

# NEWS RELEASE



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***For immediate release***

### **COMPANY BATTLES OFFSHORE SOURCING WITH LEAN MANUFACTURING:**

Flinchbaugh Engineering develops successful line transfer strategy

**York, Penn., Jan. 4, 2005** -- With reliance upon lean manufacturing, Flinchbaugh Engineering, a supplier of quality machined and assembled components such as pivot shafts, has found a successful new alternative to battle increasing competition from low-cost foreign manufacturers – line transfer -- whereby a company transfers individual or multiple-part machining lines. Benefits of this approach include lower part prices, elimination of high labor costs, improved machine uptime and extended equipment life.

Flinchbaugh's experience in line transfer goes back to 1985, when the firm took in Caterpillar, Inc.'s clutch piston manufacturing line. Then, in 1996, bearing manufacturer SKF (USA) transferred an entire assembly line to Flinchbaugh Engineering. New manufacturing processes were developed to improve efficiencies by nearly 300 percent and on-time delivery improved to 100 percent. Several more lines soon found their way to Flinchbaugh.

The company has since grown into a \$24 million organization that now markets itself as the "on-shore alternative to off-shore outsourcing". According to Flinchbaugh's President, Mike Lehman, going overseas has become the thing to do these days. "Companies hear about 40-50 percent savings and they are convinced off-shore outsourcing is some kind of panacea. So, they write down their capital equipment and send production overseas -- only to find out that the savings is more like 15-20 percent. With our lean

manufacturing concept, however, we can take that equipment in-house, maintain it and keep it humming for years – in the states.”

It was the company's success with lean that taught them that there is, as Lehman says, “a better way.” Though lean implementation at Flinchbaugh Engineering started in the 90's with Empowerment, Total Productive Maintenance (TPM), 5S, and Kaizen, the cultural change within the organization didn't truly begin to happen until Flinchbaugh employees attended the Lean Experience class held at the Lean Learning Center (Novi, Mich.) in March of 2002. It was this experience that really accelerated the company's lean plan.

The Lean Experience, a five-day program, is designed to jump-start lean thinking and lay the foundation for a company's lean transformation by focusing on lean rules and principles. “During our sessions, we make sure our students don't just acquire information on lean, but develop the skills to apply it within their own real-world environment on an ongoing basis,” said Andy Carlino, Lean Learning Center partner. “The biggest misunderstanding about lean is that it is simply a group of tools that you apply. For lean to be successful, the principles of lean must be deeply embedded as part of daily thinking.”

With a passionate commitment to lean implementation and continuous improvement, Flinchbaugh is now seeing real results in its line transfer business. In one channel area, set-ups have been reduced by 35%. Floor space has been maximized to accommodate new business and the company is getting more throughput per person than ever before.

When Flinchbaugh hears about a closure because of outsourcing – they go in and propose line transfer. Flinchbaugh's concept is fairly unique as they target the more complex projects, like a recent agreement that calls for 16,000 parts per year, involving 103 part numbers in two different families. Or the transfer of a mature product of over 100 various mechanical sensor parts. Currently Flinchbaugh has 10 line transfer agreements with many more in the works.

Flinchbaugh's success with lean has changed more than processes and ways of thinking within the organization. Lean success has helped change the nature of Flinchbaugh's relationship with its customers. From engineering firm to sub-contractor to true partner, Flinchbaugh Engineering has parlayed lean into a dynamic, new business model. And, along the way has lowered OEM costs and kept jobs from going overseas.

"More companies need to think like Flinchbaugh Engineering," says Carlino. "When a company has truly embraced lean, it uses it not just to improve cost and quality but to really change the value they deliver customers. Through its successful lean efforts, Flinchbaugh Engineering has significantly improved on an already solid line-move strategy, and along the way it is delivering the kind of value manufacturing companies need to compete in our global economy."

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