



Phone: 508.831.7020

The Manufacturing Advancement Center
The Voice for Manufacturing



- Home
- About MAC
- The MAC Action Newsline
- Manufacturing Our Future Summit
- Upcoming Programs
- Toolbox
- Resource Library
- Partners
- Contact Us

Send a Letter to the Editor

[join mail list](#) | [email an associate](#)

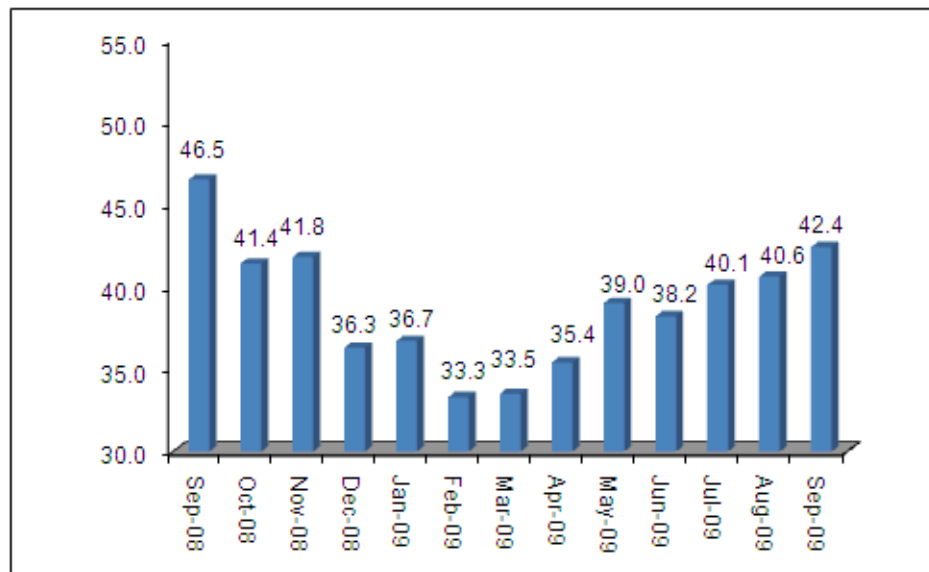
From the Desk of Jack Healy

Ready to Press the Reset Button?

By Jack Healy, Director, MassMEP

Recently released labor market, manufacturing, and consumer data indicate an economy steadily emerging from the long recession. One of the most gratifying indications of this change was the Associated Industries of Massachusetts Business Confidence index showing a continued gain of 1.8 points in September for an overall business confidence level of 42.4 (the highest since September 2008)

AIM Business Confidence Survey



Despite the changes, confidence levels in manufacturing have not returned to the point where there is a general belief that the current improvement is permanent, at least for manufacturers in New England.

A recent report from the New York Federal Reserve Bank indicated that New York state's "manufacturing activity has risen unexpectedly to its highest level in five years on surging new orders shipments and employment." Unfortunately, there has been no similar report for New England, which could be something of a blessing as a recent survey taken in May of this year indicates that manufacturers in New England may need to address a number of their operating issues before pressing their reset buttons.

More than 2,500 manufacturers, responding to a Manufacturing Performance Institute Next Generation Manufacturing (NGM) survey, indicated a significant gap for New England Manufacturers between good intentions (awareness of the importance of NGM strategies) and their ability to implement these strategies through best practices. In addition, some manufacturers are not looking to the future (i.e. they do not recognize

the importance of these strategies) and, consequently, do not recognize the growing gap between their current performance and what the market will be requiring in the years ahead. Some of the study's findings include:

What Gets Measured in the Next Generation Gets Better

What gets measured gets done. But manufacturers across the country and especially in New England don't measure outputs well. The presence of measurement systems and review processes is a reliable indicator of an organization's willingness and ability to continuously improve.

Production performance and metrics are some of the easiest measures for a manufacturer to monitor, yet, surprisingly, 19% of New England manufacturers have no measurement system or review processes in place. While 34% of New England firms have advanced systems or reviews in place, we are significantly behind the national performance where 49% of the manufacturers nationwide who are at or near world class status for process improvement have advanced measurement systems and reviews in place. We are not going to win any competitive race as a manufacturing region unless this gap is closed.

Utilizing Employee Assets

While the majority of manufacturers view their employees to be assets to their companies the survey shows that the majority do not utilize all of their assets. While more than one third of New England manufacturers (37%) have a majority of their employees regularly participating in empowered work teams, 37% have less than a quarter of their workforce participating in such teams. This contrasts to the nationwide manufacturers who have 50% of their employees participating in empowered work teams.

Supply Chain Performance

Assessing the performance of a company's supply chain is complex and encompasses myriad metrics (e.g. quality, timeliness, reliability), cost factors (e.g. carrying costs, transportation), and requires constant monitoring. Approximately 12% of New England manufacturers describe their supply chains as advanced -- real-time communication of demand signals an entire supply chain flexible to spikes, standard delivery times consistently met, and just-in-time inventories. This, coupled with the fact that less than 3% of New England manufacturers (strategic suppliers and customers) are active participants in their Supply Chain operations, indicates a significant opportunity for improvement.

Systematic Management

The Next Generation Manufacturer Study has shown that surprisingly few firms have gained any real leading position in becoming world class with respect to their operational capabilities. Obviously those companies surveyed can benefit from their insights by addressing and correcting their weaknesses. Not to do so must be attributable to a belief that it is not important to become globally competitive and that their organization's current performance will be sufficient to see the company through in the future.

McKinsey and Company point out the fallacy of the status quo management style in their paper "[Management Practice and Productivity: Why They Matter](#)." This report also acknowledges that the same opportunities that have been brought out in the Next Generation Manufacturer Study exist across the world.

McKinsey notes that a systematic management approach to manufacturing is accessible to any firm, anywhere. The McKinsey report also goes on to state, "Yet surprisingly few firms have made any attempt to gain an insight into the quality of their management behaviors. Those that do so give themselves the opportunity to access rapid, cost-effective, and sustainable competitive advantage. Better managed firms need more highly skilled workers and make better use of them, while better educated managers will be the key component of the performance transformation that both established and

emerging economies must undertake if they are to maintain and improve their global position."

McKinsey client's pay a lot for this advice, offered here for free. Anyone who is not satisfied with the status quo and is willing to understand the quality of their own management behaviors can do so by asking Mike Prior at michaelp@massmep.org for a free "Next Generation Manufacturer Profile Survey" for their organization.

When those who see no reason to change press their "Reset Buttons" they will be just resetting and institutionalizing their current performance with the hope that the status quo will be sufficiently competitive in the future. Hope is not a plan, but the choice is open to everyone. There is a quote from St. Augustine that should be given to every manufacturer in New England as a reminder that "We are the times – such as we are – such as the times." Instead of trying to blame other factors such as costs, regulations, foreign competition, we may well take out a mirror when looking to affix blame for our own demise.

Have an Opinion?

[Have an opinion to share? Send a Letter to the Editor.](#)

[Home](#) | [About MAC](#) | [The MAC Action Newsline](#) | [Manufacturing Our Future Summit](#)
[Upcoming Programs](#) | [Toolbox](#) | [Resource Library](#) | [Partners](#) | [Contact Us](#)

© Copyright 2009 , Manufacturing Advancement Center
100 Grove Street, Worcester, MA 01605, USA, [Privacy Policy](#)
Tel: 508.831.7020, Fax: 508.831.7215, Email: info@massmac.org
Developed by [Telesian Technology](#)