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Global Competition Pushes Michigan Firms To Improve

Manufacturers overcome traumatic upheaval and achieve success against foreign companies

Veteran manufacturers, Enterprise Tool and Die, Grandville, and Witco Inc., Avoca, have experienced traumatic upheaval in their respective industries during the past few years.

"Our industry was hit hard during the last five years, with about 50 percent of our local competition going out of business," said Doug Groom, Enterprise co-owner and chief executive officer.

Groom said that low cost imports from China, Korea, and India have decimated the U.S. tool and die industry.

Enterprise Tool and Die, which celebrates its 50th anniversary this year, builds sheet-metal stamping dies for the automotive industry, making a large variety of parts, such as brackets, heat shields, and exhaust systems.

The other veteran manufacturer, Witco, founded in 1977, specializes in providing innovative CNC (computer numerical control) precision-machining solutions for the medical, aerospace, government/military, and industrial components industries.

"We began losing several large customers and new opportunities, due to the reduced cost of manufacturing in countries such as India and Mexico," said Todd Kinney, Witco director of sales and marketing.

Both Enterprise and Witco survived the recession and fought back against foreign competition by becoming more competitive themselves.

"Competition from foreign countries has made us stronger," said Groom. "Before our industry was a bit arrogant, but the global competition has forced us to do more for less and be that much better."

While both Enterprise and Witco knew what steps to take to become more competitive, both companies had a similar problem -- finding the money to invest in future growth.

Fortunately, both companies learned of a nonprofit group at the University of Michigan that provides matching funds for companies hurt by foreign competition - the Great Lakes Trade Adjustment Assistance Center (GLTAAC).

GLTAAC enables companies to hire private-sector service firms to help them achieve their goals. Companies can identify the consultants on their own or GLTAAC can suggest service providers that have helped other manufacturers in the program.

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For Enterprise, the vision was to become more efficient by upgrading its basic job management software called Microsoft Project to a more advanced software, called Microsoft Project Enterprise. This also drove improvements in many of the company's business processes.

"It took us about a year to fine-tune the software to be applicable to our company and to train management staff," said Leslie Larsen, co-owner and Enterprise president. "We evaluated each process involved in building a tool, how much time it took, and improved the process."

Once the new system was put into use, Enterprise experienced a significant cost savings, which considerably improved price competitiveness.

"Our bids are now very competitive, and we are able to maintain profitability," Groom explained. "We made it through a troubling time for our industry. Without a doubt, we will be around for a long time."

Witco used the GLTAAC program in a different way. GLTAAC assisted the precision-machining company as it worked towards and received AS9100 certification, which is required by many firms in the aerospace industry. Witco's co-funded projects included the AS9100 certification process and programming improvements to their quality management system.

"The AS9100 certification brought in new business opportunities and hundreds of thousands of dollars," Kinney said. "Before, with the aerospace industry, Witco was a third-tier contractor. With the certification, we have the ability to be a first-tier contractor."

Both companies had positive things to say about the GLTAAC program.

"We found Great Lakes very easy to work with, and they walked us through the entire process," said Larsen. "They gave us the names of consultants who could be helpful for us."

"My advice is for businesses to contact the GLTAAC team and let them determine if you are eligible," Kinney concluded. "It is worth the phone call."

Enterprise and Witco are just two of the many businesses that are thriving with assistance from the GLTAAC. **For interview requests, please contact Ruth Ann Church at 734.998.6596 or rchurch@umich.edu.** Located at the University of Michigan since 1983, the GLTAAC offers companies up to \$75,000 in matching funds for projects conducted by the private consultants of their choice. The five-year survival rate of GLTAAC clients is 94 percent; and more than 80 percent of established GLTAAC clients generated a profit from operations during 2010. Additional information is available at www.gltaac.org. The GLTAAC is part of a nationwide network of 11 Trade Adjustment Assistance Centers funded by the U.S. Economic Development Administration's Trade Adjustment Assistance for Firms program. More information is available at <http://www.eda.gov/TAAF>.

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