

The future of Kentucky manufacturing depends on workforce education

By David Veech, Executive Director

The Institute for Lean Systems

Despite a national unemployment rate approaching double digits, many manufacturers are still having trouble finding skilled workers. The New York Times recently reported that it took one company 18 months to hire 80 experienced welders for an oil-refinery project in Maine.

Eighteen months!

The problem, according to the Times, is that “employers are looking for people who have acquired an exacting skill, first through education — often just high school vocational training — and then by honing it on the job. That trajectory, requiring years, is no longer so easy in America . . .”

It doesn't have to be that way. Savvy manufacturers understand that even in tough economic times, they must invest in workforce education in order to remain competitive. A well-designed education program can more than pay for itself by improving performance, productivity and profitability.

A good, workplace-specific education program will include training in such essential skills as communications, team building, leadership development, critical thinking and problem solving. Companies with a drive to learn and then transform themselves focus on training and education activities for their key people to give them the full set of skills they need to plan and execute transformation activities.

To see how education can transform a company, look at Skier's Choice, a manufacturer of luxury inboard boats headquartered in our neighboring state of Tennessee.

Although it was in sound financial condition, the company wanted to become even more competitive. So in 2006, it launched an education-focused transformation program.

The program began with executive education and benchmarking, getting enough knowledge to develop a more detailed plan for the transformation. CEO Brad Denning attended a Lean Systems Executive Program in Kentucky then hosted his own for his leadership team and key suppliers and partners.

Following the “Go and See” rule they learned early in these workshops, Skier's Choice executives took benchmarking trips to companies considered world class in many performance areas. These included such outstanding Kentucky manufacturing operations as Toyota, Summit Polymers, and Batesville Casket, as well as other companies, such as Denso, Boeing, Subaru, Budweiser and even Wal-Mart. They also took benchmarking trips to see other boat builders, including Malibu, Cobalt, Triton, Bryant and SeaRay.

Skier's Choice hosted several on-site workshops eventually having 75 of their 350 team members fully certified in lean systems, providing them with in-depth knowledge of lean principles, techniques, and tools, problem solving, and of course all the troubles companies experience when driving change through their organization.

That group of trained people began teaching lean basics to everyone in the company, giving all operators 20 hours of lean education.

With the completion of this training, Skier's Choice introduced its Lean Improvement Activity Sheet to capture the ideas the workforce had, and implement them more quickly. Within a matter of weeks, the company received over 600 ideas from the workforce.

These 75 people all became critical change agents for the organization. They learned together in the workshops, they learned by doing projects together, and they learned by interacting with areas of the organization they may never have dealt with before this initiative was launched. This created a shift toward a continuous improvement culture in their day-to-day work, making Skier's Choice a great place to work.

In late 2008, with the economy tumbling and boat sales dropping dramatically, Skier's Choice was able to make people-friendly adjustments (no overtime, reduced the temporary workforce, temporary furloughs, leadership pay reductions) that allowed them to absorb the change quickly. With demand down, they redoubled their efforts, and further refined their production system, fully achieving single-piece flow in their manufacturing and subassembly operations, further reducing inventories and saving a significant amount of money to use to keep the company healthy.

Says CEO Denning, "I'm convinced that applying what we learned when we did is a major reason we were able to keep our doors open."

In a recent article in Salon.com, former U.S. Labor Secretary Robert Reich bluntly predicted that in the future, prosperity will go to the country with the best-trained workers. We need to make sure that's us.

Workforce education isn't just the trendy thing to do. It's a matter of survival. Process improvements can come and go, but people improvements are always permanent.