



PLASAN CARBON COMPOSITES



SECTOR
AUTOMOTIVE

REGION
NORTH AMERICA

Plasan Carbon Composites Inc. in Michigan, US manufactures lightweight carbon fibre body panels and components for mid-volume production cars such as the world-famous Chevrolet Corvette Stingray and Dodge Viper, with output capacity capable of supplying up to 50,000 vehicles per annum.

A privately held company with over 500 employees, Plasan's pioneering capabilities in engineering, manufacturing and R&D have led to numerous industry awards for quality, supplier excellence and innovation.

Industry watchers expect the automotive carbon fibre industry to expand at a double-digit growth rate in the next few years, and Plasan is well placed to benefit. However, despite five years of company growth, not everything has gone to plan. When one manufacturer's sales fell short of forecast the supply chain was affected. For Plasan, it meant having a facility that could not sustain its profitability because it was built to produce more inventory on a daily basis than the market currently demanded.

CHALLENGE

It became clear that consolidation was the only option. Plasan's President, Jim Staargaard, says, "We had to save money, but there were many factors to consider including the magnitude of a potential move, pre-negotiated production agreements with our Tier 1 automotive manufacturer, and the staff employed at the current facility."

Having previously been introduced to Steven McCarty, partner at UHY LLP, Sterling Heights, Michigan, US, Jim had been impressed with his in-depth knowledge of the manufacturing sector



and understanding of Plasan's business – "I knew that to close the plant, we needed solid expert help," says Jim.

SOLUTION

Steven McCarty put together an experienced team led by Cynthia Hannafey of UHY Advisors in Atlanta. The team included specialists in project management, relocation, logistics, human resources (HR) management, manufacturing and shipping. To save money, it was agreed to consolidate operations with an existing facility in another state, and to mitigate potential risks the UHY team developed solid project plans for both the shipping plant and the receiving plant.

HR issues included severance planning, relocation set-up and state regulatory management. Logistically this plan covered inventory building, shutdown procedures, technical vendor management, factory dismantling and specialised transportation. For the receiving plant in Michigan, plans were drawn up for construction, production cell readiness, new employee training, IT, finance and critically, a production part approval process (PPAP) – the industry's production quality assurance standard for clients.

Jim says, "It was a new and difficult experience for us. The most important part was the planning, and mitigating risk - we couldn't just plan the move, we had to plan for the people too." Communication was key. The HR plan ensured employees understood what was in it for them, including information on severance for those not relocating, bonus plans, retraining assistance, and help for job search.

RESULT

Despite being a huge endeavour with obvious risks, the move was completed smoothly. The shutdown was announced



Working with UHY definitely made a tough job easier.



in February and production ceased in May. By August the new facility was already producing test runs. By combining facilities and working with UHY LLP in Michigan and UHY Advisors in Atlanta, Plasan was able to save over USD 3m per year and achieve profitability. The value was not lost on Plasan's clients: one manufacturer, Fiat Chrysler Automobiles (FCA), had marked Plasan as a high risk supplier but reduced them to zero risk halfway through the move. Dan Drayton, risk management FCA Group, says, "My experience with both UHY LLP and Plasan was very positive. Relocation and consolidation were flawless." The most satisfying result was minimising the impact on staff. "More than 90% found new jobs within three months of the facility closing," says Jim. "Until our announcement we didn't know how it would play out but everyone appreciated the clarity we gave."

"Steven's team were experienced people who knew what they were doing. We enjoyed working with them and they definitely made a tough job easier."

UHY IN THE AUTOMOTIVE SECTOR

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Read our automotive supply chain feature in issue 1 of UHY Global – available from www.uhy.com