

UPG demands require quality at plants around globe

By Mike Verespej

PLASTICS NEWS STAFF



United Plastics Group Inc. is making a two-piece tracheostomy tube for Lazarus Medical.

ANAHEIM, CALIFORNIA (February 12, 2008) -- Manufacturing in China gives United Plastics Group Inc. (UPG) a low-cost place to manufacture some of its products, particularly medical. But that isn't how UPG Chief Executive Officer Larry Wilton views the company's Chinese operations, or its approach to manufacturing.

"We have to be experts at end-to-end manufacturing everywhere," said Wilton in an interview at Medical Design & Manufacturing West in Anaheim. "If you are standing in one of our China plants, there would be no difference between standing there and standing in one of our plants in the U.S."

"We spend a lot of time duplicating in China what we have in the U.S. in equipment and processes. We manufacture to U.S. standards and apply lean techniques and robotics to manufacturing everywhere, including our low-cost manufacturing regions," he said. "Even the training of associates is done as if the employees would be working in one of our U.S. plants."

As a result, UPG sometimes manufactures products for the same customer on three different continents.

That rigorous and uniform approach to manufacturing and the desire to have consistent processes worldwide is a reflection of how the Oak Brook, Illinois-based injection molder with 1,500 employees and 11 facilities views itself in all the markets it serves -- medical, electronics, automotive and consumer.

"The principles of the company are definitely Western, but the culture of the company is virtual and not nationalistic," Wilton said.

Besides, viewing China simply as a place for low-cost manufacturing ignores the reality that China won't always be that panacea, he said.

"China represents a great opportunity for low-cost manufacturing for the next five years," Wilton said. "But China will not stay a low-cost manufacturing region. Its costs are going to go up, its currency is going to go up in value, and the domestic market for medical is so huge that eventually it will dwarf other markets," he said.

"After that, you have to look at what is the next area for low-cost manufacturing," Wilton said. "There are only a few more," such as Vietnam and Bangladesh and then medical manufacturing will be based on proximity to key markets. "Long-term, we have to stay ahead of the curve and be more efficient and use more automation to remove labor content.

"We are moving to be more technical, more integrated," Wilton said. "We want to be a one-stop shop in areas that allow us to earn capital to do well" — which is why medical, accounting for 22 percent to 23 percent of the company's business in 2007, is a key market for UPG.

For example, Intuitive Surgical Inc. of Sunnyvale, California, partnered with UPG to mold and assemble the 15-20 components for the subassembly of the articulated arms for Intuitive's da Vinci robotic-assisted surgery system, with the first components delivered in December from UPG's Fremont, California, plant.

Similarly, UPG is manufacturing at its plant in Tijuana, Mexico, a two-piece tracheostomy tube for Lazarus Medical in Tulsa, Oklahoma -- expected on the market soon -- that is designed to improve patient comfort.

Five years from now, medical will definitely be the largest" segment of UPG, Wilton said. "Automotive will be the smallest, if it exists [for UPG] at all."

"We are working on improving our medical capabilities in all regions," added Matt Langton, vice president of sales and marketing, as the company expects "explosive growth in the diagnostic product" market.

He said a Class 100,000 or Class 8 clean room is under construction at UPG's Chicopee, Mass., plant. UPG also is adding additional medical capabilities and a white room at its Minneapolis plant.

In China, UPG is working to ensure that its suppliers manufacture to UPG standards, and to make sure that its workers in China understand the regulations governing medical manufacturing and issues such as intellectual property, said Thomas Opielowski, president of UPG China and vice president of UPG International.

"Manufacturing medical product is different from manufacturing electronic products," Opielowski said. "If medical devices don't turn on, you die. You have to do things right the first time. In plants that haven't been in medical, we spend a lot of time on training and establishing that mindset and taking safeguards to protect intellectual property and patents. We are training our employees in China to understand intellectual property and the necessity of the repeatability of the process."

In addition, UPG has onsite quality audits of its suppliers.

"There is a big disparity among suppliers in China," Opielowski said. "You need to do due diligence, quality audits and business perspective audits. Our suppliers are constantly graded on every shipment to us. Part of our mission is to bring domestic suppliers up to our level."

Entire contents copyright 2008 by Crain Communications Inc. All rights reserved.