



Proactive Technologies News

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BEST WISHES FOR A BRIGHT AND PROPSEROUS NEW YEAR!



Yet Another Reason Structured On-The-Job Training Should Be Part of Any Company's Business Model - New ISO 30414 Standards for Human Capital Metrics



By Dean Prigelmeier, President of Proactive Technologies, Inc.

A new reason has come to town to support why structured on the job training - at least the [PROTECH™ system of managed human resource development](#) approach - can be an important component of an organization's business strategy and model: **ISO 30414 - Human Capital Metrics and Reporting.**

For far too long, critics have been vocal that decisions on how to reduce costs to protect "shareholder value" were heavily weighted against workers, undercounting the firm's cumulative investment in each worker's development and aggregate value of the firm's worker expertise. It was easy to erase labor wages off the books without considering the loss of value to the company when that value was never measured and counted in the first place. While the benefits of such cuts can provide a short-term lift to earnings per share, the long-term impact on organizational capacity, quality and effectiveness is often not known to shareholders until problems arise.

There has been an extensive global effort to create standards for the voluntary reporting human capital metrics and reporting, organized by the International Organization for Standardization (ISO), which have been released. And there seems to be a case to be made why companies should not ignore their importance.

Many quality professionals were exposed to the new requirements for a systematic approach to human resources in ISO 9001:2015. These new requirements are based on the principles considered by ISO to be essential to quality management success. But some quality professionals may not be aware of new ways that they can bring added value to their organizations by implementing the spirit and intention of [these new requirements](#).

"If the firm has not defined the job classifications of workers in clear, procedural terms, they have little to measure, report on and use to improve performance."

In a recent article in CFO.com entitled, "[Human Capital Reporting Standards Finally Arrive](#)," David McCann writes, "Depending on the extent to which companies voluntarily adopt the new standards, stakeholders - investors, analysts, customers, and current and prospective employees - would have a new category of data with which to assess organizational value and the prospects for financial and non-financial returns from investments in human capital."

Proactive Technologies, Inc. - capturing worker expertise to build and support job specific, task-based worker development programs (with metric-based solutions) since 1986.

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Develop all the expert workers you need in a fraction of the time, with a fraction of the investment!

Increased worker capacity, work quality and quantity, and worker compliance (ISO9001:2015, AS9100D, TS16949, engineering and quality specifications, and safety requirements).

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 January 2019 Issue](#). While at our website, check out past newsletters, articles and more.

Helping employers to unlock worker value since 1986!



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It's easy. Just click on the link. Make sure you continue to receive news that matters to you and your industry, from around the world.

In This Issue

[Proactive Technologies' Workforce Development News](#)

[Industry News](#)

[Financial News](#)

[International News](#)

[International Trade News](#)

[Education and Workforce Development News](#)

[Training and Organizational Development News](#)

[Quality News](#)

[Cyber Security and IT News](#)

[Human Resource Management News](#)

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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**

Conversations regarding ISO 30414 human capital reporting have changed in the last few years, perhaps related to the awareness that the public is asking more and more that corporations be good corporate "citizens" since given that standing in recent Supreme Court rulings such as Citizen's United.

The institutional investor community, including the Human Capital Management Coalition with aggregate assets of \$3 trillion dollars and is led by the UAW Retiree Medical Benefits Trust, has expressed strong support. They went as far as petitioning the U.S. Securities and Exchange Commission in 2017 to require public companies to disclose information on their human capital management. The Commission accepted the petition and is currently considering it. [Read More](#)

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.



A conundrum for many employers - those who are allowed to consider the wage-value relationship in their business strategy - is "what is the right pay rate for work performed." An often used strategy is to establish a competitive wage range for a job classification based on area surveys of similar job classification in the industry, adjusted for the uniqueness of work requirements for the employer's job classification. Once hired, an employee progresses through the wage range measured by time in the job classification, in some cases with wage adjustments based on merit. While consistent, this approach may limit the employer to paying, in many cases, more for labor than the value derived. And here is why.

If an employer purchases a new, technologically advanced, piece of machinery that is advertised to increase the output of a process from 100 units per hour to 300 units per hour, the employer would be disappointed if it only received 150 units per hour. That employer would, most likely, challenge the manufacturer and perhaps request a refund if not satisfied.

"How would one determine the proper wage rate for the value derived if there is no effort to hire workers accurately to today's job needs, train workers to all of the required tasks and measure workers for the work they were hired and trained to perform?"

Why doesn't that same sentiment apply to hiring workers? In a hypothetical, but typical, example an employer has an opening for a job classification that consists of 50 critical tasks that the employer expects the person filling that job classification to perform. Why shouldn't the employer expect that person to master all 50 tasks? What might happen instead, after what is considered to be the "training period" is completed, the employer notices through anecdotal evidence and whispers that the output from that hired individual is below expectation. As time goes by and dissatisfaction grows, the decision to terminate the employee is made, often not measured against the investment in the employee thus far. If retained, the employee progresses through the wage range with no guarantee that the employee's output increases. Where is the concern to correct this? [Read More](#)

Proactive Technologies Discount Program Ends, But... "Low-Risk" Pilot Approach Option Remains in Effect

by Proactive Technologies, Inc. Staff

The Proactive Technologies, Inc.'s Fall Discount Offer expired November 30th. However, discounts are still offered for "economies of scale" (the larger the project, the larger the savings due to coordinated travel, production costs and labor). PLUS, Proactive Technologies has continued the "low-risk" project pilot approach offer for those employers who need to make the case to management before rolling out a larger project.

This [accelerated transfer of expertise™](#) approach is a tremendous offer without the discount. This approach can **help any employer quickly and completely train the skilled workers they need AND realize an increase in worker capacity, work quantity/quality and compliance (ISO9001:2015/ TS16949/AS9100D), engineering specifications and safety) while reducing the internal costs of training.** [New-hires and incumbent workers](#) are driven to **full job mastery** and higher levels of return on worker investment (ROWI). The task-based, structured on-the-job

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

training infrastructure is perfect for apprenticeships (registered or not); instead of marking the calendar for "time-in-job," job-relevant tasks are mastered and documented. **AND, unlike classroom or online training, the cost per trainee decreases with each added trainee once set up.**

This approach makes a worker's mastery of the job the focus, incorporating the company's existing systems, documents and standards by building structure around the loosely arranged worker development activities already in place - structuring the unstructured worker training to make it work effectively and efficiently.

Proactive Technologies offers **two ways** to help prospective clients be absolutely certain that this strategic approach to worker development is right for them. **First**, Proactive Technologies is offering a free, no obligation, up-to-three-hours session offsite by videoconference, or onsite (by appointment), to develop a Job Hierarchy (detailed task listing) of the prospective client's targeted job classification. This involves the prospective client's designated incumbent "subject matter expert" and will illustrate for the prospective management the direction and detail of this approach's methodology. It will, also, reveal whether the subject matter expert's coworkers have mastered all of the tasks required of the job for which they were hired. [Read More](#)

Grow Your Own Multi-Craft Maintenance Technicians - Using a "Systems Approach" to Training

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



Since partnering with Proactive Technologies, Inc. in 1994, together we have advocated the use of a "systems approach" to training that includes a combination of related technical instruction and structured on-the-job training to develop multi-craft maintenance technicians. This approach works equally as well with other job classifications within a organization. This is a viable option to paying tens of thousands of dollars per year to employment recruiters to locate these technicians on a nationwide basis...who still need to be trained once hired. Plus, once the investment is made to setup the infrastructure, you can **train as many workers as you need - with a declining cost per trainee.**

The systems approach to training, if built correctly for your company, forms the infrastructure of a highly effective, low cost apprenticeship (registered or not) model. This model can quickly and cost-effectively produce the multi-craft maintenance technicians you need, who will be qualified to perform the tasks required at your facility. Based on detailed job/task analysis data - collected by Proactive Technologies' experts using your internal subject matter experts who have the final review - worker development materials are generated by Proactive Technologies' PROTECH™ software system® for immediate use. **Most importantly, technical support to the project includes project implementation management, so you can focus on running your business.**

The "Systems Approach to Worker Development" is effective. To establish the foundation: [Read More](#)

Replicating Your Best Performers

by Dean Prigelmeier, President of Proactive Technologies, Inc.

One project I was involved with sought to establish a structured on-the-job training program for a "CNC Operator" position and establish an apprenticeship. It consisted of around 40 different machines; manual and NC-operated of several brands, controller types and purposes. When I analyze a job - task by task - I first contact the resident "subject matter expert." It is my experience that in lieu of accurate standard process documents that everyone can use when assigned a machine, each operator keeps their own setup and operation notes. They are usually reluctant to share them.

As analysts, we assume that if the subject matter expert is assigned to us, it is a reflection of management's confidence in the operator's consistently high level of performance. We also learn a lot about the sub-culture that has arisen at the organization, bordering on "work performance anarchy." Despite the connotations, this is a useful revelation. This lack of vital information sharing that has been going on can be eliminated. The collective

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

January, 2019

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.



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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.

Experience the power of the **PROTECH™ system of managed human resource development!**

wealth of task-specific information can be screened, validated, standardized and revision-controlled to be shared with all who are asked to perform the tasks.

This highlights several other preexisting issues in addition to the obvious. First, if the company is ISO/AS/TS certified, an auditor would be appalled and likely "gig" the company for the use of uncontrolled "process documents." Notes in toolboxes and lunchboxes are not revision controlled. If the company has even questionable process documents that they claim drive their "high level of quality performance" the existence of operator notes are a strong contradiction. A client visiting the site may have serious doubts about the practices, as well. [Read More](#)

If you tried other worker development strategies, or still haven't figured out the one your firm has been using, and concluded there has to be something better for your firm...you are right!

Spend a few minutes to learn more about a worker training approach:

- **designed for manufacturing;**
- **proven for any industry;**
- **customized to your job classifications, your tasks and specifications, and your business operation's needs...**

Does your organization struggle with high turnover rates leading to lower organizational capacity, work quality and quantity and compliance? Is your organization faced with these increasing costs while seeing a decreasing training budget?



Wouldn't it be worth a few minutes of your time to find out how you can drive every worker - incumbent and new-hires - through structured on-the-job training to full job mastery, with a small investment and huge return?

Check the "Upcoming Events" section of this newsletter for when a Proactive Technologies Representative will be in your area next and schedule an onsite briefing!

Proactive Technologies, Inc. [always offers a low-to-no risk pilot program approach](#). We work with the client to design a project to fit their budget and meet their business needs.

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.



The PROTECH™ approach:

- **Is designed to your job classification, your operation and incorporates your firm's specifications, process, standards and policies;**
- **Ends your worries and costs over finding qualified candidates and closing the "skills gap;"**
- **Drives every worker to full job mastery while they simply learn their job;**
- **Cuts your employee turnover costs;**



- Accelerated Transfer of Expertise™;
- Increased worker capacity, productivity, work quantity, work quality and compliance (specifications, ISO/AS/TS programs and safety mandates);
- Decreased internal costs of training;
- Higher return on worker investment!

You would be surprised how small of an investment is needed to unlock enormous returns.

If budgets are tight, **Proactive Technologies can be an extension to your training department,** with our technical implementation support - **included with every project!**

There's nothing to lose by [contacting us](#) to learn more.

www.proactivetechnologiesinc.com

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European-style apprenticeships without the exorbitant cost... whether registered or not.

We research available training grant funds for each project and help the client apply. Grants may offset most or all of the investment to set-up and implement the structured training system!!

Low investment, no risk, high returns - everything to gain!

Isn't an hour of your time worth it to see if this approach to worker training is the one you always wished you had?

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



Industry News

DOMESTIC ECONOMIC DATA

Gross Domestic Product and Corporate Profits

US Department of Commerce - Bureau of Economic Analysis



Real gross domestic product (GDP) increased 3.4 percent in the third quarter of 2018, according to the "third" estimate released by the Bureau of Economic Analysis. The growth rate was revised down 0.1 percentage point from the "second" estimate released in November. In the second quarter, real GDP increased 4.2 percent.

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$78.2 billion in the third quarter, compared with an increase of \$65.0 billion in the second quarter [Read Report](#)

Personal Income and Outlays

US Department of Commerce - Bureau of Economic Analysis



Personal income increased 0.2 percent in November after increasing 0.5 percent in October. Wages and salaries, the largest component of personal income, increased 0.2 percent in November after increasing 0.4 percent in October. [Read Report](#)

Manufacturers' Shipments, Inventories, and Orders

US Census Bureau

New orders for manufactured goods in October decreased \$10.5 billion or 2.1 percent to \$502.7 billion. October 2018: -2.1% change; September 2018 (r): +0.2% change. [Read Report](#)



Advance Report on Manufacturers' Shipments, Inventories, and Orders

US Census Bureau

New orders for manufactured durable goods in November increased \$1.9 billion or 0.8 percent to \$250.8 billion. November 2018: +0.8% change; October 2018 (r): -4.3% change [Read Report](#)



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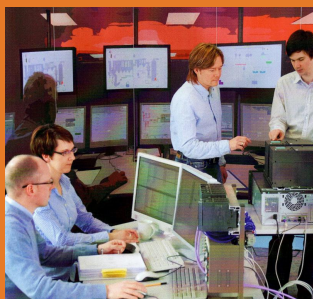
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- Front Line Supervisor Training
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Job Openings and Labor Turnover

US Bureau of Labor Statistics

The number of job openings was little changed at 7.1 million on the last business day of October, the U.S. Bureau of Labor Statistics reported today. Over the month, hires edged up to 5.9 million, and separations were little changed at 5.6 million. Within separations, the quits rate was little changed at 2.3 percent and the layoffs and discharges rate was unchanged at 1.1 percent. This release includes estimates of the number and rate of job openings, hires, and separations for the nonfarm sector by industry and by four geographic regions. [Read Report](#)



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](#)

Navy Awards \$910M Destroyer Project to General Dynamics

American Machinist - Staff

The U.S. Navy issued a contract to General Dynamics Bath Iron Works to build a fifth DDG 51 guided missile destroyer, a \$910-million award that modifies the multi-year, \$3.9-billion program announced in September. The new ship will be funded in the U.S. Dept. of Defense FY 2019 budget.



In that earlier contract, the General Dynamics business was assigned to build four ships, and the Navy held a separate competition for an option ship, described by BIW as part of a fleet-expansion program.

At the same time, a \$5.1-billion contract for six DDG 51 ships was placed with Huntington Ingalls Industries. Both contracts included options for five more ships from each company. [Read Article](#)

Opioids' Latest Casualty May Be a Drugmaker That Fueled Crisis

IndustryWeek - Bloomberg

As sales of Subsys, which accounts for more than 95% of the company's revenue, have fallen 80% from their 2015 peak, the company is short on cash and needs "substantial funds" to stay afloat.



Sitting in a Boston courtroom in a dark, pinstriped suit, the former top sales executive at Insys Therapeutics Inc., Alec Burlakoff, listened as federal prosecutors read out crimes he and the company had allegedly committed.

Insys had bribed doctors and their employees with payments for sham medical events that often turned out to be parties. Physicians who didn't write prescriptions for the company's powerful opioid were cut off from the company's money. There were lavish dinners, strip-club visits and gun-range outings, all of which led to booming sales of one of the world's most powerful - and dangerous - pain drugs.

Burlakoff was prepared to plead guilty, his lawyers told the judge on Nov. 28 - there was even more evidence that prosecutors hadn't listed, they said. He's one of the first drug-company executives charged in the mounting legal backlash to the U.S. opioid crisis, which was tied to about 50,000 deaths last year. Burlakoff faces as many as 20 years in prison, though he has a cooperation agreement with the government as other former Insys executives go to trial in January. [Read Article](#)

Ex-CEO of Insys to Plead Guilty in Major Opioid Case

NBC Washington

Insys executives allegedly defrauded insurance companies through their actions because the insurance providers made payments to doctors without knowledge of the bribes and kickbacks.



The former CEO of a drug company that produced a powerful and addictive painkiller containing fentanyl for cancer patients has agreed to plead guilty in connection with a scheme in which the firm's leaders bribed doctors in return for their prescribing the drug, court documents filed Wednesday show.

Michael Babich, a former president and CEO of the Arizona-based Insys Therapeutics Inc., producer of the drug Subsys, will plead guilty to one count of conspiracy and one count of mail fraud for his role in the alleged conspiracy. [Read Article](#)

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MEMORABLE QUOTES

"It is not enough to do your best; you must know what to do, and then do your best."

[W. Edwards Deming](#)

American engineer, statistician, professor, author, lecturer, and management consultant

"Quality means doing it right when no one is looking."

[Henry Ford](#)

American captain of industry, business magnate, founder of the Ford Motor Company, and developed the assembly line technique of mass production

"Economics is extremely useful as a form of employment for economists."

[John Kenneth Galbraith](#)

Canadian-born economist, public official, and diplomat

Recent Proactive Technologies News Article Quicklinks

December

[Is It Possible To Improve Worker Performance Without Documented Task Mastery?](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

["Realistic Job Previews" Can Be a](#)

GM CEO Links Fate of Ohio Plant to Union Talks, Lawmakers Say

IndustryWeek - Bloomberg

General Motors Co.'s Chief Executive Mary Barra said in meetings with Ohio lawmakers that the future of a factory in the state slated for closure can turn on the outcome of labor talks.



"We're trying to make sure that General Motors is strong," Barra said in brief comments. A strong GM (IW 500/4), she said, is the best way to maintain the company's 90,000 jobs in the U.S.

Barra scheduled two days in Washington to meet with lawmakers from states hit by the automaker's announcement last week that it plans to shed close to 15,000 jobs. Four factories in the U.S. and one in Canada could be shuttered by the end of 2019 if the automaker and its unions don't come up with an agreement to allocate more work to those facilities, GM said in a Nov. 26 statement. [Read Article](#)

GM's Mary Barra to Face Pressure on Cutbacks From US Lawmakers

IndustryWeek - Bloomberg

Even in a hyper-polarized Washington, there's been one area of consensus lately on Capitol Hill: anger at General Motors Co. and its CEO, Mary Barra.

Barra will face that ire during two days of meetings this week with lawmakers from states hit by the automaker's plans to shed as many as 15,000 jobs and cancel production at five plants in North America. President Donald Trump and lawmakers from both parties have lobbed criticism at the largest U.S. automaker and pledged to pressure Barra to reverse course.

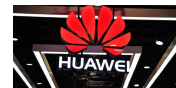


Ohio Senators Sherrod Brown, a Democrat, and Republican Rob Portman plan to push Barra to save the automaker's plant in Lordstown, Ohio, when they meet with her on Wednesday, according to a joint statement. GM plans to stop producing the slow-selling Chevrolet Cruze compact car at the plant next year, leaving the factory without a product to build. [Read Article](#)

Huawei CFO Arrested at US Request, Sparking Outrage in China

IndustryWeek - Bloomberg

Huawei Technologies Co.'s chief financial officer was arrested in Canada over potential violations of U.S. sanctions on Iran, provoking outrage from China and complicating thorny trade negotiations just as they enter a critical juncture.



Wanzhou Meng - also deputy chairman and the daughter of Huawei's founder - faces extradition to the U.S., said Ian McLeod, a Canada Justice Department spokesman, declining to elaborate. She was arrested Dec. 1 after the U.S. Department of Justice in April opened an investigation into whether the leading telecommunications-equipment maker sold gear to Iran despite sanctions on exports to the region. [Read Article](#)

Michelob, Modelo Booming While Rest of US Beer Industry Flat

IndustryWeek - Bloomberg

It's not all bad news in the sluggish U.S. beer market. Sure, consumers are drinking less brew, increasingly swapping out mainstream brands like Coors Light and Bud Light for wine, bourbon, tequila or hard seltzer. Even the craft beer craze has slowed. But while many drinkers shift away from lager and ale, two brands are bucking the trend: Michelob Ultra and Modelo Especial.



A key factor is that both labels are slightly more expensive than the market-leading light beers. That enables them to benefit from the shift toward premium products that's driving growth across the food-and-beverage landscape, from coffee and chocolate to cheese and whiskey. [Read Article](#)

Manufacturers Urge New Congress to Start with Infrastructure

IndustryWeek - Bloomberg

The Association of Equipment Manufacturers is launching a new digital ad campaign to remind Congress and the Trump administration of the bipartisan support for upgrading U.S. public works and urging them to "start with infrastructure" in 2019.



The \$100,000 campaign, to run Monday to Dec. 14, features a 30-second

[Useful Tool for Measuring a](#)

[Prospective Employee's](#)

[Transferable Task-based Skills](#)

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

[Proactive Technologies Discount Program Ends, But... "Low-Risk" Pilot Approach Option Remains in Effect](#)

by Proactive Technologies, Inc. Staff

[Confusion Over What Constitutes "Training" is Stumbling Block to Effective Worker Development Strategies](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

November

[A Training Approach That Should Make the Bean Counters Happy](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

[Increasing Worker Capacity - An Alternative to Cutting Workers for Short-term Cost Savings](#)

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

[10 Reasons Structured On-The-Job Training is a Vital and Necessary System for Any Organization](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

[A Simple, Low-investment Solution to Closing Skill Gaps; New-Hires and Incumbents](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

October

[When Wages Rise for Skilled Labor, Can Your Firm Maximize Worker Value and Minimize Investment?](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

[Retiring Workers and the Tragic Loss of Intellectual Property and Value](#)

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

[Apprenticeships: Be Careful Not To Minimize Integrity While Spiking The Numbers](#)

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

[When is Illustrating Technical Materials Useful to the Trainee?](#)

by Dean Prigelmeier, President of Proactive Technologies, Inc.

September

[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.

online video with a Democrat, a Republican and a Republican tout the importance of modern highways in California for on-time deliveries, broadband technology in Texas for agricultural yields, and reliable infrastructure in Ohio for clean drinking water.

The campaign targets leaders of both parties, who've said an infrastructure measure is something that can get bipartisan support in 2019, as well as newly-elected members of Congress. The effort follows the group's "mission not accomplished" campaign in August that reminded President Donald Trump and lawmakers they haven't kept their promises to pass an infrastructure bill. [Read Article](#)

New Ruling Puts Boeing-Embraer Merger Back on Track

American Machinist - Staff

'Free enterprise' argument wins as Brazil quashes earlier injunction.



A Brazilian federal judge granted an injunction in a suit brought by labor union leaders and congressmen blocking directors of Embraer S.A. from proceeding with a merger of its commercial aircraft business with Boeing Co., essentially halting the deal that has been in development for over a year.

Boeing has yet to comment on any of the recent developments. Boeing stands to hold 80% of the proposed joint-venture. The \$4.75-billion business would consist of the current Embraer commercial aircraft and services business, which will be headquartered in Brazil but aligned with Boeing Commercial Airplanes' commercial development, production, marketing and lifecycle services operations. Embraer would hold 20% of this new venture. [Read Article](#)

Huawei Said to Plan \$2 Billion Cybersecurity Reboot

IndustryWeek - Bloomberg

Huawei Technologies Co. plans to overhaul its global software systems in response to growing fears in Europe that the Chinese company's wireless equipment is vulnerable to snooping and hacking, according to people familiar with the matter.



Huawei will offer to spend at least \$2 billion to transform the way it engineers software, instead of merely applying one-off changes and workarounds in response to specific demands from companies and governments, said the people, who asked not to be identified because the discussions are private. That work will continue until all security concerns are assuaged, they said.

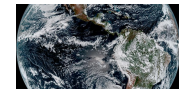
Western governments are growing increasingly concerned that Huawei's systems could be used as a Trojan horse by Chinese intelligence. The Shenzhen-based company suffered a further blow when Chief Financial Officer Wanzhou Meng, the daughter of Huawei founder Ren Zhengfei, was arrested in Canada on Dec. 1 following allegations it had violated sanctions against Iran, amid a wider tussle on trade between the U.S. and China. [Read Article](#)

10 Global Predictions for 2019: AT Kearney

IndustryWeek - Adrienne Selko

It's that time of year where we peer into the future to see what new trends and technologies will take place. A.T.

Kearney's Global Business Policy Council predictions for 2019 casts a wide net from geopolitical and economic disruptive forces to new technologies and regulations causing shifts in the socioeconomic landscape.



The group says its predictions are based on continuous scanning of the horizon across dimensions of demography, economy, environment, geopolitics, governance, resources, and technology and they point out that in 2018, many of their predictions came true. [See Slide Show](#)

Apple to Invest \$1 Billion for Texas Expansion Plan

IndustryWeek - Bloomberg

Apple Inc. said it would invest \$1 billion to expand its operations in Austin by constructing a new employee campus in the area, large enough to house 15,000 additional employees.



Further facilities will also be established in Culver City, Seattle and San Diego, and existing sites in Pittsburgh and Boulder will be expanded over the next three years. In a statement on its website Thursday, the company said it was also considering other U.S. regions for growth. [Read Article](#)

[The Skills Gap Solution: Employers Still Reluctant to Commit to Role Only They Can Fill](#)

by Staff

[Assessing Employees With Past Drug Addictions for Work Tricky](#)

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

[Estimating the Costs Associated With Skipping Employer-Based Structured On-The-Job Training](#)

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August

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

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

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

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July

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

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[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](#)

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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.

Rough Roads: Will Political Uncertainty Slow Automotive Innovation?

IndustryWeek - Laura Putre

A trade war, a softening auto market, dampening supplier mood and shifting regulations are setting a tough course for 2019.



For Joe Hinrichs, Ford's president of the Americas, Fourth of July week 2018 was a fireworks show that needed no pyrotechnics. Tariffs on automobiles shipped to China from the U.S. went from 25% on June 30, down to 15% on July 1, then all the way up to 40% on July 7. U.S. President Donald Trump and Chinese President Xi Jinping were exchanging threats and issuing ultimatums in an escalating trade war.

Boats bound for China in June idled in international waters, so they could drop anchor when the lower tariffs went into effect on July 1. Meanwhile, other, more distant boats gunned to arrive at port on July 6, before the 40% tariffs took hold. [Read Article](#)

Boeing's First China 737 Plant to Open in Shadow of Trade War

IndustryWeek - Bloomberg

Boeing Co. (NYSE:BA) is poised to open its first 737 finishing plant in China, underscoring the company's commitment to the world's largest aircraft market amid simmering trade tension.



The Chicago-based planemaker will inaugurate its completion and delivery center in Zhoushan, 90 miles southeast of Shanghai, on Saturday, after more than a year of construction. The facility marks a rare industrial foray outside of the U.S. for Boeing and a joint venture with state-owned planemaker Commercial Aircraft Corp. of China Ltd.

While the plant was sent in motion before U.S. President Donald Trump was elected, the ribbon-cutting risks being overshadowed by his tit-for-tat on duties with China on products ranging from cars, machinery to pork and soybeans. [Read Article](#)

Manufacturing's Mixed Messages Aren't Helping Close Skills Gap

IndustryWeek - Jill Jusko

Even as the industry promotes itself as a bastion of career stability and good pay, negative news sells the opposite story.



Are we making headway in closing the manufacturing skills gap?

The answer seems to be no. In their latest study of the U.S. manufacturing sector and its future workforce needs, the Manufacturing Institute and consulting firm Deloitte say the skills gap not only persists, but that the results "appear to highlight a widening gap between the jobs that need to be filled and the skilled talent pool capable of filling them."

Specifically, projections cited in the 2018 study, released in November, suggest unfilled manufacturing jobs will grow from 2 million to 2.4 million between 2018 and 2028. It is the organizations' fourth skills gap study. [Read Article](#)

Kimberly-Clark Expands Neenah Cold Spring, Wisconsin, Production Center

AreaDevelopment

Over the next five years, Kimberly-Clark will invest up to \$200 million in its facility in Neenah Cold Spring, Wisconsin. The project will fuel continued expansion, innovation and growth.

Kimberly-Clark and the Wisconsin Economic Development Corporation have agreed to terms on a five-year agreement that will provide the company with up to \$28 million in tax incentives and allow it to continue operations at its Cold Spring facility in Fox Crossing.

Under the terms of the agreement, Kimberly-Clark will retain 388 technical manufacturing jobs with an annual payroll of over \$30 million at the facility. The company will also continue to support hundreds of businesses across the state that supply approximately \$56 million in goods and services to the facility annually. [Read Article](#)

What's Ahead for the Semiconductor Industry?

IndustryWeek - Jim O'Neill

Smart cities and devices, autonomous vehicles and smart medicine make it easy to imagine a world where there are



[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, 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 ?](#)

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May

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

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

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chips in just about everything that we way of life. IHS Markit forecasts that by 2025, there will be more than 75 billion installed Internet of Things (IoT) devices worldwide. The semiconductor industry is already riding this wave and most industry experts see the same trajectory for the foreseeable future.

While emerging, state-of-the-art devices get a lot of attention, traditional integrated circuits continue to be the workhorse of the digital economy. This is great news for the semiconductor industry, as the capital expenditure (CapEx) requirements for increasing existing capacity are significantly less than those needed to build new capacity. Regardless, it's abundantly clear that the world of "smart everything" is going to require some shifting of investment priorities. [Read Article](#)

Global Steel Production Dropped in November

American Machinist - Staff

Year-over-year and year-to-date indicators remain solid, but falling prices appear to be dragging the latest monthly tonnage results.

Global steel production declined 4.5% from October to November, with a total of 148.6 million metric tons produced in 64 countries, according to the World Steel Association. The figure appears to indicate the effects of falling spot prices, but also confirms a recent World Steel Assn. forecast for slow but steady rises in steel output. The November result shows global steel production is still 5.75% ahead of the November 2017 total, and brings the year-to-date production total to 1.5 billion metric tons, or 5.1% higher than the January-November volume.



The World Steel Assn. reports raw-steel output for 64 countries, representing about 99% of the world's raw-steel production output. In its recent short-range forecast, World Steel predicted 2018 raw-steel production would total 1.66 billion metric tons worldwide. [Read Article](#)

Tax Cut Billions Fail to Spur Spending as CEOs Safeguard Profits

IndustryWeek - Bloomberg

America's biggest companies chose to use their tax savings to offset rising costs, including for labor, transportation and imports caught up in the trade disputes.

A year after the corporate tax rate was cut, metrics are showing that the savings didn't spur big companies to expand dramatically.



For companies in the Standard & Poor's 500 Index, the profits they've made from sales this year through September -- after accounting for production costs but before paying taxes -- have been flat. But, their net profit margins -- which include the tax savings -- have continued to climb. If they were spending more to hire workers and build U.S. factories, those net margins would be lower. [Read Article](#)

ABB to Sell Majority of Power Grids to Hitachi

CFO.com - William Sprouse

Swiss engineering company ABB agreed to sell an 80% stake in its power grids business to Hitachi. The deal values the unit at \$11 billion, and \$7.6 to \$7.8 billion from the deal would be returned to shareholders via stock buybacks. ABB CEO Ulrich Spiesshofer said the company will focus on digital industries following the sale.

CFO

The deal makes Hitachi one of the largest power grid players in the world, though some analysts expressed concern the costs could strain the company, which suffered losses over the last decade and recently underwent its own restructuring. [Read Article](#)

The Demise of Patent Trolls and Software Patents in the US Continued in 2018

Techrights - Dr. Roy Schestowitz

Summary: With patent trolls' bankruptcy filings, advocates' departures and a decline in the number of granted US patents we're seeing a sort of recession if not depression in the patent microcosm; that being the case, we'll shift our focus to other things in 2019.

THE year 2018 was a positive one for the US patent system if one skips the parts about Iancu's controversial remarks and moves at the U.S. Patent and Trademark Office (USPTO). Iancu has already made himself enemies among scientists and technologists, unlike law firms. [Read Blog](#)

Hurricanes Florence and Michael Ravage Florida, Georgia, North Carolina, South Carolina and Virginia; California Ravaged By Fires

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Proactive Technologies Report Staff

It seems that when natural disasters strike, those that can least afford to lose, lose the most - in some cases everything. Hurricane Florence and Michael devastated the lives and livelihoods of so many of our neighbors across the southeast United States. In some areas, flooding continues, and they will need help during the coming months and years.



California has seen an never-ending fire season, bringing death and destruction to its residents on an unwelcomed regular basis.

If you want to help but don't know how to reach organizations who are there right now lending a hand, here are a few links to some who can help make sure your donation, whatever you are able to contribute, reach those who need it the most.

[American Red Cross](#)

[The Salvation Army](#)

[North Carolina Disaster Relief Fund](#)

[OneSC Fund](#)

[VA Disaster Relief Fund](#)

[World Central Kitchen](#)

Remember, the flood waters will recede and fires may burn out, but it will take many months, perhaps years, for those affected to find some sense of normal life. If you are able, please help in any way you can.

Financial News

Why Aren't Millennials Spending? They're Poorer Than Previous Generations, Fed Says

NPR - Emily Sullivan

Shoppers walk past a Saks Fifth Avenue outlet store in Miami on Black Friday. Millennials have lower earnings, fewer assets and less wealth, a new Federal Reserve study says.



Since millennials first started entering the workforce, their spending habits have been blamed for killing off industries ranging from casual restaurant dining to starter houses. However, a new study by the Federal Reserve suggests it might be less about how they are spending their money and more about not having any to spend.

A study published this month by Christopher Kurz, Geng Li and Daniel J. Vine found millennials are less financially well-off than members of earlier generations when they were the same ages, with "lower earnings, fewer assets and less wealth."

Their finances were compared with Generation X, baby boomers, the silent generation and the greatest generation. [Read Transcript and Hear Podcast](#)

Millennials Didn't Kill the Economy, The Economy Killed Millennials

The Atlantic - Derek Thompson

The American system has thrown them into debt, depressed their wages, kept them from buying homes-and then blamed them for everything.



When a staid American institution is declared dead, the news media like to haul the same usual suspect before the court of public opinion: the Millennial generation.

The 80 million-plus people born in the United States between the early 1980s and the late 1990s stand accused of assassinating various hallmarks of modern life. The list of the deceased includes golf, department stores, the McDonald's McWrap, and canned tuna. Millennials tore up napkins, threw out mayonnaise, and mercifully disposed of divorce and Applebee's before graduating to somewhat postmodern crimes: "Have Millennials Killed Serendipity?" With the national murder rate in long-term decline, it may even be said that Millennials are killing killing. [Read Article](#)

Bitcoin Is Bouncing Around Again. Here Are Some Possible Causes

NPR - James Doubek

Bitcoin has lost a lot of its value this month. Financial



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EMPLOYERS!
If your organization sees training as a cost, not as an investment, maybe you should consider another approach!

experts aren't sure why. And they're not sure w here the popular cryptocurrency w ill go next.

Prices fell last weekend, reaching below \$3,600 at one point - about 40 percent less from w here it had been just tw o weeks earlier. Prices continued dow n Monday but closed slightly up Tuesday.

Then they surged, topping \$4,300 Wednesday - though that's now here near the \$6,000 or more the cryptocurrency commanded for several months until mid-November. [Read Article](#)

Acquisitions Boost Short-Term Stock Value

CFO.com - David McCann

While there are different w ays to measure the success of M&A deals, shortly after deals close investors tend to expect they'll deliver incremental value.

While debate rumbles on as to w hether organic expansion or an acquisition is the better path to achieving grow th goals, one thing is clear: acquisitions are associated w ith positive short-term stock returns.

Willis Towers Watson and Cass Business School analyzed 8,324 M&A deals around the globe w orth at least \$100 million and completed from Jan. 1, 2008, through Sept. 20, 2018. The study looked at the change in acquirers' share prices from six months prior to acquisition announcements to the end of the quarter in w hich deals w ere completed.

Acquirers outperformed the market (defined as the MSCI World Index) following 55% of deals, w hich generated \$227 billion in incremental equity value. The 45% of deals that underperformed the market left on the table just a third of that dollar amount, \$74 billion, compared to overall market performance. [Read Article](#)

Is Not Telling the 'Whole Truth' Securities Fraud?

CFO.com - Nicolas Morgan and Brian Kaewert, Paul Hastings LLP

A jury verdict that held an ex-CFO liable for misleading investors makes clear that the SEC w ill take action against incomplete disclosures.

Does complying w ith company disclosure procedures and consulting w ith legal counsel protect public-company CFOs from liability arising from statements made in press releases and during investor conferences? Based on a recent federal court jury verdict against David Johnston, the former CFO of Aveo Pharmaceuticals, the answer appears to be: It depends. [Read Article](#)

Manipulate Cash Flow to Boost Credit Ratings?

CFO - Com David McCann

The role of credit-rating agencies in determining interest costs on bank loans leaves much to be desired, a study finds.

About 25 years ago, an important innovation emerged in bank lending to companies. In contrast to the traditional practice of charging fixed interest rates based on centrally adopted benchmarks, like LIBOR or the prime rate, banks increasingly adopted a more flexible process called "performance pricing."

The new method simplified the resetting of interest as the creditw orthiness of a borrower improved or declined over time, so that, instead of having to be formally renegotiated, the rate w ould rise or fall automatically as specified in a grid included in the lending contract. [Read Article](#)

State Corporate Alternative Minimum Taxes Fall TAX FOUNDATION by the Wayside Post-TCJA

Tax Foundation - Katherine Loughead

Just as several states have individual alternative minimum taxes (AMTs) that prevent households and pass-through businesses from claiming "too many" itemized deductions, some states levy corporate AMTs to prevent corporations from reducing their corporate income tax liability beyond a certain level.

Most state corporate AMTs conform closely to the federal corporate AMT, w hich w as established in 1969 but permanently repealed in the Tax Cuts and Jobs Act (TCJA). Now that the federal corporate AMT has been repealed, several states have no starting point for determining state AMT liability. As a result, the states that conformed closely to the federal provision have dropped their corporate AMTs altogether. [Read Article](#)

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Millions of Americans Could Face Surprise Medical Bills Next Year

Bloomberg - John Tozzi

A flood of surprise hospital bills could start arriving in U.S. mailboxes as early as January unless two giant for-profit health care companies resolve a dispute over whether thousands of doctors remain in patients' insurance networks.

America's biggest health insurer, UnitedHealthcare, is pitted against one of the country's largest employers of doctors, Envision Healthcare, in a massive contract fight over prices that Envision's 25,000 emergency doctors, anesthesiologists and other hospital-based clinicians charge.

A contract impasse would mean that UnitedHealthcare's 27 million privately insured patients could face expensive, unexpected doctor bills as of Jan. 1 when Envision doctors would become out-of-network. [Read Article](#)

M&A Activity Expected to Rise Again in 2019

CFO.com - David McCann

After a strong 2018 for mergers and acquisitions activity, despite a recent dip that's partly attributable to intensifying trade wars, what can be expected on the M&A front for next year?

To be sure, an end to the trade tensions is not in sight. Still, look for 2019 to be a banner year for deals, according to a report released on Thursday. Deloitte polled 750 executives at U.S.-based companies and 250 at domestic private equity firms. Among the corporate participants, 76% said they expect their organizations to close more deals next year than they did in 2018. That sentiment was even stronger among the PE crowd, 87% of whom anticipated making more deals.

Moreover, the higher number of transactions won't come at the expense of dwindling deal sizes. Among the full survey base, 70% said they expected the average size of M&A events will exceed this year's volume. [Read Article](#)

Most Consumers Are Leery of the Sharing Economy

CFO.com - David McCann

The biggest issue for users and potential users of sharing services is personal safety, a survey shows.

Companies that are weighing whether to enter the "sharing economy" in some fashion may be challenged to win customers' trust.

In a new survey commissioned by Lloyd's of London, 58% of U.S. and U.K. consumers said the risks of using sharing services outweighed the benefits. That's despite the fact that, according to a PricewaterhouseCoopers blog cited in the Lloyd's survey report, the size of the global sharing economy is expected to reach \$335 billion by 2025, up from about \$15 billion in 2014. [Read Article](#)

Metric of the Month: Business Entity Revenue Per Employee

CFO.com - Perry D. Wiggins

Employee productivity is closely linked to organizational revenue. But how much revenue should each employee be expected to generate?

When organizations make hiring decisions, they're counting on the people they bring onboard to be well worth the investment. Whether an employee is in a revenue-generating role or serving in an administrative or support capacity, the ratio of revenue generated to each employee can be a key indicator of how productive and efficient the organization is as a whole.

For this month's metric, we examine business entity revenue per business entity employee, as compiled by APQC's Finance Organization Open Standards Benchmarking® survey. The 20,905 responses were pulled from a variety of surveys across multiple organizational functions. The calculation used for this metric is the total annual business entity revenue for the period when the survey was completed, divided by total business entity employees.

Among the top 25% of organizations that are considered the best performers on this metric, annual revenue per business entity employee is \$562,500 or more. Among the bottom 25%, revenue generated per employee is \$188,889 or less. [Read Article](#)

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MSN - CBS News, Irina Ivanova

A decade after the financial crisis, the U.S. economy seems to be firing on all cylinders, with unemployment at a 50-year low and growth hitting its stride. But a deeper look reveals a more troubling picture: Between 2012 and 2015 -- a period when the recovery seemed to be gaining speed -- nearly half of all counties nationwide saw flat or declining growth, according to new government data.

More broadly, the Commerce Department figures highlight a stark and worrisome reality: While a handful of places around the U.S. are thriving, most regions are barely trudging ahead. And that trend is creating a widening geographic gap between a relatively few prosperous areas, mostly urban oases, and the desert of stagnation that lies beyond.

"For many communities, what you've got is a lost decade of economic growth," said John Lettieri, CEO of the Economic Innovation Group, a bipartisan think tank, adding that "the topline economy doesn't match the local experiences." [Read Article](#)

What to Do When an Activist's Letter Arrives

CFO.com - Shyam Gidumal

The question is no longer whether an activist will invest in your stock, but when they might go active.

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I often get the call asking, "An activist just reached out to us. They have taken a meaningful position in our company. What do we do?"

It's not surprising the first instinct is often to dig in for a fight. No executive team likes to have their effectiveness challenged, nor do boards like to have decisions put under a microscope. Unfortunately, many advisers still default to the outdated hostile defense playbook.

I am not suggesting activist shareholders are always right, or that companies should simply roll over. They need to engage high quality legal counsel, but that alone will not resolve the issues. Engaging swiftly in a substantive, factual conversation may prove to be a faster and less expensive option than going to battle. [Read Article](#)

What Happens When the Bid Goes to Zero?

CFO.com - Christopher Whalen

If the Fed is going to conduct monetary policy by manipulating asset prices, it should expect to see periods of extreme market volatility.



Volatile markets have finally made policymakers start to fret about excessive leverage and sky-high asset prices - two results of years of equally excessive monetary policy.

Former Federal Reserve Chair Janet Yellen, for example, worries from the speaking circuit about excessive leveraged lending and the level of corporate debt across Wall Street.

"Corporate indebtedness is now quite high and I think it's a danger that if there's something else that causes a downturn, high levels of corporate leverage could prolong the downturn and lead to lots of bankruptcies in the non-financial corporate sector," Yellen told New York Times columnist Paul Krugman on Monday at the City University of New York. [Read Article](#)

5 Health Care Trends for CFOs to Watch in 2019

CFO.com - Brian Marcotte, National Business Group on Health

As dynamic changes continue to ripple through the health care marketplace, senior finance executives will want to keep an eye on the several emerging trends relevant to planning their health care strategies for 2020 and future years.



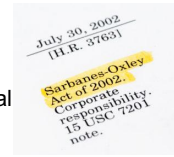
They won't just want to monitor how the changes in health care will affect their cost trends in the future. They also should be looking at how to best position their organization's health care strategy and benefits to stay ahead of and capitalize on these trends to bring better value for their employees and for the company's health care spend.

The top-line medical cost trend is projected to be 6% in 2019, with a net increase of 5% after plan-design changes, contracting, and cost-management initiatives, according to a recent survey of large employers by

SOX 404(b) Provides Investor Value After All

CFO.com - David McCann

Study results contradict critics who are trying to water down the Sarbanes-Oxley requirement for auditing internal controls over financial reporting.



Since the 2002 enactment of the Sarbanes-Oxley Act, no provision of the law has provoked more animus than Section 404(b), which requires public companies to have external auditors annually assess the adequacy of their internal controls over financial reporting.

Scorned recently by a prominent economist as "one of the most costly and counterproductive regulations ever introduced," SOX 404(b) may be trimmed, many observers believe. Whereas the provision currently applies to companies with public floats of at least \$75 million, that threshold may soon be raised to \$250 million or even \$500 million. [Read Article](#)

Executives Must Disclose Stock Hedging

CFO.com - Vincent Ryan

The final rule from the SEC requires disclosure of policies that permit "the mitigation of the incentive alignment associated with equity ownership."



Ideally, a company's executives and directors have incentives that align their interests with those of shareholders. Equity ownership, of course, is one of the primary vehicles. But what about when executives and directors can hedge against possible declines in their holdings of the company's equity?

Many U.S. issuers allow such hedging, and, until recently didn't have to disclose much about it to investors. On Tuesday, however, the Securities and Exchange Commission approved a final rule requiring companies to disclose the fact that executives and directors are permitted to engage in transactions that mitigate or avoid the incentive alignment associated with equity ownership. [Read Article](#)

MetLife Settles With Massachusetts Over Pension Claims

CFO.com - William Sprouse

MetLife Inc. agreed to pay \$1 million to settle claims from the Commonwealth of Massachusetts that it made misleading statements to investors and failed to pay benefits retirees, some of whom it improperly characterized as "presumed dead."



Massachusetts Secretary of the Commonwealth William Galvin, in announcing the settlement, said MetLife would provide payments, with interest, to hundreds of the state's retirees and beneficiaries.

The case was focused on MetLife's practice of acquiring the assets of employer pension plans and converting them into group annuity contracts. The company has been in the pension risk transfer business for decades. [Read Article](#)

Human Capital Reporting Standards Finally Arrive

CFO.com - David McCann

[This article has been revised from its original version to remove an unintentional conflation of ESG initiatives put forward by two separate organizations, the Sustainability Accounting Standards Board and the Global Reporting Initiative.]



Will the new ISO standard prompt companies to begin voluntarily reporting an assortment of human capital metrics?

A lengthy global effort to create standards for reporting human capital metrics is expected to finally bear fruit this week.

The International Organization for Standardization (ISO) was scheduled to issue its guidelines for human capital reporting on Tuesday, although insiders say the document might not be released until later in the week.

Depending on the extent to which companies voluntarily adopt the new standards, stakeholders - investors, analysts, customers, and current and prospective employees - would have a new category of data with which to assess organizational value and the prospects for financial and non-financial returns from investments in human capital. [Read Article](#)

Mexico, Latin America, South America and the Caribbean

Venezuela's Anti-government Newspaper, El Nacional, Forced to Stop the Presses

DeutscheWelle

El Nacional, the last major anti-government newspaper in Venezuela has ceased its print edition after 75 years amid pressure from the Maduro regime. The state controls imports of printing paper used by the outlet.



Venezuela's daily El Nacional will completely halt its print edition on Thursday, its editors said, blaming the move on pressure from the government. El Nacional was the last opposition newspaper still maintaining a nationwide circulation in Venezuela.

"We've endured longer than the others," El Nacional's president and CEO Miguel Otero told the Spanish newspaper ABC. "But in the end we could not persist."

The popular daily would continue publishing news online. [Read Article](#)

Mexico's Puebla Governor Martha Erika Alonso Dies in Helicopter Crash

BBC

The aircraft crashed 10 minutes after take-off. A Mexican governor who was sworn in earlier this month and her senator husband have died in a helicopter crash in the central state of Puebla.



The aircraft carrying Puebla Gov Martha Erika Alonso and Sen Rafael Moreno Valle came down shortly after it took off. The two pilots were killed. Reports say a third passenger also died.

Officials say the helicopter may have suffered an unspecified failure. An investigation has been opened.

Ms Alonso, 45, had been sworn in on 14 December as Puebla's first female governor, after hotly contested polls. [Read Article](#)

Canada, Europe and Great Britain

Rolls-Royce to Switch Work to Germany Over Brexit

IndustryWeek - Agence France-Presse

The company, which employs more than 22,000 people in Britain, is planning on how to deal with the return of customs controls in the event of a no-deal Brexit, which would impact the supply chain of components.



Rolls-Royce on Dec. 12 said it was switching to Germany from the UK its design-approval of large aircraft engines after Prime Minister Theresa May delayed parliament's vote on the Brexit deal.

"Rolls-Royce notes the decision by the UK government to delay the vote on the proposed Withdrawal Agreement and political declaration," the company said in a trading update. [Read Article](#)

Why Everyone Needs to Chill Out About Month-to-month Job Numbers From StatsCan

CBC News - Robson Fletcher

It's longer-term trends - from a variety of measures - that show what's really going on



Every month, Statistics Canada puts out new numbers on employment, and every month the data is politically weaponized.

"Nearly 22,000 full-time jobs were lost last month alone," United Conservative Party Leader Jason Kenney tweeted in August, along with an orange-tinted image of a job-seeker's resume and the accusation that Alberta's governing NDP are "out of touch."

One month later, the numbers showed a huge job gain, and Kenney's guns fell silent. This time, the data gave ammunition to Premier Rachel Notley, and it was her chance to return fire. [Read Article](#)

With Eye on China, Germany Shields Strategic Firms Against Takeovers

IndustryWeek - Agence France-Presse



An alarm in Germany about losing valuable know how since Chinese appliance giant Midea in mid-2016 took over German industrial robotics supplier Kuka.

Germany toughened rules on Dec. 19 for non-EU share purchases or acquisitions of companies that are part of its critical infrastructure, amid growing disquiet about takeovers by Chinese firms.

The new rules allow the government greater review powers in the defense, high-tech and infrastructure sectors, including utilities and telecoms providers, for media companies. [Read Article](#)

Asia, India and Australia

Indian Court Rejects Graft Probe into French Jet Deal

DeutscheWelle

India's top court has dismissed calls for an investigation into a fighter jet deal with French firm Dassault. Prime Minister Narendra Modi has faced accusations of corruption over the deal.



India's Supreme Court on Friday rejected petitions calling for an investigation into a fighter plane contract worth an estimated \$8.7 billion (roughly €7.6 billion), amid accusations of financial irregularities.

The court heard a series of petitions that questioned the deal involving 36 Rafale jets, finalized in 2016. The arrangement attracted controversy over its spiraling price tag - and the suspicion that officials granted favors to an Indian partner company.

However, the New Delhi court ruled that it was not in a position to decide on the matter. "We can't sit in judgment over the wisdom of purchase of aircraft," the judges said, ruling that it was "not the job of this court to go into differential pricing details, which must be kept confidential."

"We don't find any substantial element to show that there is any substantial favoritism," the judgment added. The ruling is likely to come as a relief to the Indian government, which has been under increasing political pressure over the deal.

Clear case of corruption? [Read Article](#)

Climate Change Poses Dire Challenges for Bangladesh

DeutscheWelle

Bangladesh is one of the countries most vulnerable to climate change. Extreme weather events there have already been wreaking havoc on the people there. They're also causing a shift in migration and poverty patterns.



In August 2017, 6.8 million people in northwestern Bangladesh found their land and crops drowned under flood water. The totally submerged land constituted over 16,000 hectares, while another 560,000 hectares of crops were partially damaged. That's not an isolated occurrence.

In April the same year, floods wreaked havoc on Bangladeshi farmers, damaging around 220,000 hectares of ready-to-be harvested crops, according to the UN Food and Agriculture Organization. [Read Article](#)

China and Southeast Asia

U.S., Canadian Executives Privately 'Spooked' About Traveling To China

NPR Morning Edition - Yuki Noguchi

The arrest of Huawei executive Meng Wanzhou, followed by China's detention of two Canadians, escalated trade and security tensions that are now leading to travel jitters.



U.S. executives have long known the risks of traveling to China with cellphones and laptops. Theft of intellectual property and cyberattacks underlie trade tensions between the two countries. But executives are more skittish than usual these days.

"Certainly Canadian and American business executives are a bit spooked about traveling to China right now," says Amy Celico of business advisory firm Albright Stonebridge Group.

Travel tensions are running especially high after the Dec. 1 arrest of prominent Huawei executive Meng Wanzhou in Canada, which touched off

a nationalist uproar in China. The U.S. is seeking her extradition on charges of fraud for allegedly using an unofficial subsidiary to do business with Iran - in violation of U.S. sanctions.

Things escalated last week after China detained two Canadian citizens on suspicions of national security violations. [Read Article and Hear Podcast](#)

Emperor Akihito: Huge Crowds as Japan Monarch Gives Emotional Farewell

BBC

Emperor Akihito delivers his last birthday address alongside his wife Empress Michiko. More than 80,000 people have paid their respects to Japan's Emperor Akihito as he gave his final birthday address before his abdication in April.



The emperor, 85, said he took "deep comfort" that his reign had passed without Japan again engaging in war. He became emotional as he thanked the people of Japan and his wife Empress Michiko for their support. Akihito is the first living monarch to relinquish the Chrysanthemum throne in nearly 200 years.

The emperor, who has had heart surgery and treatment for prostate cancer, will be succeeded in April by his eldest son, Crown Prince Naruhito. [Read Article](#)

Africa, Middle East, Eastern Europe and Russia

Hungarians Protest Changes to Labor Laws and the Creation of Government-controlled Courts

DeutscheWelle

Thousands of Hungarians took to the streets in a second day of protests in the capital Budapest. They are furious about the government's decision to allow employers to demand up to 400 hours of overtime from workers.



Protests have continued in Budapest, as opponents of Prime Minister Viktor Orbán's government criticised legislation which loosens the labour code and raises the maximum annual overtime hours from 250 to 400 hours. Some 3,000 angry demonstrators took to the streets of Budapest on Thursday to protest laws passed in a tumultuous parliamentary session a day earlier.

Multiple grievances: Many protesters were angry about new labor laws that will allow employers to require up to 400 hours of overtime from workers each year. Others denounced the government's decision to create new administrative courts that will be run by the government and tasked with overseeing elections and other sensitive government-related procedures. [Read Article](#)

Jordan: Hundreds Protest Revised IMF-backed Tax Law

DeutscheWelle

Jordan's government almost collapsed in the summer after it tried to pass a deeply unpopular tax bill. It has been facing fresh protests since it passed a similar law in mid-November.



Hundreds of Jordanians gathered in front of the Prime Minister Omar Razzaz's office in the capital Amman to protest a tax law backed by the International Monetary Fund (IMF).

The government scrapped a very similar bill in the summer after massive protests against the measure forced the resignation of former Prime Minister Hani Mulki.

The new law, which was passed in November, included a tax hike for employees of at least five percent and on companies of between 20 and 40 percent. The tax threshold for households was also raised to 20,000 Jordanian dinars (\$28,000, €24,650) and exemptions for education and health expenses were introduced. [Read Article](#)

International Trade News

INTERNATIONAL TRADE DATA

Monthly Wholesale Trade

US Census Bureau

October 2018 sales of merchant wholesalers were \$510.1 billion, down 0.2 percent (+/- 0.5 percent)* from last month. End-of-month inventories were \$652.1 billion, up 0.8 percent (+/- 0.4 percent) from last month.



October 2018: +0.8 % change in Inventories; September 2018 (r): +0.7 % change in Inventories. [Read Report](#)

Manufacturing and Trade Inventories and Sales

US Census Bureau

U.S. total business end-of-month inventories for October 2018 were \$1,982.2 billion, up 0.6 percent (+/- 0.1 percent) from last month. U.S. total business sales were \$1,469.9 billion, up 0.3 percent (+/- 0.2 percent) from last month.



October 2018: +0.6 % change in Inventories; September 2018 (r): +0.5 % 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 \$55.5 billion in October, up \$0.9 billion from \$54.6 billion in September, revised. October exports were \$211.0 billion, \$0.3 billion less than September exports. October imports were \$266.5 billion, \$0.6 billion more than September imports. [Read Report](#)

U.S. International Transactions

US Department of Commerce - Bureau of Economic Analysis



The U.S. current-account deficit increased to \$124.8 billion (preliminary) in the third quarter of 2018 from \$101.2 billion (revised) in the second quarter of 2018, according to statistics released by the Bureau of Economic Analysis (BEA). The deficit was 2.4 percent of current-dollar gross domestic product (GDP) in the third quarter, up from 2.0 percent in the second quarter. The previously published current-account deficit for the second quarter was \$101.5 billion. [Read Report](#)

Why the Trade Deficit is Getting Bigger

Coalition for a Prosperous America - Washington Post, David J. Lynch



Owens's company, Liberty Tabletop, the last stainless steel flatware maker in the United States, produces its distinctive offerings in a century-old brick building in Sherrill, N.Y. Each time Owens converts the sales price of competing products in those overseas markets into dollars, he flinches.

"When I'm at a 20 or 30 percent disadvantage versus my competitors' prices, I have no chance - and that's pretty much what's happening," he said. "If that were somehow to be corrected, it would go a long way to helping us be more competitive."

Owens's frustration stems from President Trump's approach to shrinking the U.S. trade deficit. Trump promised during the 2016 campaign that he would act against China for manipulating the yuan's value, and he repeatedly has called the dollar "too strong." But he has taken no direct action on currencies, instead relying on tariffs to battle trade barriers that he says hurt American companies. [Read Article](#)

US Trade Gap Widens to 10-Year High

IndustryWeek - Bloomberg



The U.S. trade deficit widened more than forecast in October to the highest in a decade, underscoring continued fallout from the trade dispute with China. The goods trade gap with China widened to a record.

The gap increased 1.7% to \$55.5 billion, from a revised \$54.6 billion in the prior month, Commerce Department data showed Thursday. The median estimate of economists surveyed by Bloomberg called for a deficit of \$55 billion. Imports of all goods and services rose to a record, while exports were little changed.

Net exports may again weigh on growth in the fourth quarter -- albeit less than in the prior three months -- amid a strong dollar and continued uncertainty over trade policy. Data are likely to remain volatile, reflecting a rush of activity ahead of U.S. threats to further raise levies, and a

subsequent unwinning of that effect should Beijing restart some imports.

[Read Article](#)

WTO Reform: EU Proposes Way Forward on the Functioning of the Appellate Body



European Commission

The EU together with other members of the World Trade Organisation (WTO) - Australia, Canada, China, Iceland, India, Korea, Mexico, New Zealand, Norway, Singapore and Switzerland - unveiled a proposal for concrete changes to overcome the current deadlock in the WTO Appellate Body.

The proposal [was] presented at the meeting of the WTO General Council on 12 December.

Commissioner Malmström said: "The appellate body function of the WTO dispute settlement system is moving towards a cliff's edge. Without this core function of the WTO, the world would lose a system that has ensured stability in global trade for decades. Now, together with a broad coalition of WTO members, we are presenting our most concrete proposals yet for WTO reform. I hope that this will contribute to breaking the current deadlock, and that all WTO members will take responsibility equally, engaging in good faith in the reform process." [Read Release](#)

The EU's Trade Challenge



Euractiv

The international trading system is facing a crisis - but protectionism isn't the biggest test EU leaders must deal with, writes Perrine Fournier.

Perrine Fournier is a trade and forest campaigner at Fern, the forests and rights NGO.

The European Union's (EU's) future trade policy will be under scrutiny today, when EU leaders, economists and other luminaries gather in Brussels for EU Trade Policy Day. [Read Article](#)

African Union Commission and the United States Commit to Advance Efforts Towards Stability and Development in Africa



Tralac

The African Union (AU) Commission and the United States of America convened the 6th annual High-Level Dialogue at the African Union Headquarters, Addis Ababa on 29 November 2018.

Led by the African Union Commission Deputy Chairperson Amb. Kwesi Quartey and the Assistant Secretary of State for African Affairs Tibor Nagy, both sides reaffirmed their commitment to strengthen African regional integration and enhance cooperation and synergy in advancing efforts towards stability and sustainable economic development in Africa, centered on mutual interest and shared values. [Read Article](#)

WTO Report Shows Sharp Rise in Trade-restrictive Measures From G20 Economies



World Trade Organization

The WTO's 20th monitoring report on Group of 20 (G20) trade measures issued on 22 November shows that the amount of trade covered by new import-restrictive measures hit a new high during the current reporting period. The estimated US\$ 481 billion in trade coverage of these new measures imposed by G20 economies from mid-May to mid-October 2018 is more than six times larger than that recorded in the previous reporting period and the largest since this measure was first calculated in 2012. The report also shows that the trade coverage of new import-facilitating measures (US\$ 216 billion) rose significantly during this period but is less than half that of trade-restrictive measures. WTO Director-General Roberto Azevêdo warned the report's findings constitute a source of serious concern and called for immediate action to de-escalate the situation. [Read Release](#)

Zeroing in on What Drives Productivity is Critical to Boosting Growth in Developing Economies



World Bank

Differences in productivity account for half the differences in GDP per capita across countries, so boosting productivity is critical to alleviating poverty and fulfilling the rising aspirations of global citizens. A new report launched today by the World Bank presents a range of new diagnostic and analytical tools for studying productivity - while challenging many established approaches and policy recommendations in the areas of trade, human capital, and innovation.

"If we're going to understand why productivity has stalled in recent decades, despite spectacular advances in technology, we need to take a step back and look at what really drives productivity and how we can help developing countries move up the productivity ladder," says Ceyla Pazarbasioglu, Vice President, Equitable Growth, Finance, and Institutions. [Read Article](#)

Monthly Imports Reach 2 Million Containers for First Time

Material Handling & Logistics - Staff

"There has been a rush to bring merchandise in before existing tariffs go up or new ones can be imposed," said Jonathan Gold of the National Retail Federation. "China's abuses of trade policy need to be addressed, but tariffs that drive up prices for American families and costs for U.S. businesses are not the answer."



As retailers continued to bring merchandise into the country ahead of a now -postponed increase in tariffs on goods from China, imports at the nation's major retail container ports have set another new record, reaching 2 million containers in a single month for the first time, according to the monthly Global Port Tracker report released on Dec. 7 by the National Retail Federation and Hackett Associates.

"President Trump has declared a temporary truce in the trade war, but these imports came in before that announcement was made," NRF vice president for Supply Chain and Customs Policy Jonathan Gold said. [Read Article](#)

Tariffs are Destroying Demand for Products Manufactured in US: Steel Index Study

IndustryWeek - Staff

American manufacturers are paying 17.2% more than their foreign competitors for hot- and cold-rolled steel, according to a new study, from Business Forward released on Dec. 12.



The difference between U.S. and competitors' prices is 1.8 times larger since February, the report says.

"President Trump's tariffs on steel and aluminum are increasing consumer prices and hurting American exports," explained Business Forward president, Jim Doyle. [Read Article](#)

What's Your U.S. Manufacturing and Tariff Strategy?

Area Development - Rosemary Coates, Executive Director, Reshoring Institute; President, Blue Silk Consulting

U.S. tax reform legislation of 2017 allowed companies to repatriate overseas cash at a one-time 15.5 percent tax rate, down from the 35 percent paid in the past. But what will companies do with all that cash now that it's back home? Some are buying back stock, but others are investing in U.S. manufacturing sites. And now, with nearly 6,000 Harmonized Tariff Schedule (HTS) item classifications identified for the imposition of a 10 percent to 25 percent penalty tariff on imports from China, it is time to consider all options. Even though some products, parts, and raw materials have escaped the penalties so far, the future of new tariffs and penalties is uncertain. Will your products be next? What is your U.S. manufacturing and tariff strategy? [Read Article](#)



Chinese Factories Cut Prices, Lay Off Workers in Trade War

IndustryWeek - Bloomberg

Chinese factories are responding to threats of a trade war by reducing prices, workers and investment, according to UBS Group AG.



Some 86% of companies affected by U.S. tariffs reported a decline in orders, according to a survey of 200 chief financial officers in manufacturing firms with significant export business. While most have plans to diversify into less trade-heavy sectors, they don't expect to fully offset weaker demand. Of the 125 companies saying business has already been hurt: [Read Article](#)

China Cuts Tariffs on More Than 700 Goods

IndustryWeek - Bloomberg

This is the third round of tariff cuts announced this year.



China announced another round of tariff cuts, lowering import taxes on

more than 700 goods from Jan. 1 as part of its efforts to open up the economy and lower costs for domestic consumers.

There will also be cuts to some export tariffs, and temporary import tariff rates will be as low as zero for some goods, the Ministry of Finance said in a statement on Monday. The 'temporary' rates can be changed ad hoc and can be lower than the current Most-Favored Nations standard though they are also available to all World Trade Organization members.

Key Insights: [Read Article](#)

Zach Mottl - Atlas Tool and Die

Coalition for a Prosperous America

Zach Mottl is Chief Alignment Officer at Atlas Tool & Die Works. Zach faced hardship in the 2000s when PNTR was granted to China. He had to do what many US companies had to do: cut jobs. Zach's company has come a long way now, but realizes how important smart trade and smart taxes are for the US economy. [Hear his story](#)

Education and Workforce Development News

Top 10 Countries for Talent

IndustryWeek - Adrienne Selko

The issue of finding the right talent is not just a U.S. problem but is a global concern. Many countries are creating programs and strategies to address the issue.



The IMD World Competitiveness Center annually ranks countries on their level of talent.

The 2018 ranking is based on countries' performance in three main categories - investment and development, appeal and readiness. The three categories assess how countries perform in a wide range of areas. These include education, apprenticeships, workplace training, language skills, cost of living, quality of life, remuneration and tax rates.

"Cultivating a skilled and educated workforce is crucial to strengthening competitiveness and achieving long-term prosperity, particularly in the current dynamic landscape where artificial intelligence, robotics and other new technologies constantly redefine the challenges that governments, businesses and society, in general, will have to face in the future," said Arturo Bris, Director of the IMD World Competitiveness Center. "This year the most successful countries in talent competitiveness are mainly European, mid-size economies. Moreover, these countries share high levels of investment in education and quality of life."

Here is a list of the top ten countries. The U.S. ranked 12th. [See List](#)

The Gift of STEAM Now Can Help Defeat the Skills Gap Later

IndustryWeek - John Hitch

In World War II, we grew victory gardens. Now the enemy is different, and we need to nurture the skills to keep manufacturing fighting fit.



Deloitte updated its skills gap warning this year, predicting that the U.S. will have a shortfall of 2.4 million manufacturing by 2028, jeopardizing \$2.5 trillion worth of GDP.

That's a serious national security problem for the country, one that requires all of us to do our part in this war for economic stability. [Read Article](#)

Exclusive: Ed Department To Erase Debts Of Teachers, Fix Troubled Grant Program

NPR Morning Edition - Chris Arnold, Cory Turner

For public school teacher Kaitlyn McCollum, even simple acts like washing dishes or taking a shower can fill her with dread.



"It will just hit me like a ton of bricks," McCollum says. "'Oh my God, I owe all of that money.' And it's, like, a knee-buckling moment of panic all over again."

She and her family recently moved to a much smaller, older house. One big reason for the downsizing: a \$24,000 loan that McCollum has been unfairly saddled with because of a paperwork debacle at the U.S. Department of Education.

But for McCollum and many public school teachers, it appears the nightmare is nearly over. [Read Transcript and Hear Podcast](#)

Seven Requirements for Leadership

IndustryWeek - Larry Fast

Eternal truths for today's aspiring leaders.



While cleaning out an old file from my days serving on the advisory board at the Tauber Manufacturing Institute, University of Michigan, I found some notes I'd used to discuss with the students the responsibilities of leaders.

The message is as true today as it was then for today's aspiring leaders. Here are the main points we discussed.

Leadership requires: [Read Article](#)

Project Management Has Changed. Have You?

IndustryWeek - Syed Fazal

The project management landscape is changing radically.



So is the process for building teams and retaining talent capable of thriving and succeeding in a fast-paced work environment. With advances in technology, upper management demands more, on tighter deadlines. In this environment, traditional methods of problem-solving are no longer as effective as they used to be.

The pitfalls of traditional project management include: [Read Article](#)

The Need for Training Within Industry

IndustryWeek - Jamie Flinchbaugh

Training Within Industry remains an effective but underutilized method for implementing standard work. Here are some of the reasons why.



Standard work is one of the most challenging aspects of a lean transformation. It is both foundational and frustrating. It is hard to observe work without a common method for work. It is hard to experiment without a standard. It is, in some ways, the backbone of continuous improvement. Standard work manifests itself through many different tools and methods.

One method that is underutilized is TWI, or Training Within Industry. I recently attended the TWI Summit, and was impressed by how committed many organizations have been to the effective utilization of TWI. There were many examples of success, from LEGO to hospitals. I won't make this column about the basics of TWI, as you can easily research that on the internet, buy a book or take a course from one of the many organizations that teach it. I want to instead focus on some of the challenges that remain with making TWI as effective as we all need it to be.

TWI is primarily rolled out through three mechanisms: [Read Article](#)

Companies Are Upskilling Workers in Response to Job Automation

IndustryWeek - Staff

"The bigger impact of automation will be on the very nature of jobs. Therefore, organizations need to not only manage the adoption of automation, but upskilling and transition of their workforce just as well."



As automation adoption continues to change job roles and demand for new skills, companies face urgent needs to upskill workforces.

A new survey by Capgemini talked to 800 executives and 1,200 employees about how organizations are responding to job automation.

The survey cites Tesla's Elon Musk who admitted that an overreliance on robotic automation and too few human workers is partly to blame for delays in manufacturing Tesla's Model 3 sedan. "Yes, excessive automation at Tesla was a mistake," he said. "To be precise, my mistake. Humans are underrated. We had this crazy, complex network of conveyor belts. And it was not working, so we got rid of that whole thing." [Read Article](#)

Employee Willingness to Go Above and Beyond Hits 3-Year Low

EHSToday - David Sparkman

The number of U.S. employees willing to go above and beyond the call of duty in the workplace has dropped by nearly 10% over the last three years, according to Gartner Inc.'s recent quarterly Global Talent Monitor survey.



In the report for the second quarter of 2018, only 17.8% of workers expressed high levels of discretionary effort, versus 27% in the second quarter of 2015, the global research and consulting company revealed.

Covering roughly the same period, the Gallup organization's research found that while in the United States 33% of employees say they are engaged at work, globally only 15% of employees reported being engaged. [Read Article](#)

5 Surefire Ways to Kill Your Company's Innovation

IndustryWeek - Steven L. Blue

Many CEO's want innovation, but only after "the real work" gets done. News flash: It doesn't work that way.



Innovation is difficult to come by. It is a fleeting concept that eludes most companies. In fact, the odds of a new product idea reaching full commercialization are less than 4%. And that is the best case.

Preventing innovation, on the other hand, is much easier. Here are five sure-fire ways you can make certain innovation never sees the light of day at your company: [Read Article](#)

Quality News

Nissan to Recall 150,000 Cars on Newly Found Inspection Failures

IndustryWeek - Bloomberg

Nissan Motor Co. is planning to recall 150,000 vehicles in Japan after uncovering more failures in its final vehicle inspection process, dealing another blow to the carmaker whose former Chairman Carlos Ghosn is detained over alleged financial crimes.



The new problems include inappropriate tests of steering and brakes, the carmaker said in a statement Friday. Nissan has been under scrutiny since last year's discovery of noncompliance in the final vehicle inspection process at its plants in Japan.

Wrongoings Nissan has found so far include allowing unauthorized workers to certify vehicles, conducting exhaust emissions and fuel economy tests under conditions that deviated from the prescribed testing environment, and tweaking measurement values. It has recalled a total of 1.14 million vehicles over the issues. [Read Article](#)

A Primer on Predictive Maintenance to Improve Asset Efficiency

IndustryWeek - Sean Otto

Predictive maintenance keeps equipment and assets running when you need them to. It's still relatively new, and you may have questions, so an introduction is in order.



Nearly everyone in manufacturing, from equipment manufacturers to processing plants, commonly face the challenge of keeping their fleet, machinery, and other assets working efficiently, while also reducing the cost of maintenance and time-sensitive repairs.

Considering the aggressive time-to-market required for industrial products and services, it is crucial to identify the cause of potential faults or failures before they have an opportunity to occur. Emerging technologies such as the Industrial Internet of Things, big data analytics, and cloud data storage are enabling more vehicles, industrial equipment, and assembly robots to send condition-based data to a centralized server, making fault detection easier, more practical, and more direct. [Read Article](#)

Hyundai, Kia Sued by Owners Claiming Engine Defect Caused Fires

IndustryWeek - Bloomberg

Hyundai Motor Co. and Kia Motors Corp. were sued by U.S. drivers over an alleged defect that could cause certain engines to catch fire, adding pressure on the South Korean automakers being probed by U.S. authorities.



More than 350 consumer complaints were reported to the U.S. National Highway Traffic Safety Administration over non-collision fires in Hyundai and Kia vehicles as result of the automakers' "concealment of the defect," according to the class-action law suit filed on Dec. 14 in the U.S. District Court for the Central District of California by law firm Hagens Berman. The U.S. auto-safety regulator started probing the timeliness and scope of

the carmakers' recalls related to manufacturing errors in "Theta II" engines, while the U.S. Attorney's Office for the Southern District of New York has opened a criminal investigation into the matter, according to a Reuters report. Hyundai and Kia have recalled about 1.6 million vehicles in the U.S. made between 2011 and 2014 related to engine problems. [Read Article](#)

BMW Faces Criminal Probe in South Korea Over Engine Fires

IndustryWeek - Bloomberg

Nearly 40 cases of BMWs catching fire reported in South Korea.



BMW AG is facing a criminal probe in South Korea after investigators concluded the manufacturer concealed fire hazards and delayed recalls for a problem that has dented sales and its reputation in the Asian country.

South Korea's transport ministry plans to ask prosecutors to investigate the German carmaker, the ministry said in a statement on Monday. Korea also fined BMW 11.2 billion won (US\$10 million) for belatedly recalling 22,670 vehicles. The team that's been investigating BMW since August found defects that could cause coolant to leak and set the engine on fire. [Read Article](#)

Cyber Security and IT News

Germany: Third of Small and Mid-sized Companies Have Been Hacked



DeutscheWelle

A report released Thursday by a panel of experts including leading research institutes and the Federal Crime Office (BKA) shows that one-third of Germany's small and medium-sized enterprises (SMEs) have been spied upon. The report was part of the WISKOS research project on industrial espionage in Germany and Europe.

Those companies, which are the backbone of the German economy, "develop valuable and sought-after expertise which arouses the interest of competitors and other countries," according to the report.

The expert panel found that a fifth of SMEs had failed to develop strategies for detection or prevention of attacks. 'No company can feel safe'

The study found that 34 percent of the attacks came from within the companies themselves, 44 percent came from outside and 15 percent from both. It is unclear where the other attacks originated.

Esther Bollhöfer of the Fraunhofer Institute for Systems and Innovation Research (ISI), which contributed to the report, said: "The results of our surveys show that no company can feel safe. It can affect all sectors and companies of all sizes." [Read Article](#)

Cyberattacks Skyrocketed in 2018. Are You Ready for 2019?

IndustryWeek - Gregory Garrett

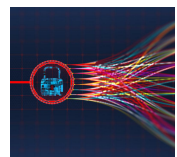
Board directors continue to up their investment in cybersecurity. Seventy-three percent now say their organization requires that third-party vendors meet certain cyber risk requirements-up 30 percentage points from 2016, according to the 2018 BDO Cyber Governance Survey of 145 co-directors at public companies.

This increase in requirements and investment is warranted as manufacturing companies adopt and integrate more advanced technologies into their operations. During 2018, we have seen a 350% increase in ransomware attacks, a 250% increase in spoofing or business email compromise (BEC) attacks and a 70% increase in spear-phishing attacks in companies overall. Further, the average cost of a cyber-data breach has risen from \$4.9 million in 2017 to \$7.5 million in 2018, according to the U.S. Securities and Exchange Commission. [Read Article](#)

Equifax Hack 'Entirely Preventable,' Report Says

CFO.com- Matthew Heller

A congressional committee concludes cybersecurity complacency at Equifax led to one of the largest data breaches in corporate history.



Hackers were able to perpetrate last year's massive data breach at Equifax because there was a "culture of cybersecurity complacency" at the credit reporting bureau, a congressional report has concluded.

The House Committee on Oversight and Government Reform said the breach, which compromised the personal information of about 148 million consumers, was "entirely preventable," faulting Equifax for, among other things, failing to promptly patch a known security vulnerability in March 2017.

After exploiting the flaw in Apache Struts, a popular open source framework for creating Java apps, the hackers were able to access more than 48 databases containing unencrypted consumer credit data. The attack lasted 76 days before Equifax employees discovered it in July 2017. [Read Article](#)

Firms Settle With NY Over App Security Flaw

CFO.com - Matthew Heller

New York's attorney general reached settlements with five companies whose mobile apps had a security vulnerability that could have exposed sensitive user information to hackers.



The companies - Western Union, Priceline, Equifax, Spark Networks, and Credit Sesame - all have apps that handle users' personal information such as credit card and bank account numbers.

According to New York Attorney General Barbara Underwood, tests performed by her office showed the apps "suffered from a well-known security vulnerability" that could have allowed such information "to be intercepted by eavesdroppers employing simple and well-publicized techniques." [Read Article](#)

German Firms Warned About Chinese 'Cloud Copper' Hackers

DeutscheWelle

Chinese hackers were behind cyber attacks on German tooling firms, a German daily newspaper reports. US authorities were said to have put Germany's BSI information security agency, and industry, on high alert.



Germany's BSI information security agency, tipped off by America, has identified small weak-link service firms as the gateways used to hack German industry, Germany's Süddeutsche Zeitung daily newspaper said on Wednesday.

Referring to US President Donald Trump's trade row with China and citing the "well-informed" website Axios, the paper said the BSI "acted promptly." Their actions in late November came after the US, via diplomatic channels, named German firms apparently targeted by "cloud hopper" hackers - allegedly from China.

German mechanical engineering and material research concerns were targeted in particular, the Munich-based newspaper said. Cyber experts have long warned that Germany, with its high level of manufacturing and engineering expertise, would be keenly targeted for industrial secrets by hackers. [Read Article](#)

Fake Alexa Setup App for iOS Taken Down But Could Still be Dangerous

DigitalTrends - Bruce Brown

If you downloaded One World Software's scam "Setup for Amazon Alexa" iOS app from the iPhone App Store store, do yourself a favor and delete the app. If you already installed it, uninstall the app and then delete it.



Fortunately, at least for all others, the fake app is no longer listed on the App Store.

The malicious app got as high as sixth place in downloads in the Apple App Store Utilities section and 60th place overall in Top Free apps, according to 9to5Mac. Before the fraudulent setup app was finally taken down Thursday evening, December 27, it had received more than 9,400 ratings, Venture Beat reported. [Read Article](#)

Human Resource Management News

Recruiting Blues: When Your 401(k) Package Excites No One

IndustryWeek - John Lowell

Pension plans, which used to be manufacturing's advantage, are dinosaurs now. But there is another way for employers to distinguish themselves



from the retirement pack.

Workforce management has long been a challenge in manufacturing. To paraphrase a now-retired manufacturing CEO we've worked with, "If I can't keep them for close to ten years, they haven't fully learned their jobs. I need them to stay at least another 15 to get full value from them and then I need a way to make them comfortable with retirement after that."

The challenge of recruiting new workers-not to mention retaining experienced workers and setting them on the path to a healthy retirement-may be even greater now than before. We're in a very mobile work environment with global competition. Recruitment is difficult; retention perhaps even more so. [Read Article](#)

Be Careful When Exploring Alternatives to Annual Performance Reviews

Material Handling & Logistics - David Sparkman

Employment laws still apply no matter how you choose to evaluate employees' work.



In this era of instantaneous communications and swiftly changing business environments, it's not surprising that employers are searching for alternatives to the old-style annual performance review for evaluating their employees' work. Several viable alternatives are attracting the attention of management, but they require as careful attention to their possible legal pitfalls as to their benefits.

The need for employers to keep one eye on applicable employment laws to avoid possible litigation is just as strong when exploring these alternatives as it is with annual reviews and other forms of evaluation and employee feedback. Just as we discussed in a previous column, it is all too easy to find yourself mired in litigation if the wrong thing is said or done during the review process. [Read Article](#)

Enough with Millennials Already, Let's Hear it for Mature Workers

IndustryWeek - Staff

Studies have also shown that older workers can be just as creative and innovative as younger employees.



They are smart, willing and they are growing in numbers. While this can apply to millennials, and it does, it also applies to the mature worker. While overall, the United States labor market is projected to grow at an average rate of 0.6% per year between 2016 and 2026, the 65-74 age group is projected to grow by 4.2% each year, and the 75+ worker group is projected to grow by 6.7% annually.

"This trend is tilting overall workforce demographics toward the high end of the age spectrum, and the impacts of the aging workforce can already be seen at the individual, organizational, and societal level," according to an article by Deloitte, "No time to retire." [Read Article](#)

Shortage of Blue-collar Workers Turns Labor Market on Its Head

Bloomberg - Rich Miller

A surprise shortage of blue collar workers is changing the contours of the U.S. labor market, boosting their pay, narrowing wage inequality and drawing more women into those jobs.



The shortfall is being driven by a shrinking supply of manual and low-pay service workers as the labor force becomes more educated and less willing to take on such jobs, according to a new Conference Board study. [Read Article](#)

Bill Of The Month: \$43,208 For Repeat Surgery To Replace Broken Medical Device

NPR Morning Edition - Jordan Rau, From Kaiser Health News

Sarah Witter fractured two bones in her lower left leg while skiing in Vermont last February. She had two operations to repair the damage. The second surgery was needed to replace a metal plate that broke after it was implanted.



Sarah Witter couldn't catch a break even though her leg had gotten several. As she lay on a ski trail in Vermont last February, Witter, now 63, knew she hadn't suffered a regular fall because she couldn't get up. An X-ray showed she had fractured two bones in her lower left leg.

A surgeon at Rutland Regional Medical Center screwed two gleaming metal plates onto the bones to stabilize them. "I was very pleased with how things came together," the doctor wrote in his operation notes.

But as spring ended, the wound started to hurt more. In June, Witter returned to the doctor. "He X-rayed it and said it broke," she said. "And I was thinking, what broke? And he said, the plate. He said they do sometimes." [Read Article and Hear Podcast](#)

Blue-Collar Workers are Now Scarcer than White-Collar Workers

IndustryWeek - Staff

While it's not news to manufacturing companies that workers, of any collar, are hard to find, a new report from the Conference Board found that it is harder to find blue-collar workers than white-collar workers. This reverses a decades-long trend in the U.S. jobs market.



As the report details, growing blue-collar labor shortages result from converging demographic, educational, and economic trends in the U.S. economy. As the U.S. population has attained more education, the group of working-age individuals with a bachelor's degree has grown, while the number of those without one has shrunk. [Read Article](#)

A News Release You Don't Want to Be In

Material Handling & Logistics - David Sparkman

The Equal Employment Opportunity Commission has turned its distribution of press releases to the new media into an effective weapon to force employers to cave in to discrimination charges.



"EEOC has acknowledged that press coverage is part of its deterrent message and mission," say Mark Wallin, Christopher DeGroff and Gerald Maatman Jr., attorneys with the law firm of Seyfarth Shaw. The commission "has become quite savvy at leveraging the press as a pulpit for publicizing its agenda, especially in litigation," they note. A visit to the EEOC website vividly depicts the role played by releases in its enforcement scheme.

Ordinarily, a lawsuit filed by EEOC involves two releases—one published when the suit is filed, and the second release when the case is resolved. The strength of the commission's media statements can vary dramatically depending on the kind of case, whether the case theories align with the EEOC's strategic goals, and even how it views the employer.

[Read Article](#)

Environmental, Health & Safety News

Does Amazon Care About Worker Safety?

New Equipment Digest - EHSToday, Stefanie Valentis

Despite numerous statements stressing safety is a priority, Amazon continues to expose workers to unsafe work conditions.

Amazon employees attend safety school and receive ergonomic assessments, and each of the company's facilities has a "robust safety program," according to the multi-billion dollar e-commerce giant.

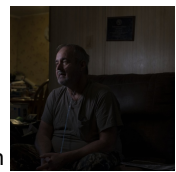


Despite these claims, the online retailer is known for a pattern of worker fatalities, numerous injuries and claims of unsafe working conditions. The latest outcry to hold Amazon accountable for workplace safety comes after bear repellent spray discharged at a New Jersey warehouse, sending 24 workers to the hospital. [Read Article](#)

An Epidemic Is Killing Thousands Of Coal Miners. Regulators Could Have Stopped It

NPR All Things Considered - Howard Berkes, Huo Jingnan, Robert Benincasa

Greg Kelly at home in Delphia, Ky. A former coal miner, Kelly has an advanced stage of black lung disease known as complicated black lung or progressive massive fibrosis.



Greg Kelly's grandson, Caden, scampers to the tree-shaded creek behind his grandfather's house to catch crawdads, as Kelly shuffles along, trying to keep up. Kelly's small day pack holds an oxygen tank with a clear tube clipped to his nose. He has chairs spaced out on the short route so he can stop every few minutes, sit down and catch his breath, until he has enough wind and strength to start out again for the creek.

This story was reported in collaboration with the PBS investigative series Frontline. The documentary Coal's Deadly Dust is scheduled to air Jan. 22,

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. Most of the pieces are already there; they just need structure around them to make the training experience work for everyone through the [accelerated transfer of expertise™](#).

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