



### Proactive Technologies News

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## Salute to All Workers on Labor Day, 2018!



### The US Workforce Competitive Advantage Has Declined For Decades; Not for Lack of Resources, Effort or Base Talent, But For Strategy

by Dean Prigelmeier, President of Proactive Technologies, Inc.



The United States has, by objective measures, not done a "world-class" job of developing the new workers it needs. True, it is difficult to develop accurate core skill courses meant to reflect the jobs of today and the future when by the time these programs are ready and students ready to graduate, entire industries have already moved these jobs elsewhere offshore. But institutions have not done a good job of preparing for the future that is most likely, not the one they want to create, either.

Educational policies of the 1980's and 1990's eliminated "vocational" training in high schools to focus on college preparation, assuming everyone was suited and planning for college. College-educated officials went with what they knew and understood. But they could not agree on strategy, complicating matters further, which lead to a perpetual debate on how best to prepare students for college. This yielded versions of standardized tests and a massive test preparation industry.

In the 1990's an attempt was made to return, somewhat, to developing skills that industries said they needed, and the United States Departments of Labor and Education's [National Skill Standards](#) programs were born. I participated in developing skill standards and finding ways to integrate standards into worker training, since education could only take these so far. But it became clear, to me, that standardizing skills for a rapidly evolving industry using old fashioned tools posed more challenges for the employer, showed little return and standards eroded rather quickly with no defined responsibility or budget to maintain and revalidate them.

Meanwhile, the average [United States SAT \(Scholastic Aptitude Test\)](#) test [scores between 2000 and 2016](#) showed a slight decline, but certainly no improvement through this period. After adjustments to scoring algorithms didn't improve scores, it was decided in 2016 that the SAT test again needed to be re-designed. As with so many instances in the U.S. when statistics do not show the results expected, some lean toward finding a way to show

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## Proactive Technologies' Publications Archive

To download a .pdf version of this issue, find the link at the bottom of this month's post on our website's [News and Publications](#) page or click [Proactive Technologies Report September 2018 Issue](#). While at our website, check out past newsletters, articles and more.

**Helping employers to unlock worker value since 1986!**



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### In This Issue

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[Environmental, Health & Safety News](#)

### Free - Live Online Presentation Schedule

If interested in attending one of the presentations below, click on the title, then select a date/time and press "Send." An online presentation invitation and link will be sent to you. On the date and time of the event, just click on link in email invitation and it will connect you to the presentation. **No special equipment**

improvement without making improvements.

When these efforts did not appear to solve the college preparation issues or meet the needs of employers, an effort grew to address "skills employers say they need." [STEM \(Science, Technology, Engineering and Math\)](#) learning in K-12 is education's focus - things that everyone expected were taught in K-12 anyway. But both these efforts still leave the employer to develop the higher order skills and task mastery they need even if the employer does not, or wishes not to, recognize this requirement. Billions of dollars were spent in the last 4 decades and generations of workers completed these programs, yet workforce development still seems in its infancy.

United States PISA Test Results

| Year of PISA Test   | Reading | Math | Science |
|---------------------|---------|------|---------|
| 2015 (72 countries) | 35      | 24   | 25      |
| 2012 (65 countries) | 28      | 24   | 25      |
| 2009 (65 countries) | 33      | 15   | 31      |
| 2000 (31 countries) | 18      | 15   | 14      |

\* Scores from OECD - PISA

How is the US doing compared to world's developed and developing countries? [The Organization for Economic Cooperation and Development \(OECD\)](#) published the [results of their 2015 PISA tests](#) and it shows the U.S. has a lot of work ahead of it. [Read More](#)

## The Skills Gap Solution; Employers Still Reluctant to Commit to Role Only They Can Fill

by Staff

**Education cannot, and should not be asked to, close the "skills gap" on their own.** Employers have been concerned about the "skills gap" since the 1980's, and the nature and location of the job has continued to change...at an accelerating rate. **Employers have convinced themselves to wait for education to close the gap.** In the meantime, tremendous resources continue to be expended, but the gap continues to grow.

**Educational institutions are not suited, staffed, funded and equipped to train workers for every job, for every employer, nor should they be.** Educational institutions do their best work when they build the labor supply with strong, relevant basic and core skills (including [STEM](#)), and industry-general skills.

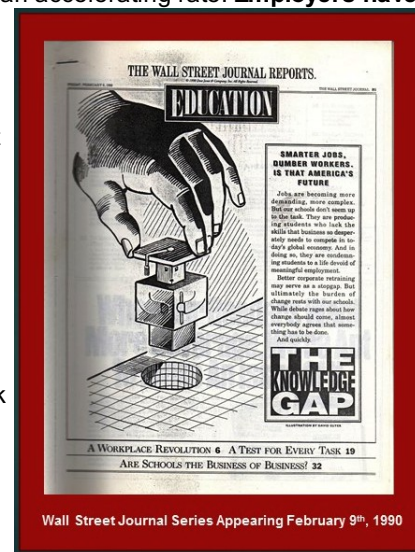
Whether those efforts are worthwhile and the resources well-spent depend on two important things: 1) does an employer see value in hiring a graduate, and 2) is there a method in place to ensure those skills are integrated into mastery of the job-tasks the employer needs performed; the value that will influence the employer to retain them.

**Only employers can train the worker on tasks they need performed and that affect their bottom line.** They have the need, the facilities, the most current equipment for their operation and the personnel with current expertise. Yet, in reality most employer's methods amount to hardly more than pairing two people and hoping for the best. This is where the gap is most profound and continues to grow. [Read More](#)

## Assessing Employees With Past Drug Addictions for Work Tricky

by Stacey Lett, Regional Manager - Eastern U.S.  
- Proactive Technologies, Inc.

A prevalent challenge faced by many employers



required.

[Click here](#) for descriptions of all of the available presentations. Click on a specific title for that specific description and schedule or to schedule a date and time that works for you.

**APPLIES TO ANY ORGANIZATION  
(Recorded - Available Any Time):**  
[PTIpromo - A Preview of an Upcoming Presentation](#)  
(13 minutes)

**FOR FORMER EMPLOYER CLIENTS:**  
[PTI1001 - Former Client Employers - Restart Your Organization's PROTECH® Training Infrastructure](#)  
(45 minutes)

**FOR ANY EMPLOYER:**  
[PTI1002 - Building an Effective Worker Training/Apprenticeship System - Registered or Not](#)  
(45 minutes)

[PTI1004 - If You Can't Find Skilled Workers, Develop Your Own](#)  
(45 minutes)

[PTI1007 - Structured On-the-Job Training Supports ISO/AS/TS Process Training Requirement Compliance](#)  
(45 minutes)

[PTI1008 - Preparing your Workers for Growth: Using Lulls Before Growth to Increase Your Worker's Capacity](#)  
(45 minutes)

**FOR EDUCATION, WORKFORCE AND ECONOMIC DEVELOPMENT ORGANIZATIONS**  
[PTI1003 - Adding Employer-Specific Structured OJT to Your Training Support Strategy\(45 minutes\)](#)

[PTI1005 - Adding Structured On-the-Job Training to Your Apprenticeships](#)  
(45 minutes)

[PTI1006 - Building a Regional Workforce Development Infrastructure: Employer-Specific for Maximum Effectiveness and Lowest Investment](#)  
(45 minutes)

If you would like more information or would like to discuss these presentations or anything else, click [here](#) and fill in the "Contact Us" with your request including information specifying an alternative date/time you prefer and how many will be attending. An invitation and link will be sent to you.

## UPCOMING EVENTS

is what to do with job applicants with a record of past drug use. Current drug use detected during screening is fairly cut and dry, but candidates that are going through, or went through, treatment and have maintained a clean life-style since need more care to avoid running afoul of the [Americans with Disabilities Act of 1990](#).

The Americans with Disabilities Act [protects employees and job applicants from discrimination based on past drug addiction](#) in most cases. In an article for the Society for Human Resource Management (SHRM) website by Roy Maurer, "The Americans with Disabilities Act (ADA) protects employees and job applicants from discrimination based on past drug addiction. These individuals qualify as having a disability if they successfully completed a supervised drug rehabilitation program or are currently participating in such a program and are no longer using prohibited drugs."

One expert he interviewed, Rayford Irvin, the Houston district director for the [Equal Employment Opportunity Commission](#) (EEOC), said "Opioid addiction is a disability that is affecting millions across the United States, yet many are regaining control over their lives by participating in supervised rehabilitation programs." "When a worker has a record of such a disability and is performing his job proficiently, an employer cannot lawfully preclude the worker from employment because he is receiving treatment for his addiction."

Lawyers interviewed for the article suggested that employers amend their policy manuals regarding drugs and specify exclusions in line with the ADA and [reasonable accommodation provisions](#) issued by the EEOC.

Aside from the practices used in the recruitment, interviewing and selection process which Mr. Maurer outlined fairly well, any defenses for not accommodating an individual with prior drug use, but who has completed or is currently participating in a treatment program, or decisions on what that reasonable accommodation would look like would have to be made based on data from a credible and thorough job/task analysis. [Read More](#)

### **Estimating the Costs Associated With Skipping Employer-Based Structured On-The-Job Training** *by Dean Prigelmeier, President of Proactive Technologies, Inc.*

It should go without saying that if the employer has no deliberate strategy to train workers for the tasks they were hired to perform, the employer will probably never realize the maximum output possible from a worker. Multiple workers operating under-capacity can create exorbitant, and unnecessary, costs to the employer - bleeding from profits and often leading to sweeping and irreparable reactions from management as they try to "fix" all but the obvious.

The effect of worker capacity on any business strategy is the least understood of factors, but one as important as innovation, process improvement and zero defect strategies. After all, fundamental to each of these strategies is the worker's ability to competently carry the intended actions to maximize those efforts efficiently.

Employers need to seriously consider the human factors, not ignore them and focus on everything but this. After decades of neglect, supported by workforce development institutions that have no tools to address this stage of worker development and often unknowingly promulgate distractions in their efforts to claim they do, management has come to simplify the human factor into a cost that can be easily eliminated or replaced by a lower cost alternative in another location. Lacking in this reaction is the underlying fact that moving operations to lower-wage labor markets with even more need for training (e.g. new challenges such as language, culture) only appears to be adding to profits short-term; the same problems exist, but the lower cost of labor makes it more tolerable even if greater challenges to worker performance now exist. As wages rise, these challenges become more pronounced and

Onsite and group presentations are being scheduled for the following states, **and a representative will be in your area**, in the month of:

### **September, 2018**

Colorado (Eastern Slope)

Indiana

Kansas (Kansas City, Topeka and I70 Corridor)

Kentucky (North and Eastern)

Missouri (Kansas City, St. Louis)

North Carolina (Asheville and Western Area, Charlotte, I77 Corridor)

Nevada (Reno, Las Vegas)

New Mexico (Albuquerque, Santa Fe)

Ohio

Pennsylvania (Pittsburgh and Western Area)

South Carolina (UpState, Columbia and Charleston Area)

Tennessee (Eastern)

West Virginia (North-Central, South Central)

[Contact Us](#) to express your interest in an onsite or group presentation.



**Classes alone will not close the "skills gap," but structured on-the-job training can...every time!**

Under-capacity of workers is an enormous source of untapped value and unrealized return on worker investment. In addition, standardizing expert task performance - between workers and shifts - can add to worker ROI through lower scrap and rework.

management becomes more critical.

[Total Cost of Ownership](#) formulas, such as the one used by the [Reshoring Initiative](#), try to capture the hidden and overlooked costs of off-shoring operations, with labor challenges being one factor considered. But even so, the factor's significance is understated.

Here is a simple formula for estimating the cost/benefit of a worker's contribution to the organization for consideration: [Read More](#)

## **Fall Discount Offer!**

September 15th - October 31st, 2018



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**Plan to attend one of our scheduled *live* online presentations (see schedule on left) or tell us a date and time that fits your schedule**, which we can follow-up with an onsite presentation. Or skip the online presentation and schedule an onsite briefing.

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everything to gain!**

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"FINDING QUALIFIED WORKERS"**

**Drive every worker to full job mastery while they simply learn their job.**

**[Contact a Proactive Technologies, Inc. representative](#) today!**



## **Industry News**

### **DOMESTIC ECONOMIC DATA**

#### **Gross Domestic Product**

*US Department of Commerce - Bureau of Economic Analysis*

Real gross domestic product (GDP) increased at an annual rate of 4.2 percent in the second quarter of 2018, according to the "second" estimate



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released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 2.2 percent.

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$72.4 billion in the second quarter, compared with an increase of \$26.7 billion in the first quarter.

[Read Report](#)

### Personal Income and Outlays

*US Department of Commerce - Bureau of Economic Analysis*



Personal income increased \$54.8 billion (0.3 percent) in July according to estimates released today by the Bureau of Economic Analysis. Disposable personal income (DPI) increased \$52.5 billion (0.3 percent) and personal consumption expenditures (PCE) increased \$49.3 billion (0.4 percent). [Read Report](#)

### Advanced Report on Durable Goods Manufacturers' Shipments, Inventories, and Orders

*US Census Bureau*



New orders for manufactured durable goods in July decreased \$4.3 billion or 1.7 percent to \$246.9 billion. July 2018: -1.7% change; June 2018 (r): +0.7% change. [Read Report](#)

### Job Openings and Labor Turnover

*US Bureau of Labor Statistics*



Errors in JOLTS Federal government estimates BLS identified errors in the JOLTS Federal government hires, total separations, and layoffs and discharges estimates from January 2011-April 2018. On June 12, 2018, BLS suppressed these data from the LABSTAT database.

[For more information on this error and correction plans](#)

### GE Additive Launches Manufacturing Partner Network

*Engineering.com - Ian Wright*

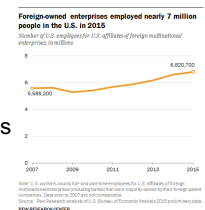


GE Additive has announced the launch of its Manufacturing Partner Network (MPN), which aims to create an open, competitive marketplace that will accelerate both supply and demand for additive manufacturing (AM). The first three Manufacturing Partners (MPs) to join the network are Burloak Technologies, Carpenter Technology Corporation and Proto Labs Inc. MPs are additive production partners that will help customers make additive parts in volume.

According to GE Additive, the MPN takes an ecosystem approach to addressing several commercial challenges to ensure the additive industry reaches its next inflection point. Limited access to equipment, funding and expertise often prevents companies from taking the next critical steps in adopting AM. Suppliers are seeking demand to build long-term business cases in order to invest, while OEMs need a guaranteed source of capacity so they can continue to invest with confidence. [Read Article](#)

### Number of U.S. Workers Employed by Foreign-owned companies is On the Rise

*Area Development - PEW Research Center, Kristen Bialik*



Foreign-owned companies employed 6.8 million workers in the United States in 2015, up 22% from 2007, according to preliminary data from the U.S. Bureau of Economic Analysis. The increase is notably larger than overall U.S. private employment growth, which was 3.6% over the same span.

Among foreign enterprises, British-owned companies employed the highest number of U.S. workers in 2015 (around 1.1 million), followed by companies with majority ownership in Japan (around 856,000) and France, Germany and Canada (each over 600,000). These five countries alone accounted for a majority (58%) of U.S. employment by foreign-owned enterprises in 2015 and have made up the top five since at least 2007, the earliest year for which comparable data are available. [Read Article and Report](#)

### Blood Pressure Medicine Is Recalled

*The New York Times - Sheila Kaplan*

The Food and Drug Administration has announced a voluntary recall of a widely prescribed blood pressure medication made in China, reviving fears about the





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safety of imported drugs.

Three companies that sell the generic drug, valsartan, in the United States agreed to recall it after the F.D.A. said it might be tainted by N-nitrosodimethylamine (NDMA), considered a probable human carcinogen. The agency is still investigating, but said the contamination was believed to be related to changes in the way that valsartan was manufactured. [Read Article](#)

### Tesla Plans \$5 Billion Investment in Chinese Factory

*IndustryWeek - Bloomberg*

Tesla Inc. plans to invest \$5 billion building a factory in China as the trade war with the U.S. makes establishing production in the world's fastest-growing auto market more imperative for the electric-car pioneer, a person familiar with the matter said.



The company is considering raising funds in China to finance at least a portion of the investment for the plant, said the person, who asked not to be identified as the plans are private. Tesla agreed last month to build the factory near Shanghai, and it expects to start producing its new Model 3 vehicle there by 2020, the person said. [Read Article](#)

### Industrial Boomtowns Rise In Unlikely Places As Labor Shortages Shift Site Selection

*Bisnow.com - Julie Littman, Chuck Sudo and Jarred Schenke*

Rail has always been the economic backbone of Dillon.

Throughout the 20th century, trains shipped tobacco and cotton from this South Carolina town to processing plants up and down arteries on the Eastern Seaboard. By the 1990s, the tobacco industry was in sharp decline, and the trains to and from Dillon slowed to a crawl.



Nearly 30 years later, trains are active once more, hauling cargo containers 160 miles from Charleston - one of the South's busiest ports - into a new \$50M distribution hub called Inland Port Dillon.

Once a forgotten town in the heart of the Deep South, Dillon, with a population of 6,604, is now overtaking cities more than 40 times its size to become an anchor of America's burgeoning warehouse and e-commerce fulfillment center explosion - a \$24B construction surge that is being brought into the U.S. mainstream. [Read Article](#)

### Living in the Age of the Big Lie

*IndustryWeek - Stephen Gold*

We live in an era of unprecedented public dishonesty, blurring the lines between fact, opinion and noisy speculation. This is bad for America and American business: Democratic capitalist societies require truth and transparency for their institutions to remain viable.



Of course, there is nothing new about politicians and propagandists spreading disinformation and promoting "alternative facts." Technological improvements in printing led to pamphlet wars in 16th and 17th century Europe that facilitated the rapid spread of political deceit. In the mid-20th century, Nazi Germany and Soviet Russia elevated the official use of lying to new levels to manipulate the disgruntled and sow confusion and fear among the public. More recently in the United States, the New Left introduced moral relativism to substitute new non-bourgeois "facts" for old, while the New Right cast doubts on the hard science behind evolution, vaccines and climate change.

Yet we've reached a new pinnacle. Today we live in the Age of the Big Lie, where in the words of historian Deborah Lipstadt, "No fact, no event, and no aspect of history has any fixed meaning or content." [Read Article](#)

### Existing Home Sales Fall

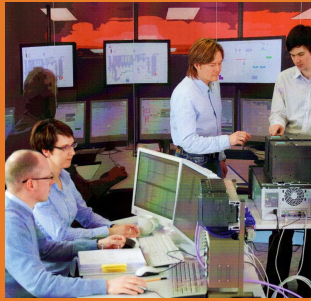
*CFO.com - William Sprouse*

Sales of existing homes fell 0.6% in the United States in June, according to the latest figures from the National Association of Realtors. Existing sales hit a seasonally adjusted annual rate of 5.38 million units for the month, the NAR said. In addition, the May sales pace was revised to 5.41 million units, down from the 5.43 million units previously reported.



It was the third straight month the figure fell. Economists polled by Reuters had expected existing home sales to gain 0.5%. Sales are now 2.2% below their levels from a year ago, the NAR said. [Read Article](#)

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## MEMORABLE QUOTES

**"Training is everything. The peach was once a bitter almond; cauliflower is nothing but cabbage with a college education."**

[Mark Twain](#)

American writer, humorist, entrepreneur, publisher, and lecturer

**"The world of finance hails the invention of the wheel over and over again, often in a slightly more unstable version."**

[John Kenneth Galbraith](#)

Canadian-born economist, public official, and diplomat, and a leading proponent of 20th-century American liberalism

**"Put a good person in a bad system and the bad system wins, no contest."**

## The New Housing Crisis: Shut Out Of The Market

*NPR Morning Edition - Kirk Siegler , Brian Berumen*

Ten years after the housing collapse during the Great Recession, a new and different housing crisis has emerged.



Back then, people were losing their homes as home values crashed and homeowners went underwater. Today, home values have rebounded, but people who want to buy a new home are often priced out of the market. There are too few homes and too many potential buyers.

Home construction per household is now at its lowest levels in nearly six decades, according to researchers at the Federal Reserve Bank of Kansas City. This isn't just a problem in San Francisco or New York, where home prices and rents have gone sky-high. It is also a problem in midsized, fast-growing cities farther inland, like Des Moines, Iowa; Durham, N.C.; and Boise, Idaho. In Boise, an analysis by the U.S. Department of Housing and Urban Development showed there is a demand for more than 10 times the number of homes being built right now. [Read Article and Hear Podcast](#)

## SpaceX Poised to Be First with Astronaut Flights, Beating Boeing

*IndustryWeek - Bloomberg*

Elon Musk's Space Exploration Technologies Corp. is set to beat Boeing Co. in the battle to be the first company to ferry American astronauts to the International Space Station.



SpaceX plans to fly Demo-2, its first crewed test flight, in April 2019, while Boeing's Crew Test Flight is now slated for mid-2019, according to a new schedule that NASA released Thursday. Both dates are later than the companies had been targeting. [Read Article](#)

## Siemens Makes 'Massive' Growth Pledge With Big-Bang Overhaul

*IndustryWeek - Bloomberg*

Siemens AG announced its most sweeping overhaul in years as Europe's largest engineering firm tries to adapt to new technologies that are disrupting its core businesses and avoid the fate of General Electric Co., its struggling rival. The manufacturer said it will shrink the number of operating divisions to three from five as it focuses on factory software and energy distribution.



The new structure, along with third-quarter earnings, received a cool reception from investors, who sent shares down as much as 5%, the most in just over two years. The company's so-called industrial business profit missed estimates and showed a worsening outlook for the power division. [Read Article](#)

## Deere Buying Latin American Ag Equipment Manufacturer

*American Machinist - Staff*

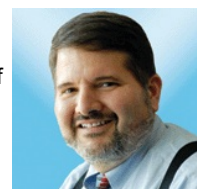
Deere & Company reported it has a definitive agreement to acquire PLA, a privately-held manufacturer of sprayers, planters, and specialty machinery for agriculture. Headquartered in Argentina, PLA has manufacturing plants at Las Rosas, Argentina, and Canoas, Brazil. [Read Article](#)



## Oracle Files First JEDI Protest

*Washington Technology Daily - Nick Wakeman*

Oracle Corp. has filed a protest objecting to the terms of the recently-released solicitation for the \$10 billion JEDI cloud contract.



Not surprisingly, Oracle is objecting to the Defense Department's plan to make a single award for JEDI. The company argues in its protest filed at the Government Accountability Office that a single award is irrational and violates procurement laws.

DOD's plan to make JEDI a single-award contract has long been a sticking point with many in industry, who argue that a single winner will cut off DOD's access to innovation and competition. [Read Article](#)

## Steinway Attracts Chinese Suitor

*IndustryWeek - Bloomberg*

Steinway Musical Instruments Inc., the legendary piano maker controlled by U.S. hedge fund billionaire John Paulson, has attracted takeover interest from China Poly Group Corp.,



## Recent Proactive Technologies News Article Quicklinks

### August

#### [Labor Costs Expected to Increase, So Will Challenges to Developing Workers](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

#### [More Employers Finding Ways To Strategically Ensure Fair Pay](#)

by Stacey Lett, Regional Manager - Eastern U.S. - Proactive Technologies, Inc.

#### [Pre-Employment Physical Ability Tests Can be a Legal Liability If Not Done Right](#)

by Jim Poole, President of Lifetime Learning, LLC

#### [Keeping Employers Engaged in Regional Workforce Development Projects](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

### July

#### [From Innovation to Implementation - Success Depends on Preparedness of Those Executing](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

#### [A Management Theory Flashback - The Peter Principle](#)

by Stacey Lett, Regional Manager - Eastern U.S. - Proactive Technologies, Inc.

#### [Workforce Development Partnerships With Substance: My Experience](#)

By Randy Toscano, Jr., MSHRM, CEO of Legacy Partners 2

#### [Economic Development Opportunities - An Important Incentive in Attracting Companies to Your Region](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

### June

#### [Every Work Task Is A Micro Unit - Everything About the Task Should Be Trained At Same Time For Maximum Efficiency and Effectiveness](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

#### [Knowledge Gap v. Skills Gap, Core Skill Gap v. Task Skill Gap; Important to Know Which You Are Trying To Close](#)

by Stacey Lett, Regional Manager - Eastern U.S., Proactive Technologies,

people familiar with the matter said.

The state-owned conglomerate is holding preliminary talks about a purchase of Steinway, according to one of the people, who asked not to be identified because the deliberations are private. The company, whose iconic pianos have been used by virtuosos such as Lang Lang, could fetch about \$1 billion in a sale, the people said. [Read Article](#)

### Hope Is Not a Plan: The Myth of American Manufacturing

IndustryWeek - Michael Collins

America needs manufacturing. But before we can upend its decline, we must acknowledge the posturing and false mystique around it and begin the real work of changing.



In building a case for an American manufacturing renaissance, economists cite increasing productivity, cheap natural gas, and rising value-added figures to show that manufacturing is in good shape and will get better. Some of these positivists also claim that rising labor costs in Asia and the creation of U.S. manufacturing jobs since 2010 are evidence of a big turnaround in manufacturing. There are also some mysterious predictions, shared without data to back them up, that manufacturing exports will grow and imports will shrink.

Manufacturing has been battered so badly by China and other Asian countries and by American multinational corporation offshoring that people are desperate for positive news. But the question is, are these stories based on truth or are they just "happy talk"? [Read Article](#)

### Boeing Faces New Production Snarls for Cash-Cow 737 Jetliner

IndustryWeek - Bloomberg

Boeing Co. is working through cascading supplier problems that will hamper third-quarter deliveries of its 737 jetliner, the planemaker's largest source of profit.

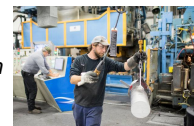


Hiccups at the makers of fuselages and engines, combined with record 737 output, have contributed to a production logjam at the planemaker's Seattle-area factory. Like Airbus SE, Boeing is starting to feel the consequences of its fastest-ever tempo for narrow-body aircraft as suppliers struggle to keep pace. [Read Article](#)

### Manufacturers Increase Efforts to Woo Workers to Rural Areas

AreaDevelopment-The New York Times - Ellen Rosen

They call it the "Not So Heavy Metal" tour. It's a lighthearted effort by Minnesota-based Alexandria Industries to introduce middle and high school students - as well the general public - to manufacturing.



While the name is humorous, it belies an issue that is anything but. The component manufacturing company, with about 550 employees roughly two hours north of the Twin Cities of St. Paul and Minneapolis, faces an acute problem affecting many rural manufacturers: a shortage of workers to fill skilled and unskilled positions.

The company, which supplies manufacturers in the medical, automotive and defense industries, among others, has at least 50 unfilled jobs, and its predicament is not unusual. [Read Article](#)

### American Firms are Offshoring Innovation. Here's How to Reverse the Trend

AreaDevelopment-Alliance for American Manufacturing - Mike Russo, Pramod P. Khargonekar and Glenn Daehn

This summer, the National Association of Manufacturers (NAM) surveyed its 14,000 members. The news was good: More than 95 percent of American manufacturers now have a positive outlook for their companies.

But here's the problem: Short-term optimism says little about our capacity to lead the industries of the future.

Though tax, trade and regulation policies may enhance competitiveness of existing industries, America's manufacturing innovation ecosystem faces serious challenges. While we've already suffered serious losses to the offshoring of production, we're also increasingly seeing the offshoring of innovation. [Read Article](#)





Inc.

**[Tips for Workforce Developers - Partnerships That Matter...and Last](#)**

by Dr. Dave Just, formally Dean of Corporate & Continuing Education at Community Colleges in MA, OH, PA and SC. Currently President of K&D Consulting

**[Unemployment is at an 18 Year Low, So Where is the Party ?](#)**

By Dean Prigelmeier, President of Proactive Technologies, Inc.

**May**

**[The Accelerated the Transfer of Expertise™](#)**

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**[Challenges Presented by the Widening Skill Gap](#)**

by Stacey Lett, Regional Manager - Eastern U.S., Proactive Technologies, Inc.

**[Full Job Mastery means Maximum Worker Capacity - A Verifiable Model for Measuring and Improving Worker Value While Transferring Valuable Expertise](#)**

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**April**

**[We Have Enough Evidence: Without Employer-Based Structured OJT, Worker Development Falls Way Short](#)**

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**[Blockchain Employee Records? What is the Balance Between Business Controls and Employee Privacy?](#)**

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**[Classes Alone Will Not Close the "Skills Gap." But Structured On-the-Job Training Can...Every Time!](#)**

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**[Explaining Your Process Training to Auditors, Prospects and Clients](#)**

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**[STEM Programs are Good, But No Substitute for Employer-Delivered Structured On-The-Job Training](#)**

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**[Five Most Important Ways Structured On-the-Job Training Can Reclaim Wealth For an Employer](#)**

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**February**

**[Eight Scenarios That Would Make You Wish You Had a Structured OJT](#)**

**New Order for Lockheed Mobile Artillery System**

*American Machinist - Staff*

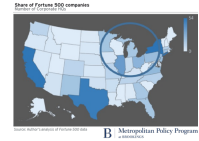
Lockheed Martin has drawn a \$218-million award from the U.S. Army to produce High-Mobility Artillery Rocket System launchers, plus associated hardware, to be provided to an unnamed foreign customer. This will represent the fourth international customer for the HIMARS package, which is lightweight launch system transportable for rapid deployment via C-130 and larger aircraft.



Lockheed further noted that the contract calls for it to deliver 18 HIMARS launchers and associated equipment by December 2020. [Read Article](#)

**The Rust Belt Needs Capital to Turn Talent and Innovation Into Jobs**

Area Development - Brookings Institute - John C. Austin, Nonresident Senior Fellow - Metropolitan Policy Program



Since Rust Belt voters tipped the results of the 2016 election, interest in effective strategies for supporting new business and job growth in this important region has intensified.

Such interest recognizes that the states of the upper Midwest share more than their swing state status. A unique economic and social development storyline unites the industrial heartland, extending across all or part of 12 states from Minnesota and Missouri in the West, through the Great Lakes and up the Ohio River Valley to Western New York, and to Pennsylvania and West Virginia in the East. The region has many economic challenges, but also boasts important economic strengths, perhaps none as important as the tremendous innovation and talent emerging from its companies and universities.

Yet a lack of risk capital in the Rust Belt has held back the region's capacity to translate its formidable innovation and talent assets into new businesses and jobs. [Read Article](#)

**Lockheed Poised to Get \$11 Billion F-35 Contract Despite Delays**

*IndustryWeek - Bloomberg*

Lockheed Martin Corp. continues to deliver its next-generation F-35 aircraft late because of production flaws, even as the Pentagon is poised to award the company a potential \$11 billion contract that's the biggest yet.



The contractor for the costliest U.S. weapons system has been "late to contract requirements" in providing 209 of 308 of the planes to U.S. and international customers through June 30, the Defense Contract Management Agency said in a statement to Bloomberg News. While Lockheed and the Pentagon's F-35 program office said they expect on-time delivery of all 91 F-35s due this year, the contract agency predicted seven won't make that deadline. [Read Article](#)

**GE Engines Tapped for Indian Carrier's 787 Expansion**

*American Machinist - Staff*

GE Aviation has \$340-million contract to supply GENx-1B engines to Vistara, the Indian airline that recently booked an order for up to 10 Boeing 787 Dreamliner aircraft. The engines would be delivered during 2020-21, as the airline begins to institute its new wide-body service for medium- and long-distance international routes.



The GENx-1B is part of the GENx series of dual rotor, axial flow, high-bypass turbofan engine that GE Aviation supplies to Boeing for its wide-body aircraft, mainly the twin-engine 787 but also the quad-engine 747-8. According to the engine developer, it "the fastest selling high-thrust GE engine in history." [Read Article](#)

**The Real State of American Manufacturing**

*IndustryWeek - Travis Hessman*

Here we are now, nine years into the recovery from the Great Recession, a year and a half into a new business-minded presidency, and currently in the wild midst of a digital transformation rocking the entire manufacturing sector.



In many ways, this is probably one of the most exciting, turbulent, and opportunity-rich times manufacturing has seen since the end of World War II. At the heart of it is a movement matching two equal-but-opposite forces

## System

by Dean Prigelmeier, President of Proactive Technologies, Inc.

## [A Pay-for-Value Worker Development Program - Fair to Management and Workers, and Effective Too!](#)

by Stacey Lett, Regional Manager - Eastern U.S., Proactive Technologies, Inc.

## [Who is Responsible for Decisions Regarding Training?](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

## **January**

## [Maximizing Worker Capacity Maximizes Shareholder Value...If Done Right](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

## [Training Issue or Attitude Issue? Understanding the Difference](#)

Stacey Lett, Regional Manager - Eastern U.S., Proactive Technologies, Inc.

## [Grow Your Own Multi-Craft Maintenance Technicians - Using a Systems Approach to Training](#)

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simultaneously stymieing and bolstering the industry.

On one side, we have innumerable headlines ranging from skilled worker shortages to long overdue capital investments and digital overhauls, complicated further by new tariff threats, looming trade wars, and governmental uncertainty clouding everything. [Read Article](#)

## Financial News

### **Data From States Shows Thousands of Amazon Employees are on Food Stamps**

*Business Insider - Dennis Green*

Amazon is one of the top employers of those who receive SNAP benefits - otherwise known as food stamps - in at least five states.



In 2017 nearly one in three Amazon employees in Arizona was on food stamps, or lived with someone who was, according to data obtained by nonprofit New Food Economy from state governments. In both Pennsylvania and Ohio, one in 10 Amazon employees was on food stamps.

Vermont Sen. Bernie Sanders, a prominent critic of Amazon, announced plans to introduce legislation that would tax companies when their employees are on government assistance.

A number of Amazon employees in at least five states were on food stamps - or SNAP, the Supplemental Nutrition Assistance Program - in 2017. [Read Article](#)

### **Companies See Strongest Working Capital Performance Since Recession**

*Material Handling & Logistics Staff*

The 1000 largest non-financial companies in the U.S. significantly improved their ability to generate cash in 2017, producing the strongest working capital performance since 2008. However, their ability to collect from customers and manage inventory actually both deteriorated, masked by a significant increase in the time companies take to pay suppliers, according to the latest Working Capital Survey results from The Hackett Group.



In 2017, companies significantly extended payments to suppliers, taking 3.4 days longer to pay than in 2016 and improving Days Payable Outstanding (DPO) by increasing it to 56.7 days. Increasing DPO keeps cash on the balance sheet longer and improves cash position.

The survey found evidence that for many companies, improving DPO involves companies simply pushing the working capital burden onto their suppliers, including much smaller companies, by forcing them to accept longer payment terms. [Read Article](#)

### **Made in America: An Outlook for Manufacturing in the U.S.**

*Area Development - Jason Tolliver, Vice President and Head of Industrial Research, Americas, Cushman & Wakefield*

Multinational firms continue to make significant investments in U.S. manufacturing facilities and logistics networks regardless of vagaries in trade policy.



As changing U.S. trade policies continue to dominate headlines and discussion, many have examined how policy shifts will impact manufacturing, both at home and for our partners overseas. However, it's also critical to look at the reverse - how U.S. manufacturing has impacted the policies our leaders put forward. When we do, it's clear that the production, distribution, and consumption of goods within the U.S. have directly affected trade policy.

Trade policy does not exist in a vacuum. It is governed by a complex framework of obligations embodied in 14 free-trade agreements with 20 countries, the World Trade Organization, and other aspects of international law. According to the U.S. Department of Commerce, U.S. trade with free-trade partners represented nearly 70 percent of exports and more than 90 percent of all U.S. imports by value in 2017. Clearly, the trade policies that enable this global flow of goods are key to most U.S. industries, and commercial real estate is no exception. [Read Article](#)

These partnerships:

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- document a trainee-to worker's increasing value to the employer - the key to retention - rather than leaving it to chance;
- properly aligns workforce development resources and maximizes the impact and results;
- allows you to engage an employer's facility, equipment and staff in the training process;
- provides the best infrastructure for apprenticeships and internships that last!
- is a win for the trainee, win for the worker, win for the employer, win for the institution and win for the community!

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## Appeals Court Backs IRS in Transfer-Pricing Case

*CFO.com - Mathew Heller*

A federal appeals court has delivered a major setback to Intel's subsidiary Altera in a high-stakes legal battle over Treasury Department regulations governing the sharing of employee stock compensation costs between related entities.

The IRS had issued notices of deficiency after Altera and an international subsidiary elected not to share the cost of employee stock options for the 2004-07 tax years, resulting in substantial tax savings on \$80 million in income.

Altera's petition for relief was granted by the U.S. Tax Court. But in a ruling Tuesday, the Ninth Circuit Court of Appeals sided with the IRS in upholding Treasury regulations that require related entities to share the cost of employee stock compensation in order to avoid an IRS adjustment. [Read Article](#)

## Will Trump's Attempt to Manipulate Monetary Policy Backfire?

*CFO.com - Axel Merk*

Did the president introduce a "Trump Put" last week by lashing out about rising interest rates and calling for a weaker dollar? The market reacted swiftly and rationally - albeit not the way Mr. Trump had intended. Let me explain.



Mr. Trump suggested the United States is at a "disadvantage" given that the European Central Bank and Bank of Japan continue their more expansionary monetary policies. Markets reacted by selling off the dollar versus major currencies.

If that were all, you might shrug it off as the disruptor-in-chief rattling the currency markets a bit. Maybe there isn't much more to it. After all, speculators had been bidding up the greenback of late, so possibly this was as good a catalyst as any to take some profits. [Read Article](#)

## Study Finds Disturbing Evidence of Earnings Management

*CFO.com - David McCann*

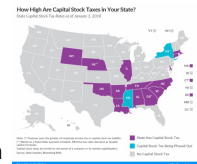
Do investors get a straight story about company earnings? It's well known that the traditional way of measuring profits, by generally accepted accounting principles (GAAP), has been gradually, increasingly overshadowed by other metrics in company press releases, analyst forecasts, and clearinghouses that provide data on both predicted and actual earnings.

Even though these alternatives, known collectively as "Street earnings," incorporate non-GAAP measures, they have been touted as providing a better picture of financials for many companies. Today about 90% of S&P 500 companies use at least one non-GAAP measure in earnings releases. But this favorable view of Street earnings has hardly gone uncontested. Among scholars and investors alike, there have been outspoken doubters, among them Charles Munger. The Berkshire Hathaway vice chairman once referred to a widely used non-GAAP measure, EBITDA (earnings before interest, taxes, depreciation, and amortization), as "[B.S.] earnings." [Read Article](#)

## Does Your State Levy a Capital Stock Tax?

*Tax Foundation - Katherine Loughead*

Capital stock taxes, sometimes referred to as franchise taxes, are levied in sixteen states.



Not to be confused with corporate income taxes, which are levied on a business's net income (or profit), capital stock taxes are imposed on a business's net worth (or accumulated wealth). As such, businesses must pay a capital stock tax regardless of whether they make a profit in a given year. In addition, capital stock taxes are not always limited to C corporations; states have different laws regarding the types of businesses that are subject to a capital stock tax. [Read Article](#)

## Solving The 'Wage Puzzle': Why Aren't Paychecks Growing?

*NPR Morning Edition - Yuki Noguchi*

A basic tenet of economics is that when demand for something goes up, so does its cost. So, many





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**EMPLOYERS!**  
If your organization sees training as a cost, not as an

translated into bigger increases in pay. Federal Reserve Chairman Jerome Powell has called this a puzzle that defies a single or easy explanation. It isn't just, for example, that productivity has slowed, making it harder for businesses to justify paying more - though that is certainly a factor.

U.S. Economy Added 157,000 Jobs In July; Unemployment Dips To 3.9 Percent

At 4 percent, unemployment has been very low. Businesses report having a hard time finding available workers. And some economists say that should add up to wage growth rates of about 3.5 percent. Instead, wages are increasing at a 2.7 percent annual rate. [Read Article and Hear Podcast](#)

### SEC Deals Another Setback for Bitcoin ETF

CFO.com Matthew Heller

The U.S. Securities and Exchange Commission has rejected another effort by entrepreneurs Cameron and Tyler Winklevoss to list a bitcoin-related exchange-traded fund, citing concerns that the price of bitcoin is susceptible to manipulation.



The Winklevoss twins had proposed an SEC rule change that would make their proposed ETF the first investment product of its kind to be listed. The fund would track the price of bitcoin on the Winklevoss' Gemini bitcoin-trading platform and be listed on the CBOE's BATS BZX exchange.

But in a 3-1 decision, the commission last week said the proposed rule change was not "consistent with the requirements of the Exchange Act Section 6(b)(5), in particular the requirement that [SEC] rules be designed to prevent fraudulent and manipulative acts and practices." [Read Article](#)

### Don't Be Blindsided by Customs Law and Import Regulations

IndustryWeek - Suzanne Richer

Daily updates to international trade regulations dominate the headlines. Tariff wars, trade retaliation techniques and the ensuing supply chain disruptions catch our attention and have become the focal point of our "what if" conversations and strategic planning committees. In the midst of all of this political juggling is an equally compelling story of fines, penalties and settlements against companies for violations of long established import and export trade regulations that are often overlooked in daily operations.



The penalty on Chinese telecom company ZTE, which was heavily reported and mind-boggling for its \$1 billion-plus amount, was an extraordinary case of company personnel knowing the law and continuing to ship without regard to it. Surprisingly, they are not alone. [Read Article](#)

### What Gig Economy Jobs Are Really Like

CFO.com - Vincent Ryan

Irregular and anti-social hours, sleep deprivation, exhaustion, low pay, no bargaining power - the autonomy comes at a price.



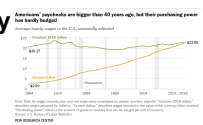
Experts often claim that the "gig economy" - a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs - can be a positive for companies and for workers. It is often described as an evolved state of working in which a work-from-home employee is not tied down to one company or stuck with one kind of task or project.

At the same time, the argument goes, this new model lets companies throttle their workforces up and down depending on economic conditions and the demand for their products or services. Less talked about but also part of the decision to employ gig workers is the cost savings from not having to offer employee benefits. [Read Article](#)

### For Most U.S. Workers, Real Wages Have Barely Budged in Decades

Area Development-Pew Research - Drew DeSilver

On the face of it, these should be heady times for American workers. U.S. unemployment is as low as it's been in nearly two decades (3.9% as of July) and the nation's private-sector employers have been adding jobs for 101 straight months - 19.5 million since the Great Recession-related cuts finally abated in early 2010, and 1.5 million just since the beginning of the year.



But despite the strong labor market, wage growth has lagged economists'

**investment, maybe you should consider another approach!**

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- \* Cuts the employer's internal costs of training;
- \* Lowers the costs associated with turnover;
- \* Drives new-hires and incumbent workers to "full job mastery;"
- \* Increases worker capacity, work quality, productivity and compliance (ISO/AS/TS training and records requirement, engineering specifications and safety mandates);
- \* Creates framework for cross-training, retraining and worker certification;
- \* Establishes the framework for employer specific/job-specific apprenticeships and internships - registered or not;
- \* Builds career development tracks and succession plans for hourly (and salary) workers;
- \* Ensures the increased and maintained "Return on Worker investment" through any type of change...

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expectations. In fact, despite some downs over the past several decades, today's real average wage (that is, the wage after accounting for inflation) has about the same purchasing power it did 40 years ago. And what wage gains there have been have mostly flowed to the highest-paid tier of workers. [Read Article](#)

**U.S. Household Debt Reaches New Heights**

*CFO.com - Vincent Ryan*

If consumers are holding record amounts of debt, is that good or bad for the U.S. economy? Surely, intelligent economists could occupy both sides of the debate.

Regardless, U.S. household debt continues to climb, reaching a new post-financial-crisis high last quarter. The granting of credit is certainly fueling economic growth, but it may also be putting individual households in a precarious financial situation. If interest rates continue to rise or the U.S. economy hits a rough patch, U.S. consumers could have trouble making loan payments.

The Federal Reserve Bank of New York's Quarterly Report on Household Debt and Credit, released Tuesday, shows that total U.S. household debt increased by \$82 billion (0.6%) to \$13.29 trillion in the second quarter of 2018. The April-to-June rise marked the sixteenth consecutive quarterly increase. Total debt is now \$618 billion (5%) higher than the previous peak of \$12.68 trillion, which was hit in the third quarter of 2008. [Read Report](#)

**CEO Pay in 2017 Was 312 Times the Typical Worker**

*IndustryWeek - W Staff*

The growth of executive compensation was the single largest factor behind the explosion of income for the top 1% and top 0.1% according to a new study from the Enterprise Policy Institute (EPI).

The group's new report shows that CEO compensation surged in 2017, with CEOs making 312 times more than a typical worker in the firm's industry.

In fact, the average CEO of a top U.S. firm made \$18.9 million last year compared with \$62,431 for the typical worker. [Read Article](#)



**Ask The Expert--Lean Leadership: Busting Purchasing Paradigms**

*IndustryWeek - Larry Fast*

In my previous article, we kicked off a series on the purchasing function by addressing the mindset it takes to achieve excellence in purchasing. Of course, it's the same mindset that continuous improvement initiatives require in all corners of the business. Sadly, CI often starts and stops on the shop floor and doesn't make it into staff areas—a key contributor to why CI too often ends up in the side ditch in less than five years.

Complicating things further in the case of purchasing, this is a function that is often done offsite, e.g., in a division or corporate office far removed from the factories. The job as a purchasing leader is to get trained up, be proactive with manufacturing and production planning, and become a partner in the quest for end-to-end CI [See Why a Robust S&OP Process is Critical to Delivery Performance - and Key Factory Metrics]. The leader must demonstrate the new mindset, take the point and demolish the paradigms of traditional purchasing/supplier relationships. [Read Article](#)



**International News**

**Mexico, Latin America, South America and the Caribbean**

**Unlikely and Unlikable, Jair Bolsonaro Could Lead Brazil**

*DeutscheWelle*

Jair Messias Bolsonaro, a far-right candidate and congressman, has launched an improbable campaign to win Brazil's presidency. He served in the military under the dictatorship and has hounded left-wing lawmakers since.



Hundreds of fans were waiting in the arrival area of the airport, most of them young or middle-aged men, chanting "mito, mito" - "myth, myth," in reference to Jair Messias Bolsonaro.

Wearing black plastic sunglasses and a green-and-yellow (the colors of



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## THE DEADLINE for ISO 9001:2015 RECERTIFICATION IS APPROACHING Will you make it?

Re-certification audit planning for the new standard must be performed at least 90 days prior to expiration, in other words by **September 14, 2018**, and the last audit day cannot exceed the deadline or a full, initial audit must be performed.

Along with AS9100D and TS16949, a major new requirement for the "capture of institutional knowledge" and "identifying training gaps and closing them", as well as managing both for change are covered by **Proactive Technologies' PROTECH© system of managed human resource development.**

**Train workers to full job mastery, increase worker capacity, work quality and quantity AND increase compliance with ISO/AS/TS and safety at the same time...with the same investment!**

Training and training records, alone, are usually a target for auditors. Clients report passing their audit for the training and institutional knowledge requirements are rated as "best practice" level.

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Brazil's flag) presidential sash that read "Bolsonaro 2018," the candidate grinned as his supporters carried him on their shoulders through the airport.

These people, at least, take Bolsonaro's presidential ambitions seriously. For years, the political establishment had dismissed the 63-year-old former paratrooper as a clown. [Read Article](#)

### Venezuela and Trinidad Earthquake: Massive Magnitude 7.3 Quake Slams Caribbean Coast

*The UK Sun - James Cox and Aletha Adu*

A POWERFUL earthquake wreaked havoc in Venezuela and across parts of the Caribbean - sending people fleeing into the streets for safety.



The 7.3 magnitude quake which struck off the Cariaco peninsula on Tuesday night is the largest to strike the country since 1900.

Supermarket shelves came crashing down in Cumana, the largest city near the earthquake's center.

Down town in Caracas, concrete from the top floors of the unfinished Tower of David skyscraper fell to the sidewalk, forcing firefighters to close off traffic. [Read Article](#)

### Canada, Europe and Great Britain

**Did Canada Gain 100,000 Jobs Or Lose 28,000?**

*Huffington Post - Daniel Tencer*

Nobody really knows what's going on in Canada's job market right now. That's a problem for policymakers.



The latest report on the health of Canada's job market landed on Thursday, with the monthly ADP Canada survey showing the country lost 10,500 non-farm payroll jobs in June.

"We saw a significant dip in job growth in Canada for the month of June," ADP Research Institute vice president Ahu Yildirmaz said in a statement.

"This decline likely reflects the impact of regulations on mortgage financing and a slow down in consumer spending."

But is the decline real? [Read Article](#)

**Germany's Political Parties CDU, CSU, SPD, AfD, FDP, Left party, Greens - What You Need to Know**

*DeutscheWelle*

Chancellor Angela Merkel has won a fourth term in office. Here's a look at Germany's political parties, who they are and what they want. [Read More](#)



**UK Economy Gathers Speed Despite Brexit Woes**

*DeutscheWelle*

Britain's economy picked up speed in the second quarter despite mounting concerns over a disorderly exit from the European Union. Growth was helped partly by sunny weather and the FIFA Football World Cup.



Britain's gross domestic product (GDP) expanded by 0.4 percent in the three months to the end of June, marking an acceleration from 0.2 percent of growth in the first quarter of 2018. [Read More](#)

### Asia, India and Australia

## 'We Cannot Afford This': Malaysia Pushes Back Against China's Vision

*The New York Times - Hannah Beech*

A country that once courted Chinese investment now fears becoming overly indebted for big projects that are neither viable nor necessary - except to China.

In the world's most vital maritime chokepoint, through which much of Asian trade passes, a Chinese power company is investing in a deepwater port large enough to host an aircraft carrier. Another state-owned Chinese company is revamping a harbor along the fiercely contested South China Sea.

Nearby, a rail network mostly financed by a Chinese government bank is being built to speed Chinese goods along a new Silk Road. And a Chinese developer is creating four artificial islands that could become home to nearly three-quarters of a million people and are being heavily marketed to Chinese citizens. [Read Article](#)



## Scott Morrison: Australia's Conservative Pragmatist

*BBC News - Australia*

Scott Morrison has emerged as Australia's new prime minister after a chaotic week of political infighting and surprise twists.



A social conservative, Mr Morrison also appeals to the moderate elements of the Liberal Party and is widely recognised as a shrewd and pragmatic political engineer.

Although he did not initiate the leadership challenge against former prime minister Malcolm Turnbull, he defeated the man who did, Peter Dutton, at the final pass. He then went on to be thanked for his loyalty in Mr Turnbull's final speech as the country's leader.

Yet Mr Morrison - known as "ScoMo" around Parliament House - has long been seen to harbour leadership ambitions and was an obvious contender once Mr Turnbull's fragile alliances began to collapse. [Read Article](#)

## China and Southeast Asia iPhone Chipmaker Blames WannaCry Variant for Plant Closures

*IndustryWeek - Bloomberg News*

Taiwan Semiconductor Manufacturing Co. blamed a variant of the 2017 WannaCry ransomware for the unprecedented shutdown of several plants, as it ramps up chipmaking for Apple Inc.'s next iPhones.



Full operations have resumed and the malware will reduce revenue this quarter by no more than 2%, down from an initial estimate of roughly 3%, Chief Executive Officer C. C. Wei said Monday. The company faces shipment delays from the infection, which happened when a supplier installed tainted software without a virus scan. It spread swiftly and hit facilities in Tainan, Hsinchu and Taichung -- home to some of the cutting-edge plants that produce Apple's semiconductors. [Read Article](#)

## Google Employees Protest Plans for Chinese Censored Search Engine

*DeutscheWelle*

A letter signed by employees reminded Google's leadership that a censored app for China breaches its own code of ethics. Only a few hundred of the 88,000 employees have been given information on the project.



According to online news site The Intercept, more than 1,000 employees of Google have signed a letter demanding that the company come clean about an alleged secretive search engine it is building for use in China. The app is said to comply with Chinese government censorship guidelines.

The search app would ban information related to human rights, democracy and religion. These are topics that the government censors through China's so-called Great Firewall. [Read Article](#)

## China 'Training for Strikes' on US Targets

*BBC News*

China's military "is likely training for strikes" against US and allied targets in the Pacific, a Pentagon report warns.



The annual report to Congress says China is increasing its ability to send bomber planes further afield.

The report highlights its increasing military capability, including defence spending estimated at \$190bn (£150bn) - a third that of the US. China has not yet commented on the report. [Read Article](#)

### **Asian Games: Indonesia Police Kill Dozens in Criminal Crackdown**

*BBC*

Authorities say police have been told to act with force if resistance is met

Indonesian police have fatally shot dozens of "petty criminals" in the lead up to the 2018 Asian Games, rights group Amnesty International says.



The group condemned the deaths, calling for an investigation into the "shoot first and ask questions later policy".

At least 77 people have reportedly been shot dead since January, Amnesty said, with 31 deaths in police raids meant to clean up host cities for the Games. [Read Article](#)

### **Africa, Middle East, Eastern Europe and Russia**

#### **BMW to Expand European Footprint With \$1.2 Billion Hungary Plant**

*IndustryWeek - Bloomberg*

BMW AG is investing 1 billion euros (US\$1.17 billion) in a new assembly plant in Hungary, its first factory in Europe in nearly two decades as the luxury-car maker strengthens its European footprint amid growing protectionism.



The plant will produce 150,000 vehicles a year, making both electric and combustion engine vehicles, the Munich-based carmaker said Tuesday in a statement. It'll be BMW's first new carmaking facility since 2000, when it decided to construct a site at Leipzig, a spokesman said, declining to confirm which models it'll produce in Hungary.

"We are now strengthening our activities in Europe to maintain a world-wide balance of production between Asia, America and our home continent," BMW Chief Executive Officer Harald Krueger said in the statement. [Read Article](#)

#### **Imran Khan: A New Hope or Divisive Force for Pakistan?**

*DeutscheWelle*

Imran Khan has been elected by parliament as the next prime minister of Pakistan. For many, he is the country's last hope. For others, he is an Islamist. But who actually is Imran Khan?



On Saturday, Imran Khan is expected to be inaugurated as Pakistan's prime minister, after winning the nation's general election on July 25. Khan and his Tehreek-e-Insaf (PTI), or Movement for Justice party, have been a disruptive force in Pakistani politics for years.

For some Pakistanis, 65-year-old Khan and the PTI are a new hope, for others he is a polarizing populist who is willing to accommodate Islamists and antagonize the West. But those who know about politics and the economy say that neither he nor anybody else in Pakistan has the remedy for the Islamic republic's structural problems. [Read Article](#)

#### **Conflict Hampers Ebola Response in DR Congo**

*DeutscheWelle*

The number of suspected Ebola cases in eastern Democratic Republic of Congo has risen to 73. The fact that it broke out in the middle of a conflict area has made responding to it more difficult.



Eastern DRC, especially in Goma - where one-million people live close to the border with Rwanda - is on high alert for Ebola and trying to contain the latest outbreak. A single case in Goma would dramatically increase the risk of it spreading across the region and borders.

The epicenter is about 240 kilometers to the north of Goma, near Beni, a city of about 230,000 people. There have been 73 suspected cases of Ebola, according to the DRC's Health Ministry. Forty-six have been confirmed, and 27 patients are under observation for showing symptoms



## International Trade News

### INTERNATIONAL TRADE DATA

#### Monthly Wholesale Trade

*US Census Bureau*

June 2018 sales of merchant wholesalers were \$506.7 billion, down 0.1 percent (+/- 0.4 percent)\* from last month. End-of-month inventories were \$632.4 billion, up 0.1 percent (+/- 0.2 percent)\* from last month. June 2018: +0.1\* % change in Inventories; May 2018 (r): +0.3 % change in Inventories. [Read Report](#)



#### Manufacturing and Trade Inventories and Sales

*US Census Bureau*

U.S. total business end-of-month inventories for June 2018 were \$1,937.2 billion, up 0.1 percent (+/- 0.1 percent)\* from last month. U.S. total business sales were \$1,452.2 billion, up 0.3 percent (+/- 0.1 percent) from last month. June 2018: +0.1\* % change in Inventories; May 2018 (r): +0.3 % change in Inventories. [Read Report](#)



#### U.S. International Trade in Goods and Services

*US Department of Commerce - Bureau of Economic Analysis*

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced today that the goods and services deficit was \$46.3 billion in June, up \$3.2 billion from \$43.2 billion in May, revised. [Read Report](#)



#### Trade War Threatens to Take Legs from Caterpillar Resurgence

*IndustryWeek - Bloomberg*

For Caterpillar Inc., a bellwether of American industrial might, Donald Trump's trade war is threatening to halt what was shaping up as a record year for profits.



Analysts have been predicting net income could reach an all-time high of \$6.24 billion as expanding economies fuel robust demand for the manufacturer's signature yellow diggers, bulldozers and dump trucks. But the shares had their worst first half since the recession of 2009, and they've been slow to rebound.

That's because Caterpillar gets more than half its sales outside the U.S., and an escalating trade war is menacing global economic-growth prospects. [Read Article](#)

#### Trade Logistics Gap Persists Between Developed and Developing Countries

*Material Handling & Logistics - Staff*

A more advanced economy translates to better trade logistics. That is the conclusion of a report, "Connecting to Compete," from the World Bank Group. The report, which contains the Logistics Performance Index (LPI), is a bi-annual report that scores 168 countries on how efficiently supply chains connect firms to domestic and international opportunities.



Across the board, most countries have pursued logistics-related reforms and investments to build infrastructure, facilitate transportation and trade, or develop modern services. [Read Article](#)

#### China Factory Gauge Cools as Trump Trade Tensions Begin to Bite

*IndustryWeek - Bloomberg*

China's official factory gauge cooled this month as the impact of trade turbulence with the U.S. on confidence and the currency began to bite.



The manufacturing purchasing managers index fell to 51.2 in July from 51.5 in June and a tad lower than the forecast of 51.3 in a Bloomberg survey of economists. The non-manufacturing PMI, covering services and construction, stood at 54, the statistics bureau said Tuesday, compared with 55 in June. Levels above 50 indicate improvement. [Read Article](#)

## Trump's Tech Tariffs Are Awesome, for Southeast Asia

*IndustryWeek - Bloomberg, Tim Culpan*

Donald Trump may well be the best thing that's happened to Southeast Asia's humble electronics industry in quite a while.



Relatively small, and frankly not as sexy as their North Asia cousins, makers of components and devices with factories dotted around the region may get some time in the spotlight thanks to the U.S. administration's decision last month to levy an additional 25% import tax on 818 separate items from China.

Assembly of name-brand gadgets like Apple Inc.'s iPhones tends to grab an outsized share of attention from media, analysts and investors. Yet crucial parts of the electronics supply chain that also rely on low-cost manufacturing exist in Southeast Asia, such as capacitors, printed circuit boards, hard drives and bluetooth headsets. [Read Article](#)

## Arcelor's Steel Profits Keep Growing, Boosted By Trump Tariffs

*IndustryWeek - Bloomberg*

ArcelorMittal was already enjoying its best run in years as the world's biggest steelmaker cashed in on resurgent demand and a sharp fall in Chinese exports. Then along came Donald Trump and business got even better.



For years, the Luxembourg-based producer has been decrying unfair trade conditions in its key markets of Europe and the U.S. Now, U.S. tariffs have slammed the door shut on cheap steel imports, leading to the highest prices in years. That's built on an already tightening market as China closes surplus plants and demand booms across the globe. [Read Article](#)

## ISM Report Says Tariffs Push Manufacturers to Consider Production Outside US

*IndustryWeek - Bloomberg*

The Institute for Supply Management's July survey is flashing a disturbing signal: While manufacturers are experiencing healthy demand in the U.S., they're considering expanding outside the country to avoid tariffs in a widening trade war.



"Uncertainty is the biggest enemy of business," and escalating tariffs on more and more products are causing "concern about where to invest and how much," Timothy Fiore, chairman of the ISM manufacturing survey, said on August 1. [Read Article](#)

## Alcoa Seeks Waivers From US Tariffs

*IndustryWeek - Bloomberg*

Alcoa Corp., the American aluminum maker that supplies metal used in everything from Coca-Cola cans to Boeing Co.'s 747 jetliner, is seeking relief from U.S. tariffs meant to help it.



Alcoa filed five requests to the U.S. Commerce Department on August 6 asking for waivers from the administration's 10% tariff on imports of the lightweight metal.

Three of the requests are for aluminum that it said was unavailable from U.S. producers, and two are for metal that can't be made in sufficient quantity domestically. The one-year requests cover 39,500 metric tons, with Alcoa's Canadian subsidiary listed as the source of the metal. [Read Article](#)

## Tariffs Prompt US Manufacturers to Review Plans: Fed Survey

*IndustryWeek - Bloomberg*

America's escalating trade dispute with China and other trading partners has prompted almost a fifth of U.S. businesses including about 30% of manufacturers to review their capital spending plans, according to a study by the Federal Reserve Bank of Atlanta.



The Survey of Business Uncertainty, conducted with economists Nick Bloom of Stanford University and Steven Davis of the University of Chicago Booth School of Business, found that businesses were primarily putting their spending plans under review, with relatively few making firm decisions to cancel or postpone investments.

"These findings suggest that tariff worries have had only a small negative effect on U.S. business investment to date," Atlanta Fed Research Director David Altig wrote on a blog posted Tuesday on the bank's website. "Still,

there are sound reasons for concern." [Read Article](#)

## Can A Reagan-Era Policy Offer An Alternative To Tariffs?

*NPR All Things Considered - Dustin Dwyer*

It was 1981. A new Republican president with a background in the entertainment business was trying to jump-start the U.S. economy out of a brutal recession.



The president pushed tax cuts. Then his administration had to come up with a plan to deal with trade. America's auto industry was suffering, as new competition came in from Japan.

What the Reagan administration did about it has shaped the auto industry we see today in America. And it could serve as an example for the Trump administration in its ongoing, rancorous trade battles.

The man that President Ronald Reagan put in charge of his trade policy in 1981 was William Brock. [Read Article and Hear Podcast](#)

## CPA Urges USTR to Revise Country-of-Origin Labeling for Food Imports

*Coalition for a Prosperous America*

Washington. The Coalition for a Prosperous America (CPA) today urged US Trade Representative (USTR) Robert Lighthizer to pursue country-of-origin labeling (COOL) issues in the renegotiation of the North American Free Trade Agreement (NAFTA). CPA believes that reinstatement of COOL labeling will help US consumers to find safer food alternatives and will also help to boost domestic agriculture.



"If the president wants to extend his 'Buy American, Hire American' agenda to the nation's agricultural sector, then we need to revise our food labeling policies," said CPA Chair Dan DiMicco. "Americans undoubtedly want to buy safe, domestically farmed beef and pork. They should have the option to choose where their food is raised." [Read Release](#)

## EU, US Leaders Pledge to Negotiate "Zero Industrial Tariffs," Set Up Working Group on WTO Reform

*International Centre for Trade and Sustainable Development*

European Commission President Jean-Claude Juncker and US President Donald Trump announced on Wednesday 25 July that they had agreed to take a series of steps in the short and medium-term to ratchet down trade tensions between them, and plan to avoid introducing new unilateral tariffs as they advance subsequent negotiations on certain issues.



These agreed steps will include working towards zero tariffs between the EU and US in industrial goods, with the exception of automotive; setting up a working group to address WTO reform issues; facilitating EU purchases of US liquefied natural gas (LNG); and increasing EU purchases of US soybeans.

Speaking in the White House Rose Garden after their meeting, the two leaders welcomed the results of their discussions, with Juncker referring to the meetings as "constructive." The deal was presented in front of reporters as well as US senators and congressional representatives. [Read Article](#)

## Engaging With the International E-commerce Trade Agenda for Structural Transformation in Africa

*Trade Law Centre*

E-commerce can be an important contributor to Africa's structural transformation. E-commerce connects small businesses to big markets, consumers to a wealth of consumables. For consumers it promotes competition and transparency and improves choice while driving up quality and driving down prices. It enables value chains and facilitates innovation. E-commerce not only creates a new channel for trade but also improves the efficiency of trade - by lowering transaction costs and reducing transaction times. In this way the e-commerce agenda is inextricably linked to the trade facilitation agenda. [Read Article](#)

## In Times of Trade War, Companies Get Creative to Avoid Tariffs

*IndustryWeek - Bloomberg*

Facing the barrage of President Donald Trump's tariffs, Steve Katz is ducking for cover in the trade-war version of a demilitarized zone.



Katz manages a plant at United Chemi-Con in Lansing, North Carolina, a village of about 150 people with no traffic signal. The facility, which makes

capacitors for industrial and consumer products, is covered by a foreign-trade zone based in Greensboro. Trade zones are areas in or near ports of entry under U.S. Customs and Border Protection supervision that are generally considered outside of CBP territory. With the blessing of the U.S. government, companies can import goods into the zone with reduced duties on a case-by-case basis. [Read Article](#)

### **From Mills To Manufacturers, Steel Tariffs Produce Winners And Losers**

*NPR All Things Considered - Jim Zarroli*

President Trump boasts that his trade policies are bringing back the steel industry, but recent corporate earnings reports make clear that they're also hurting the bottom line at many manufacturing companies.



"We're putting our steel workers back to work at clips that nobody would believe, right?" Trump asked the crowd at an Aug. 1 rally in Pennsylvania. Major American steelmakers have reported higher-than-expected revenue in the second-quarter, thanks in part to Trump's 25 percent tariffs on imported steel.

Nucor, the largest US steel company, said in July that its second-quarter earnings more than doubled, partly because of higher steel prices.

[Read Article and Hear Podcast](#)

### **Yes, Trade Deficits Are Hurting American Manufacturing**

*IndustryWeek - Michael Collins*

More than 70% of our current trade deficit of \$566 billion (as of 2017) is in manufactured goods-not services.



A trade deficit occurs when a country imports more goods and services than it exports. The macroeconomic explanations are often convoluted and do not make sense to the average voter.

This typical example of a nebulous explanation comes from a leading manufacturing group: A trade deficit arises as a result of several factors, including overall domestic economic conditions and standards of living; domestic consumption and purchasing compared with savings rates; and the price of goods in the market, which is, in turn, affected by exchange rates, domestic structural issues (e.g., taxation regulation) and openness to international trade. [Read Article](#)

### **EU Looking to Sidestep US Sanctions With Payments System Plan**

*IndustryWeek - Bloomberg*

Germany and France said they're working on financing solutions to sidestep U.S. sanctions against countries such as Iran, including a possible role for central banks.



The discussions, which also involve the U.K., are a signal that European powers are trying to get serious about demonstrating a greater level of independence from the U.S. as President Donald Trump pursues his "America First" agenda. [Read Article](#)

## **Education and Workforce Development News**

### **High School Students Earning Free Associate Degree in STEM**

*IndustryWeek - Adrienne Selko*

In 2011, looking to bring more students into the STEM pipeline, IBM worked with educators, policymakers and elected officials to create the Pathways in Technology Early College High Schools (P-TECH) model.



Starting with one school in 2011, there are now 100 schools that participate in this program.

Students can enroll in the six-year program, which begins in high school and earn both a high school and an associate's degree in a science, tech, engineering or math-related field. The schools map skills that employers value into the curriculum, preparing P-TECH graduates to enter the workforce after graduation. [Read Article](#)

### **Drawing Lines on Apprenticeships**

*Community College Daily News - Matthew Dembicki*

Both sides of the aisle in Congress champion the value of apprenticeships in developing skilled workers for



available jobs. But the common ground ends there: Democrats prefer government-recognized registered apprenticeships, while Republicans lean toward industry-recognized apprenticeships, which include fewer rules and regulations.

The Senate Health, Education, Labor and Pensions Committee on Thursday held a hearing that focused on modernizing apprenticeships to expand opportunities. The opening statements from committee chair Sen. Lamar Alexander (Tennessee) and ranking minority member Sen. Patty Murray (Washington) set the debate, with Alexander arguing that registered apprenticeships limit creativity and flexibility that employers seek because of cumbersome administrative red tape. More companies want less-formal, industry-recognized apprenticeships that allow them to work on specific skill sets, he said, adding they also are more appealing to industries such as health care and information technology that don't traditionally offer apprenticeships. [Read Article](#)

### **Approving Industry-Recognized Apprenticeships**

*Community College Daily News - Matthew Dembicki*

The U.S. Labor Department (DOL) has released broad guidance to governors and state and local workforce agencies on establishing industry-recognized apprenticeships.



The department says in the guidance issued on Friday that DOL will assess the quality of apprenticeship certification practices but it won't decide what those standards should be.

"This structure means that employers, unions, labor-management organizations and other stakeholders involved in each industry will have the freedom to design apprenticeship programs that best fit their needs, bringing innovation to apprenticeship," according to the document.

Earlier this month, DOL announced \$150 million in grants to support sector-based approaches to expand apprenticeships on a national scale in key industry sectors. The program aims to accelerate the expansion of apprenticeships to new industry sectors, and to increase apprenticeship opportunities for all Americans, according to DOL. [Read Article](#)

### **Technical Education Gets Boost as Trump Signs New Law**

*IndustryWeek - Staff*

On July 31, President Trump signed legislation overhauling the nation's career and technical education law.



Passage of H.R. 2353, the Strengthening Career and Technical Education for the 21st Century Act, reauthorizes through 2024 the Carl D. Perkins Career and Technical Education Act, which is the principal source of U.S. federal funding for the improvement of secondary and postsecondary career and technical education (CTE) programs.

Perkins was last reauthorized in 2006 and was originally due for reauthorization in 2012. The reauthorization gradually increases annual funding from \$1.2 to \$1.3 billion over six years, a nearly 11% increase over fiscal year 2018 funding levels, expanding the reach of CTE programs to ensure more students can participate. H.R. 2353 funds \$7.5 billion in Department of Education grants through 2024.

These programs, tailored toward secondary and post-secondary students, will:

- Align career and technical education programs to the needs of local labor markets.
- Encourage stronger engagement between local employers and educational institutions.
- Increase work-based learning opportunities.
- Improve accountability and data transparency. [Read Article](#)

### **ED's Plan to Nix Gainful Employment Regs**

*Community College Daily News - Staff The U.S.*

Education Department (ED) on Friday announced its proposal to rescind the so-called "gainful employment" (GE) regulations - a move that was much anticipated.

An ED press release stated that the proposed rules would rescind the regulation to "provide useful, transparent higher education data to students and treat all institutions of higher education fairly."



The regulations, originally promulgated by the Obama administration, were largely designed to ensure that for-profit institutions were not burdening students with loans that they could not repay, as well as make available to students more data about GE programs. The programs could be cut off

from federal funding if the average debt-to-earnings ratio of their graduates stayed above a certain limit for two out of three straight years. It also required schools to disclose debt, earnings, completion and other program data, to help students avoid programs with poor outcomes. [Read Article](#)

### **Bankruptcy Filer Takes Student Loan Servicer To Court**

*CBS News 4*

The Federal Reserve estimates that student loan debt is a \$1.5 trillion problem in America. This debt is sinking many families into bankruptcy, but a new interpretation of the law may be offering some relief.



Paige McDaniel decided to go back to school to get a bachelors and masters degrees in business administration. She chose the online program at Lakeland University.

"I didn't want a publicly traded school. I wanted a school that was an actual university, and had a focus on academics," McDaniel told CBS4.

She took out federal student loans (totaling \$120,000 which has now swelled to \$269,000) to cover the cost of her bachelors and masters degrees in business administration. [Read Article and Hear Report](#)

### **More Work Hours, Lower School Performance**

*Community College Daily News - Matthew Dembicki*

A new study shows that working college students who put in more hours tend to have lower grades, but working fewer hours is not an option for many low-income learners.



Nearly 70 percent of all college students work - but those work experiences vary greatly between low- and higher-income students, according to a new study.

Higher-income students tend to work because they want related career experiences, and they have access to better work opportunities, such as internships and assistantships, according to the study from the Georgetown University Center on Education and the Workforce. [Read Article](#)

## **Training and Organizational Development News**

### **Building a Better Leadership Team through Trust and Quickly Resolving Conflict**

*IndustryWeek - Mary Herrmann*

Companies face a dizzying amount of change in today's global business environment, thanks to technological disruption, industry consolidation and economic uncertainty.



My consulting team was reminded of this fact recently when a global oil and gas company reached out to us. Company leaders knew that if they didn't begin enterprise-wide business changes and cultural shifts, they might not remain competitive.

The company's culture had a lot going for it, but leadership recognized that it was time to place greater focus on individual performance and empowerment as drivers for better business results across the organization.

[Read Article](#)

### **Five Lessons from High-Performing Lean Teams**

*IndustryWeek - Jon Terry*

When developing lean strategies, you must first look to organizational success beyond your own company. What do the high performers in your industry have in common? What are they doing right? What's an anomaly and what's a trend? What can be replicated or tweaked by your own organization? Asking questions is not a sign of weakness; it's the path to strength and success.



What Do High-Performing Lean Teams Say? [Read Article](#)

## **Quality News**

### **Inspections Reveal More Flaws in Jet Engines Linked to Fatality**

*IndustryWeek - Bloomberg*



Flaws in jet engine fan blades like one that cracked and broke loose in April, killing a Southwest Airlines Co. passenger, have been discovered on planes operated by several carriers, and the manufacturer is moving to further tighten inspections.

General Electric Co., part of a venture that makes the engines, found a cracked blade during post-accident inspections of another Southwest plane, and spotted four or five more in those of other airlines, Southwest Chief Operating Officer Michael Van de Ven said Thursday on a conference call to discuss earnings. [Read Article](#)

### Lean Lessons from Tesla

*IndustryWeek - Tom Ehrenfeld*

Once again, Tesla is dominating the news cycle, this time by pulling a series of corporate all-nighters, makeshift workarounds, and frenzied finishing touches to reach their long-announced goal of producing 5,000 Model 3's in one week. Never one to resist an opportunity to crack wise when it comes to dubious operations, LEI founder Jim Womack said of Tesla's big production push:



"No other car company has ever had the need to do such a thing—in order to reach a promised production level by a certain date to keep investors happy and the founder's reputation intact," said James Womack, adding, "So Tesla is now a pioneer in temporary assembly, charting a course no one else will want or need to follow." [Read Article](#)

### Can You Be Too Lean?

*IndustryWeek - Bob Simoneau*

At some organizations, lean distracts from creativity and innovation--and thus from other potentially profitable and stabilizing business opportunities.



The implementation of lean, if done carefully and contentiously, benefits not only the bottom line but also helps define an organization's culture: what people say as much as what they do and how they interact.

The dialogue within a company fundamentally changes: continuous improvements (kaizen), value stream mapping and process capability analysis are enhanced. Staff can move from being proactive rather reactive to external and internal changes. [Read Article](#)

### Cardboard, Duct Tape, String and Toyota: The Do-First Lean Mindset

*IndustryWeek - Mark Reich*

True lean practitioners demonstrate how to make physical change at the gembu. Just coaching advice isn't enough if the gembu doesn't change for the better.



I remember the date like it was tattooed on my left arm. October 25, 1994. It was a Tuesday.

I'd been given the assignment to go and work with a company that produced roll-formed metal parts for the appliance industry just outside of Chattanooga, Tennessee. I had just moved from Toyota City, Japan, to Lexington, Kentucky. Toyota had transferred me from a product-planning job (read desk jockey) to a job working at Toyota Supplier Support Center (TSSC). [Read Article](#)

### Built Lean From the Ground Up

*IndustryWeek - Jill Jusko*

People, lean processes and technology combine in HarbisonWalker International's first new factory since 1978.



"...workers at the South Point plant will be cross-trained and not simply on various pieces of equipment."

It's not often that a manufacturer gets the opportunity to build a lean manufacturing facility from the ground up. Typically, lean is introduced into an existing plant and optimal layouts are constrained by any of several factors: [Read Article](#)

## Cyber Security and IT News

### NetSuite Outage Idles Finance Departments

*CFO.com - Vincent Ryan*

Can your finance team do without its accounting or ERP system for up to seven hours? That's what many Oracle NetSuite



customers in the United States (and possibly internationally) experienced on Tuesday.

The NetSuite platform was down for almost a full working day, with customers unable to access the vendor's cloud-based applications, according to status updates from NetSuite and message board posts from financial professionals. [Read Article](#)

### **Five Months After Energy Cyberattack, U.S. Pushes Collaboration**

*IndustryWeek - Bloomberg, Naureen S. Malik and Alex Nussbaum*



Five months after five pipeline operators in the U.S. said their third-party electronic communications systems were shut down by hackers, Nielsen said a new National Risk Management Center would help government and the private sector better coordinate efforts to protect critical infrastructure. [Read Article](#)

### **The Labyrinths of Uncertainty Around Information Security**

*CFO.Com - Steve Durbin*

Information security threats are intensifying every day. Organizations risk becoming disoriented and losing their way in a maze of uncertainty, as they grapple with complex technology, data proliferation, increased regulation, and a debilitating skills shortage.



The year 2020 will dawn on a hyper-connected world where the pace and scale of change - particularly in terms of technology - will have accelerated remarkably. People will find themselves caught in a vortex of economic volatility and political uncertainty far beyond the levels experienced today. The consequences will be job losses, social divisions, and civil unrest. While some organizations will find ways to prosper in this new world, many will struggle. The determining factor will be the degree to which organizations are prepared to meet the challenges.

At the Information Security Forum, we recently released "Threat Horizon 2020," the latest in an annual series of reports that provide businesses a forward-looking view of the increasing threats in today's always-on, interconnected world. [Read Article](#)

### **Diving Deep into Emerging Tech Reveals Scary Truths**

*IndustryWeek - John Hitch*



We all know what AI, IoT and other emerging technologies are supposed to do, but what's really going on? This summer we surveyed manufacturing leadership to sort out the truth from the hype.

If you follow technology news at all, you've probably noticed something strikingly similar about all the breaking advancements in artificial intelligence, robotics and Industry 4.0. It's not as much as what they do or how they work, but how they are marketed.

Each emerging technological wonder promises the same type of dramatic fat-trimming reductions and productivity growth as the products plastering late night weight loss or hair-gaining infomercials. Lose 20% downtime in no time! Boost your business confidence in a big way with Big Data analytics!

Sometimes this puts me precariously close to becoming an unwitting pitchman, because I write about this stuff every day, highlighting the amazing improvements AI or analytics can provide-such as GE's Predix platform making equipment 18% more effective at its Indian Brilliant Factory. [Read Article](#)

### **Google is Spying on Where You Are (Even if You've Disabled Location Tracking)**

*Metro - Rob Waugh*



Google is watching where you are, even if you specifically instruct it not to record your location on iPhones and Android handsets. Princeton researchers found that many apps record your location - even if you've disabled 'Location History' on your handset.

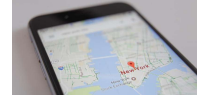
Such data can be very private indeed - with location history normally stored as a 'timeline' showing where a user goes, minute by minute. But even if you decide to 'opt out' of storing this information, Google still saves information on your location. [Read Article](#)



## Google Location Tracking: Turn it Off For Real

MSN-CNET - Rick Broida

Google is watching you. That's what everyone says half-jokingly about the search giant, which has often been accused of Big Brother-style monitoring of your searches, voice activity and location.



Now it appears that even if you manually disable Google Location History, Google Maps and other apps may retain data about your whereabouts. That's according to an AP report published earlier on Monday.

The Web & App Activity toggle will fully disable Google location tracking, but good luck finding it unless you know exactly where to look. Although Google maintains that such location-tracking features are intended to improve your experience. But that notion is at odds with the definition of "off," said Princeton computer scientist Jonathan Mayer. "If you're going to allow users to turn off something called 'Location History,' then all the places where you maintain location history should be turned off," he said. [Read Article](#)

## Industrial IoT Escalates Risk of Global Cyberattacks

IndustryWeek - Christopher Morales

The manufacturing industry has had a lower profile as cyberattacks against the retail, financial services and healthcare industries have made headlines. However, intellectual property theft and business disruption are now emerging as primary reasons manufacturers have become prime targets for cybercriminals.

The interconnectedness of Industry 4.0-driven operations, such as those that involve industrial control systems, along with the escalating deployment of industrial internet-of-things (IIoT) devices, has created a massive attack surface for cybercriminals and nation-state actors to exploit.



The motive and nature of attacks.. [Read Article](#)

## Drowning in Data: Consequences of Having Too Much of a Good Thing

IndustryWeek - Douglas Fair

This may be hard to believe, but there was a time in manufacturing when data was hard to come by. Back in the days when gauges were analog, before computers and databases and the internet, data was not as ubiquitous as it is in the manufacturing industry today...not even close. But, as we all know, things change. Fast forward to today...and manufacturing data is available to almost anyone who wants it.



## The Cost of Data

Compared to a few decades ago, the cost of technology is dramatically less expensive today. As a result, data collection is faster, more automated, and cheaper. [Read Article](#)

## Human Resource Management News

### Is Hiring Ex-Offenders a Good Idea?

IndustryWeek - David Sparkman

Employers grappling with the dearth of job applicants all too often ignore entire segments of our population as pools of potential applicants. Among them are people convicted of crimes who are returning to society following stints in prison. However, there is evidence they can provide real value to employers and be accepted by the other employees they work with.



Criminal reform legislation moving right now through Congress aims to ease the way for hiring ex-offenders. Called the FIRST STEP Act, it was passed by the House in May and but is expected to face tougher sledding in the Senate. Among other things, the legislation would provide \$250 million over five years for new inmate education and-rehabilitation programs, including job training. It also would require risk assessments be made for prisoners being readied for release, and create programs tailored to meet these inmates' needs. [Read Article](#)

### ICE Steps Up Review of Workplace Violations

Material Handling & Logistics - David Sparkman

Immigration and Customs Enforcement (ICE) is continuing its full-court press on employers when it comes to workplace raids, inspections and arrests-and expect more to come.



In a July 24 release, ICE said its Homeland Security Investigations (HSI)

division had completed the second phase of a nationwide operation. Conducted July 16-20, this week-long push saw HSI serve 2,738 1-9 notices of inspection (NOIs) to businesses. Earlier this year HSI served 2,450 notices during the first phase of the initiative. [Read Article](#)

### **Taking the Bias Out of Your Hiring Process**

*IndustryWeek -Eric Sydel*

Manufacturing hiring managers often implicitly favor young, strapping candidates who in reality may not be the best for the job.

The best way, bar none, to select a new hire for a manufacturing position, is a job tryout. The candidate actually gets to do the job and see how they like it. The employer gets to directly gauge aptitude and performance. This allows any rose-colored notions about candidate and company fit to be dispelled, so that both parties can proceed with a clear and objective understanding of the quality of fit.



But time and cost make this option untenable for both company and candidate. In practice, a job tryout requires nearly the same time and dollar investment as actually bringing the candidate on board.

Alternatives to the job tryout are plentiful, and include personality and other tests, traditional and video interviews, and gamified exercises that attempt to evaluate some set of skills. But many techniques used in hiring do not provide ideal candidate experiences. [Read Article](#)

### **Do Prescription Drug Middlemen Help Keep Prices High?**

*PBS News Hour*

A critical look at the role Prescription Benefit Management (PBM) firms play in managing the skyrocketing cost of prescription drugs, and whether or not the big three firms are living up to their stated role. These three firms made \$300 billion last year. At what cost to the consumer? [See Episode](#)

### **Are Employees with Past Drug Addiction Protected?**

*Material Handling & Logistics - Staff*

The Americans with Disabilities Act protects employees and job applicants from discrimination based on past drug addiction.



As the opioid addiction rate continues to escalate the question of whether an addiction could hamper employment arises.

In an article on the Society of Human Resource Management website, written by Roy Maurer, he talks about the rights of employees. He points out that the Americans with Disabilities Act (ADA) protects employees and job applicants from discrimination based on past drug addiction.

These individuals qualify as having a disability if they successfully completed a supervised drug rehabilitation program or are currently participating in such a program and are no longer using prohibited drugs. [Read Article](#)

### **Big Changes on the Way: What You Need to Know about the Joint Employer Rule**

*IndustryWeek - Molly L. Kaban, Raymond F. Lynch*

The expansive joint employment standard implemented by the National Labor Relations Board in 2015 appears likely to change soon. On June 5, 2018, the Chairman of the Board, John Ring, announced that the Board will develop rules setting forth the standards for determining whether an organization is a "joint employer" for the purposes of the National Labor Relations Act. With new standards under the Republican-majority board, employers will likely have far more flexibility to engage with the employees of other organizations and not be found a joint employer. [Read Article](#)



### **Employees Likely to Leave Job if They See Compliance Violations**

*IndustryWeek*

Employees do not like to see compliance violations. In fact, if they witness two of these occurrences they are likely to start looking for a new job.



According to a study released earlier this month by Gartner, Inc, 29% of employees observed at least one compliance violation at work in 2016 or 2017.

The survey, which sampled more than 5,000 employees at all levels, found that these workers are twice as likely to leave their organization. [Read](#)

### OSHA Proposes Rule to Hide Sensitive Information

*EHS Today - Staff*

OSHA has proposed a rule to eliminate the requirement for companies to submit information from its electronic recordkeeping procedures.

The move comes in an effort to protect personally identifiable information or data that could be associated with a particular individual.

The proposed rule eliminates the requirement to electronically submit information from OSHA Form 300 (Log of Work-Related Injuries and Illnesses), and OSHA Form 301 (Injury and Illness Incident Report) for establishments with 250 or more employees that are currently required to maintain injury and illness records. [Read Article](#)



### Overcoming Overdoses: Keeping Narcan on Factory Floor

*EHS Today*

With the opioid epidemic paving the way for unintentional poisonings to remain the number one cause of death in the United States, employers, legislators, organizations and law enforcement officials continually are looking for ways to stop the spread.



The issue is a delicate problem to face. Despite drug-free workplace policies, workers still are falling victim to substance abuse, whether they are legally or illegally obtaining opioids. And for workplace safety, managing employees who are addicted or in recovery could be the difference in reducing injury rates and costs.

[Read Article](#)

### OSHA Proposes Big Changes to Electronic Injury Reporting

*EHS Today - David Sparkman*

The long-running drama of the Occupational Safety and Health Administration (OSHA) electronic injury reporting rule entered a new chapter recently when on July 30 OSHA opened a rulemaking intended to remove many of the Obama-era requirements employers found objectionable.

The agency also announced it will not enforce this year's deadline-already passed-and next year's filing date will be March 2.

In May 2016, towards the end of the Obama presidency, OSHA announced its final electronic reporting rule. At that time, the agency proposed that OSHA 300 logs and 301 forms would be published on OSHA's website, with employee names and their other personal information redacted. [Read Article](#)



### MSHA and OSHA Decisions May Be Overturned

*EHS Today - David Sparkman*

A decision by the U.S. Supreme Court regarding the legality of administrative law judge (ALJ) appointments may result in overturning many rulings handed down by ALJs in the Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration (MSHA).



An ALJ is an agency or department judge who presides over trials and adjudicates the claims or disputes involving issues of administrative law, many of which deal with fines, penalties and citations imposed by an agency. Unlike regular court judges, ALJs specifically train for and must pass examinations to be eligible to serve in these bureaucratic positions. However, they conduct trial proceedings and hand down decisions that have the full force of law when it comes to enforcing federal rules and regulations. [Read Article](#)

**Having trouble finding, selecting, training and keeping the skilled workers you need? Are your employee turnover costs a concern?**

- Classes alone will not train workers to perform your tasks...

- Quality Control policies and Process Documents are not a substitute for task training...
- Wishing and hoping won't develop the skilled workers you need...

The cost of one worker malperformance or one worker's under-capacity or under-performance - due to lack of proper training - **can more than justify the investment to train all your workers properly!**

**AND, structured on-the-job training takes place where, and while, the work is performed. You need no additional staff** and structured on-the-job training **does not interrupt your work schedule** like unstructured, haphazard and ad hoc training does.

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