



WHAT SAN ANTONIO MAKES...MAKES SAN ANTONIO

SAMA 2018—2nd Quarter Edition



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StandardAero—Aircraft Engine Maintenance Specialists



“Our maintenance technicians collect real-time data, and our engineers and analysts assess the data regularly, then feed the process information back to our employees to improve each process.”

—Mark Buongiorno
Vice President and
General Manager
StandardAero

StandardAero is recognized in the Aerospace industry as Aircraft Engine Maintenance Specialists. The company has earned this reputation due to the high degree of process controls designed into their operations, the focus on maintenance process data collection and analysis, and the efficient industrial processes implemented in each of their facilities.

“Data drives decisions”, said Mark Buongiorno, Vice President and General Manager of StandardAero San Antonio. “Our maintenance technicians collect real-time data, and our engineers and analysts assess the data regularly,

then feed the process information back to our employees to improve each process” said Buongiorno. The process by which this data collection and analysis occurs is inculcated into the culture at StandardAero, and the results speak for themselves. The engine overhaul facility has been producing engines that last twice as long on wing than their competitors, which means the StandardAero customers are receiving a tremendous value for their money. StandardAero’s customer’s notice and appreciate the value incorporated into each engine component.

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Tax Reform Planning Tips for Manufacturers



As the biggest change to the tax code in a generation, the Tax Cuts and Jobs Act has significant implications for manufacturers. Here are our top three tax reform planning tips:

1. **Understand the immediate impact.** Manufacturers need to identify the relevant tax

provisions to their business and interpret whether the impact will be favorable or not. For instance, the new interest expense ceiling could be problematic for manufacturers that rely heavily on debt financing—but for some, the impact may be mitigated by the exclusion of floor plan financing from the cap.

2. **Collect and analyze data.** Assessing the impact of tax reform requires aggregating and analyzing a substantial amount of tax and non-tax data. Having a handle on data will enable manufacturers to be nimble in response to future changes.

3. **Factor in the “butterfly effect.”** Every tax change a company makes will have ripple effects throughout all departments. In turn, major business decisions—such as M&A or supply chain restructuring—have corresponding tax implications. Federal reform will also trigger changes to international and state tax provisions. Savvy manufacturers will make tax a part of every strategic initiative and leverage data analytics and tax modeling to understand their total tax liability.

—Candace Lynch
Business Development Manager
BDO, USA, LLP

WHAT SAN ANTONIO MAKES...

Chairman's Report...



“It is a fact, that the best ideas and outcomes come from working together.”

—**Jim Caldwell**
*Manufacturing Professional
 Texas Manufacturing
 Assistance Center*

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Focus on Creating Additional Value for SAMA Members

Every good company or organization like the San Antonio Manufacturer's Association (SAMA) must constantly look for continuous improvement opportunities. While SAMA will continue to promote advocacy, educational opportunities, and networking events, the theme for 2018 is to “Improve SAMA’s Focus on Value Proposition” for its’ members and potential new members.

The key is to promote additional value-added activities that will drive member participation, incentivize new members to join, and to provide tangible value that one can only get from membership. This year, SAMA is initially focusing on three tactical initiatives; Development of SAMA Peer Groups, expanding SAMA’s regional presence, and the

implementation of a SAMA Group Healthcare Program.

The purpose of Peer Groups is to facilitate a group of trusted peers, to share “best practices” in a confidential forum. The result is to have SAMA members supporting each other in their business challenges. It is a fact, that the best ideas and outcomes come from working together. The initial beta group was successfully launched and limited to CEO’s, Presidents and Owners of manufacturing companies. The long-term goal is to launch additional groups and broaden the scope to include other executives and managers.

As San Antonio grows, so does the manufacturing community around it. In 2011, the Manufacturing industry contributed \$31.6 B to the

local economy. In 2016, it increased to \$40.5 B. To help manufacturers connect with each other, SAMA will expand its’ regional presence to Schertz, New Braunfels and Seguin. In March 2018, SAMA held its Manufacturing Supervisor Certification Program in Seguin to a sold-out class.

Finally, SAMA is investigating how to create a SAMA Group Healthcare Program for its’ manufacturing members. This is a huge effort underway and more details will be coming in the near future.

Remember, with any organization, you only get what you put in.

—**Jim Caldwell**
*Manufacturing Professional
 Texas Manufacturing
 Assistance Center*

SAMA Scholarship Awarded at Academies Graduation



Alamo Academies celebrated their 17th graduation with a record-breaking 800 attendees on May 2nd at the Venues at Valero. Ken Scott, Legacy Assets, attended the graduation and felt there was a “Sense of pride and accomplishment shared by the graduates, their families, friends, the leadership and staff of the Alamo Academies was palpable and truly moving. It was especially gratifying to see how the local

manufacturing community, and organizations such as San Antonio Manufacturers Association, came together to support these wonderful kids; helping them turn dreams into reality.”

SAMA was there to help celebrate the special occasion. This year marks the first year SAMA honored a student with a \$1,500 scholarship who wish to continue studies in a STEM field related to manufacturing or aerospace. To qualify for

the scholarship, students are required to complete an application, write an essay, provide transcripts for both high school and college courses and send in two letters of recommendations. Students must attend classes at one of the Alamo Colleges. Recipients are also required to complete 10 hours of community service per semester while maintaining a minimum GPA of 2.5.

This year’s scholarship recipient was Maria Mendez from Jefferson High School. She is a highly motivated individual and her goal is to obtain a degree in engineering. In high school, she participated in the GEAR UP program that prepares students for college by giving them the

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...MAKES SAN ANTONIO

City Initiatives to Keep an Eye On

Members, with all that is going on at city hall, we wanted to provide a brief overview of items/issues that will be affecting manufacturers in the coming months. If you wish to know more or be more involved, please consider joining the government affairs committee.

Paid Sick Leave - An effort led by the Texas Organizing Project to require ALL businesses within the city limits to provide paid sick leave to any employee who works over 40 hours per YEAR.

Predictive Scheduling Initiative to require businesses to inform employees of their schedule in advance and penalize employers who

deviate from the posted schedule.

Scoring Matrix - The addition of a scoring column on city bids that would take into account the compensation of employees and provide points to those who pay more. Seen as a method to eventually require a \$15/hr minimum wage.

Viewshed - Ordinance that would severely limit development surrounding sites deemed as "viewshed" areas, i.e. the Hays Street Bridge.

Additionally, city council elected to not pursue a bid for the Republican National Convention in 2020 despite the

widespread knowledge of the \$200 M economic impact the convention and corresponding news coverage would provide. This was done in executive session, an alarming trend in city hall.

The city is also working on a "Climate Action Plan", a guiding document related to environmental decisions facing the city in the future, and Rey Chavez and myself represent SAMA on various committees for that plan.

—Casey Whittington
Senior Vice President
The Whittington Group

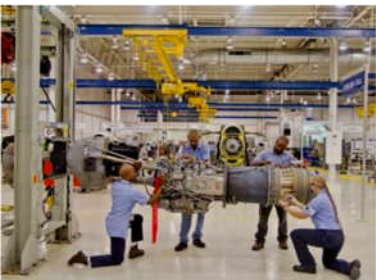


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2016 MANUFACTURING INDUSTRY IMPACT FACTS

- The manufacturing industry is one of the largest sectors of the San Antonio economy. Its economic impact in 2016 was \$40.5 billion, including the impact of exported products.
- San Antonio's manufacturing is very diverse, spanning virtually every industrial product line. Its principal sectors have grown and evolved over time in response to national and global changes in the manufacturing environment.
- San Antonio manufacturers paid nearly \$3 billion in wages and salaries to 51,904 employees in 2016.
- Jobs in manufacturing continue to pay very well. The 2016 average salary of manufacturing employees was \$57,507, 23% above the San Antonio average.

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Just look at the recent announcements in San Antonio. In November of 2017, the United States Air Force awarded its T56 Engine Depot Overhaul contract to StandardAero, which ensures the company will continue its support of the USAF fleet of C-130H aircraft for an additional 8 ½ years, as an exclusive provider. The total contract value is more than \$600M. New to this contract is the inclusion of an engine upgrade, designated the 3.5 engine configuration. "With this longer duration contract,

we can work with the USAF to focus on time-on-wing improvement initiatives, which will help optimize the life-cycle-cost savings for the fleet of T56 engines", said Buongiorno.

Additionally, in January 2018, StandardAero signed a Letter of Intent with Rolls-Royce to provide engine MRO services for the RB211 program, which designates StandardAero as the Rolls-Royce end-of-life engine maintenance service partner for these commercial airline engines that are anticipated to remain in service until the year 2040.

Then in April, StandardAero signed a 20-year Memorandum of Agreement with Rolls-Royce to provide maintenance, repair and overhaul services for the AE 2100, AE 1107 and T56 Series IV engine models

through the year 2038. This agreement has a projected value of over \$15 billion over twenty years, designates StandardAero as the primary provider of MRO services for these engines.

Much of this new work will be implemented into StandardAero's 577,000 ft² Engine Maintenance Facility located at Port San Antonio. The company has launched multiple implementation teams who will transition each workload into the facility, designing each of the operations to specific performance requirements. Engine Turn Time, space allocations, materials storage requirements, and "0 waste" industrial processes will be created utilizing lean process philosophies, just-in-time material delivery, and process controls that rival new manufacturing processes. The industrial

processes are compliant with multiple rigorous certifications including ISO 9001, ISO 14001, and FAA requirements.

StandardAero has worked closely with SAMA and the Alamo Aerospace Academy to provide a continuous stream of technicians into the workforce, and this partnership has worked well. "Our technician internships are our life-blood" said Mario Esquivel, Training and Development Specialist at StandardAero. "The quality of interns and graduates are top-notch, and with our new workloads being implemented, we will be depending even more on SAMA and Alamo Academies going forward".

—Danny Gonzales
Vice President, Business
Development Military &
Energy Sector
StandardAero

SAMA Sponsored Trade Show & Conference – Huge Success!



On May 9th the 2018 South Central Texas Manufacturing Trade Show and Conference was a buzz of activity. Starting off with an industrial revolution Manufacturing 4.0: The Future conference presentation, illustrating the creation of truly smart factories with cyber-physical systems and communication across the Internet of Things; FIRST Robotics teams from Robert E. Lee and South San High Schools using their robots to open the Trade Show; and highly engaged exhibitors and attendees, this

year's event was a huge success!

Participation was high with 138 exhibits, ranging from industrial equipment, manufactured products, metal manufacturing processes and service providers. Regional community partners from Seguin, Schertz, Converse as well as a top tier of event sponsors kept this trade show on target with showcasing the capabilities of the regional manufacturing community.

This year, we also introduced a new technology process for registration, lead qualifying and post show follow up – ever striving to grow and enhancing this showcase keeps a target on how South Texas is attracting and securing more and more manufacturing and their

partners. Overall, it was a great show with over 800 attendees, exhibitor connections/leads were up, and the quality of attendees was high. We hope everyone enjoyed it and got some take-aways for themselves and their businesses. Thank you to all that exhibited, attended and especially volunteered for this premier SAMA event. Secure your space for 2019 today at the SAMA website: www.sama-tx.org and join us for an exciting and informative day.

—**Dollie Bodin**
Senior Design Consultant
The Trade Group, LLC
SAMA Trade Show
Committee Co-Chair



THE TRADE GROUP

Texas Manufacturing

- #1 exporting state in the nation for 14 years, exporting \$210 billion in manufactured goods
- Texas manufacturers employ more than 848,000 Texans with Annual compensation of more than \$82,460, nearly 50% higher than other non-farm Texas workers
- Manufacturing generates more economic activity than any other sector in the U.S. For every \$1 spent in U.S. manufacturing, another \$1.40 is added to the economy.

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opportunity to learn leadership and visit college campuses. Maria also attended Alamo Academies' Advanced Technology and Manufacturing Academy where she completed a 2-year program of study focused on advanced manufacturing and has maintained all A's in her college classes. Mona Helmy

from Helmy Associates & Co said "It was heartwarming to see the new generation graduates, Gen Z, interest and dedication to manufacturing and industrial operations. It was equally uplifting to see the support of the various community organizations and businesses towards these graduates, our future!"

—**Katherine Sanchez-Rocha**
Interim Executive Director
Alamo Academies



SAMA MEMBERSHIP LUNCHEON

"San Antonio Regional Manufacturing and Its Impact to the Economy"

TUESDAY, AUGUST 7, 2018—11:30 TO 1PM

PRESENTED BY

Keith Phillips, Assistant Vice President
San Antonio Branch, Dallas Federal Reserve Bank

Register
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