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These three words—*"Made In China"*—do not have to foreshadow downsizings or plant closures.

Rather, they must be embraced as a wake-up call to our industries, our business and our economy. We have a race to win, and our motto is "Beat China!"

What comes to mind when you read those three words? Stories of tainted food…lead paint in toys…inexpensive, often cheaply made items? Many people I meet in conference sessions, workshops and my consulting work in American plants share experience-based horror stories about products from China that continue to reinforce examples of low quality. Another common and not-so-popular opinion of the words "Made In China" is that they reflect manufacturing job loss here in the United States. Look around your local retail outlets. You'll see countless Chinese products, including many once labeled as "Made In The USA." Ouch!

History does seem to be repeating itself. Many of us can remember the 1960s, when the words "Made In Japan" were associated with ever-growing numbers of cheap, poorly made products arriving on our shores—*toys, games, cars, transistor radios and motorcycles, among others*. Today, "Made In China" represents another deadly wave of offshore competition for America's businesses. Yet, here we sit, apparently complacent as ever, resisting change once again. All the while, our industries are being threatened, ravaged, even killed off. Isn't it about time for us to wake up?

Remember: We are the most productive nation in the world—*well, we were until Switzerland beat us out for number one, by a single point, in the 2009-2010 Global Competitiveness Report.* Since our country's beginnings, we have demonstrated to the world that we are innovators, a manufacturing powerhouse. Though markets may shrink or unique products turn into commodities, we're usually capable of rebounding, as strong as or stronger than ever.

Our work ethic and use of advanced technology have always made our manufacturing operations competitive—*and a strong manufacturing base is key in sustaining our economy and standard of living* .

Manufacturing, in conjunction with agriculture and mining, lies at the beginning of the economic food chain as one of the largest sources of original wealth. This is where the money trail starts. Each of these sectors takes raw materials and converts them into salable goods. From these three fundamental sources of wealth, people, businesses and organizations prosper—*real estate, investments, food service, higher-educational institutions, retail sales, power-generation and distribution, etc*
. We simply cannot afford to let our manufacturing shrink.

The gap is closing fast

Products made in China include more than just cheap toys. Just look at the Chinese economy. How can workers making 20 cents an hour buy cars? It would seem to be impossible. Yet, more cars and trucks were sold in China in 2009 than in the U.S.—*General Motors even broke production and sales records there, selling more vehicles than anywhere else in the world*
! Chinese '09 auto sales through October totaled 10.9 million vehicles compared to 8.6 million here. Before 2009, the only nations that logged more than 10 million vehicles sold in a year's time were the U.S. and Japan.

Sales for the General Motors joint venture Shanghai GM were 109.7% higher this October than last. Overall, Chinese auto sales were 70 to 80% higher this September and October. By now, every major carmaker on the planet has set up operations in China—*and why not*? It's the fastest-growing auto and truck sales market in the world. What's happening over there?

The automobile industry historically has led manufacturing innovation in the U.S. and the world (read The Machine That Changed the World by Womack, Jones and Roos). Quality of workmanship and productivity are key elements of continuous improvement—*that's what's happening in China*
. Its auto quality has improved significantly since 2000, according to a 10-year study by J.D. Power.

Quality of vehicles is measured in "problems experienced per 100 vehicles" (PP 100) in the first six months of ownership. When comparing domestic Chinese brands to international brands, the quality gap of 396 defects in 2000 has declined to a gap of 116 in 2009. What is even more surprising is that while the international brands' quality has improved from 430 defects in 2000 to 142 in 2009, the Chinese brands have made even greater improvements—*from 834 defects in 2000 to 258 in 2009*
. (This study included 127 different vehicles from 48 different manufacturers: the Chinese Chery alongside Toyota, Volkswagen, Audi, Honda and GM's Buick brands.)

Not too long ago, a Chinese enterprise bought the IBM PC business—*the IBM ThinkPad by Lenovo is now manufactured in China*
. I've had my "Made-In-China" version of this product for almost three years; it is great! Sure, I could have bought a Dell product (as I had more than once over the prior decade), but this ThinkPad offered more features and faster delivery for less money. Doesn't mean I won't return to a Dell product when it's time to upgrade—
depending on my choices at that time
. We make these types of decisions every day in our personal and professional lives. We want the best value for our money.

As Chinese products, regardless of what they are, improve their value-for-price ratio, more and more of them will be sold here. More and more of our own companies are finding that components, raw materials and ingredients from China are becoming equal to and sometimes better than those that are American-made and/or supplied—*and they typically cost less*.

How they can compete

How can China, a relative newcomer to the global manufactured-products marketplace, successfully compete if its only advantage is low-cost labor? It can't. Instead, it must have something else: Very clear expectations for its workers, its supervisors and its managers. These are often standard work methods or best-practice procedures—*instructions, training and accountability to follow the procedures.*
Translation? "Do it right the first time, every time, and you can have employment here."

We took the same approach during World War II when we trained inexperienced housewives to build bombers, combat vehicles, tanks and other munitions. It was called Training Within Industry (TWI). From 1946 to 1952 (when the Allies occupied Japan), we taught TWI methods to Japanese workers, supervisors and managers. To this very day, the top Japanese automakers use TWI in their plants around the world, even here in the United States. Unfortunately, most U.S. businesses abandoned these proven methods when our troops came home and re-entered the workforce. Nearly all working women returned to being housewives and, for the most part, we settled back into a pre-war mindset. But, we were the only remaining industrial power in the world, so the world was our marketplace. Quality of workmanship, for us, evidently became optional.

Getting back in the race

Nowadays, we often let individual workers and supervisors do their own thing. We allow non-standard work. We facilitate variation from crew to crew in the name of productivity improvement: "I don't care how you get it done. Just get it done." We often fail to hold ourselves accountable in doing it right the first time, every time. Why? Because we choose to. We don't want to upset someone who is getting the job done, maybe taking a bit longer than others because he/she is not following a published procedure. We permit human variation to creep into most things we do on our plant floors and in our maintenance shops. This reflects the independent spirit we inherited from the hearty folks who first settled this melting pot we call home.

By the same token, though, we CAN CHOOSE to compete with China. Regardless of our positions, from chief executive to technician, we can choose to compete in markets that are important to us. While it's too late for textiles and apparel—*and perhaps for the commodity furniture area*—we still dominate in some markets and are a very competitive front-runner in others. We cannot afford to lose those. In addition, we can regain some markets currently supplied by China. It's not just about low labor costs, but rather the total cost of manufacturing and distribution. An 8-, 10- or 12-week shipping schedule from China is inefficient and costly. Higher inventories, in-transit damage and defects are expensive.

How we can compete

We have quite a number of strengths that we need to exploit:

- Advanced manufacturing technology—*but it must be reliable, first time, every time.*
- Market proximity—*but we must deliver on time.*
- Workmanship—*but we must attract and retain a skilled, competent workforce.*
- Productivity—*but we have to do our very best, first time, every time.*
- Widespread electric power and utilities—*but they, too, must be reliable.*
- Responsiveness—*but we must listen to our customers and have the agility to respond to market changes quickly.*
- Capitalism—*but we must drive waste, fraud and abuse from the system at all levels.*

We know how to compete in almost any market in the world today. "Do it right the first time" has to be our motto, credo and maxim—*not to mention our competitive edge*.

We must learn to practice what every motorsports race team does: Know your competition,

pursue 100% reliability of the critical assets and we'll win or lose together. Run-to-failure and fast repairs are not competitive strategies in manufacturing, transportation, facilities and utilities.

We KNOW how to make our equipment and processes reliable. It's up to each of us to see it, believe it, talk it, walk it, teach it and do it. We are, after all, in a race—*a very tough and critical one at that* —where failure is not an option. And, it's ours to win.
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