

MMEC COLLABORATES WITH CORRECTIONAL FURNITURE PROGRAM THAT BUILDS JOB SKILLS AND CHANGES LIVES

ABOUT MONTANA CORRECTIONAL ENTERPRISES. Montana Correctional Enterprises (MCE), located in Deer Lodge, Montana, offer a variety of vocational training programs to inmates in the Montana prison system, allowing them to develop marketable job skills and a strong work ethic for life after release. One of MCE's longstanding successes is the furniture program. For 40 years participants have manufactured a full line of traditional office furniture as well as rustic creations that are sold across the state.

THE CHALLENGE. As a state program, MCE's business model differs from that of a private manufacturing enterprise - while it does not seek to make a profit, it is working toward a goal of generating enough revenue to become 100% self-sustainable. An ongoing challenge? How to accurately identify all costs of the products it manufactures and price accordingly. MCE's previous planning tools did not account for factors such as facility supporting overhead, nor were they easy to update when parameters changed. For help they turned to MMEC, part of the MEP National Network™.

MEP CENTER'S ROLE. MMEC Business Advisor Doug Roberts worked with MCE to create an Excel-based costing model that detailed various components of direct and indirect product costs, including those related to sales, labor productivity, quality, material costs, inventory levels, overhead costs, product lead time, delivery times and more. The model was customized to include different shop rates for each of MCE's departments and it allows users to assess the impacts of factors such as production volume on pricing. Roberts provided training to both management and workers on what's included in the model and how to use it effectively. By using the model in a series of "what if" scenarios, participants gained a better understanding of the cause-and-effect relationship between costs, pricing, and revenues. The tool has helped management make decisions on product pricing to distributors and assess the viability of offered products.

"When combined with another effort to improve our inventory management, these projects have substantially improved our processes and moved us towards our goal of being 100 self-sustaining, said Joel Miller, Industries Director. To continue this progress, the program is working with MMEC on a new effort to help staff implement lean manufacturing principles.

As an added benefit of the costing model, the furniture program participants are learning valuable project management and other "soft" skills to complement their manufacturing skills. "As we say at MCE, our true products are the individuals that leave our program and prison and reintegrate into society," Miller added. "Projects like these do far more for individual development and increase an offender's opportunity for success than our normal day-to-day work."

"While we did not increase our sales per se, we have seen a dramatic increase in revenue in our furniture and rustic furniture programs that is a direct result of the project that we undertook with MMEC."

-Joel Miller, MCE Industries Director

RESULTS



\$15,000 in cost savings



\$10,500 in new investments



Program participants gain manufacturing project management skills

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