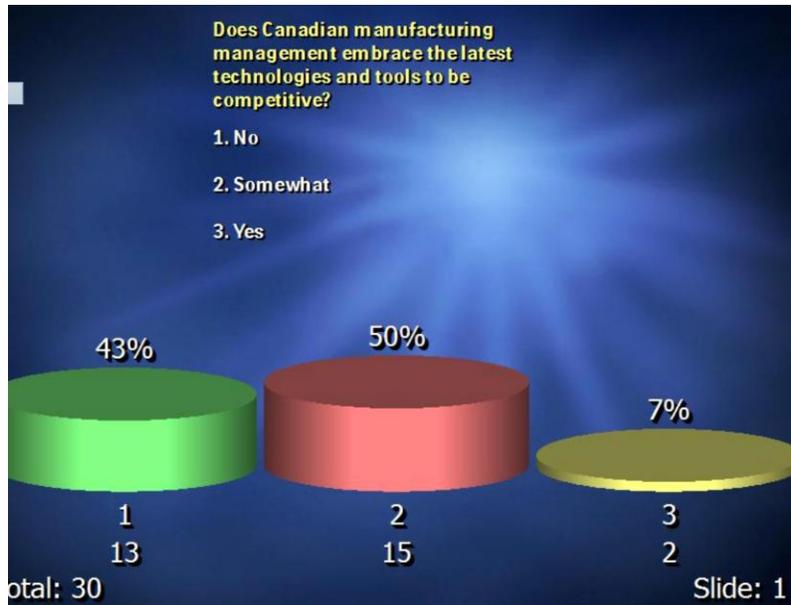


The Cocktail Quiz...Canadian Manufacturing Competitiveness



We had a Quiz at a recent Fabtech Canada cocktail hour hosted by ISAH with about 30 industry knowledgeable people who voted on questions about how they perceived the competitiveness of Canadian Manufacturing.

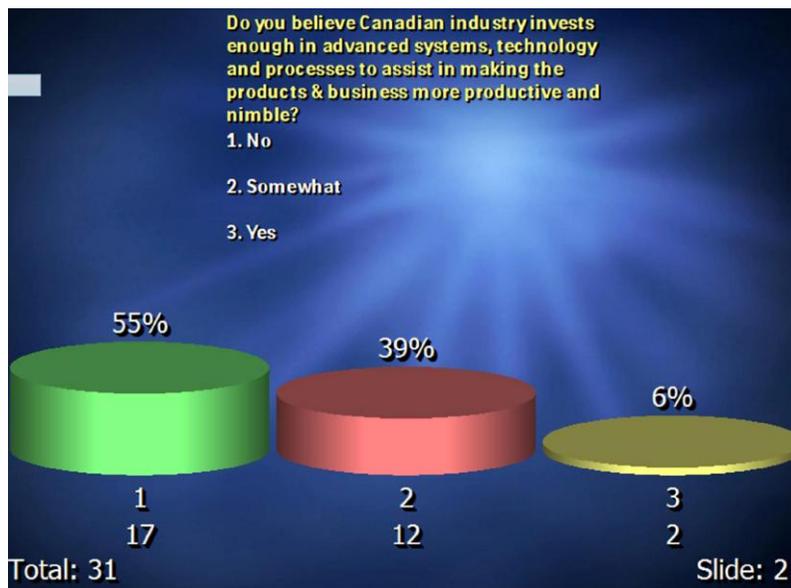
The Quiz Results are both predictable yet alarming...

Those present were asked about how well management and the industry as a whole was focused on improvements to be competitive.

Some of the scores were predictable and others ranged from mildly surprising to outright alarming...

Are we too complacent?....

In general the Quiz results suggested that although we are making some progress to stay competitive we are just too complacent and comfortable with how we view our struggling sector.. And we may as an industry lack enough passion and pride for our future success.



It may be from a subliminal conditioning by much journalism and Global economists that say we cannot possibly compete with low labor rate emerging economies.... or maybe it's just the liberal Canadian way...."Well, our competitiveness is not where it should be... but... what you going to do" ..Eh?

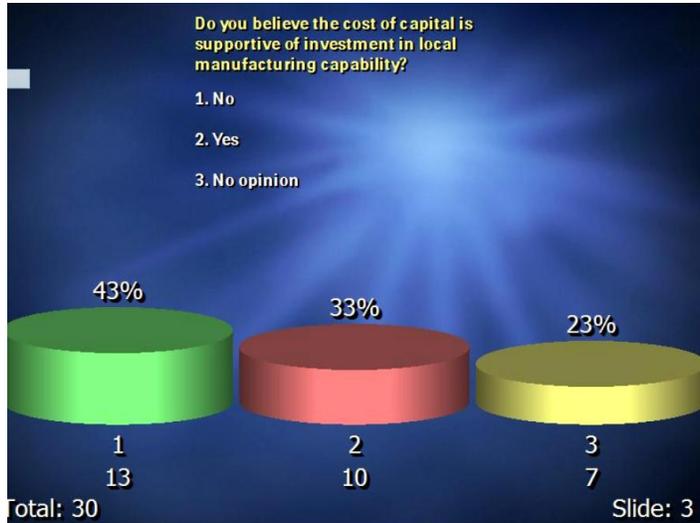
It's true.... We are not as assertive as the USA...

It's also a very truthful score... as almost 60% of us marked management's focus to improve our industry as low.... meaning they are much too risk adverse to embrace new tools and

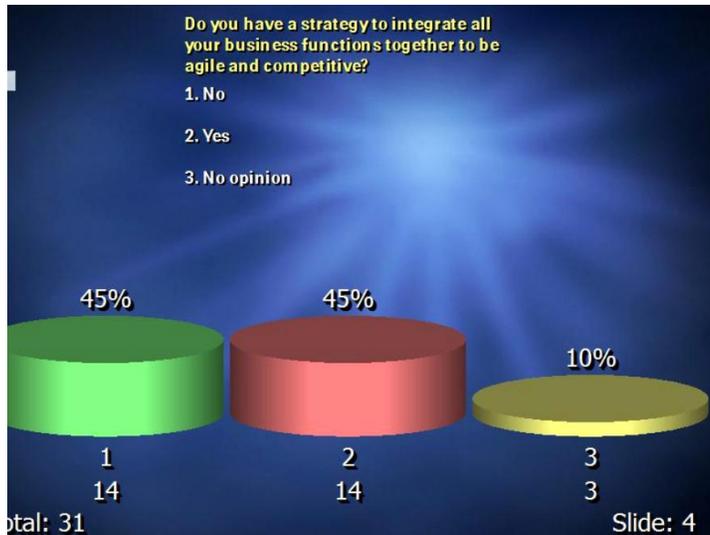
technologies... which is where a lot of the experts have placed Canadian management versus the USA counterparts.

We are just not investing enough....

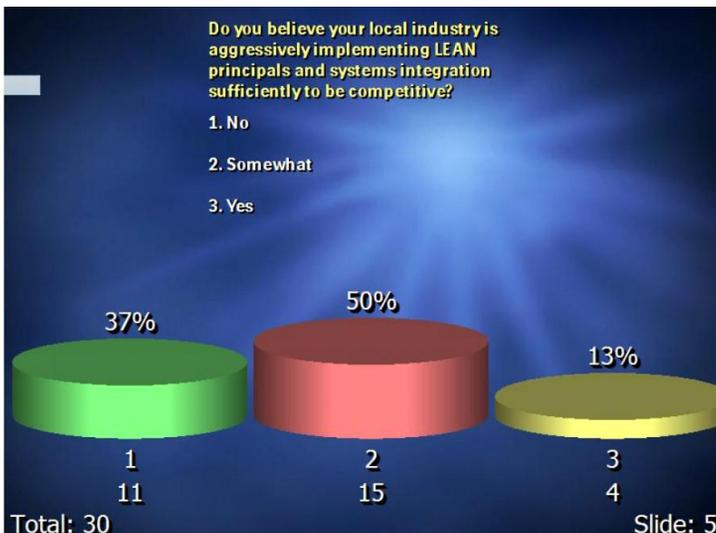
More than 90% felt we were only doing a marginal job in capital investment in advanced systems and processes to make us more productive and nimble...



This could be physical automation or advanced planning and collaboration systems that will all require a strong and, flexible IT foundation that fits the business and helps strengthen the business strategy and also supports the business team innovate products, streamline the business process, take down costs, and make the right decisions. Those things are key to be entitled to be able to compete. However, it was a big surprise that even with the cost of capital at an all time low, almost 50% of us felt it was not enough to induce investment. This low investment in cheap capital supports the notion that even with these ultra low interest rates other policies need to be put in place to support a strong local investment in a more local manufacturing capability... it could be that our high dollar is an impediment and other government policies need to work better to make us feel more bullish about investing in local capacity..

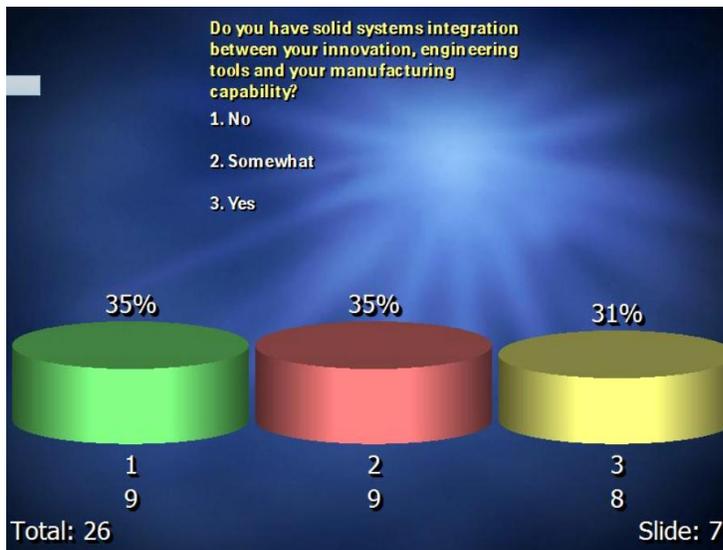


When we asked about internal operating factor improvements such as if businesses had strategies for systems integration and LEAN implementation we got about 70% feeling we are only adequate or have a lot of work to do ...and the expert opinion would agree with this.



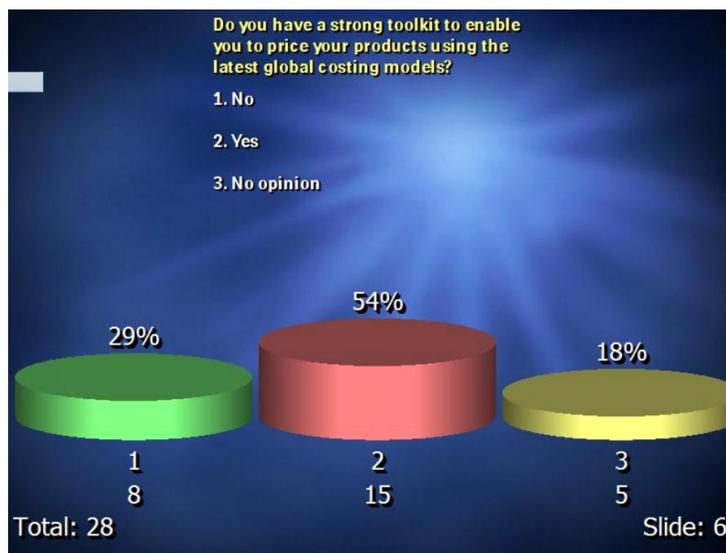
Back to school to learn more about all this!...

On the question on have we fully integrated engineering, innovation and manufacturing



together we got a wild result with a equal division on yes somewhat and no which implies that this subject is not well understood as the experts are continuously pounding the industry on non capability in this area... We agree that some tools and activity is out there, but it's not at all well integrated....Maybe further visioning of what this environment should really look like even in the minds of those considered knowledgeable is required.. Back to vision school you guys!!

Tools for Global Pricing is OK???... That's a surprise...

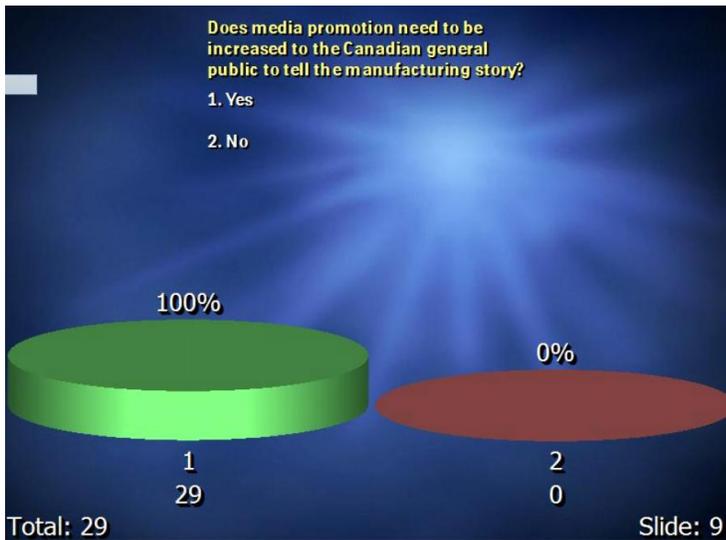


It was also a surprise to see over half the group considered we had good tools to price in the global marketplace Many experts are very concerned that Canadian and North American business overall are not using a true Balanced Sourcing Model for pricing, and therefore are making the wrong future sourcing decisions. Some Re-Shoring is taking place using these new models that show that in some sectors manufacturing offshore costs are increasing and onshore Manufacturing is now a firm option. Businesses need to review such balanced sourcing models to

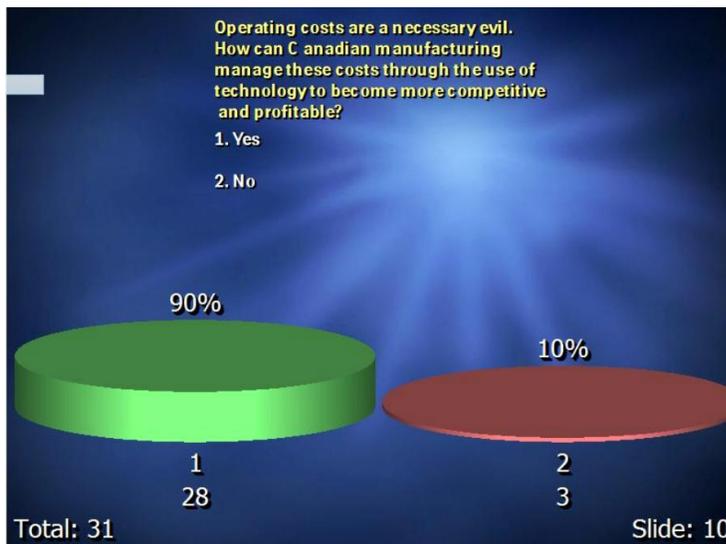
review better these ongoing source decisions.... this is an area of knowledge gap we are concerned about, and we are raising this issue in our Take Back Manufacturing communications.

We all agreed on this...

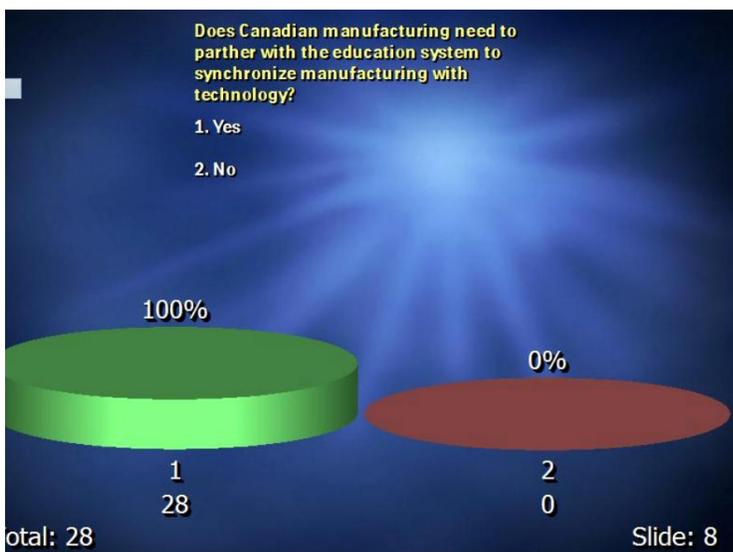
We also all agreed that we have an “image” problem in manufacturing and we need the media to assist with promoting manufacturing in a more favorable light... again the TBM initiative is pushing this issue, but it's all our jobs to promote our industrial image from one of “dark dirty and dangerous” but more one of “growing in excellence, technology and competitive spirit with



facilities that are clean safe and highly productive and with integrated systems and skills”...we need some strong and positive PR and a new image!!



However, almost all agreed that we can manage all our cost burdens with a proactive embrace of technology and the utilization of improved systems to become more profitable and competitive.



Education and Training ...Please!....

What was unanimous in the Quiz, and all the experts also agree, is that our industrial education system and its relationship with industry needs a complete makeover..

We suggest we will need an integrated Apprenticeship system and this is one of the prerequisites to allow us to Take Back Manufacturing...

We believe all would agree that....

We need to Take Back our Manufacturing Industry from the decline we have experienced due to the inability so far to effectively compete in the global economy.

To win it back we will have to embrace many changes in management and engineering methods and systems and pursue far more new technologies as mentioned above.

It's not enough... we need a special ingredient...

It will also require getting support from ALL on improving our national manufacturing productivity, but that still won't be enough, we also must re-invent the pride and attitude toward manufacturing...

More on this within the TBM initiative being promoted by SME at www.sme-tbm.org

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