

The Making of a World Class Manufacturer ... A Long-Term View

Firms empowering employees with higher skill levels will be light-years ahead.

What makes a world class manufacturer? Turning the clock back 20-some years, I would suggest that the best answer was registering to a standardized quality system, such as those starting with letters like ISO, QS or TS. By doing so, manufacturers implemented improvements including standard work, work instructions, management review and corrective actions. Those who did so saw quality improvement, lower cost structures, quicker lead times and better tactical focus to strategy, thereby growing their credibility in the marketplace. Armed with the ability to instill confidence in the minds of new customers, they gained market share.

In the early 2000s—and over the ensuing decade or so—yet another development began separating world class manufacturers from average ones: the concept of continuous improvement, or Kaizen. Not that these notions—with roots in 1950s Japan—were new, per se. Rather, it wasn't until a little more than a decade ago that a number of manufacturers began aggressively implementing cultures of continuous improvement. With this change came a higher level of employee engagement, as cross-functional Kaizen teams focused on

way to today's dearth of skilled manufacturing talent. Machinists, capable production welders, manufacturing technology technicians, manufacturing engineers, skilled machine operators and the like are in such short supply that some manufacturers even turn away new work, due to a lack of people to run it. As much as standardized quality created competitive advantage decades passed—and implementing the principals of continuous improvement and Kaizen did so in the last decade—in the coming 10 years, the companies most adept at recruiting, retaining and creating their own talent will be worlds ahead of those that do not.



MATTHEW KIRCHNER
 Managing Director, Profit360
 mkirchner@profit-360.com

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process improvement and waste elimination, resulting in increased throughput and improved quality.

Over time, companies that enthusiastically adopted Kaizen principles generated improved profit margins, enhanced quality and better lead times, creating a competitive advantage over those that did not. Even

when customer decisions came down to price, the Kaizen companies enjoyed an advantage as lower cost structures enabled necessary price adjustments to win new business. Through Kaizen, world class manufacturers gapped the average ones again.

Perhaps this seems elementary; anyone doing business in manufacturing is likely aware that standardized quality systems and continuous improvement provide significant competitive advantages. The difficult question is: what will the next decade hold? As we look back 10 or 15 years from now and assess what innovations separated world class manufacturers from average ones, what will be the answer?

Ask any manufacturer to cite the biggest challenge facing their business and virtually every answer will relate in some

Recruiting and retaining talent will be, primarily, functions of compensation and culture. Setting compensation levels at or slightly above market will ensure that skilled team members don't walk across the street for more pay.

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The National Association of Manufacturers estimates that over the next decade nearly 3.5 million manufacturing positions will open, but nearly 2 million may go unfilled because of the skills gap. Where will world class manufacturers find the talent? They will create it themselves.

Complete this sentence: 20 years from now, 70 percent of skilled manufacturing employees will be _____. The answer is "already working in manufacturing today." For all of our necessary and justifiable focus on generating interest in manufacturing careers among young people and in encouraging them to pursue the requisite training, the vast majority of our team members 20 years out work for manufacturers now.

In the 1970s, the average manufacturing employee received 100 hours of skilled manufacturing training each year. Today, most receive five or less, and much of what they do receive is mandated by law; hazard communication and lockout/tagout, for example. With such a radical decrease in skills-based training, is it any wonder that we have a skills gap?

Today's cutting-edge manufacturers have already

committed to providing 100 hours per year of skills-based training, which can include sharpening employee skills on lean manufacturing, workplace effectiveness, specific production processes and process control, fluid power, motor control, motion control, programmable logic controllers, basic electricity, electric circuits and more.

Imagine how much more effective your employees could be five years from now with 500 hours of training under their belts. At that point—in terms of employee retention, productivity, efficiency, quality and more—those companies providing employees with a significantly higher level of skill will be light-years ahead. Will yours be among them? **PF 80**

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