

Beating the global market

State's small aerospace manufacturers join forces

By Diane Weaver Dunne

Each time another major manufacturer sends work overseas, Connecticut manufacturers cringe.

And lose money.

To combat this ongoing financial struggle, a group of 41 small aerospace manufacturers are joining forces to improve their viability.

By working together to produce and assemble parts for the primary aerospace manufacturers, they can make parts more cheaply and better than their global competition, says Allen Samuel, executive director of the Aerospace Components Manufacturers (ACM).

"Small business owners are not just standing around, and seeing their businesses erode. This is proactive in order to retain the work [in the state]," Samuel says.

Last week, these 41 members of ACM hosted an exhibition held at the Hartford/Windsor Airport Marriott Hotel. The organization is an outgrowth of the state's cluster-based economic development initiative that was launched by the Department of Economic and Community Development (DECD) in 1999.

Shiny gears and helicopter engine parts, along with glossy posters, were displayed throughout the conference room as manufacturers mingled with one other. While the atmosphere resembled a typical trade show, the camaraderie in the room would have

been atypical five years ago, several members said.

They are currently pitching their attributes and a new way for the prime aerospace manufacturers to do business with them. Typically, the "primes" contract individual suppliers, and then have the parts sent to them for assembly. ACM leaders say they have a better idea.

They liken their idea to that of the arrangement a homebuilder has with several subcontractors needed to complete the construction of a home. One ACM firm would take the lead, similar to the role of a homebuilder, and oversee the production of various components by subcontracting with other small aerospace firms located in the area. This lead firm would then oversee the production of an entire sub-assembly.

This process would lower the total costs for the primes by reducing logistic, procurement, and quality oversight costs. The most obvious benefit is less expensive shipping costs, but also getting the parts to market more quickly, says Tom Couture, director and vice president of sales and marketing for MTU AENU in Newington, a German firm which partners with several primes.

"This is another way of reinventing ourselves to deal with global outsourcing and international competition," Couture says.

Couture says that there is an abundance of talent and expertise in Hartford's own back yard, within a 30-mile radius. ACM members employ 3,500



Doug Rose (left), president of Aero Gear in Windsor, and Tom Couture, director and vice president of sales and marketing for MTU AENU in Newington, examine an aircraft part at the Aerospace Components Manufacturers' exhibition held June 8 at the Hartford/Windsor Marriott Hotel.

workers and account for nearly \$600 million in aggregate sales.

Collectively, they can cut the driving costs of aerospace primes by reducing expensive overseas shipping costs, and bring the products to market much more quickly.

He also points out that the region's small aerospace suppliers are well established, averaging about 40 years of manufacturing experience each, and therefore offer a high-level of technical experience.

This new collaboration among ACM members represents a significant evolution in their mindset. "This is new to us, working together," says Steven Prout, president of ACM and president of Alpha Q in Colchester, which makes Chinook helicopter engine parts for Honeywell.

For example, Sterling Engineering in Winsted and Delta Industries in East Granby have been located within

20 miles of one another for more than 40 years. However, the management teams of the two firms rarely communicated, says John Lavieri, president of Sterling Engineering.

"Through ACM, we built trust and now we are doing business with each other," Lavieri says.

"Years ago, I wouldn't let them [competitors] in my shop," says Frank Kelly, president of Kell-Strom Tool Co. in Wethersfield. "Now we help each other."

This cooperation began with baby steps about five years ago, when Doug Rose, president of Aero Gear in Windsor, wanted to hire a world class consultant to teach his employees how to implement so-called lean manufacturing processes, with the goal of devising more streamlined and efficient production methods. Rose, whose company makes helicopter and jet engine accessories, says his firm couldn't afford the consultant's \$15,000 training fee. By

coming together with three other firms, and with some financial support from the state, they forged their first collaboration.

While the adoption of lean manufacturing initiatives is essential for their survival, it is now a footnote in their continuing collaboration.

The idea for going after contracts as a group has been brewing for several years, says Samuel of ACM. But it has

been unable to take part in such a large military contract, explains Couture. By sharing engineering and other types of resources, however, the region's small manufacturers can draw on their relationships to support each other.

"The advantage is to get onto a ground floor application on a new product," Couture says. "Previously, some firms may have been excluded because



PHOTOGRAPH BY LACY
About 41 small aerospace manufacturers attended the ACM exhibition last week, including Stanley Livingston (left) of East Hartford and Stephan Djionas, a vice president of Paramount Machine in Manchester.

taken several years for the manufacturers to gain enough trust in one another to enter into this type of arrangement. They realized that they could tout their expertise and credibility, reduce the risk of poor quality parts, improve delivery times and provide customers with savings through a single purchase order, Samuel explains.

The group's first collective effort — a military contract — was recently tabled due to the rising costs of the Iraqi War.

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they didn't have engineering resources. ... We do have the wherewithal to draw on relationships each of us has, based on years of experience, to offer new, creative solutions to our customers, where they very quickly see the value of the concept."

The hurdle is to find primes that will embrace this new concept. "The real key is to find that customer who is really the change agent to make this happen and break down a lot of traditional barriers," he adds. "To us, this is a no-brainer. It represents a real change in the way procurement has been done in the aerospace industry."

Their next step is to go after the overseas market, says Rose of Aero Gear. While the threat from global competitors and the shrinking aerospace market in Connecticut initially bonded them together, Rose says, their natural cluster along with this new collaborative effort positions them to now go after that global marketplace. ■