

A **Proven** Contract-Manufacturing
Solution

Enabling the **Execution**
of **Business Strategy**

STRATEGIC
CELL
MIGRATION
by Flinchbaugh

You Don't Have To Go Far
To Go Further™

Today's business leaders must apply a high level of creativity to craft and execute strategies that meet the needs of an ever more challenging global economy. Stakeholders demand relentless cost and productivity improvement while supporting growth through expanded market participation and innovation.

To succeed, businesses must lower unit costs while not compromising competitive advantage built on product and service features. Maintaining the status quo is no longer acceptable. The most vigorous and innovative companies around the globe make bold moves to ensure sustainable growth and market leadership. Businesses everywhere are focusing on their core competencies, reevaluating their business and product portfolios and making conscious efforts to move down the value chain. Manufacturing processes like precision machining are no longer as mission-critical, with many companies shifting greater emphasis to downstream processes like marketing, integration, service, financing, design and assembly.

Flinchbaugh's Strategic Cell Migration is a proven contract-manufacturing

alternative that provides cost savings on the ongoing production of parts with exacting quality requirements. Typically, these product applications have higher risks and costs for failures; they're the kinds of parts you couldn't imagine outsourcing until now. Strategic Cell Migration enables companies to have the best of both worlds: per-unit cost savings and the freeing of resources to pursue higher value-creating activities.

Flinchbaugh did not just invent this outsourcing paradigm; we continually practice, apply and improve upon the disciplines that make it a strategically better business solution than other outsourcing choices. This has been proven through 13 successful line transfers for major companies like Caterpillar, Siemens, Mack/Volvo and SKF.

Specialized Outsourcing for Mission-Critical Manufacturing Cells

Definitive reasons why Strategic Cell Migration from Flinchbaugh is the safest solution to today's most challenging manufacturing issues:

Your entire cell migrates to a Flinchbaugh location

Your production cell and the manufacturing knowledge connected with running the parts on the machines within that cell will be transferred to our manufacturing campus in York, Pennsylvania. From day one, you can expect to receive the same level of quality and productivity you've been getting within your own plant. Because your parts will run on the same machines with the same programs, tooling and know-how, start-up is trouble-free.

Flinchbaugh will also perform the migration process quickly. Cell migrations can occur in as little as one week, and none has taken more than a month – from the day machines leave your plant to when Flinchbaugh begins manufacturing parts.

Moving cells *and* the knowledge that ensures success

A manufacturing cell is more than just machinery and moving parts. Over time and through trial and error, your manufacturing teams have developed specialized insights, practices and time-proven processes essential to delivering repeatable quality.

Not even the most elegantly prepared blueprint adequately captures this essential component of the manufacturing equation. Strategic Cell Migration values this institutional knowledge; so as part of our due diligence, we work with your team to fully understand how the cell works. Our engineers will extensively document that information so all the knowledge moves with your cell to the Flinchbaugh manufacturing campus. Not only will the physical machinery move, but so will the intellectual property behind its operation and efficiency.

Realize 20 to 30% savings

You can expect to save between 20% and 30% when you complete a Strategic Cell Migration. Flinchbaugh designed an entire infrastructure that supports lower costs, smooth start-up and continuous improvement while delivering extremely low reject rates and the highest quality. A component of this model is an incredibly flat organization with 90% of our total labor force directly associated with producing parts. We run 24/7 in a nonunion shop environment, and Flinchbaugh is owned by its employees. This employee-ownership culture creates a never-ending, highly personalized drive to reduce waste, minimize cell downtime and optimize every possible aspect of your cell's operation. Owners simply behave differently than workers and eagerly embrace the disciplines of Lean Manufacturing, Six Sigma, Total Productive Maintenance (TPM) and Kaizen to drive continuous improvement.



Enable your company to execute business-level strategy

Perhaps the most significant advantage of Strategic Cell Migration is the opportunity it affords your company to implement strategic change. Whether you are integrating an acquisition or closing a plant, Strategic Cell Migration can provide an answer for producing parts or entire product lines. Portfolio rationalization can yield dramatic cost savings for your company while enabling you to reallocate scarce resources into higher-value activities that drive growth or competitive differentiation or otherwise result in a better bottom line.

Major risks are mitigated

Flinchbaugh developed the methodology for successful cell migration and consistently improves a step-by-step playbook that guides all aspects of the line-transfer process. The scope of investigation into what makes a strategic cell work, and how it can work better, is unparalleled—no other company provides a service on par with Strategic Cell Migration. As we integrate with a new customer, Flinchbaugh anticipates and can proactively minimize the risks driven by the unique nature of the cell's critical parts and production process. Because time-proven equipment setups and processing parameters are used as the baseline, you can be assured of smooth operation from day one.

But it doesn't stop there; our highly skilled maintenance engineers and operators will immediately draw on expertise developed through more than two decades of successful line transfers to launch continuous improvement initiatives. Strategic Cell Migration reduces the risks of outsourcing your manufacturing to a degree that no other option can and offers a superior choice over offshore manufacturing when quality and delivery matter most.

Core competency: manufacturing and shop knowledge

Contract manufacturing – employing a business model based on customer production line transfer – is our business. Through each of our prior 13 Strategic Cell Migrations, Flinchbaugh amassed a wealth of manufacturing knowledge and intellectual property. This solid expertise base acquired during three decades of producing parts for major OEMs like Caterpillar, Siemens, SKF and Timken provides a powerful intellectual foundation to access and improve manufacturing processes. The experiences of our engineers and shop personnel result in a wide range of benefits surrounding CNC machining and manufacturing capabilities.



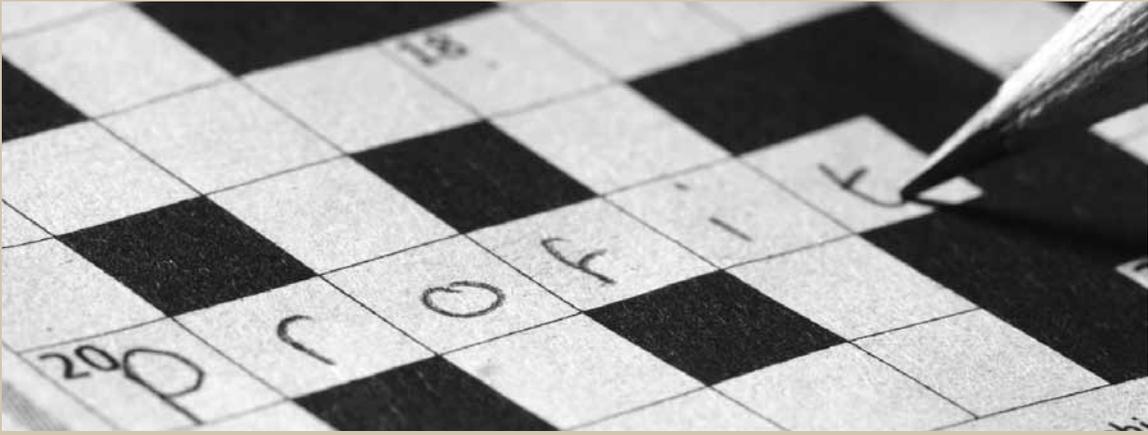
Employee-owned = benefits for you

The Flinchbaugh environment for migrating manufacturing cells has been carefully structured to assure partner manufacturers of consistent quality and uninterrupted supply-chain reliability. How can such an environment exist? It starts with employee ownership.

Flinchbaugh is an ESOP company, employee-owned and entirely nonunion. The organization is nearly flat, made up mostly of manufacturing personnel. The people running your cell are owners of the company, and owners act differently than employees. Owners know that the outcomes of their actions directly impact their own futures. From proactive maintenance to a high-urgency culture driven to optimize every operating cell, Flinchbaugh's Strategic Cell Migration means a team of experienced engineers and machine operators will manage your line and mission-critical parts to ensure efficiency, quality and on-time, on-spec, reliable shipments.

Your partner in determining the right strategy

Every case might not present the right fit for Strategic Cell Migration. To determine if it makes sense for your strategic business goals, we have developed a careful step-by-step process of working with you and your cross-functional project team throughout the course of your evaluation. For cases in which Strategic Cell Migration will not enhance an existing business strategy or act as a catalyst for a new one, Flinchbaugh will continue to work as a resource for you, providing you with alternative options.



Superior quality systems

Our 4.89 Sigma rating is twice the industry average; Flinchbaugh's current PPM rating is less than 350 PPM, meaning 999,650 parts per every million produced meet our customers' requirements. The bar we set for quality starts with our ISO-9001-2000 registered quality system, and it is powered by Kaizen and the principles of Lean Manufacturing. These are further enhanced by an employee-ownership culture that results in a higher level of urgency around all things quality-related. Our quality department can prepare PPAP documentation that includes Process Flow Plans, Process FMEAs, Dimensional Results, Material Test Results, SPC, Control Plans and a Part Submission Warrant.

TPM improves and maintains your equipment to keep it operating at peak levels. Teams of Flinchbaugh engineers bring each component of your cell to a "like-new" condition, so downtime is minimized and productivity maximized; we transform and refurbish machines once considered tired into valuable, functioning assets, and TPM keeps them at this level.

Our quality-management system has been approved by SKF, CAT, Alfa-Laval, York International, Knorr Brake, United Defense, Wabtec, Timken and other OEMs that have partnered with us on Strategic Cell Migrations.

A tour of our facilities proves our dedication to quality, so we invite you to visit us and talk with our operators about their personal dedication to quality and continuous improvement.

Lower non-product costs compared to offshore sourcing

Migrating costs to low-cost countries has proven itself a valid option for many manufacturers with long production runs having low complexity and predictable and steady demand. This sourcing model begins to unravel with lower quantities, demand volatility, product-line complexity and more challenging technical requirements. A comprehensive view of total delivered cost must include: purchase cost, logistics, inventory, duties, taxes, travel and technical support, as well as the opportunity cost of committing these resources to an established product line versus other activities designed to drive growth and margins. When evaluating sourcing options, too much focus on purchase price can cloud judgment and distort the big picture.

Strategic Cell Migration eliminates the need for key personnel to travel halfway around the world to ensure quality and provide engineering support, and it eliminates the need for the dizzying logistics of coordinating the movement of your high-value parts overseas. Expensive airfreight shipments to meet spikes in demand or remedy customer quality issues are also eliminated. Inventory costs can be optimized with Strategic Cell Migration as a result of lower required safety stock levels.

But beyond cost, it means keeping your supply chain and intellectual property secure. All things considered, Strategic Cell Migration delivers a lower-risk and more financially sound solution than offshore sourcing.

The Smartest Strategic Alternative to Conventional Outsourcing

Strategic Cell Migration from Flinchbaugh is the proven solution for outsourcing that enables customers to build leaner, more focused and innovative companies to compete and win in today's global economy.

By transferring manufacturing cells to Flinchbaugh floor space, other internal assets can be refocused toward higher value-creating activities that positively affect the bottom line. Transferring a manufacturing line onshore is a low-risk alternative to traditional offshore outsourcing and offers significant cost savings in addition to greater reliability of supply chain.

Decades of accumulated business and manufacturing knowledge combined with 13 successful migrations mean Strategic Cell Migration from Flinchbaugh delivers

the safest solution in outsourcing for manufacturers who seek a competitive advantage, strive to maintain the highest product quality and require risk to be mitigated to the lowest possible degree.

When you need a partner with proven expertise in innovative solutions and strategies for today's competitive manufacturing environment, move your company forward by contacting Flinchbaugh for more information about Strategic Cell Migration.

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