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MANUFACTURING COMPETITIVENESS

THE CASE FOR CORPORATE TRAINING INVESTMENTS



incourage
community foundation

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Introduction

Welcome to Workforce Central's guide to helping Wisconsin manufacturers understand the value of their training investments, and how to use that knowledge to create bottom line results.

In this guide we examine good practice examples of employers who are actively tackling the issues of workforce development and finding value in doing so, no matter what their business situation or the economic circumstances.

Data about training investments, both tangible and intangible, are critical to demonstrating the return on investment training provides to businesses.

Understanding how best to capture that data and put it to use in serving a company's business goals is one of the imperatives under which this guide was crafted.

Thus, we have provided here some brief instructive profiles on several central Wisconsin manufacturers and their approaches – including cultural and financial – to training, why training is important to them, and how it is conducted. Additionally, we provide tools to help all manufacturers gauge the success of training in their own organizations and to see how they, too, can put together training initiatives that provide long-term, sustainable benefits to their company, shareholders, and employees.

One of the most important take-aways from this research was captured from a company that believes that the training and support being offered by Workforce Central can be a unique opportunity to elevate the entire community broadly. As so many manufacturers' interests and goals are common, participation in Workforce Central, it is believed, can provide a consistently positive environment, help move the community beyond its current economic struggles, and elevate the community as a whole. That, of course, is a sizable challenge. But we think the information and tools provided here are beneficial steps in supporting central Wisconsin's manufacturing sector and can help them sharpen their competitive edge, both regionally and globally. We welcome your support and input.

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executive summary



Manufacturing is leading America's comeback from its recent, and devastating recession, and manufacturing in Wisconsin has been, and will continue to be, a primary source of its economic growth. Manufacturing firms in the U.S. employ over 13 million people in good-paying jobs, represent about two-thirds of U.S. research and development expenditures, and account for more than 80 percent of all U.S. exports. U.S. factory output in 2010 rose to \$1.95 trillion. In Wisconsin, the Wisconsin Economic Development Corporation has specifically targeted manufacturing as a strategic growth opportunity for the state. Among the many types of manufacturing in Wisconsin, those that are "place-based", i.e. interdependent with local resources, hold much promise for the resurgence of Wisconsin's economy. In Wisconsin Rapids, paper, chemicals and food/agriculture demonstrate a strong opportunity to continue to grow the region's prosperity. According to the Manufacturing Extension Partnership (MEP) at the U.S. Department of Commerce, manufacturers must focus on five things if they want to be successful: continuous improvement, technology acceleration, supply chain, sustainability and workforce development.

This guide looks specifically at how several Wisconsin manufacturing companies conduct and invest in workforce training to support the other four components of successful manufacturing, and how they determine training's value to their operations.

Central Wisconsin, in spite of the manufacturing growth opportunities, faces challenges in expanding its manufacturing base and supply chains. The region's economy was, for too long, based primarily around the pulp and paper industry and agriculture. The acquisition of many other types of manufacturing skills by the local residents was little encouraged outside of trade and craft skills. Now, it is up to the community to reskill its workforce to serve not just the remaining paper mills, but other – growing – manufacturing sectors as well.

This guide focuses on five companies' investments in training and the reasons they make those investments. Their training programs are as varied as their businesses, but there are common elements across all five companies that support their workforce productivity:

- Company Commitment
- Employee Awareness
- Front Line Leadership
- Innovative Thinking

As corporate investors in training, they all participate in the Workforce Central Manufacturing CEO Peer Council, a group of businesses that come together periodically to discuss their business issues including, but not limited to, training. Workforce Central, as an intermediary in the community, acts on behalf of the businesses to help them solve those problems. Workforce Central is one of many "workforce partnerships" across the country sponsored, in part, by a group of national philanthropies called the National Fund for

Workforce Solutions. One of the core tenets of the Fund is the proliferation of workforce partnerships across the country to help support economic growth through workforce development. Employers that participate in these partnerships can expect:

- **Greater Productivity:** Employees' skills will become better aligned to the skills needed by the company, resulting in greater effectiveness and efficiency at the plant.
- **Better Trained Employees:** As more training providers understand companies' skill requirements, and employers gain more and better access to training, employees will be trained in industry-specific skills.
- **Reduced Turnover:** With the right training, employees will be better matched with their job descriptions, and have access to training and career ladders, and they will be more inclined to stay.
- **Better Pool of Job Applicants:** As more community resources are devoted to training people in the appropriate skills needed for the company and industry, the pipeline of qualified applicants will expand to support business growth.
- **Cost Offsets:** As productivity goes up, turnover goes down, processes become more efficient, and barriers to productivity are reduced. Public training monies can be accessed to train people for jobs or support internal training, reducing corporate training costs.
- **New or Enhanced Relationships:** Workforce development relationships will be enlarged to partner with education and training providers, business advocacy organizations, other employers, community-based organizations, labor unions, MEP centers, foundations and workforce investment boards. Collaboration increases economies of scale and access to resources.

Following this section are brief company profiles, each of which provides specific information about the companies' business contexts, some of their training programs, training benefits, human resource policies that support training, and organizational commitments to them. Lastly, three tools are provided to help manufacturers of all sizes conduct return-on-investment (ROI) analysis using both simple and sophisticated methods.

To facilitate these outcomes, employers in workforce partnerships must also accept some responsibilities:

- **Identify Desired Goals and Outcomes for Your Company's Participation:** Tell your partners what your company's skill needs are and work with the providers to develop the kind of curricula and training your company wants from them; acknowledge there are no "quick fixes" for long-term growth and success.
- **Communicate Expectations and Provide Honest Feedback:** Be open about your expectations so that your partners don't have to guess at what works for you.
- **Review Internal Processes for H.R. and Training:** Are you creating an environment of continuous learning? Does your company culture reinforce its training? Are you paying market wages? Do you have career ladders? Do you conduct an employee satisfaction survey each year?
- **Provide Access To and Understanding of Your Company and Industry:** Potential workers won't know about your business unless you provide mentorships, apprenticeships, internships and career awareness events to get them excited about today's manufacturing.
- **Collaborate with Other Employers to Leverage Workforce Development Resources and Share Tasks:** Compare notes on training, benchmark activities such as training hours or delivery, share the successes, raise the bar collectively for workforce development, and expect everyone to put skin in the game.
- **Gather Data to Evaluate Efforts and Quantify Successes:** We all know the saying "What gets measured is what matters."
- **Be A Champion for Workforce Development:** Speak out on the importance of training and get involved in value-added activities that will make the changes you want to see happen.



Corenso North America

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about the company

Corenso was founded in 1992 and is one of the world's leading producers of high-performance cores, tubes and high-quality coreboards. Corenso's range of products includes edge protectors, aluminium and fibre based paint cans. Corenso operates three coreboard mills and 15 core plants world-wide; this profile focuses on the plant in Wisconsin Rapids: Corenso North America.

In 1892, the Wisconsin River Pulp and Paper Company started pulp and paper production. The company name was changed to Consolidated Water Power and Paper Company in 1902 and paper production began in 1904. The company grew through expansions and by acquiring other companies in the Wisconsin River area. The name was changed to Consolidated Papers, Inc. in 1962. In 2000,

Corenso obtained ownership of the board mill and core plant in Wisconsin Rapids through parent company Stora Enso Oyj's acquisition of Consolidated Papers, Inc. Consolidated was the largest producer of coated fine papers and supercalendered printing papers in North America when it was acquired.

Corenso is now the world's leading producer of high-strength coreboard. Corenso coreboard mills in North America, Finland and France supply coreboard to markets all over the world. Corenso produces a wide range of cores and tubes for use in a variety of applications. Customers include not only companies in the paper and board industry but also producers of plastic films and foils, flexible packaging, metal products, medical tapes, textiles, straps, cables, cash-register and fax rolls, and photographic films.



background

In Wisconsin Rapids, coreboard has been produced since before 1930, when the company, as a division of Consolidated Papers, produced coreboard primarily for use by its own paper mills. The majority of their business was conducted internally and pricing was protected by company policy. The unit did not have to compete on the open market, but they did have three customers in the region that had been buying coreboard from them for 30 years.

However, as the paper business grew more competitive and global, Consolidated demanded from the unit competitive pricing based on the external market. That new demand signaled the transition's beginning. From there, the global business environment would drive changes in Consolidated's paper business from the inside out and outside in.

Along with the process and equipment changes the coreboard unit implemented, they mothballed their old paper machine and converted an idled fine paper machine to a world class board machine. They moved from a protected pricing

environment with few products, internal customers and no competition, to a unit now focused on the external market and competitive pricing. They maintained their autonomous status within the company after it was purchased by Stora Enso, but were required to develop their own (new) business functions: human resources, financing, and marketing. These functions were previously managed by Consolidated Papers. Today, they continue to face considerable competitive pressures and are supporting their changes, in part, through a training approach that has produced greater productivity and an improved safety record.





organizational commitment to training

Training is an integral part of Corenso's business strategy and is reflected in their "Strategy Template" which includes increasing education at all levels of the organization, developing competitive and motivated people, and developing the next generation of Corenso leaders.

Throughout the transition, Corenso has taken responsibility in helping its employees understand the changes. Reinforced at the line level by floor managers, communications from management include:

- Monthly management/union meetings;
- Transparency of financial information and annual goals;
- Twice yearly management meetings to talk about plans and to take questions from the floor;
- A shared responsibility for management discussions in which the unions facilitate the communications.

The transition and new business model has demanded of all employees that they work and think in new ways. They need to be smarter, faster, and more efficient. All employees need to understand Corenso's value chain and are assigned more responsibility for their work and its effect on productivity. Training is provided to enable employees to meet the new productivity standards and keep the workplace safe.

training and human resource policies

Corenso uses a holistic approach for its training, with all functional areas receiving training in a logical, step-wise fashion. Corenso is a 24/7 operational environment, and they are required to consult with their unions about training design and implementation for the crafts and trades workers.

Union contracts specifically address the conduct of mandatory training; voluntary training requires union consent. Plant training is paid for through the operations budget, and semi-annual reviews of training provide guidance on training effectiveness. The training schedule is based on business conditions.

Corenso management receives training in leadership, communication and effective management skills, and younger managers participate in supervisory training at Mid-State Technical College, a partner with Workforce Central. "High Flyers" are encouraged to participate in training offered by the corporate offices, called Stora Enso Management Programme (SEMP).

Corenso's front line workers are union crafts and tradespeople, as well as blue collar employees. The union is in charge of identifying training for its members and managing their career mobility. For blue collar workers, Corenso provides safety, orientation and environmental training. Some of this training is provided at the worksite, and some is via computer.



training benefits

Tom Janke, President of Corenso North America, says that the results of Corenso's training investments demonstrate an improved safety record, as well as improved productivity and innovation. They have reduced fixed costs and have increased sales to new markets.

Headquarters is redesigning the employee satisfaction survey to capture employee thinking in light of the changes, and there is a certainty that operations are safer and more productive.





ERCO Worldwide (USA) Inc.

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Trading Symbol: SPB on TSX



about the company

ERCO Worldwide (USA) Inc. is a division of Superior Plus LP headquartered in Toronto, Canada. Superior has nine specialty chemical plants around the world, including one in Port Edwards, Wisconsin – a stone's throw from Wisconsin Rapids – and its most profitable facility in the ERCO system. Specialty chemicals are 41 percent of Superior's business, and Superior Specialty Chemicals has a strong market position that focuses on operational excellence, quality service and high safety standards. ERCO Worldwide – in business since 1897 – strives to be a global leader in the supply of chemical technologies, products and solutions that help industrial customers create profitable and sustainable businesses. Currently, it is expanding into South America.

background

Since the 1960s, the Port Edwards facility saw several owners until its purchase by Superior. From 2007 to 2009, the facility, which manufactures liquid chlorine, hydrochloric acid, sodium hydroxide and potassium hydroxide, underwent a \$135M conversion from its mercury-based processing to one that is membrane-based. This conversion was designed to remove elemental mercury from the manufacturing process, reduce cell room electrical consumption, and increase the long-term usage of the site. An increase of production capacity and reduced electrical consumption by 25 percent each were the results of this conversion. But as is so often true, once new and more efficient technologies and processes are put into place, a need to retrain workers to the higher standards of those



conversions became vital to smooth functioning and increased performance. Thus, in 2009, ERCO Port Edwards decided that all employees at the facility should receive critical core manufacturing training over the subsequent two years, in addition to professional development already being offered.

organizational commitment to training

Training is critical to ERCO Worldwide and its commitment is demonstrated at the corporate level as well as local plant sites. ERCO is currently creating a corporate university to increase the consistency of learning among its employees, as well as knowledge exchange. The university will focus its training on safety, supervisors, information technology and organizational values and culture, and will develop pilot programs and return-on-investment metrics to be tested and rolled out to business units.

At the plant level, ERCO is driven by strict safety standards and are held accountable by multiple federal agencies including the Environmental Protection Agency, Wisconsin Department of Natural Resources, the Department of Transportation, and the Department of Labor's Occupational Safety and Health Administration (OSHA). Thus, much of the plant-level training consists of operations-specific education and, annually, the Operations Department at ERCO

Port Edwards conducts an employee survey to understand how best to prioritize training in the coming year.

The target population for training is:

- Entry-level
- Maintenance Workers
- Operators
- Supervisors
- Managers
- Technical and Professional Staff

Training at ERCO Port Edwards (and their other place-based sites) is paid through the operations budget, with several line items that cover the cost of training both on-site and at Mid-State Technical College. However, the biggest training expense is considered to be overtime wages. ERCO Port Edwards does not track costs of hourly or salaried pay related to training delivered.

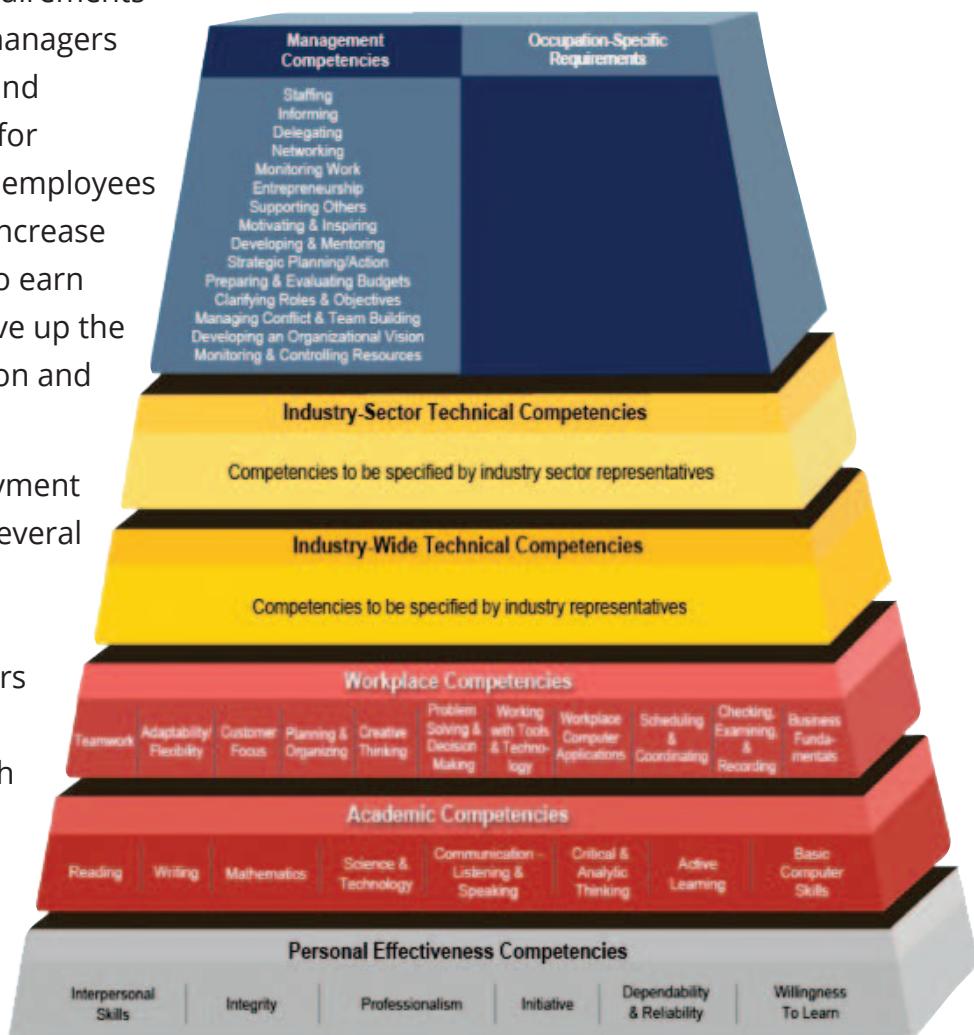


ERCO offers a “skill block” system for job progression, and while it is not specifically called a career ladder, it is – in essence – just that. There are separate, and well documented, groups labeled 1 through 6 with skill levels, performance demands, and wage increases clearly attendant to each. Employees can see what they need to progress to the next block, get on-the-job or outside training and move up from block to block. Within the first four blocks, most training is conducted on-site and on-the-job through mentoring. Once an employee reaches blocks 5 or 6, there are leadership requirements and off-site training. All department managers are involved in performance reviews and supervisors are primarily responsible for employee training oversight. While all employees are eligible for a 2 to 3 percent merit increase each year, employees are motivated to earn more than the merit increase and move up the “blocks” with additional skills acquisition and by hitting strategic business targets.

The U.S. Department of Labor, Employment and Training Administration created several years ago a “building block” set of manufacturing competencies to help guide manufacturers, training providers and individuals in understanding the general competencies required at each level of a manufacturing operation. These competencies are necessarily general, but allow for competency customization based on specific manufacturing sectors. While not

specifically based on the Department of Labor’s competency model, ERCO’s own model reflects the logical progression of knowledge, skills and abilities critical in manufacturing career ladders. For more on the Department of Labor’s competency model below, visit the Competency Clearinghouse at <http://www.careeronestop.org/competencymodel/pyramid.aspx>.

Training standardization for all ERCO facilities has been a work in progress (now to be handled by the corporate university), and Geoff Bertin, the plant manager of ERCO Port Edwards



believes that standardized training would be most helpful at the entry-level, and should include technical as well as soft skills. Soft skills are about half of ERCO's skill needs, and while each site now has different standards based on location, the company is creating more consistency with required general skills and concomitant training.

training and human resource policies

The components of ERCO Port Edwards' training encompass myriad issues and are delivered on-the-job, through computer-based technology or in the classroom at the local technical college. They offer, as a result of training, certificates or credit for college coursework, depending on the coursework and reasons for training.

They provide training in:

- Applied skills (ethics, social responsibility, work ethic, self-direction, creativity/innovation, teamwork/collaboration, diversity, critical thinking/problem-solving);
- Technical skills;
- Leadership;
- Quality/ISO.

The Port Edwards' facility also is aligning some of its training with the corporate office in Toronto – and their new corporate university – for safety, IT and orientation training.

ERCO – like the other companies profiled in this publication – strongly emphasizes front-line learning to manage the critical issues that start at the factory floor. This learning – and the leadership provided by trained supervisors to support it – can mean the difference between higher productivity or missed deadlines, stellar safety records or OSHA complaints. It is no secret that policies that promote continuous learning have a positive impact on a company's bottom line. Not only will safety and productivity rise, but employee turnover will fall, keeping the company's technical and company-specific knowledge working. ERCO's turnover rate, as an example, is essentially zero. To calculate your own company's losses from turnover, please see the Turnover Measurement Sheet in the section entitled "Return on Investment Tools".

training benefits

Dr. Anne Remmel, president of ERCO's corporate university, will use the university to drive key cultural components and training/educational standards throughout the far-flung global company. This should allow them to determine ROI metrics for their training. They already see benefits to regulated training such as their safety training, but it has been harder for them to capture the training ROI on courses such as supervisory training and training based on improvements in knowledge and emotional intelligence. As they develop some of their own ERCO training content, they also will start to put ROI measures into place that will capture that value.



Kickapoo Valley Cheese

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about the company

Founded in 1978 by Arnold Leytus, Kickapoo Valley Cheese originated through the purchase of a cheese factory and is now a second generation family-owned business specializing in cheese packaging featuring several production lines, a refrigerated warehouse, and administration services. Kickapoo provides natural cheese packaging and works with customers to provide many flavor profiles and custom packaging. Kickapoo Valley Cheese is an innovator in the pre-packaged, sliced deli tray business and offers collaboration and ideation services to help customers create the next generation of products.

background

Kickapoo Valley Cheese, located in central Wisconsin between Wisconsin Rapids, Marshfield and Stevens Point, is located in an area known for award-winning cheeses made by some of Wisconsin's master cheesemakers. Kickapoo's recent cost-cutting and product innovations, such as reconfiguring their packaging machines and adding additional food items to their existing product lines, have resulted in an improved bottom line and additional sales capacity potential. Their success in innovating new products for their customers – who include cheese manufacturers, military commissaries, food processors, and retail stores such as Costco and Walmart – have created a new challenge for them: expansion. Kickapoo's niche takes advantage of their 50/50 split of automated



processes and labor-supported line operations, allowing the company to innovate and customize with greater speed than its competitors. However, the coming expansion could be a challenge as they seek to avoid disruptions to line operations and productivity, and obtain financing for their growth. For small manufacturers in Central Wisconsin, obtaining financing during the recent recession has been problematic. With a workforce of 110 and a low turnover rate, Kickapoo focuses on improving productivity through supervisory training and also hiring and training skilled machine operators.

organizational commitment to training

Historically, Kickapoo Valley Cheese provided safety and OSHA training for its operators and skilled labor. In 2011, the company added supervisory training. For Kickapoo, as for any manufacturer, safety and compliance are critical to effective operations. However, as manufacturing has evolved, so have Kickapoo's training needs. When line operators are promoted to supervisory positions, it is very important that they have the knowledge they need to help other employees understand and accept new technology and process changes,



and stay abreast of the requirements of a competitive business environment.

For Kickapoo, plant evaluations that spotted gaps in process and procedure effectiveness led them to adopt their newest training practices.

Although there are relatively few job positions through which employees can climb at Kickapoo, they have a low turnover rate among their employees, many of whom are immigrant Hmong and women. On average, employees stay eight years, but many stay longer and the Chief Operating Office is still considered “the new guy” after five years on the job. Thus, Kickapoo’s current challenges consist of keeping up-to-date on evolving policies, helping supervisors with their new responsibilities, working with employees to practice new procedures, and mitigating production downtime during training.

Presently, Kickapoo does not have career ladders given their flat hierarchy, but they are looking for ways to be able to provide upward mobility to their employees. Compensation is provided when training coursework is completed. When jobs become available, employees are promoted.

Funding for training comes from the operation’s cash flow, with no set budget for training. However, by working with Workforce Central, they will tap into public training funds that can offset some of their training costs.

training and human resource policies

Training for new line hires is conducted on-the-job and pairs the new employee with an experienced mentor. Kickapoo hires with aptitude in mind and a willingness to learn. The production line jobs do not require that employees read or speak English, although the supervisory and machine operator jobs do. Currently, about 25 percent of the employee population has indicated an interest in learning English. End of year bonuses for productivity and company performance, and merit pay increases no doubt inspire some of that desire to learn and move up.

Training includes the acquisition of skills such as ethics, social responsibility, work ethic, self-direction, creativity/innovation, teamwork/collaboration, diversity, critical thinking/problem-solving, and leadership.

Training is provided on-the-job and in the classroom, and courses are credit and non-credit with certificates provided.

The most influential factors in helping make their training successful, says COO Tony Simboli, are the attitudes of the students and the competence of the instructors.

training benefits

In offering training, Kickapoo hopes to realize the following benefits:

- Improved sales
- Improved customer satisfaction
- Reduced error rates
- Improved safety record
- Increased productivity
- Enhanced employee satisfaction
- A better skilled workforce
- Decreases in turnover
- Access to new markets

It is too early to tell if the new training they provide has met their expectations, but COO Tony Simboli can already see that supervisors are more aware of their responsibilities than before. In-house on-the-job-training (OJT) is constantly evaluated and iterative changes are made to tweak the training to be more effective.

Training, he says, is part of the fabric of Kickapoo, so there is always support for it. And while they haven't yet created a Return on Investment (ROI) tool to measure its value, they view training as a social responsibility and feel that it is an asset to their bottom line.



Mariani Packing Company, Inc. (formerly Urban Processing, LLC)

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about the company

For four generations, Mariani has grown, dried, processed and packaged dried fruit snacks and ingredient products. Every Mariani product represents their family heritage of premium quality dried fruit. In 1906, Paul Mariani, the immigrant son of a European farmer, arrived in Santa Clara Valley, California and planted fruit trees on four acres. Within a few years, his company began to prosper. Over the years he expanded his acreage, opened new markets and developed an understanding for prime fruit growing areas, both locally and around the world. The company now sells 125 million pounds of product annually.

Once the fruit has arrived at a Mariani processing plant, expert care is applied in the drying operations. Skilled employees inspect, wash, dry and grade fruit. Throughout the

process, Mariani food technologists and lab technicians continuously maintain stringent quality controls to ensure consistent quality. Their state-of-the-art scientific laboratory employs strict guidelines for all fruit processed, using statistical process control and ultra-modern testing. Their employees practice total quality management and use the most modern and technically superior equipment available.

background

Urban Processing, LLC, now Mariani Packing Company, Inc., was a family-owned business making the only cranberries in the United States with a unique processing technique that makes them a primary product and not a by-product. For three generations and almost twenty years, the Urban family worked

together in their central Wisconsin cranberry marsh to bring customers their cranberries in commercial quantities.

Recently purchased by Mariani, a family-owned business in its fourth generation, they will continue to provide fruit snacks and ingredient products, and are planning a plant expansion to handle the increased business. The location of the plant – near cranberry production – will help minimize their logistical costs, as well as provide access to industry-specific training and a skilled workforce.

Thus, Mariani Packing Company is now implementing systems change processes, both in its physical infrastructure and in the organizational culture. Many questions are being raised, and many answers determined, about reorganizing functions such as accounting, sales, technology, hiring and training. The Wisconsin Rapids plant's expansion, breaking ground only weeks after its recent acquisition, will triple production, and require 30-35 more staff to fill the new plant jobs. Those new jobs will be, for the most part, in production, although some new staff will be hired to assist the front office.



The new plant will continue to use some of its same technology – and expand its use – creating more efficient and faster production processes. The plant will also move from a less automated facility to a more technological one, expanding their fruit dryers and installing an automated packaging line. The plant expansion will be conducted in three phases in order to test the performance of the changes.

organizational commitment to training

The training philosophy of Urban has been kept intact following the Mariani acquisition. Technical training will be integral to the success of the expanded facilities and a training timetable has been implemented alongside the facility expansion timetable to train new and incumbent staff in the new processes. All hiring will be local and the General Manager, Steve Berlyn, is partnering with Workforce Central and Mid-State Technical College on food science manufacturing coursework that will prepare job seekers for jobs specific to food manufacturing. Mariani/Urban also participated in Workforce Central's and Mid-State's supervisory training course, sending eight supervisors to that training. These supervisors will be integral to the success of the plant's expansion.

In the first phase of the expansion, 19 new jobs were created (15 in production and 4 in lab/quality). Training of a 2-3 week duration took place in October 2011 and two weeks prior to each phased implementation, employees were expected to be fully trained. In addition to the coursework at Mid-State, Mariani offers job shadowing and on-the-job training specific to the company. To date, all supervisors have been trained and when further supervisory training is required, manufacturing-specific supervisory training can be brokered for Mariani (and the other companies profiled here) by Workforce Central, as applicable.

New training at the plant will include:

- Food Safety
- Fork Lift Training
- Computer Training
- Emergency Health
- Laboratory Technician Skills

Additional training may result from the company's interest in a food safety standard certification offered by the British Retail Consortium. All financing for training comes from the plant operations budget.

Before the acquisition, Mariani conducted due diligence on Urban's workforce and on the region's workforce skills. Because food manufacturing skills are very different from paper manufacturing skills, the community's training and education institutions have been

reeducating the region's workforce to accommodate the growing food manufacturing sector. The community's workforce development assets and work ethic were integral in Mariani's decision to purchase Urban Processing.

training and human resource policies

Urban Processing will be adopting the human resource policies and practices of Mariani. At its core, Mariani's human resource approach is a recognition that employees are "community members," not simply employees, and are considered part of the family-owned company.

Mariani values the creativity as well as productivity of its employees and has instituted a continuous improvement program in which employees' ideas for improvements can result in cash incentives or time off. The company ledger is also open for viewing by employees, so they can understand the financial responsibilities of the entire company and how they contribute to that.

Mariani offers annual wage increases (at market rates) and benefit programs that include healthcare and 401K accounts.

A monthly employee newsletter is produced by the company and a T1 line was connected between the

headquarters in California and the Wisconsin Rapids plant to facilitate quick communication during the acquisition and expansion process. Each department of the company is headed by a Mariani family member who is accessible to the employees.

training benefits

Formal return-on-investments analyses have not been instigated yet for the facility. To date, however, it has been the observation of management that their training investments have been valuable. Under this new expansion, they hope to demonstrate that by providing training, increased productivity and worker expertise will happen quicker, and turnover will be reduced.



Ocean Spray Cranberries, Inc. Wisconsin Rapids Plant

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about the company

Ocean Spray, formed by three cranberry growers in 1930, is today, a \$1.9 billion company. As an agricultural cooperative, they are owned by a group of 600 cranberry growers and 50 Florida grapefruit growers throughout North America. They have more than 2,000 employees worldwide and are headquartered in Lakeville-Middleboro, Massachusetts. They also have fruit receiving stations, and processing and bottling plants throughout the United States and Canada. Ocean Spray's products include cranberry juice cocktail, cranberry-apple juice drink, grapefruit juice, wildberry juice and sweet snacks such as Craisins®. Since 1981, Ocean Spray has been the leading producer of canned and bottled juice drinks in North America.

background

The Ocean Spray manufacturing facility in Wisconsin Rapids started out as Northland Cranberries, Inc., but was purchased in 2004 by Ocean Spray. In 2005, Ocean Spray decided to build a state-of-the-art juice concentrate operation in Rapids (taking advantage of their concentrate expertise) and set about designing and





implementing what they hoped would be a flawless conversion. Kirk Willard, the plant manager, wanted the employees to be competent and knowledgeable in all of the plant manufacturing functions, so training programs were created to teach the employees about quality, maintenance, management and operations, including evaporation, control, filtering, enzymes, and quality testing. Additionally, training was conducted in organizational culture, protocols and desired behaviors to reflect the Ocean Spray organizational culture and the transition of growers to owners. The training the plant employees received was integral to the successful ramp up of the new concentrating operation. The plant achieved an increase of 446 percent in concentrate barrels, far exceeding expectations.

organizational commitment to training

Ocean Spray Wisconsin Rapids is committed to the integrity of the brand, food safety, and to the security and safety of its facility. The operation manager's personally stated goal is to make sure the plant employees are successful and to provide for them the basic tools and system to do that.

From its headquarters in Lakeville, Ocean Spray recommends some corporate training to its plants, but at the local level, they have their own training needs and fund training as part of their

plant operations. The Wisconsin Rapids training budget is justified annually during the corporate budgeting process, just like all the other costs of production. Managers each submit their training budget to the plant manager, who then approves it and includes it in the overall budget submitted to HQ. Rarely is any specific training denied. Three full days each year are devoted to plant staff training.

Managers at the Rapids plant should be "people persons" says plant manager Kirk Willard. "They must be coaches and mentors." Company performance reviews include the practice of skills such as coaching and supervising, along with other skills such as business and technical knowledge. All plant management also participates in the "All Hands on Deck" meetings, called daily to review updates or perform "autopsies" of processes, and "town halls" to discuss outstanding issues. The plant has defined for itself "The Perfect Day". In order to have as many of those as possible, it invests in training to ensure that they are targeting the right measures, defining the right work, and supporting their people, products and equipment. General "ownership" of production and shared responsibility is also maintained by demanding that troubleshooting be shared among all the plant's employees. When the line operators identify a problem or task, controllers, engineers, maintenance workers – everybody – comes out to work on the problem.

Additionally, the plant strives to go beyond "The Perfect Day", undertaking new projects to create new efficiencies and improved performance (continuous process improvement). The projects are referred to the Technical Committee which considers the request, the expected result of the change, and the frequency of analysis to be conducted to determine results. The workers at Ocean Spray Rapids have a 99% success rate in process improvement suggestions, and, to date, they've had 487 process change requests (innovation suggestions) in order to move the plant past "The Perfect Day". Next, they charter the changes, make improvements, observe and analyze them, and determine if they are sustainable. If those innovations are successful, the team issues a technical bulletin for operators and posts the changes on a technical board. Finally, they incorporate the changes into their Standard Operating Procedures (SOP). All of this continuous process improvement is possible because of the plant's organizational culture of training and performance improvement, supported by front-line leadership.

training and human resource policies

Plant training programs include:

- Quality
- Maintenance
- Management
- Operations

Training costs break out roughly to one-third for technical training, one-third for regulatory training, and one-third for behavioral training. As a food manufacturer, Ocean Spray must report to numerous state and federal agencies, so they must be very cautious about their proficiency in all these areas.

While employees are not required to participate in 360 degree peer reviews, they are assessed by their supervisors and colleagues, and an employee engagement survey measures their understanding of the company's mission, vision, values, ethics, and desired workplace behaviors. The survey not only helps Ocean Spray better understand how engaged the plant's employees are, but managers use the findings to suggest additional training when gaps are discovered in on-the-ground knowledge.

At the Rapids facility, they prefer to hire from within for line positions, and from the local community for senior leadership jobs. Thus, they try to ensure that their training lays the groundwork for internal promotions and the upward mobility of their employees. They track how they are investing in their people and promoting them, and believe that everyone in the facility should be capable of moving to a variety of Ocean Spray positions.

There are six documented skill levels at the plant and employees have the opportunity to move from one to the next. Job descriptions and concomitant skills are posted, and if someone wants to move up, they are paired with the line



person or machine operator to learn the skills. They are also quizzed on operations. A more rigorous test also can be taken, which is more scientific and detailed. Anyone wishing to advance is provided with mentorship, books and on-the-job training. Other training opportunities are also provided as needed, such as the supervisory training offered by Ocean Spray's partnership with Mid-State Technical College and Workforce Central.

The Ocean Spray CEO, at Lakeville headquarters, would like to have Ocean Spray be among the top 50 places to work, and the company makes a visible and serious effort to be a responsible company. Concerned with quality of life and sustainability, their CSR (corporate social responsibility) goals include: published sustainability goals, corporate giving programs, an ethics hotline, daycare, and wellness activities, to name just a few. Ocean Spray's corporate motto is Respect, Ownership and Innovation. It is expected that employees adhere to that.

training benefits

Training benefits are not quantified as a return on expenditures, but rather by how much productivity improves, how many "Perfect Days" they have, and how the plant scores on an employee engagement survey taken every 18 months. To maintain their high levels of production and to go beyond their "Perfect Days", the Rapids plant spends a

quarter million dollars annually, and provides incentives to its employees of up to 10 percent. They have improved their production over 20 percent year after year with "very little pain" because of these investments.

Their "Beyond the Perfect Day" incentive packages (bonuses, awards, benefits, vacations) inspire employees to increase efficiency and productivity, and have created a virtuous cycle at the plant of investment and performance. Because the plant is so efficient, they have little trouble attracting investment capital. They also have very low turnover.

The corporate Chief Operating Officer of Ocean Spray has noticed the successes of the Wisconsin Rapids facility and has begun to challenge the other plants to achieve their success. There is considerable pressure on all plant managers to perform. Ocean Spray has a Performance Excellence Team and Management Integration Team that work across the company to increase efficiencies and conduct benchmarking visits at the different sites. At Ocean Spray HQ, they see the Rapids plant as a high performer for its best practices and best performance, and hope that other facilities can take a page from their success.



conclusion

As you can see from the profiles, each manufacturing company functions under a different set of business circumstances. Some of the companies are (were) small; some large; all are growing; some have unions; some are privately-held, some are publicly traded companies; and some are locally-based units of global or national businesses.

Yet, no matter what their business expectations, they share some common elements in their workforce training that they feel supports their businesses. These elements can be summed up as:

- Company Commitment
- Employee Awareness
- Front-Line Leadership
- Innovative Thinking

These four elements of good workforce development practices, simple as they seem, can generate considerable cost savings for businesses by reducing quality complaints, grievances, workplace injury payouts, health and safety issues, and turnover. On a more positive side, they can create goodwill, healthier and happier employees, increased effectiveness, and better decision-making throughout the organization. High quality training is the backbone of good company policy, not simply for the elimination of problems, but for the positive multiplier effect it has on all operational activities. Once companies begin to quantify the positive

effects of training (or the negative effects of not training), these savings can become clear to supervisors, operations managers and their executives.

The companies here are demonstrating – without a lot of fanfare, but with a good deal of success – how the necessary components to successful manufacturing (continuous improvement, technology acceleration, supply chain, sustainability and workforce investments) come together to improve competitiveness. We have focused this publication on workforce development and training, but we believe you can see the connections between those training investments and how they support the other four manufacturing strategies of the MEP.

While the companies interviewed here do little formal return-on-investment analysis, they believe they have observed positive returns to their investments. In many cases, they are putting the pieces in place to be able to conduct more formal analyses. The companion workbook, *Return on Investment Tools*, provides a guide for manufacturers who are both inexperienced and experienced at ROI, but wish to increase their quantitative analyses of training investments. Thus, no matter where your company is on the spectrum of training investment, these tools offer you a chance to quantify that investment.

acknowledgments

A guide such as this depends completely upon the willingness of the companies being studied to allow the researcher to learn more about their inner workings. Thus, the author would like to thank those companies that allowed me access to their operations and their leaders, and who spent considerable time answering my questions and then my follow up questions. Many thanks to Corenso North America, ERCO Worldwide, Kickapoo Valley Cheese, Ocean Spray Cranberries, Inc., Wisconsin Rapids and Urban Processing, LLC – now Mariani Packing Company, Inc.

It is clear to me that each of these companies, as they pursue their business objectives, do so with an eye toward their community. They hire locally and they know that their employees are out there in the community, attending local schools and churches, going to baseball and football games, and giving to local charities. These companies know they are part of what makes the community a great place to live and they want to make sure that their plants are good places to work.

There is no need to belabor the fact that, all across America, communities – rural and urban – are facing a “new normal” and that times are, indeed, tough. But in spite of some of the pervasive pessimism, there is reason, in Wisconsin Rapids, to be optimistic. Manufacturing is growing and, as a sector, continues to offer jobs with family-supporting wages. Wisconsin Rapids is in a good position

to take advantage of its manufacturing base, and there are some excellent career opportunities that have the potential to revitalize the economy of the central Wisconsin region.

I hope this guide provides some utility for existing as well as new manufacturing in the region in understanding how to think about and analyze corporate training. I look forward to following the progress of Wisconsin’s manufacturers for years to come.

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about the author

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