that?

Mr. LODERSTEDT. Yes. Manufacturing wages in New Jersey are 26 percent higher than the state-wide average, and 67 percent higher than wages in the service sector.

Mr. PASCRELL. Why, in God's name, do we as a government, and a society, think that service jobs are the direction the nation should be going?

Mr. LODERSTEDT. Well, you need a balanced economy. I guess my opinion is that there is a tremendous need for skilled workers, and workers going into the manufacturing arena. There is a lot of high paying jobs from the factory floor up through different levels of management, and it is not my place to talk about the education system, but I coached high school hockey.

And I have to tell you, those rides in school buses where kids would come up to me and say, hey coach, my parents want me to go to college, I'm not sure I want to go to college. I mean, there are other jobs I think I would like to do.

And that is a whole other discussion. Maybe not for this Committee, but we have this thing about everybody has to go to college, and I'm not so sure that is the answer. There is a ton of oppor-

tunity in manufacturing, there is a ton of opportunities to be plumbers.

My company repaired and reconditioned forklift trucks. At the top union scale I was paying $28 an hour. I couldn't get kids to come into the business, because there was this thing about working in manufacturing, or not having a college education.

And I don't mean to lecture.

Chairman TOOMEY. And I want to get into the subject, trade, that is part of our many responsibilities. But we were sold a bill of goods that for every manufacturing job that we lost to Beijing, or Honduras, that we would create two service-related jobs of higher pay.

Where, I mean, this cuts to the chase here. Do you agree with that, and have we been misled, or maybe I determined that they did, concurrently——

Mr. RASHKOW. I personally think, Congressman, that the general public has not been misled so much as been less informed than they should be. The most important thing is that every manufacturing job has behind it at least one, if not more than one supply job, as a trickle down effect.

When you lose a customer, as many of the people in this room have, from the state of New Jersey, they've not only lost the job there, but they've lost the customer, and they've lost business.

For every $50,000 of business that they lose they lost another job. And that has happened to every manufacturing company. I will wager that every manufacturing company in this room who is in the manufacturing business has lost customers and jobs in the state of New Jersey.

Mr. PASCRELL. I want to thank you.

Chairman TOOMEY. Let me just say that this has been extremely helpful, the previous panel, as well as this panel. And if any of the current panelists have any point they would like to make in conclusion, I would like you to do so now.

Mr. PASCRELL. I have one other question.

Chairman TOOMEY. I yield to Mr. Pascrell.

Mr. PASCRELL. I meant to ask this question, one of you touched on it, and I forget who it was, vocational technical entrepreneurship, there is a piece of legislation and it went to us, and was passed in the House, H.R. 2666 was passed in October of last year. The Senate hasn't acted on it.

It would establish a grant program for the development and implementation of curriculum designed to promote vocational and technical entrepreneurship, God forbid. And that was a primary sponsor by Congressman Brady, of the State of Pennsylvania.

What do you think of that idea?

Mr. LODERSTEDT. You guys want to comment on that?

Mr. PASCRELL. And then grants would be offered to the SBDCs, or post-secondary vocational and technical schools.

Ms. HOPPER. We would really like that Congressman, if it is given to the SBDCS. There is a need for additional training, customized training, and we have the infrastructure where we need to continue to do the things that we do.

Mr. PASCRELL. Burt.

Mr. RASHKOW. Yes. The idea of providing some assistance has enormous potential. Some of our experience with the customized training, 190 and some odd thousand of training hours that we brought into the state, through the customized training grants provided by the New Jersey Department of Labor, has shown the results on the factory floor to be enormous.

For example, just to give you a rough idea as to how well it was received, some people actually came in from vacation, in violation of the Fair Labor Standards Act, to hear some of the consultants who were delivering the training.

They, themselves, have become the greatest carrier for the message about its being a great place to work. Believe it or not, such simple things as training in English as a second language, has been able to create a communications medium for management and personnel, has improved the morale.

The ultimate benefit is that it improved thru-put, cycle time, getting things done in a given period of time. And it gave the people on the production line the feeling that management cares, management cares.

So the overall morale increased, and it was a great thing that they hadn't anticipated. They had taken jobs, for the most part, because that was the only one that they could get. But in reality it turned out to be a carrier for some wonderful things.

Mr. PASCRELL. Can you, gentlemen, hang around after the meeting, so if people have questions of you, which I'm sure we'll have, it has been a great help.

Chairman TOOMEY. Absolutely, they very much, and the hearing is adjourned.

[Whereupon, at 2:28 p.m., the above-entitled matter was adjourned.]

Premium Color Graphics Company
95 Industrial Street East, #B
Clifton, New Jersey 07012
973-472-7007

John Watson, President

Premium Color Graphics Company (Premium) is a Commercial Printer and Prepress provider located in Clifton, New Jersey. We were established in 1992. Currently, we employ 30 New Jersey citizens and have annual sales of approximately $5 million. We are a small manufacturer and are committed to grow and expand in New Jersey. With the assistance of the New Jersey Manufacturing Extension Program, Inc. (NJMEP) we are able to do just that!

Because of the rapid pace of growth in our business, we needed outside assistance in developing our long-term business strategy and marketing initiatives. We were introduced to NJMEP in 2000 through a telemarketing program offering business strategy services. Once we met with NJMEP, it became clear that we could develop a working relationship that would be beneficial to Premium, NJMEP and the New Jersey Economy.

To understand the appeal of a service like NJMEP, you would have to spend a day in my shoes as president of a small manufacturing company. I wear many hats, and it is a constant struggle to maintain a balance between dealing with everyday operational issues and thinking strategically about my business. NJMEP is like one-stop shopping for me and for my staff. We know that we can call Tony DeSantis at NJMEP with a business issue and within a very short period of time, he can develop a plan for implementing a solution, find and qualify the technical resources needed, and manage the quality and timeliness of the project from start to finish. NJMEP has such a wide range of resources available that they can tackle just about every challenge we give them, and if for some reason they can't, they refer us to someone who can. For a small business owner this kind of service is far more valuable than just the anticipated business impact for each project. The time that we save by having NJMEP as an extension of our staff to research, implement, and manage projects is invaluable.

As a small manufacturer, we often do not have available internal resources to develop and implement strategic initiatives of our company. NJMEP was able to assist us in identifying professionals who could work with our corporate culture and manage the programs for Premium. The following details programs we have worked on or are working on with NJMEP:

Business Strategy Assessment:
The QuickView Business Assessment is a no cost assessment provided to manufacturers. The QuickView assessment process:

- Identified lack of management systems and means of reporting accountability of various departments and functions within those departments.
- Identified lack of market knowledge as to competitive forces in sales, position and pricing.
- Identified lack of reporting formats, such as cost vs. selling price and profitability by product or service by sales territory, by product, etc.

With this knowledge, we were able to identify business priorities and develop and implement those priorities with NJMEP.

Marketing Audit

The Marketing Audit was implemented by NJMEP staff directly. This audit incorporated an assessment by all of premium's management team. Specific results pinpointing weaknesses in Marketing and Sales Strategy included:

- Poor understanding of our target markets
- Lack of knowledge of our customer base and its interpretation of Premium's services or full depth of services available.
- Lack of focused message to the marketplace.
- Inconsistent pricing.
- Missing unified marketing and sales strategy
- No performance measurements with regard to sales and marketing.

The Marketing Audit allowed management to focus our resources on strategic priorities and identify an overall strategic marketing sales plan. This plan will be implemented in many phases over the next few years. Projects we have already implemented are detailed below.

Target Customer Identification Program

Attracting, retaining and maintaining a customer base is critical to our business. As our business continues to expand, we realized that a structured customer management program was necessary. Working with NJMEP and a marketing professional, the first step identified in this program was a Customer Identification Study. This program was research conducted in person and telemarketing methods to measure Most Valued Customer, a term used to measure and understand the customer base that is responsible for our rate of growth, significant profits and significant gross sales revenues. This project and follow-up actions are currently in progress. The customers that have participated already have been pleased to assist and many have obtained additional services by Premium. In addition, the customer relationship has benefited.

As a result of this program, we have added two sales representatives to our sales force. In addition, it is estimated that this project will result in a sales increase of 10 – 15%.

Sales Management Reporting Program

During the QuickView Business Assessment a lack of formal reporting procedures was identified. These reporting procedures included both sales reporting and management reporting. Implementation of this program has resulted in a reporting program that relates sales territory to product to profitability.

To date, new sales reporting software has been selected, installed and implemented. The reporting formats are being used by management to evaluate sales vs. budget. This will allow for better management decision-making abilities as we manage our business.

To date we have realized an increase in sales of approximately $75,000 because we have identified new target clients and can manage the sales and delivery process completely. In addition, we have realized a reduction in inventory of approximately $25,000 because our suppliers are on a Just-In-Time system.

Future plans with NJMEP:
Human Resource Program Development and Implementation

Human resource management is important to manufacturers and to the stability of the work environment for all employees. As Premium continues to grow and expand our workforce, it has become necessary to have clear job descriptions prepared for all employees. This will enable us to hire and retain management and staff with clear expectations and responsibilities, and identify positions that need to either be modified or created. We have agreed to work with NJMEP on this program in 2002.

Implementation of this program is expected to result in an increase in sales of $100,000.

Closing:
As mentioned, we engaged the services of NJMEP in 2000 and in 2001 our sales revenue increased 45% due in large part to the help we received from NJMEP. I don't think we would have hired an outside consultant to help us, due to the costs of those services and the trust factor of those relationships. We probably would have managed to grow 5-10% but with the systems we put in place with the help of NJMEP and the fact that we really know more about our business and how to manage it, allowed us to post a 45% increase.

NJMEP is a cost effective solution for Premium Color Graphics. Through our relationship we have been able to develop a business strategy to take us into 2005, retain good paying jobs in New Jersey, increase sales and as a result increase our contribution to the overall New Jersey economy. NJMEP has helped us create a framework for controlling our growth. In our highly competitive environment, with our internal resources stretched to the limit, we are lucky to have an organization like NJMEP available.

Mr. Sean McGraw, Staff Director
Subcommittee on Tax, Finance and Exports

Testimony of James A. Mitchell

My name is James A. Mitchell. I am a Marketing Specialist for NJIT-Defense Procurement Center. Our center provides FREE technical assistance in marketing and bidding government contracts to all small firms in the State of New Jersey. The Department of Defense and New Jersey Institute of Technology jointly fund the program. The federal government provides less than $300,000.dollars per year. We have more than 1000 clients and we maintain four locations; Newark, the main office, Trenton, Mt. Holly and Atlantic City.

Our clients have won more than $550 Million dollars of contracts since the creation of the center in 1986, as set forth in the attachment.

We help business obtain contracts with all of the federal agencies, state and local governments and large businesses. Doing business with the government can be a challenging task for even the most enthusiastic business owner. We evaluate each client's capabilities and we direct the centers resources to respond effectively. A major tool the center employs is our bid-matching services. We electronically match what the government (state or federal agencies) wants to buy with what the companies are selling.

Keeping in mind that the DOD purchases more than $220 Billion in goods and services annually, we specialize in that agency's procurement process. When selling to the DOD, manufacturers have targeted market places.

For example, Defense Supply Center, Philadelphia, PA, buys clothing and textile; general and industrial supplies; medical supplies, food and subsistence for all the services. Companies such as Lola Fashions, Jackie Evans and Jacobs Textiles have received marketing assistance in the bid preparation from the Center. They have successfully submitted bids, whether the solicitation is a paper or electronic bid.

We direct electrical, machined parts and computers manufacturers to the Defense Supply Centers in Columbus, Mechanicsburg, PA, and Richmond, VA. Again, the companies are experiencing competition with off shore manufacturers, especially for orders less than $2,500. Our witness, Jack Yecies will discuss his specific concerns. In this area the Center has assisted companies such as Empire Electronics, Sun Dial and Panel Corp., Swiss Technology.

I have copies of the web sites of the logistical centers, that I have described for distribution to the small businesses present today.

A particular challenge to the Center's clients is the loss of business experienced by the off shore exodus of manufacturing facilities. To help overcome this negative impact to their bottom line, we encourage companies to leverage the competitive preferences made available by Congress in the area of the certification. If the firm can obtain certifications such as HUBZone, 8a or SDB or team with a company who is certified, it would give the company a competitive edge and possibly level the playing field.

We recommend another important marketing avenue to reach all federal agency buying opportunities. It is to obtain a General Services Administration (GSA) Contract. We have assisted companies such as Phacil, Insap, and Four Technologies to bid these contracts. These contracts are particularly helpful to both the small business and the government buyer. The company has a place to advertise their prices, the contract terms are already negotiated, so the buyer can simply write the order.

As I had mentioned in my summary information, we strongly urge small businesses to market to large businesses. 99% of all large businesses are government contractors. As such, they are required to do business with small businesses. We develop strong professional relationships with large business buyer so to assist them in expanding their small business base and meeting their small business goals. We frequently broadcast to our clients these large business requirements such as Stone & Webster (Army Corp of Engineers).

Respectfully submitted.

James A. Mitchell

James A. Mitchell

NEW JERSEY INSTITUTE OF TECHNOLOGY
PROCUREMENT TECHNICAL ASSISTANCE CENTER

As New Jersey faces the challenge of changing military initiatives, the Procurement Technical Assistance Center at New Jersey Institute of Technology stands as a valuable source of practical education and useful assistance for the New Jersey business community to obtain government contracts.

Now in its fifteenth year, the Center operates under a cost sharing cooperative agreement between the Department of Defense and the New Jersey Institute of Technology, under the auspices of NJIT's Office of Economic Development. The Center's purpose is to provide marketing, contractual, and technical assistance to small, women-owned and minority-owned New Jersey companies who are interested in selling their goods and services to the Department of Defense and other government agencies. The Center works to stimulate economic development by helping New Jersey's small businesses win government prime and subcontracts. Generally, a small business is defined by federal regulations to include those manufacturing companies that employ less than 500 workers. A service company's size is determined by annual gross sales. The State of New Jersey legislates all firms to be small if they employ less then 100 workers.

The Center has grown from a one-person program with a budget of less than $200,000 to a statewide organization operating with a staff of four professionals and an annual budget of over $500,000. The Center maintains four offices throughout New Jersey. The main office in Newark is on the campus of the New Jersey Institute of Technology. Satellite offices are located in Trenton, Mt. Holly, and Atlantic City.

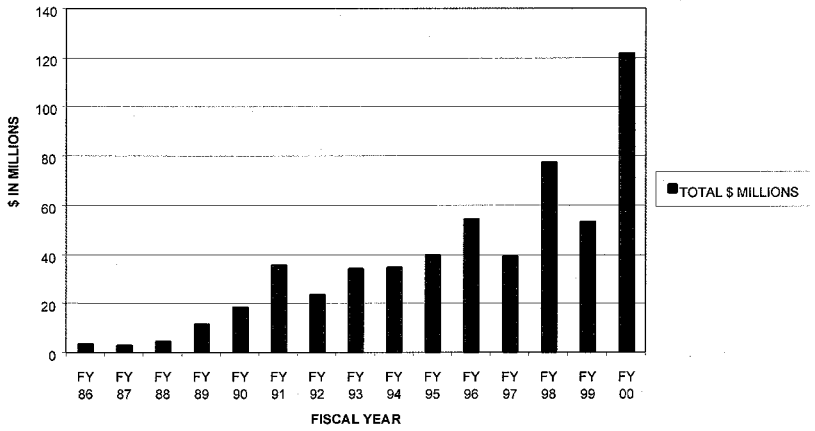
Assistance is provided to business firms through the sponsorship of outreach workshops and seminars, the implementation of government market research in the form of bid information opportunities, and one-on-one counseling sessions on all aspects of government procurement. The Center's offerings have reflected the changes in the government market place. We train our clients in E-Commerce (EDI), educate them about the varied aspects of the bidding process, and strongly advocate the use of certification as a potent tool to obtain prime and subcontracting opportunities.

Complicating the Federal procurement process for small, women-owned and minority-owned New Jersey businesses was the enactment, in October of 1994, of the Federal Acquisition Streamlining Act. This act requires the government to procure its goods and services electronically via computer rather than per proposal submittals. This act does away with over 200 federal acquisition laws as they apply to the purchase of goods. Not only will our efforts be directed toward the new supplier, but also the more established DoD Contractor. Our Center is uniquely positioned to meet this challenge. Our ability to utilize the technical resources of NJIT, one of New Jersey's premier research universities, will insure our clients that we stand ready to navigate with them on the new electronic highway.

All of the Center's assistance is offered free of charge, and its services get results. Since fiscal year 1986, New Jersey businesses have and continue to receive thousands of government prime and subcontract awards as a direct result of the assistance provided by the Center. (See Chart A)

CHART A

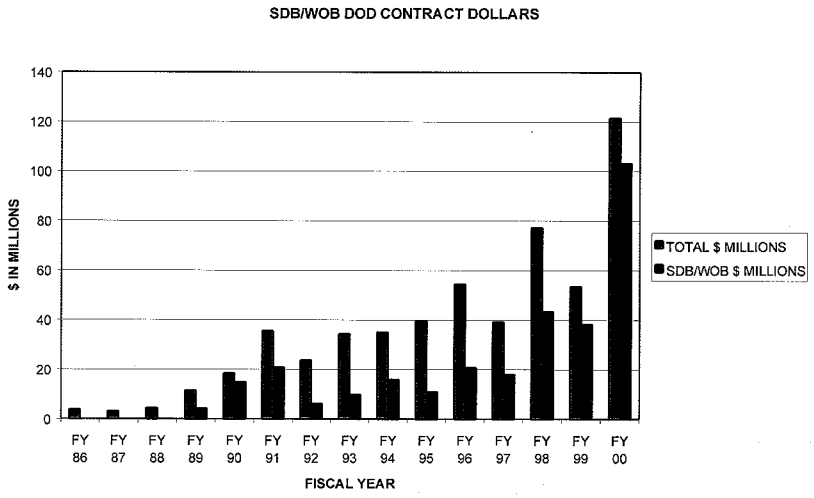
TOTAL CONTRACT DOLLAR AMOUNTS



The above chart represents both Prime and Subcontracting awards received by our Center's clients as a direct result of technical assistance provided by our Center's staff.

The thousands of contract awards received by New Jersey Businesses represent tens of millions of dollars spent by federal, state and local governments. Beginning in fiscal year 1986, when the Center helped small New Jersey firms win $3.9 million in contract awards, the assistance provided by the Center has resulted in a total of over $556.3 million in government contracts being won in New Jersey. Special efforts initiated to assist women-owned and socially and economically disadvantaged firms began in 1989, have enabled these firms to enter and successfully compete in the government marketplace. Since fiscal year 1989, when statistics were first compiled in these categories, women-owned and minority-owned firms have won over $307 million in Department of Defense contracts with the help of the Procurement Technical Assistance Center (See Chart B)

CHART B



According to the U.S. Department of Commerce's Regional Input-Output Modeling Study, dollars into New Jersey small businesses create three times their amount in economic activity. The $556.3 million in total contract awards won by New Jersey firms over the years created $1.67 billion in economic activity in the state. Each million in economic activity can be translated into 10 jobs created or saved, meaning that over 16,689 jobs in New Jersey exist because of the assistance the Procurement Technical Assistance Center provided.

As part of a broad focus on public service at the New Jersey Institute of Technology, the Center provides realistic community outreach services which offers a competitive edge to those who wish to take advantage of its services. In today's post Cold War economy, it is a challenge for New Jersey companies to win their share of government contracts. NJIT's Procurement Technical Assistance Center helps to meet that challenge—reaching out to the business community in New Jersey, educating New Jersey businesses so that they are qualified to compete for government procurement opportunities, and thereby generating employment and improving the economic climate within the state.

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US House of Representatives Small Business Committee
Field Hearing - Passaic City Hall Council Chambers – February 20, 2002, 1:00pm
Testimony of Bert Rashkow CoManager, Manufacturing Mentor/Protege Program
New Jersey Small Business Development Centers

It is a pleasure for us at the New Jersey Small Business Development Centers to discuss the critically important issue of the small manufacturer in New Jersey with the US House of Representatives' Small Business Committee. My name is Bert Rashkow, the CoManager of the Manufacturing Mentor/Protege Program within the NJSBDC.

In 1977 the NJSBDC was as one of the first national SBDC pilot projects resulting from the passage of Public Law 96-302 by Congress. The SBDC's were formed and designed to assist the US Small Business Administration to reach the core of Americans who are dreaming of or just starting a business and to counsel and train established small businesses. The counseling and training topics include business planning, government procurement, loan packaging, international trade, technology commercialization, WBE and CBE certification, product marketing and distribution and manufacturing.

The NJSBDC is measured by its economic impact on the various New Jersey communities and work sectors, as well as the number of clients it counsels and trains annually. It also has a heavy supporting influence on the number and volume of small business (SBA supported) business loans clients receive. The NJSBDC statewide network of 11 Regional Centers, 18 satellite offices and Specialty Services provided one-to-one counseling and training to over 20,000 small business clients in year 2001, and helped small businesses obtain over $20 million in loans and almost $21 million in contracts in the same year. In the past three years, the number of clients served by the NJSBDC and loans granted have steadily increased.

Since 1984, the New Jersey Commerce and Economic Growth Commission has invested annually in the NJSBDC network, thus providing the foundation for securing a 2:1 dollar match from the U.S. Small Business Administration. In 1992, NJCEGC increased funding to the NJSBDC network to expand services to small businesses and increase the federal dollar match for the state of New Jersey.

About 1993, Brenda Hopper, NJSBDC State Director, recognized that NJ manufacturing job loss was growing increasingly severe. Further, she observed manufacturing job loss was having a magnified, adverse leveraged effect on the overall job situation in the state. It is known that manufacturing jobs require substantial materials, supplies and services from other manufacturing and service entities – more jobs depending on the products being manufactured.

Ms. Hopper elected to direct a greater portion of NJSBDC's resources to the manufacturing sector. She established a program whereby the NJSBDC would facilitate manufacturing alliances. Larger NJ manufacturers could assist smaller manufacturers to increase local materials acquisition. By augmenting and facilitating this closer customer-vendor alliance, she reasoned, substantial mutual benefit would accrue to participating entities. Hence the establishment of the NJSBDC Manufacturing Mentor/Protege Program. The Mentor would gain from having quality, proximity suppliers giving them greater control of their product output, and the Protege would gain from increasing revenues - hence profit and more jobs.

Brenda Hopper elected to do a feasibility 'trial run' to establish a baseline for such an activity. Sy Reich, my colleague, and I were asked to establish a model Manufacturing Mentor/Protege Program and determine the workability of such an effort to stem the New Jersey manufacturing job loss hemorrhage. We were to prepare the Mission Statement, goals and objectives, to report to Madeline Britman, NJSBDC's Director of Procurement Programs. This reporting structure gave the fledgling program a synergistic boost into immediately identifiable client needs because of Ms. Britman's hands-on extensive client counseling experience and her uniquely successful and recognized outreach. There is no program that can equal the certified and registered small business client portfolio that Ms. Britman has been able to document.

Sy Reich and I are (or – were) engineers, each with over thirty years' manufacturing experience in different technical and marketing disciplines. Sy had worked with large manufacturers and Bert with small ones. This experiential diversity armed us with the ability to grasp technical situations as they emerged. More importantly – it was our manufacturing managerial experience that was to be our success. We have found that manufacturing business faults are rarely traceable to matters technical. Failures are found in management shortcomings. And since small manufacturing business are generally started and managed by technicians, the managerial component is usually the companies' weakness. In the 72 Mentor/Protege matches to date, we have yet to find technology to be the business-limiting element.

What are the goals of the Manufacturing Mentor/Protege Program? How does the Manufacturing Mentor/Protege Program work? How do we get our clients? What have been the salient client needs as expressed by the client? What are the statistics? What are the qualifications of the Program Manager(s)? What outcomes can be enumerated?

MANUFACTURING MENTOR/PROTEGE PROGRAM GOALS

In 1993, Ms. Britman's 'launch guidance plunged the two of us (Sy and Bert) – working then *Pro Bono,* into numerous telephone contacts, to reach her client base. Simultaneously, we connected with some fifty micro- and mini-manufacturing companies we had come to know from Bert's previous tour as Executive Director of the New Jersey Tooling Manufacturing Association.

Over the next four months, we observed the following pattern – qualitatively documented, prevalent in 130 small contract manufacturers (job shops):

What percentage of the companies owners / presidents contacted:	
Has an up-to-date, written business plan understood and executed by subordinates?	2%
Has an up-to-date, written, regularly followed marketing plan?	3%
Has faith in sales representatives or other third party sellers?	5%
Has reached to the SBA for assistance?	6%
Feels a non-profit or government entity such as the SBA & NJSBDC could help them?	20%
Is aware of Government set-aside programs?	12%
Feels his/her employees needed training-technical or otherwise?	80%
Feels his/her production equipment needed upgrading?	70%
Feels his/her support equipment needed upgrading (computers, software, etc?)	80%
Has excess or unused – unusable materials or tools inventory?	100%
Has a written, formalized, quality program, up-to-date and in operation?	12%
Has had citations for hazardous materials handling and / or safety violations?	100%
Lost in-state customers because of customer migration?	100%
Lost at least one significant customer that us still resident in NJ?	100%
Knows the reason(s) for the loss?	30%
Has been successful in getting a recent customer audience to reverse the situation?	20%

Note: The average size of these companies was 15 employees

It became apparent that the majority of the companies required training and counseling that was totally within the scope of NJSBDC's Core Services charter as noted on Page 1 of this testimony. It did not matter that the companies were manufacturers. Planning of almost any sort was absent. It is pertinent to note that manufacturers of all sizes require more planning than any service business, if for no other reason than the complexities of dealing with multiple materials types and stages. Add safety and environmental issues, and the manufacturers' operating 'landscape' becomes more complex by at least an order of magnitude.

The remaining minority in the survey above would seek assistance in made-to-order technical training that went beyond "packaged" curriculum as well as further connections or alliances with larger company partners.

What then was to be done by the Manufacturing Mentor/Protege Program?

Three things:

1. Expose and indoctrinate the companies to the core services offered by NJSBDC, the US Small Business Administration and other economic development agencies in respective New Jersey counties,
2. Develop and bring into being a massive training program funded externally to train these companies' managers and employees to the various, missing skills, for the shorter term, and
3. Initiate Mentor/Protege relationships between larger and smaller manufacturers to bring the manufacturing community closer together, for the longer term.

It is interesting to review the history of the Manufacturing Mentor/Protege Program 1997 –2001:

Training	
Total Value of Training Offered ($Million)	$6.02
Number of Manufacturers participating	107
Number of Employees trained	5,490
Number of Slots[1]	16,471
Number of Hours of customized technical training	192,465
Number of Jobs Saved or Created[2]	2,400
Number of different courses involved	517

[1]A slot is one person taking one course. One person taking 2 courses are 2 slots, etc.
[2]Jobs created are measured by dividing increased annual revenues by $50,000.
[3]All training is customized to manufacturers' requirements.

The training was done with funds made available by the NJ Department of Labor's acceptance of the New Jersey Small Business Development Centers' initiated and generated applications. This funding is available for company assistance under the 1992 New Jersey Workforce Development Partnership Act in which Customized Training is a key component. In this context, the company defines the type and extent of training that best suits its competitive needs, and the needs of the employee to improve his/her employability.

New Jersey Small Business Development Centers

Manufacturing Mentor/Protege Program

New Jersey Small Business Development Centers
Rutgers, the State University at Newark

MISSION STATEMENT

OBJECTIVE
Develop and implement strategies that will increase manufacturing Jobs in New Jersey.

HOW
Identify major (Mentor) companies that purchase manufactured items for use in their own products and which are imported or sourced out-of-state.

WHAT
We (NJSBDC) search through the manufacturing communities in New Jersey for the purpose of locating manufacturers (Protege) within our state that have the potential to satisfy such requirements.

GOAL
Establish business relationships whereby Mentors provide assistance that will enable Proteges to become suppliers to their respective organizations.

STRATEGY
We (NJSBDC) meet with the Mentor COO's and enlist their endorsements for achieving mutual objectives. This is followed by operating meetings between Mentor COO's and proposed Proteges. This occurs only after there is complete understanding on the part of the Proteges to be open and candid in discussions. Proteges must be ready and eager to devote every reasonable effort toward completing the tasks that will be agreed to at the meetings.

MENTOR PROGRAM managers at NJSBDC act as facilitators. We monitor progress to keep it on target, and, where necessary, provide counseling and/or other support for Mentor or Protege as may be required. The Mentor provides guidance and assistance at those technical or managerial levels that will enable the Protege to achieve the success originally established by the Mentor.

ACCOMPLISHMENTS
The Program currently has a number of Mentor manufacturers actively working with us. All have been matched with Proteges. We are always working on new matches.

YOU CAN HELP
The MENTOR PROGRAM could use your inputs. Do you know of any New Jersey manufacturers using supplies from overseas? Give us the lead and we will make it practical for them to source locally.

We are eager to expand our listing of New Jersey minority Protege manufacturers that have the sourcing potential that we might match with major (Mentor) manufacturers. Please share with us any information that comes your way on this subject.

The Manufacturing Mentor/Protege Program is an initiative of the New Jersey Small Business Development Center at Rutgers University, 49 Bleeker Street, Newark, NJ 07102. • State Director: Brenda Hopper • Director of Procurement Programs: Madeline Britman • CoManagers, Manufacturing Mentor/Protege Program,:Bert Rashkow & Sy Reich.
Phone: (973) 353-5892 • Fax: (973) 353-1921/1925/1930

1995

BIO's - Bert Rashkow & Sy Reich

Bert R. Rashkow, CoManager of the Manufacturing Mentor/Protege Program at the New Jersey Small Business Development Center, has a technical undergraduate degree, and an MBA in Finance.

Bert's early management career found him involved with aircraft and ground station navigation and communications systems with air carriers and equipment manufacturers. He later transitioned to component contract manufacturing, and was Vice President and General Manager of an automotive products division. This New Jersey company became the subject of a four part Harvard Business Case Study, because of its management excellence and business growth.

He then became president of a metals manufacturing company, after which he was Executive Director of a New Jersey manufacturing association.

Seymour Reich, CoManager of the Manufacturing Mentor/Protege Program at the New Jersey Small Business Development Center, had worldwide marketing responsibility for RCA Integrated Circuits and Field Effect Transistors for industry, TV, hi-fi and other home entertainment products. His activities included establishing marketing policy, managing new product introduction, short/long term business plans/strategies, establishing policy with respect to contract agreements and new product introduction, conducting sales seminars, establishing sales budgets, and initiating and supervising advertising promotions.

Mr. Reich holds a bachelor's degree in electrical engineering from Polytechnic Institute and an MS in electrical engineering from New Jersey Institute of Technology

*

NEW JERSEY SMALL BUSINESS DEVELOPMENT CENTER

Fact Sheet

☐ HEADQUARTERS:
49 Bleeker Street
Newark
NJ 07102-1913
973.353.1927
973.353.1110 Fax

☐ SERVICES:
43 Bleeker Street
Newark
NJ 07102-1913
973.353.5950
973.353.1030 Fax

MISSION:

The NJSBDC network is part of a national partnership between the state and federal governments, the private sector, and colleges and universities. The program is designed to provide the highest quality of business assistance services to established enterprises and promising new starts, with the objective of increased employment and increased contributions to the state and federal treasuries.

BACKGROUND:

In 1977, the NJSBDC was established as one of the first national SBDC pilot projects resulting from the passage of Public Law 96-302 by Congress. At present the NJSBDC network is composed of the headquarters located at Rutgers Graduate School of Management and ten, full-service, regional centers located at Greater Atlantic City Chamber of Commerce/Connectiv, Bergen Community College, Brookdale Community College, Kean University, Mercer County Community College, Middlesex County Economic Development in New Brunswick, Rutgers-Camden, Rutgers-Newark, Warren County Community College and William Paterson University. NJSBDC network also includes sixteen affiliate offices located throughout the State.

A variety of educational and business resources are available to counsel and train small business owners to finance, market and manage their companies. Clients are assisted in exploring their business ideas, developing and assessing their business plans, making cash flow projections and accurate financial statements, and formulating marketing strategies. International trade, government procurement, technology commercialization, e-commerce, manufacturing Mentor/Protege and information services specialty programs are coordinated from NJSBDC headquarters.

The NJSBDC network also provides opportunities for students to participate in research and get first-hand business experience under the supervision of faculty and business professionals.

FUNDING:

Since 1984, the New Jersey Commerce and Economic Growth Commission has invested annually in the NJSBDC network, thus providing the foundation for securing a 2:1 dollar match from the U.S. Small Business Administration. In 1992, NJCEGC increased funding to the NJSBDC network to expand services to small businesses and increase the federal dollar match for the state of New Jersey. NJCEGC has viewed the NJSBDC network as a way of extending their small business assistance services to the "field" and promoting existing state economic development programs to the small business sector.

The Technology Help Desk & Incubator (THD&I) supported by the private sector and a modest grant from the NJ Commission on Science and Technology offers a full range of management assistance services to incubator tenants and entrepreneurs in commercializing their new technologies and building their technology based businesses. By dialing our statewide, toll-free number, 800-432-1TEC (832), entrepreneurs get timely answers to business and technology questions and commercialization assistance.

In addition, NJSBDC benefits from both cash and in-kind contributions from the host institutions for each center and other corporate and foundation donors. In CY 1999, these dollars combined to form a NJSBDC budget of $4.5 million.

SERVICE HIGHLIGHTS:

In 1999, the NJSBDC's Manufacturing Mentor/Protégé program won the SBA's Models of Excellence award, which showcases outstanding state and local initiatives that advance small business programs and policies. SBA recognized the Manufacturing Mentor/Protégé Program for innovation in matching established manufacturers with smaller suppliers to promote local purchasing and business retention.

Recognizing that small businesses need timely, easily accessible and affordable information to apply to their decision-making, market development and strategic planning activities, the NJSBDC launched a new Information Services Center. The IS Center manages the NJSBDC web site (http://www.yourbizpartner.com), which is now New Jersey's most comprehensive online resource for entrepreneurs and attracts more than 60,000 prospective and established business owners annually.

RESULTS and IMPACT:

CY 1999 NJSBDC Final Report:

1. 5154 clients were provided with one-on-one counseling. 42% Women/ 37% Minorities
2. 11,627 potential and established business owners were trained during 603 workshops and conferences. 42 % Women / 29 % Minorities
3. Nearly 504 Technology-Based Entrepreneurs were assisted to commercialize intellectual property and inventions via the Technology Help Desk & Incubator
4. In CY 1999, the NJSBDC network of Regional Centers helped small business clients to obtain $20,031,209 in loans and another $10,953,240 in contracts; and $130,000 in grants.

Since 1979, 174,810 people have received direct assistance from the NJSBDC in the form of free, confidential, one-on-one counseling and affordable education.

NEW JERSEY SMALL BUSINESS DEVELOPMENT CENTER

Fact Sheet

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New Jersey
Small Business
Development
Centers

NJSBDC PROCUREMENT PROGRAM

☐ HEADQUARTERS:
49 Bleeker Street
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973.353.1927
973.353.1110 Fax

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The Procurement Program of the **New Jersey Small Business Development Center** offers counseling and other assistance to small businesses who are interested in selling their goods and services to the federal, state, or local government. This assistance may take the following forms:

- one-on-one counseling
- workshops and seminars
- resource directory
- research

Specialized counseling is available in the areas of rules and regulations, eligibility, bid preparation, electronic commerce, and contract management. Workshops range from the most general and introductory in nature to topics narrowly defined by a specific field of interest. The ***Procurement Directory*** provides an introduction to government marketing and contains valuable lists of Federal, State, and local procurement contacts as well as subcontract leads.

In some cases, research into a topic or subject is called for. This is completed by the director of procurement programs or with the use of consultants. Clients are counseled either at one of the Small Business Development Centers or at their place of business, depending on the assistance required. Many clients are receiving help at one of the regional SBDCs at the same time that they are being advised on procurement issues.

The newest initiative of the Procurement Program is the **Manufacturing Mentor/Protege Program**, with a goal of keeping jobs in the USA. NJSBDC will match medium size, successful companies, the Mentors, with small job shops in the metal, plastics and electronic industries, the Proteges. The Mentors, who have been sourcing goods out of the country, or unsuccessfully elsewhere in the US, will provide management and technical support to the Protege, who will eventually become a vendor to the Mentor.

To enhance the assistance available to small businesses across the state, the NJSBDC procurement program has a detailed bibliography of web-sites, procurement books, articles, and other material on hand at NJSBDC, university libraries, and sub-centers. This enables clients and counselors to tap into specific procurement topics.

For more information call Madeline Britman, Director of Procurement
(973)353-5960 - britman@andromeda.rutgers.edu
NJSBDC, Rutgers GSM
43 Bleeker Street
Newark, NJ 07102

NJSBDC PROCUREMENT PROGRAM

FEDERAL

- Proposal Assistance
- 8(a)Program
- Small Business Innovation Research
- Bid Preparation
- Prime Contractor Leads
- Bid Opportunities
- Rule & Regulations

STATE & LOCAL

- SAVI Registration
- Certification Applications
- State & Local Procurement Contacts
- Proposal Preparation
- Advocacy
- Surety Bonding Information
- Procurement Library

- Mentor/Protege Program

In addition to the above services, the NJSBDC Procurement Program offers counseling and training, a *Procurement Directory,* and specialized contract management assistance.

NJSBDC Technology Commercialization Center

Call 1-800-432-1TEC (1832)
www.yourbizpartner.com/scitech

New Jersey Small Business Development Centers

Sponsored by:
NJ Small Business Development Centers
Rutgers Business School
NJ Commission on Science & Technology
U.S. Small Business Administration

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NJSBDC Technology Commercialization Center (TCC)

The New Jersey Small Business Development Centers (NJSBDC) of Rutgers Business School established the Technology Commercialization Center to address the specialized business start-up and development needs of science, technology, and Internet-based businesses. Built upon NJSBDC's six years experience serving the business development needs of tenants of the Rutgers Technology Business Incubator in New Brunswick, the TCC's mission is to assist New Jersey entrepreneurs in commercializing their new technologies, financing and building their technology-based businesses. It extends specialized business consulting services to technology entrepreneurs across New Jersey and is comprised of:

Technology Help Desk - Toll Free Telephone Counseling Service
By calling 800/432-1TEC(1832), entrepreneurs receive one-stop access to business development information, guidance in commercializing new technologies, information on grants and financing and referrals to a statewide and national resource network. Clients are assisted in identifying and implementing the steps required to develop a technology concept into a sound business. Help is available on an ongoing basis, at each step of the business development process.

Technology Commercialization Consulting
The TCC offers a broad range of consulting services focused on guiding entrepreneurs in launching and financing their technology-based business and establishing themselves in the marketplace. As entrepreneurs prepare to pursue equity financing, NJSBDC will review and critique their business plan to identify steps that they can take to strengthen their plans, strategies and business model. This will enable them to make a stronger first impression on prospective investors and improve their prospects for success. Entrepreneurs who are ready to approach investors will be assisted in developing or strengthening a PowerPoint presentation.

Additional services include help with market entry strategy, business plans and strategy, financing strategy and equity financing, approaching equity investors, financial projections, and strategic business partnering.

SBIR Outreach and Support Services
The Technology Commercialization Center has recently received a FAST grant from the U.S. Small Business Administration to increase the participation of NJ entrepreneurs in the Small Business Innovation Research Program, SBIR. New Jersey's FAST program is co-sponsored by the NJ Commission on Science and Technology, see NJCST.com, and Hale & Dorr LLP. SBIR is the federal government's largest R&D grants program targeted to the small business community. It is unarguably the best source of risk capital available to help fund the development of promising new technologies.

New Jersey's FAST activities include outreach and training about the SBIR program and how to write successful proposals. The TCC has trained a group of experienced business consultants who are now available, at no cost to entrepreneurs, to assist them in developing an SBIR proposal, as well as other R&D grant proposals. Companies can also receive help in identifying federal agencies that may have an interest in the development of their new technology.

In addition, the TCC has collaborated with Hale & Dorr to create a Board of Advisors specifically for Phase II recipients who are finalizing plans for the commercialization of their SBIR technology. Members of the legal, investment, accounting, and marketing communities will be participating and available to review and discuss their business plan and commercialization strategy. Entrepreneurs preparing a Phase II proposal can present their preliminary commercialization plans to the committee and receive feedback intended to help them strengthen their proposal.

YourBizPartner.com/SciTech
This specialized section of NJSBDC's YourBizPartner.com web site includes information, articles and presentations targeted to science, technology and Internet entrepreneurs. It includes several presentations on launching and financing technology-based businesses in New Jersey. Another presentation guides entrepreneurs through the steps of preparing a PowerPoint presentation for equity investors.

For more information about the NJSBDC Technology Commercialization Center, call 1-800-432-1832, send an E-mail message to SciTech@YourBizPartner.com, or visit WWW.YOURBIZPARTNER.COM/SCITECH.

How can your business successfully make the transition to E-Business?

Make the NJSBDC your first step to achieve dynamic results, save time and money and assume a leadership position.

Personal Counseling costs you nothing but your time- there is no fee!

Assess your readiness to enter the e-business explosion through:

- One-on-one private counseling
- Workshops
- New features on www.yourbizpartner.com/ecommerce

Ma

How does the Internet impact your business goals, decision-making, marketing strategy, organization structure?

Customers, suppliers, vendors- how will your relationships shift?

NJSBDC Information Services will help you:

- Launch an online venture
- Add e-commerce to an existing web site.
- Diagnose problems with your current web site
- Manage your out-sourced projects more effectively

Results you can see through improved web performance

- Tips to draw more visitors to your site
- Techniques to turn visitors into buyers

E-Cert

The new E-Commerce Management Certificate Program is designed for entrepreneurs, professionals in private practice, business owners and managers of every type of company.

This 33-hour program integrates business concepts, technical material and hands-on case studies/practice exercises. All participants are equipped with Internet access for live web interactions.

Contents- 6 courses:

- E-Business for your business
- Marketing Strategies for E-Business
- Understanding E-Technology
- Security, Privacy and Legal issues
- E-Management and Leadership
- E-Readiness: The Final Step

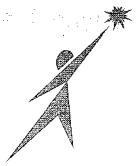
See the E-Commerce web site at www.yourbizpartner.com/ecommerce for more information.

Specialty E-Commerce Program Highlights

- Personal one-to-one e-business counseling
- Online Assessment Tools
- Workshops with the latest trends and strategies
- E-mail counseling
- Web site reviews and feedback
- Online training programs
- New E-Commerce Management Certificate Program
- Referrals & Resources
- Building your connections to technical experts for every phase of your e-business development

Contact u

NJSBDC Managing E-Commerce Program
Nat Bender
49 Bleeker Street,
Newark, NJ 07102
800/432-1565
www.yourbizpartner.com/ecommerce



If your company is exploring international trade growth strategies, the NJSBDC's International Trade specialty program provides free, confidential, one-on-one counseling. International Trade counseling is often part of comprehensive small business management counseling delivered through the NJSBDC network's ten regional centers. To learn more about NJSBDC's International Trade program, visit our web site at: www/yourbizpartner.com/international trade. There you can complete a Request for Counseling form to initiate counseling services.

The NJSBDC's International Trade program sponsors a workshop entitled "Demystifying International Trade." This international trade workshop is one of many training opportunities sponsored by the NJSBDC. For a complete list of low-cost training events for small businesses, visit the NJSBDC web site at www.yourbizpartner.com or call 800/432-1565.

Demystifying International

Typical sessional will include:

- Exporting and importing overview
- Market research and planning
- How to get paid freight-forwarding and customs brokerage
- International trade resources
- Banking and Financing

Each seminar lasts three hours. The affordable participation fee includes refreshments and materials. To register, call the site of workshop or get more information about International Trade resources at 800/432-1565.

Clients of NJSBDC International Trade counseling and training include manufacturers of industrial products, consumer items, foodstuffs and basic goods. Clients also include advanced technology companies including software and computer developers and "dot-coms."

Roger S. Cohen, Consultant

Roger Cohen is president of Cranford-based Cohen International which specializes in business development among international companies. He serves as lead international trade consultant to the NJSBDC and will conduct the Demystifying International Trade workshops.

Highlights

We are helping New Jersey exporters obtain SBA-guaranteed export working capital loans. For example, one client recently obtained a $500, 000 revolving line of credit with our help.

Find International Trade Answers

Is your company ready to move into the international trade arena?
Moving into the global market can dramatically impact your business-in both negative and positive ways.There is the potential to gain market share, but also the risk of becoming over-exposed. Get the facts to make an educated decision.

Ready for international E-Commerce?
If you are selling products on your web site you need to be ready to address international orders. Are your company's payment, fulfillment and customer service processes ready to sell worldwide on the world wide web?

What are the first steps?
Get sound business planning advice, practical import and export information, and resources for information and services. Learn working definitions for important trade terms, such as bills of lading, letters of credit and exchange rates.

Have a product to export?
NJSBDC is continuing the 7-Session, 16-week Market Entry Training Program that focuses on export opportunities in Mexico and Canada. Call for date of he next session.

Contact us

NJSBDC International Trade Program
49 Bleeker Street,
Newark, NJ 07102
800/432-1565
www.yourbizpartner.com/internationaltrade

Manufacturing Mentor/Protégé Program

The Mentor/Protégé Program develops and implements strategies that will increase manufacturing jobs in New Jersey.

We do this by identifying major companies (Mentors) that source out of state or offshore manufactured items for use in their own products.

As an alternative, we search the manufacturing communities in New Jersey to find New Jersey manufacturers (Protégés) with potential and ambition to satisfy the Mentor's needs.

NJSBDC facilitates business relationships whereby the Mentors help the Protégés become suppliers to their respective firms.

How We Do It

We meet with the Mentor COO and enlist commitment to these objectives. We meet with the Protégé COO to assess eagerness, capability and commitment to build and change to suit the Mentor's needs.

Then exploratory meetings are held so Mentor and Protégé decision-making executives set the operating climate and target mutual goals.

Once the stage is set to pursue the goals, Mentor managers - engineering, procurement, financial, quality, manufacturing - commence working with Protégé counterparts.

NJSBDC Mentor Program staff act as facilitators. We monitor progress so Mentor/Protégé activities stay on target. Where necessary, we provide counseling and other support to Mentor or Protégé. The Mentor provides the technical and managerial counsel to help the Protégé achieve the mutual goals. The Protégé adopts changes to accommodate the Mentor's market needs.

A purchase order or contract measures success.

Special Services

The NJSBDC Manufacturing Mentor/Protégé Program develops consortia of manufacturers to access training funds available from the NJ Department of Labor's Office of Customized Training to train client manufacturer employees. The client determines the trainer, training elements as well as the training schedule. The client also selects the training provider.

To date, more than 100 New Jersey manufacturers have participated successfully as NJSBDC consortia members, accessing more than $1 million in workforce development dollars annually.

How About You?

Do you have a customer who buys manufactured products overseas or out of the state? The Manufacturing Mentor/Protégé Program may be for you. Our approach is earthy, bottom line oriented and has delivered satisfying results.

The program is for all companies, in either role, Mentor or Protégé. In some unusual cases, it has been both. If you sense the need for a fully supportive business alliance in New Jersey to increase your revenues, call us. We are your multi-skilled, business partners ready to help.

How Much Does It Cost?

There is no charge to be a NJSBDC client. To learn more about NJSBDC services for manufacturing, as well as procurement, electronic commerce, technology commercialization or international trade, visit our web site at www.yourbizpartner.com/manufacturing.

Highlights

In the past three years:

- Our Protege companies received $3.1 million to underwrite training.
- NJSBDC Manufacturing Program organized 385 courses, involving 172,806 training hours.
- Thirty-one participating Protégé companies (60%) have achieved ISO9002 registry, materially improving their marketability.
- 2,223 of the people employed by the Proteges received training to further develop skills ranging from communication, accounting, bookkeeping, and safety to line production, computerization and other technical issues.

Contact us

NJSBDC Manufacturing Mentor/Protégé Program
43 Bleeker Street, Newark, NJ 07102
973/353-5892
http://www.yourbizpartner.com/manufacturing

CUSTOMIZED TRAINING

A New Jersey State Initiative
In 1992 the State signed into law the 1992 New Jersey Workforce Development Partnership Act. It was designed to assist companies in this state to become more competitive by upgrading workforce skills. The purpose is to assist New Jersey companies in becoming more competitive with other states and other industrialized countries. In FY93 (1992) approximately $8,000,000 was allocated to do the job.

The amount allocated for the program for FY00 is $65,000,000.

Who is Eligible to Participate?
New Jersey companies whose taxes and UI payments are current.

How Does it Work?
A company (or group of companies called a Consortium) determines and documents its training needs. It completes appropriate forms, detailing the training to be administered, its qualification to participate in this program, the training providers to be used, the costs of the training time as well as the materials and preparation, the number of trainees taking each of the training elements (courses) and the number of hours each element consumes.

In addition, the company or consortium defines its goals and expectations. Some of these are:

- The number of jobs the training will create or retain.
- The importance of the training to the employees and the company.
- How much of the training is in direct production vs. administration.
- The extent to which the company plans to continue its training effort after the grant training is completed.
- Whether the training involves occupational safety and health education

The New Jersey Small Business Development Center (NJSBDC) will prepare the documentation with the cooperation of 10-15 companies who wish to participate in the consortium. We will guide the participating companies in supplying the trainee and training course data, and we will thereby be the funds grantee. When the grant is awarded, the NJSBDC will notify all participants and the selected providers of the approval. Training will begin as soon as the schedules can be arranged between the providers and participants.

Where Is The Training Done?
In most cases, training is done on company premises. On occasion, training may have to be done at a provider's location, depending on the skills sought (welding, soldering, special computer training, etc.).

Who Pays the Training Provider?
When a course is to begin, the training provider sends us a course scheduling form which has been worked out with the participant. It is our job to see that the schedule complies with the grant. When the schedule is approved, the course proceeds.

At the end of the course (which may have been monitored by a representative from the NJSBDC or the NJ Department of Labor's Office of Customized Training), the provider will send the NJSBDC an invoice referencing the course schedule previously submitted and approved, detailing attendance, the trainee by name and SS#, the days and hours the course took place, and the cost of materials. We will confirm the validity of the detail and voucher the state. Upon payment of the voucher from the state, the provider is paid by Rutgers, the State University.

What Does The Company Pay??
The company pays the wages and the fringes of the trainees while attending the courses. This is called ***Payment In-Kind***. The state requirement is that the company's ***in-kind*** payment be at least 40% of the total cost (Total Cost = State Payment + Company ***In-Kind*** Payment). Experience shows that the company's payment almost always exceeds the 40% mark.

The company also pays for workers' lost productivity. And companies are thereby cautioned. This really costs. Do not ask for more than you can comfortably absorb. At the New Jersey Small Business Development Center, we do our best to ensure your training request is practical, down-to-earth and achievable.

If a company applies on its own, no other costs are incurred. If a company joins a consortium, the grantee may require some financial contribution from the company. Joining a Consortium developed by the NJSBDC generally calls for a small contribution.

The New Jersey Small Business Development Center is a partnership of Rutgers Graduate School of Management, the US Small Business Administration and the NJ Department of Commerce and Economic Development. NJSBDC is partially funded by the US Small Business Administration under Cooperative Agreement # 8-7620-0031-17. The support given by the US SBA through such funding does not constitute an express or implied endorsement of the cosponsor's or participants opinions, findings, conclusions, recommendations, products or services. All SBA programs and services are extended to the public on a nondiscriminatory basis. Arrangements for the handicapped will be made if requested two weeks in advance by contacting Madeline Brilman, NJSBDC, 43 Bleeker St., Newark, NJ 07102, (973)353-5950.

Case Number:_____

NJ Small Business Development Center

REQUEST FOR COUNSELING FORM(to be completed by client)

1. Your Name (First, Middle, Last)/Title

2. Telephone Number(s)
Home_____
Business_____
Fax_____

3. Email address(print carefully)

4. Street Address | 5. City | 6. County | 7. State | 8. Zip

9. Race (mark one or more)
a. Native American or Alaskan Native ☐
b. Asian ☐
c. Black or African American ☐
d. Native Hawaiian or other Pacific Islander ☐
e. White ☐

10a. National Origin
Spanish ☐
Portuguese ☐
Neither ☐

10b. Ethnicity
a. Hispanic Origin ☐
b. Not of Hispanic Origin ☐

11. Business Owner Gender
a. Male ☐
b. Female ☐
c. Male/Female ☐

12. Within the last two years, have you ever received:
a. Aid to Families with Dependent Children (AFDC)
Yes ☐ No ☐
b. Temporary Assistance to Needy Families (TANF)
Yes ☐ No ☐

13. Veteran Status
a. Veteran ☐
b. Disabled Veteran ☐
c. Vietnam Era Veteran ☐
d. Non-Veteran ☐

14. How did you hear of us?
a. Word of Mouth ☐
b. Bank ☐
c. Newspapers ☐
d. Chamber of Commerce ☐
e. Internet ☐
f. Radio ☐
g. Television ☐
h. Magazine ☐
i. Other _____
j. SBA ☐
k. Seminar ☐

15. Describe the nature of the counseling you are seeking.

16a. Currently in Business? Yes ☐ No ☐
16d. Is this a Home-based Business? Yes ☐ No ☐
16b. Are you currently NJ State Certified - Minority Business Enterprise ☐ Women Business Enterprise ☐ If yes, expiration date ____
16c. Are you currently Registered and have approval by the NJ State as a Small Business Enterprise ☐

17. Type of Business/Industry:

18a. Name of Company :
18b. Tax ID Number

19. Company address:

20. Please describe your business/or business concept as specifically as possible below:

21. What is your product or service's major selling point(s) (i.e., Price, Service Quality, Uniqueness, Etc.)?

22. Who are/would be your primary customers?

23. **BUSINESS INFORMATION**
a. Date you started in this business_____
b. How many people from welfare have you hired? _____
c. How many employees do you have (including yourself)?
Full Time _____ Part Time _____ Temporary or Freelance _____
d. What are your annual gross sales? (Est., if Necessary)
1996 _____ 1997 _____ 1998 _____ 1999/YTD _____

REQUEST FOR COUNSELING

This is a request for management or technical assistance from (***enter your center's name and address***), a subcontractor of the New Jersey Small Business Development Center, Rutgers, The State University of New Jersey, Graduate School of Management, Newark, NJ under Chapter 648 of the Acts of 1962, as amended under a cooperative agreement number 8-7620-0031-17 partially funded by the U.S. Small Business Administration, the New Jersey Commerce & Economic Growth Commission and Rutgers, The State University.

I request business management counseling from the Small Business Development Center. I agree to cooperate should I be selected to participate in surveys designed to evaluate SBDC assistance services. I authorize the SBDC to furnish relevant information to the assigned management counselor(s) although I expect that information to be held in strict confidence by him/her.

It is understood that the SBDC will not authorize the release of information given except when required in Federal and State statues, rules and regulations or when client provides a written waiver of confidentiality (e.g. for publicity purposes). It is understood that the release of such information will be made available, for purposes of financial and management audits, by the above parties mentioned in paragraph one.

I further understand that each counselor has agreed not to:

(1). recommend goods or services from sources in which he/she has an interest and;
(2). accept fees or commissions developing from or in connection with this counseling relationship except if I choose to sever my relationship with SBDC. (see attached release form & policy)

In consideration of SBDC's furnishing management and/or technical assistance, I waive any and all claims against the SBA, SCORE, SBDC and their host organizations, SBI and their officers, directors, employees and counselors or any other SBDC Resource Counselors, which may arise out of or result from the management of technical assistance.

The Company and/or SBDC may terminate the request by **written notice to the other.**

In consideration of the furnishing of management and technical assistance, (company or individual name)_____
with offices at _____
agrees to defend, indemnify and hold harmless Rutgers, The State University of New Jersey, its trustees, officers, employees and all other parties mentioned in paragraph one of this page from and against any and all claims, costs, damages, liabilities, losses, suits, fees and expenses (including reasonable attorney's fees) which may arise out of or result from its furnishing management or technical assistance. In return for assistance, the client agrees to cooperate with the Small Business Development Center by providing information requested in a timely manner for counseling purposes. Also, the client agrees to return qualitative data concerning services rendered which should be done within ten (10) days of termination of counseling. The client also agrees to provide impact data, including a one year follow-up, which may be requested.

Signature	**Date**
Title	**Tel. #**

NJSBDC FORM 200

Voluntary Termination of Counseling

I am aware that the NJ SBDC has a strict Conflict of Interest policy. If I choose to contract with an SBDC consultant I will have to complete and sign the following statement.

- I have recently requested counseling from or have been a client of the _____SBDC;
- In the course of working with the SBDC, I met _____ who is a paid consultant for the SBDC.
- I have independently, and of my own free will, decided that I would like to retain _____ to privately work with me on developing my business. I understand that the SBDC does ***not*** charge any fees for counseling services and that any contractual relationship that I make with _____ is entirely between me and _____ and is totally independent of my request for assistance from the SBDC and that the SBDC is not responsible for any liability that may arise out of my relationship with _____.
- In order to avoid any possible conflict of interest on the paid consultants part, or any appearance of impropriety, I hereby terminate my request for counseling with the SBDC and ask that a signed copy of this request be placed in my SBDC file.

_____ Signature of Client

_____ Signature of SBDC Director

NJSBDC- MANUFACTURERS TRAINING CONSORTIUM
TYPICAL COURSES REQUESTED

COMPANY NAME _____ **Date** _____

Person Completing Form: _____ **Title** _____ **Phone:** _____

SEQ	Course Name/Title	#-P	Comments
	QUALITY MANAGEMENT		
458	INTERNAL AUDITOR TRAINING		
238	ISO9000 - EMPLOYEE AWARENESS PROGRAM		
510	ISO9000 - PREPARATION FOR IMPLEMENTATION		
240	ISO9000/2 - PREPARING FOR AUDIT		
460	PREPARING FOR REGISTRATION AUDIT		
426	QUALITY COSTING		
425	QUALITY IMPROVEMENT		
	MATH SKILLS		
205	ALGEBRA - I		
602	HIGH SCHOOL MATH		
601	MATH FOR MACHINISTS		
273	SHOP MATH		
600	TRIGONOMETRY		
	SHOPWORK KNOWLEDGE		
231	GENERAL MACHINE PRACTICES		
232	GEOMETRIC DIMENSIONING & TOLERANCING		
234	INTERMEDIATE ELECTRICITY		
235	INTERMEDIATE ELECTRONICS		
321	METALLURGY		
267	PROGRAMMABLE LOGIC CONTROL		
319	THERMOFORMING OPERATIONS		
284	USING SHOP MEASURING INSTRUMENTS		
	COMPUTER SKILLS		
206	AUTO CAD		
216	COMPUTER - KEYBOARDING		
217	COMPUTERIZED ACCOUNTING RECORDS		
227	EXCEL 5.0 FOR WINDOWS FUNDAMENTALS		
202	MS ACCESS		
	OFFICE SKILLS, LANGUAGE, COMMUNICATION		
204	ACCOUNTING, PRACTICAL (BOOKKEEPING)		
211	BUSINESS WRITING		
214	COMMUNICATING IN THE WORKPLACE - INTERPERSONAL		
224	ENGLISH AS A SECOND LANGUAGE LEVEL 1		
237	INVENTORY CONTROL & MGMT.		
281	TELEPHONE TECHNIQUES		
219	CUSTOMER RELATIONS/SERVICE		

NJSBDC- MANUFACTURERS TRAINING CONSORTIUM
TYPICAL COURSES REQUESTED

SEQ	Course Name/Title	#-P	Comments
	SUPERVISION, MARKETING		
218	CONFLICT INTERVENTION - PROB SOLVING PROCESS		
247	MANAGEMENT SKILLS FOR SUPERVISORS		
222	DEVELOPING PRESENTATION SKILLS		
230	FINANCE FOR THE NON-FINANCIAL MGRS		
	SHOP SKILLS		
201	ABRASIVES		
286	ARC WELDING I		
209	BLUEPRINT READING I		
213	CNC PROGRAMMING		
220	CUTTING FLUIDS		
223	DRILL PRESS		
233	GRINDING OPERATIONS		
292	HEAT TREATING		
242	JIG BORE		
243	LATHE OPERATION		
253	MILLING		
269	PUNCH PRESS		
270	SAW OPERATIONS		
434	SHEET METAL PRESS BRAKE		
275	SMED (SINGLE MINUTE EXCHANGE OF DIES)		
353	SOLDERING		
285	WELDING: ARC - II		
	PRODUCTION MANAGEMENT		
250	MANUFACTURING RESOURCE PLANNING - I		
252	MATERIALS MANAGEMENT		
254	MRP - SOFTWARE		
264	PLANNING - SCHEDULING		
279	SPC - INTRODUCTION		
280	TECHNICAL AND REPORT WRITING		
	SAFETY		
419	HAZARDOUS COMMUNICATION/RIGHT TO KNOW		
327	LOCKOUT/TAGOUT - MACHINE GUARDING		
259	OSH - FORK LIFT OPERATION - HI/LO REQD TRAINING		
260	OSH - HAZARDOUS WASTE MANAGEMENT		
261	OSH - HEALTH & SAFETY		
340	OSH - HEAVY FLAMMABLE LIQUID FIRES		
262	OSH - RIGHT TO KNOW		
293	OSH - SAFETY PRINCIPLES (PLANT SAFETY)		
258	OSHA FIRST AID/CPR TRAINING		

NJSBDC - TRAINEES FOR MANUFACTURERS TRAINING CONSORTIUM

Date_____199_

COMPANY NAME >>>					Courses							
Trainee	Title	SS#	Hourly Wage	Fringe Rate (%)	1	2	3	4	5	6	7	8

New Jersey Small Business Development Center
Consortium Documents Needed

Company:_____**Person:**_____**Date:**_____

1. ☐ **- Request For Counseling**

_____☐ Rcvd_____19___

2. ☐ **- Application for Customized Training Assistance**

_____☐ Rcvd_____19___

3. ☐ **Eligibility Form**

_____☐ Rcvd_____19___

4. ☐ **- Business Needs Form**

_____☐ Rcvd_____19___

5. ☐ **- Summary Financial Information**

_____☐ Rcvd_____19___

6. ☐ **- Human Resources Development Plan**

_____☐ Rcvd_____19___

7. ☐ **- Concurrence of Bargaining Agent/Employer Certification Form**

_____☐ Rcvd_____19___

8. ☐ **- Training Summary Form (Part One)**

_____☐ Rcvd_____19___

9. ☐ **- Full Training Assignment Form**

_____☐ Rcvd_____19___

10. ☐ **Workers Compensation Form**

_____☐ Rcvd_____19___

11. ☐ **Other Items**

_____☐ Rcvd_____19___

NEW JERSEY DEPARTMENT OF LABOR
DIVISION OF WORKFORCE DEVELOPMENT
OFFICE OF CUSTOMIZED TRAINING
CN 933, TRENTON, NEW JERSEY 08625-0933

APPLICATION FOR CUSTOMIZED TRAINING ASSISTANCE

PART I

A. **IDENTIFYING INFORMATION**

1. **COMPANY NAME:**_____
2. **ADDRESS:**_____
3. **COUNTY:**_____ **4. TELEPHONE: (__)**_____
5. **NAME AND ADDRESS OF THE PARENT ORGANIZATION** (If applicable):

_____

_____

At facility applying for training grant:

6. **NUMBER OF EMPLOYEES:**_____: **a. Hourly:**_____ **b. Salaried:**_____
   c. New Hires:_____ **d.Upgrades:**_____
7. **NUMBER OF INDIVIDUALS TO BE TRAINED:**_____**:Hourly:**____**; Salaried:**_____
8. **TYPE OF BUSINESS:** (Manufacturing) _____
9. **PRODUCT OR SERVICE:**(e.g., metal goods, chemicals, plastics, etc.)

_____

10. **CONTACT PERSON:**_____ **11. TITLE:**_____
12. **FEDERAL EMPLOYER IDENTIFICATION NUMBER.:**_____
13. **NEW JERSEY EMPLOYER REGISTRATION NUMBER.:**_____
14. **STANDARD INDUSTRIAL CODE (SIC):**_____
    (If not known - call (609) 292-2261 or 292-2663)
15. **UNION AFFILIATION:**(If applicable, indicate name, local number and address)

_____

16. **PREVIOUS CUSTOMIZED TRAINING GRANT RECIPIENT:**_____
17. **REFERRAL** - Please indicate how you learned of the Customized Training Program:

    ( ) **DEPARTMENT OF LABOR**
    ( ) **DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT**
    ( ) **ECONOMIC DEVELOPMENT AUTHORITY**
    ( ) **SECRETARY OF STATE'S OFFICE**
    ( ) **MEDIA SOURCE**
    ( ) **NJSBDC - MENTOR/PROTEGE PROGRAM**
    ( ) **OTHER** (Indicate source)_____

B. ELIGIBILITY

Which of the following classifications apply? [Check appropriate box(es) and enter the number of employees impacted.]

1. ( ) **BUSINESS RETENTION** - Prevention of job losses as a result of potential facility closing, national or international competition, or changing technology:

   NUMBER OF EMPLOYEES WHO COULD LOSE JOBS: ____

2. ( ) **BUSINESS EXPANSION** - Creating new jobs and/or upgrading jobs:

   NUMBER OF NEW HIRES: ____
   NUMBER OF CURRENT EMPLOYEES TO BE UPGRADED: _____

3. ( ) **RELOCATION TO NEW JERSEY:**

   NUMBER OF EMPLOYEES TO BE EMPLOYED IN NEW JERSEY:_____

4. ( ) **POSSIBLE RELOCATION FROM NEW JERSEY:**

   NUMBER OF EMPLOYEES WHO MAY LOSE JOBS: ____

5. ( ) **NEW (START-UP) BUSINESS:**

   NUMBER OF HIRES: _____

Company Name:_____

Business Needs

Summarize the specific training-related problems being experienced by your company (e.g., low productivity, lack of skilled workers, poor quality, etc.).

Program Outcomes

In the space below, describe how the proposed training program will help solve the problems listed in response to "Business Needs..

Company Name:_____

SUMMARY FINANCIAL INFORMATION

All employer consortium members must submit "Summary Financial Information" for their last two most recent years of financial activity. Please complete the summary data below:

	19___	19___
Total Current Assets	_____	_____
Total Other Assets	_____	_____
Total Investments	_____	_____
Property	_____	_____
Equipment	_____	_____
Debt	_____	_____
Total Current Liability	_____	_____
Total Long Term Debt	_____	_____
Total Other Liabilities	_____	_____
Total Liabilities	_____	_____
Retained Earnings	_____	_____
Total Equity	_____	_____
Total Sales	_____	_____
Total Net Operating Income	_____	_____

Company Name_____

Completed by_____Date_____

Form FIN_DATA.DOC;

HUMAN RESOURCE DEVELOPMENT PLAN

Each participating employer member must complete the "Human Resource Development Plan"

The Human Resource Development Plan (HRDP) is a company-sponsored strategy to continue to upgrade or develop the skills of its workers after the end of the training period subsidized under the WDP grant. Examples of HRDP components include, but are not limited to: tuition reimbursement, providing career paths, establishment of a facility for computer-based learning, etc.

For the purpose of this grant application, the long-term HRDP would apply to the 12-month period following the end of the requested Customized Training contract period.

Describe your company's Human Resource Development Plan, including how you expect the Customized Training grant would enhance the productivity and employment security of your workforce:

Company Name:_____

Consortium Members Certification

Concurrence of Collective Bargaining Agent

If the employer(s) for which training is to be offered is subject to a collective bargaining agreement, concurrence by an appropriate representative of that bargaining organization is required. The signature of such a representative below indicates concurrence regarding the requested training program.

Signature	Date
(Type) Name and Title	(Type) Union Name

Employer Certification

The employer certifies that it is not in violation of any applicable federal or State laws and regulations including but not limited to taxes, child labor, wages, workplace standards and classroom safety standards. Further, all unemployment insurance contributions, assessments, penalties, fees and/or back wages due to or established by the Department of Labor have been paid in full.

The employer also certifies that all information contained in this application is accurate, complete and true.

Signature of Chief Executive Officer	Date
(Type) Name and Title	(Type) Company Name

D. *TRAINING SUMMARY:* Company_____

Prioritize your training requirements, listing the training course you consider most important first:

Column 1	Column 2	Column 3	Column 4
Type of training requested. List specific course (e.t., TQM) or specific skill (e.g., mold making).	Is training On-the-Job* or Classroom-Based**?	Number of workers to be trained in each training course listed in Column 1.	Job title and average hourly wage of workers in each training course listed in Column 1. Job Title / Hourly Wage

** On-The-Job Training: Training conducted at the work station in which come production is generated by the trainee as an outcome of the training process.*
***Classroom-Based Training: Training held in a formal instructional setting that is removed form the trainee's production work station.*

TRGSUM.DOC

Sample

D. TRAINING SUMMARY

Prioritize your training requirements, listing the training course you consider most important first:

Column 1	Column 2	Column 3	Column 4	
Type of training requested. List specific course (e.g., TQM) or specific skill (e.g,. mold making).	Is training On-the-Job* or Classroom-Based** ?	Number of workers to be trained in each training course listed in Column 1.	Job title and average hourly wage of workers in each training course listed in Column 1. Job Title	Avg. Hourly Wage
PROCESS SKILLS				
Integrated Product Development (IPD)	Classroom	257	1, 3, 4, 6, 7, 8	$33.19
MIL - STD 2000 Certific	Classroom	48	5, 6	16.35
ENGINEERING TOOLS				
Pro-Engineer	Classroom	8	1	31.19
PC TRAINING				
Project	Classroom	100	1, 2, 3, 5, 6, 7, 8	22.57
Power Point	Classroom	15	2	15.15

JOB TITLE CODES (Column 4)

1. Software Engineers
2. Clerical Personnel
3. Sub-Contract Administrator
4. Technician
5. Assemblers, Planners
6. Manufacturing Supervisors
7. Program Administrators
8. Product Specialists

NJSBDC - TRAINEES FOR MANUFACTURERS TRAINING CONSORTIUM

Date 199

COMPANY NAME >>>

Trainee	Title	SS#	Hourly Wage	Fringe Rate (%)	Courses							
					1	2	3	4	5	6	7	8

New Jersey Small Business Development Center

New Consortium Participant

WORKER COMPENSATION

The undersigned certifies that _____ does now maintain worker compensation protection for each of its employees. We also certify that such protection will be effective throughout the training program in which the New Jersey Small Business Development Center is the Consortium lead agency..

Signed _____

Name and Title (Print) _____

Date _____

Place _____

NEW JERSEY DEPARTMENT OF LABOR

Customized Training

Program Overview

Christine Todd Whitman
Governor

MEL GELADE
Commissioner

CONTENTS

I. *Program Background*

II. *Program Eligibility Conditions*

III. *Program Conditions*

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VII. *Monitoring*

VIII. *Payment*

IX. *Conclusion*

NEW JERSEY DEPARTMENT OF LABOR'S CUSTOMIZED TRAINING PROGRAM

I. PROGRAM BACKGROUND

1. How it Started

Customized Training is a component of the Workforce Development Partnership program which was authorized by the 1992 New Jersey Employment and Workforce Development Act. This legislation also established the Workforce Development Partnership Trust Fund.

In addition to the Customized Training program, the statute also created the following components:

a. Workforce Development Individual Grant Program - Provides grants to eligible displaced and disadvantaged workers who are unemployed, and who need training to increase marketable skills to obtain employment.

b. Occupational Safety and Health Training - Provides training or education designed to assist in the recognition and prevention of potential health and safety hazards related to an occupation which is the subject of occupational training.

2. Financing the Program

The Workforce Development Partnership Trust Fund is financed through employer and worker contributions. Employers contribute 0.1% of unemployment taxable wages, while .025% of worker unemployment contributions are utilized to finance the Trust Fund. In 1995, the maximum worker contribution was $4.40, while the employer contribution was $17.60 per worker. When the Workforce Development Partnership legislation was enacted in 1992, employer and worker contributions to the Unemployment Trust Fund were reduced by the same amount as the Workforce Development Partnership Trust Fund tax. The net result was a redistribution of existing state tax revenues, which resulted in no new tax increases.

Customized Training grants awarded are payable through the Workforce Development Partnership Trust Fund.

The Workforce Development Partnership Trust Fund is a dedicated fund, financed entirely by state contributions. The annual program budget is approximately $50 million per year, which is divided among the various Workforce Development program components. The Customized Training allocation is about $17 to $20 million per year.

3. *Other Selection Criteria*

Because the demand for Customized Training grant assistance far exceeds the supply of available resources, not all applications can be approved. While applications are evaluated in the context of these selection criteria, each application is somewhat unique and viewed on its own merits. The selection criteria (which are provided for in the Adopted Rules, N.J.A.C. 12:23-1 and 2) are as follows:

a. *The number of jobs that the training will create or retain;*

b. *How much the training will increase marketable skills and earning power of the participants;*

c. *How important the training is to the applicants ability to either remain in business or to supply a trained workforce for occupations that are in demand;*

d. *What percentage of the individuals will receive training for work primarily in the direct production of goods and services;*

e. *The extent to which the company's long-term Human Resources Development Plan will enhance the productivity and competitiveness of the employer's operations in the State and the employment security of the employer's workers;*

f. *Whether the training involves occupational safety and health education which is designed to assist in the recognition and prevention of potential health and safety hazards related to an occupation which is the subject of vocational training.*

III. Customized Training Program Conditions

1. *Cost for the preparation of an application is the responsibility of the applicant.*

2. *Costs incurred by an applicant prior to the execution of a formal training contract are not reimbursable.*

3. *Participating businesses must provide matching funds toward program costs. A Customized Training Representative will assist in identifying appropriate matching contributions.*

4. *Participating businesses must submit financial information, including income statements, balance sheets and cash flow statements, for the three-year period preceding the date of application.*

5. *If the occupation for which training is being conducted is covered by a collective bargaining agreement, union concurrence is required.*

6. *Trainees successfully completing the training program must be hired or retained in permanent employment by the participating business.*

7. *Program participation must not cause any displacement of current employees or any reduction in their hours; it must not replace, supplant, compete with or duplicate an approved apprenticeship program.*

8. *Participating businesses must provide workers' compensation coverage for any worker enrolled in the training program.*

9. *If a participating business leaves New Jersey within three years of the conclusion of a skills training agreement under which the company received financial assistance under a Customized Training grant, all monies received under that agreement must be returned to the State.*

10. *All classroom-based training providers must be located in New Jersey and approved by the New Jersey Department of Education and/or Department of Labor.*

11. *The submittal of an application does not in any way obligate or imply approval of financial assistance by the New Jersey Department of Labor.*

12. *A participating business creating new jobs through participation in the Customized Training program should list those job openings with the New Jersey Department of Labor's Automated Labor Exchange (ALEX) system.*

13. *The grantee/contractor agrees to make available to the grantor all records and documentation necessary to monitor and evalute their performance under the terms and conditions of the contract.*

    A for profit grantee/contractor agrees to provide a written report by an independent accountant on compliance with the terms and conditions of the grant agreement and applicable laws and regulations, within sixty days of the conclusion of the contract, or within sixty days of the fiscal year end which includes the grant period. Such a report on compliance can be part of the company's annual financial audit, or can be a separate report.

    A not-for-profit or governmental unit grantee/contractor agrees to have completed a single audit under either OMB Circular A-128 "Audits of State and Local Governments," or A-133 "Audits of Institutions of Higher Learning and Other Non-Profit Institutions," which ever circular pertains to their situation.

    All subgrantees/sub-contractors will follow the same grantee/contractor audit requirements that pertain to their individual situations.

All costs related to the independent audit and written reports by the accountant/auditor are the responsibility of the grantee. These costs cannot be included as part of the grant award.

The Department reserves the right to conduct an audit of the grantee/contractor on all WDP funds provided pursuant to this agreement.

IV. TRAINING PROGRAMS

Training programs are designed to a large extent by the applicant. Programs are developed to meet the specific needs of the business or organization(s) submitting the application.

1. *Training activity can take the form of on-the-job and/or classroom training.*

   - *On-The-Job Training is training that is conducted at the work station in which limited production is generated by the trainee as an outcome of the training process.*

   - *Classroom-Based Training is training held in a formal instructional setting that is removed from the trainee's work station.*

2. *While classroom-based training can be conducted by the applicant, it is recommended that a qualified third party vendor such as a New Jersey community college be utilized for best program results. Any applicant staff member who is listed as a potential trainer, must first be determined by the Office of Customized Training to be qualified, and thus be a bona fide trainer.*

3. *On-the-job training can only be approved for specific occupational or "hard skills" instruction. Other training, such as for Total Quality Management (TQM), must be conducted in a classroom setting.*

4. *The applicant may consider certain training activities for inclusion as part of their matching grant contribution. These in-kind contributions may include: workers' time spent while participating in on-the-job training; the cost of third party vendor tuition; materials used during instruction; instructor fees; and associated training costs that are identified as support activities or materials.*

5. *Examples of types of training which have been approved by the Office of Customized Training include; ISO 9000; computer and information science; industrial production technologies; quality control and safety technologies; precision production technologies; English as a Second Language or remediation; total quality management; etc.*

V. THIRD PARTY TRAINING VENDORS

The applicant may select the third party training vendor. However, all applicants are strongly urged to utilize a New Jersey community college, four year college or university or county vocational school.

1. *Local community colleges are active partners in the Customized Training program, and as such may be included in the review of training programs and costs submitted by the applicant.*

2. *A training vendor must be located in New Jersey in order for the cost of the training services to be considered reimbursable by the Customized Training grant. In the event an out-of-state vendor is selected, the vendor's costs may only be considered as an in-kind contribution.*

VI. THE APPLICATION PROCESS

The Customized Training application has been divided into two parts.

1. *Part I of the application is to be completed by the applicant. There is sufficient information contained in this application section to enable the Office of Customized Training to determine if the applicant may be eligible for a grant.*

2. *If the applicant is not eligible for a training grant, a letter to that effect will be forwarded within approximately two weeks of the receipt of the application. Alternative services may be offered to the applicant, which will be identified in the correspondence.*

3. *If the Office of Customized Training determines that the application meets the initial eligibility and selection criteria, Part II of the application will be forwarded to the applicant. Part II of the application details the training courses and costs, and will establish the actual amount of the grant request. A Customized Training Representative will be assigned to the case, and will assist the applicant in the proper completion of the application.*

VII. MONITORING

In the event a training grant is awarded, monitoring of the training by a Customized Training Representative will occur at least once every two months. Following completion of the training, a closeout report will be submitted by the grant recipient. These closeout forms will be provided by the Department of Labor.

The monitoring process involves a review of training records, and interviews with instructors and trainees, who will be selected randomly by the Customized Training Representative. The close out report summarizes the results and benefits of the training program, and is required prior to the final payment to the grantee.

VIII. PAYMENT

The payment of the grant award will be accomplished through a vouchering process. Payment vouchers will be submitted by the grantee in intervals, as the training progresses. Whether vouchers are submitted quarterly or on another schedule, is subject to agreement with the Office of Customized Training. However, the first voucher payment will not be issued prior to a training monitoring visit by a Customized Training Representative. The final payment voucher payment will not be issued prior to the submittal of a close out report.

IX. CONCLUSION

This overview is meant to serve as a general informational guide to the Customized Training program.

The Office of Customized Training is located at the following address:

New Jersey Department of Labor
Office of Customized Training
CN 933
Trenton, New Jersey 08625-0933

In addition to the central location in Trenton, the Office of Customized Training has a number of field offices in various locations throughout the State. These offices are staffed by Customized Training Representatives, who are assigned to assist applicants.

Requests for applications or questions on the Customized Training program can be directed in writing (at the address provided above), or by telephoning the office at: (609) 292-2239.

New Jersey Manufacturing Extension Program, Inc.

Executive Overview in 30 Seconds
NJMEP works with New Jersey's manufacturers and manufacturing workers to build a strong industrial future for our state. NJMEP supports modern, aggressive firms that provide secure, family-wage jobs to skilled workers. During our five years of service, NJMEP has worked in every single county in New Jersey, with over 760 companies on 1300 projects, generating economic impact of $511 million as assessed by independent agencies. We invest federal, state and customer support to develop and manage projects that help New Jersey manufacturers, mostly small- to medium-sized firms, understand their markets, adopt modern management methods, train their workers, and assess and adopt new technologies. NJMEP is a non-partisan, not-for-profit corporation headquartered at the New Jersey Institute of Technology (NJIT) with locally based field agents in all regions of the state. NJMEP is the most direct and extensive way in which New Jersey state government serves manufacturers in our state.

Manufacturing is Fundamental to New Jersey and to America
Manufacturing has long been and remains today a pillar of the New Jersey economy. Nearly 11% of all our jobs are in manufacturing – and they are the best jobs we have. The average manufacturing wage for our 445,000 manufacturing workers is 26% higher than the statewide average and 67% higher than wages in services. Manufacturing has driven New Jersey's surge in exports during the 1990s. All of our top ten exporting industries are in manufacturing. Manufacturing accounts for 12% of our entire Gross State Product and a comparable share of all state revenues. As New Jersey manufacturing becomes more efficient through the deployment of advanced technologies and modern management methods, the total number of manufacturing jobs has declined in our state, while productivity and output have increased. Manufacturing remains central to our economic success. Creating wealth comes from ***Making Things, Mining Things or Growing Things.*** New Jersey is 14th in the nation in the number of manufacturers. We certainly ***Make Things.***

Manufacturing is dynamic. The specific challenges that compelled Congress to create the national MEP system twelve years ago were different than those we address today. From 1977 to 1987, the United States lost more than one million manufacturing jobs. Major plants that anchored regional economies for decades closed. Smaller supplier firms struggled to find new customers. Many failed. The small suppliers that did maintain relations with their large customers faced tough new demands for performance and price as Fortune 500 companies struggled in the new competitive environment. The 1980s also brought early waves of disruptive transformation as manufacturers applied new computer technologies in design, production, management, and communications.

The first MEP Centers entered this turbulent marketplace, engaged clients, read needs, and developed services to help small firms deploy technology, assure quality, train employees, and adopt new management disciplines. The centers worked with hundreds and then thousands of small manufacturers – more than 77,000 - to reassert the proud American tradition of making quality products at competitive prices.

While we are proud of MEP's past contribution, the world is very different in 2002. Today, in New Jersey and elsewhere, MEP clients face unprecedented opportunities and dangers as manufacturing enters a new epoch. The transformation of industry by the microprocessor constitutes a tumultuous advance comparable in magnitude but far

more compact in time than the great divides of steam and electrical power. At the dawn of the last century commerce rolled the continent on iron rails and crawled the seas in steam ships. Today, commerce vaults the heavens in a nano-second. The digital revolution drives a new economy not by superseding the old but by infusing the transforming power of inexpensive information management into all elements of established enterprise. Time and distance shrink. Raw scale matters less, agile scope more. Clever small firms once confined to regional markets can now compete globally. The markets of all small firms are now vulnerable to global competition.

Manufacturing is both the creator of and a huge market for the new technologies of information management and communication that are the heart of what many call the "new economy." Some still imagine brick smokestacks when they think of manufacturing but the modern industrial base of New Jersey includes our pharmaceutical powerhouses, producers of advanced electronic equipment and machine tools, and firms in the vanguard of highly engineered plastics and special alloys. These modern, world-class firms are supported by a growing infrastructure of research and development and sophisticated service firms whose presence in New Jersey is tightly linked to our manufacturing endowment. Manufacturing matters to New Jersey.

Our 12,500 manufacturing firms in New Jersey, like their competitors in other states, will face tough challenges and rewarding opportunities during the next four years. In the current downturn of U.S. manufacturing some firms will lose markets and shed jobs. Rapid increases in national defense and homeland security spending, however, will bring new orders to those firms that are capable and prepared. The current lull in manufacturers' investment in information technologies will become a surge that hastens the arrival of electronic commerce in manufacturing.

New Jersey must have an economic development program that helps New Jersey manufacturers succeed in this dynamic environment. Over the next four years, New Jersey will gain or lose thousands of family-wage manufacturing jobs depending on the performance of our firms – and the ability of state government to be an informed and pro-active partner that can help companies succeed here in the historic cradle of American industry.

New Jersey Manufacturers in the Early 21st Century

We respectfully offer the following perspective on what New Jersey manufacturers must do – and what New Jersey must do for its manufacturers -- especially through the NJMEP.

To serve manufacturers in the early 21st century, the NJMEP must work on several fronts. We have begun to do so. We will help all firms sustain lean processes and enhance flexibility by eliminating time and effort that add no value. Typical results include: productivity increases of up to 30% annually; on-time delivery improved to almost 100%; and inventory reduction of more than 75%. All NJMEP clients will "make things right." Building on this foundation, every NJMEP client will make information management a core competence because, with our help, they drive digital technology deep into all disciplines of their enterprise. NJMEP will be a strategic resource for our clients, providing them with professional business advice, including robust market analysis and counsel to position each as a distinctive supplier that "makes the right things for the right customers." Increasingly, our advanced NJMEP clients will reach their most rewarding markets through Internet-enabled eBusiness channels.

In the early 21st century, NJMEP will focus on the consortial capabilities of manufacturers in our regions, making full use of the new tools of the electronic economy. Because manufacturing now moves globally at lightning speed, great multinational corporations are less linked to regional and even national interests. Their global sourcing spurs competition among regions as well as individual suppliers. Our NJMEP will work with New Jersey manufacturers to quickly form agile consortia that claim rewarding new markets. We will make speed to market a regional capability. We will also help our clients build and sustain the State's optimal share of the links in stable supply chains, assuring broad deployment of the advanced tools and techniques that support inter-firm concurrent design and engineering and electronic procurement.

Continuous product development must become a distinctive capability of New Jersey manufacturing in the new epoch. The State will prosper if we quickly move discoveries to development, design, and the marketplace. The NJMEP will support New Jersey's most advanced small manufacturers as both a market for and source of such innovations, linking the industrial base of the State more closely to our science endowment.

In the new decade, no less than in the past, the performance of New Jersey's small- and medium-sized manufacturers will depend directly on the skills and knowledge of the workers and managers who carry commerce forward each day. NJMEP will clarify and expand our contribution to continuous development of the New Jersey manufacturing workforce and strong human resource practices at our client firms.

Finally, at the dawn of the electronic economy, NJMEP understands and embraces our duty to innovate. We accept responsibility for assuring that New Jersey's small- and medium-sized manufacturers find and fully exploit the potential of e-business faster and more effectively than the comparable firms of any other region in the world.

NJMEP looks forward to pursuing these responsibilities as we work with and for the next Administration.

The New Jersey Manufacturing Extension Program: Mission, Vision and Operation

The NJMEP mission is to assist small- and medium-sized manufacturers in New Jersey to become more productive, profitable, and globally competitive. Our vision is to ally with key organizations to provide knowledge, resources, and advocacy for New Jersey manufacturers.

NJMEP has pursued this mission and vision since the fall of 1996, when we were established in our current form following several months of planning and preparation. NJMEP is headquartered at and draws on the resources of the New Jersey Institute of Technology (NJIT) but we are an independent 501-C-3 not-for-profit organization governed by our own Board of Trustees.

The New Jersey Manufacturing Extension Program, Inc. is sponsored by the federal government through the Manufacturing Extension Partnership Program of the National Institute of Standards and Technology (U.S. DoC) and by the State of New Jersey. We currently receive $1,666,000 annually from our federal investor and $1,000,000 from the State. We realized $1,590,000 in earned revenue from customer payments for our

services. Our future is in increasing earned revenue/fees from clients. Our federal and state investment allows us to deploy a critical mass of experienced manufacturing experts to assist our small and medium-sized manufacturers grow, add jobs and contribute to the overall economy. NJMEP is thus a unique blend of public and private. Our President, Bob Loderstedt captures it best when he says "We are implementing a Public Sector manufacturing Mission with a Private Sector mindset." Our frontline troops are based throughout the state. These twelve manufacturing professionals structure our projects with firms, making sure that we link them with the right public and private sector resources at the right price. They then manage the client's Profit Improvement Projects. Our public sector resources include organizations such as NJIT, other State universities and the 19 New Jersey community colleges. NJMEP is mission-driven and market-disciplined.

The New Jersey Manufacturing Extension Program: Performance
NJMEP does good work. We now conduct over 300 projects per year and work with manufacturers in every county of the state. During our five years of service, NJMEP has generated over $511 million of economic impact as assessed by independent agencies and the State of New Jersey economic input/output model. This constitutes a return of ***155:1*** on the state investment, a ***55:1*** return on the federal investment and a ***40:1*** return on the combined state and federal investment in NJMEP. The national NIST MEP program administration has often turned to NJMEP for models and tools to use nationwide.

We believe the voice of our customers can best convey the quality of our work. Chris Stone of Kason Corporation said, "I found the NJMEP representatives to be experienced, professional and able to connect us with excellent external resources." Mr. Sienkiewicz of Reckitt Benckiser, Inc., said "The information from this project was used on our Lysol packaging line and we have already reduced our changeover time from 35 minutes to 16 minutes." According to Albert Deemer of Captive Plastics, Inc. "without NJMEP, it would have been hard to identify experts and implement projects of this caliber. NJMEP's quick response was very important in meeting an aggressive goal." We welcome the opportunity for you to visit other manufacturers who have benefited from the work of NJMEP to hear for yourself their story.

Closing
NJMEP was requested to participate in this field hearing to present ways to stimulate New Jersey's manufacturing base and to provide information as you investigate the impact NJMEP has on New Jersey's small and medium-sized manufacturers. We believe you have seen the return on your investment and the results. There is a clear plan to continue and expand our work with New Jersey's small and medium-sized manufacturers. The continued investment by the federal government in support of the national program will help these manufacturers grow and become more competitive. The State of New Jersey also needs to continue, like the federal government, their investment in the NJMEP program.

Respectfully,

Robert L. Loderstedt
President and CEO
New Jersey Manufacturing Extension Program, Inc.

MANUFACTURER'S FRONT LINE

A Publication of **New Jersey Manufacturing Extension Program, Inc.** *FALL/WINTER 2001*

@ NJIT, University Heights, GITC, Suite 3200, Newark, NJ 07102-1982

T 973.642.7099 800.MEP.4MFG F 973.596.5530 www.njmep.org

Hands-on Help for New Jersey Manufacturers

Fast Facts

Current projections say there will be over 250 million Internet users in less than four years, and one billion users in less than eight years.

www.ibguide.com/interest.htm 09.25.01

During the past 10 years, U.S. industrial output has expanded by 40 percent-compared to 13 percent growth in Europe and zero growth in Japan.

The Facts About Modern Manufacturing, 5th Edition - 1999, published by The Manufacturing Institute

According to the U.S. government, 92.6 percent of all exporting manufacturers have fewer than 500 employees.

The Facts About Modern Manufacturing, 5th Edition - 1999, published by The Manufacturing Institute

Product Liability: Reps. Chabot (R-OH), Kaptur (D-OH), Gekas (R-PA) and Shimkus (R-IL) have introduced H.R. 940, the National Association of Manufacturers (NAM) - backed legislation establishing a national, uniform 18-year statute of repose for workplace capital goods. The bill says that, after a reasonable period of time, manufacturers should not be liable for machinery that is altered or not maintained.

Washington Bulletin, NAM Policy Staff

a NIST MEP | Network Affiliate

HENRY TROEMNER IMPROVES PRODUCTIVITY AND REDUCES COSTS USING LEAN MANUFACTURING

Henry Troemner founded Henry Troemner LLC, of Thorofare, New Jersey, in 1840. Their first products were weight balances. Today they are one of the world's leading suppliers of precision weights and mass standards, and their commercial metrology laboratory offers comprehensive weight calibration and certification services. They currently employ 120 people, with $14 million in annual sales.

Henry Troemner was introduced to New Jersey Manufacturing Extension Program, Inc. (NJMEP) by Delaware Valley Industrial Resource Center (DVIRC), both National Institute of Standards and Technology Affiliates, upon their relocation from Pennsylvania to New Jersey. They indicated to an NJMEP Field Agent, Bucky Wellman, that they were interested in improving productivity and lowering their costs.

Over the course of a year, Bucky Wellman managed and facilitated 11 projects at Henry Troemner. Five *Lean Manufacturing Workshops with Live Simulation* projects and six *Cellular/Flow Manufacturing* projects were implemented at their facility with their manufacturing, office and management personnel, to assist Henry Troemner in achieving their goal. A total of 100 employees and five suppliers participated in this Lean Manufacturing program. Tim Swanson of TSG Associates, and an expert in Lean Manufacturing, implemented the program.

Savings have been realized as of July 2001. By applying the Lean and Cellular Manufacturing techniques, Henry Troemner reduced their costs by 20% and improved productivity by 20% in the departments that have been addressed so far. In addition, they have saved $75,000 on labor costs and reduced their lead-time by 50% from four weeks to two weeks. As a result, they are able to meet customer needs more quickly and maintain a competitive advantage in their industry.

Continued on page 5

MANUFACTURING POLL

This is a new feature to ***Manufacturer's Front Line***. In each publication, a question will be asked, with an e-mail address for your response. We will report our findings back to you in the next ***Manufacturer's Front Line*** edition.

What has been the most effective, new technique that you introduced to your company this year?

Respond to: **news@njmep.org**

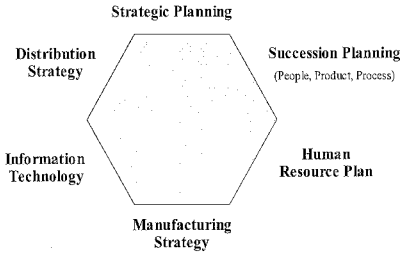
HIGH PERFORMANCE ENTERPRISE

Hexagon Model

A high performance enterprise is the small or medium-sized manufacturing company, which has leadership that wants to drive their business to higher performance in terms of sales growth and profitability. It is also the manufacturer who now realizes that perhaps it's time to let someone else with manufacturing experience look at the business. A model that NJMEP uses to assist those companies in the transformation from their current state to their future High Performance state is called the ***HEXAGON MODEL***.

Pictorially, it is a way to see the six major sides/ elements in a small or medium-sized manufacturer. Those sides and the major impact they have on the business are listed below:

1. Strategic Planning – Value / Mission / Planning / Financial Goals / Strengths / Weaknesses / Opportunities / Threats / Continuous Improvement



Continued on page 5

TEAMWORK RESULTS IN ISO 9001 REGISTRATION FOR COMPAC!

Eight feet of floodwaters could not prevent the team at COMPAC from achieving their goal of ISO registration. In May 2001 COMPAC was recommended for ISO 9001 registration for their New Jersey facilities, Compac Corporation in Netcong and Compac Industries in Edison.

COMPAC, consisting of Compac Corporation in Netcong, NJ and Compac Industries in Edison, NJ, employs 174 and is owned by Metaldyne, located in Plymouth, Michigan. COMPAC produces industrial and residential vapor barriers and pressure sensitive products, and serves customers such as Knauf Fiberglass, Certain-Teed Corporation, Johns Manville Corporation and Owens-Corning.

In August 2000, unexpected floodwaters arrived at the Netcong facility and brought operations to a halt for three months. With perseverance, creativity and support from the local manufacturing community, COMPAC's integrated team was able to recover from this temporary setback, continue to implement the ISO program at their Edison facility, and maintain full employment!

In 1999, through the collaborative efforts of Mr. Chris Marra, Executive Director of the Morris Area Development Group, Bruce Perkins, Manager, Center for Business & Technology of the County College of Morris, and the New Jersey Manufacturing Extension Program, Inc. (NJMEP), COMPAC learned about available technical assistance programs and funding opportunities for their pursuit of ISO 9000 registration. With the assistance from a New Jersey Department of Labor Office of Customized Training Grant, COMPAC commenced ISO 9000 program implementation at their two New Jersey facilities in February 2000. NJMEP, in cooperation with Alamo Learning Systems, implemented the program and grant management. Matt Lesnieski, Director of Quality at COMPAC, said "the external expertise of Alamo Learning Systems was provided to COMPAC in a believable form." This allowed effective integration into COMPAC's current culture.

Pictured left to right: Lois O'Connor & Matt Lesnieski of COMPAC, Matthew McDermott - Deputy Commissioner of NJDOL, & Carl Allieri - President of COMPAC

Continued on page 5

eBUSINESS – SHOW ME THE VALUE

Ask the owner of a small manufacturing company to define eBusiness and there will probably be as many definitions as companies. The scope of eBusiness can range from companies with a single e-mail account to those with fully integrated web enabled enterprise resource planning (ERP) and customer relationship management (CRM) systems. In its broadest sense, eBusiness is the transformation of key business processes through the use of Internet technologies. The appropriate level of eBusiness implementation should be based on the cost and value to a company and its customers.

eBusiness is relatively new and metrics have not been well defined. Many eBusiness initiatives have focused in areas such as inventory control, purchasing transaction costs and raw material cost reduction where benefits are easier to measure. Small Manufacturing Enterprises (SME's) struggling with the current economic downturn have already cut to the bone and many have capacity to spare. Adoption of eBusiness by small businesses has been slow as evidenced by Figure 1 where many have not yet taken the first steps towards eBusiness.

SME's today place much attention on maintaining existing customers and securing new ones. Traditionally this involves hiring sales people, adding distribution and/or developing new products. SME's should evaluate the Internet for the potential to cost-effectively achieve similar results in tandem with traditional approaches. This use of the Internet as a sales and marketing tool to gain new customers is just beginning and can provide the needed value to drive SME's business leaders to take a harder look at how eBusiness can add value to their company.

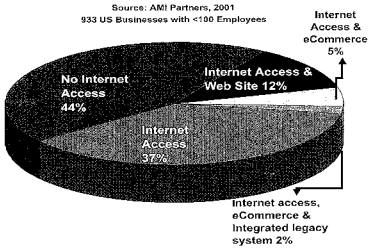
Using the Internet as a sales and marketing tool to gain new customers involves more than having a web site and e-mail. When one starts comparing a web site to a listing in the Yellow pages only, with 19 million other .com, .net and .org listings, one starts to appreciate the unique challenges and opportunities the Internet presents.

Here are some checkpoints to consider if you are a company looking to use the Internet to help develop additional sales for your organization:

- Don't allocate eBusiness strategy to your IT group. Many IT managers step up to the challenge, but often find themselves outside their area of expertise. The result is often an over-engineered site with costly add-ons that do not support the business strategy or add value to your customers. Most B2B customers couldn't care less about tricky technologies that can slow a site to a crawl.
- Insist on metrics for your web site that can be used to evaluate its effectiveness. This may be as simple as having your Customer Service and/or sales Representatives ask new customers how they found you. Web server statistics can also be an important marketing tool.
- Promote unique benefits of your organization on the Internet and target specific customer segments. Don't get lost in the thousands of companies promoting generalized topics, for instance 'machining'. If you have expertise in 'machining of titanium' promote it and other unique characteristics of your company (service, turnaround, warranties…).
- Remember the Internet is international (46% of users from non-English speaking countries), think about how you will handle inquiries from overseas. Also if you are targeting foreign customers, address needs that may differ from domestic customers.
- Avoid channel conflicts. Creative ways of marketing over the Internet have evolved to enhance channel partner relationships and avoid channel conflict for companies selling via distribution channels.
- Don't forget to allocate resources to position and promote your web site. A recent survey found that over 35% of web sites were not programmed properly for search engine placement. In many cases it is well worth the few hundred dollars to get listed with search engine directories such as Yahoo. Search engine position can change over time and you should review your positioning periodically.

FIG. 1 Many Small Firms Aren't Connected

Source: AMI Partners, 2001
933 US Businesses with <100 Employees



Remember the Internet is a rapidly evolving and dynamic new tool for SME's. Even if your web site is up and running, make sure to reevaluate it at least annually to determine if there is any new functionality that would benefit your organization and/or your customers.

As part of its ongoing efforts to help SME's leverage eBusiness technology, NJMEP is conducting an extensive eBusiness survey throughout New Jersey. The survey establishes a benchmark for eBusiness that can prove a valuable tool for companies to rationalize and measure progress related to eBusiness initiatives. It also generates suggestions on possible uses of eBusiness technology for consideration in achieving corporate goals and objectives. The survey and a customized report of findings is offered at no charge to qualified companies. For more information please complete the fax back form, call 800.MEP.4MFG or visit NJMEP's web site at www.njmep.org.

Written by - Gregory Borsinger, Vice President
New Millennium Associates

FAXBACK

973.596.5530

NAME:_____

TITLE:_____

COMPANY:_____

ADDRESS:_____

_____

PHONE:_____

FAX:_____

EMAIL:_____

❑ I would like to arrange a site visit.

SUGGESTIONS FOR FUTURE FRONT LINE ISSUES:

_____

_____

_____

I WOULD LIKE TO BE CONTACTED WITH THE FOLLOWING INFORMATION TO IMPROVE MY BUSINESS:

- ❑ eBusiness Survey
- ❑ Participation in a Focus Group
- ❑ ISO 9001:2000 Upgrade
- ❑ ISO 9001:2000 Program
- ❑ Lean Manufacturing
- ❑ Business Transformation
- ❑ QuickView Assessment

New Jersey MEP has assisted more than 725 manufacturers with 1,200 projects in over 5 years! New Jersey Manufacturing Extension Program, Inc. (NJMEP), a not-for-profit organization, provides small and medium-sized manufacturers with access to technology and business management tools. The program, which was modeled on the Agriculture Extension Program, utilizes Field Agents, assigned by county, to enhance a manufacturer's ability to take advantage of NJMEP's network of academic and private sector resources. While New Jersey's MEP has been in existence for over 5 years, the program has been in place nationally since 1988 and boasts a total of 75 centers across the country with at least one in every state. NJMEP has provided over 725 New Jersey manufacturers with industrial modernization or business management assistance since its inception. Services include: Strategic Planning; Lean Manufacturing; Developing Product Prototypes; and Sales and Marketing Programs. For more information call 800.MEP.4MFG or 973.642.7099.

Principles of Lean Manufacturing

PRINCIPLES OF LEAN MANUFACTURING WITH LIVE SIMULATION

Concepts Training

One-Day Workshop:
Principles of Lean Manufacturing with Live Simulation

This eight-hour workshop combines a comprehensive classroom presentation with hands-on simulation of a production facility. In this workshop, we introduce the basic concepts of lean manufacturing and demonstrate the tools and methodology necessary to implement "lean". The classroom presentation is an interactive overview of lean manufacturing, introducing concepts and methodologies for implementation in a simulated production facility. You will act as production workers, applying the lean tools to your individual workspaces as well as across the entire product line. This train-do technique over four "shifts" illustrates cause and effect relationships for each of the lean tools presented. We will review methodology and lessons learned from previous shifts, deciding what and how to implement while working with realistic constraints such as available resources, cash flow and resistance to change.

You will gain an understanding of the eight wastes in manufacturing and learn how to improve productivity by applying standard work, visual controls, set-up reduction, batch size reduction, point-of-use storage, quality at the source, pull systems and more.

Benefits of Lean

- Reduce cycle time
- Reduce inventory
- Reduce Work-in Process (WIP)
- Reduce costs
- Increase capacity
- Improve lead times
- Increase sales
- Increase productivity
- Improve quality
- Increase profits

Successes

A sheet metal fabrication shop implemented Lean techniques and saw a 90% reduction in manufacturing time, decreasing the average proces time from two weeks to one day. Productivity increased by 30%, saving $125,000 in labor, while floor space used was reduced by 40% and WIP wa virtually eliminated.

Through the implementation of U-shaped system design, a precision machine shop increased production flow by 50%, increased capacity by 15' developed a new product line, and maintained the workforce at full capacity.

Workshop Registration

Don't miss this exciting opportunity to learn the le: manufacturing process improvement technology th can improve quality and productivity by reducing waste and product lead-time. All participants will l eligible to win one of three "Lean" door prizes. Tal your first step to becoming lean and sign up today using the fax back registration form. Seating is limited to 20 - early registration will ensure your participation!

We must receive your payment per attendee guarantee your participation.

Cost: $300, price includes workbook, light breakfa lunch and afternoon refreshments.

Continental breakfast 8:00am – 8:30am
Workshop: 8:30am – 5:00pm

❒ Friday, January 11
Edison, New Jersey

❒ Friday, February 8
Mt. Laurel, New Jersey

❒ Friday, March 15
Parsippany, New Jersey

LEAN WORKSHOP REGISTRATION

Workshop Date:_____ **Workshop Location:**_____

Contact Name:_____ **Title:**_____

Company:_____

Address:_____

_____

City:_____ **State:**_____ **Zip:**_____

County:_____

Phone:_____ **Fax:**_____

Email:_____

Names of People Attending

Name_____ **Title:**_____ **E-mail:**_____

Name_____ **Title:**_____ **E-mail:**_____

Name_____ **Title:**_____ **E-mail:**_____

Name_____ **Title:**_____ **E-mail:**_____

Name_____ **Title:**_____ **E-mail:**_____

To register for workshop, please fax form to 973.596.5530

*Please make checks payable to: **NJMEP**

Mail to:
NJMEP @ NJIT
University Heights, GITC Suite 3200
Newark, NJ 07201-1982

We must receive your $300 payment per attendee to guarantee your participation.

*Registrations must be cancelled at least 10 days prior to the workshop to be eligible for a refund.

Continued from page 1 (Henry Troemner)

". . . reduced their costs by 20% and improved productivity by 20%. . ."

The company's profitability grew and they "found capacity" to grow their business. John Rowley, Henry Troemner Vice President of Operations, stated, "Without NJMEP input we wouldn't be where we are today." Additional savings are anticipated.

"Our biggest gain has been from the training investment we made in our employees. It is hard to keep up with them now. Raising the bar on them has caused their expectation of management to go up," explains Rowley.

NJMEP is continuing to work with Henry Troemner on other projects. To keep the positive momentum going, NJMEP is providing consulting support for Cellular Implementation as well as a New Product Design Project. The next step, then, will be to work with Henry Troemner's Supply Chain. Rowley stated, "It has been a pleasure to work with NJMEP to identify opportunities within our organization for improvement. We have introduced and recommended them to our supply chain."

FOCUS GROUP

Are you interested in participating in a focus group concerning manufacturers in New Jersey? If you are, please e-mail us at news@njmep.org.

QUICKVIEW ASSESSMENT

QuickView is a nationally recognized business planning and manufacturing assessment tool that provides a preliminary analysis of a manufacturing company's strengths and weaknesses, and then benchmarks them against other similar small-to-midsize manufacturing firms.

The QuickView process consists of a questionnaire covering 12 areas of concentration, a Company Profile Report which compares the participating company to all others in the database within the company's 2-digit SIC code range and a preliminary analysis.

If you are interested in having an NJMEP field agent contact you to perform a QuickView Assessment on your company, please complete the fax back form, call 800.MEP.4MFG, or visit our web site at www.njmep.org.

Continued from page 2 (COMPAC)

Carl Allieri, President of COMPAC stated, "The team of COMPAC, Alamo Learning Systems and NJMEP is what truly made this program a success. Without this teamwork, and the New Jersey Department of Labor, Office of Customized Training Grant, COMPAC would not be ISO registered today."

Benefits that have been realized from the program's implementation include retention of at least 40 employees; improved customer satisfaction; increased morale; improved process efficiencies; and employee sense of pride for program involvement. An increase in business is anticipated over the next 12 – 18 months.

Total teamwork proves successful!

Continued from page 2 (Hexagon Model)

2. Succession Planning – Ownership / Key People / Products / Processes

3. Human Resource Plan– Employees / Experience / Education / Training/ Recruiting / Retention / Benefits/ Career Opportunities / Skills Development

4. Manufacturing Strategy – Technology / Lean Processes / Quality / Cost / Supply Chain / Inventory Control / Turn Around and Cycle Time / Maintenance

5. Information Technology – Financial Controls / eBusiness / Greater Employee Access

6. Distribution Strategy – Marketing / Sales / Customer Satisfaction

The New Jersey Manufacturing Extension Program, Inc. (NJMEP) has a mission to assist New Jersey's small and medium-sized manufacturers to be more profitable, productive and globally competitive. We have dedicated and experienced field staff to assist New Jersey manufacturers to become High Performance Enterprises. Our Hexagon Model is a starting point against which we can measure progress in quantifiable terms together. And when you've moved closer to your goal, the Hexagon Model can strengthen your supply chain by sharing your Hexagon experience and benefits with your customers and suppliers.

For more information, please complete the fax back form, call 800.MEP.4MFG or send an e-mail to news@njmep.org

Look in our next issue of ***Manufacturer's Front Line*** for – Business Strategy: A navigation tool to drive your business performance to higher sales growth and profitability.

New Jersey Manufacturing Extension Program, Inc.
@ NJIT
University Heights
GITC, Suite 3200
Newark, NJ 07102-1982

President's Message

Now is the Time!

Dear New Jersey Manufacturers,

As owners or senior management of manufacturing companies we never have time to sit back, if only for a small amount of time, and look at the business strategically.

In good times, as we've had for the last decade, I've always felt "profits hide problems". Now that the economy has slowed for a bit, might I suggest you avail yourself and your senior team of a "no out-of-pocket" cost opportunity to step back and look at the business perhaps in a different light. NJMEP offers several assessment tools. The QuickView business assessment helps you look at your company across twelve areas and benchmark where you are against 4,000 other small manufacturers who have completed the assessment. There is also an assessment tool to allow you to look at your manufacturing processes to determine where you might have non-value added activities, that if removed, can lower your cost and reduce your lead time. Lastly, an assessment tool to help you determine what might be your best strategy for understanding and implementing eBusiness for your company. ***Now is the Time***, either call me at 973-642-7151, or visit our web site, www.njmep.org and tell us you want to avail yourself of these "no out-of-pocket cost" opportunities.

Sincerely,

Robert L. Loderstedt
President

a NIST MEP | Network Affiliate