

TESTIMONY OF
PATRICIA M. BRITTON
VICE PRESIDENT, TOPFLIGHT CORP.
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT ORGANIZATION,
EFFICIENCY AND FINANCIAL MANAGEMENT
SEPTEMBER 19, 2012

Good morning Mr. Chairman and members of the committee. Since 2003, I have worked at Topflight Corp. in Glen Rock, PA in a variety of roles, most recently as Vice President. Topflight is a printer and converter for the medical, electronics, cosmetics and consumer goods industries with customers primarily in the U.S., as well as a few in Europe and Asia. We are a privately held, family-run organization, initially formed in 1943 to manufacture airplane parts for World War II.

In the 40's, Topflight made hundreds of thousands of small parts, such as rivets, nuts, bolts and connectors. In fact, employees at the time found that hand writing the identification tags for so many parts was in some cases more time consuming than producing them. So with old-fashioned American ingenuity, Topflight invented one of the first desktop label printers in their machine shop and began to "label" those parts with what looked like printed scotch tape.

Once the war ended, Topflight embarked on a business reinvention, the first of many over the years. Mr. Huber, Topflight's owner, convinced Black & Decker to replace the metal name-plates that identified their power tools with adhesive backed labels. This was a revolutionary concept at the time. Mr. Huber went on to create many patents including the first tamper-evident label (more than 20 years before the Tylenol scare made them commonplace). A business and an entire industry were born.

Since that time, Topflight has undergone changes in customers, product lines, and capabilities as I'm sure almost all businesses do that survive for so long. However in recent years, the pace of technological change and intense competitive pressure has resulted in a business climate unlike any I've experienced. For example, instead of pricing escalators being written in our contracts with customers, we are now negotiating contracts where customers expect year-over-year price *decreases* in order to continue doing business with them. This means that as our costs rise, our prices decrease and our margins erode unless we find ways to become more efficient.

Reverse auctions have allowed overseas companies with a much lower cost basis to drive down pricing to unsustainable levels. Often these companies aren't held to the same quality or regulatory requirements as US companies. So in addition to their lower labor rates, their overhead in general is less.

I believe that Topflight and many other manufacturers have risen to the challenges of continuous improvement, and have found ways to become more lean. However, that strategy can only go so far in sustaining and growing a business. By the end of 2009, Topflight was feeling the effects of the economic slowdown and unprecedented pricing pressures, mainly due to competition from offshore manufacturing locations. Many of our customers had sourced manufacturing to China and Mexico and the erosion of our business was steady. In the face of this new reality, Topflight needed to do something different.

In 2009 Topflight worked with Mantec, a manufacturing consulting company based in York, PA on a program called Eureka intended to create a process and environment of innovation. In the course of those meetings, representatives from Mantec mentioned that Topflight may qualify for assistance from Mataac based on the amount of business we were losing to overseas competitors. The timing couldn't have been better.

I contacted the Mataac group and began the required paperwork. We were assigned a consultant, Todd Shevlin, who was able to provide guidance and insight into where we might benefit from the program. In the course of his management interviews, it became clear that many of the problems facing our business came back to a lack of critical data and technology integration. For example, we didn't know the true costs of producing our products. We didn't know which product lines and customers were the most profitable. In many cases, the time it took to *process* an order was longer than what was required to *make* the order. Many manufacturing and paperwork processes were manual, which wasted time and introduced errors into our system. Our estimating software wasn't integrated with our costing system so we couldn't tell if we made a product as specified. Basic information needed to analyze the business was missing, making strategic planning almost impossible and largely based on educated guesses.

Topflight, with Mataac's input decided to use the funds in 2011 to implement an ERP system that integrated all functional areas of our company, from estimating to cash collections, including the entry of shop floor manufacturing data. We chose Radius, a printing and packing system tailored to our industry, and launched the software in February of this year. Going through the management interview process and obtaining the grant was a key factor in deciding to go forward with this investment.

Although it's still too early to analyze the full effects of the implementation, I can say that since 2009 all of Topflight's key metrics are moving in positive directions. Most notably, we are on track to replace revenues lost to offshore locations and have been able to increase our revenue per employee by 20%. On the qualitative side, managers are having in-depth conversations about costs, profits and margins now that were not possible with previous data. Inventory accuracy has increased, which has dropped the cost of carrying excess raw materials.

Based on Topflight's experience with Mataac, I'm a strong believer in this program. In order to compete in today's ultra-competitive global market, manufacturers need to be willing to do things differently, to innovate, train and respond to constant change. Mataac and its team helped us to do just that.

Thank you for your time and attention.

Patricia M. Britton

EDUCATION

Bachelor's of Business Administration, with a concentration in Finance, 1985.
Loyola University, Baltimore, MD

CAREER HISTORY

TOPFLIGHT CORP., Glen Rock, PA. November 2003 – Present.

Vice President Business Development and IT

- Responsible for marketing, strategic relationships and product management in all markets. Focus over the past year has been on re-inventing Topflight's capabilities and competitive position in order to pursue more profitable markets and products.
- IT responsibilities have included management of ERP system implementation; network infrastructure overhaul; addition of internal enterprise-level application hosting; business intelligence data mining.

POWER GAIN, New Freedom, PA. 2001 – 2003.

Partner/Owner

- Energy reduction equipment supplier to manufacturing companies. Started and sold an energy-related business.

HIGH SPEED ACCESS CORP (Nasdaq: HSAC), Denver, CO. 1999 – 2001.

Vice President, Web Services Group

- Content management and software development responsibility for all web-related products and services for over 450 partner web sites. Led M&A team to establish hosting and commercial web development division.

SUSQUEHANNA PFALTZGRAFF, York, PA. 1996 – 1999.

Vice President & General Manager, BlazeNet

- P&L responsibility for Internet Service Provider (ISP) business. Served as corporate Internet strategist for all divisions, including dishware, cable TV and radio. Worked with Mark Cubin and his company Broadcast.com to stream the first radio station content over the internet.

APPLIED GRAPHICS TECHNOLOGIES (Nasdaq: AGTX), Washington, D.C. 1983-1996.

General Manager, Direct of Sales

- Responsible for sales of pre-press and network management services to national and local magazines. Started and managed desktop publishing service bureau subsidiary.

COMPETENCIES & INTERESTS

Language: intermediate French

Computer Skills: Windows Office Suite; Oracle; Radius ERP; QlikView Business Intelligence; InterVision; Crystal Reports; MS Access

Personal Interests: Sailing; reading; travel

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: Patricia Britton

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

NA

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

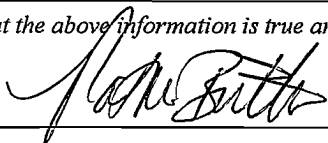
Employee of Topflight Corp., Glen Rock, PA

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Mataac grant was awarded in 2011 for \$75,000 less Mantec fees, for a net of \$68,000.

I certify that the above information is true and correct.

Signature:



Date:

9/11/12