

# Wisconsin Economic Development Corporation: New statewide initiative aims to boost productivity of Wisconsin manufacturers

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Oct. 13, 2017 — In a move aimed at helping to ensure the long-term success of Wisconsin manufacturers, the Wisconsin Economic Development Corporation (WEDC), the Wisconsin Manufacturing Extension Partnership (WMEP) and the Milwaukee 7 (M7) today announced a new joint initiative aimed at increasing productivity in plants throughout the state.

Called the Transformational Productivity Initiative (TPI), the public-private partnership is designed to improve productivity performance in Wisconsin's small and midsize manufacturers. WMEP will identify the factors that affect and limit productivity growth, and then work with individual companies to develop ways to increase productivity.

"One of the major challenges facing Wisconsin and the U.S. is developing ways to increase the productivity growth rate, and this is a unique approach in meeting that challenge," said Mark R. Hogan, secretary and CEO of WEDC, the state's lead economic development organization. "Experts agree there is a direct correlation between productivity and economic growth, and working with companies to boost productivity will pay dividends for the state in the long run."

"Helping manufacturers be more productive and grow is the core mission of the

Wisconsin Manufacturing Extension Partnership,” said Tim Wiora, WMEP’s executive director and CEO.

“This initiative will strengthen our capabilities, expand our partner network and provide a broader, more comprehensive community of resources to Wisconsin manufacturers to help them implement best practices and leverage the untapped promise of technology.”

The issue of productivity and how to improve it is one that is garnering attention from business leaders and government officials in Wisconsin and nationwide.

“This initiative is critical if Wisconsin and the Milwaukee region are to remain globally competitive,” said Pat O’Brien, executive director of the M7, an economic strategy group for the seven counties in southeastern Wisconsin. “Boosting business productivity, especially in our manufacturing sector, through TPI can make Wisconsin a national leader in productivity growth and position us for a prosperous future.”

While the unemployment rate has continued to decline, both U.S. economic growth – as measured by the growth rate of the gross domestic product – and growth rate in productivity are below historic levels. The average growth rate of productivity in the U.S. from 2007 to 2016 was 1.7 percent—well below the long-term average of 3.2 percent.

“Increases in productivity allow manufacturers to reduce their cost and ultimately price while maintaining profitability,” explained Randy Bertram, WMEP’s director of sustainability services. “This leads to lower consumer prices and improved living standards. Increased productivity also helps manufacturers absorb increases in wages and benefits.”

The initiative calls for developing a user-friendly set of diagnostic and assessment tools designed to expose companies to the numerous factors affecting productivity. The tools will be developed by teams made up of representatives from WMEP, the University of Wisconsin-Stout Manufacturing Outreach Center, the Erdman Center for Operations and Technology Management at UW-Madison, UW-Milwaukee and select manufacturers.

TPI will focus on five key factors relating to manufacturing productivity: leadership and strategy; enterprise excellence; human capital management; technology; and

growth and innovation.

After the tools are developed, they will be deployed as a pilot program with between five and 10 manufacturers over a two-year period. The companies would implement recommended measures to improve productivity and the results of those efforts would be measured and reported quarterly. Based on the results of the pilot program, TPI could be deployed on a larger scale throughout the state.

WEDC has awarded M7 a \$190,000 matching grant to implement the new program

Kelly Armstrong, who is the project lead for WEDC, says the initiative has the potential to make Wisconsin a national leader in addressing the productivity issue.

“This strategic investment and comprehensive approach is groundbreaking in economic development,” says Armstrong, director of sector development for WEDC. “TPI is a long-term strategy directed at moving the needle on productivity in the aggregate, working with small and midsize manufacturers in a way that will ultimately drive wage and job growth in Wisconsin.”

The new initiative is being announced as more than a dozen state agencies and organizations mark Wisconsin Manufacturing Month with events throughout October. Wisconsin manufacturers produced more than \$57 billion worth of output in 2015, accounting for 19 percent of the state’s gross domestic product. The state’s 9,500 manufacturers employ more than 465,000 workers.

Manufacturers can sign up for a face-to-face consultation to learn about TPI during the Manufacturing First conference Oct. 25 and 26 at the KI Convention Center in Green Bay. At the conference, Armstrong will talk to businesses about how they can achieve meaningful productivity gains through TPI. To sign up for a consultation, visit <http://join.inwisconsin.com/mfgfirst2017>.

Manufacturers can also sign up to be part of the pilot program and get more information by visiting [transformationalproductivity.org](http://transformationalproductivity.org).