

-- Speaker 0 00:00:04 Make it right. The manufacturing podcast. Over the last

Speaker 1 00:00:10 Number of years, the us has been working to bring manufacturing back to America with the goal of jobs and industry that benefit the economy. It's an ongoing process that Harry Moser, the founder and president of the Reshoring Initiative has been championing for a number of years on Janet Eastman. Welcome to make it right where this week, Kevin Snook. And I continue our discussion with Harry on the challenges of reassuring us manufacturing. Yeah. Okay. So in a perfect world, how does reassuring nearshore and lean shoring all work together?

Speaker 2 00:00:46 Okay. First, just on, on reshore and first let me emphasize total cost of ownership, which we alluded to a little bit before. Okay. Okay. And we supply the, we have pre online on our website website, reshore now.org. Uh, we have the total cost of ownership estimator. So you sign up, you sign in, you use it and it starts the, the user puts in all the data and puts in the FOP price from the us and the other country it'll work fine for Canada, for example, too. And except there'll be in dollar us dollars. And, and then you, it, it calculates the duty of the freight and the carrying cost of inventory and their travel cost. And you do assumptions about, uh, quality differentials and the value of a main USA label. And also, and so 15, 20% gets added in to the offshore costs and we'll bounce off that much fob price differential.

Speaker 2 00:01:43 So, so to show you the power of this, uh, we had, um, uh, I took the first 180 cases of China versus the U S so I've got a chart and an, a, an a line chart, and it shows, uh, the Chinese price as a percentage of the us price. And in about 8% of the cases, the U S had the lower price, but in terms of total cost 32%. And in the case where there was a 15%Trump, Kara 46%. So just by doing the math correctly, you go from 8% to 32 or 46%. So just because you start to quantify all these other terms that most companies ignore. So the first thing, the simplest thing to get reshore and going or near shoring is to do the math correctly and make the right decisions. So all the readers it's free online music. Okay.

Speaker 2 00:02:40 So then you're, you're talking about nearshore we're. Um, we, I, my first allegiance is to the U S but, but we're very much in favor of a North American, uh, Alliance. If I were the czar of North America, I would have us Canada and working together to bring work back from Asia, put them more labor intensive logically into Mexico, because otherwise you can't afford it, but the more skill or, or technology intensive into U S and Canada, and I've got a study I did that concluded you realistically, you could bring a million jobs or more back to North America, more jobs to the other countries may be equal or more production to the U S and Canada, and, and, and, and have no impact on consumer pricing in North America. And yet you'd have Mexico would go from a poor problem, kind of a country to a very successful country. And the side benefit would be the us would then stop losing jobs to Mexico cause their wage rates would have gotten so high that they weren't quite as much of a threat to our manufacturing base. But I think there's great opportunities for, for North America.

Speaker 1 00:03:55 Okay. Uh, and lean shoring

Speaker 2 00:03:59 Showing is, uh, like I talked about before with, with, uh, Jim Womack, uh, uh, bring it back into, you know, lean wise, lean TCO is basically a lean concept because, uh, Deming who is sort of a, sort of a father Elaine, uh, quality, uh, he said, stop buying on the basis of price instead, uh, minimize total cost. So Lee TCL was laying, uh, you know, flow is laying, all these methodologies are linked. And if you do that and you're automated and you do skills clearly 20 or 30% of what's off shore would come back for the U S about 5 million manufacturing jobs, 40% increase.

Speaker 1 00:04:45 Okay, Kevin, I have to ask you because you're over in Asia and a lot of the manufacturing has been done over there. The last number of years, if, um, if countries started doing this reshoring how, how does the culture of manufacturing in Asia change?Because they're not going to fold up shop and walk away, so what are they going to do? Speaker 2

00:05:08 No. Well, the good thing is that the standard of living in many of those countries is --

-- growing, um, compared to our, it was 20 years ago. So there's a lot more servicing their own populations. And as you know, China and India have a huge populations that need servicing and they need to be brought up a level in terms of their GDP. So I think, uh, I think it's not going to be a huge issue. I don't think there's any way that Asia is going to stop moving forward. Um, there's so much, uh, in that, in that level of education in the way that education has been ramping up over such a period of time, uh, it's ingrained now and manufacturing is not looked at as a bad career. This is where I think there's a, there's this huge challenge for

Speaker 3 00:05:58 The West. There's the, it is looked at as a, as a, uh, as a negative, whereas over in Asia, it's a real positive career, right. Compared to you're still in that poverty compared to working in the field. So doing relatively menial jobs, you're in a pretty nice factory doing some pretty high-tech stuff. Um, and, and I think that's what needs to happen back in the West. Again, we need to be able to bring up that, that level of what manufacturing means and, um, and then be able to continue to grow. So I think in Asia, it's going to be okay, don't worry about taking some of the jokes back. I think what we need to be able to do is put a little bit of tension in the system. And I think what you'll see as the overall, um, rates of increase of capability go up and, you know, that's what lean and continuous improvement and all those things are about, right. And let's not make it right. It's about, we want to continuing making things better, but doing that throughout the world,

Speaker 2 00:06:55 I'd like to mention a couple of things. In addition to the TCO estimator free online, we have some charged services, uh, specifically for, um, bigger companies, OEMs. We can help them reevaluate their offshore and or, or domestic, and you help them use the TCU estimator to optimize. Second, we have a program, we call import substitution program for the SMEs, for the, like in Germany, the middle Shaun, the, the, the family owned job shop kind of people. Huh? And so a company can put up a product. They can say, I'm really good at making these. And then we can tell them who the biggest importers are of these and what countries they're bringing in whom they're buying them from roughly what they're paying for them. And then we train that mid-sized company to use TCO, to calculate how much the big company is going to save by going to the big company and showing them those advantages.

Speaker 2 00:07:59 So, so we work with the big company through that. We work with the smaller companies to convince the big companies to do it. And then we have another program where we have identified the supply chain gaps. So something a year ago, I would've said masks and gowns and gloves and penicillin. So, but I wasn't smart enough to do that. Okay. So, so we can identify maybe a thousand product categories where there's say a hundred million dollars worth of imports and nothing, or essentially nothing made here. So that's a supply chain gap. And then the idea is for companies to say, huh, I make something like that. I could fill that gap. I could become the only us manufacturer of that and take some of that market away or economic developers can go to the companies that we identify that are the foreign suppliers and convinced them to put a factory into Chicago or Louisiana or somewhere Canada somewhere and become the North American supplier of that product. So we've got some very nice programs, again, anybody's interested. So get in touch with us. We'd uh, w w every, every job you bring back gets me closer to my goal of 5 million back.

Speaker 2 00:09:11 I love the fact that you have these tools because I'm a big fan of transparency. And whenever a leadership team wants to make a decision, they need to have really good data. And what you're doing is you're providing with the TCO, you providing a free tool that they can actually get real transparent data on. And that's always good for decision-making. And so whether it's a free tool or whether it's your paid services, I think whenever people invest in getting real information, then they can make the smartest decision. And we're looking for people to do right. Kevin,

Speaker 1 00:09:47 Harry, I want to ask you about this, um, this replacement to the NAFTA agreement, it's called the U S MCA United States, Mexico --

-- Canada agreement. What's it going to play? How is it going to play into all of this reassuring? What impact is it going to have on

Speaker 2 00:10:03 Trade deficits? Are there aspects of the society and the economy? I say moderate, small, small to moderate. I think it had to be gone. The old one was on there. What, 20, 30, 40 years old. And it was outdated. The economy has changed. Technology, changed practice. Something had to be done. So it was, it was a good decision to do it. Uh, but if you look at the substantive facts in it, I think for something, for a product to avoid the tariff coming out of Mexico or Canada into the U S it has to, it has to now have 75% North American content instead of the 60%. So there's a small, small difference. And, and a certain percentage of it has to be made by people making \$16 or more an hour. So that's going to keep it out of Mexico and in us and Canada, or, or drive the Mexican wages off.

Speaker 2 00:10:58 I don't think that's going to happen, uh, soon. Uh, but the thing that nobody talks about in the articles is that product coming out of like, say Canada or Mexico into the U S that does not meet the criteria. The, the tariff is only 2.5%. So you've made some pretty high barriers, but easy to jump over or something like that. So, so, so if they had, if they had raised the tariff from two and a half to 10% or 15% for non-compliant product, that then, then it would have some real teeth in, you you'd see work flowing into, into North America because there was enough incentive. So, so I think it had to be gone a good, moderate, moderate impact, you know, not millions of jobs, maybe it's for the U S maybe it's, I don't know, 50,000 jobs I've been still 50,000 is a good thing to have. Yeah.

Speaker 1 00:11:57 Okay. So we're almost at a time Harry, we've taken up a lot of your time and I thank you very much. Um, but this reassuring initiative, you've been focused on the U S but I'm in Canada. There are people in Mexico. This is something that, and I think around the world, probably Kevin, and you can, you can let me know what you think, but I'm sure that in Australia, New Zealand and they've run into issues and they're thinking, well, we need to bring some of this back. So this is an opportunity for everybody right here.

Speaker 2 00:12:27 Exactly. I actually, our TCOs innovator is, uh, PO posted a refined, a revised version is posted at Cranfield university in the UK for people to use their, uh, we've talked to invest in small Quebec for doing it in Quebec. We've talked with next gen in Canada to do it there. Uh, I did a podcast with Tony comment or c'mon comment about a couple of weeks ago, uh, about this, uh, about a week ago, I did, uh, I participated in a session of the international democratic union, which is the center, right parties around the world, hosted by Stephen Harper. And it was all about reassuring. So there's clearly international interest enthusiasm for the, for this subject. And then again, we, we think that every country should make most of what it consumes. So we're here to help every country do that. As long as I'm not specifically pulling work out of the United States to go to the other country,

Speaker 1 00:13:38 I guess. So ultimately, and you've mentioned this a number of times through the conversation, Harry, um, the American public needs to change their perception on manufacturing and get themselves educated to match the skilled labor that is going on around the world.

Speaker 2 00:13:55 Correct? No question about it. And we need, you need the skills. You need smart people, you need skills and you need enthusiasm. There's people. I've had people come over to China, like in China, when Apple Apple had all of a sudden, they had the new piece that they needed to put, put together the product at the box factory. And so Foxconn goes to the Jordan store, rings a bell, 6,000 people wake up at midnight. They hand them the, you know, a bowl of rice and a cup of tea, and they work for 12 hours putting the thing together so they can ship it on time to Apple. Now, can you imagine in Canada, the U S people doing that? No, I can do it now, not today, but they can at least up their game and be really disciplined and really diligent and really, and train themselves and focus on. What's good for, for the team as a whole, you know, cause cause the competition out there is tough. And if you don't,

Speaker 3 00:14:52 I --

-- f you don't play in a game you're going to lose. And Kevin you've always talked about how, you know, all of those frontline workers that you deal with, they really want their companies to succeed because it means their income and their lifestyle and the benefits to their family, et cetera. So everybody's pulling in the same direction. Um, when you talk about the factory workers that you work with, yeah. I've never had somebody say, you know, um, come to work to not do a good job. Um, you know, they, they've got to pay for their kids' education. They've got to buy the new car they've got to, you know, and so they want the company to be successful. And to me, this all comes down to the leadership and it's the leadership that are listening to the podcast that need to be able to say, okay, what am I doing to make sure this is right?

Speaker 3 00:15:39 What am I doing to make sure that we're bringing in the very best of people? And I was talking to a company just about three weeks ago and we were talking about the culture in the company and it was, what would you want to do to this company in order to be able to the people that are on the front line, one, their brothers and sisters and cousins to work in this, in this business. Right? And, uh, and a moment that's not the situation. People are kind of almost a little bit embarrassed that they work in manufacturing and we got to turn that company culture around. So as Harry said, the very best people are getting into manufacturing and there's certainly a place for it. There's a need for it. Um, and all we've got to do as leaders is be the leaders and move forward in that direction.

Speaker 3 00:16:26 Perfect. Yep. Harry, it has been a pleasure talking to you. You are a wealth of knowledge and I am sure we're going to want to talk to you again. I hope you'll join us, then send me a link so I can push this out and get, get more viewers, but we certainly will. Thank you so much for joining us by Kevin, by Janet. Okay. Harry Moser is the founder and president of Reshoring Initiative. And Kevin Snook joins us every week. He's a manufacturing leadership advisor and he is based in Thailand. And that's our show this week, please check out our Twitter and LinkedIn feeds that are on the podcast page, subscribe and share the podcast with your friends and colleagues. We're on iTunes, Google play, Stitcher, Spotify and YouTube. I'm Janet Eastman. Thanks very much for listening to the, make it right podcast.

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