

IRCs (IMC) Driving Manufacturing Economy

written by Lauri Moon | June 10, 2019

2018 PA Manufacturing Scorecard Results Illustrate the Strong Performance of the State's Manufacturing Industry

Williamsport, Pa. — May 29, 2019. Recent published findings from the 2018 PA Manufacturing Scorecard prove that Pennsylvania's manufacturing economy is strong and growing, performing better in some areas than national trends.



These findings also underscore the work of the Williamsport headquartered Innovative Manufacturers' Center (IMC), Inc., one of Pennsylvania's seven Industrial Resource Centers (IRCs). The IRCs are nonprofits strategically located throughout the Commonwealth of Pennsylvania that, for more than 30 years, have served as the state's lead economic development organizations supporting manufacturing. The IRCs provide support and services to small to mid-sized manufacturers that make up more than 92% of the state's manufacturing base, enabling them to grow, thrive and continue to be vital and productive contributors to Pennsylvania's economy.

"The Industrial Resource Center (IRC) Network augments the free market by helping small to mid-sized manufacturers gain access to quality consulting services that would otherwise be cost prohibitive to these mostly rural companies," said Dan Manetta, Executive Director and CEO of Innovative Manufacturers' Center (IMC), the IRC covering 12 counties in Central PA. "Services include strategic planning, business growth, process improvement, advanced manufacturing technologies, cybersecurity, among others. This non-profit support is a win-win for both manufacturers and consultants by reducing the cost of sales to rural companies and by helping them identify their specific needs in an unbiased manner. Economic impact is captured by an independent third-party survey of manufacturers served,

and has shown an ROI of around nine-to-one back to the state coffers. There is no 'needs based testing' and all manufacturers are eligible for services. The 2018 PA Manufacturing Scorecard confirms the statewide success of this program."

The IRCs specialize in providing technical assistance to the manufacturing sector throughout Pennsylvania's 67 counties by assisting companies with improved bottom line strategies, productivity enhancement, waste elimination and topline growth by supporting strategic initiatives, new and improved products, market differentiation and workforce development strategies. Funded through the PA Department of Community & Economic Development (DCED), the IRCs are also one of three key programs that make up Governor Tom Wolf's Manufacturing PA Initiative, a plan to enhance the growth and competitiveness of Pennsylvania's manufacturing companies by fostering strategic partnerships and training-to-career pathways.

PA Economic Indicator Results

The PA Manufacturing Scorecard 2018 indicates that Pennsylvania is the 8th largest manufacturing state in the country based on gross domestic product (GDP), the market value of all final goods and services produced by manufacturers in an economy. In 2017, PA manufacturers generated more than \$88 billion in GDP. While Pennsylvania ranks 8th in the nation among states' contribution to GDP, it is competing with much larger, more populated states, such as California and Texas that typically hold the #1 and #2 ranking. Pennsylvania is also keeping up with neighboring states, including Ohio, Illinois, Indiana and outpacing New York.

In the last 10 years, Pennsylvania experienced an increase of 17.5% in manufacturing GDP, whereas U.S. manufacturing experienced an increase of 34.9% over the same time period. However, in recent years, Pennsylvania has outperformed the nation's manufacturing GDP growth, marking a 10.3% increase to the U.S.'s 9.4% between 2013 and 2017 and 5.0% to 4.5% between 2016 and 2017.

For Jim Futrell, Jr., CCR, Vice President - Market Research & Analysis of the Allegheny Conference on Community Development, this data is compelling. Mr. Futrell, on behalf of the IRC Network, conducted the analysis for the 2018 PA Manufacturing Scorecard from economic reports from the U.S. Bureau of Economic

Analysis, the U.S. Bureau of Labor Statistics and the U.S. Department of Commerce.

“What the data indicate is that Pennsylvania is well positioned as it competes with other neighboring states and those that are historically identified as part of the ‘Industrial Heartland’ for their sustained economic reliance on manufacturing,” explained Mr. Futrell. “It also demonstrates that manufacturing within Pennsylvania remains a vital and dominant economic sector, disproving the broad misconception that manufacturing is dead in Pennsylvania, as well as the U.S. For Pennsylvania manufacturers, the benefit of having access to the extensive resources and business expertise of a central conveying organization like the IRC Network is invaluable.”

One of the biggest changes facing small to mid-sized manufacturers today is the emergence of Industry 4.0, a term referencing the fourth industrial revolution. At its most basic, Industry 4.0 involves optimizing the third industrial revolution’s integration of computers and making them “smart.”

Coincidentally, Industry 4.0 principles, technologies and processes are directly tied to two of the biggest challenges facing the economic performance of the state’s small to mid-sized manufacturers: making ongoing continuous improvements and identifying growth opportunities. Often these manufacturers lack the in-house expertise to pursue or deploy these principles and technologies.

The IRC Network is at the forefront of the Industry 4.0 movement, offering its clients a full breadth of services to understand and implement the new technologies, including autonomous robotics, additive manufacturing and 3D printing, Internet of Things, Cloud computing, cybersecurity, big data and analytics, simulation and horizontal/vertical software integration. Every one of the seven IRCs has industry experts specifically trained on innovation processes to teach manufacturers to use the tools at their disposal.

In regard to the 2018 PA Manufacturing Scorecard results on employment and wages, Pennsylvania has 14,414 manufacturing establishments with more than 561,700 manufacturing employees, ranking the state as the 6th largest employment base for manufacturing among all 50 states. Moreover, these manufacturing employees also account for almost 10% of the total state workforce.

The leading Pennsylvania manufacturing industries in 2017 contributing to the total manufacturing employment in the state were fabricated metal product manufacturing with 80,125 employees (14.3%), food manufacturing with 71,622 (12.7%), machinery manufacturing with 43,628 (7.8%) and chemical manufacturing with 40,165 (7.2%). Rounding out the top 5 is primary metal manufacturing with 34,938 employees (6.2%), a figure that is more than double the national average.

Additionally, the annual wage of a manufacturing employee in Pennsylvania in 2017 grew by 2.2% to \$61,111, which is 13.2% higher than the average Pennsylvania wage of \$54,000.

For Pennsylvania manufacturers, the IRC Network is committed to building a world class workforce for the 21st century and has a proven track record in job creation and retention. IRCs facilitate employer engagement and provide career awareness and workplace learning opportunities through a five-step methodology that links to universities and students, advances incumbent workers, develops industry-driven curriculum, builds the pipeline and links with K-12 schools and finally, builds overall career awareness.



“Hermance Machine Company is experiencing unprecedented growth and innovative development thanks to the ongoing partnership with IMC. As seen by the picture, IMC training in LEAN education and patent and intellectual property seminars have supported the integration of this robotic cell to help Hermance automate some of our processes for more efficient practices. IMC has been a true friend in the continued growth and development of Hermance Machine Company.” Kelly Vogel, Human Resources Administrator, Hermance Machine Company.

Ms. Vogel’s testimonial underscores the outcomes that most IRC clients experience. In fact, in fiscal year 2017-2018 alone, IRC clients achieved increased sales that generated \$185 million in increased demand for Pennsylvania manufactured products and services. During this same timeframe, IRCs also helped to create and retain more than 5,100 jobs.

From business opportunities and innovations to process improvement and workforce development and training, there's little Pennsylvania's IRCs can't do to support Pennsylvania manufacturers' needs for growth. For more information on the 2018 PA Manufacturing Scorecard, visit pamade.org/manufacturing-reports/. If you are interested in working with PA's IRC Network, visit pamade.org to find the IRC nearest you.

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About the Innovative Manufacturers' Center (IMC), Inc.

Founded in 1988, the Innovative Manufacturers' Center assists in connecting manufacturers in 12 Pennsylvania counties with the most effective regional, state and national resources to help companies innovate, grow and prosper. An affiliate of the U.S. Department of Commerce, National Institute of Standards and Technology's Hollings Manufacturing Extension Partnership and supported by the Pennsylvania Department of Community and Economic Development, IMC is one of seven industrial resource centers in Pennsylvania and serves manufacturers in Lycoming, Montour, Northumberland, Union, Snyder, Clinton, Centre, Mifflin, Juniata, Huntington, Blair and Bedford Counties. For more information, visit imcpa.com.

About the Industrial Resource Center (IRC) Network

The IRC Network represents seven private nonprofits strategically located throughout the Commonwealth that play a critical role in helping Pennsylvania manufacturing continue to thrive. Working collaboratively, company by company, the IRCs provide the expertise, tools, and services that enable manufacturers to respond to changing markets, new technology, and the competitive pressures of today's global economy. The IRC Network is funded through the PA Department of Community & Economic Development. For more information about the IRC Network, visit pamade.org.

About Hermance Machine Co.

Headquartered in Williamsport, Pa., Hermance provides a wide selection of quality industrial woodworking equipment from the U.S. and abroad. Clients can choose

from a line of quality new and used woodworking machines on display at their Williamsport showroom. As an added convenience they also offer a wide variety of quality machine parts and wood crafting supplies with worldwide shipment available. Hermance also specializes in equipment refurbishing and offer a variety of quality used machines. For more information, visit hermance.com.