PHOTOGRAPHS BY SARA JORDE

How do you compete and thrive in today's economy? It's simple. Do more with less—and in less time than ever before. Cultivate new markets. Explore overseas work. Look for new partnerships and opportunities for collaboration. In short, as the five companies profiled here illustrate, the answer comes down to innovation.

Ones to Watch

[Quick Response Ability]

Alexandria Extrusion Co. has worked hard to tighten lead times and expand its capabilities. The results are showing.

When MTI Business Services Consultant Rick Kvasager started consulting with Alexandria Extrusion Co. (AEC) in the early 1990s, he encountered a declining company. "It was headed in the wrong direction," he recalls. These days, however, Kvasager describes the northern Minnesota firm in entirely different terms: "It's a state-of-the-art facility with state-of-the-art equipment. The company put robotics in place, and it has invested heavily in upgrading the skills of its employees."

Kvasager attributes AEC's turnaround to the leadership of company president Tom Schabel. "Tom's done a masterful job," he says.

Schabel, who joined the 39-year-old firm in 1987 as plant manager, deflects most of the credit to the roughly 300 people in his employ. "The gentleman who founded this company was very autocratic. He had built a solid foundation; he had great equipment and great people, but they weren't necessarily equipped or encouraged to go too far beyond what was right in front of them," Schabel says. In 1989, he adds, AEC installed an Employee Stock Option Plan, which enabled the founder to retire shortly thereafter. "That was really the time when we were able to change our philosophy. We had 60, 70, maybe 90 employees at

BY ANDREW BACSKAI

Tom Schabel, Alexandria Extrusion Co.

the time, and they could only really stomp around in their designated stalls. We simply opened up the gates and said, 'Come on out and get running.' And they did. That was the first thing that allowed us to make monumental changes and improvements."

Today, AEC is a $50 million company competing against an increasingly global field of aluminum extruders across a vast array of markets. In fact, AEC's customer base includes manufacturers of medical equipment, such as wheelchairs and stretchers; medical devices, such as CAT scan and MRI machines; power tools; and recreational products, including boats, boat lifts, and bicycles. "Those are the major markets we focus on now," Schabel says.

In recent years, AEC and other longtime U.S. extruders have been confronted by fierce foreign competition, especially from low labor-rate countries such as Malaysia, Thailand, China and Indonesia. Trouble is, the cost of the raw material—aluminum—is essentially fixed worldwide. To compete, AEC had to find ways to reduce costs, boost productivity, increase capacity, and continually improve its ability to respond to the needs of its customers across all markets.

To meet those formidable new challenges, AEC adopted Quick Response Manufacturing (QRM), a company-wide strategy designed to help shorten lead times and boost adaptability to customer needs. QRM, Schabel says, is an invaluable tool for a company like Alexandria Extrusion, which produces a wide variety of products—some highly engineered—with variable demand.

In fact, since implementing QRM nearly two years ago, "we're seeing that we can reduce lead time by 50 to 75 percent, which to our customers might mean going from a lead time of weeks to a lead time of days," Schabel says. The firm's quick-response ability, he adds, has provided an especially significant boost to some of its medical products customers and others for whom being first to market with a new product is critical. "It's not just about quick response on the order for their product, but it's quick response for the quotation for the order, it's quick response on building the tooling, it's quick response on customer service activities. It can take an entire product lifecycle and compress the non-value-added time of the design, tooling, and prototype stages down to being incredibly small. So if you're selling into a market where first to market is important, that gives us a substantial leg up on the competition."

Moving forward, AEC hopes to pad its projected 15 percent annual growth by expanding its capabilities and production capacity by adding new processes or perhaps by making acquisitions. "We're looking to be more of a solution provider," says Schabel, who declines to offer details.

In addition, the firm might consider developing a joint venture with a complementary operation in China, which ultimately could be transformed into an AEC manufacturing plant. "Our future approach is to try to be more of a worldwide supplier to our customer base," Schabel says. "We serve a lot of multinational companies headquartered out of the United States. We feel like we service them great here, but if they open up a plant in Shanghai, we'd like to, in a sense, duplicate ourselves in those areas so that those customer locations experience the same kind of quality and service and quick response that their sister plant would receive if it was in Chicago or Minneapolis. Our intent is not to manufacture in China and bring it back to the United States. Our intent is to manufacture in China and sell in China. That might give us some potential for growth."

Even so, Schabel says the firm's true potential resides with its workforce. "The key to us is a bunch of people making a difference. I've had competitors tell me, 'If we had people like yours, we could do what you're doing.' I tell them, 'Well, you don't. So tough luck.'"

Andrew Bacskai is a St. Paul-based freelance writer and frequent contributor to Minnesota Technology.