Manufacturing is growing stronger in the U.S., but planning and investment necessary to maintain and strengthen competitiveness

Material Handling Industry of America

According to a new report titled “U.S. Manufacturing Competitiveness Initiative: Dialogue on Next Generation Supply Networks and Logistics,” manufacturing in the U.S. is growing stronger. However, maintaining and strengthening America’s competitiveness in the global market will require a tremendous measure of planning, effort, and focused financial investment.

The report is the result of a two-day conference where representatives from industry, labor, government, and academia shared their perspectives on the current state of U.S. manufacturing, the challenges it faces in terms of global competition, and possible solutions to mitigate those obstacles, specifically in terms of supply networks and advanced logistics. The conference was sponsored by Georgia Tech and the Council on Competitiveness, a nonpartisan, nongovernmental organization composed of CEOs, university presidents, and labor leaders.

The report asserts that manufacturing remains a significant part of the U.S. economy, accounting for 12 percent of U.S. GDP, according to a Booz & Co. analysis of data from the UN and the U.S. Bureau of Labor Statistics. In dollar terms, this sector is larger than the entire GDP of Canada or Russia. As the economy gains momentum, some estimates suggest that by 2020, growth in manufacturing will have increased freight volumes by 19 percent and increased truck tonnage by 28 percent.

This level of optimism regarding U.S. manufacturing’s present and future world competitiveness varies among industry leaders, but there is universal agreement on the importance of manufacturing to the U.S. economy, and that the value of developing robust supply chains and logistics cannot be overstated. If goods don't move efficiently and effectively across the supply chain economic growth and prosperity cannot occur.

The report finds that from a supply chain standpoint, the most visible impediment to expanding America’s global manufacturing and export capacity is the growing inadequacy of its infrastructure. It also cites the lack of qualified factory workers as another major challenge to manufacturing.

Additional perspectives and potential solutions from the report include:

Manufacturing

- Build flexible supply chains. Closer working relationships with suppliers and

transportation providers can bring an important measure of flexibility to the supply chain. This allows not only for growth, but also enables an effective response to a variety of ever-changing economic and market conditions
- Build more flexibility into the production process and deepen relationships with customers to help mitigate demand volatility. Flexible production and achieving more customer intimacy go hand-in-hand
- Review operating models to maximize realization of productivity and innovation potential
- Expand or acquire access to overseas markets. Small- to mid-size companies hold tremendous potential for expanding America's horizons as an exporter. Currently, only 1 percent of these companies export their products, and of that tiny fraction, seven of ten export to only one market
- Focus company investments to strengthen manufacturing capabilities that match strategic goals
- Explore the mutual benefits of innovative joint efforts and collaboration with industry clusters and universities.
- Time-to-market is critical, and finding ways to make that process faster and more efficient will require innovative thinking.

Transportation

- • Repair, maintenance, and expansion of the nation's highway and bridge infrastructure are, perhaps, the most important components of ensuring a competitive future
- Intermodal freight rail expansion is a cost-efficient way to ease highway congestion and create capacity in the supply chain
- Multi-client warehousing provides a high level of flexibility and reduces inventory costs to business.
- Modernize port infrastructure and equipment to expedite the movement of cargo
- Improve freight mobility beyond the waterfront with road enhancements, specifically near-port connectability and access to interstates.
- Expand road and rail connections between manufacturers and ports/air terminals
- Expand air cargo terminals

Workforce Training

- Structure collaboration between manufacturers and local technical colleges to improve workforce readiness and expand awareness that factory jobs are high-skill, high-wage jobs
- Forward-looking companies must support continuing education among their employees
- Technical colleges and universities should examine curricula periodically to ensure their educational offerings are relevant and comprehensive.

The report also calls on government to develop a long-range, comprehensive

national manufacturing strategy, invest in infrastructure, fund research on innovation, simplify corporate tax codes and regulatory processes, among others.

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