PROACTIVE TECHNOLOGIES REPORTS

Proactive Technologies, Inc.
Human Resources Management for Tomorrow...Today!

Issue: February 2016

Proactive Technologies News

Recurring Training Cost vs. Decreasing Training Cost

Dean Prigelmeier, President of Proactive Technologies, Inc.

There is no way to avoid the recurring costs of classroom or online-delivered training. Historically, classroom training has been priced on a "per seat" or "per event" basis. It is model that has continued to today. Many online courses have used this pricing structure, as well, probably because it is familiar to everyone. Some online training providers offer "block pricing" based on number of course credits offered or "subscription pricing" based on the number of attendees during a set time frame. Nevertheless, these are recurring cost models given thorough scrutiny by accounting departments for evidence they are necessary and "add value to the business model."

In the November and December issues of the Proactive Technologies Report's two-part article titled, "Costs Associated With Unstructured, Haphazard Worker Training," I touched on the notion that there is another approach to worker development that can clearly be seen as more of an investment than recurring cost. It is the formation of a job task-based, structured on-the-job training infrastructure that, once established, has declining per person costs for each additional trainee.

All factors considered, this is more like a "return on worker investment" model.

Training is occurring at all corners of an operation, all the times, whether anyone is aware or not. One person shows another person how to perform a required task of the job. It is often hard to see, hard to explain, hard to control for consistency and hard to document since it operates on a ad hoc, haphazard and unstructured basis. Miraculously it produces some skilled workers or we would not see any product or service output. But I believe everyone instinctively sees this as nothing more than a "seat of the pants" approach with malperformance as the only metric of ineffectiveness - which can be costly.

By simply structuring the unstructured an employer can take

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Online Presentation Schedule

If interested in attending one of the presentations below click on the date and fill in the "Contact Us" information specifying the date/time of choice. An invitation and link will be sent to you.

Click here for descriptions of the following presentations.

ANY EMPLOYER:
If You Can't Find Skilled Workers, Develop Your Own (45 minutes)
Tuesday February 23rd, 2016
7:00 am MT (9:00 am ET)

Thursday February 25th, 2016
1:00 pm MT (3:00 pm ET)

Tuesday March 1st, 2016
9:00 am MT (11:00 am ET)

ANY EMPLOYER
Building a Low-Cost, Highly Effective Worker Training System (45 minutes):
Tuesday February 23rd, 2016
9:00 am MT (11:00 am ET)

Thursday 25th, 2016
7:00 pm MT (9:00 am ET)

Tuesday March 1st, 2016
1:00 pm MT (3:00 pm ET)

EDUCATION, WORKFORCE AND ECONOMIC DEVELOPMENT ORGANIZATIONS
Adding Employer-Specific Structured OJT to Your Training Support Strategy (45 minutes)
Tuesday February 23rd, 2016
1:00 pm MT (3:00 pm ET)

that which has marginally worked and make it deliberate, measurable and controllable. Read more.

Training The Skilled Labor You Need - An Investment That Keeps on Returning

Dean Prigelmeier, President of Proactive Technologies, Inc.
In a recent Manufacturing Institute-Deloitte survey, 82% of manufacturers surveyed reported encountering a **moderate or serious shortage of skilled workers to fill their positions**. Over the next decade it is expected 3 ½ million manufacturing jobs will likely need to be filled. Skill gaps are expected to result in 2 million of these jobs remaining unfilled. More than 75% of manufacturers report that the skills shortage has hampered their ability to expand and 69% of manufacturers expect the shortage in skilled production workers to worsen.

In a recent article in *IndustryWeek* by Glenn Marshall - formally with Newport News Shipbuilding - entitled "Closing the Nation's Skills Gap," Marshall discusses a program used during World War II to rapidly develop the skilled workers needed to quickly ramp up U.S. manufacturing to meet the needs of the war effort. Obviously there was a shortage of skilled workers; U.S. manufacturing had never been required to produce at such levels. In many cases workers were using new technology, so skilled workers could not possibly be available. The need was exacerbated by the fact that the world was in crisis. Read more.

Internships of Value - For Employer AND Intern

Stacey Lett, Regional Manager - Eastern U.S. - Proactive Technologies, Inc.
In my college years, a number of my classmates participated in internships in an effort to gain real-world work skills and experiences, and to be able to add a line to their resumes. Over the years when we compared notes, it seems the results varied from company and by job area. But the common sentiment was that the experiences were not as helpful to building workplace skills and personally fulfilling as they could have been.

According to a NACE ("National Association of Colleges and Employers") 2015 survey entitled "Internship & Co-op Survey," "The primary focus of most employers' internship and co-op programs is to convert students into full-time, entry-level employees (70.8 percent and 62.6 percent, respectively)*." So, it appears most employers view internships as a potential recruitment tool and a way of evaluating candidates for employment.

"Shadowing" without being able to touch and interact can be

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done with a DVD at home. Fetching coffee and making sure the break room is stocked with paper plates and napkins do not test the skills developed after 12 years of educational learning and 2 or 4 years of technical and academic study. Do not get me wrong, those who were paid while interns are appreciative for the opportunity and the resume line. However, they all seemed to wish they could have been able to learn and experience more. Read more.

Task-Specific Performance Reviews - An Accurate Metric for a Structured On-Job-Training Outcome

Dean Prigelmeier, President of Proactive Technologies, Inc.

We have all been through it. For decades this has been the topic of comedy shows and movies...the dreaded annual performance review. And when it is over, we might tell our confidants how non-reflective of reality and unfair it was. We calm down over the next few months and grow more anxious each month as we get closer to the next one thinking we are at its whim.

Why are they used? Are they supposed to be a good measure or performance or just a way to meet a human resources department obligation. More times than not they seem like a justification for not giving a wage increase than guidance on how an employee can continually improve and contribute to the organization.

It is bewildering why management would spend the time and money, and risk employee morale time and again, on a employee measurement that isn't.

Conceptually, the performance review has a purpose. It is to measure employee performance during a review period, identify areas of weakness and strength, and offer guidance on how an employee can improve on shortcomings and expand potential. But that is only possible if it is accurate to the job classification against which an individual is measured. Read more.

Use Business Cycle Lulls to Develop Unused Worker Capacity...With Minimized Costs

Dean Prigelmeier, President of Proactive Technologies, Inc.

For those of us who have been around a while, business cycles come and go. Yes, there are the not-so-typical but horrific business disruptions like the S & L Crash of 1986, Stock Market Crash of 1987, Dot.com Crash of 2000, and the Crash of 2008 (with scandals like the SBA and HUD woven in between),

but if a business is run sharply and lean enough to survive these disruptors they most likely focus on using the downward part of the a busy cycle to perfect their operations, build capacity and prepare for the upward part of the cycle.

One important business asset is often overlooked in this preparation. A lot can be done to build and increase worker capacity (during a period when workers are paid to perform at less than capacity) so that they, too, are ready for a sustainable recovery on the upward swing. An employer is paying labor costs for each worker it retains through the slump anyway. Why not utilize every labor dollar spent in a downturn to make it worth more on the upturn? Read more.

Industry News

A Trend That Never Left The Station: Offshore Outsourcing Far Outpaces Reshoring

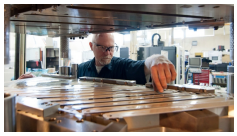
Manufacturing and Technology News

The "reshoring" trend of American companies bringing production back to the Untied States because of low domestic energy prices and surging labor rates in China is a myth, and always has been a myth, according to A.T. Kearney.

The company's latest U.S. Reshoring Index indicates that offshore outsourcing of American manufacturing production continues to grow at a faster pace than reshoring of production back to the United States. It also finds that the number of factories that have returned to the United States is tiny.

In 2015, A.T. Kearney could only identify the return of 60 factories back to the United States. Many of these were small facilities, and three-quarters of them were cases of companies returning to an existing building and starting up old equipment, "and in some cases even pulling people out of retirement to operate it," says A.T. Kearney Partner Patrick Van den Bossche. Read Article

5 Moves to Make Before Growth Returns



IndustryWeek

Last year at this time, the North American manufacturing industry looked much different. Growth was still found in most factories then, leading to justifiable optimism. Not this year. Instead, we enter 2016 with a sense of foreboding. November marked the first decline in U.S. manufacturing activity in three years. Canadian firms have been hit even harder.

And yet it won't stay this way forever. If history proves anything

it's that business cycles come and go, which here means that growth will return. Here are five things to do before it does: Read Article

NAM Offers Blueprint to Bolster Manufacturing Competitiveness

IndustryWeek

"We're Americans. We want to win. We like to succeed," Jay Timmons observes as he begins a cross-country "State of Manufacturing" tour that will take him to seven states over the next week. But Timmons, the president and CEO of the National Association of Manufacturers, says American manufacturers' ability to compete successfully is hampered by a wide range of public policy issues that must be addressed if the United States is to maintain its "mantle of economic leadership."

To aid in that effort, NAM has released a "Competing to Win" agenda offering policy recommendations for government leaders. The agenda, Timmons said, will provide political candidates with a blueprint that will "ensure that the manufacturing sector continues to strengthen and positions us well for the future." Read Article

Precision CNC Machining Plant Due for $30-Million Expansion

American Machinist

Protomet Corporation, an Oak Ridge, Tenn., manufacturer supplying precision component parts for automotive manufacturing and other industrial sectors announced a $30-million expansion to add 100,000 sq.ft. of production space, adding to its manufacturing capabilities as well. The project also will add an estimated 200 jobs over the next five years, according to the company's management.

No specific details of those new capabilities were released. Protomet promises "start-to-finish services" for its clients, including CAD design and rapid prototyping, and three- to five-axis CNC machining. The CNC machining operations are highly automated, with robotic loading and palletized systems that maximize spindle run times. Read Article

Rolls-Royce Wins $2.7 Billion Contract from Norwegian

Agence France-Presse

British aircraft engine maker Rolls-Royce announced Monday that it had won a lucrative engines contract from Scandinavian carrier Norwegian in a deal worth $2.7 billion.

"Rolls-Royce has won an order from Norwegian for Trent 1000 engines ... for 19 new Boeing 787 Dreamliner aircraft," the company said in a statement, adding that the deal included long-term service support. Read Article

AHA urges CMS to share, apply lessons learned from eCQM demonstrations

AHANews

The AHA today urged the Centers for Medicare & Medicaid Services to consider provider experience to date and evidence from electronic clinical quality measure (eCQM) pilots and demonstrations as it develops future rulemaking for eCQM reporting. Responding to CMS's public request for information on the issue, Ashley Thompson, AHA senior vice president of public policy analysis and development, recommended CMS clearly state its plans for the transition from chart-based reporting to electronic reporting across CMS programs, and communicate how those plans align with eCQM submission requirements of The Joint Commission and others. It also asked the agency to expand and enhance eCQM education and outreach efforts to support electronic reporting of eCQMs in 2016. Read Article

Financial News

U.S. Geological Survey report Comparisons of U.S. Net Import Reliance for Non-fuel Mineral Commodities -- A 60-Year Retrospective (1954 - 1984 - 2014):

USGS - National Minerals Information Center

The economic vitality and national security of the United States depend on the reliable supply of numerous non-fuel mineral commodities. Over the past six decades, many of these commodities have been sourced increasingly from outside the United States. The mix of commodities for which the United States is import dependent has changed as technologies have advanced, as substitute materials have been developed, and as world economies have changed. Although reliance on imports is only one of the many factors that determine supply risk, a clear, long-term trend has emerged from the data compiled and published by the U.S. Geological Survey, National Minerals Information Center (USGS-NMIC), and its predecessor organizations. Because the global distribution of mineral resources... Read Article

US Economy Loses Momentum in Fourth Quarter

Agence France-Presse and IndustryWeek Staff

The U.S. economy slowed sharply in the fourth quarter last year to a 0.7% pace of

growth, due to the oil price crash and the strong dollar's drag on exports.

Consumer spending slowed somewhat, but spending on homes held up in a sign of some tenacity amid a global economic slowdown and market turbulence.

It was the second straight quarterly deceleration, and a bit worse than the 0.9% rate that analysts had forecast. Gross domestic product expansion was 2.0% in the third quarter of 2015 and a brisk 3.9% in the second. Read Article

The New and Improved R&D Tax Credit: The Tax Deal Manufacturers Will Be Celebrating for Years to Come

Michael Siegel, Managing Director, alliantgroup

Last month, a lot of coverage was given to the $600 billion plus tax deal passed by Congress and signed into law by the president. However, there is one specific provision of that deal that will have manufacturers celebrating a major long-term windfall starting in 2016 and in the years ahead.

Specifically, I am referring to the changes made to the Research and Development (R&D) Tax Credit, which through major bipartisan efforts was not only made permanent, but includes a key modification that will greatly expand the number of companies that can claim what is still (at $10 billion in annual tax savings) the largest tax credit out there for U.S. businesses. Read Article

International News

EU Pushing for TTIP Talks' Completion, Hefty Trade Agenda in 2016

ICTSD International Centre for Trade and Sustainable Development

International Centre for Trade and Sustainable Development

The upcoming year is expected to be a busy one for EU trade negotiations, with the 28-nation bloc aiming to conclude talks for a trade and investment deal with the US before the end of the Obama presidency, while setting in motion various other processes with countries around the globe - all amid an uncertain economic and political landscape.

During a speech in Berlin late last week, EU Trade Commissioner Cecilia Malmström outlined plans to advance the bloc's existing and new trade agenda, stressing that one of the key areas for making progress would be the Transatlantic Trade and Investment Partnership (TTIP) negotiations with Washington.

"The EU is ready to finish this agreement under the Obama Administration. We have the political and human resources to do that. However, the US must also be prepared to commit if we are to get a result," said Malmström. Read Article

Davos: Global Economy Prospects, Risks in Focus at High-Level Meet

International Centre for Trade and Sustainable Development

The World Economic Forum's (WEF) Annual Meeting in the Swiss town of Davos drew to a close on Saturday, with the state of the global economy one of the main topics dominating the agenda for the four-day gathering.
Coming at a time of global growth forecasts that are once again gloomy, the 20-23 January meet brought together thousands of people representing international organisations, country governments, civil society groups, academia, the private sector, and media.
The four-day meet had as its official theme the "Fourth Industrial Revolution," reviewing the question of how technological innovation could boost efficiency and productivity, and what risks there may be for potentially increased inequality and job losses. Read Article

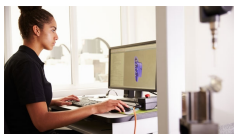
Dutch Police to Counter Drones With ... Eagles

Agence France-Presse

Dutch police are turning to a phalanx of winged predators to solve the problem of unauthorized drone flights in restricted areas like airports and crowds: eagles.

Police officers, who are looking for the best way to intercept unauthorized drones, are conducting tests with the birds of prey together with a specialized Dutch company called Guard from Above, a police spokesman said on Wednesday. Read Article

The 2016 World Economic Forum Misfires with its Fourth Industrial Revolution Theme



IndustryWeek

Global business leaders, heads of state, public intellectuals, and NGO's will be making their annual pilgrimage to the tiny ski resort village of Davos, Switzerland on January 20th- 23rd. The forum is a unique venue crafted by the German economist, Klaus Schwab, more than 40 years ago. Its primary mission is to engage the world's elite in future forecasting, with the objective of preparing them for "the next big thing."

While the central theme of each year's forum is often spot on and, more often than not, inspiring and thought-provoking,

occasionally, the forum misfires.

This year, the central theme is the Fourth Industrial Revolution. Professor Schwab introduced the theme in a lengthy essay published in Foreign Affairs in December 2015. He argues that we are on the cusp of a Fourth Industrial Revolution that will fundamentally change the way we work and live in the coming decades. Much of the essay's text eloquently describes the vast technological changes brought on by the digitalization of economic and social life and its disruptive impact on conventional business practices and social norms. I don't disagree. Where I take exception is with Professor Schwab's suggestion that these initiatives represent a Fourth Industrial Revolution. Read Article

TPP Countries Sign Trade Deal, Counter Chinese Power

Agence France-Presse and IndustryWeek Staff

The biggest trade deal in history was signed Thursday, yoking 12 Pacific rim countries in a United States-led initiative aimed at wresting influence from booming China.

The ambitious Trans Pacific Partnership (TPP) aims to slash tariffs and trade barriers for an enormous 40% of the global economy - but pointedly does not include Beijing. Read Article

The Mexican health care system has made great progress during the last decade - but the remaining challenges are daunting

OECD

The OECD Review of Health Systems: Mexico 2016 finds that the share of the population exposed to unaffordable or impoverishing health care costs has fallen from 3.3% to 0.8% of the population in the past decade. Key indicators such as infant mortality, and deaths from heart attacks or stroke, as well as patient satisfaction rates, have improved as a result of a better access to affordable health care services. And ground-breaking efforts to keep Mexicans healthy - like the sugar tax, food labelling and regulations for adverts targeting children - are well-designed and internationally innovative policies.

But a number of daunting challenges remain. Rates of overweight or obesity within the adult population increased from 62% in 2000 to 71% in 2012, and one in three children is now overweight or obese in Mexico. More than 15% of adults have diabetes - more than double the OECD average of 6.9%. Deaths from heart disease have decreased by only 1% since 1990, in sharp contrast to the 48% reduction seen across other

OECD countries. As a consequence, the gap in life expectancy between Mexico and other OECD countries has widened from about four years to almost six years over the past decade. Read Article

Education, Training & Organizational Development News

"Corequisite remediation" promotes student success

Community College Daily

States that have adopted policies on "corequisite remediation" have been able to triple student success rates in a quarter of the time it takes underprepared students to complete introductory college-level courses in math and science, according to a new Complete College America study.

Students in corequisite remediation enroll directly into courses that count toward their degree while they receive academic support alongside their regular classes. Additional mandatory class periods or customized support in a companion lab provide academic support within a college-level course. Read Article

A Wake-Up Call for Work-Based Learning

Esra Ozer, President, Alcoa Foundation

As the 2016 presidential race heats up, Americans will be looking to the candidates for their ideas on bolstering the U.S. economy. The ideas can't come soon enough: 7.9 million people remain unemployed in the U.S., according to the U.S. Bureau of Labor Statistics. Yet, so many of them could be gainfully employed today -- and on track to the middle class -- if they had the workforce-ready skills needed by employers.

In the manufacturing sector, nearly 3.5 million manufacturing jobs will likely need to be filled over the next decade. However, because of the skills gap, two million of those jobs are going unfilled, according to the Manufacturing Institute's 2015 Skills Gap Report. The report points to two major contributing factors: Baby Boomers retiring and taking their skills with them, and advancements in the manufacturing sector that many existing workers aren't qualified to meet. Read Article

Degree disenchantment

Community College Daily

A bachelor's degree in criminal justice paved the way for Leticia Cervantes to become a licensed private investigator. But after a few years in the business, usually checking on unfaithful spouses for local attorneys, she craved a more reliable income and regular work hours.

Her solution: Go back to school and learn cosmetology.

"I made the move because the economy is so unpredictable," said Cervantes, 37, who in December received a certificate in cosmetology from Del Mar College in Texas. "My sister has always taught me that in times of economic crisis, people won't hire a private investigator, but women will always get their hair and makeup done." Read Article

N.Y. colleges, businesses partner on internship program

Associated Press

New York's public university system, which includes community colleges, and The Business Council have launched a database to match employers with prospective student interns, saying it would save companies from having to sift through stacks of resumes and help prevent students from landing in unproductive internships.

State University of New York (SUNY) Chancellor Nancy Zimpher announced the InternShop venture as part of her annual state of SUNY address in Albany. SUNY and Business Council member companies will have exclusive use of the database through the spring 2016 semester. Starting this summer, any school or business that is a member of the council can use it. Read Article

Environmental, Health & Safety News

U.S. Companies Pay $62 Billion Per Year for Workplace Injuries

EHS Today

Workplace injuries and accidents that cause employees to miss six or more days of work cost U.S. employers nearly $62 billion in 2013, the most recent year for which statistically valid injury data is available from the U.S. Bureau of Labor Statistics (BLS) and the National Academy of Social Insurance, according to the 2016 Liberty Mutual Workplace Safety Index. That is more than $1billion per week spent on the most disabling, nonfatal workplace injuries.

The 10 leading causes of the most disabling work-related injuries account for more than $51 billion, or 82.5 percent of the total cost of $62 billion. Overexertion, the No. 1 cause of serious or disabling workplace injuries, accounted for nearly 25 percent of the total. Read Article

A Breath Away from Catastrophe: Creating Mindful Work Environments

EHS Today

"He was a boy who loved to hear tales where the hero's life was always one breath away from catastrophe."

I was perusing possible gifts for my grandkids this past Christmas when I read this line on the cover jacket of the book "Spirits Princess" and thought about how exciting and entertaining this book might be. What really captured my attention was the phrase "one breath away from catastrophe."

How many times in our lives have these words been meaningful? I can recall a few near-catastrophes in which I was literally one breath away from a serious accident. I remember sitting in my car after losing control on the first icy road of my driving career; I was one breath away from going down an embankment. Read Article

Don't be Unprepared for an OSHA Inspection

EHS Today

For the thousands of companies that have been through an OSHA inspection since OSHA's inception in 1971, the experience has ranged from scary and nerve wracking to polite and professional.

Each inspector typically has pet peeves based on past experience. Some are sticklers for electrical issues. Some are hyper aware of power tools.

You actually can learn a lot about cooperation and collaboration through the experience. Having said that, there's always a looming fear of discovery and paranoia surrounding an impending OSHA inspection - much like the fear and nervousness we face when we're dealing with an IRS audit. Read Article

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