



Association for Manufacturing Excellence Whitepaper Series: Working Toward a Better Future through Reshoring and TWI

In February 2012, the Association for Manufacturing Excellence (AME) released a whitepaper detailing three vital aspects of revitalizing manufacturing, one of North America's most critical sectors. The whitepaper—which references President Obama's plan to revive the industry, as well as some recent, astounding statistics—explains why manufacturing is so critical to economic growth, and determines that “Made in North America” is a priority, as Canada, Mexico and the U.S. are all dependent on one another.

In the first two parts of this four-part series, we focused on the challenges facing not only manufacturers, but North America as a whole, and we explored various examples of how companies and industry organizations are currently working toward a better future. In this third part, we continue taking a look into entities currently working toward a better future, but this time, through reshoring and Training Within Industry.

Reshoring

After years of rapid globalization, companies are beginning to see the disadvantages of offshore production, including shipping costs, supply chain issues and inferior quality. A growing trend, known as onshoring, reshoring or insourcing, is gaining acceptance as a weak dollar and surging wage rates in low-labor-cost countries make it more costly to import products from overseas.

President Obama recently highlighted the “insourcing” of jobs back to America. Companies are choosing to invest in the one country with the most productive workers, best universities, and most creative and innovative entrepreneurs in the world. “I don't want America to be a nation known for financial speculation and racking up debt buying stuff from other nations,” Obama said. “I want us to be known for making and selling products all over the world stamped with three proud words: ‘Made in America.’”

Harry Moser is the founder of the [Reshoring Initiative](#). He is collaborating with AME to promote reshoring as part of the “Revitalization of Manufacturing” initiative. AME recommends companies use a Total Cost of Ownership (TCO) analysis tool to effectively compare total cost of local and offshore sources, enabling them to make informed business decisions. “We are committed to changing the sourcing paradigm from ‘off-shored is cheaper’ to ‘local reduces the total cost of ownership,’” said Moser.

As companies analyzed the results of the TCO assessment, they identified gaps in performance limiting their capabilities to compete globally. With its alliance partners, AME will provide assistance in closing those gaps through training, kaizen events, plant tours and additional assessments to pinpoint and apply counter-measurements dealing with people, processes and performance.

An example of a proven approach was developed by the Virginia Manufacturing Extension Partnership in conjunction with Newport News Shipbuilding. This program demonstrated how a public sector and private sector partnership can be effectively applied to small- and medium-sized businesses.

Training Within Industry

TWI programs will help businesses rebuild their workforce, a necessity once demand for skilled workers increases as an aging workforce begins to retire. TWI programs were created during a time of crisis (World War II) to replace workers who left the factories and went off to war. Now organizations are turning to TWI again. Using this methodology, companies can quickly train unskilled workers to build equipment and machinery with consistent quality. Its multiple components address skills training, respect for people, continuous improvement and safety, but the heart of the person-to-person training is the transfer of knowledge in a minimalist format from trainer to student. Each worker, in turn, is trained to make full use of his or her best skills. These principles can be applied in today's classrooms and workplaces, as experienced workers and teachers transfer their job knowledge to the next generation of skilled workers.

NNS was one of original adopters of TWI Programs during WW II. They, along with others, are once again using [Job Instruction](#) (JI) to train workers to quickly remember how to perform jobs and are achieving first time quality. To help redeploy this initiative, NNS held a joint session with VBEC, the GENEDGE ALLIANCE and Virginia's Manufacturing Extension Partnership to share best practices to help develop more skilled workers in Virginia for advanced manufacturing jobs.

Next month, as part of AME's continuing whitepaper series, we will provide a call to action that all manufacturers and industry organizations can use to help grow the industry—and the economy. Look for the final installment in mid-June.

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About the Association for Manufacturing Excellence

The Association for Manufacturing Excellence (AME) is the premier not-for-profit organization dedicated to the journey of continuous improvement and enterprise excellence. AME's membership is composed of a trusted network of volunteers who are committed to leveraging the practitioner-to-practitioner and company-to-company shared-learning experience. Through engaging workshops, seminars and plant tours, and industry-leading conferences, AME members are continually discovering and implementing new continuous improvement strategies and best practices. AME offers its members a multitude of valuable resources to help them stay abreast of current industry developments, and improve the skills, competitiveness, and overall success of their organizations. Join AME in leading the "Revitalization of Manufacturing." For more information, visit www.ame.org or email info@ame.org.