

MEDC-MMTC Matchmaking: A Tool for Improving the Trade Position of Michigan and Its Regions

Since October 2010, the MEDC has had MMTC focus some of its MEDC-supported work on trying to match Michigan manufacturers to new opportunities. “Requestors” – ranging from large OEMs to product inventors – provide detail on what they seek in a supplier or a contract manufacturer, and MMTC’s three researchers query multiple linked databases¹ and the staffs of MMTC and partner organizations to build prioritized lists of manufacturers that meet the request. So far, in the 15-month period ending 12/31/11, MMTC has fulfilled 112 requests. About 60% of them came through the MEDC, 25% from local partners, and the remaining 15% directly from Michigan manufacturers.

Requests have been of four main types:

1. **Michigan manufacturers seeking to replace poorly performing suppliers.** If the latter are non-Michigan companies, fulfilling these requests can move supplier orders from outside Michigan into our state. (Usually, these requests come directly from a Michigan company.)
2. **Michigan manufacturers seeking to shorten supply lines by replacing faraway suppliers with more local ones.** While this sometimes could mean re-sourcing work from one part of Michigan to another, it often means replacing a non-Michigan with a Michigan source. (Usually, these requests come from local economic developers.)
3. **Non-Michigan-based manufacturers that the MEDC or its local partners are seeking to attract to Michigan.** Providing these attraction targets with lists of qualified Michigan suppliers may increase the chances that they invest here. Even if they do not, they may come to use more Michigan suppliers. (Usually, these requests come from the MEDC.)
4. **Inventors and other product developers that need a manufacturer to make their design into a product via “contract manufacturing”.** Helping Michigan companies make new products reduces how much Michigan will need to “import” from other states and countries in the future. (Usually, these requests come from the MEDC or an MEDC partner working with startups or inventors.)

Results to date have been, as one would expect, uneven. Requestors of type #1 are most likely to contact the companies that MMTC research identifies, and some have placed orders with companies on those lists. Requestors of type #2 do the same, but less often: MMTC believes that some are fishing for alternatives or second sources to which they could move, but are in no great hurry to do so. Requestors of type #3 are similar to type #2: many have not yet made the decision to invest in Michigan, so they seldom contact the suppliers that MMTC proposes, but tell MMTC that they will do so once the location decision has been made. Requestors of type #4, finally, exhibit a “bimodal” pattern: about half contact the manufacturers that MMTC proposes, though those manufacturers are often reluctant to sign up with them before they have firm orders; the other half do not yet have financing and thus are not yet in a position to select manufacturing partners – MMTC typically refers these to the SBTDC.

While only about 10% of the matchmaking requests have been found to result in an order being placed, and while requestors uniformly do not wish to disclose the size of such orders, longer-term followup is likely to reveal that the “hit rate” rises over time as requestors’ needs change. About 80% of requestors report high satisfaction with the lists provided.

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¹ Working with Ann Arbor-based InfoReady, MMTC constructed an alpha-queryable database that includes records from Hoovers/D&B, MEDC’s DC3 Arsenal dataset, the MichiCap database developed during the MEDC’s diversification grant program, ThomasNet, and MMTC’s Salesforce CRM. Even more important than the efficiency of being able to search all of these datasets at once is the ability to add information to each company’s master record from sources as diverse as the company’s own website and MMTC service delivery staffers’ on-site observations.

