

Mack invests to capitalize on reshoring

By Mike Verespej

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PLASTICS NEWS STAFF

PHILADELPHIA (July 12, 2 p.m. ET) -- The renewed interest in manufacturing medical devices for the U.S. market in the United States -- rather than in China -- is giving a boost to medical molders and contract manufacturers like Mack Molding Co.

But it also is proving to be a challenge that has prompted Mack to make more investments in training and to be more creative in hiring to get the skilled manufacturing workers it needs.

"We are getting a lot of questions from companies who want to bring their manufacturing back to the U.S., and also from companies who want to stay in the U.S. instead of going to China to manufacture their medical products," said Jeff Somple, president of the northern operations of Mack Molding, which is based in Arlington, Vt.

In particular, he said companies are bringing back to the U.S. the more complex medical-device projects that require hefty upfront design, ongoing customer/supplier interface, multiple engineering changes, inventory control, and where speed-to-market is critical.

"A lot of people have gotten an education in the past decade as to what products it makes sense to manufacture in China and what products it makes sense to manufacture in the U.S.," said Somple in an interview at the Medical Design & Manufacturing show in Philadelphia, held in late May.

"They have realized that there is a place for off-shore, low-cost manufacturing, but that it doesn't make sense to manufacture everything offshore.

"A decade ago, boards of directors all over the country were asking their CEOs why they weren't in China," said Somple. "Now people are asking questions about whether it makes sense to go to China, and we're hearing about [manufacturing] programs that are coming back."

A number of different forces are coming into play all at once that are driving medical manufacturing back to the U.S., said Somple. "The quality demands are high," he said, "and there are concerns about intellectual property."

There are other factors as well, he said, including changes in the cost of offshore labor costs, issues related to manufacturing expertise and logistics costs.

"When companies moved to China, they didn't factor in the hiccups that can occur and the need to expedite and air-freight products" when there are breakdowns or when cultural and time-zone differences create disruptions, said Somple.

"That all eats into the savings" a company gets from manufacturing overseas, he said. "One air-freight shipment of products [that you have to make] because you're going to miss a customer's deadline can cancel out a year of savings on the labor side."

What's more, the gap in wages is shrinking, he said, because offshore labor costs are increasing and U.S. labor costs remain flat. "With the current 20 percent annual increase in offshore labor costs, it won't take long for the gap to close dramatically," said Somple.

Because of the potential time and cost issues related to product development, the development of prototypes and getting production up and running overseas, Somple said companies should try to calculate a dollar value for what it might cost to resolve production problems overseas in weighing whether to manufacture in the U.S. or offshore.

"Look back on your recent domestic product launches and critically evaluate what it would have cost to solve all the issues that took place had the product been manufactured overseas," suggested Somple. "Then take a pragmatic look at your new project."

The boost in medical business at Mack, combined with the growth in its other markets, has increased the workforce of the northern operations of Mack Molding by more than 10 percent — from 450 to 500 — in the last year, said Somple.

With its workforce growing rapidly, Mack has put together training and internship programs to make sure that the company gets the quality workers it needs.

“The challenges [of hiring] people are more on the technical side, especially finding engineering people who want to run a [computer numerically controlled] machine,” said Somple.

“[Because] manufacturing has been perceived as a shrinking industry, the labor force has shied away from learning skilled trades like running a drill press or a molding machine.”

On top of that, noted Somple, the northern operations of Mack Molding are “in a rural area where there is not a vibrant manufacturing base” of other companies Mack can draw upon.

To address that, Mack has put together “very robust” internships — 11 this summer and 11 last summer — to whet the interest of future college graduates, Somple said.

“We have been doing that aggressively for three years now. This is a key component to us growing in the future,” said Somple. “We are making the program fun and interesting so we can keep bright people from leaving the state.”

Veteran resource

In addition, the company has always worked with recruiters, including several who specializing in placing individuals who are exiting military service and returning to civilian life, Somple said.

“These are skilled and trained people who have put their lives on hold, put their careers on hold,” said Somple. “They do great work and hit the ground running. Not only are they coming out of the service with incredible skills, they are also tremendously enthusiastic and ambitious about applying those skills to a new career.”

Mack also makes sure its new hires are properly trained and have someone to guide them from the onset.

Somple said Mack usually assigns a new hire a mentor and the company develops a training matrix specific to each position. That training often includes visits to other Mack facilities, off-site development programs and orientation sessions in functional areas, he said.

“It is so hard to find and attract good talent, so we want to do everything possible to help them hit the ground running and blend seamlessly into the company,” he said.

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