



A New Manufacturing Model

North America's manufacturing industry is in trouble; Charles Ruecker thinks he can save it

By Mary Scianna

When Charles Ruecker read an editorial in a recent issue of *Canadian Metalworking* about job shop cooperatives, he contacted the magazine to let us know about his new manufacturing model, a network of independent machine shops that have teamed up under Ruecker's umbrella company, Core Powered Inc., Mississauga, ON, to deal with offshore competitors.

A tool and die maker by trade who began his career in his father's shop in Uxbridge, ON, Ruecker began to see cracks in the manufacturing industry in the late 1990s. Increasing competition from offshore companies was wreaking havoc on manufacturers that didn't know how to handle these aggressive competitors.

"I wanted to build something that would help companies become more profitable. So I looked at all the companies I'd worked with over the years and thought if I could take the specialized expertise from each of these individual shops, wow I'd have a high performing business."

Core Powered Inc., formed a year and a half ago but brewing in Ruecker's mind since the late 1990s, is partly a single-source manufacturing company offering varied skills and technologies, and partly a manufacturing consulting firm. Members bring unique machining skills to the group and in turn receive business advice from each other on how to run smarter and more competitive companies. Members include Precision Components Ltd., a Hamilton, ON, tool shop that specializes in indexable cutting tools and holders; Holmes UK, a British firm that Ruecker says is also one of the driving forces creating stronger supply networks in Eastern Europe and India for Core Powered members; Micrometric Ltd., a precision machining shop in Scarborough, ON, which focuses on automated machine building and assembly production systems; Echo Hill Automation Inc., Beamsville, ON, which specializes in centreless grinding solutions; and Quality Inspection Technologies and Elite Tool and Gauge, a Beamsville, ON, machine shop with expertise in metrology inspection for production processes.

Another key member is RH Collets, a workholding manufacturing company Ruecker formed in 2006 to test the Core Powered business model.

"RH Collets is now a North American recognized brand name for specialized workholding. Under the new Core Powered umbrella, RH Collets has become a Core Powered brand and a specialized business offering a unique product and expertise just like our other members."

How does a member company benefit from being part of the Core Powered group? Free access to business expertise they wouldn't otherwise have, and opportunities to tap into new markets and new customers in the US and abroad in emerging

countries such as China and India.

Ruecker says his business model allows each member company to be more competitive because they're able to work on what they do best and bring that to the table.

He cites as an example a specialized collet for a US customer who required 10 such collets for one machine tool.

"When the machine was built, each collet was \$700 from the OEM in St. Louis, MO. This American customer went to Hardinge and it said it could do it for \$500. Then we came along and sold each collet for \$300."

The collet was blanked out by the UK member, jig ground in Toronto, sent back to the US for some finish grinding and then returned to Toronto for the final jig grind and finish. "Each shipment back and forth was about \$100, so it wasn't expensive," explains Ruecker. "This is an illustration of us as a group using best practices from each of our operations rather than one company trying to change equipment to get the job done."

Members of Core Powered operate as separate departments within a large company and invoice to Core Powered for their respective work.

"When I go to different machine shops everyone has something good to offer... it's not what you've got but how you operate your business that can bring success."

While Core Powered is open to adding new members, Ruecker says businesses wanting to join must meet certain criteria. "One criteria is that a company has to have a demonstrated capability that is unique or can go toe-to-toe with anyone in the world. Another criteria is that 80 per cent or more of a company's revenue comes from other streams. You have to have a demonstrated sustainable business."

Ruecker says his model is working. Sales have averaged 30 to 35 per cent with 2009 sales at 17 per cent, reflecting the downturn in the economy.

"When I go to different machine shops, everyone has something good to offer, but it's not what you've got but how you operate your business that can bring success; a lot of smaller job shops don't have the training in how to run and grow a business and that's where Core Powered can help by offering businesses advice that's shared among members and accessing new customers and markets on jobs that are shared."

He adds that "if we don't make a change to how we manufacture in Canada, manufacturing in this country is on the way out."

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