

Helping Michigan Manufacturers

Understanding the Respective and Collaborative Roles of SBTDC and MMTC

This document was prepared by SBTDC and MMTC to help MEDC and its local economic development partners make effective referrals to the two organizations. Both serve Michigan's more than 12,000 manufacturers, but there are important differences:

- SBTDC's 100 staff statewide network also service *non-manufacturers*, which account for two-thirds of its staff's service hours. In the 15 months ended 9/30/11, SBTDC worked with 1202 distinct manufacturers. Most SBTDC services are four hours in length, with an average engagement of 6.5 hours. There is no cost to the company for SBTDC counseling services. SBTDC services' impact is measured by capital formation, jobs created, and the number of new business launches reported on SBTDC's own survey.
- In the same period MMTC, a fee-for-service provider with 60 staff statewide, worked with 334 distinct manufacturers. MMTC services ranged from 8 to more than 200 hours, with service per client size averaging 86.2 hours. MMTC services' impact is measured by the cost savings and new orders reported by its clients to a third-party survey house.
- SBTDC's services are focused on younger enterprises and second stage companies. Many take advantage of counseling, business education, market research and technology commercialization services offered by the SBTDC. *Fully 83% percent of the 1202 manufacturers served by SBTDC in the 6/10-9/11 period had fewer than 20 employees, and two thirds had five or fewer.*
- By contrast, *more than three-quarters of MMTC's clients had 21 or more employees*, reflecting MMTC's focus on manufacturers that already have an established customer base.

Both SBTDC and MMTC are increasingly active in applying the "economic gardening" approach to helping growth-oriented 10-99-employee manufacturers understand and reach new customers and new markets. These services are called out in dark red on page 4 of this document.

Making the Right Referrals

As the balance of this document makes clear, there are some areas in which only the SBTDC or the MMTC offers services. But there are also many in which both do so, which sometimes makes it difficult for companies, and for organizations seeking to assist them, to choose the more relevant provider.

Nearly all SBTDC services are no-cost. Many are aimed at companies with ten or fewer employees. That said, for a company with 10 or more employees, there are at least a few instances in which the SBTDC services may still be more appropriate than MMTC's. For example, a company may not be ready to do more than a little bit of introductory or preliminary work. Or it may wish to make business improvements, but can't at the present time afford any significant dollar or time commitment.

MMTC services require a financial commitment and some involve a significant time investment by the company. Particularly for companies with 20 or more employees, rigorously assessing operational performance, achieving meaningful improvements in quality and throughput, substantially reducing costs, and planning for profitable growth are all efforts that require significant managerial buy-in and involvement.

It is because of these differences that collaboration between SBTDC and MMTC is so important and mutually respected by both organizations. Many MMTC services are good follow-ons to SBTDC engagements, and many SBTDC engagements may be precursors to more intensive project work with the MMTC. Therefore:

The SBTDC is committed to referral of the following companies to the MMTC:

- Michigan manufacturers seeking:
 - Assessment of their operational performance
 - To improve quality, use Six Sigma to determine the cause of defects, and/or achieve compliance to quality standards
 - To lean out their plant and office functions using value stream mapping, *kaizen* events, and predictive maintenance
 - To improve cost estimation to make more accurate quotes and better decisions about which jobs to quote
 - To improve the management of their supply chains, including:
 - By replacing poorly performing suppliers, and
 - By shortening supply lines by replacing faraway suppliers with more local ones
- SBIR/STTR recipients and technology companies seeking manufacturing commercialization partners

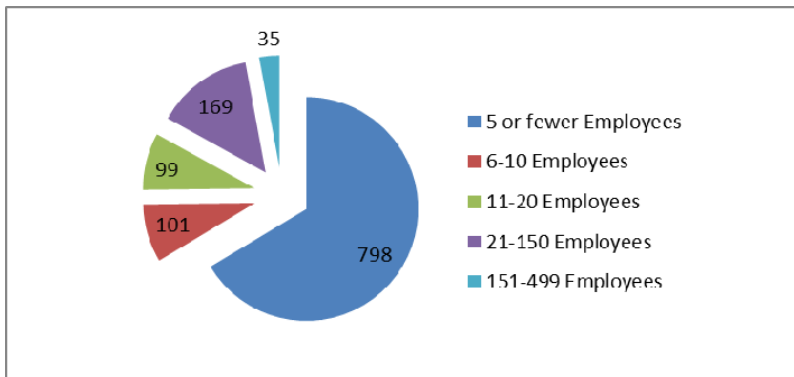
The MMTC is committed to referral of the following to the SBTDC:

- All *non-manufacturer* Michigan companies seeking assistance in areas of SBTDC competency
- Michigan manufacturers with fewer than ten employees seeking assistance in areas of SBTDC competency, including startups seeking to develop a business plan and/or secure financing for a new business launch
- Michigan manufacturers of all sizes that are seeking:
 - To launch a new or spin-out business, including gaining access to capital (loans, angel, venture, SBIR/STTR)
 - To improve their managers' financial literacy and gain access to financial benchmarks
 - To purchase, finance, or refinance a franchise
 - To undertake roadmapping to understand their best play in emerging technologies
 - To get guidance in managing and/or protecting intellectual property
 - To achieve SBA 8(a) certification

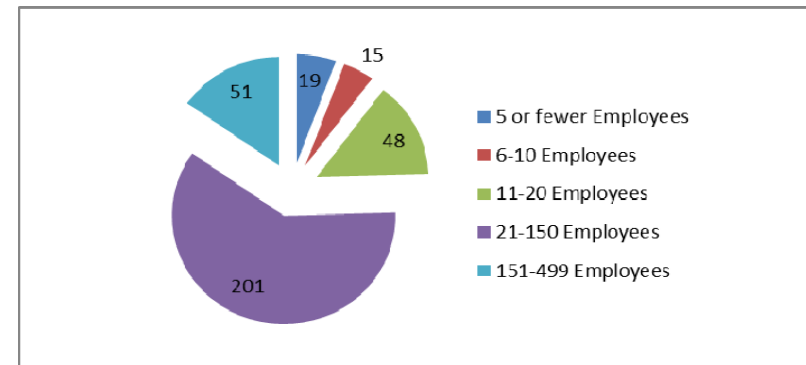
SBTDC and MMTC Service Levels, June 2010 – September 2011

	SBTDC	MMTC
Distinct Manufacturing Clients Served	1,202	334
Total Manufacturing Service Hours <i>(does not include prep time)</i>	7,779	28,797
Service Hours per Manufacturing Client	6.5	86.2
Total <i>Non-Mfg</i> Service Hours	16,013	NA
Total Client Service Hours	23,792	28,797
Size Profile of Manufacturers Served		
1-5 Employees	798 (66%)	19 (6%)
6-10 Employees	101 (8%)	15 (4%)
11-20 Employees	99 (8%)	48 (14%)
21-150 Employees	169 (14%)	201 (60%)
151-499 Employees	35 (3%)	51 (15%)

SBTDC Manufacturing Clients Served



MMTC Manufacturing Clients Served



SBTDC and MMTC Services: Comparison and Differentiation

Assistance in:	SBTDC (all industries)	MMTC (manufacturing)	SBTDC Services (typically 4 hours, unless otherwise noted)	MMTC Services (8-72 training hours &/or up to 200 consulting/mentoring hours)
Launching a Business	x		<ul style="list-style-type: none"> ✓ One-on-one consulting ✓ Business education through training ✓ Access to capital ✓ Develop strategies 	
Training (multiple topics)	x	x	<ul style="list-style-type: none"> ✓ Startup and biz planning workshops ✓ Loans/financing workshops ✓ Marketing and social media workshops ✓ Specialty business operations or management topics ✓ FastTrac boot camp (40 hours) ✓ Web / SEO for Economic Gardening 	<ul style="list-style-type: none"> ✓ Quality training to comply with ISO standards ✓ Business growth training ✓ Lean training – leadership & practitioners ✓ Six Sigma green & black belt training ✓ Environmental/sustainability training ✓ Web / SEO for Economic Gardening
Market Research	x	x	<ul style="list-style-type: none"> ✓ Analysis of Industry information ✓ Business to Business (B2B) Sales Genie ✓ Business to Consumer (B2C) Demographics ✓ Industry benchmarks and financial metrics ✓ Market research for Economic Gardening 	<ul style="list-style-type: none"> ✓ Competitive analysis ✓ Potential customer lists / lead generation ✓ Research on current, new, & international markets ✓ Market research for Economic Gardening
Business Plan Development	x	x	<ul style="list-style-type: none"> ✓ Education, tools, counsel, review, feedback 	<ul style="list-style-type: none"> ✓ Business plan development ✓ Business metrics – policy deployment
Business Purchase	x		<ul style="list-style-type: none"> ✓ Analysis, education, market research 	
Business Sale / Exit Strategy	x		<ul style="list-style-type: none"> ✓ Analysis, education, referral 	
Financial Analysis	x		<ul style="list-style-type: none"> ✓ Education, tools, counsel, review, feedback 	<ul style="list-style-type: none"> ✓ Analysis of financials (ProfitMastery) – Upper Peninsula only
Understanding Financials, Estimating Costs	x	x	<ul style="list-style-type: none"> ✓ Analysis of financials (ProfitCents) ✓ Fiscal Fitness workshop 	<ul style="list-style-type: none"> ✓ Cost identification & management to identify losing jobs, improve quote accuracy & hit rate
Acquiring Conventional or SBA Financing	x		<ul style="list-style-type: none"> ✓ Information based planning through market research ✓ Financial analysis ✓ Loan package preparation Training: Team SBA Financing Roundtable 	
Purchasing a Franchise	x		<ul style="list-style-type: none"> ✓ Checklist ✓ Business plan assistance ✓ Consulting 	
Improving Quality, Determining Causes of Defects		x		<ul style="list-style-type: none"> ✓ Scrap reduction training and rapid improvement events ✓ ISO standards compliance & prep for registration audits ✓ Internal auditing of compliance ✓ Six Sigma training & on-site project design and monitoring
Reducing Costs, Improving On-time Delivery, Shortening Lead Time		x		<ul style="list-style-type: none"> ✓ Value Stream & Process Mapping ✓ Shop floor and office <i>kaizens</i> (rapid improvement events) ✓ Lean training & consulting – shop & office ✓ Predictive maintenance ✓ Designing <i>kanbans</i> & other pull system visuals for better flow ✓ Quick changeover to raise uptime & OEE ✓ Training & modeling for faster, smoother launch
Supply Chain Management		x		<ul style="list-style-type: none"> ✓ Assess supplier performance ✓ Qualify local suppliers for shorter supply line

SBTDC and MMTC Services: Comparison and Differentiation *(continued)*

Assistance in:	SBTDC <i>(all industries)</i>	MMTC <i>(manufacturing)</i>	SBTDC Services <i>(typically 4 hours, unless otherwise noted)</i>	MMTC Services <i>(8-72 training hours &/or up to 200 consulting/mentoring hours)</i>
Laying out plants, launching new products, filling sales pipeline		x		<ul style="list-style-type: none"> ✓ In-depth research on products, industries and marketing tactics to help companies diversify and grow ✓ Innovation Engineering approach to planning for new product introductions
Technology Commercialization	x	x	<ul style="list-style-type: none"> ✓ Consulting/Coaching ✓ Technology Roadmapping ✓ Business Model Development ✓ Intellectual Property Guidance ✓ Accessing Capital-Angel, Venture, SBIR-STTR Emerging Technology Fund ✓ Matchmaking (talent, customers) 	<ul style="list-style-type: none"> ✓ Accessing National Innovation Marketplace to identify and exploit useful orphaned IP ✓ “Tech Scouting” to identify promising new technologies
Business Acceleration	x		<ul style="list-style-type: none"> ✓ Managing Business Acceleration Fund ✓ Managing Company Milestones ✓ Company Risk Assessments 	
Breaking into new markets, improving web presence, identifying new customers	x	x	<ul style="list-style-type: none"> ✓ Market plan analysis ✓ Analyze SWOT ✓ Implement growth plan ✓ Market research ✓ Social media guidance 	<ul style="list-style-type: none"> ✓ Lead generation / prospect list development ✓ Improved quoting ✓ Formal Solution Selling sales process ✓ Marketing messages to generate interest ✓ Website development and analytics ✓ Search engine optimization to drive traffic to website ✓ Market research to identify priority opportunities
Maintaining current customers	x	x	<ul style="list-style-type: none"> ✓ Market plan analysis ✓ Executive coaching ✓ Market research 	<ul style="list-style-type: none"> ✓ Quality and/or environmental standard compliance ✓ Customer cultivation, ie: customer satisfaction surveys ✓ Improved supply chain management ✓ CRM training ✓ Marketing message development
Increasing visibility with current and prospective customers	x	x	<ul style="list-style-type: none"> ✓ Market plan analysis ✓ Analyze SWOT ✓ Implement growth plan ✓ Market research ✓ Social media guidance 	<ul style="list-style-type: none"> ✓ Improved quoting and sales process ✓ Marketing messages ✓ Website effectiveness / search engine optimization ✓ Market research ✓ Social media guidance
Bidding on Government contracts/procurement assistance	x		<ul style="list-style-type: none"> ✓ Education "101" ✓ Referral to external partner organizations (e.g., PTAC) ✓ SBA 8(a) certification ✓ State of Michigan Buyers Program 	
Guiding Inventors	x	x	<ul style="list-style-type: none"> ✓ Business education ✓ Inventor Council referrals 	<ul style="list-style-type: none"> ✓ Referral to SBTDC core services or Inventor Councils ✓ Matchmaking to identify Michigan manufacturers to build products from inventors' new designs ✓ Accessing National Innovation Marketplace
Strategy assessment and planning	x	x	<ul style="list-style-type: none"> ✓ Advise and direct to select management tools: SNA, Fiscal Fitness, PeerSpectives, Strategy Matrix, NxLevel, FastTrac ✓ Assess and strengthen company needs 	<ul style="list-style-type: none"> ✓ Performance Benchmarking and Transformation Planner tools identify deficits & forecast payoff to attacking them ✓ Leadership in Action program builds improvement plan
Exporting	x	x	<ul style="list-style-type: none"> ✓ Export readiness ✓ Business plan development ✓ Trade financing 	<ul style="list-style-type: none"> ✓ Piloting ExporTech program with USEACs ✓ International sales planning and mentoring ✓ Upgrading web presence to support exporting
Leadership Development		x		<ul style="list-style-type: none"> ✓ Leadership assessment ✓ Leadership coaching ✓ Succession planning

Measuring Service Impacts

In keeping with their complementary but distinct missions, SBTDC and MMTC are evaluated differently.

- SBTDC is measured by the number of companies – *across all sectors* – that take advantage of its counseling, business education, market research, and technology commercialization services. 60% of SBTDC clients are existing businesses that need help assessing growth opportunities, analyzing financials, and securing financing.
- MMTC is measured both by the number of manufacturers it assists and, at least as important, by the extent to which the mostly 20-employee-plus established manufacturers it serves win new orders, retain existing business, reduce costs, invest in efficiency and growth, reduce costs, and increase profitability.

SBTDC:

The impact of SBTDC services is measured by the impact of its statewide network on clients' capital formation and job creation, and by the number of new businesses launched. When surveyed after SBTDC engagements that occurred in 2010, SBTDC clients – *both manufacturers and service businesses* -- reported impacts totaling:

2010 Client Survey Impacts



Jobs
Created:
4,461



New
Business Starts:
566



Capital
Formation:
\$248 million

MMTC:

Six months after the close of each MMTC project, a survey house retained by MMTC's federal government sponsor contacts each client to assess the impact that it credits to the MMTC project(s) that it recently completed. In the most recent 12-month period for which data are available from that survey, MMTC clients reported impacts totaling:

Clients Surveyed on 2010 Project Work



Sales:
Created: \$55.0 Million
Retained: \$123.1 Million



Cost Savings:
\$29.3 Million



Investments
Made:
\$44.0 Million