The Manufacturing Extension Partnership: Help for Small Manufacturers

The federal Manufacturing Extension Partnership program – MEP – is probably one of the most effective government programs out there. Designed specifically to help small and medium-sized manufacturers, MEP has worked with more than 184,000 firms in all 50 states and Puerto Rico since the program began in 1988. By assisting with process improvements and worker training to business practices and information technology, MEP has helped these firms cut costs ($681 million in 2003 alone), save jobs, and boost sales. The program is run by the Department of Commerce's National Institute of Standards and Technology, but is funded by federal, state, local and private resources.

The benefit of MEP is that it gives smaller companies affordable access to professional guidance. Each state-based MEP center works with area manufacturers to provide expertise and services tailored to their needs. In the case of FPI Thermoplastic Technologies, based in Morristown, NJ, company president Sebastian Murray credits the New Jersey MEP for not only showing him how to run FPI more efficiently, but helping him save the business after a devastating loss of sales in 1999. NJMEP president Bob Loderstedt says he is able to help clients like FPI and others because “we have field agents with 15, 20 and 25 years experience in manufacturing and in business. By using the investment from the federal and state governments, these agents are able to come in and spend time on the front end with no money changing hands. They get to understand the customer and understand the business problems.”

Loderstedt’s team uses no-cost assessment tools to help with benchmarking, and will spend enough time on the factory floor to fully understand a company’s needs before devising a solution strategy. They’ll then link the client with one of their “strategic partners,” an independent consultant approved by NJMEP. “Many times, it’s a process of matching the personality of the strategic partner to the client,” says Loderstedt. The partners like the arrangement, he adds, because it saves them from having to find business.

Though it’s a not-for-profit C-corporation, NJMEP still must charge clients in order to cover all costs. “We have to generate fees, and they have to turn some type of gross profit that helps us grow the business,” says Loderstedt. Costs include monthly retainers as well as project-based fees, but are routinely less than what a company would pay if it hired independent consultants. “For us, this was a lower-cost alternative,” says Murray.

MEP successes have encouraged lawmakers in New Jersey and other states to increase their MEP funding, despite the routine uncertainty of the federal MEP contribution. Originally slated to end in 1994, MEP has survived successive budget reviews, though usually with less funding. Fiscal year 2004’s drop to $38.6 million (from $106 million) was no exception. According to a spokesperson for the federal MEP office in Gaithersburg, MD, however, the NIST has again requested $106 million for the 2005 FY budget, which begins October 1. At press time, the budget awaits Congressional approval.

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