

tma news bulletin

Manufacturing in the Era of Trump

Exclusive Interview with Trump Advisor

Stephen Moore





tma news bulletin

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technology & manufacturing association

The Technology & Manufacturing Association (TMA) was founded in 1925 by eight small manufacturing companies who believed they could better themselves by associating with one another. Through the years, members established programs and services that would help their businesses grow and prosper, train their employees, and provide medical and retirement benefits. As a result of these efforts, TMA has grown into a not-for-profit organization of precision manufacturing and supplier companies in the greater Chicago area.

TMA is governed by a Board of Directors, composed of executives from member firms. A full-time professional staff works closely with the Board, its committees and trust.

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TMA Members & Friends,

What a difference a day makes...in this case Election Day. Count me among those in early November that were bracing for another four years of blaming the successful, "bullying" employers and claiming all the ills of society were the fault of the productive.

The dawning realization, on Election Night, that Trump was going to be the next President caught me by surprise. Those of us who live in the greater Chicago area may not have noticed that nationwide, Republicans (not Trump, but regular Republicans) captured record numbers of governorships and state legislative seats. Republicans retained a sizeable majority in the U.S. House and retained a slimmed down majority

in the U.S. Senate. Only on the American coasts and the inland island of Illinois were the Democrats ascendant.

Regardless of how you personally feel about Donald Trump, it is hard not to notice the winds of change blowing through Washington D.C.. It appears we now have a president willing to use his "bully pulpit" not on foreign rulers, but on America's corporate elite. We have a businessman president-elect that is choosing businesspeople to populate his cabinet and ranks of advisors.

In my opinion, Trump still has a lot to prove to the American people, but despite the media frenzy and the denunciations from Hollywood, it is hard not to feel excited about his willingness to challenge the status quo order that has ruled America for the last 12 years.

In many ways, I am optimistic about a new president who feels responsible for growing the economy and jobs. As the president of a manufacturing association of "supply chain" providers, I welcome Trump's challenge to Fortune 500 companies to bring jobs and production home to the U.S.. The selection of the former Exxon CEO as secretary of state heralds a new pragmatism in U.S. foreign policy. International deals and trade negotiations have been the life work of Rex Tillerson.

The selection of an education secretary who is bent on reforming our moribund education system seems to be an opportunity to refocus schools on teaching job-related skills and basics, just as choosing a regulatory skeptic to run the EPA may mean an honest look at the costs and benefits of federal regulatory overreach.

And perhaps most important of all, Trump's election seems to have galvanized a so-far bi-partisan effort to reform America's federal income tax code. Done well, federal tax reform could unleash the productivity of the American people and restore growth to the US economy.

I think we all need to work to hold Trump and the Congress accountable. I think we all need to be talking to our employees about the future. And we all need to reach out to those disaffected by this election. If we can pull it all together, I think American manufacturing's horizon looks bright.

Steve Rauschenberger





BY FRAN EATON

As a respected economist, he's a regular on national cable news programs. As a distinguished visiting fellow at the Heritage Foundation, he's been tapped to counsel incoming President Donald Trump's transition team. As an opinion leader, he served on the Wall Street Journal's editorial board, writing on the economy and public policy.

Since before the 2016 General Election, Moore – who grew up north of Chicago in New Trier Township - has been meeting regularly with the Trump team, encouraging public policy initiatives he believes could have a dramatic effect in bringing production and jobs back to America.

Lowering the corporate tax rates is a top priority that would stimulate the economy, Moore says. The current U.S. corporate tax rate is about 39 percent, the third highest in the world, according to the Tax Foundation. By comparison, the rate for France is 34 percent, for Germany it is 30 percent, and for the United Kingdom and Japan it is 20 percent. Trump wants to knock the U.S. rate down to 15 percent, and Moore agrees.

Moore – a graduate of the University of Illinois-Champaign - points to four main obstacles for growing employment:



HAPPY DAYS ARE HERE AGAIN

- First, government discourages work. Welfare programs provide layers and layers of federal and state income support that need to be revamped to encourage work and independence.
- Second, public school systems often fail to teach kids basic skills.
- Third, negative attitudes toward blue-collar work discourage more students from pursuing lucrative careers in manufacturing, engineering and technology.
- Fourth, an irrational bias against young adults working has pervaded the American culture.

Moore took a few minutes recently to talk with TMA's *News Bulletin* about what he sees ahead for American manufacturing, and why he's optimistic about the future.

NB: What differences in policy concerning manufacturing do you anticipate between the Trump and Obama administrations?

MOORE: I think the Trump Administration will be a very pro-manufacturing, a pro-"Made in America" administration that focuses on tax and regulatory changes that will make manufacturing much more competitive here in the United

States.

The energy policies that Trump is talking about will certainly help create a lot of manufacturing jobs for steel and things like that, but will also make energy less expensive here in the United States. That will certainly help manufacturers, because energy is a big component of everything we produce.

This will be an administration leaning towards rebuilding the industrial Midwest and bringing factories back and helping coal miners, as well.

NB: Bringing manufacturing back to America is good, of course, but how will the new administration address the critical shortage of skilled workers?

MOORE: We definitely need more trained, skilled workers. There are shortages of people who can do welding and pipefitting, as well as engineers and electricians and mechanics – all those jobs are in severe shortage.

We need to really re-orient our education system, especially post-secondary education, towards the skills students need to get good paying jobs. These jobs where they work with their hands, where they can make \$75 to \$80 to \$100 thousand a year, if they're good at it.

Meanwhile, we're graduating all these students with psychology and sociology degrees that are fairly worthless to employers. We really need to re-orient the education system and retrofit workers to the jobs that are available.

NB: If more things are made in America, costs will go up as the use of robotics and technology grows. Couldn't that negatively affect average Americans?

MOORE: Wages go up in America when American workers are more productive – and they have more machinery, equipment, computers and technology they need to work with. That's a positive thing.

The average factory worker today makes five to 10 times more an hour than the average factory worker 25-30 years ago. As you get more productive, you command a higher wage and salary.

We shouldn't view technology as a negative force. It's a positive force. It allows people to produce more widgets and more steel and more cars with less labor. That's a positive thing. That's the whole history of human achievement and advancement.

We'll continue to see movements towards robotics and automated cars and things like that. It will change the way goods and services are produced in America. It will require less human effort and more effort by machines and robots and other equipment.

NB: With all the regulations, employer mandates and taxes, many company owners have put hiring and plant investments on hold for years. Can they expect to see substantial changes that would encourage

more investment in American manufacturing?

MOORE: I think already you're seeing - right out of the gate - companies saying they want to invest more in the United States. You're seeing what's happening with the stock market. You're seeing consumer confidence and investor confidence up.

Everybody's looking around, saying, 'Hey big things are coming in America – this is a good place to build, a good place to expand. It's a good place to relocate *to*, rather than *from*.'

You take the changes in trade policy, tax policy, regulatory policy, energy policy, health care policy, and you can make America a very attractive place to hire or work. You pay a lot of money, but you get rid of a lot of these extraneous costs and it becomes a bargain.

The United States can be the most hospitable place to do business in the world with these changes Donald Trump is talking about.

NB: Sounds like overall, you're very optimistic about the future of manufacturing?

MOORE: The main thing is how do we get out of this economic rut we've been in for the last 10 to 15 years? One where wages have not risen, where policies led to a crash in the real estate market and an incredibly shallow, spongy recovery that really hasn't hit a huge portion of the American economy.

We've got to create a true rising tide that lifts all boats, and not one where all but the rich didn't do so well. If you have an even economy that raises the economic growth rate to four or five percent, everybody's going to do better.

You're going to have more jobs for lower income people, higher paying jobs for middle class people and everybody's going to see benefits to this recovery. And it's about time, because as I said, it's been 15 years since the average American had a pay raise.

Fifteen years is a long time for a national economy to stall, but once the economic motor kicks in, it doesn't take long for that engine to begin humming once again.

A growing number of national opinion leaders like Moore are optimistic about American manufacturing's future.

Maybe happy days are really here again?







Ed Brandt and his wife Susan

A MANUFACTURING RENAISSANCE MAN

Ed Brandt of Transwestern Real Estate

BY FRAN EATON

If there's the perfect example of an all-around manufacturing Renaissance man, Transwestern principal Ed Brandt is in the running.

Brandt started as one of the Technology & Manufacturing Association's (TMA) early apprenticeship trainees, worked as a tool & die maker, started his own manufacturing business and eventually retired, only to launch a brand new career a year later.

These days, Brandt is heavily involved in industrial real estate. For the past 13 years, he has worked with Chicago area manufacturers to help them find perfect locations for their companies, their employees and their companies' needs.

Brandt was instrumental in helping TMA find their newest location in Schaumburg two years ago – a place that would provide needed space for training the next generation of Chicago area machine operators, tool and die, as well as mold makers, along with crucial office space and meeting facilities.

"Every time I walk through this building on Wilkening, it makes me feel good," Brandt told TMA's News Bulletin. "I am proud I had part in picking it out."

But Brandt's part in locating TMA's new facilities is just his most recent contribution to TMA. He served on TMA's Board of Directors for several years and in 1982, the board elected him its chairman. By then, Brandt had been active in TMA as a business owner for 17 years.

"In 1965, a partner and I started Majestic Engineering. I joined TMA right after that. Then I joined the board in 1977," Brandt said. "Ever since I joined TMA, I've stayed active, because our whole future depends on manufacturing."

As a new business owner, Brandt found at TMA crucial personal networking – something he says is still important today, despite the impact of the Internet.

"All the time I networked at every function at TMA I possibly could, and still do to this day," Brandt said. "At every event I meet someone I didn't know before, and I always learn something new."

When Brandt served as TMA chairman, his focus was to advance apprenticeship training. That year, Triton College and TMA locked arms – the organization's first post-high school training collaboration.

During his chairman acceptance address that year, Brandt acknowledged that his interest in promoting apprenticeships was directly connected to his personal experience with TMA training.

"I am sure that this interest [in apprenticeship training] started on that day back in 1958 when I became an apprentice tool & die maker and enrolled in the Related Theory program. In retrospect, those were some of the toughest, but most enjoyable days of my life," Brandt told his colleagues.

"Little did I suspect at that time that my apprenticeship would one day become the foundation for allowing me to become a plant owner and the [chairman] of the finest trade association in America."

After high school and a year in college, Brandt served in the U.S. Marine Corps. He worked for Diemaster six years before launching Majestic Engineering with two partners – one that owned Diemaster.

Majestic Engineering did well, and eventually grew to have 47 employees, many of which Brandt himself trained. In 2001, Brandt sold the company with all intentions of relaxing.

"I was retired for a year, and had always liked real estate as a second career," Brandt said. It wasn't long before he decided to obtain his real estate license and determine what type of real estate he would sell.

"I decided I would sell factories because I knew them better than anything else," Brandt said.

With decades of experience in manufacturing, Brandt says he's found himself not only selling real estate, but in the process, helping clients make decisions about their own businesses.

"Over the years, I bought three other businesses and learned the hard way that you've got to be careful," he said. "You don't want to overextend. At times, I did the right thing at the wrong time."

"Getting too deep in debt isn't good. My thinking is 'Don't overextend yourself. Ask yourself if you really need more room. Move if you have to.' I don't like to see anyone go out of business from overextending," he said.

That business experience and knowledge has not only been beneficial to his clients, but to his own venture, Brandt said. As a result, Transwestern set real estate transaction records in the midst of tough times for manufacturing.

All the while, Brandt continues to stay active in TMA. He was recognized in 2014 for his commitment to the organization with TMA's prestigious John Winzeler Award.

He says he especially enjoys catching up with longtime friends that also served as TMA chairmen over the years.

"As a TMA chairman, you're part of an elite group. Just like being a part of the U.S. Marines – I've always been very proud of being a part. 'Once a Marine, always a Marine," he said. "For me, it's 'Once a TMA member, always a TMA member."

The dictionary says a "Renaissance man" is one that is outstandingly versatile, well-rounded and performs brilliantly in many different fields. Brandt, who started in manufacturing as a TMA apprentice, went on to start a successful manufacturing business, and eventually lead in selling industrial real estate, fits that description well.

He can be reached at Transwestern at Edward. Brandt@Transwestern.com .



THE FUTURE OF HEALTH CARE COVERAGE

BY JESSICA PIERCE

I've been hearing from TMA members who are curious about the future of health care coverage, so I thought I'd write and address some of them.

What have been the biggest complaints about the current Affordable Care Act?

Health care premium costs have been skyrocketing since the implementation of the Affordable Care Act. That fact alone has slowed down the economy as employers hesitate to hire because they're required to provide health insurance or supplement the costs for any employee working more than 29 hours a week.

In addition, average American families are left with less disposable income as insurance premiums rise along with higher annual deductibles. The ACA mandate also forced more healthy young people into the market to subsidize the costly less- healthy population.

What changes is Congress considering?

While Congress and President Trump are pointing towards an all-out repeal of the ACA, it's very likely several parts of the law will remain intact. Americans want to keep the portion of the law that protects those with pre-existing conditions and they like that their children can stay on family health insurance policies until their 27th birthdays.

On the other hand, health care insurance customers say they want more competition over state lines and want to eliminate the government mandate. Others are calling for the expansion of health care savings accounts.

How does all this discussion affect my employees and their current coverage with TMA-BSI's health care policy?

Right now, there's nothing for TMA-BSI members to do. What exactly the Republican majority in Congress will change about ACA, if anything, remains to be seen and will likely not go into effect immediately.

We do know that Vice President Mike Pence told the GOP caucus in early January that President Trump wants the changes to encourage more trade associations – like TMA – to form groups that offer health care insurance to their members.

In that case, TMA-BSI will once again be on the cutting edge of providing great health care options for your employees.

Stay tuned ...

For questions about TMA-BSI's health insurance policies, contact Jessica Pierce at 847-993-2130 or jpierce@tmaillinois.org.





new faces at tma

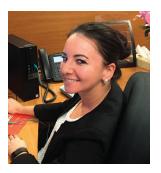
meet some of the new faces at the technology & manufacturing association



DRU TRIVEDI
Accounting Manager
(p) 827-993-2148
(e) dtrivedi@tmaillinois.org



LEIGH COGLIANESEEd. Services Coordinator
(p) 224-836-7494
(e) lcoglianese@tmaillinois.org



JUSTYNA BERNAS Account Manager - BSI (p) 847-993-2107 (e) jbernas@tmaillinois.org



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(p) 847-993-2116
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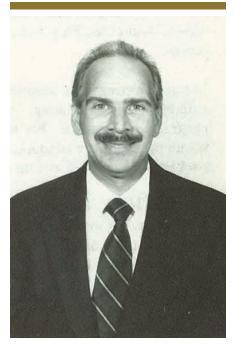
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(L) Ben Pyzdrowski when he started at TMA in 1988 | (R) Ben with TMA President Steve Rauschenberger in 2016

BEN PYZDROWSKI

The Consummate Professional Retires After 28 Years With TMA

BY FRAN EATON

Ben Pyzdrowski's co-workers couldn't say enough nice things about the way he's represented the Technology & Manufacturing Association in the Chicago area for the last 28 years.

"Ben's a hard worker and a great salesman," one said. "It's been a pleasure working with him." "Ben's the consummate professional and knows the business inside and out," another said.

"Ben's so passionate about manufacturers and TMA. He's always said TMA gets in the bloodstream and you can't get it out," still another said about his retiring colleague. "He knows what he's talking about."

Ben Pyzdrowski was 37 years old when he started at TMA in 1988, after working in sales and customer service at a welding products business and a pneumatic tool company.

His first few months at TMA were a challenge, he told News Bulletin in December.

"Learning this part of the industry, membership sales, and the TMA products, was all tough. Then we had to learn about our members' businesses in order to understand how we could help them. It was tough, but I really enjoyed it."

In 1988, U.S. manufacturing was strong and growing. New members were easy to sign up. But it wasn't long before manufacturing slowed, reflecting what those who had been at TMA longer than Ben said seemed to be a pattern. Every 10 years or so, they said, U.S. manufacturing seemed to go through a recession.

"Things would slow down, and then come back," Ben said. "It happened in the 70s, 80s and 90s." Ben would make adjustments to his TMA sales pitch as the economic pattern continued.

But in the early 2000s, things changed. American manufacturing went through a slow down period and didn't bounce back. The recession lasted longer than it had before.

"During that time was the biggest industrial change I'd seen. Global industrial efforts changed," Ben said.

In his opinion, the change to manufacturing wasn't so much about the tragedy on 9-11 as it was that about that time, global communications made the other side of the world seem closer and more accessible.

"We could communicate better with other countries and that led to getting things made cheaper," he said. "China became what Japan was in the 80s, where labor was cheaper and more companies turned to outsourcing."

Once somebody else outsourced, then others hopped on the bandwagon - and American manufacturing changed dramatically. Bigger companies flocked to China for production needs and that led to a bigger industry dip that lasted longer.

Indeed, the early 2000s were a part of a structural

recession. The industry readjusted, as sending work to China demanded longer lead times and slower deliveries. For large quantity orders, the longer lead time proved worthwhile, but if the parts were needed quickly, the work stayed in the U.S.

"For most of our members, everything boils down to price, quality and delivery," Ben said. "That's all weighed out when they make buying decisions."

The changes that came along with global manufacturing affected how Ben promoted TMA to prospective members especially TMA's training.

"I recall the late 80s and throughout the 90s we had a large number of apprentices - 500 to 600 a year," he said. After 2001, the numbers of students in TMA training began declining, due to more and more companies going out of business.

Downsizing led to layoffs, and companies turned to the unemployment ranks rather than initiating training to fill staffing needs.

"For a while, manufacturers exhausted the unemployment ranks instead of training young people," Ben said. "That's been part of the reason we have such a demand for training today."

Along with TMA's training, over its 90 years the organization has developed products and services especially valuable to businesses that don't have bigger budgets for legal counsel, insurance needs, pension funds and potential customer connections.

"We have always taken great pride in being a source of information for small manufacturers," Ben said.

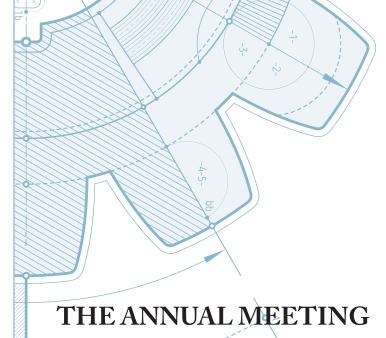
Now officially retired from his work at TMA, Ben plans to do some traveling around the region with his wife Chris, a retired schoolteacher. He plans to continue working out at the gym, with some biking and golfing.

There's no doubt his TMA colleagues will keep Ben's number handy for those questions only he can answer.

"Ben's a rock star. He's bulletproof. We all need to get 'Ben-smart' about manufacturing," TMA colleague Kent Gladish said. "When you know what he knows, your credibility goes up."

And then, turning to the retiree being honored, Gladish voiced what everyone around the table was thinking, "Thanks, Ben, for all you've done for TMA."

Congratulate Ben by emailing him at Bpyzdrowski@ tmaillinois.org.



TECHNOLOGY & MANUFACTURING ASSOCIATION (TMA)

will take place on

Thursday, March 2, 2017

3:00pm-5:00pm

TMA Headquarters 1651 Wilkening Road Schaumburg, IL 60173

At this meeting regular members will review the audited statements of the Association, elect new members to the TMA Board of Directors, install the new TMA Officers, and review changes to the TMA Bylaws.

The meeting will be followed by a cocktail reception with food and tours of our "hands-on" training facilities.

If you are unable to attend, please contact us for a proxy at dlacomb@tmaillinois.org

Illinois Secure Choice Savings Program

Join us to hear from Secure Choice Board members and staff about the new 'State Mandated' retirement savings program for private sector workers. Learn what role employers will play and how to ensure your business is compliant.



tma 401K TRUST

Following the meeting, TMA will have available for members (only) specialists who will discuss alternatives to Secure Choice, and update you concerning the TMA 401K Trust. Specialists include:

- Steve Rauschenberger, President of TMA
- Luke Novak, Lead Advisor on TMA's 401K
- James Harbert, Esq. | Specialist in Dept. of Labor Law

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FEBRUARY 1

IT Peer Group

Join your peers in discussing relevant IT issues. This month's topic: Identifying weaknesses of industrial control systems in manufacturing.

TIME: 11:30am - 1:30pm

COST: Free

LOCATION: Schaumburg, IL

FEBRUARY 8

Ops/Plant Managers Peer Group

Join your peers in discussing relevant operations and plant management issues. This meeting to take place at TMA member: Sko-Die, in Morton Grove.

TIME: 11:30am - 1:30pm

COST: Free

LOCATION: Morton Grove, IL

FEBRUARY 8

Roundtable with TMA Chair Jim Carr

Join other manufacturers in the Chicago area for a reception and a group discussion around relevant issues for smaller manufacturers in Illinois.

TIME: 5:30pm - 7:00pm

COST: Free LOCATION: Lombard, IL

FEBRUARY 9

Lunch & Tour: Grundfos

Grundfos supplies complete pumping systems and solutions for buildings, industry and every aspect of water use. The company produces more than 16 million pump units in addition to standard and submersible motors and state-of-the-art electronics for monitoring and controlling pumps.

TIME: 11:30am - 1:30pm COST: \$35 (includes lunch) LOCATION: Aurora, IL

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Saturday, March 4, 2017



80th Floor, Aon Center 200 East Randolph Street | Chicago

Tickets: \$175 | Tables of 10: \$1,650

Program

6:00pm Reception 7:00pm Dinner 8:45pm After Party







Report Reveals Manufacturers Not Addressing Skills Gap

TRAINING REQUIRED TO MAKE AMERICA GREAT AGAIN

When it comes to preparing your company's workforce for the future, would you consider yourself a procrastinator, a strategist, a role model or a visionary?

Odds are you would be a "procrastinator" as the majority of companies are, according to a report released in September by Tooling U-SME. They asked a group of manufacturers an array of questions about the progress they are making in preparing their workforce for the next five years.

The findings showed participating manufacturers falling short.

"The results are not encouraging. Responses show there has been little advancement. While it's not too late, companies must take action now to ensure a healthier next decade," the report said.

"Only a very small number of world class organizations are prepared for the extreme talent gap predicted by the year 2021. Some of these companies started planning years ago to address the coming labor shortage. Others were forced to take reactionary steps when faced with a shrinking employee pool.

"Regardless, they started formal training programs,

introduced apprenticeships, built relationships with educators and more... We are concerned that more manufacturers aren't taking action since this has a big impact on the long-term health and competitiveness of the industry as a whole. There is a false sense of security among many manufacturers who are not recognizing these future challenges or investing in the development of their workforce today," wrote Tooling U-SME Vice President Jeannine Kunz in the report's cover letter.

Those responding to the Cleveland Ohio-based training center's query showed:

- "Less than one-third (29%) of respondents would characterize their company's talent development as good or excellent"
- "30% say their company has no community involvement (internships, co-op, etc) to help develop the proper skills of their incoming workers."
- "54% don't budget for employee development"
- "33% say their job-related training options are minimal"

"88% say their company is below average when it comes to offering outside resources to upgrade the skill sets of employees"

The report urges manufacturers to establish training programs for both incoming workers and incumbent workers to upgrade their skills. It identifies the following six steps for companies to start correcting the situation immediately:

- 1. Build a business case for learning with senior management. Involve the right stakeholders in discussions and tie learning to performance so you can measure the results later. It is important to set expectations, get buy in and gather support for the program early on.
- 2. Define and update your job roles with the required knowledge, skills and abilities needed to build strong performance on the job. This competencybased learning approach will lead to the positive return on investment (ROI) your stakeholders expect.
- 3. Build career progressive models, showing growth from entry level to more senior levels. This modeling effort will improve employee engagement and retention, and allow the alignment of skills to pay.
- 4. Benchmark incumbent employee competencies through knowledge and skills-based assessments to determine gaps in performance and build a training strategy to address them.
- 5. Design a custom competency-based training curriculum using blended learning that consists of online and on-the-job training as well as other performance support.
- 6. Ensure performance standards are measurable and track-able. These standards will validate your ROI investment.

In reviewing those recommendations, author Michele Nash-Hoff. President of ElectroFab Sales writes that all of the recommended steps are integral to a company becoming a lean company.

"They are nearly identical to the requirements of 'talent development' that are incorporated into the journey of transforming a company into a lean company," Nash-Hoff wrote in Industry Week.

"It would appear from this survey that the majority of manufacturers have not begun their journey to becoming even a lean manufacturer, much less a lean company."

Chicago area manufacturers have help to change their company from being a procrastinator to being more of a visionary. The talented training staff at Technology & Manufacturing Association is on hand and willing to suggest what training your workforce should be pursuing.

> "There is a false sense of security among many manufacturers who are not recognizing these future challenges or investing in the development of their workforce today."

> ~ Jeannine Kunz, Vice President, ToolingU-SME

And as more manufacturing work returns or steps up in America, the need will become more demanding, Nash-Hoff says.

"As more manufacturing is reshored to America, it will be even more critical to have the skilled workers we need to make American manufacturing great again," she wrote in Industry Week.

"Do not procrastinate any longer on addressing this important problem."



TMA Instructor Jack Krikorian showing students a machine in the TMA Training Center

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