

SOLID RESULTS



Serving Wisconsin manufacturers since 1996

AJ Graceffa, journeyman machinist, shapes a casting in a vertical milling machine at CenterLine Machine, Inc., Waupaca

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*Queleetra Moore, Assembler
Alpha Source, Inc.*

FROM THE EXECUTIVE DIRECTOR

Dear Friends:

We're pleased to present the Wisconsin Manufacturing Extension Partnership's 2010 Annual Report. WMEP produces measurable returns for manufacturers and the State of Wisconsin with services that help businesses improve efficiency, identify new markets and increase sales and revenue growth.

In the past year, WMEP has completed projects with 206 Wisconsin manufacturers and helped those firms realize a positive economic impact of \$164 million. We were cited by our customers as helping to create or retain 973 manufacturing jobs last year. Driving the growth of high-wage manufacturing jobs in Wisconsin is a top priority for WMEP.

In this challenging economy, we recognize that it's more important than ever to generate exceptional value on public dollars invested in WMEP. We're proud of our consistent track record in delivering a powerful ROI to manufacturers and the State of Wisconsin. One notable achievement on the economic development front is a job creation cost that is second to none — less than \$1,000 for every job created and retained.

The benefits to Wisconsin taxpayers don't stop there. The state's investment in WMEP is anticipated to generate an additional \$10 million in state tax revenues. It also brings federal dollars to Wisconsin — more than \$12 million in the past five years.

At WMEP, we're helping small and midsize manufacturers manage the challenges of the recession and prepare for a new economy. In the past year, we've introduced services to help Wisconsin manufacturers enter global markets, launched a profitable sustainability initiative, and developed a financial assessment methodology that forges a clear path to success. We're expanding our award-winning supply chain improvement program to help keep business with Wisconsin suppliers. And we're continually enhancing our core lean and continuous improvement capabilities to help manufacturers drive performance excellence throughout their businesses.

Manufacturing — the science and art of turning raw material into value-added products — has and will continue to be the best source of net wealth creation. We believe that an innovative, successful manufacturing base is the key to higher paying jobs and a better quality of life in the state. We remain firmly committed to our mission — to elevate the Wisconsin manufacturing economy to be the best in the world.



Mike Klonsinski
Executive Director
Wisconsin Manufacturing Extension Partnership



SOLID RESULTS

WMEP DELIVERS SOLID RESULTS FOR WISCONSIN MANUFACTURERS AND TAXPAYERS

WMEP is a powerful catalyst for manufacturing transformation and economic growth. Since 2006, WMEP services have generated **nearly \$1 billion in economic impact and helped to create and retain more than 6,500 jobs**. Every day, our staff of experienced and knowledgeable manufacturing specialists can be found working with manufacturing employees, managers and owners on projects to increase profitability and competitiveness. WMEP provided services to 889 small and midsize manufacturers last year.

What sets us apart is our **laser focus on measurable results**. At the completion of every project, our clients are surveyed to assess the impact of our services on sales, costs, investment and job creation. We're proud to report that during FY 2010 alone – in the midst of an unprecedented global recession – WMEP clients reported an economic impact of \$164 million, including \$102 million in increased and retained sales, with 973 jobs created and retained.

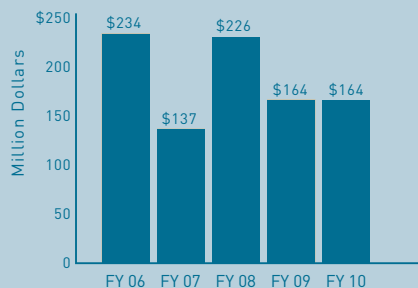
At a time when resources are scarce, we understand that Wisconsin manufacturers and taxpayers are demanding the maximum return on their dollars. We're dedicated to achieving the highest levels of performance excellence in every facet of our organization and in the business operations of the small and midsize manufacturers we serve. The State of Wisconsin's financial support for WMEP produced a 10:1 return on investment last year, with **state tax revenues projected to increase \$10 million** as a result of sales and job impacts.

Public funds invested in WMEP:

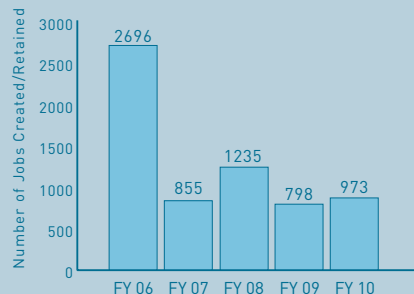
- ▶ Improve the competitiveness of Wisconsin manufacturers
- ▶ Fuel economic growth
- ▶ Generate state tax revenues and federal matching dollars
- ▶ Protect and grow high-wage manufacturing jobs

Wisconsin's investment in WMEP also secures more than \$2 million in federal matching funds every year through the national Manufacturing Extension Partnership program.

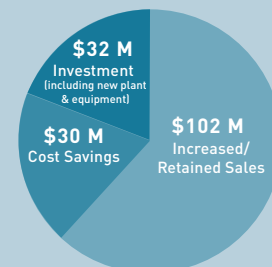
WMEP Economic Impact



WMEP Economic Impact Jobs Created/Retained



WMEP Economic Impact FY 2010



John Komp, Welder
DeCrane Aircraft Seating Company

A BOLD VISION

A BOLD VISION FOR THE NEXT GENERATION OF MANUFACTURING

Legendary management consultant Peter Drucker once said that the only thing we know about the future is that it will be different.

Clearly, that rings true today for Wisconsin's 10,000 small and midsize manufacturers. Customers, competitors and markets are changing faster than ever. Sustainability is moving from a social movement to a business imperative. Ninety-five percent of the world's consumers live beyond our borders, giving rise to fast-growing new markets for Wisconsin-produced goods and services.

The rapid evolution of the global economy is a double-edged sword, bringing both unparalleled opportunities for business growth and difficult challenges for firms struggling to survive. Yesterday's business model is no longer viable, leaving many firms without a compass for the road ahead. This is especially true for smaller manufacturers who typically lack the internal resources of larger firms.

WMEP's mission is to guide Wisconsin manufacturers through these uncharted waters, making sure they have the strategies in place to innovate, compete and win in a global economy. Our team of manufacturing specialists helps companies find new markets for products, streamline operations, manage global supply chains and make the transformation to Next

Generation Manufacturing, a framework of six attributes essential for manufacturing success.

Looking forward, we're excited about the future and the opportunity to accelerate manufacturing transformation. We believe Wisconsin has the workforce, resources, know-how, leadership and infrastructure to support a robust and vibrant manufacturing economy. Despite the slow pace of the recovery, manufacturing remains the cornerstone of the state's economy. Manufacturing contributes 20% to gross state product (GSP), employs 430,000 workers and supports thousands of jobs in related industries such as professional services, finance, logistics and transportation. Wisconsin employs the highest number of non-farm production workers of any state in the United States.

Wisconsin's focus on Next Generation Manufacturing spurred the creation of bold new initiatives in 2010 to promote exports and sustainability. Fifty companies from across the state are participating in the Wisconsin Profitable Sustainability Initiative (WPSI), a pilot project to demonstrate how sustainable practices can help manufacturers reduce costs and gain a competitive advantage. We believe Wisconsin can be a national leader in manufacturing sustainability, which will drive the creation of wealth and jobs.



LOOKING OUTSIDE THE ORGANIZATION

"WMEP was a good fit because of the breadth of their expertise and experience in working with small firms like mine. Having someone outside our organization take a look at the issues we were facing gave us a fresh perspective on ideas for improvement."

— Norine Carlson-Weber, President, Alpha Source, Inc.



PARTNERS

STRATEGIC ALLIANCES INCREASE WMEP'S REACH

WMEP recognizes that an expansion of service offerings for Wisconsin manufacturers can often best be accomplished through strategic alliances. Coupling WMEP's customer reach and quality focus with a key provider brings the best of all worlds to Wisconsin manufacturers. A good example of such a strategic alliance is our partnership with the Wisconsin Department of Commerce's Bureau of Export Development. Working together, we launched ExporTech, a new program to help small and midsize manufacturers develop or expand an export program in just three months. ExporTech received high marks from its first group of graduates (see sidebar below).

WMEP works closely with other public and private organizations to bring world-class resources to Wisconsin manufacturers:

Economic Development Organizations

WMEP partners with economic development organizations to promote the growth of strong statewide and regional manufacturing economies.

Labor Organizations

WMEP works with the state AFL-CIO, industrial labor leaders and management to promote systemic continuous improvement within Wisconsin companies.

National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership

WMEP accesses the extensive national network of MEPs to provide support for suppliers outside of Wisconsin and leverages NIST's powerful research and business programs to assist local manufacturers.

Northwest Wisconsin Manufacturing Outreach Center (NWMOC)

WMEP's partnership with NWMOC, its sister center at UW-Stout, allows MEP services to be available throughout the state.

Private Manufacturing Service Providers

WMEP works with private providers to supplement services in areas such as information technology, sustainability, plant layout and more.

University of Wisconsin

WMEP helps match university resources with the needs of manufacturers. Our partnership with the UW E-Business Institute helps suppliers develop e-business capabilities.

Wisconsin Technical College System

Training from Wisconsin's technical colleges combined with WMEP's hands-on assistance delivers strong results to manufacturers.



EXPORTECH HELPED US TAP INTO A WEALTH OF RESOURCES

"Just as we were starting to look seriously at focusing on exporting to expand our business, I heard about ExporTech. ExporTech provided extremely useful information about exporting, including regulatory agency requirements, financial control of payables and receivables along with additional ideas for marketing and supporting an international customer."

— Neil Karolek, president and CEO of TLX Technologies

Mark Bilhorn, Welding and Assembly
Harvard Corporation



SUCCESS

WISCONSIN MANUFACTURERS RELY ON WMEP

Sussex-based **Absolute Automation Systems, Inc.** has completed 17 projects with WMEP since 2004 to streamline operations, attract new customers and reduce costs. “All of those projects helped us build a strong foundation for sales and revenue growth,” said Don Lavrenz, vice president. The firm, a leader in automated manufacturing systems controls, just hired five employees and anticipates sales to double in 2011. Though sales declined during the recession, the company kept layoffs at a minimum. “The typical recession mentality is to hunker down and ride it out. We saw it as an opportunity to bring new talent into our organization and get ready for the recovery,” he said.

In 1996, Charlie Leiby started **Centerline Machine, Inc.** in his garage with one milling machine and a vision to build his own company. Today the Waupaca-based custom machining and fabrication firm has 44 employees and has moved into a new 45,000 square-foot plant to accommodate its rapid growth rate. Since 2005, WMEP has helped Centerline implement lean manufacturing, develop a lean culture, and most recently, facilitate an Enterprise Business Transformation project to manage the firm’s meteoric growth. “WMEP has played a key role in helping us improve performance, quality and engage employees in continuous improvement,” Leiby said.

Evansville-based **Harvard Corporation** is tapping WMEP’s business growth services to develop an aggressive marketing plan for its innovative filters and filtration systems. The effort includes sales programs, new advertising and outreach to international markets through the ExporTech program offered by WMEP and the Wisconsin Department of Commerce. WMEP also has helped Harvard implement lean manufacturing to improve efficiency. Despite the recession, Harvard increased sales 5% last year. “We’re constantly working to raise the bar for quality and innovation in our industry,” said Otto Knottnerus, president. “WMEP’s expertise and guidance has been an excellent resource for our firm.”

Peshtigo-based **DeCrane Aerospace Aircraft Seating Company** considers WMEP a strong partner in the firm’s lean journey and has tapped WMEP for assistance on lean leadership, strategic business planning, inventory management and capacity planning. “The services provided by WMEP in the areas of lean and business planning have been very beneficial, especially during the recession,” said Jim Tress, DeCrane’s vice president and general manager. DeCrane’s focus on lean has helped the firm maintain stable earnings, reduce inventory by \$3.5 million, increase revenue per employee-hour and enhance machining capabilities. Tress adds that employees’ willingness to diversify their skills is a tremendous asset, providing flexibility and efficiency gains.



WMEP GAVE US A FRESH PERSPECTIVE

“WMEP brings us a fresh perspective and creative concepts and ideas that represent the best practices in industry today. We’re constantly working to raise the bar for quality and innovation in our industry. WMEP’s expertise and guidance has been an excellent resource for our firm.”

— *Otto Knottnerus, president of Harvard Corporation*





*Timothy J. Vales, Assembler
Alpha Source, Inc., Milwaukee*



*Aaron Porrey, Water Jet Operator
Centerline Machine, Inc., Waupaca*



*Jesus Poras, 3/8" Shear Operator
Dalco Metals, Inc., Walworth*



*Jeremy Jones, Upholsterer
DeCrane Aerospace Aircraft Seating Company, Peshtigo*



*Ty Kitgore, Paper Slitter Machine Operator
Harvard Corporation, Evansville*



*Sing Sayarath, Assembler & Shipper
Harvard Corporation, Evansville*



*Aftin Lauzon, Q.C. Inspector
Alpha Source, Inc., Milwaukee*



*Oswaldo Torres, Shipping Specialist
Dalco Metals, Inc., Walworth*

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