

The In Crowd

Alexandria-based Donnelly Custom Manufacturing is carving out a niche as a parts exporter by focusing on short-run production and customer needs.

By almost any measure, Donnelly Custom Manufacturing makes a lot of parts. The Alexandria short-run injection molding company can produce any of more than 3,500 individual parts, and has more than 600 resins from which to make them. “We design more molds and make more parts from more materials than possibly any other molder on God’s green earth,” says President Ron Kirscht.

But there’s more to the story. Making all those parts is only one part of what Donnelly does—and only part of how it has thrived in the global market. In the last few years, the company has been shipping parts to the rest of the world, to customer manufacturing facilities in Mexico, China, India, Ireland and elsewhere, and has seen double-digit growth in export revenue. The company’s edge, Kirscht says, comes largely from its long-term focus on short-run manufacturing and customer intimacy.

Short-run manufacturing involves producing specialized parts that go into larger products made by OEMs. Founder and CEO Stan Donnelly thought it would be a safe area for the startup to pursue when he launched the company in 1984, Kirscht says. While many manufacturers were then avoiding short-run work in favor of high-volume, long-run jobs, which

were often less complex and more profitable, the long-run market was in for trouble. By 2001, overseas competitors had grabbed a good portion of it.

As Kirscht explains, short-run jobs have greater staying power. Donnelly’s strength in that area has benefited from the customer intimacy approach it adopted in 1992, when the company began offering value-added services. Those services include engineering design and project management, enabling Donnelly to oversee creation of a new part from the idea stage to finished product, Kirscht says. That streamlines product launches and reduces costs by dealing with problem before production begins.

How far has Donnelly carried the customer intimacy concept? Some of its project engineers actually work onsite at customer locations. The “insourced” engineers work with Donnelly manufacturing engineers in Alexandria to translate customer needs into solutions. Having the engineering teams work together improves product development and parts design, along with product launch and continuing design issues. A recent example involved a project for long-time customer, Scotsman Ice Systems of Vernon Hills, Ill. Donnelly oversaw the creation of 40 injection molds and related plastic parts for a new, energy-efficient product line from start to finish. Cost constraints required sourcing the molds in China. Donnelly engineers developed the most manufacturable parts for the Scotsman job, and staff experienced in working in China ensured that the process met quality standards, delivery deadlines, and budget. The company also provided assembly, shipping, and inventory management.

“The services we provide have to solve a broader, underlying problem that our OEM customers are trying to solve,” Kirscht says. “You can help a company get farther faster by helping in the design process so you don’t go down the wrong path.”

Staying competitive isn’t cheap—it’s required Donnelly to change internally and to invest in people, training, and new technology. But the company is seeing the results; revenue is growing steadily—last year’s revenue of \$27.2 million is projected to reach \$28 million to \$29 million this year.

—Todd Nelson



Ron Kirscht, Donnelly Custom Manufacturing