

How U.S. Manufacturers Can Compete

written by Lauri Moon | July 5, 2016

(Forbes - Bill Fotsch and John Case: 6-15-16) Nearly every politician these days bewails the loss of American manufacturing jobs. Nearly every politician promises—somehow—to bring them back. We're skeptical of these promises. Many thousands of factory jobs have been lost, and will continue to be lost, to automation, just as millions of farm jobs were lost to new technologies a century ago. And some manufacturing industries, such as garment making, will always find it impossible to produce goods in high-wage environments like our own.

All that said, US manufacturing may still be poised for a comeback. Some companies have found that overseas suppliers can't deliver top-quality goods. Others have discovered that transportation costs and long shipping times undermine whatever cost advantage they get from producing abroad.

Some large manufacturers, like GE, have learned to compete with anyone in the world. But what about the smaller suppliers that every big plant relies on? They'll have to step up their game if they expect to compete in a global marketplace. To see how, it might help to pay a visit to Trinity Products.

Trinity is a steel pipe manufacturer and custom fabricator, located not far from St. Louis. It employs about 160 people and does close to \$100 million in annual revenue. The company makes big, infrastructure-size pipes and structures. You can see its handiwork in everything from bridges and power plants to giant signs and scoreboards. This is a tough business, dependent as it is on the level of infrastructure spending around the nation—something that Trinity's leaders have no control over.

But Trinity is thriving, because CEO Robert Griggs and his team know something about manufacturing that many executives and company owners seem to have forgotten: no one knows how to do a job better than the person who is doing it. They have turned Trinity into a kind of learning organization, with people on the shop floor making the company more and more competitive every day. (For a fuller description of how Trinity goes about this, see our article in this month's Manufacturing Leadership Journal.)

Trinity's journey started with open-book management. Griggs and CFO Jim Nazzoli helped employees learn about—and track—the company's revenue, costs, and profits. Today, the company circulates a scoreboard every morning showing billings and backlogs by product or process, along with key monthly statistics such as total orders and total mill tons.

Then they began working with a firm called the Cycle of Success Institute, known as COSi. (We have no connection to this organization.) COSi coaches helped Trinity create a system in which employees flag obstacles and bottlenecks and figure out how to solve them. "You identify a problem, put it on a list, monetize it, and prioritize it," explains Nazzoli, who has added the title of chief continuous improvement officer to his CFO job description. High-priority projects are assigned to a team, and every two weeks the team reports back to the COSi steering committee on its progress.

"We've accomplished 125 projects at the mill over five years," says Griggs. "We have all the data. We took coil splices from 25 minutes to 15. Changeovers from one size to the next size went from eight hours to five and then to three or three-and-a-half. We continuously organize and prioritize the projects. These lists never go away."

US manufacturers have long experimented with continuous improvement systems, of course.

But this one is a little different. Because the books are open, employees can see the effects of their efforts on costs and productivity. They can also see when they're on track for a profit-sharing bonus. That answers the question "Why should we worry about all this?" that some employees might ask. In the last five years, annual bonuses have ranged from \$1,000 to \$6,000 per employee.

Getting employees involved, helping them learn to think like businesspeople, sharing the wealth that they help create—this is what it will take to make American capitalism competitive again. And in the process, it just might save or generate a few more manufacturing jobs.

(We work with and write about companies that are improving business results and the lives of their employees through open-book management. *Bill*, founder and president of Open-Book Coaching, has more than 20 years' experience as a business coach and has helped nearly 400 companies bring the economics of the business alive for their people. *John*, editor of the online publication RetoolingCapitalism.com, is author of the classic books *Open-Book Management* and *The Open-Book Experience*. His articles appeared in *Inc.* and *Harvard Business Review*.)