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Grand Rapids Manufacturers Adopt New Practices to Thrive

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The Right Place Program

Thanks to a diverse manufacturing base committed to continuous improvement, greater Grand Rapids is an economically vibrant and growing community.

Grand Rapids MSA Wage & Salary Information—1999
Not only does manufacturing represent the greatest number of jobs in our region, but at 38.9%, (see pie chart on right) it is also the largest payroll sector. In addition, because the goods manufactured in our area are sold around the world, the money paid for those goods is imported to our community, thus creating the resources necessary for a healthy local economy.

Trends In Our Manufacturing Sector

- Coopetition (Collaborating with the Competition)
  Long before business gurus coined the term “coopetition,” local manufacturing leaders realized that their true competition was not around the corner, but around the globe. They also realized that there were things that each of them was doing that were “world-class.” They reasoned correctly that if they could learn those “best practices” from each other, they could ensure that the greater Grand Rapids region would become a manufacturing center whose members could compete anywhere in the world. To begin that networking, they turned to The Right Place Program, which formed the Manufacturers Council in 1989.

  Since that time, The Right Place Program has built on the success of the Manufacturers Council, using it as a model to
convene an Office Furniture Industry Council to support one of our region’s largest industries. It also organized and supports a West Michigan Graphic Communications Alliance to support the local printing industry—the sixth-largest industry concentration of printers in the country. Working in partnership with other area economic development organizations, The Right Place Program has also helped to launch additional manufacturers’ councils in Grand Haven, Holland, and Muskegon.

While the particular industry cluster or geographic area may vary, the goal of these councils is the same—collaborating with other businesses to ensure their industries remain competitive. Council members work with Right Place Program staff to provide a business voice in community and workforce development and to champion a number of industry improvement initiatives, such as user groups, tours of best practice, and industry conferences. Some of the areas in which the councils have focused their improvement efforts include:

- **Lean Practices.** Eliminating waste in all its forms through the application of lean manufacturing tools positions a firm to produce more quickly, accurately, and cost effectively. An unusual example is Goodwill Industries, which has significant production operations. This organization recently used several lean tools during a three-day Kaizen event. In a Kaizen event, a production process is completely analyzed and re-worked with an eye to reducing waste in the process.

- **Clean.** Many Grand Rapids area firms are maintaining a perspective of stewardship of the earth’s natural resources and are implementing sustainable manufacturing practices. One example is the $38 million Coca Cola expansion project located on the city’s near west side. Rather than consolidate operations on a new greenfield site and contribute to urban sprawl, Coca Cola elected to clean up a contaminated site adjacent to its current bottling operations. A second example is the family-owned Haviland Enterprises. When designing a new production facility, they went far beyond what the building codes required to ensure that environmental safety would not be compromised and the safety and health of their employees would be maximized. This was a bit more costly perhaps, but indicative of the concern for employees and the community this firm and others possess.

- **Innovative Uses of Technology.** Many area firms are creating new technology to help them be more competitive worldwide. There is a group of local manufacturers who have formed a user group around Sensors in Manufacturing. This group of metal forming companies works together with vendors to improve the design and use of the electronic sensors in their machines. These sensors are able to determine if a developing part’s specifications are moving out of acceptable quality parameters while that part is still in production. Even more amazing is that the machines are set up with controls that will automatically adjust the machine to bring parts back into tolerance, all while the machine continues to produce hundreds of parts per minute!

- **Creative New Markets.** Area firms are also using innovation to improve the bottom line in more ways than one. One recent example comes from the Holland American Wafer Company, an 81-year-old family business best known for its Dutch Twins sugar wafers. The company created a specialized warehousing and logistics system to meet its own needs as a food producer and quickly realized that it could package and sell this industry-specific capability to others. The company has now formed Trace Warehousing to enter a completely different market, one based on technology rather than baked consumer products.

A second example is Michigan Natural Storage, another family-owned firm. This low profile firm owns millions of square feet of former gypsum mines and has been using that asset to provide secure, environmentally-controlled storage for generations. The owners recently recognized, however, that these mines could also provide a competitive solution for data centers, a market previously unexplored by Michigan Natural Storage. Data centers are the nerve centers of the information technology industry and need secure, temperature-controlled environments. As a result of this discovery, Michigan Natural Storage has formed United States Data Center Operations.

- **Outsourcing to Gain Competitive Advantage.** Outsourcing allows area firms to concentrate their resources on their core competency while creating new opportunities for other manufacturers.

One example of this is the recently proposed Michigan Advanced Center for Automotive Testing. This center would allow area automotive manufacturers to access the latest in testing technologies and processes at a fraction of the cost to build that capability within their respective companies.

These are just some examples of the commitment to continuous improvement among area manufacturers. Their efforts contribute to making greater Grand Rapids a leader among U.S. metropolitan areas. Consistently ranked among the top 25 in national comparisons, greater Grand Rapids offers an economic climate supportive of innovative business and community development. The Right Place Program is committed to ensuring the region maintains this tradition of excellence by providing leadership in such areas as workforce development, technology transfer, urban redevelopment, infrastructure development, and community strategic planning.
The Right Place Program offers a central resource for any manufacturing expansion or relocation project, providing assistance, such as: acting as a liaison to local and state governments, assisting in site selection and workforce development, and providing customized market research. Right Place staff also market the region to a worldwide audience, actively pursuing companies, professionals, and resources whose presence in Greater Grand Rapids would enhance the competitiveness of area manufacturers or strengthen the regional economy. During and following an expansion or relocation project, manufacturers receive ongoing support through a complete introduction to the Greater Grand Rapids business community and opportunities to collaborate with peers through inter-firm learning networks convened and facilitated by The Right Place Program.

Why would an economic development organization focus on the needs of manufacturers? The answer is quite simple: manufacturing represents 27.5% of all jobs in greater Grand Rapids—twice the national average. Area economists also estimate that an additional two service or support jobs are created for every manufacturing job, making manufacturing the premier driver of the economic health of our community.

Ray De Winkle serves as Vice President of The Right Place Program. He earned a B.B.A. in Finance from the Seidman School of Business.