Challenges and Resolutions

by Bob Zaruta, President/CEO, NWIRC

Every December, I take time to reflect on the year we are leaving behind and look forward to the year ahead. This year has been a year of opportunities and challenges for manufacturers in our region. Greater emphasis on U.S. manufacturing, more aggressive reshoring strategies, a surging economy, and growing consumer confidence has had positive impact on orders and production for many. At the same time, tariffs or the threat of tariffs, had an adverse impact on several industry subsectors. A constant for all manufacturers was the pressure to meet or exceed customer expectations for quality and on-time delivery. A common challenge for most was and continues to be attracting and retaining employees. The low supply and high demand in the labor market is now a driver to higher wages putting further pressure on companies to run as efficiently and productively as possible.

This month is when most start thinking about resolutions. While you may not set personal resolutions for health and fitness (like many), consider making resolutions when it comes to attracting, developing, and retaining employees. Give as much attention to DEVELOP as you do the others. Look to grow your people. If you don’t, other employers will. Here are just a few resolutions for the New Year that you might consider:

• Build internal career paths: The 2018 Retention Report cited that the #1 reason employees are leaving jobs is due to having no opportunities for growth. Determine requirements and training that your employees can achieve in order to advance to a new position and/or increased pay opportunity.

• Evaluate critical training needs: Ask your employees (at all levels) what training they need to take their work to the next level. As you look to satisfy your employees’ appetite to engage and contribute more, do they need to sharpen their critical thinking and problem-solving skills? If your company is ISO certified, do you need to train some additional internal auditors? Plan ahead for some onsite or public classes to meet employees’ needs in the new year.

• Conduct more cross-training activities: Training employees on various jobs not only helps them attain additional skills for personal development, but offers you less stress during unexpected (or planned) absences and departures from the job.

• Improve your onboarding process: Start onboarding during recruitment and hiring. A Harvard Business Review article titled, “Getting Your Employees Up to Speed”, says most managers focus on orienting new hires by reviewing the employee manual, which is important, but also be sure to focus on culture and setting clear expectations. The article stresses not to wait until the employee’s first day to bring up this subject, stating that “effective onboarding starts during the recruiting and hiring phase — when you’re interviewing the potential hire and assessing fit”.

Whether you work on these resolutions, or some of your own, all of us at NWIRC wish you much success in the coming year and look forward to working with you in 2019!

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or will require adherence to international systems standards;

• The U.S. is experiencing a 250% increase in manufacturing reshoring;

• Over 55% of businesses reshoring believe IT systems and automation decrease operational costs and improve the economics of localized production (*sources: Boston Consulting Group, Microsoft, and Erlangen-Nuremberg University).

From reactive cyber breaches and insurance premiums to opportunistic automation, many northwestern PA manufacturers we visit are somewhere along the above continuum of systems deployment and effectiveness. As a foundation, it’s advisable to ensure effective cyber, network, and applications systems deployment prior to attaining higher level of systems integration and automation.

How can manufacturers improve systems effectiveness? By incorporating IT systems goals, project objectives, activities, and required metrics into your 12-month business plan. Just as a new runner needs a plan and new discipline to run a 5K race next summer, your business plan must address baseline customer and regulatory requirements, and can also incorporate advanced systems tactics to keep you differentiated and more operationally effective as compared to competitors.

So - how do you start?

• Ask your employees: What training will be required in the upcoming year? What improvements to existing systems will increase operational effectiveness? What new systems capabilities will improve efficiency and on-time delivery?

• Push your providers: don’t accept baseline, commodity-like reactive IT systems services, but rather, invite providers into a strategic planning session to help identify industry-wide trends and best practices for your business to consider.

• Ask an agnostic expert: ever feel like your systems provider has a built-in bias? Like they have a hammer and every need you have is a nail? How about bringing in an expert whose knowledge base is wide enough to point out deficiencies in your existing systems and processes? Such expertise exists and isn’t expensive.

• Hire a business plan facilitator: perhaps you don’t have time, or have other priorities, so hiring a business facilitator who can square up IT systems needs and desires, help prioritize internal issues and procure assistance to move efforts forward, is a good next step. Plus having an external, fresh set of eyes can sometimes uncover latent issues holding up identification of problems and suggestions for improvement.

If you’d like more information, perspective, or IT systems assistance, don’t hesitate to contact your NWIRC business advisor.

Gerry Schneggenburger has 30 years of executive business management experience with an IT foundation of systems development, programming, database administration, systems network engineering, and IT lean continuous improvement skillsets.

**How Do We Find Good People?**

_by Max Krug, Eminence Consulting_

One of the biggest challenges that organizations face when managing and growing their business is being able to hire and maintain good people. However, when performing evaluations of many organizations, one of the biggest issues that is apparent is that the organization has many underutilized people. The term ‘underutilized’ can be defined as not using the employee’s experience, knowledge, skills, and abilities to implement changes that will improve the productivity of the work force, where productivity is defined as converting inputs into useful outputs. However, in many organizations, there are usually many people doing busy work, and that busy work doesn’t convert into useful outputs. Therefore, there are people in the organization that are very busy, but are not productive.
Update: Next Generation Manufacturing Partnership

The launch meeting for a Next Generation Manufacturing Partnership in Northwestern PA was held last month at Honeywell in Franklin, PA. This initial meeting, facilitated by subject matter expert Francie Genz, had great participation from manufacturing leaders and representation from most of the eight counties in the NW PA region. The outcome from the discussion resulted in the manufacturers defining three key priority areas to focus on for the most immediate impact to strengthen manufacturing in the region.

Follow-up conference call meetings were set for each of the action teams with manufacturer champions who signed up at the launch meeting. The follow-up calls, held just before Thanksgiving, included a facilitator-led discussion to further define next steps for action. The three Priority Groups include: 1) Branding the Region; 2) Manufacturing Branding/Careers; and 3) Business to Business (B2B) Connections.

NWIRC is currently the convener for the Next Gen Partnership meetings. If you are an executive leader at a regional manufacturing company (in Erie, Crawford, Warren, Mercer, Venango, Clarion, Forest, or Lawrence Counties), please contact Laurie Knoll (lknoll@nwirc.org) to be placed on the list for future in-person meetings, conference calls, and updates.

Learn How to Use Generational Diversity as A Competitive Advantage

Companies that have learned to think outside the box and implement strategies, not only to attract and retain younger generations, but also to utilize the best skills they can bring to the table, are going to be the winners in the war for qualified people. Those are the manufacturers who are using generational diversity as a competitive edge. They take advantage of each generation’s abilities and incorporate it into their business operations and communication style. An upcoming half-day education program will provide you a better understanding of “why” each generation is the way they are and how they communicate. Sessions are scheduled to run on January 23 (Oil City), February 12 (Erie), and March 21 (DuBois). See www.nwirc.org/events for more details and to register.

Max Krug has over 29 years experience in operations, including 16 years’ consulting companies in a variety of sectors. He earned a Bachelor of Science in Industrial Engineering from Alfred University and a Master’s in Business Administration from St. Bonaventure University.
YOUR STRATEGIC BUSINESS ADVISORS

If you have questions, or would like to speak with someone from NWIRC about services, please contact your Strategic Business Advisor (SBA):

**Tom Weible**  
814.590.5202  
Cameron, Clearfield, Elk, Jefferson, McKean & Potter Counties

**Susan Hileman**  
814.572.2077  
Forest, Mercer, Venango, Clarion Counties & Titusville

**Lisa Pustelak**  
814.683.1034  
Crawford, Warren Counties, Corry & Edinboro

**Andrew Idzik**  
814.217.6068  
Erie County & Bradford

NORTH CENTRAL OFFICE  
103 BEAVER DRIVE  
DuBois, PA 15801

NORTHWEST OFFICE  
764 BESSEMER STREET, # 105  
MEADVILLE, PA 16335

NORTHWEST OFFICE  
764 BESSEMER STREET, # 105  
MEADVILLE, PA 16335

ERIE OFFICE  
8425 PEACH STREET  
ERIE, PA 16509

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**UPCOMING EVENTS**

**Engage and Equip Your Team with Kata**  
Dec 11-12  
Location: Erie  
This two-day training will focus on Improvement and Coaching Kata—a pattern of scientific-thinking used to achieve goals and challenges turning employees into problem-solvers. Participants also receive a 2-hour post-workshop coaching session onsite at their facility.

**IATF 16949:2016 Internal Auditor**  
Dec 12-13  
Location: Erie  
Training of the IATF 16949 automotive standard will provide understanding of quality management principals in context with ISO 9001:2015, along with techniques of process-based auditing with hands-on activities.

**OSHA Compliance and Injury Prevention**  
Jan 29  
Location: Erie  
The purpose of this OSHA and Injury Prevention class is to help prepare organizations dealing with the complex area of regulatory compliance, injury prevention, and business liability. This course will pack a comprehensive scope of subject matter into a one day session for the busy professional.

**Core Tool: Statistical Process Control (SPC)**  
Jan 31  
Location: DuBois  
SPC is another tool for your quality management system. This hands-on class teaches integrated SPC charts, hot to select and use proper control chart, and establish control limits. Exercises demonstrate data gathering, constructing control chart, and continuous monitoring.

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For more information or to register for training, visit www.nwirc.org

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Happy Holidays!