PROMISING PRACTICES IN OVERALL PERFORMANCE

Featuring MEP Centers of Indiana, Ohio, and Oklahoma
Using Center Diagnosis as Leading Indicator of Center Transformation

Over the past year, NIST MEP has begun the rollout of the Center Operations Reporting and Evaluation (CORE) system. While centers will not receive their first official sCOREcards until later in FY2013, the yearlong pilot has already identified a number of centers that significantly outperform the national average. The purpose of this case study is to explore and share best practices, relationships, and thinking that have contributed to strong performance at centers in Indiana, Ohio, and Oklahoma. Although the focus is on practices related to the Center Diagnostics portion of CORE, the methodology used to select the centers studied required that a center also demonstrate strong performance in their Impact Metrics. The ultimate purpose of the Center Diagnostics is to identify and promote strong performance at centers in Indiana, Ohio, and Oklahoma.

The current thrust of NIST MEP’s national leadership has been the need for MEP centers to evolve from a service delivery model focused on continuous improvement point solutions to one focused on innovation, transformation, and CEO engagement. A key leverage point in facilitating such a system change is the performance management approach used to evaluate centers. This led to the development of CORE which incorporates a number of significant changes over the previous approach, including:

- Taking a balanced approach to evaluation that uses both quantitative (Impact Metrics) and qualitative (Center Diagnostics) measures
- Perspectives of customers and stakeholders
- Lagging and leading indicators of performance
- Establishing challenging thresholds that represent stretch performance goals meant to focus efforts on achieving excellence rather than meeting minimum standards
- Providing clear guidance to centers on NIST MEP priorities and expectations for both outcomes and operating practices

CORE provides a more systematic means of identifying and transferring best practices among the centers. This case study is the first in a series that support this effort. It focuses on the overall set of Center Diagnostics to understand the general orientation and actions that have led to strong performance. Subsequent case studies will drill down into each element of the Center Diagnostics, including: Innovation Practice, Next Generation Strategy, Market Understanding, Business Model, Partnerships and Financial Viability.

Different Models, Similar Results

The three centers featured operate with very different business models, using different service delivery mechanisms, and responding to different needs and expectations from their partners. Yet they found ways to turn these variables into assets that have led to strong performance.

Ohio Manufacturing Extension Partnership

A program within the Ohio Development Services Agency – a state agency with a broad portfolio of programs aimed at supporting state businesses, communities, and economic development efforts.

Service Delivery Model:

Very small state level staff (1.5 FTE) with service delivery entirely through partners

6 sub-recipient centers deliver general services within a geographic region based on their area of technical expertise (bio-medical, food processing, advanced energy, automotive, polymers, and aerospace/aviation)

An additional sub-recipient, Manufacturing Technology Small Business Development Centers (MTSBDCs), serves manufacturers with less than 50 employees in all regions of state

Other key partners: University System of Ohio, Battelle Memorial Institute, Ohio Third Frontier, and JobsOhio

Oklahoma Manufacturing Alliance

A private, not-for-profit 501 (c) (3) corporation chartered by the state legislature to coordinate a system of industrial extension services for the state.

Service Delivery Model:

7 member central staff that serves as the leadership team for the state system

Contract with local organizations (community colleges, CareerTechs, local economic development agencies, etc.) who sponsor and partially fund 18 regional Manufacturing Extension Agents (MEAs) across the state. MEAs may provide some direct service, but focus on conducting assessments and referring firms to third party providers.

Contract with Oklahoma State University for 5 Applications Engineers that deliver specialized engineering services

Other key partners: OK Center for the Advancement of Science and Technology, OK Department of Commerce, and OK Department of Career and Technology Education
Leadership is the Engine that Drives Performance

The three centers in this study not only operate in different environments, with different business models, but they have each taken different paths to high performance. The one constant found in analyzing the three approaches was the importance of strong, effective leadership. We found that these leaders:

Establish clear direction for the center and take time to communicate to staff and partners how their day-to-day work contribute to achieving customer and stakeholder requirements

Paint a clear picture of what success looks like and how it will be measured. Regularly review performance against these standards and take corrective action when necessary.

Demonstrate a personal commitment to the values they promote through their actions.

Ohio: Leverage Partners and Manage Relationships

Center Director: Beth Colbert, Ohio MEP, Beth.colbert@development.ohio.gov

✓ Understand your stakeholders’ requirements
✓ Optimize your service delivery to align with those requirements
✓ Regularly review performance and be willing to make tough decisions when performance lags

The decision to manage the state’s MEP function through sub-recipients has required Ohio to be rigorously strategic about selecting partners to fill these roles. It begins with developing a deep understanding of the state’s manufacturing landscape. Having well researched answers to questions such as:

- How are firms distributed by size?
- Where do sectors cluster?
- What resources will be required to meet the unique needs?
- Who has the expertise to efficiently provide services?

Center Director Beth Colbert strives to continuously improve the leverage points that she can use across the state. Her current insight is to contact local legislators and explore the needs of the state’s policy makers. Colbert spends much of her time evaluating the overall performance of the state. When gaps are identified, action needs to be taken. This was the case with the recent addition of the Manufacturing Technology Small Business Development Centers (MTSBDCs) to focus on engaging firms with less than 50 employees.

Colbert is equally rigorous in evaluating and providing feedback to established partners. Quarterly performance review conversations are held with each center partner and are supported by annual site visits. Partners that are underperforming are given notice that their funding may be jeopardy and those that have not been able to improve have had their grant agreements terminated.
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Oklahoma: Build a Brand that Balances Value Creation for Stakeholders

Center Director: Chuck Prucha, Oklahoma Manufacturing Alliance, chuck.prucha@okalliance.com

- Clearly establish the value proposition that differentiates your center in the marketplace
- Engage local partners that can grow the brand organically through developing networks
- Create efficiencies by capitalizing on the core competencies of staff and third parties

More than 20 years ago the state of Oklahoma recognized that their small manufacturers required modernization services in order to remain competitive. The state had a vested interest in making sure those services were available. Out of this recognition came what is now the Oklahoma Manufacturing Alliance.

It is no coincidence that “Alliance” is part of the center’s name. Drawing upon resources from the state’s Center for the Advancement of Science and Technology, Department of Commerce, Department of Career and Technical Education, Regents for Higher Education, and a variety of host sponsors, the center coordinates a system that has achieved the highest market penetration of any MEP center.

This is achieved through what Center Director Chuck Prucha describes as a “pull rather than push” broker model. The model is implemented by approximately 18 Manufacturing Extension Agents (MEAs) distributed throughout the state. MEAs are hired by host organizations, primarily community colleges, career and technology centers, or local economic development agencies, and are 100% dedicated to achieving the Alliance’s mission. These MEAs conduct organizational assessments and then connect firms to third party providers with the specific expertise required.

MEAs are locally based and are also charged with developing the manufacturing community in the area they serve. They accomplish this through establishing and maintaining manufacturing councils and networks that provide peer support through the sharing among member firms.

Hosting an MEA, requires funding a portion of the salary and benefits and is recognized as a prized position for organizations because it provides visibility and engagement with well positioned state partners. Prucha spends much of his time engaging with potential hosts to ensure that they can deliver on the service model that is the key to the center’s success. And he segments performance on the Impact Metrics by each of the MEAs twice a year. The performance analysis is shared with the MEAs, the sponsoring organizations, and government partners.

In addition to the services of the vetted third party providers, the center also has access to 5 Applications Engineers from Oklahoma State University, as well as their New Product Development Center. The deep and specialized expertise provided by these resources extends the range of services that the center can provide by leveraging the core competencies of this world-class research university.

Indiana: Deliver Customer-driven Excellence

Center Director: Dave Snow, Purdue University MEP, tapmep@purdue.edu

- Rigorously analyze customer needs and expectations
- Systematically monitor and improve customer focused processes
- Utilize benchmarking to identify opportunities for improvement and innovation

Indiana MEP operates from the premise that service excellence requires delivering what the customer needs, when and where they need it. The cornerstones of being able to deliver on this customer-focused premise are dedicated client Account Managers that conduct assessments to determine the appropriate resources to bring to the client engagement. Often these engagements are to take place on second or third shifts or on weekends. By expanding the scope of service delivery, Indiana MEP not only meets the expressed customer need, but gains a competitive advantage over more traditional service providers.

When it became clear that an emerging customer need was innovation and growth services, Indiana MEP focused on making this a core service and Center Director Dave Snow established a goal of having 51% of their projects fall in this area. At the same time, the need to ensure organizational sustainability in a center that receives 84% of their funding from non-federal sources was critical. They have committed to finding ways to embed innovation and growth in their current work as they make the transition. A brainstorming session produced 25 concrete ways they could potentially meet both objectives.

The center also evaluates its current service offerings to ensure that they are keeping pace with the business demands of potential clients. Access to Purdue faculty represents a key resource in being agile enough to meet new service demands. The ability to review and revise faculty contracts annually allows the center to access Purdue’s nationally recognized resources in areas that are presenting current challenges to small and medium size manufacturers.

An additional approach to ensure customer needs are met is the use of the center’s ISO 9000 compliant management system. This provides the center with documented processes for everything they do and forms the basis for audits that are regularly conducted. These audits are used to identify areas of noncompliance that may negatively impact customer satisfaction and implement corrective measures. Client firms appreciate the center’s willingness to utilize recognized quality standards for their own work and it forms a key part of the value-added brand that the center has developed.

Ongoing improvement of current operations, however, is not sufficient to meet the challenging goals set for the center. To identify opportunities for breakthrough performance, Snow spends a significant amount of time benchmarking other university based centers to identify new services, processes, partners and aspects of the business model that could represent innovations for the center.