

Auto Parts Excellence

Suppliers Thrive, Realize Strong Growth

By Tom Schuman

Princeton and Gibson County may be the most direct beneficiaries of the Toyota plant that has called southwestern Indiana home for the past 10 years, but neighboring Vincennes and Knox County are among the areas that have also reaped the benefits.

In addition to the local residents working for the fast-growing automaker, two Japanese-owned suppliers have brought high-paying jobs and strong economic growth to the adjacent industrial parks (U.S. 41 and Beckes) on the south side of the city. Futaba Indiana of America Corporation and Excell USA, Inc. are welcome additions in Vincennes.

“We cannot ignore the fact that you’ve got \$2.5 billion invested 25 miles south of here in the Toyota plant,” comments Gary Gentry, Knox County Development Corp. (KCDC) president. “We’ve got to capitalize on the ripple effect of TMMI (Toyota Motor Manufacturing of Indiana). Their (Futaba and Excell’s) size ranks near the top for our manufacturing employers, and the fact that it was new job creation is obviously good.”

Vincennes was in line to attract these companies, according to Gentry, due to the foresight of community leaders to have a “first-class industrial park” in place. Futaba, which began production in 2002, was the first manufacturing client in the KCDC-owned U.S. 41 park. Gentry reports there are still 185 acres available in that park for further development.

Not only have the companies flourished, but they have helped set the stage for future opportunities. Takashi Suzuki, Futaba president before retiring and returning home in 2005, provided a personal tribute for the community that was part of a video Gentry and city leaders have used on subsequent recruiting trips to Japan.

“First-hand testimony on doing business in Vincennes resonates dramatically,” Gentry shares. “When you’re doing a presentation and you can insert audio and video from a fellow Japanese citizen, that’s about as good a marketing tool as you can get. And he volunteered to do that.”

Gentry adds that the integration of the companies into the community has been “seamless.” He says there is a good, strong positive relationship with both Futaba and Excel.

Top tier

Futaba is a true Tier 1 supplier to Toyota. Steve Martin, human resource manager for the Vincennes operations, says, “Everywhere there is a Toyota plant, there is a Futaba plant. We’re building a new plant in San Antonio (to serve the Toyota operation there). In this area, Toyota is our only customer.”

Futaba produces 29 parts for the Sienna minivan that is built in Princeton. It also provides various parts for the Tundra double-cab trucks and Sequoia sport utility vehicles. The majority are parts you never see – such as engine mounts or housing for the windshield or doors – according to Martin and plant manager Dan Stoelb. An instrument

The prominent presence of Japanese companies is evident in signage leading into the U.S. 41 Industrial Park.

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Employee commitment and laser technology help Futaba meet stringent requirements as a Toyota supplier. Steve Martin, right, and Dan Stoelb discuss the growth of the Vincennes operation.

panel for the Avalon requires approximately 95 welds, which are accomplished in 82 seconds with the company's laser technology.

The Vincennes plant is also currently providing parts for Toyota in San Antonio and Georgetown, Kentucky. Two additional lasers will be added to support the production of the Camry when it begins in Lafayette in 2007.

Growth has been the trademark. Martin says the original 125,000-square-foot facility is now 450,000 square feet. Employment

has doubled from less than 200 to 375, with additional hiring taking place. A new stamping facility has fueled some of the growth.

"When I came on board (in January 2003)," Stoelb recalls, "we had slowly ramped up. We were bringing people in and training them. We had the first robot cells. We only had a first shift for the first three months of 2003. In April of that year, we expanded to a full second shift. Until 18 months ago, we were not sure we were going to have the stamping plant here. We're continuously improving. The layout of the plant is not the same as it was three years ago – or even one year ago."

Both he and Martin confirm that it is the Toyota philosophy to work closely with its primary suppliers, who often provide a variety of parts. Trucks are leaving both Futaba and Toyota every 22 minutes throughout the work day. Stoelb gives an example of a 73-second cycle time requirement on one part to meet Toyota's needs. Futaba has reduced its time to 67 seconds.

Martin says there are monthly production group and human resources meetings for suppliers, as well as other frequent communications. "Toyota realizes that what impacts their suppliers impacts them."

Toyota and more

Excell USA is also a Toyota supplier, but its customer base includes Subaru of Indiana Automotive, DMAX (a joint venture between Isuzu and General Motors), Isuzu Commercial Truck of America, Denso Motor Manufacturing Michigan and several heavy industrial users. Its under the hood plastic air management ducts comprise much of the business. Its patented dual durometer process allows the molding of hard and soft plastics into one piece, resulting in lighter and more cost-effective products.

Like Futaba, multiple expansions have taken place at Excell's Vincennes location. Space intended for warehousing and other ancillary uses has quickly been altered for manufacturing and finishing. Additional growth will result in the off-site storage of extra inventory being brought into the plant facility to reduce truck travel.

"We've been moving some machines to maximize floor space and increase product flow," explains Matthew Glenn, sales and marketing representative. "We've added new customers and expanded with our current customers. There will be growth with some of the model changes in the next few years."

The Vincennes location puts Excell within eight hours of all its primary customers. The existing infrastructure, economics and community support, Glenn adds, were all factors in the decision to come to Knox County.

The growth does not come without challenges for the approximately 130 employees.

"There were a lot of people wearing many hats. Because of the growth and the new projects, we were not getting the kind of results we needed," Glenn admits. "We added to our quality control, documentation and process engineering." Extensive training (using both Vincennes University and WorkOne) "allows people to build on their skill sets and to grow with our company."

Futaba has used WorkOne to conduct pre-assessments in helping meet its workforce needs. Work ethic and the ability to adapt to the Japanese culture are important attributes.

Stoelb discloses, "Starting out, we had a lot of people who had not worked in a manufacturing facility or were used to mass production. Here, Toyota is only so many parts ahead of where we're at. We need people willing to understand that somebody's safety relies on that part they've processed."

Each associate, he adds, is required to learn a minimum of three jobs. "That sense of teamwork is one of our prides."

Martin reports that the Japanese ownership has had to adapt to understanding the U.S. worker's compensation system and Occupational Health and Safety Administration regulations. He and Stoelb say the Vincennes plant has utilized a broader integration of American leadership than some other facilities.

Mining comeback

Indiana has been welcoming substantial Japanese investment since former Gov. Bob Orr made it a priority in the mid-1980s to build relationships with the Pacific Rim. The representatives of both companies report strong relationships in the community.

"We participate in as many local events as we can," Glenn contends. "Our reception in Knox County has been excellent. The community is the lifeblood of any organization's growth and acceptance. That's how you get eager people who want to come to work every day and help your company grow."

Martin believes the KCDC is a powerful and effective group and that the mayor has been extremely supportive. According to Stoelb, "Our goal is to be the No.1 flagship plant in North America." A good impression has been made, as leaders of the new Futaba facility in San Antonio will come to Vincennes to study and learn.

Gentry states that KCDC has 185 members and is "very broad based and community driven." In addition to the role of job attraction, an "equal component is maintaining the health and well-being of existing industries. Meeting the workforce



Excell USA serves a broad customer base with its plastic air management ducts and other parts.

demands of the marketplace – we take that very seriously."

A former industry mainstay will be making a comeback in the coming years. Vectren Fuels, a subsidiary of Vectren Corp., is investing \$125 million to open two underground coal mines near Vincennes. An estimated 425 jobs will be created when the mines become fully operational in 2009 and 2010.

The mines are both within 50 miles of eight coal-fired power plants. Most of the projected five million tons of coal produced each year will be used at Vectren power plants in Posey and Warrick counties.

Gentry says the new two-year associate degree being offered at Vincennes University is coming at a perfect time. "Mining was typically a career path from generation to generation. That chain has been broken. There aren't 425 workers out there to take those jobs," he concedes, adding that the Indiana Coal Council projects more mines will open and jobs become available in other areas of the state. "The first grads will coincide with the opening of the mines. People can go get a two-year degree and come out with real employment."

INFORMATION LINK

Resources: Gary Gentry, Knox County Development Corp., at (812) 886-6993 or www.kcdc.com

Dan Stoelb and Steve Martin, Futaba, at (812) 895-4700 or www.futabaindiana.com

Matthew Glenn, Excell USA, at (812) 895-1687 or www.excellusa.com

The soon-to-be-constructed Statewide Center for Applied Technology at Vincennes University will bring businesses to the community to solve problems.

