



Shoptalk

Arrowhead Manufacturers & Fabricators Association

Mission: To strengthen the manufacturing, fabricating and related industries of Northeastern Minnesota and Northwestern Wisconsin. AMFA is dedicated to the growth and success of its members and their communities by promoting trust and cooperation between members.

www.amfa-mn-wi.org

Toll Free: 877-330-2632

May 2006 Volume IX, Issue 5

FEATURED MEMBER



Arrowhead Product Development, Inc.

At Arrowhead Product Development, Inc. we offer a variety of services that range from equipment design & development, design evaluation, drafting, consulting, and process development, to testing

and technical documentation, such as manual and specification writing. The staff is knowledgeable with hydraulic & structural design, electronics, failure analysis, machine upgrade procedures, plant layouts, vendor selection & certification, and data base conversions. Our major market is mobile and off-road equipment, along with earth-moving related equipment, although we have designed and installed "in plant" systems. We primarily serve the utility, construction, mining, tree care and agricultural industries.

Arrowhead formed in April 2005 and signed its first contract in May for a company in Kansas. At this writing, Arrowhead has just completed its first year. As with any service company, initial growth is the hardest, and we are no exception. So far Arrowhead has grown by 350%; one employee has become two, plus two part-time employees. Our customer list has grown exponentially, and several customers have already come back for additional services beyond the initial work. Since only one customer is local, logistical issues present many challenges and play a large part in our profitability. But the story actually starts several years ago.

I owned my first company in 1979, which was named Superior Sweeping. My father owned a street and parking lot sweeping business in the Twin Cities and talked me into starting up on the Iron Range. Since then, I have been smitten with the entrepreneurial bug.

My second experience came with my partial ownership of NorStar Products International, Inc. That

...Continued on Page 4

MAY MEETING

AMFA Membership Meeting

Date: Wednesday, May 10

Time: Noon Meal and Meeting

Place: Hibbing Community College, Room G10

Presentation:

"UMD CED Student to Business Initiative, Integrated Marketing Plan for AMFA"

**Presented by:
UMD Students**

AMFA participated in the UMD CED "Student to Business Initiative" this spring, resulting in an Integrated Marketing Communication plan for the association. Come and learn what the students have in mind for marketing AMFA.

The Student to Business Initiative couples student teams with business to work on a marketing plan, business plan, website plan, or accounting issues. The student teams define the scope of work with their instructor and the business owner, and present their recommendations to the client at the end of the semester. Learn whether your company could benefit from this program.

Member Cost for meal and nonalcoholic beverages is \$15.00. Nonmembers attend as a guest of AMFA for no more than two meetings.

RSVP to Sandy Kashmark at the AMFA office:

email: midwest@runestone.net

phone: 877-330-2632

fax: 218-685-5397

Shoptalk Advertising Rates

No advertising accepted for employment or for services that might lure employees of one member company to work for another member company. Nonmember advertising accepted ... call the AMFA office for rate information.

New, Lower Rates!

AMFA Member Rates

	one month	six months	twelve months
1/8 page	\$30	\$125	\$225
1/4 page	\$50	\$225	\$400

Contact Sandy Kashmark at the AMFA office for more information:
 Phone: 877-330-2632
 Email: midwest@runestone.net



AMFA is affiliated with
 Midwest Manufacturers' Association

We want to print member news...
 Please submit articles and photos for consideration by the 17th of the month prior to publication.

Shoptalk

Shoptalk is a publication of the Arrowhead Manufacturers & Fabricators Association (AMFA), featuring news and opportunities pertinent to the manufacturing industry.

AMFA 2006 Board of Directors:

David Hogan, AMFA President
 Northstar Aerospace 218-720-2920
dhogan@northstaraerospace.com

Dan Larson, AMFA President Elect
 HydroSolutions of Duluth 218-722-7001
dan@hydrosolutionsofduluth.com

Tom Vacca, Vice President
 Northland Machine 218-328-6479
tomv@northlandmachine.com

Dave Sarvela, AMFA Secretary
 Ikonics Corporation 218-628-2217
dsarvela@ikonics.com

Vickie Tuskan, AMFA Treasurer
 US Bank 218-742-3300
victoria.tuskan@usbank.com

Gene Betts, Director Emeritus
 Betts & Associates 218-428-5088
bettsandassociates@frontiernet.net

Byron Helland, AMFA Director
 Moline Machine 218-624-5734
bhelland@moline.com

Gary Werkhoven, AMFA Director
 Arrowhead Prod. Dev. 218-525-5210
gwerkhoven@lakenet.com

Rusty Hoglund, AMFA Past President
 Superior Steel, Inc. 715-395-0256
supsteel@cpinternet.com

Shoptalk is produced and edited by:
 Midwest Mfg. Association
 PO Box 150
 Elbow Lake MN 56531
 877-330-2632
midwest@runestone.net

If you have comments, suggestions for future stories, or would like to inquire about advertising, please contact Sandy Kashmark at Midwest Mfg. Association.

AMFA Dues Structure

Manufacturing and service members: Annual dues are based on number of employees, as outlined at right.

Education and governmental members: Annual dues are \$200.

For information and a membership application, visit the website at amfa-mn-wi.org or call the AMFA office at 877-330-2632.

No. of Employees	Dues
Sole Proprietor	\$ 75
2-5 employees	100
6-10 employees	125
11-15 employees	150
16-25 employees	200
26-50 employees	250
51-100 employees	300
Over 100 employees	350
Government	\$200
Education	\$200

AMFA dues may be deducted as an ordinary business expense for tax purposes, but are not deductible as a charitable expense.

AMFA Board of Directors

April Meeting Minutes

The AMFA Board of Directors meeting was called to order by President Dave Hogan at 10:40 A.M. on Wednesday, April 12, 2006. The meeting was held in the NRRI facility in Duluth, MN.

Present: Dave Hogan, Gene Betts, Tom Vacca, Gary Werkhoven, Vickie Tuskan, Byron Helland, Dan Larson, and Mary Brandt (AMFA-ET board member).

The minutes of the March meeting were reviewed and approved after a short discussion.

Financial Report

- The financial report was reviewed and approved, following discussion.
- A call was made by Hogan to replace Tuskan as treasurer. It was decided to announce this at the main meeting, as a new member is desired.

COMMITTEE REPORTS

Membership Committee

- All membership action was tabled until the new accounting software package that Sandy Kashmark is going to use is up and running to avoid any mistakes.
- Calling assignments were made specific to the companies who have not yet renewed their membership in 2006.
- Membership applications were approved for the following members
 - Duluth Public Schools
 - Swenson Anderson
- Potential new members were discussed.

Program Committee

- UMD CED students to present marketing plan to executive board on May 1 at 3:00 PM in the Technical Center (Downtown Duluth)
- UMD CED students to attend the May 10 meeting in Hibbing and present the plan to the membership
- No AMFA meeting in June, July, August
- September topic/speaker is still open. Betts and Brandt to develop email survey concerning topics
- October meeting: Suggested speaker is Harry Moser on workforce issues

Marketing Committee

- No response from membership on reduced rate advertising as of yet.
- Discussion and motion to drop the \$100.00 drawing for meeting attendance

Government Affairs Committee

- General discussion regarding Duluth Days
Attended by Heidi Timm-Bijold, Dave Hogan, Rusty Hognlund
Well attended by non-local state officials, who talked to everyone and listened intentl
Attendance at this function is important and we should continue efforts next year.

AMFA-ET Report

- Annual golf outing will be 6/21 at Wendigo
- AMFA board will offer to pay for ½ of Sandy Kashmark's expenses for trip to Wendigo (see Old Business).

Old Business

- Discussion of Website design by W. A. Fischer
 - Site is operational, with positive comments
- Motion to pay for website development, but not training, was approved.
- Discussion on how to promote website-AMFA will pay for ½ of cost to bring Sandy Kashmark to golf outing if she can demonstrate and train members about site while she is there.

New Business- None

Respectfully submitted,
Gary Werkhoven

Search Resources



**Employment and
Staffing Solutions,**
with offices in
Hibbing and Grand Rapids.

Scott Maki
1895 W Hwy 2
Grand Rapids MN 55744

Ph. 218-326-9461
Fax 218-326-9463
scott@searchresources.com
www.searchresources.com

Arrowhead Product Development ... continued from Page 1

company operated from 1995 through 2002, at which time the four partners sold the assets of NorStar to Altec Industries, Inc., and Altec HiLine LLC was formed. I stayed on with Altec HiLine, and during my tenure there I supervised the development of a 150 foot aerial device. HiLine has grown in size and numbers since its start up, and they are prospering. Leaving there was difficult for me because they treated me very well. From the first day I started working for them, I dreamed of owning my own company again, and finally the time was right last year.

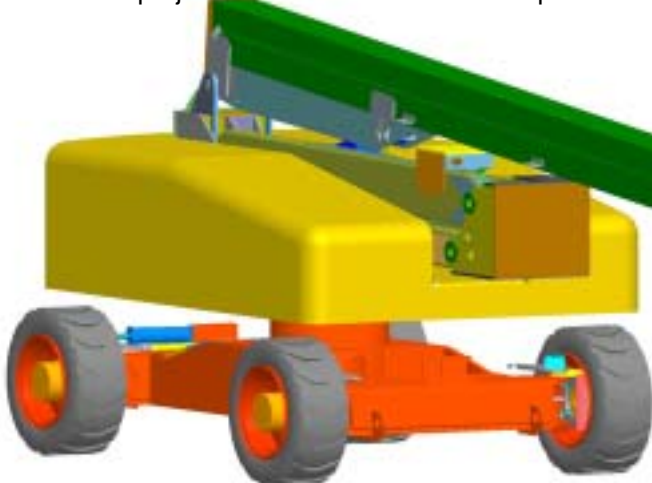
The emerging trend followed by many companies is to outsource services that conventionally would have been done "in house". While most companies keep a core group of talent, they outsource much of the work for the new projects. Companies are doing this because of several reasons.

Engineering software is very expensive to purchase and maintain. Additionally, the personnel that use this software need to complete time consuming and costly training, and then use it on a regular basis to maintain their skill level.

Once their projects are complete, companies are often faced with an engineering department that is over-staffed, and they either have to develop more equipment or reduce staff. Reducing staff requires explanation to financial institutions, unions, etc. and has associated costs that linger.

Another reason is cost control. Companies tend to allow engineers to get distracted with problem solving or work that is not a part of the project they are assigned to. It is a natural progression for both the curious engineer who wants to help and the desire of production personnel trying to meet some deadline by attaining help wherever they can. As a result the project(s) gets delayed, or generally runs long and winds up costing significantly more than anticipated.

Another desirable quality from a well structured and contracted project is the adherence to the scope of the



This lift (shown in the "up" position on the front page) was designed by Arrowhead Product Development using Pro/Engineering software.

project. It is easy to change the scope of a project within a company when no immediate cost is associated with the change. A sharp contractor will immediately cry foul when the scope has changed and bring the result of the change to the company. They can decide, at that time, to fund the change or return to the original scope.

To sum up all of the above in one statement; companies are using outside engineering sources to better control the cost and scheduling of their projects, and avoid the pitfalls of a fluctuating workforce.

I contracted a salesperson to help me build a client base, and those efforts have been successful. However, I was pleasantly surprised when several clients found us via word of mouth from unexpected sources. I have found that a good reputation and good friends are extremely valuable in my business. AMFA and the relationships I have fostered as an AMFA member can only help this network grow.

Our clients tend to be small to medium sized companies that only staff to cover their ongoing business. Our work is as varied as our clients, and that keeps the creative juices flowing. Arrowhead is currently aiding the process whereby several companies are introducing new products into the marketplace. I really enjoy helping our customers open new doors and become more successful. As they grow, so will Arrowhead.

Arrowhead Product Development, Inc. uses Pro/Engineer as its main base for software. We use it for 3D solid modeling, motion analysis, finite element analysis, and bill of material development. We also use AutoCAD for two dimensional drawings and layout work. We have the ability to use other design software and we are trained in Solid Works and Cosmos Works. We utilize the "standard" Microsoft Office programs (Word, Excel, Project, Power Point, Publisher, and Outlook) to communicate and prepare work for our clients. At Arrowhead, we bend to fit our client's needs. We still have a drafting table and the related drafting equipment; and are old enough to remember how to use them. Like our brochure says, "Help is on the way". When a customer hires Arrowhead Product Development, they get help, however it is needed. This strategy has worked so far, and we trust it will work going forward.

By Gary Werkhoven, President

Contact Arrowhead Product Development at:
218-525-5210
gwerkhoven@lakenet.com

