

“Collaborating companies are run by aggressive individuals willing to experiment and take risks, and to not just sit there and run their businesses as they have in the past.”



EDITORIAL BRAD F. KUVIN

The Sum is Greater than its Parts

From Wikipedia, the online encyclopedia: Synergy or synergism (from the Greek synergos meaning working together) refers to the phenomenon in which two or more discrete influences or agents acting together create an effect greater than the sum of the effects each is able to create independently.

Synergy usually arises when two or more persons (or companies) with different complementary skills cooperate. Within one business, cooperation of people with organizational and technical skills happens often. But rarely if ever do companies—particularly companies with similar core competencies—cooperate so that the sum becomes greater than its parts. A notable exception in our own metalforming backyard: the establishment, in 2004, of tool and die recovery zones by the Michigan Economic Development Corp. (MEDC). Since the program began, 18 of these zones have been created, in two rounds of activity. Round three is underway, with applications due by September 18.

In short, Michigan tool and die businesses (with less than 75 employees) agree to collaborate in areas such as sales and marketing and in developing standardized processes and project-management methods. In return, they gain tax exemption (single business tax, state education tax, local personal property tax, local real property tax, local income tax and, in Detroit, utility users tax) for as long as 15 years.

What’s cool about this program, described in depth to *MetalForming* by MEDC director of program administration John Czarnecki, is that not only do the collaborations make the sum greater than its parts (the zones market themselves as providing opportunities to keep tool and die work in the United States rather than moving it offshore, via one-source quoting, among other benefits), but they in fact make the parts themselves stronger.

“We recently met with companies that participated in round one of the program,” says Czarnecki, “33 companies from eight zones. All had positive things to say regarding how their individual companies have benefited, and only one company of the 33 still was experiencing any level of financial difficulties. We learned first hand that every company individually is

stronger now than before.

“We’ve seen a lot of creativity in how these companies share resources and expertise,” Czarnecki continues. “They combine to purchase equipment and raw materials, share successful process improvements, and even share skilled labor amongst each other as business ebbs and flows.”

The common thread among the collaborating companies is that they are run by aggressive individuals willing to experiment and take risks to work together, and to not just sit there and run their businesses as they have in the past, says Czarnecki. To see how one collaborative operates, surf to www.gltcd.com, the website of the Great Lakes Tool and Die Collaborative. This diverse group of manufacturers offers injection molds, stamping dies, toolholding systems and other related products and services.

Companies that want to get in on this third round of zone building might have a tough time pulling together a collaborative and filing their applications by September 18, but Czarnecki offers an alternative. “In December 2005, the governor signed a bill that, among other things, allows an existing recovery zone to add one or more qualified tool and die business to its zone with the consent of all other companies in that zone. Therefore, we recommend that interested parties visit our website (www.michigan.org) and take a look at our existing zones to look for opportunities where their companies can bring something new to the table.

“We’ve seen several companies having participated so far,” Czarnecki adds, “that now are taking their tax savings and reinvesting in their shops with new equipment, training and other initiatives. That’s the impact we had hoped for.”

A handwritten signature in black ink that reads "Brad F. Kuvin". The signature is written in a cursive, slightly slanted style.

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