



Art Koch's Profit Chain® Series

Meet America's New Homecoming Queen; Manufacturing

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Before the pandemic, in 2017-2018, we had witnessed the peak of globalization. Results of several recent polls taken of industrial leaders indicate that between 65% to 85% plan to re-shore, nearshore, or insource products manufactured in remote parts of the world to reduce their supply chain risk.

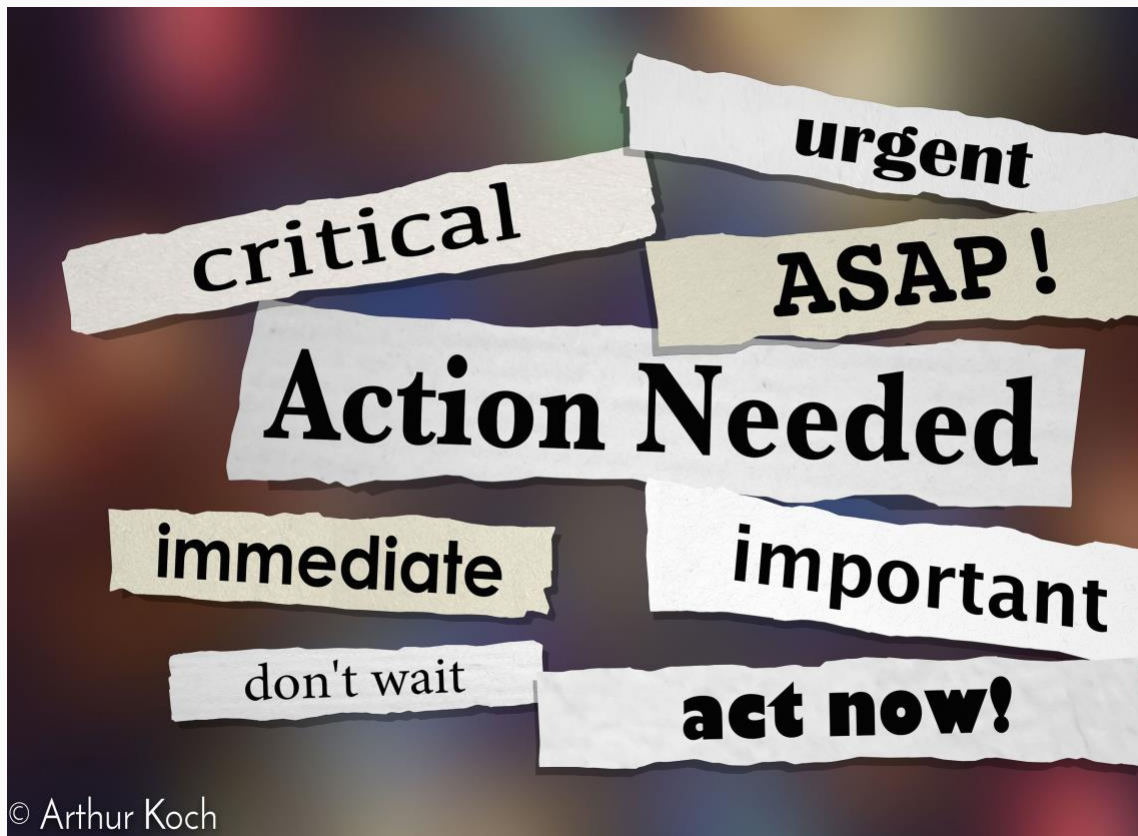
When I first started to write about this topic, I received mixed reviews. Not

everyone believes that extended supply chains negatively impact Total Cost of Ownership to the extent of my views. Regardless of whether or not you agreed with me back then, there is no denying that we are now in the midst of a seismic global manufacturing shift. Are you ready for the change?

Below are some recent articles that support my argument that manufacturing with extended supply chain lead-times is shifting to become regional and local:

- [U.S. chip industry plots route back to homegrown production](#) – Financial Times
- [Trump seeks Treasury cut in Microsoft deal to acquire TikTok unit](#) – Financial Times
- [The industry needs a rare earth supply chain outside China](#) – Financial Times
- [Kodak lands loan to bolster US-produced drug supply](#) – ABC News
- [Trump Gives Medical Stockpile A "Kodak Moment" With New Loan To Make Drugs](#) - NPR
- [President Trump Is Committed to Ending America's Reliance on Foreign Countries for Vital Suppliers](#) – The White House

Pre-pandemic, the U.S. effectively had a near-zero% unemployment rate; anyone who wanted to work was working, (Feb 2020, the unemployment rate was 3.8%, a record low for several decades). As we emerge from this pandemic, unemployment will quickly return to pre-COVID levels.

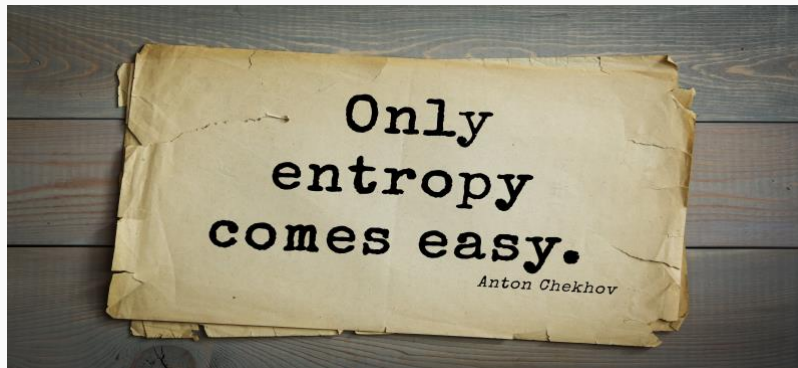


By taking the following measures, your organization will ready itself meet the challenges of re-shoring with tight labor markets:

- Improve the current effectiveness of the organization through better implementation of Operational Excellence initiatives.
- Implement smart use of automation and robotics.
- Start building training programs that produce a new generation of skilled workers urgently needed for a growing manufacturing sector. Training can be done internally or through local community colleges or trade schools. The point is to start now!
- Promote manufacturing as an exciting career path, making it attractive to the next generation of workers. This critical goal should be part of your required training and development for employment.
- We, as a society and as industry leaders, will need to find additional workers to meet increasing labor demand requirements. By hiring members of the immigrant population and by tapping potential resources in underserved communities where individuals who lack a quality education would otherwise

end up in low-paying dead-end jobs. Implementing this course of action is an excellent opportunity to create well-paying manufacturing careers.

During this shift of re-building American manufacturing, we cannot lose sight of the fact consumers will not tolerate higher prices. For years, consumers have become accustomed to the biggest and best new technology products at the big box stores, the availability of a greater variety of options, and the lowest prices.



The winners will meet consumer expectations with higher quality goods, flexibility, and responsiveness, and by consistently lowering their total cost of ownership.

Amateurs will raise prices. I like to say, "A crisis or recession is a terrible thing to waste!" What will you do?

Art Koch's Profit Chain®

"Dramatic improvements to inventory velocity increased customer service and corporate profits."

Don't be afraid to call!

Self-Ranking - Pick one of the four questions below and then fill in your

comments in the space provided.

1. Don't think this applies to your business or enterprise? (Write three to four reasons why it might not.)
2. This is a new idea and strategy, it's something we need to work toward. (Brainstorm the first steps.)
3. We can do better, modify our strategy, and now we are moving in the right direction. (What are the next steps to ensure success?)
4. Our team gets the necessary time to keep their minds fresh and we have plans to live our dreams. (Comment on how you're ready.)

- _____.
 - _____.
 - _____.
 - _____.
-

High Organizational recognition of the need for change Low	2. This is a new idea and strategy. We recognize it's something we should be working toward.	4. We are doing it and have a high degree of confidence in our process and results.
	1. Doesn't apply to our business.	3. We are trying this methodology. However, we could be doing better.
	Low	High

Organizational drive for on going process improvements

Entropy Busters®

Stop letting the process manage you! Become the champion of your game plan and achieve sustainable profits.

Inventory Is Evil!™

in·ven·to·ry / 'in-vən-ˌtôr-ē / **noun**

Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

in·ven·to·ry is evil! / 'in-vən-ˌtôr-ē is 'ē-vəl / **phrase**

"Left unchecked inventory has many negative unintended consequences to profitability.
It hides problems; **therefore, it delays fixing problems!**"

Turning Operational Problems into Profits™

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Thanks in advance for your time always, thanks for being a loyal client. Looking forward to helping you and your team again soon

Carpe diem,

[Art Koch](#)

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