

Trade group links profits with sustainability

Oregon Manufacturers Extension Partnership saves small manufacturers money by emphasizing green practices

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Steve Emery believes in sustainable manufacturing, but as a consumer he has a frustration common among shoppers who want to support environmental consciousness.

"Sustainable brands cost more," he said. "If companies are eliminating waste, the opposite should be true."

Now it is, at least at Earth 20, the Culver-based bottled water company where Emery is president.

Earth 20 is one of dozens of state firms

that have partnered with the Oregon Manufacturers Extension Partnership (OMEP), which teaches companies with fewer than 500 employees — 99 percent of Oregon's 6,000 manufacturers — how to eliminate waste in the manufacturing process.

OMEP helped Earth 20 halve its total energy production, allowing Emery to lower retail prices yet retain profit margins, even as the cost of production materials rises. Other OMEP partners report similar benefits.

"We have a tremendous success story to tell," said OMEP Executive Director Pat Murphy. "It's all quantifiable results."

OMEP is a not-for-profit organization that is part of a nationwide MEP program administered by the Department of Commerce through the National Institute of Standards and Technology. It collaborates with a variety of state and regional industry associations and economic development groups to help companies learn "lean" manufacturing techniques.

A pair of grants from the U.S. Department of Labor, totaling \$6.2 million, have helped OMEP provide training in lean manufacturing to more than 150 companies and nearly 7,000 employees over the past three years.

From July 2007 through Sept. 2008, OMEP training saved 73 Oregon manufacturers \$23.6 million, according to an

independent survey by the National Institute of Standards and Technology. In that period, those firms created or retained almost 1,500 jobs, and increased or retained \$213 million worth of sales.

Such quantification is important, said Mark Sheppard, operations manager for Givaudan, a Silverton company that manufactures dried fruits and vegetables. Three years ago, OMEP chose Givaudan as a pilot company to implement a \$3.2 million grant from the Department of Labor aimed at establishing lean manufacturing in the food-processing industry.

"You want to put metrics on these things, and be able to measure them," Sheppard said.

The results: a 30-percent increase in sales, and a 10-percent increase in production capacity. But the most important change to Sheppard was a reduction in turn-around time for customer orders, from three to four weeks to less than two.

"It's put us in a much more competitive environment. We don't gain new business by virtue of price, but by being innovative, and delivering to customers what they want," he said.

From 2005 through the first quarter of 2008, OMEP has helped 15 Oregon food processors, including Earth 20, save an aggregate \$3 million and increase sales by about \$6 million. The process has created 45 new jobs and wage increases for 470 food-processing employees.

OMEP's Murphy said those numbers are just the tip of the iceberg, as OMEP shifts from the equipment side of lean manufacturing to the processing side. It is currently partnering with the non-profit Oregon Energy Trust Association to help manufacturing firms save money on energy.

"It's an interesting combination of resources. It does make sense, trying to make reduction of energy waste a key element," said Elaine Praise, industrial sector manager for Oregon Energy Trust.

Murphy said pilot projects have identified vast potential for improving energy efficiency. This provides another avenue

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Manufacturers increasingly find that recycling and sustainable practices boost their bottom lines.

for demonstrating how lean manufacturing can improve a business' bottom line.

"There's a tidal wave of information available about sustainable manufacturing, but if there's not a financial-profit connection, it doesn't stick well with most companies," Murphy said.

OMEP partners say the profit connection is there, though it doesn't come cheap. Before working with OMEP, they must commit to matching grant money with training time and investments in new equipment and technology. At many food-processing plants, Spanish-speaking employees must agree to take English classes taught by OMEP staff.

"It was a huge time commitment, but I tell people 'how do you not do it?' The benefits way outweigh the time spent learning it," said Lynn Greenwood, manager of the Sabroso Company's Woodburn processing plant.

Greenwood said OMEP has completely changed the company culture, encourag-

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ing employee input and bridging the gap between management and labor.

"It gave us the tools to be able to make (workers) feel comfortable enough to know that what they say is valued," she said. "That's the biggest benefit lean manufacturing has brought to us."