

## "CASTING CALL"

Winter 2010-11



In his recent State of the Union speech, President Obama called for changes to make America more competitive. "We need to out-innovate, out-educate and out-build the rest of the world." His challenge to the nation may have struck a responsive note with many in the audience, but its old news to those of us who have been fighting this battle for the last several years.

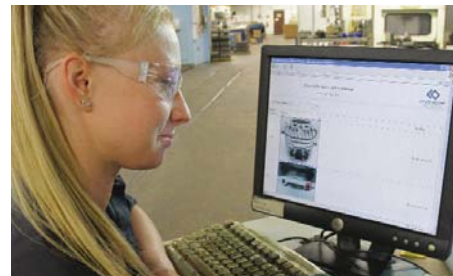
We've been through recessions before, but the length and depth of the current downturn has been more damaging. Plus, unlike my grandparents' generation, it's tougher to wait for a recovering economy to right itself. The global economy forces many U. S. manufacturers to confront problems unlike those faced by previous generations. These new realities include low-wage offshore suppliers; the rising cost of transportation, especially as oil prices remain in flux, and the availability of affordable raw materials as rapidly developing economies in the Asia-Pacific rim and Eastern Europe compete for supplies.

Many of these factors are beyond the control of individual companies. Therefore, companies should focus on the aspects of their business that they can affect. Improving on what have been shrinking margins is the number one concern for forward-looking industrials as they plot their strategies for the future. With fewer resources available for re-investing in plant and equipment - and fewer marketing dollars available to leverage a smaller number of opportunities - today's companies cannot afford to make many mistakes either in plant improvements or wasted marketing and sales efforts.

Our own company is a good example of how companies are reinventing themselves through a number of strategic initiatives. For example, we are investing in simulation software that will allow us to accurately predict casting results within a range of process parameters. We also better monitor and control the die casting process, assuring that we closely adhere to the simulation results. Littler Diecast produces quality products, analyzes the results, and enhances the value proposition we offer our customers. Scrap reduction is significant. We regularly see improvements of 80 percent or more. This investment strengthens our growing capability to deliver the engineering support that is so often lacking in offshore suppliers.

Like other American manufacturing firms, we have acknowledged the necessity of keeping a firm grasp on business operations, making investments to leverage growth opportunities while maintaining solid financial health. Our resiliency in tough times is attested to in our surviving a recent fire at our abrasive finishing building that resulted from a lightning strike. We implemented our contingency plan and, as a result, saw a minimal impact to production. These operations are now located in a new building with new equipment allowing us to move forward with initiatives that strengthen our ability to deliver quality results for our customers. We - and our customers - are already reaping rewards from the introduction of new technologies and equipment in our plant. Two such benefits include lower scrap rates and an enhanced ability to produce highly complex, intricate castings.

Fortunately, we're beginning to see indications that manufacturing has started to turn the corner. For the first time in more than a decade, U.S. manufacturers created more jobs in 2010 than they eliminate, according to an article in the Jan. 19, 2011 *Wall Street*



*Littler Diecast employs the latest technology advances*

*Journal*. The number of manufacturing jobs in the U.S. last year grew 1.2 percent or 136,000, the first increase since 1997. However, that modest growth still won't make up for the millions of jobs lost during that

period. Plus, improvements in productivity temper the need to add new workers. In the third quarter, U.S. manufacturing productivity increased as output rose 7.1 percent from a year earlier and hours worked grew just 3 percent.

U.S. manufacturers that survived the brutal 2008-09 recession are now very competitive, with lower labor costs and debt burdens. Littler Diecast is one of those survivors, and we're well positioned to deliver a range of machined aluminum alloy and high-strength ZA alloy die castings and assemblies. Competing in an expanding global economy requires that we stay in the forefront of technology while offering the highest levels of quality, craftsmanship and customer service - a value proposition worth talking about and a promise we are fulfilling for our customers. To learn more, visit us at [www.littlerdiecast.com](http://www.littlerdiecast.com).