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How IMC Helped One Manufacturer Face the Challenges of Foreign Competition

“Business lost to foreign competition.” It’s a statement not uncommon to U.S. companies, and a reality for some Central Pennsylvania manufacturers. Just ask Don O’Hora, president/COO of Northway Industries, Inc., located in Middleburg.

“Approximately 50 percent of our business was lost to foreign manufacturing within a two-year period. It was a very dramatic hit,” O’Hora reflected. “For 35 years we were very profitable and experienced regular growth. This type of thing hits you by surprise. It was a real eye-opener.”

Changing Times, Changing Business

Northway uses high-pressure laminates, melamine, vinyl, paper, and wood veneer products to produce cabinets, closets, components and more. From 1999 through 2001, two of the company’s primary customers turned to foreign providers, marking a profound change in Northway’s sales.

According to O’Hora, the first reaction at Northway was to identify and gain more customers. “We quickly learned, though, that anyone ordering in large volumes—fitting our manufacturing model—were looking overseas for products, thus driving domestic prices down.”

O’Hora said he knew that simply finding new customers wasn’t going to be enough. Significant changes had to be made quickly. He discovered that demand was increasing for manufacturers who could produce smaller quantities with great efficiency. With that knowledge in hand, O’Hora and the Northway team set out to shift from high-volume manufacturing to reduced-volume production in direct response to customer demand.

IMC Support

The transition didn’t happen overnight. “We had internal debates and explored a lot of educational opportunities during the time,” O’Hora reflected. “We had a lot of questions on how to make the transition from mass production to single piece flow.”

Soon, O’Hora and the Northway team turned to IMC for their expertise. IMC supported Northway in LEAN and cellular manufacturing consultation and implementation.

“IMC had a huge impact on our manufacturing processes,” O’Hora explained. “They were there to help us through the thought process, which is significant when you are faced with so many day-to-day challenges. If IMC hadn’t been there at the time, introduced the concept, and been there as a resource, I’m not sure we really would have done it. They made it so easy.”

“Our markets are opening up and we are able to reach customers whom we thought we couldn’t service. Our customer base is larger than we had imagined.”

Impact

According to O’Hora, IMC helped Northway to undergo several changes. “Through the support of IMC, we learned better ways to identify waste, and we changed how we measured our manufacturing process. We moved to a single piece flow, which has allowed us to be much more responsive, and we increased our capabilities to include assembled items.”

COMPANY:
Northway Industries, Inc.
Middleburg PA 17842
570-837-1564
www.northwayind.com

PRODUCT: high-pressure laminates, melamine, vinyl, paper, & wood veneer products, including cabinets, closets & components

NUMBER OF EMPLOYEES: 120

FOUNDED: 1966

Northway shifted from a mass production environment in which two customers accounted for 50 percent of their sales, to a cellular order-based environment with their largest customer now accounting for less than 10 percent of sales.

“The single-piece flow has allowed us to be more responsive,” O’Hora said. “Our markets are opening up and we are able to reach customers whom we thought we couldn’t service. Our customer base is larger than we had imagined.”

“We are much more optimistic about our future, and we give a lot of thanks to IMC.”