

Executive Outlook 2012: Determining & Doing Whatever Makes Sense

Written by Mary Ramsey, Senior Vice President, U.S. Industry Business, Schneider Electric
Thursday, 16 August 2012 14:31



Re-industrialization is certainly a “real” trend. U.S. manufacturing has had 35 straight months of economic growth, translating to job growth: Manufacturing jobs are expected to increase 3.2% in 2012—*an astounding rate compared with 1.6% overall job growth.*

This is attributed to the fact that over the next five years, wage inflation, exchange rate pressure and higher freight rates will erode the majority of cost-advantages in moving production to China and other economies. And besides costs, U.S. manufacturing offers benefits others do not: greater worker safety, efficiency and a more educated workforce. These advantages are becoming especially valued as companies take a more holistic view of overhead costs.

We need to capitalize on re-industrialization. Foreign direct investment in 2012 is up to \$26 billion, while at the same time, the low cost of shale gas is spurring strong domestic growth in industries such as petro-chemical, steel and automotive. To keep up with this growth, an available and able workforce is key.

Preparing a strong workforce starts at developing new sources of talent. At Schneider Electric, we focus on university relationships—*shaping curriculum, hiring interns, defining career tracks and sponsoring on-campus labs and collegiate competitions (such as the U.S. Department of Energy’s Solar Decathlon) to show what engineering offers*

Additionally, it is important to remember that the new generation of workers wants to contribute to society by conserving natural resources and creating a sustainable planet. In manufacturing, innovations are being developed to solve the energy dilemma, and companies that take this to

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the next level will attract talent.

We're also currently fighting the "knowledge gap" between retiring Baby Boomers and young Millennials. By putting into place both mentoring programs and software to capture knowledge, we can retain and transfer crucial industry skills. Moreover, many current workers need continuing-education opportunities to learn about technologies that keep raw material costs (such as energy) low and the cost gap minimal. Vendor-neutral education (such as our Energy University and EcoXpert programs) is critical in giving Americans an advantage.

There are a lot of positive factors driving re-industrialization, but manufacturers need to evaluate their full manufacturing strategy to determine what makes sense—*taking into account all of the above factors, while ensuring more flexible manufacturing tactics to adapt to future market trends*

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