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National Manufacturing Study Reveals New Trends, Steps for Success

Overland Park, KS – Today, the Mid-America Manufacturing Technology Center (MAMTC), along with its trade association, the American Small Manufacturers Coalition, released the results of its 2011 Next Generation Manufacturing (NGM) Study, identifying key trends affecting the industry and steps U.S. manufacturers can take now to be successful in the next generation.

The study, conducted by the Manufacturing Performance Institute, finds that this is a critical point in time for U.S. manufacturing, and manufacturers must assess whether they have the workforce, business systems, equipment and strategies in place to successfully compete in the future. While external factors, like the economic downturn present challenges, manufacturers can remain competitive by focusing on six strategies assessed by the NGM Study as a blueprint for success (see sidebar).

Specifically, the study found:

- Nearly six out of 10 U.S. manufacturers could have a new leader in the next five years — a five percent increase over 2009. This presents an opportunity for manufacturers to solidify leadership and direction for years to come if they develop their next generation of leaders now.
- Sustainability is increasingly important to manufacturers, with 59.2 percent of manufacturers reporting that sustainability is important or highly important to their future, up from 35.1 percent in 2009. Many of these manufacturers are responding to customer demands for greener products, while others

The Six Next Generation Strategies

Customer-focused innovation: Develop, make, and market new products and services that meet customers' needs at a pace faster than the competition.

Engaged people/human capital acquisition, development and retention: Secure a competitive performance advantage by having superior systems in place to recruit, hire, develop, and retain talent.

Superior processes/improvement focus: Record annual productivity and quality gains that exceed the competition through a companywide commitment to continuous improvement.

Supply-chain management and collaboration: Develop and manage supply chains and partnerships that provide flexibility, response time, and delivery performance that exceeds the competition.

recognize cost-control opportunities such as reduced energy consumption and the re-use of materials.

- Most manufacturers have systems and equipment in place to support the current requirements of the six NGM strategies, but few describe their equipment as “state-of-the art.” For example, only 18 percent have state-of-the-art equipment to support world-class innovation, and just 14 percent have state-of-the-art equipment to support world-class process improvements.
- Few manufacturers have *both* talent and workforce development programs to drive world-class performance. Due to an aging workforce and gap in skilled labor, more professional training and development is needed to prepare manufacturers for the next generation.
- Small companies need assistance in implementing NGM strategies. Smaller manufacturers are less likely than larger companies to be at or near world-class performance in the six NGM strategies, and are less likely to have best practices in place.

“The six strategic areas assessed in the Next Generation Manufacturing Study serve as a road map for success to help U.S. manufacturers thrive in the next generation,” said Sandy Johnson, MAMTC CEO. “Helping small manufacturers identify strategic development priorities and overcome challenges within their operations will be key to the industry’s future growth and contribution to the nation’s economy.”

A majority of U.S. manufacturers surveyed said they look for outside help in a range of areas, such as regulatory compliance and business development, to achieve success. In addition, a majority say that their organizations have been positively impacted by state manufacturing associations and Manufacturing Extension Partnership centers, such as MAMTC. MAMTC helps Kansas manufacturers develop and implement strategies in these six areas through customized training and consultation services.

In Kansas City, KS, Knit-Rite Inc., a leading manufacturer of medical textiles, has recently worked with MAMTC to improve its processes through Lean Enterprise training for all of its employees. MAMTC brought in two different trainers during the process, including a Spanish speaking trainer to communicate the same concepts in both English and Spanish. Lean Enterprise helps a company better meet customer demands while working toward a long-term goal of continuous improvement in delivering high quality products and services on time, and at a lower cost.

“We have already made numerous improvements to our production and warehouse processes,” said Chris Vering, Knit-Rite Executive Vice President. “We’ve seen a decrease in our manufacturing time and decreased our inventory with improved efficiency,” continued Vering. “We appreciate the relationship with MAMTC, not only for the training but also for the introductions they’ve facilitated with other manufacturers going through the same process.”

The study, first conducted in 2009, surveyed more than 800 U.S. manufacturers. More information can be found at www.smallmanufacturers.org/2011NGMStudy.

About MAMTC

MAMTC provides measurable productivity and profitability gains to manufacturers throughout Kansas. As a not-for-profit organization, MAMTC's experts bring unbiased recommendations and world-class techniques to manufacturing, printing and distribution companies. MAMTC's 20/20 vision focuses on 20 percent growth and 20 percent cost reductions to keep manufacturing companies competitive and communities thriving. MAMTC's key business areas include: lean enterprise, quality management / ISO, Six Sigma, growth strategies, human resources, plant layout, leadership development, marketing, technology / automation, environmental compliance, business planning and supply chain management. MAMTC is an affiliate of the National Institute of Standards and Technology-Manufacturing Extension Partnership (NIST-MEP) and the Kansas Department of Commerce.

About American Small Manufacturers Coalition

The American Small Manufacturers Coalition (ASMC) is a trade association of manufacturing extension agents whom work to improve the innovation and productivity of America's manufacturing community. ASMC advocates for legislative and programmatic resources that allow its small manufacturing clients to better compete in the global marketplace. For more information, visit www.smallmanufacturers.org/.