

The SECRET to my SUCCESS

How one manufacturer experienced substantial growth during the industry's most difficult years

BY MARY DEL CIANCIO

Andy Mavrokefalos calls himself a dreamer. But he is more than that. The 43-year-old president of Attica Manufacturing, a CNC machine shop in London, Ont., also has the ability to turn his dreams into reality, and obstacles into opportunities.

It's these dreams that led his company to substantial growth during some of the manufacturing industry's most difficult years. In fact, from 2005 to 2013, Attica grew 174 per cent.

This past summer, Attica moved from a 24,000-square-foot facility to a 53,000-square-foot facility in London to accommodate this growth, and expanded into the U.S. with a 12,000-square-foot facility in Michigan.

What's his secret? I sat down with Mavrokefalos to discuss his strategy, and he was very open about the factors that led to his company's growth.

Attica's conservative roots

Mavrokefalos grew up in the manufacturing industry. His father Gerry owned C&M Machine Works Inc., a London-based machine shop specializing in replacement parts and machinery — and a company Mavrokefalos eventually became part owner of.

His dad's philosophy was “if you don't have the cash, you don't buy it.” So Mavrokefalos had to justify — “really justify” — every purchase he wanted to make. It forced him to become creative and think outside of the box.

Photos by Brandon VandeCavey/Brandon David Photography



◀ Andy Mavrokefalos is here with Tim Rasimus, vice-president of Attica. Rasimus has been with the company since it was founded in 2002.

In 2002, with his father's blessing, he froze his shares in C&M and founded Attica as a spinoff of his family's company to specialize in OEM parts, though the two companies continue to work symbiotically. While Mavrokefalos admits he is more of a risk taker than his dad, the company's conservative roots helped put Attica in a good cash position heading into the recession.

“My father has never been a fan of debt,” explains Mavrokefalos. “His only debts have been in real estate. This, combined with the practise of keeping retained earnings year over year, gave us both leverage (if we wished to borrow) and cash to purchase equipment. Our first six CNC machines were all paid from cash reserves.”

Mavrokefalos says the lesson he learned from his dad — who still runs C&M Machine Works — is to always have “both enough liquidity and a healthy balance sheet to seize future opportunities.”

Today, Attica borrows funds to purchase state-of-the-art equipment; however, the cash flow on these procurements is matched to work the company has been awarded.



Mavrokefalos just moved his company into a facility more than double the size of his previous shop in London, Ont.

Don't stop investing

When the economy collapsed in 2008/2009, many companies put a hold on spending, but not Attica.

"We pushed the gas pedal," says Mavrokefalos.

He saw an opportunity and purchased more equipment because "there was so much good machinery on the market at the time," he explains. "I got machinery at 50 per cent. They were dumping it. The states was like, 'We have to unload all this capital,' and so I started soaking it up.

"I was getting machinery at 50 cents on the dollar — not just because it was on sale, but because it offered something to the shop floor that we didn't have before."

As a rule of thumb, the company invests at least 10 per cent of its gross sales on new equipment. Since 2008, Attica has spent \$3.02 million on CNC machinery alone — \$1.07 million of that was spent in the first half of 2014.

Take advantage of government funding

The company invests in its plant floor, but it doesn't try to do it alone. Though Mavrokefalos doesn't count on government funding as a condition for investment — he will invest regardless — he and his team seek out funding opportunities

where it makes sense.

In the past, they've been awarded \$50,000 from the Yves Laundry Foundation for training; and \$48,000 from Canadian Manufacturers & Exporters' SMART program to purchase and implement hardware and software to monitor overall equipment effectiveness (OEE) at each machining cell. And they've recently been approved to receive 10 per cent — \$243,000 — of project costs from the Southwestern Ontario Development Fund to enhance the plant floor, with the majority of funds allocated to CNC equipment. As a condition of this funding, they've agreed to invest \$2.19 million of their own money and hire 12 new employees over the next four years.

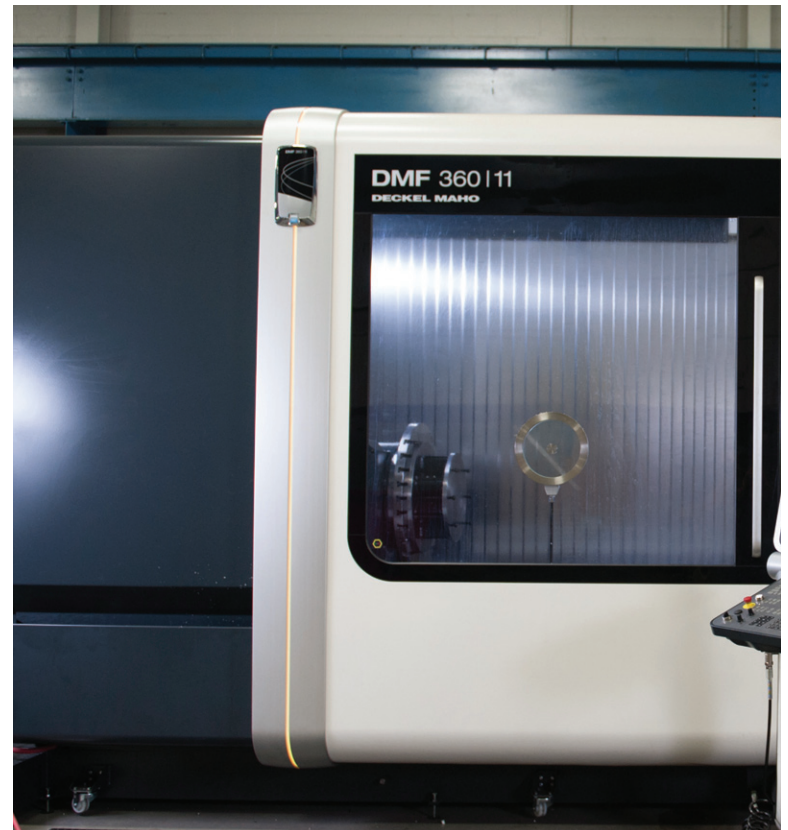
Move from a capacity to a capability mindset

Attica used to focus on capacity. When the team needed equipment, they purchased the same machines with the same capability.

"We wouldn't fit the machine specifically to what we wanted to make. We just bought these generic machines, and when we were falling behind, we would just buy another one," says Mavrokefalos.

As demand grew, they decided to start measuring OEE to determine if this was, in fact, the best approach for the company moving forward.

Members of the Attica team standing in front of a CNC VTL: (back row, from left to right) Chris Ferket, engineering manager; Cameron Coulbeck, production supervisor – CNC Milling; Kyle Knapman, production supervisor – CNC Turning; Brent Jesney, quality manager; (from row) Andy Mavrokefalos, president; and Tim Rasimus, vice-president.



“We hypothesized that most of our time being spent was in set up or changeovers,” says Mavrokefalos. “And what actually became apparent was that the vast majority of the time, by over double, was wasted in loading and unloading the machine.”

Using constraint monitoring software/hardware that measures OEE, Attica was able to measure what was being produced and track both the cycle time and the time between cycles. Armed with that knowledge, the team started to choose machinery based on what it could do. And instead of buying the same machinery to increase capacity, they started buying, for example, indexing machinery that could machine on one side and load on the other.

Measuring OEE allowed them to understand how much their machines can produce in a day and when to tell customers they’re going to have their parts. It provided predictability.

This approach increased their efficiency, and they started buying two or three machines a year because of it — all different kinds of CNCs, from indexing vertical and horizontal machining centres to automatic bar-fed five- and eight-axis turning centres.

In 2008, Attica had eight CNC machining centres on the shop floor. Today, it has 19. The company has also increased the types of machines on the floor. In 2008, it had two types of CNC lathes and one type of CNC mill. Fast forward to 2014, and the company has six types of CNC lathes and four types of CNC mills.

Diversify your business

Attica used the slow down of the recession to focus on bringing in new customers and to look at what gaps the company had in terms of sectors served.

Mavrokefalos maintains that one of his keys to success is that Attica is “customer selective.”

“You don’t do work just for anybody, or at least start to keep it in check,” he says. “Have a snowshoe, so to speak, at all times so you’re not going to sink. We were fortunate enough to do enough planning to be customer selective. We want... multiple customers in different sectors.”

Today, thanks to a focus on diversification, the company has customers in the food and beverage, health care, environmental and automotive industries, as well as the defence, surface transportation, chemical and packaging industries.

Continuous improvement is key

In 2008, Attica began focusing on lean manufacturing. It was one of 10 companies in the London area selected to learn about lean culture and 5S methodology, and the culture just stuck.

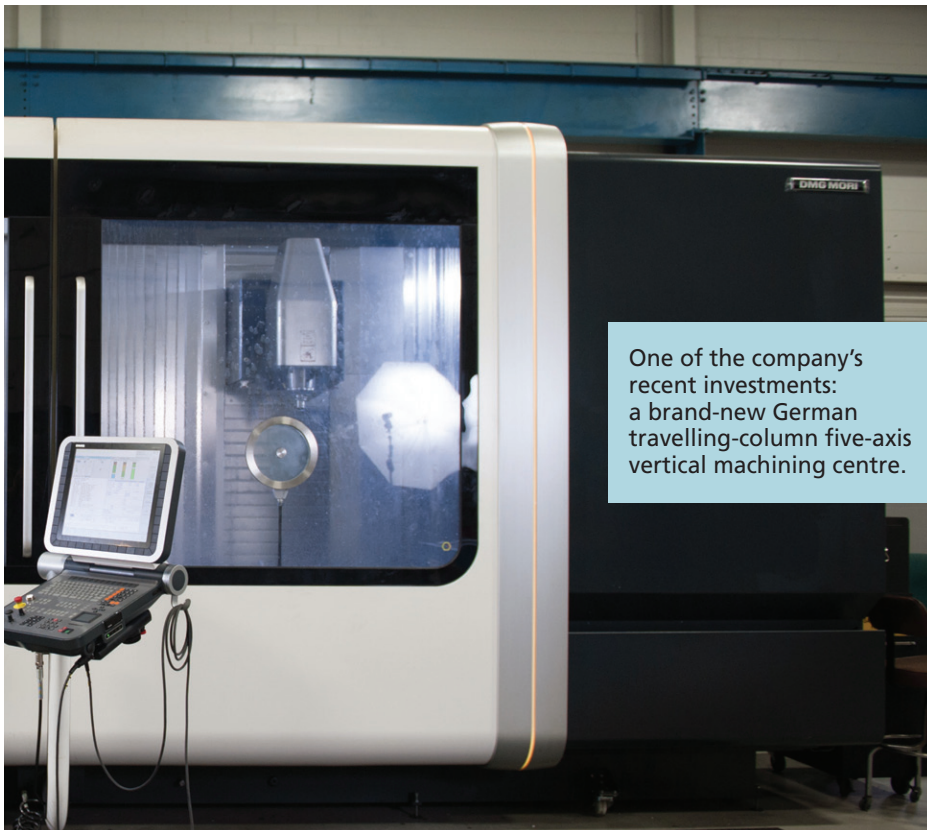
“It’s called a journey because it never ends,” Mavrokefalos says.

But he emphasizes the importance of company-wide participation for success.

“We’re here to work together, to eliminate the waste, and find out what’s causing a disruption or a waste inside the manufacturing process,” he says. “Let [employees] be engaged in that development. It’s very, very important. Otherwise they’re just



Chris Ferket, engineering manager, designs a fixture to hold an engine cradle for the Chevrolet Volt.



One of the company's recent investments: a brand-new German travelling-column five-axis vertical machining centre.

thinking, 'I have eyes on me all the time,' which is not the case. We're working together. We're going to do this together."

Turning obstacles into opportunities

In the United States, "Buy America" provisions require 100 per cent U.S. content for iron/steel and manufactured products in order to receive U.S. federal government grants to state, municipal or other organizations. Many Canadian manufacturers believe this puts their goods and services at a disadvantage. But not Mavrokefalos. He saw an opportunity and decided to open a facility in the U.S. that meets those requirements. That facility opened in Michigan — "a stone's throw over the border" — this past summer.

But he quickly points out that they're not moving production from Canada.

"We're expanding in Canada and we're expanding into the states. All that business is new," he says. "We are excited to be able to claim both 'Made in Canada' and 'Made in America.'"

What's next for Attica?

Attica employs 32 full-time and five part-time/co-op employees, and is looking to hire an additional five full-time staff by the end of the year.

Moving forward, Mavrokefalos says Attica will investigate mergers and acquisitions as a growth strategy, particularly looking at shops with customers in sectors the company is not yet in. And, he says, they'll continue to invest in machinery, training and staff, as well as automation — they're looking at machines with robotic integration, with a focus on flexibility.

"I think we're in a very good position to break record sales," says Mavrokefalos. "We are targeting to double [revenue] in the next four years. This can only be met by continuing to improve quality, delivery and competitive pricing with an ongoing commitment to all our stakeholders."

But he doesn't take all of the credit for the company's success. He shares it with the "fantastic group of people" he works with — a group that loves exploring ideas and opportunities, solving problems and gets excited by change.

"I know we'll succeed," he says. "I don't see failure as an option." 🍁



THE KEY TO SUCCESS

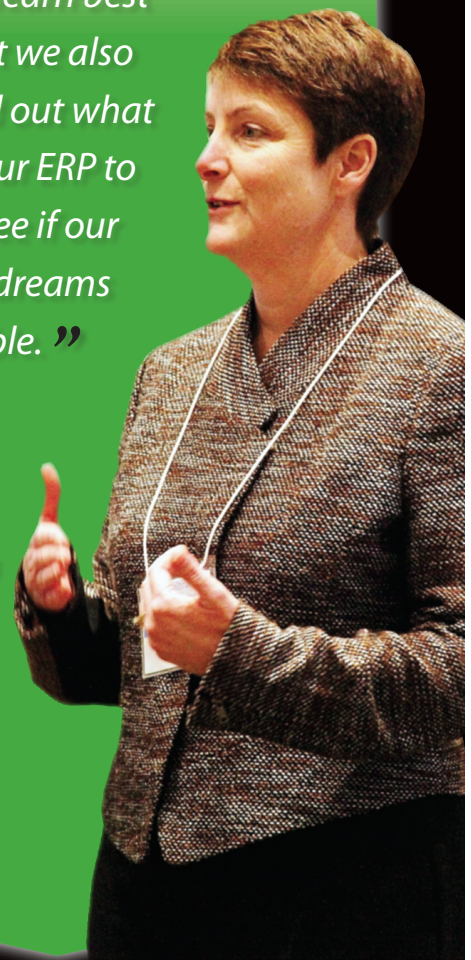
There are several factors that contributed to Attica's significant growth in recent years. Mavrokefalos has this advice for manufacturers looking to grow:

- Care about your employees. Know and respect their wants and needs.
- Respect your customers and fulfill their needs. Try to look forward to see what they could want by looking at what their struggles are.
- Don't underestimate your competition.
- Let data be your driver in terms of decision-making, and challenge your own assumptions.
- Re-invest in your shop floor and take advantage of government funding when possible.

ERP Support for Lean: The When, Why and How.

"We had to learn best practices, but we also needed to find out what we wanted our ERP to do, and to see if our hopes and dreams were viable."

Leslie Galbraith
VP Finance
Argus Industries



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