



## **Why a Reluctance to New Technology is Hurting Manufacturers**

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Manufacturers in the U.S. are finding it difficult to stay competitive in the global market for a number of reasons with which even workers at the ground level are becoming all too familiar. Some of the most pervasive reasons are:

1. The increasing cost of raw materials
2. Global competition, particularly with China
3. The difficulties associated with finding, recruiting, training, and keeping skilled employees
4. A lack of confidence in the world market when it comes to goods made in the U.S.
5. An increasing number of government regulations
6. The day to day problems that go along with managing complex supply chains.

Whichever of these reasons are at the top of your list of concerns, I propose that there is another, perhaps even bigger reason that manufacturers today are finding it difficult to stay competitive in today's global market: a general reluctance to invest in new technology.

The reluctance on the part of manufacturers to adopt new technology can be so devastating to a company that it should probably be at the top of the list of reasons why manufacturers are finding it difficult to compete.

New technologies are often left out of conversations about how to address manufacturers' everyday concerns. This is incredibly unfortunate. It's unfortunate because while no technology is going to be able to address all of a manufacturer's concerns, it has the potential to eradicate a number of them.

That said, reluctance towards adopting new technology is understandable. Immediately, one thinks of the costs associated with implementing new technology, the research involved in finding the right technology, the in-house processes that will potentially be required to install and maintain any new technology, and the training that will be required in order to use the new technology.

Some manufacturers may also be concerned with how new technology may affect jobs. Does implementing new technology mean my people could be replaced? Does it mean that I could be replaced?

The potential costs associated with implementing new technology must be dealt with on a case-by-case basis. There is simply no way to get around taking the time to research new technologies in order to find the one that is right for your company or particular department. The good news is that during your initial research, you can determine the perimeters that will eliminate many of your other cost concerns.

For example, you may decide not to look at technologies that are hardware based and that will require constant maintenance by your company's IT department, and instead, to consider only those solutions that are web-based and governed by a trusted outside firm. Making initial decisions like these can eliminate your concerns regarding installation and maintenance hassles, as implementing web-based technologies rather than hardware usually requires very little interaction with your company's IT department.

In addition, the truth is that while there are examples throughout history of technology replacing workers (in the automotive and agriculture industries, in particular), it happens much less than you might think. In fact,

implementing new technology does not often result in mass unemployment; more often, it does the opposite, and creates jobs!

This is important to realize, considering that according to the U.S. Bureau of Labor Statistics, manufacturing jobs fell by 149,000 in December 2008 alone. It is my opinion that the implementation of new technology is not to blame for this. More likely, what is to blame is the inability or unwillingness that some people have to transition along with technology.

So, as reluctant as we may be to adopt new technologies in the manufacturing industry, I suggest that we give serious weight to the idea that manufacturers have little choice but to adapt in order to remain, or in some cases, become, competitive. As our culture becomes more technology-based, there simply may be no other choice.

Luckily, you do have choices when it comes to the technology you choose to implement. Once you have created the parameters that will eliminate certain cost concerns prior to comparing different technologies, you can begin to make other comparisons. Assuming that you're looking for a big picture solution rather than a quick fix, you will likely want to ask your potential technology provider the following types of questions:

- Will your technology provide me with a global view of all of my company's shipments?
- In other words, how much visibility will I have when it comes to individual shipments?
- How will your technology enable me to take control over the cost of each shipment within my supply chain?
- Will your technology assist me in ensuring that my team follows my company's current logistics guidelines?

And so on.

Keep in mind that questions like these should be asked prior to submitting an official request for proposal (RFP) to a potential technology provider. If your potential provider doesn't answer these types of initial questions satisfactorily, you can spare yourself the time and energy it would take to go through the more time-consuming and involved RFP process.

In the end, whatever route you decide to follow while taking your supply chain management technology to the next level, you can feel confident in your decision to do so. You may not be able to lower the cost of raw materials or regulate China's manufacturing industry, but you can certainly implement new technology that will help you take greater control over your own supply chain.

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