

The New Work Force: Manufacturing Leaders Stress Importance of U.S. Competitiveness, BI, Mobility

Posted by [Chris Chiappinelli](#) May 11, 2011

At the Manufacturing Leadership Summit, industry leaders coalesce around the importance of business intelligence, enterprise mobility, and boosting America's industry position in the world.

By Chris Chiappinelli

PALM BEACH, FL—The global competitiveness of the U.S. manufacturing industry and the operational impact of business intelligence and mobility strategies were the top themes on the second day of the 2011 Manufacturing Leadership Summit.

Jay Timmons, President of the National Association of Manufacturers, told nearly 300 attendees that the U.S. manufacturing industry “is certainly headed in the right direction,” as evidenced by the 250,000 jobs created by the sector since December 2009. He also said the industry has “more clout than any time in recent history” because it is driving the U.S. economic recovery.

“But uncertainty is still prevalent,” he cautioned attendees at the annual conclave, both in the realm of operational costs such as energy as well as in the governmental policies that can either help or hinder the industry’s growth.

The U.S. government can help, he said, by improving the nation's infrastructure and educational system and facilitating research, all while reducing cost burdens such as corporate taxes. NAM advocates reducing the corporate tax rate to 25% from its current 35%. "The lower we go, the more competitive we're going to be," Timmons said. "We believe that if done correctly, everyone can be a winner with an appropriately lower tax rate."

As such initiatives hang in the balance, the U.S. manufacturing community's ability to compete with countries around the world has slipped, said Craig Giffi, Vice Chairman of consultancy Deloitte. In a separate session, Giffi cited a troubling prediction in Deloitte's Global Competitiveness Index Report, which shows the U.S. as the fifth most competitive country in five years, down from its current rank of fourth.

Policy changes aside, manufacturers can help improve that outlook by bolstering their own business and operational practices, Giffi said. High-performing companies in the manufacturing industry employ certain techniques that Deloitte labels "game-changing" and "advantage creators." Techniques considered game-changers include the application of advanced IT, the delivery of innovative products, a strong balance sheet, distribution and logistics prowess, and strong dealer networks. Techniques that create advantage mirror the expansion of manufacturing products into worldwide markets: global sales capabilities and global marketing capabilities.

"The epicenter of manufacturing is shifting" to Asia-Pacific, Giffi said, but that trend is only part of the story. Some manufacturers have chosen to follow the opposite path, panelists said. Bob Dean, Director of Cisco's Manufacturing Industry Vertical segment, referenced an unnamed manufacturer that recently closed five major plants around the globe and relocated those operations to one facility in the U.S. The company now runs 70% of its revenue through that single U.S. plant "because the talent is there," Dean said. Availability of talent ranked high in Deloitte's survey of competitiveness factors.

Inspiring more re-shoring initiatives will be critical to ensuring the success of the U.S. industrial base, experts said. Dean encouraged manufacturers to read the tea leaves in the U.K.'s plunge – the U.K. dropped five places on Deloitte's list of the most competitive countries. In the U.S., "We need to look at the U.K.," Dean exhorted the crowd, "because I think that may be a foretelling of the future for us."

Deloitte found that implementation of advanced technology has helped vault manufacturers to the top of the competitive pack. This theme was echoed by some of this year's Progressive Manufacturing Award winners, many of whom spoke at the Summit. The two technology themes that permeated the day's presentations were business analytics and enterprise mobility.

Those concepts are top of mind for Progressive Manufacturing 100 Award winner Hologic, which makes diagnostic equipment focused on women's health. Hologic's IT department has evolved from maintaining traditional transaction systems to adding business value through innovative technology, CIO David Rudzinsky told attendees.

As part of that evolution, he said, business intelligence has evolved from simple reports to more incisive analytics. For example, the company uses analytics to better understand its customers by closely monitoring processes such as sales and supply chain operations, contract profitability, and customer complaints.

Within Hologic, "Some groups get it and other groups don't," Rudzinsky said of the transition to more intelligent analytics. Greasing the skids between IT and business users is critical, he said. "What you need in between [the groups] is a business analyst, someone who understands metrics and can turn the data and the numbers into insightful information," he advised.

Business intelligence and mobility applications also dominated a panel discussion focused on how manufacturers can transform their service businesses.

Mobility has already delivered significant benefits to c3controls, a maker of industrial control equipment and another PM100 winner. The company has delivered product ordering capabilities to customers via iPhones, iPads, and other mobile devices, according to Paul Alwin, Senior Vice President of Operations at the company. C3controls customers can configure, select, and order products, as well as access technical specifications on the company's offerings. Collecting real-time order information via mobile devices helps c3controls "match customer requirements to our manufacturing [capabilities] and adjust resources at any time of the day or week or month," Alwin said.

Delivering mobile applications to customers has also been a priority for solar panel maker First Solar, according to Jay White, the company's Mobility Architect. To create those applications, manufacturers must anticipate customer needs, he said. The expectation is for quick, specific, simple applications that evolve without taxing the customer, White explained: "I think enterprise mobility is going to be one of the tools that's going to be most effective in introducing consistency...both in your manufacturing and assembly [and] in the services that you provide your customer."

When the Summit discussions turned to the perennial quest for continuous improvement, analytics again rose to the fore. Manufacturers need to focus on profitability right down to the shop floor, said Larry Schwartz, President and COO of Okuma America. "I think there have been some bottlenecks in getting real-time data out of the machine tools and into the hands of someone who can use it," Schwartz said.

Peter Martin, Vice President at Invensys Operations Management, sounded a similar note. Business intelligence that takes place at the ERP level, he said, may not encompass the processes that matter to the operations personnel who can help improve metrics. "Continuous improvement is not done at [the ERP] level," he said. "It's done at the plant floor."

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The Manufacturing Leadership Summit continues this evening with a gala ceremony honoring winners of the 2011 Progressive Manufacturing Awards.

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