



National Academy of Sciences

The Manufacturing Extension Partnership

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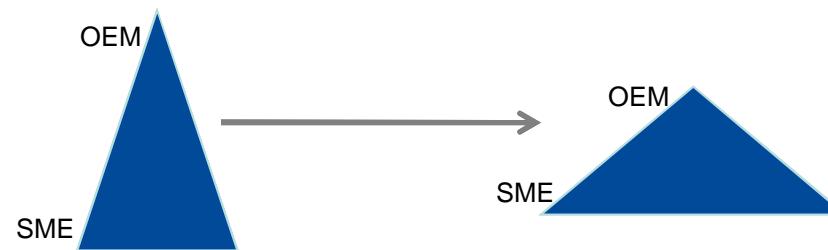
The Navy Yard
Building 100 Innovation Center
4801 S Broad St, Suite 100
Philadelphia, PA 19112

DVIC Posture/Perspective on “Supply Chain”

- Not a proactive player directly involved until recently
 - Pittsburgh MEP – Catalyst Connection
- Keen observer of the related 15-20 year public policy discussion
- and industry discussion

Public Policy Perspectives

- Fits within discussion of industrial structure that needs to be understood
 - § Understanding of how it works can lend to ideas about barriers to improved performance, economic growth, of/within the structure



- Structure or channel to effect change down the chain in business practices è SMEs

Industry Perspectives

- Primarily a purchasing related topic
 - § Cost reduction
 - § Productivity improvements
- Increasingly includes “partnerships”
 - § Supply chain networks
 - § Supply chain managers
 - § More logistics oriented
 - § Slow in coming

Trends Within Which Supply Chain Lives

- Global competitiveness challenges of OEMs è price/cost reduction
- Focus on core competencies
- Outsource of non-core functions
- Creates opportunities and reallocation of value within the chain

Benefits of SMEs (medicine)

- Vendor assessments (mirror)
- Pick-up of outsourced functions/new capabilities
- Certifications
- Productivity improvements
 - § New software / improved IT systems
 - § On-time delivery
 - § Lead-time reductions
 - § Improved design/engineering
 - § Value added elements shifted down the chain...or distributed through the network

Existing OEM (the right one)



Drives need for new capabilities within SME



**Creates opportunity with new OEMs or
product development for SME**

DVIC World of SMEs

- 1/3 are OEMs
- 1/3 are hybrids
- 1/3 are job shops
- OEMs = business opportunity, not pull to new capabilities
- Need to help change the thinking in SMEs to value providers, value receivers, and value creators

Enter GPIC (Greater Philadelphia Innovation Cluster)

- Work with OEMs in Energy Efficient Building (EEB) sector
- Chance to understand their thinking about suppliers now and in the future
- Work with SMEs to re-think their view of OEMs – OEMs as agents to improve and grow their business – new capabilities, etc.

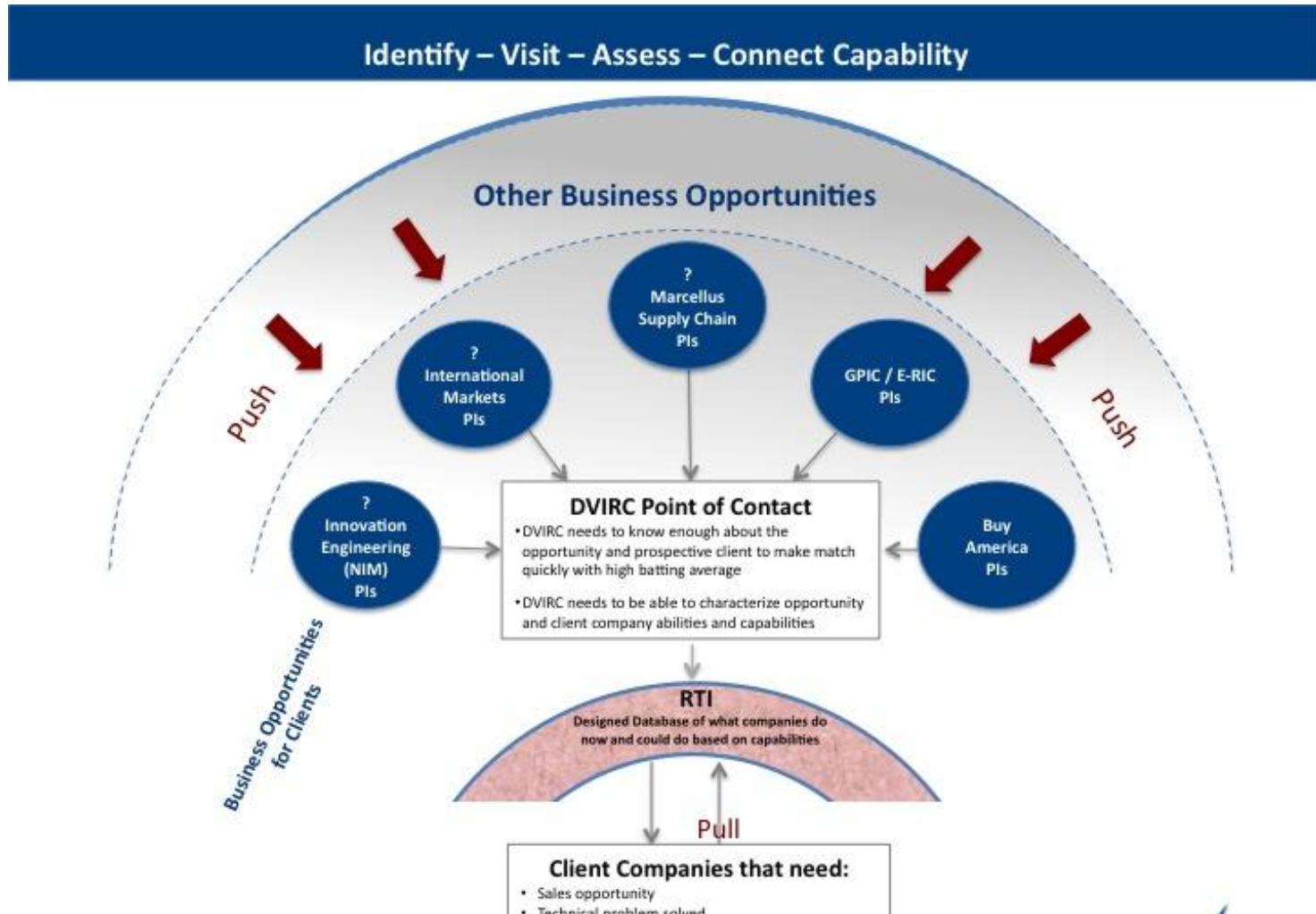
Challenges for DVIRC in GPIC

- Create business value proposition for OEMs
- What do we need to know about SMEs to help them connect successfully to OEMs?
- What do we need to know about OEMs to help SMEs connect successfully to them?
- What are the barriers?

Wouldn't it Be Great if...

- OEMs committed to re-shoring 10% of their offshore work for domestic markets, contingent on the business case making sense.
 - Keep connection between manufacturing and innovation capabilities
- Federal Government: Buy America/American

Possible More Structured MEP Role – Currently Ad-Hoc Role



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Thank You

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