

# RESULTS

## COMPANY PROFILE

Pegasus Manufacturing, Inc. is a highly diversified company providing complete fabricated tube assemblies and machined-gear components according to customer needs, specs and timing. Commonly known as a job shop, Chris DiPentima, President and General Counsel, prefers to think of the company as a contract manufacturer because he thinks this better reflects the work they do.

Chris' father, Vincent, launched the business after a career in various industries in which he bought, turned around and sold numerous companies. By 1989 he wanted to own a company that he could grow through expansion and acquisition. Today the company is a family owned business that has grown from a family of many companies.

With each acquisition, Pegasus grew in its capabilities – including precision manufacturing, fabrication and machining, tube bending, wire forming, welding, brazing, Non-Destructive Testing, tooling, gauges and contract design. The company has grown to serve a long list of industries including airframes, aerospace engines, military, government, power generation, submarine, medical equipment, nuclear, telecommunication, specialized OEM equipment, food processing, high tech, computer and chip manufacturers and others.

## SITUATION

In 2001, Vincent and his son Todd co-located all of the eight companies in a new 52,000 square foot facility in the Middletown Industrial Park. After the move, they acquired two additional companies in 2002 and 2004 which also relocated to the Middletown facility. The physical move was the easy part. Merging and integrating the cultures, quality systems, management, markets, equipment and employees of all the companies was no easy task.

With everyone united under one roof and one company name, the DiPentima family knew it was time to seek outside advice to keep the company moving forward. Initially, the family sought direction for the leadership structure. All agreed that there should be only one President rather than three family leaders, and a Board of Advisors. Vincent was ready

**Pegasus Manufacturing, Inc.**  
Middletown, Connecticut  
65 employees

- 50% reduction in scrap; \$150K annual savings
- Increased sales by 48% from 2008 - 2009 by implementing a new sales strategy; 2009 exceeded the goal by 12%.



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to pass the torch to one of his sons and Chris, who left his career as an attorney and joined the company in 2002, was in the best position to accept it.

Once the senior management was restructured and in place, Chris turned his attention to operations. By 2005-06, the company experienced its best sales, but also its biggest loss because of the expense of poor productivity. Chris knew that the operational issues were essentially Lean issues and he also knew that many of the Lean principles would work for a job shop. He selected CONNSTEP to assist the management with their business strategy, vision, mission and business plan.

## SOLUTION

CONNSTEP's Jack Crane and consultant Ed Miller guided Pegasus management through the development and execution of their strategic plan. In a painful but productive 3 day off-site management retreat, the team fleshed out their Balanced Scorecard which includes 12 metrics in customer satisfaction, operational excellence, financial excellence and employee satisfaction. During this retreat, the management team succeeded in developing an enterprise-wide transformation plan that completely restructured the business strategy, how they viewed themselves, their core competencies and values.

Jack and Ed then led the team through deployment, teaching them Hoshin Kanri – the Japanese methodology for deploying a strategic plan using a regimented, structured approach. Introducing Lean created a shake-up, but one that was necessary to improve process flow, standardize work, and eliminate redundancies and duplications that were the result of merging so many different companies. For Pegasus, this also meant restructuring the workforce and processes while at the same time, keeping orders aligned, prioritized and flowing.

In addition to productivity changes, Lean brought about significant cultural changes such as employee empowerment. Those who believed in the process

stayed with the company and worked hard to create this enterprise wide transformation. Between the years of 2005-2008, sales decreased with the market and customer re-identification, but profits increased.

## RESULTS

In the span of three years, Pegasus achieved the following results:

- Scrap reduced by 50%, saving about \$150,000 per year
- Customer returns down 50% from 2008-2009
- Safety incidents down 100% from 2008-2009 - 0 incidents

- Increased sales by 48% from 2008-2009 by implementing a new sales strategy; 2009 exceeded the goal by 12%.

- Achieved three major certifications that were part of the company goals to grow the business. Attained both NADCAP welding and brazing and NADCAP FPI and X-ray certifications in 3 months; and completed the AS9100 certification for the entire business to service the aerospace industry. With these certifications, Pegasus was awarded a four year \$17M contract in 2009.

## NEXT STEPS

Chris, Todd and the leadership team plan to continue executing their strategic plan and to double

their business in the next four years – to be at \$20M by 2014. The name “Pegasus” has mythological origins which appealed to Vincent DiPentima. It has many corporate applications that symbolize strength, agility and creative spirit – all qualities that Pegasus Manufacturing, Inc. possesses to carry it towards its ambitious goals and beyond.

“CONNSTEP began working with us about three years ago at a very critical stage in our company's history. They guided us through some very challenging times and taught us the tools we needed to make a successful enterprise wide transformation.

We have a great relationship with CONNSTEP – very positive - and we continue to work with them.”

Chris DiPentima  
President & Chief Counsel  
Pegasus Manufacturing, Inc.