

Comment

The future of manufacturing in S.A. is now

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by Rebecca A. Morgan

Dark, dingy, smoky, smelly, rusty, backbreaking and on its way to China. To say manufacturing has an image problem is an understatement. But it must not have scared off the estimated 100,000 people who applied for jobs at the soon-to-open Toyota truck assembly plant in San Antonio. It is, however, sufficiently frightful to keep the Manufacturing Technology Academy, a joint effort of San Antonio area school districts, Alamo Community College and the San Antonio Manufacturers Association (SAMA), from reaching its targeted enrollments of 50 students per class.

San Antonio is at a critical juncture, one where it can decide to do what it takes to strengthen the role of manufacturing in the local economy, or hope serendipity befalls that industry while city fathers focus on the growth of service industries like insurance, finance and health care. Why now? Because the beginning of production at Toyota's San Antonio facility and the numerous Tier 1 suppliers that have moved in to support it shines a spotlight, and a microscope, for all manufacturers to see. Toyota is not just any company; it's the golden boy of manufacturing, of corporate responsibility, of finding win-win in every situation, of running a business. San Antonio can choose to leverage Toyota's nascent presence to create a vibrant manufacturing economy, or consider it a wonderful aberration to the area's long-term growth plans. It's your choice.

Manufacturing as a whole no longer deserves its 1950's image, although there are certainly a few companies just beginning to peer beyond that decade for whom economic Darwinism has not yet worked its magic. Backbreaking manufacturing jobs have been replaced by ones leveraging advances in materials sciences and technologies, but even more so, employee analytical and critical thinking skills. Manufacturing jobs generally pay well. Manufacturing is extremely important to the level of research and development activities and the local commercialization of inventions and innovation. Without it, much of the money from such work flows elsewhere. There's a lot to like about the growth of the manufacturing sector in San Antonio. But will it happen?

Texas benefited by the right-to-work, low-wage rate reputation of southern states that began to attract the migration of

many northern businesses over 30 years ago. But all those destination states have become equally adept at packaging tax abatements, job training and low interest loans to attract businesses. That is merely the ante; it takes much more to stay in the game. Can San Antonio compete?

The city has a lot going for it. The weather and cost-of-living are attractive. Air, truck and rail modes are ample. Its location positions it well to serve Mexican and Central American markets. The spirit of collaboration that seems to exist in the many school systems, the local and regional governments, as well as in the maze of organizations created to facilitate business is impressive. The region's success in creating a single regional certification for woman- and minority-owned businesses reflects the desire and ability to eliminate red tape. The city-owned utility system provides gas, electricity and water at competitive rates with a history of reliability. The significant number of resident college students provides a great pool of potential workers. But not all is rosy.

Listening to executives of the current manufacturing base indicates that much still needs to be done to facilitate industry development in San Antonio. Chris Hughes, CEO of Lancer Corporation, fears that the local supply of skilled manufacturing workers – e.g., tool and die, machinery operators, manufacturing and mechanical engineers, draftsmen – is too tight to support much growth. Pete Van de Putte, owner of Dixie Flag Manufacturing Company, describes a local government much more interested in recruiting new companies than in helping existing ones. He asks that government become an advocate instead of an adversary for existing area businesses.

To attract and grow manufacturing in the San Antonio region does not require sacrificing other desirable industries. In fact many of those industries will benefit from a growing manufacturing base. So what should San Antonio do? Look at the question as one of supply and demand, both largely in the control of locals.

Define the parameters of what makes a manufacturer a good fit. Not all companies are equally desirable. Be very clear that you want to grow diverse manufacturing in

environmentally and community friendly ways. That will rule out many companies, but none that you want. Hold out Toyota's commitment to mutual benefit and corporate responsibility, reflected in its commitment to sustainability of local operations, as a model.

Create critical mass

There must be a base of workers with the education and experience that manufacturing requires, letting companies be confident many staffing needs can be met locally. That work force must be both attracted and grown.

Joint recruiting by local manufacturers can attract existing talent from other areas. SAMA placing ads or having job fairs in northern cities can help those with targeted skill sets see San Antonio as a city of opportunity. Focus on attracting manufacturing related conferences to the area.

Growing local talent first requires an image makeover – a view of manufacturing as an attractive career alternative and neighbor, and as a recruiting magnet to keep and attract young professionals. If parents don't see the positives in manufacturing, neither will San Antonio's young. Use public service announcements where possible. Offer tours or show films of manufacturing operations so citizens can gain a better understanding of the industry and the work.

The local school systems must teach young minds the mathematical and thinking skills that manufacturing requires. The Manufacturing Technology Academy, along with the Aerospace and Information Technology academies, is certainly a start. Review the requirements for earning a high school degree to ensure they are sufficient to prepare young people for work. Very few jobs don't entail math and most require logic and systems thinking, regardless of industry. Alamo Community College plays a critical role in preparing adult residents for better jobs. Citizens must actively support it, including when voting on tax levies.

Grow organically

San Antonio's future in manufacturing is dependent upon the success of existing companies. No one will relocate to the city if those already there are not viable. Businesses own most of that challenge, but government is not an irrelevant bystander.

Local manufacturers must understand the need for excellence in business and operations. Competition is global. Mediocrity gets weeded out. The bar rises daily. Are they ready to compete against the best in the world? They must understand the supply chain of their customers and make sure they are capable of being a critical and valuable link in that chain.

World-class just moved to town. The Toyota Production System (TPS), commonly referred to as Lean Manufacturing, is being emulated throughout the world and across

industries. The Toyota approach to business – The Toyota Way – is widely studied and highly respected. The success of Toyota cannot be denied. Virtually all industries in San Antonio would benefit by learning about and from your new neighbor.

Companies don't have to locate in San Antonio. The local government and related agencies must be experienced as a positive force if organic growth is to be maximized. Ramiro Cavazos, director of economic development in the mayor's office, acknowledges weaknesses in the One Stop Center, and vows to address them. Judy Ingalls, director of the SBDC Technology Center at the University of Texas at San Antonio reels off an overwhelming number of agencies (most known by acronyms) designed to support business. That supply of help could better meet its demand by making the vast array of available resources easy to navigate, and therefore, more productive.

Health care costs

Many companies are looking to Canada and its national health care insurance system as a means to avoid the spiraling health care costs in the United States. But others are applying the tenets of Toyota to health care. Manufacturers in Pella Iowa collaborated with local health care providers to reduce errors and wasted time. Why? Perhaps insurance premiums will be reduced in the future, but immediate gains are felt as employees are treated by the system more effectively and efficiently. Lean Health Care is spreading rapidly, as Iowa and Montana and Washington medical centers have quickly proven its application and benefits. San Antonio's medical providers can become an important competitive advantage for the city if they too learn from Toyota.

Infrastructure

SAMA should continue its vital and effective efforts in the un-sexy issues of water, utilities, waste hauling, roads and other public policies and decisions that are important to manufacturing. A regional commitment to recruiting green businesses and the focus on evaluating and planning infrastructure by SAMA and other local business agencies can ensure a viable foundation for growth.

Manufacturing is not dead. In fact it can be a key nutrient in the future health of San Antonio.

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