

Evolving business practices keep U.S. toolmaking alive

By Joseph Pryweller

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To borrow from Mark Twain, the death of toolmaking in North America might be greatly exaggerated.

Heck, it is not even that sick, according to executives with three mold-making companies who participated in a panel at the Plastics News Executive Forum, held Feb. 1-4 in Summerlin.

While toolmaking as we have known it in North America for decades just might be vanishing, new business practices can help firms survive and compete effectively, said Roger Klouda, president of MSI Mold Builders Inc. of Cedar Rapids, Iowa.

In MSI's case, that has meant a radical shift to lean manufacturing, an approach that has led to the excising of activities at MSI's three plants that slow down lead times and deliveries, Klouda said.

There's been a shift in attitude, too, he said. Instead of regarding themselves as artisans painstakingly crafting a mold, workers are considered mold manufacturers in plants that are built for speed, Klouda said.

“Speed is a critical competitive advantage, and cost reductions are mandatory,” he said. “On every job [we ask], how do we redefine the project to compete on a speed basis; how are we looking to make things faster?”

The need for rapid-fire lead times is nothing new to toolmakers. But that talk has turned to urgent action for many companies bombarded by cheap tooling coming from Asia and a general business slowdown, said Walter Kuskowski, president and chief executive officer of mold builder Wentworth Technologies Co. Ltd. of Burlington, Ontario.

Kuskowski shared some startling industry statistics. Of about 7,000 companies in North America making tools, dies and industrial molds, at least 300-500 have left the business in the past three years, Kuskowski said. Shipments have declined sharply for many companies, falling by as much as 20 percent in 2001 and 2002, he said.

Yet, the panel was anything but downcast in the face of such adversity.

A third panelist's company, MGS Mfg. Group of Germantown, Wis., has been on a spending binge, adding technology, robotics and services such as in-mold labeling and turnkey assembly during the past half-decade, said Bob Burt, vice president of sales engineering.

Burt, who spent some time in China heading up MGS' international business development, said that U.S.-based mold shops should not even try to compete on price with China. That's a losing proposition, since wages there cannot be approached here, he said.

Instead, companies should showcase their technological acumen and their advantage on engineering changes and design, he said. "We have other skill sets here that we should be using," Burt said.

"We think of ourselves as a global company that can sell to China, the same as everywhere else."

Others also have re-engineered their tooling businesses. Wentworth has grown dramatically, partly through overseas acquisitions, from sales of \$69.2 million in 1998 to \$185 million last year. That success has come partly with the opening of tooling and thermoforming facilities in Kuskowski's native Poland.

Kuskowski believes that Eastern Europe could be more of a tooling power in the long term than China. It is closer both in geography and culture and has fewer issues with the purloining of intellectual property, he said.

But the key to him is continuing to be a high-volume, low-price supplier, no matter where tools are made.

"We have to be both global and local to deliver low-cost products to customers," Kuskowski said. "If you have the stamina and the stomach for it, you've got to go global."

The company also has the drive to cut lead times, which it credits for some of its growth. Wentworth has coined the phrase "fast-to-market tooling" to describe its process. The guts of the process include high-speed equipment, machines that can run 24/7, standardized designs and dedicated work areas.

The philosophy is simpler. "If an individual needs a tool in four to six weeks, we can deliver it in five to seven days," Kuskowski said.

That is similar to the approach taken at MSI. The Iowa company also looks at working around the clock, Klouda said. Dead time is eliminated ruthlessly by scheduling individual jobs on each machine. Teams are trained cross-functionally to slip easily among projects. And projects are made to order, not just to impress, Klouda said.

"A gold-plated tool is not what the customer wants unless they want to pay for it," Klouda said.

Slowdowns in the design process can act as large deterrents to job completion, he said. MSI designers work overnight shifts, shaving 15-20 percent from mold-building times, Klouda said. All in all, the process allows MSI to compete with China and other low-cost countries without having to move overseas, he said.

The process does take a toll on labor. MSI has decreased manufacturing staff by 20 percent while increasing capacity, Klouda said. That is a necessary ingredient of a lean shop, he added.

“We've made work brutally fun again,” Klouda said. “We moved from a tooling company to a manufacturing company.”

Klouda said he has little tolerance for toolmakers that cry about China's low wages and about their inability to compete. Too frequently, U.S. manufacturers are in the whine-making industry, he said. “We've tried to have somebody else solve our problems,” Klouda said.

He also has a quick answer for customers still wanting to move globally with their tooling. The remote grasslands of his firm's site are far enough for Klouda.

“If a customer has to go offshore, there's nowhere further offshore than Cedar Rapids, Iowa,” he said.