# IRCs Generate $14-to-$1 Return on Investment!

written by Lauri Moon | June 2, 2017

A recent study performed by the Regional Economic Studies Institute of Towson University indicates a treasury return on investment of $14.42:$1, indicating that for each $1 of Commonwealth of Pennsylvania funding received the IRC Program generated $14.42 of incremental or retained treasury revenue.  Click on the link below to read the full report.

Impacting PA Manufacturings Economy Study 2017

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# 2017 National Manufacturing Outlook and Insights: Strategies to Overcome the Headwinds

written by Lauri Moon | June 2, 2017

According to the Bureau of Economic Analysis, the value of manufacturing was $2.17 trillion, or 11.9% of annual GDP, in Q2 2016. This represents more than the agriculture, construction, information, and mining industries combined. The 2017 National Manufacturing Outlook and Insights survey takes a deeper dive into the latest manufacturing metrics: exports, new orders, revenue growth, R&D investment, capital expenditures, costs, workforce, and technology.

Download the report here.

# IRC Program Credited with the Creation and Retention of Over 6,000 Jobs in 2016

written by Lauri Moon | June 2, 2017

An independent analysis performed by the **Fors Marsh Group**, an applied research firm based in Arlington, Virginia, credited the Pennsylvania Industrial Resource Center (IRC) Program with the creation and retention of 5,943 manufacturing jobs in 2016. Companies participating in IRC engagements also recognized $775.1 million of additional revenue, invested $174.4 million in modernization or expansion within Pennsylvania and realized $61.8 million in operating cost savings. These results were accomplished by the IRC Program's seven centers: **Catalyst Connection**, **DVIRC**, **IMC**, **MANTEC**, **MRC, NEPIRC** and **NWIRC**. Collectively, those centers cover every county of the Commonwealth.

These results represent the summation of client-reported IRC engagement impacts gathered by the Fors Marsh Group through a voluntary survey process. Survey participants identify the impacts as direct results of IRC engagements. Results are subsequently reported to the **Pennsylvania Department of Community and Economic Development** and the **U.S. Department of Commerce**, each of which funds a portion of IRC operations.

"Manufacturing plays a critical role in Central Pennsylvania's economy," said **Lauri Moon**, IMC's Manager of Outreach & Special Projects. "As part of the IRC program, IMC is the only economic development resource dedicated solely to meeting the needs of Central Pennsylvania's small and mid-sized manufacturers. We do this by providing objective, expert advice and actionable solutions that help these companies become more innovative, productive and profitable."

The IRCs provide small and mid-sized manufacturers with the technical, consultative and technology-based services they need to grow and thrive in a global economy. Such growth, in turn, accelerates the creation of good-paying manufacturing jobs within Pennsylvania. IRC services encompass traditional manufacturing disciplines focused on improving productivity, product quality and profitability, but have also expanded into revenue growth, supply chain optimization, advanced manufacturing technology and Industry 4.0 areas, such as cybersecurity, additive manufacturing, smart factories and broadband technologies.

In 2016, the IRCs performed substantial engagements with 867 companies, the majority of which reported that their local IRC was the only consultative resource available to them. Those companies reported the following 2016 results:

- **Creation and retention of 5,943 jobs**
- **Retention of $634.4 million of at-risk sales**
- **Realization of $140.6 million of sales into new markets or new customers**
- **Operational cost savings of $61.8 million**
- **Investment of $174.4 million in expansion, including $95 million in facility projects or equipment upgrades and**
- **$48.5 million in new process or product development**

As part of another study, the IRC Program outputs are being analyzed by the Regional Economic Studies Institute of Towson University. Preliminary results of that study suggest that IRC engagements added nearly $3.75 billion to the Pennsylvania economy in 2016 and provide a return of $14.42 to the Pennsylvania treasury for each $1 invested in the program.

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# AME Mid Atlantic Announces

# AERCO Best Practices Event

written by Lauri Moon | June 2, 2017
This AME best practice workshop consists of presentations by AERCO associates, a facilitated tour of AERCO's operations and breakout sessions offering a deeper dive into specific areas of interest. Workshop highlights include kanban replenishment, daily management focus on "making processes visible," product/process rationalization to focus on core competencies and leverage supply chain capabilities and more. The program concludes with a facilitated continuous improvement session to offer feedback to our hosts. Don't miss this opportunity to visit a mature system based on enterprise excellence concepts with application throughout operations and design.

Click here for additional information on this event.

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# IMC Needs Your Support

written by Lauri Moon | June 2, 2017
For over 25 years, IMC has been helping Central Pennsylvania manufacturers become more innovative, productive and profitable.  We have been able to provide this support, in part, due to our affiliation with the U.S. Department of Commerce, NIST Manufacturing Extension Partnership.

We are asking for your support via an email campaign to Congress requesting continued support for the Manufacturing Extension Partnership (MEP) program, which has been zeroed out in the President's proposed budget.

To participate, click here to be directed to the email tool and follow these simple instructions:

1. Enter all required contact information and click Submit.

2. Customize paragraphs 1 and 4, where indicated by the brackets, with your company specific information.
3. Once complete, click Submit.

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# Advanced Manufacturing Leadership Awards Nominations

written by Lauri Moon | June 2, 2017

“Manufacturing Trends” announced invitation to submit nominations for NACFAM’s Advanced Manufacturing Leadership Awards that will be presented at their annual conference luncheon on September 7, 2017. The awards are “the *big company* chair/CEO/president award and the *small company* chair/CEO/president award.”

If interested in nominating a candidate (chair/CEO/president) for one of these awards, please send the completed nomination to Fred Wentzel at wentzelf@nacfam.org or mail to NACFAM, Suite 800, 2025 M Street, NW, Washington, DC 20036. Nominations must be received by May 15, 2017. Questions can made to Fred Wentzel at 703-455-3461.

Nomination Form

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# PA Business Central Announces Top

# 100 Organizations

written by Lauri Moon | June 2, 2017

Congratulations to the following IMC manufacturers, clients and partners for being named a Top 100 Organization by PA Business Central.

- American Eagle Paper Mills
- Architectural Precast Innovations
- Avail Technologies
- Curry Rail Services
- Discovery Machine
- Electri-Cord Manufacturing Company
- Empire Kosher Poultry
- Homeland Manufacturing
- Lycoming Engines
- Nittany Paper Mills
- North Central Sight Services
- Philips Ultrasound
- Ram-Wood Custom Cabinetry
- Reclamere
- Restek
- Timberhaven Log and Timber Homes
- Williamsport Wirerope Works

Partners:

- Blair County Chamber of Commerce
- CBICC
- Concurrent Technologies Corporation
- Keystone Payroll
- McNees Wallace & Nurick
- Pennsylvania College of Technology
- Southern Alleghenies Planning and Development Commission
- Williamsport/Lycoming Chamber of Commerce

For a complete list, visit http://www.pabusinesscentral.com/.

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# Could your Company Benefit from an Apprenticeship Program?

written by Lauri Moon | June 2, 2017

The Central PA Advanced Manufacturing Industry Partnership has funding and resources available to support the development and expansion of apprenticeship programs in your company.

To learn more, consider joining us on Thursday, February 9th from 1-3pm in Lewisburg.  Click on the flyer for additional information.

CPWDC Industry Partnership Apprenticeship Flyer

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# Williamsport/Lycoming KIZ Companies Receive Over $126,000 in Tax Credits

written by Lauri Moon | June 2, 2017

***Williamsport, PA*** – Innovative Manufacturers Center (IMC), Inc. is pleased to announce that two current and one former Williamsport/Lycoming Keystone Innovation Zone (KIZ) company were awarded $138,948 in KIZ Tax Credits.  This round of tax credit awards takes the total of local companies receiving KIZ Tax

Credits since 2007 to over $2.38 million dollars.

On January 6th, PA Department of Community and Economic Development Secretary Dennis Davin announced the approval of $15 million in KIZ Tax Credits statewide to support 263 early-stage companies through the KIZ program. The Program is designed to support and encourage entrepreneurship in and around Pennsylvania's colleges and universities by providing young Pennsylvania companies with vital working capital to meet critical needs, including covering capital expenditures, workforce expansion, operational expenses and making companies more attractive to venture investment.

The program provides tax credits for companies within the Williamsport/Lycoming Keystone Innovation Zone that have been in operation for less than eight years, whose gross revenues have increased over the previous year and are operating within a targeted industry sector such as advanced manufacturing, plastics, wood and information technology.

"The KIZ Tax Credit program has continued to provide valuable access to credits for qualified local companies since 2007. Because these unique credits can be applied to business liability or sold for cash, they offer financial support during the critical first years of business and stages of growth," stated Lauri Moon, Coordinator of the Williamsport/Lycoming KIZ. "KIZ companies have utilized these credits to fund new product development, staffing, marketing and other business needs," Moon said.

For individuals and businesses interested in learning more about the benefits and services of the KIZ Program, click here or contact Lauri Moon at 570-329-3200×8085.

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# Why Offshoring May Not be as Cost-effective as it Used to be

written by Lauri Moon | June 2, 2017

*It is no secret that large swaths of the Midwest have seen manufacturing plants shuttered or downsized, but there may still be some light at the end of the tunnel.*

(Supply Chain Dive – Rich Weissman: 11-15-16)   Homeshoring, it appears, is becoming more popular as hidden costs outweigh the benefits of sending production out of the country.

But is this trend driven by patriotism or economics?

A recent report from the U.S Bureau of Labor Statistics reveals there are currently about 12.2 million active manufacturing jobs in the United States, with a slight downtick in recent months.

Yet in the past several years, there has been a groundswell of efforts to increase manufacturing in the U.S. by repatriating operations and incentivizing companies to keep production within the country. Count General Electric, Ford, General Motors, Caterpillar and Boeing among the high-profile companies that have returned a portion of their offshore production to the country.

So what drives companies' decision-making process in this regard?

### The hidden costs of offshoring.  Offshoring may help lower the costs of consumer goods, but for the industrial buyer it often represents phantom cost savings. The costs saved can be easily be offset by the amount of time required to chase overseas suppliers, or other logistical challenges.

Supply chain risk is amplified with offshore suppliers; the greater the distance the higher the risk. The recent issues with Hanjin, and continued consolidation in the shipping industry, are just one such example.

In addition, extended supply chains around offshore providers are often opaque, clouding critical communication links. Meanwhile, a globally rising middle class will drive labor rates higher as they demand higher wages and reduce the primary cost advantage critical in the offshoring equation.

Meager economic growth and shifting economic alliances add to the uncertainty. Once companies begin to hedge domestic inventories to mitigate this risk the economics of offshoring worsen.

Harry Moser, founder and president of the Kildeer, Illinois based Reshoring Initiative, a cost of ownership financial model shows many offshoring decisions are not as effective as they first appear. For the most part, economics rule the day.

"Offshoring has been building for 50 years and companies have built their strategies around offshoring, believing that offshore is cheaper," said Moser.

But looking at the manufacturing pain points of delivery, quality, intellectual property, and inventory position shows a different story, he says. "Companies need to look at the total cost of ownership when making sourcing decisions."

Moser, a member of a long-time manufacturing family, claims to have seen dozens of U.S. companies that had been world leaders in machine tools, foundry, equipment, shoe and textile machinery, all idled due to global economics

"Many were not able to compete with offshore competitors due to foreign exchange issues, a poorly skilled workforce, gaps in training, and high corporate tax rates," said Moser.

**A vote for homeshoring. "Increasing U.S. manufacturing is the key to reducing budget deficits, improving employment, reducing income inequality, and maintaining a strong defense," said Moser. "By far the easiest, most sustainable way to increase manufacturing is to reshore, to substitute domestic production for imports."**

If a company must remain abroad, though, 'nearshoring' – where companies bring production back to North America from Asia – is still better than the alternative.

“It is better for the U.S. economy if production is brought back to Canada or Mexico,” he said, noting the impact of trade agreements like NAFTA. “Getting it closer to the United States is more advantageous than keeping it in Asia.”

The future of U.S. manufacturing may be brighter considering the trends towards advanced manufacturing and its higher value processes, products and wages. But a lack of highly skilled manufacturing professionals is impacting the potential growth in this sector.

According to recent research from Deloitte and The Manufacturing Institute, the U.S. manufacturing sector has a need for 3.5 million manufacturing jobs in the next ten years. Yet, it is forecasted that 2 million will go unfilled due to the skills gap.

A current movement revitalizing vocational training and a recognition that jobs in the manufacturing sector are indeed good ones may help to close this gap in the coming years. This may be the very boost that the homeshoring movement needs.

*(Rich Weissman has more than 25 years of experience in all facets of supply chain management. He is past president of the Institute for Supply Management – Greater Boston, and the recipient of the Harry J. Graham Memorial Award, the highest honor bestowed by the Association.)*