New AME President Shares His Vision

Wants to Expand AME Mission

Not everyone on AME’s board of directors was well-acquainted with Basem Hishmeh when his name first appeared on the list of candidates for the organization’s top position. But members of AME’s “Champion’s Club” knew him quite well. Over the past decade, the New Jersey executive has been attending the Champion’s Club’s quarterly get-togethers and engaging in the sort of “experience sharing” that AME’s founders had in mind when they created the organization.

Moreover, the Champions knew that Basem (pronounced “Bass-em”) firmly believes that AME should expand its global reach as it moves toward the future. His overarching goal for AME is to advance its efforts as a “catalyst for change” in helping manufacturing enterprises around the world to embrace world-class strategies, practices, and techniques.

Perhaps more importantly, the Champions knew that he understands the impact that AME can have on firms where the leaders are committed to implementation of world-class practices and management philosophies.

Hishmeh’s company, Aerco International — a manufacturer of high efficiency commercial water heaters and hydronic boilers, has reaped significant benefits from his involvement with AME. When he was approached to become a candidate for the AME presidency, he agreed. It was time, he felt, to give something back to the organization.

As a result, several of the Champions spread the word.

At the November AME board meeting in Chicago, Basem Hishmeh, who , along with his family immigrated to this country from Palestine in 1957, was chosen to serve as the organization’s new president for a two-year term.

He is chairman of two New Jersey-based manufacturing companies. In addition to Aerco International, he also heads Vista Industries. Both firms are based in Montvale, NJ. In addition, he serves as chief financial officer (CFO) for a third company, Sigma-Netics Inc.

Born in Jerusalem in 1941, Hishmeh was 15 years old when he left Palestine and traveled halfway around the world — to Cleveland, OH — to begin a new life in America. He graduated from high school in Cleveland and earned degrees from two universities in that city. He holds a degree in mechanical engineering from Case Institute of Technology (1962), and an MBA from Western Reserve University. (The two universities have since merged and are now known as Case-Western Reserve University.)

Proposed New Mission

At our first corporate board meeting of 2003, the need to redefine what AME is about was on everyone’s mind. It was becoming evident to all of us that we need to expand our vision beyond the shop floor to encompass the entire enterprise if we are to continue as change agents in today’s business environment.

We reaffirmed the need to continue to do this through shared learning. However, our most significant change concluded that we can only do this through full commitment — through a mind shift committing our resources to create a learning organization that seeks excellence. Commitment is needed from our volunteer directors, officers, and change agents. Only then can we really help our member companies to create the mind shift to seek excellence in their organizations.

We proposed that AME’s mission should read as follows:

"Create a commitment to Total Enterprise Excellence using shared learning."

Alignment and buy-in are essential before the board can formally adopt this mission statement. I am therefore reaching out to members, asking you to consider this redefinition of our mission. Please give us your input through discussions with your regional presidents or with corporate board members.

I humbly thank you for your vote of confidence, and I assure you of my commitment to this organization and what we stand for. We must work together to create excellence in our lives, companies, communities, and countries.
Hishmeh spent the first 14 years of his industrial career as a process development engineer with Bailey Meter Co. in Cleveland. From 1976 to 1982, he was involved in the startup of a vinyl tiles and adhesives manufacturing business in Saudi Arabia. He joined Aerco International in 1982 as vice president of operations and eventually moved up to the chairman’s slot.

As president of AME, Hishmeh succeeds Brian S. Jones, CEO of Nypro Inc., a global company based in Clinton, MA. (During his stint as AME’s leader, Jones stimulated creative thinking on the part of the board members and regional presidents — and challenged them to aggressively pursue strategic alliances with organizations who share the goals of AME.)

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Not long after being tapped to head AME, Hishmeh agreed to share some of his perspectives about AME with the readers of Target. Highlights of the interview appear below in Q&A format:

**Q.** How has your AME involvement helped you to improve the performance of your company?

**A.** When I started with the AME Champion’s Club — after being recruited by Bill Holbrook almost ten years ago — our company was not doing very well. We were marginally profitable, and our new-product development process was out of control. Our need for incremental working capital was greater than our profitability, which meant that as we sold more we needed to borrow more money.

I got many good ideas from attending the Champion’s meetings — from people who are practitioners and who challenged my thought process. Plant visits cemented what I heard at the meetings and opened my eyes to what can be achieved through practicing the concepts shared at these meetings. I was convinced of the need to change, but I had not been able to convince my managers to adopt world-class practices.

Working with my partner, we agreed that serious changes were essential to turn the company around. We started at the top and changed the leadership of the company, putting at the helm someone who demonstrated good leadership skills and passion. We also brought in outside board members with the skills needed to help us make the transition — people like Bill Kennedy. With Bill’s help, we formulated a turnaround strategy incorporating ideas that he had presented at a Champion’s meeting.

Our strategy was based on conserving the use of capital, reducing cost through the elimination of waste, and growing profitably through new markets and products. Once we had a plan, we worked it, and found out that if you stay focused and work the process, things begin to happen.

Since we needed to make a drastic change, we opted to "shock" our organization to demonstrate commitment to the new approach. We brought in consultants from the JCIT organization to help us make the change. We invested in training our people to get total buy-in. So far, about 40 percent of our people have attended JCIT training programs. In April 2000, we switched from batch to flow manufacturing — all at one time.

The results have been exciting; we saw our inventory shrink by 60 percent and our gross margin improved by 37 percent.

**Q.** What made you accept the challenge of serving as president of AME — considering that you must keep awfully busy serving as chairman of two companies and as CFO of a third?

**A.** Well, it seemed to me that AME was becoming .... well, a little relaxed. I just couldn’t stand by and watch AME lose ground. We have hosted three AME events in our plant (Aerco) ... As part of the AME philosophy of sharing with each other, the great thing about these workshop-type events is that you get to review your processes as you prepare to host the event. And you get feedback from experts in the field at the conclusion of each event.

**Q.** In the "vision" statement that you presented to the AME board of directors, you indicated that you would like to see AME begin to provide leadership training ... and that you want to create a forum where AME members might explain how they have gone about doing that ...

**A.** We have many good examples of
leadership within AME that, if harnessed in the form of a training program, might be shared with others. Leadership begins with vision, passion, and alignment. Introducing “lean” on the shop floor gets you ready for using it as a total business strategy. Plant floor initiatives tend to show quick results that can be used to demonstrate success and win buy-in. You can then take these techniques to other areas of the business where you have good leaders.

It takes real leadership to carry out projects like improving the new-product development process, creating design platforms, or applying design for manufacturing (DFMA) principles ... It takes leadership at all levels.

You also need to take lean concepts into the sales and marketing side of the business ... and again that takes real leadership. With limited resources, leaders must set priorities yet allow for the profitable growth of a business.

Q. Do you believe that AME needs to hire a paid executive director?
A. If you are going to run a professional organization, you need someone to provide day-to-day guidance and follow-up — and that should be a full-time paid position. One of the duties of the executive director would be to build up an endowment fund that [eventually might] generate annual income of $300,000, so the organization will not be so dependent on the annual conference to cover its operating expenses.

Q. You are a member of the American Ramallah Federation of Palestine. Can you explain what that organization does?
A. This is a national federation with clubs in different parts of the USA. Its purpose is to perpetuate our cultural background to our children, and to provide humanitarian and educational help to deserving students from the City of Ramallah, which is 10 miles from Jerusalem. 
Note: Ramallah, which has been much in the news of late, is the city where Hishmeh’s family once lived. At the time he left for America, the country was still known as Palestine.

Who Are the Champions?

The 50-plus members of AME’s Champion’s Club are typically senior-level executives with large and small companies who have become “agents of change” within their organizations. In effect, they are “champions of excellence” who seek to interact with others shouldering similar responsibilities.

Champions approach the challenge of improving the competitiveness of a manufacturing facility — or an entire company — with a high level of enthusiasm and insight. As members of the Champion’s Club, they enjoy the opportunity to meet and network with peers who face similar challenges. They are invited to four special meetings a year to discuss a specific topic or to engage in dialog with noted management experts.

Programs typically include roundtable discussions, study missions, and visits to companies where world-class practices are in place.

In return for an annual dues payment of $2500, Champion’s Club members receive complimentary admission to AME’s annual conference (valued at more than $1500). The Champion’s also receive complimentary admission to the group’s quarterly events and roundtable discussions — and to most AME workshops and seminars.

In addition, other employees at the Champion’s facility are considered “adjunct” members and are not required to pay the $125 membership fee when they attend an AME event. Finally, as many as five colleagues at the Champion’s plant site or facility can receive complimentary subscriptions to Target magazine.

To learn more about the Champion’s Club, visit the AME Website (www.ame.org) or contact Patrick Carguello, director, at 315/387-5611; or e-mail him at: carguellop@att.net.