

Making It In America

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For 89 years, Alliance Rubber Company has been manufacturing a product that, besides paper, may have more uses than any other item on earth: the rubber band. Dedicated to “holding your world together,” the company has grown into a global leader and established itself as an innovative, American manufacturer.

Turning to innovation to remain competitive in a turbulent global economy, Alliance Rubber has introduced eight new products in the last 18 months, and in turn was recently awarded the Manufacturing Extension Partnership’s (MEP) 2012 Excellence In Innovation Award. Jason Risner, Alliance Rubber marketing manager, says “We’re trying to be about as cutting edge as you can be with rubber bands. People are quickly discovering that there is a lot more to rubber bands than meets the eye.”

Coordinated through the National Institute of Standards and Technology, the MEP Excellence In Innovation Award pays tribute to manufacturing innovation development and implementation. The pioneering new products that contributed to Alliance’s award include rubber band gripping products, the first bracelet made out of an eraser, the world’s first fragrance band, and the world’s first 4-color imprinted wristband. “We were very honored to win the award for excellence in innovation this year,” says Bonnie Spencer Swayze, president of Alliance Rubber, and daughter of William Spencer — who began Alliance Rubber in 1923 by cutting Goodyear inner tubes into bands in his basement. “We have a long history of innovation at Alliance.”

Competing with over 75 nominees from around the country for the MEP 2012 Excellence In Innovation Award, Alliance Rubber was one of two companies across the nation to win the award. Proud to provide 150 U.S. jobs, and say ‘Made in the USA,’ Alliance Rubber manufactures approximately 94 percent of its 2,200 SKUs at its Hot Springs, AR headquarters.

Excellence In Innovation

A key driver of economic growth and competitiveness, particularly in the manufacturing sector, innovation is at the heart of everything Alliance Rubber does. “Fail fast, fail cheap,” says Risner, citing a seminar that Alliance employees attended in 2010 to help them better process a new idea through to a successful product. “We created a process that made sense for us,” he explains, “to bring these new ideas that we had been kicking around for a long time to market in 90 days.” 45 minute meetings between the marketing, sales, production, quality assurance, and sourcing divisions were held every two weeks. Setting the timer to

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keep the meetings to 45 minutes, Risner explains that each person was assigned specific tasks, allowing the short meetings to provide a way for the group to come together to quickly and effectively launch a number of new products. The nearly indestructible UV and ozone resistant X-treme File Bands™; the first bracelet made out of an eraser (Eraselet®); the world's first fragrance band (Whiffers®); and the world's first 4-color imprinted wristband (FotoFlex™) are just a few of the products that helped Alliance win the 2012 innovation award. "Our innovation actually outpaced our ability to implement," Risner says. Prior to the latest product innovation push at the company, it had not introduced new products since 2007. "And we actually have about three more ideas in the pipeline that are just waiting."

"Our goal right now is to make people think about rubber bands more," Risner stresses. "That's the bulk of what we do." In addition to introducing printed, glow-in-the-dark, antimicrobial, and latex-free rubber bands, Alliance has also created a blog in an attempt to catalogue the variety of creative ways rubber bands can be used around the home or office. "A lot of people put them in their desk drawer and that's where they stay." He wants more people to realize just how "unlimited" a rubber band's uses are.

Key To Success

"We have about 2,200 SKUs of products that we provide to our 2,000 dealers and distributors," says Swayze. But 2,200 products are not enough for possibly the most innovative rubber band manufacturer in the world: "We are growing," she adds. Offering a \$1,000 incentive to employees for every new product they propose that is successfully implemented in the marketplace keeps employees involved in the spirit of innovation at Alliance. "That's the key to our success — our 150 great team members."

Two thirds of Alliance Rubber's employees have been with the company for five years or more, says Swayze, and these employees are recognized on Alliance's "Five-Year Wall of Fame." Once a year on their anniversary, each employee is asked to rate their employer and make suggestions on improving the company. "Our associates are our partners in making Alliance a better place," Swayze emphasizes. "With a company of just 150 people, there's a certain culture — it becomes your extended family."

And the Alliance family is a well-educated family. Any type of outside education that employees undergo to better themselves is reimbursed up to \$2,500 a year, Lean training and new Lean ideas that are implemented are rewarded with bonuses, and company-wide cross-training allows employees to move to other departments and learn something new, says Swayze. "We have a very strong history of promotion from within," she explains. "95 percent of our managers at Alliance began at entry level." Many managers began at Alliance feeding rubber on an extruder—and the IT manager began her career packing rubber bands on a line.

What this mean for Alliance is "people that know their jobs." Swayze adds, "We have an extreme emphasis on quality control." Alliance Rubber's manufacturing utilizes a continuous cure extrusion process — which contributed to its 2012

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innovation award. This is in addition to its new products and green initiatives, which include energy efficient lighting and cooling systems, and, of course, producing a reusable product: rubber bands.

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“When you’re an American manufacturer, there are so many challenges that you’re up against,” says Swayze. In addition to higher wages and benefits than their offshore competitors, and additional taxes and regulations that Swayze says Thailand and China competitors don’t need to endure, Alliance also uses a higher quality (and more expensive) rubber in its products. “Quality is one of the reasons that our customers love us and keep coming back to us,” she says. “We don’t always have the cheapest price per pound of rubber bands, but 99 percent of the time, we have the cheapest price per band.” Explaining that customers buy the band by the pound but use them by the piece, Swayze stresses the quality aspect of a superiorly manufactured rubber band: ergonomic soft stretch bands, reusable and long lasting quality bands, and green bands (where rubber is organic and much more biodegradable than rubber band’s biggest competitors, Poly Bags, and twist ties), Swayze says. Quality over quantity, and price, matters.

“It’s very important that American retailers realize that every time they say no to an American manufacturer, they’re truly being short-sighted,” says Swayze. In the United States, this has had very real consequences: 42,000 factories have closed in the last 11 years. “For every U.S. manufacturing job, one of them supports 4 to 5 additional jobs — real estate, R & D, sales, finance — all these service jobs. Here in America we’ve got 14 million, officially, unemployed. We’ve got 20 million underemployed. So that’s 34 million people looking for a good job in America—22 percent.

“So when American retailers don’t want to look at American goods, don’t want to see value-added propositions and better quality products, with more features and benefits that have great sell-through, they’re being short-sighted,” Swayze explains, “because those are their customers.”

The National Association of Manufacturers says that, taken alone, U.S. manufacturing would be the ninth largest economy in the world. And the United States is currently the world’s largest manufacturing economy, producing 21 percent of global manufactured products. “We’ve always been extremely pro-American manufacturing,” Swayze says. And in addition to keeping Americans employed, she lists the tremendous advantages Alliance Rubber sees by keeping manufacturing in America: top quality product, consistent quality product, fast service, consistent availability, fast turnaround times, and high fill rates.

The economy, and increasing pressures from global competitors, has forced American manufacturers to become Leaner than ever before — and to look to resources outside their own walls to stay competitive. Swayze says, “There are so many great resources in America to investigate to help keep us competitive.” And to other manufacturers who may be struggling with global competition, “Do not throw in the towel before you exhaust all avenues.”

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“It’s a very real thing in America when manufacturing is the heart and soul of America, and it doesn’t matter whether you’re republican or democrat or independent,” says Swayze. “This is all about keeping the America economy, making it stronger than ever.”

Swayze stresses, “Americans cannot continue to put their heads in the sand and think that if they simply buy offshore goods that it won’t affect them in the long run—it does affect them in the long run. It affects all of us.”

In the spirit of American-made innovation, Alliance Rubber launched the “We Can Make It In America Challenge”—a campaign for consumers to pledge to spend a dollar a day on American-made goods. Offered on its website and launched in November 2011, the pledge has already garnered over \$1.5 million dollars in support—promised to be spent over the next year on American-manufactured products. According to the National Association of Manufacturing, U.S. manufacturing supports an estimated 18.6 million jobs in the U.S.—about one in six private sector jobs, including in service, real estate, R & D, sales, and finance, “So we came up with our ‘We Can Make It In America’ challenge,” explains Swayze. “We hope to create one million American jobs by encouraging everyone to just spend a dollar a day on American goods.”

Take the pledge at www.rubberband.com [2].

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