

# Vermont Manufacturing on the Rebound

by John Burton

First the bad news. The rise of overseas manufacturers competing with lower costs and higher efficiencies has caused less demand for traditional factory jobs here in Vermont. The 2013 VT Manufacturing Report stated that manufacturing jobs in Vermont slid by more than 25% in the last decade. Now the good news, the same report showed that the value of our manufacturing output increased by 70%. The average Vermont manufacturing worker is now producing 250% more than just a decade ago! I believe that the two key factors driving this increased productivity are the leveraging of advanced technology and Vermont's highly skilled workforce.

Vermonters now operate in a modern manufacturing world using complex computing systems and high-end technology. Software and automation weave together to do the heavy lifting in ways that weren't possible just a few years ago. Vermont manufacturing firms have also adapted their workforce as technology alters traditional roles and functions. Many businesses are embracing advanced sensors and robotics to help them thrive through innovation, while other firms languish due to aging investments and slower innovation. Growth also comes by hiring highly skilled employees when revenue increases due to new technologies and efficiencies.

## **Continuous Innovation vs Big Leaps**

There are two basic approaches to manufacturing innovation. The first one is, "bet the farm"--a dramatic break from the past by adopting new technologies and processes. The Vermont Manufacturing Extension Center (VMEC) is an important resource helping businesses make decisions about advanced manufacturing technology. As Lisa Henderson, a VMEC growth advisor, said "Most small businesses develop in stages. I only recommend taking big leaps about 15% of the time, but instead consider working through a series of smaller moderate technology investments more appropriate for their maturity level. Otherwise they may get bogged down with the implementation." For many, growing into technology happens the way a deer grows an 8 point rack, in phases over years with each generation of growth superseding the previous. As Lisa advocates, "Sometimes I advise my clients to consider investing in a new system that only lasts a few years. As long as it helps move them along the continuum of improving controls and structures, they'll see enough benefits to justify quickly moving to the next technology when it becomes available."

At Westminster Crackers in Rutland, a new ownership group took the “big leap” approach to implementing change. Within just a few years they implemented both an end-to-end Enterprise Resource Planning (ERP) system and reconfigured the manufacturing line for higher productivity and innovative new products. CFO Sally Pancheri says “implementing our ERP technology made a huge difference in meeting our product delivery promises and expanding the business. We now have instant visibility into our orders and inventory, resulting in a quick payback.” This investment was a significant break with the past where orders slowly made their way through the administrative office. Sally added “we bought a much bigger system than our size business usually implements, but it was worth it as we can now expand and not outgrow our systems. The key was to keep the configuration as simple as possible.” The net result is that Westminster Crackers shortened the closing of each financial period by 20 days.

North Hartland Tools, a leader in the design and precision manufacturing of high tech components, is taking a more incremental approach. Much of the growth at North Hartland has been achieved through continuously evaluating options before making investments in innovative technology. This approach helped them grow by 627% over the past 5 years. According to President John Mullen, “As costs fall, robotics have become a manufacturing reality for even the smallest company, especially now that we can intermingle them with skilled technicians. New technology doesn’t displace workers but instead challenges us to adapt the work to take advantage of our increasingly complex tools”.

### **Innovation, Investment and Intelligence**

Successful Vermont businesses rely on the integration of machinery, advanced software and a highly skilled workforce. This combination maximizes manufacturing efficiency, quality and affordability to keep Vermont competitive in the global marketplace. Many Vermont business owners are making the big investments in both technology and training to ensure that productivity per worker remains among the best-in-class.

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