

# Next Generation Manufacturing

## Pennsylvania Manufacturers Assess Progress on Strategies Required for Future Success

### Next Generation Manufacturing (NGM) Strategies Survey

The Pennsylvania Industrial Resource Centers (IRCs) recently surveyed Pennsylvania manufacturers to learn more about how they view the future, especially the strategies necessary for manufacturing success in the next five years. The survey, done in cooperation with the Manufacturing Performance Institute (MPI), a leading national survey research firm focused on manufacturing, addressed six next generation manufacturing strategies:

- Customer-focused Innovation
- Talent Development and Retention
- Superior Process Improvement
- Extended Enterprise Management
- Sustainable Products and Processes
- Global Engagement

### Survey Findings

The survey provides valuable perspective for Pennsylvania manufacturers, the IRCs, economic development organizations, and state leaders who invest public resources to grow the Commonwealth. ***The most fundamental conclusion is that Pennsylvania manufacturers think the six strategies matter.*** High percentages of the respondent firms rated five of the six strategies important to their success in the next five years:

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| ■ Customer-focused Innovation                   | 86% |
| ■ Superior Process Improvement                  | 83% |
| ■ Talent Acquisition, Development and Retention | 80% |
| ■ Extended Enterprise Management                | 65% |
| ■ Global Engagement                             | 47% |

A third (32%) rated Sustainable Products and Processes important to their future success, a percentage that will rise in the future in response to public policy and social commitment.

All Pennsylvanians can be encouraged by the progress reported by many firms as they work to implement the NGM strategies:

- Nearly one-fifth (19%) of firms working on customer-focused innovation report that at least one-quarter of sales come from products less than three years old. New products are critical to sales growth and added employment;
- Because they value their employees and invest in talent development, 28% of firms report annual value-added per employee above \$125,000;
- For nearly half the firms (49%), steady pursuit of superior process improvement has won strong customer loyalty to their products due to ongoing trust in the organization's people and capabilities;
- In the era of global sourcing and daunting expectations within supply chains, 25% of firms already involve both their customers and their suppliers in discussions of their operations, continuous improvement efforts, and product development;
- As the marketplace greens, nearly one-quarter (23%) of firms report that at least 90% of their products are completely reusable or recyclable; and
- In the global economy, one-quarter (26%) of firms have grown the dollar volume of their sales beyond the United States by at least 26%.

Pennsylvania manufacturers are working hard to position themselves for future success. Their success will be crucial to the economic future of our Commonwealth. Leading firms have achieved world-class performance and can serve as models for many more that will make this journey during the next five years. Their steady progress will create and sustain good family-wage jobs across every region of Pennsylvania, stabilize regional economies, and help the Commonwealth return to fiscal health. The Industrial Resource Centers are dedicated to this future.