



The 2011 Next Generation Manufacturing Study

Overview

The Next Generation Manufacturing (NGM) Study is a national survey developed to help small-to-midsized manufacturers across the United States better define strategies and business objectives necessary for global competition. This year, more than 800 manufacturers across the country participated in the study – a national research effort coordinated by the American Small Manufacturers Coalition (ASMC), conducted by the Manufacturing Performance Institute (MPI) and supported by Manufacturing Extension Partnership (MEP) centers nationwide.

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The NGM Study evaluates manufacturers across six best practice areas known as the “next generation strategies,” including: customer-focused innovation; advanced talent management, systemic continuous improvement; extended enterprise management; sustainable products & processes; and global engagement. The NGM Study identifies trends affecting the in industry, assesses manufacturers’ views of the six strategies today, and compares the current data to the first NGM Study conducted in 2009.

The results provide small manufacturers with meaningful data to measure progress and define and implement strategies to better lead them into the next generation.

What it means for American manufacturing

U.S. small manufacturers are at a critical point in time and must assess whether or not they have what it takes – workforce, systems and equipment – to successfully compete in the future.

While external factors, such as the economic downturn have presented a challenge to American manufacturers, the NGM Study found that the majority of manufacturers believe it is most important to focus on their business strategies to maintain manufacturing’s role as a driver in the U.S. economy.

The six attributes of Next Generation Manufacturing



Customer-Focused Innovation—

to create new and better products and services faster than the competition.



Systemic Continuous Improvement—

to achieve world-class productivity through Lean manufacturing and other methods.



Advanced Talent Management—

to maximize workforce performance and improve business outcomes.



Global Engagement—

to drive market diversification and develop new sources of demand and growth through exporting.



Extended Enterprise Management—

to manage diverse supply chains and partners.

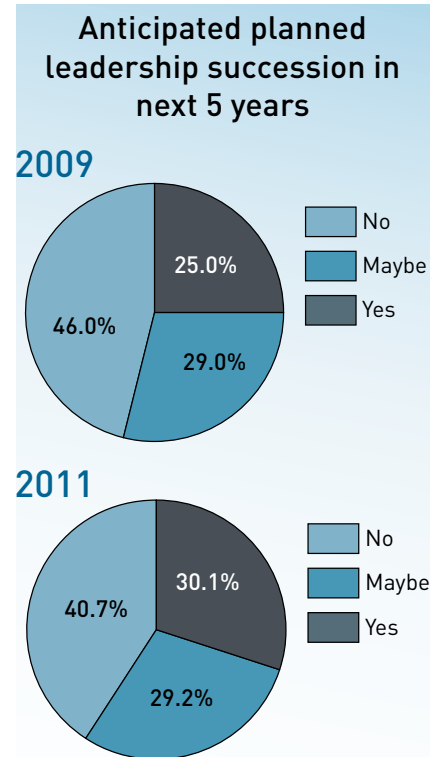


Sustainable Products & Processes—

to gain competitive advantage and reduce environmental impact.

Key study findings include:

- As the baby boomer generation prepares to retire, nearly six out of 10 U.S. manufacturers may experience senior leadership changes in the next five years — a five percentage point increase over 2009 data.
- Due to an aging workforce and gap in skilled labor, professional training and development is needed to prepare manufacturers for the next generation.
 - ▶ For example, 61 percent of manufacturers stated they have the leadership and talent to drive world-class process improvement, whereas only 42 percent believe they have the same level of expertise for global engagement.
- While most manufacturers have the business systems and equipment to support current requirements for the six strategies, few have state-of-the-art business systems and equipment for long-term support.
 - ▶ Fourteen percent have state-of-the-art systems and equipment to support process improvement, the highest percentage among all strategies.



Roadmap for success

The six next generation strategies provide a road map for success for U.S. manufacturers. Those who are at or near world-class status are more likely to: have a company-specific strategy with full functional involvement and buy-in; have talent and skills development programs driving the next generation strategy; and have state-of-the-art business systems and equipment able to provide long-term support.

American manufacturers are currently competitive in the global market, but public and private support is necessary for advancement and continued success.

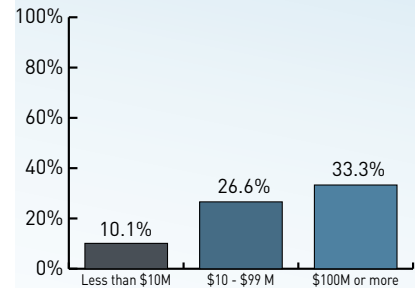


The key to continued success is to help small manufacturers identify areas for improvement in their operations and implement “next generation” strategies to enhance global competitiveness.

Additional study findings include:

- Companies that make the six next generation strategies a priority are outperforming their peers.
- A majority of U.S. manufacturers look for outside help to achieve success in these six strategic areas and report that their organizations have been positively impacted by state manufacturing associations, including MEP centers.
- Small manufacturers have more difficulty implementing components necessary for next-generation success.
 - ▶ For example, 41 percent of the small manufacturers have business systems and equipment able to at least support current requirements for global engagement vs. 65 percent of large manufacturers.
 - ▶ Ten percent of small manufacturers have talent and development programs to drive world-class human-capital management vs. 33% of large manufacturers.

Company size is a critical factor in whether a business has the talent and development programs to drive world-class talent management



Big Changes In Just Two Years

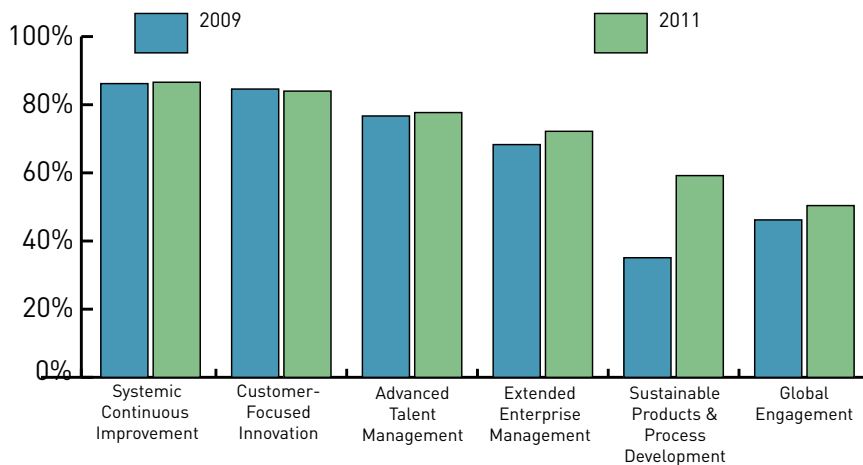
As sustainability and globalization have become increasingly familiar terms to American businesses, significantly more U.S. manufacturers rated the two strategies as highly important to their business, whereas process improvement, customer-focused innovation, and human-capital improvement remained at equal levels of importance from 2009.

Findings include:

- ▶ Sustainability is increasingly important to manufacturers, with 59.2 percent of manufacturers reporting that sustainability is important or highly important to their future, up from 35.1 percent in 2009.
- ▶ Many are responding to customer demands for greener products, while others recognize cost-control opportunities such as reduced energy consumption and the re-use of materials.

American manufacturers are placing increased importance on sustainability, global engagement, and supply-chain management.

Manufacturers rate NGM strategies as highly important or important



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About American Small Manufacturers Coalition

The American Small Manufacturers Coalition (ASMC) is a trade association of manufacturing extension agents whom work to improve the innovation and productivity of America's manufacturing community. ASMC advocates for legislative and programmatic resources that allow its small manufacturing clients to better compete in the global marketplace. For more information, visit www.smallmanufacturers.org/.



About WMEP

WMEP is a private, nonprofit organization committed to the growth and success of Wisconsin manufacturers. Since 1998, WMEP has helped to generate \$1.7 billion in economic impact and create and save 14,000 state manufacturing jobs, according to results documented by customers. WMEP receives financial support from the Wisconsin Department of Commerce and the NIST Hollings Manufacturing Extension Partnership. WMEP also partners with many public and private organizations to serve Wisconsin manufacturers.

For more information, visit www.wmep.org.