

The Reshoring Challenge: Why and How CEOs are Moving Jobs Back to America

written by Lauri Moon | August 10, 2016

Don Rongione had an ally in his effort to shift hat production of the Bollman company from China to Pennsylvania — actor Samuel L. Jackson, who was a fan of the company's Kangol 504 woolen knit cap.

(Chief Executive - William J. Holstein: 8-2-16) For his reshoring initiative with the Bollman company, Don Rongione paid to move unique knitting equipment from China to Pennsylvania in part by using a YouTube video of Jackson to appeal to investors on Kickstarter, the crowdsourcing website.

Bollman, which says it is America's oldest hat company, with more than \$10 million in annual sales, bought the Kangol brand in 2001 from a British company. That company had previously sent all of its custom-made machines dating back to the 1930s and 1940s to southern China, where it made the beret-like Kangol hats. So Bollman, in effect, inherited a factory in China, containing the special machines that performed at much lower costs than any new machine might.

Bollman struggled to manage the factory profitably and ultimately sold it to a Chinese hat maker, but that arrangement fell apart and the idea to simply move the equipment to central Pennsylvania was born. Rongione set aside some of the employee-owned company's funds, raised some from the state of Pennsylvania and then launched the Kickstarter campaign. Jackson, wearing a t-shirt that reads "Motherfunder," a slight variation of a word he's known for uttering on screen, appealed to viewers to support the move. They did, ponying up more than \$100,000.

The company recently moved 10 of the knitting machines, is preparing to move dozens more, and is hiring workers at a starting hourly wage of \$10.30 an hour. But it is finding that its workers, both new and old, have a big learning curve ahead of them in absorbing how to master the knitting process, which is new to the company.

“Hiring people with the specific knowledge has been virtually impossible,” Rongione says. “No one has the knowledge on this type of equipment.” So the company has brought in experts from Britain who are familiar with the equipment and worked with a local community college in Reading, Pennsylvania, to train students to become apprentices. The final outcome remains uncertain. “We still have a mountain to climb,” Rongione says.

Homeward bound

More American CEOs are, in fact, deciding to bring home jobs from China and elsewhere. After going only in one direction for many years, the Reshoring Initiative, based in Kildeer, Illinois, reports that the total number of manufacturing jobs that were created in the U.S. in 2015 slightly exceeded the number of jobs shipped to other countries. It estimates that the combination of reshoring and foreign direct investment brought about 67,000 jobs back to the U.S. in 2015 versus 60,000 that went out, for a small net margin of 7,000 jobs.

About 60% of the jobs returning come from China. The auto industry is the most significant in terms of jobs repatriated, suggesting that large companies are the prime movers. But the Reshoring Initiative says companies of less than \$1 billion in annual sales account for about half the jobs being created in the U.S.

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