

SOME SUPPLIERS IN STATE COOPERATING TO ENSURE SURVIVAL



THOMAS CORDY / THE HARTFORD COURANT

MORE THAN 40 manufacturers of aerospace components attended a trade show Tuesday at the Marriott Hotel in Windsor. Organized by the Connecticut Aerospace Components Manufacturers, the show highlighted the ways that some parts makers are cooperating during an extended slump in their industry.

Aerospace Parts Makers Grinding It Out Together

Aerospace Parts Makers Grinding It Out Together

June 9, 2004

By JOHN M. MORAN, Courant Staff Writer

Connecticut's aerospace component makers have traditionally been a competitive bunch, scrapping to supply parts to large contractors such as Pratt & Whitney and General Electric.

But a grueling, four-year industry downturn, battles with low-cost foreign suppliers and continuing pressure for price cuts have led some parts manufacturers to adopt a new strategy: cooperation.

"We've realized a bunch of us are having common struggles and common pains," said Paul Murphy, general manager of Precision Speed Manufacturing Co., a Windsor-based gear maker. "If we don't figure

out how to do this better, we're going to lose our manufacturing base."

During a trade show Tuesday at the Marriott Hotel in Windsor, more than 40 makers of aerospace components shared know-how, discussed business deals and exchanged information about their manufacturing capabilities.

The show, organized by a trade group called the Connecticut Aerospace Components Manufacturers, was aimed at helping preserve the well-paying jobs and economic activity long associated with the aircraft parts industry.

"Our competition isn't as much the local companies that we're involved with. It's really a worldwide situation," said Stephen Prout, the group's president and president of Alpha Q Inc., a Colchester aerospace parts supplier.

Connecticut is home to scores of small components manufacturers, many of whom were founded to supply parts to such homegrown aerospace contractors as Pratt & Whitney, Hamilton Sundstrand, Sikorsky Aircraft and Kaman Corp.

In a relatively small state such as Connecticut, such an industry grouping can have a strong economic impact. The 43 companies in the Aerospace Components Manufacturers, for example, employ 3,500 people and do about \$500 million in business annually, the organization says. State economic development officials estimate that components makers account for \$4.5 billion of the state's economic activity and employ 31,000 people.

"Aerospace right now is an extremely important part of the Connecticut economy, and will be for some time to come," said Peter Gioia, economist for the Connecticut Business and Industry Association.

Tuesday's trade show came as the aerospace industry outlook is brightening for the first time since 2000. But parts makers say they must remain focused on holding down costs and providing enhanced services to benefit from the upturn. One strategy involves an emphasis on "lean" manufacturing that aims to trim costs by streamlining the production process. The local trade group has helped promote that effort by attracting grant money for lean manufacturing training, including \$212,000 in combined state and federal grant money received earlier this year.

"You have to be prepared when the opportunities arise. Lean [manufacturing] really helps to make the companies better competitors. It puts them in a situation where they're going to be much more cost-effective to their customers," said Allen Samuel, the group's executive director.

Another strategy is the formation of bidding collaborations in which groups of parts makers band together to offer package deals on entire suites or "kits" of aerospace components.

Thomas Couture, vice president of sales and marketing at MTU Aero Engines North America Inc. of Newington, said that approach was used in preparing a bid for a new Army tank engine. The Army postponed awarding the contract, but the experience demonstrated that collaborative bidding can work, he said.

Aerospace industry analyst Richard Aboulafia, of the Teal Group, said creative approaches to manufacturing and marketing will become ever more important to domestic components suppliers as overseas competition intensifies and buyers seek the cheapest parts.

"The thing about aviation is that it's more and more a commodity business," Aboulafia said. "The price that you pay for stuff has a huge impact on your profits."