



The *Proactive Technologies Report* newsletter is a Free Service of Proactive Technologies Inc. Share With a Colleague

Is it Possible to Close the "Skills Gap" if Focused on the Symptom, Not The Cause?

by Dean Prigelmeier, President of Proactive Technologies, Inc.



There is nothing like the futility of trying to solve a *specific* problem with a *general* solution...or treating the symptoms with methods that do not address the underlying problem. No one would use a screw driver to tighten a nut or bolt. However, in an environment surrounded by a loud, unrelenting and self-interested screw driver industry "expert" voices there may well be many who try - even those who should know better. Especially if given a "free" screw driver.

[According to the Center for Economic Research](#), "US Businesses lose approximately \$160 billion total every year as the result of the skills gap." [According to a 2017 Training Magazine report](#), "Total 2017 U.S. training expenditures [employer] rose significantly, increasing 32.5 percent to \$90.6 billion, according to this year's report." On top of this, in [2018 the US spent \\$50 million on STEM education](#) (simply putting back what was taken out of education after reforms started in the 1980's) to "address the skill gap of future employees."

Considering the U.S. has been warning about the "skills gap" for over 30 years, the amount of money lost - spent on accommodating, or wrongly addressing, the symptom - **the total cumulative loss could be in the significant trillions of dollars**...not to mention the resources misapplied. And millions of workers who want, and wanted, to work in a career and employers that could/could have employed them were, both, left empty.

This history has led [some to suggest the skills gap is a farce](#). Even if your concerns aren't that extreme, one has to wonder why with all of the money spent, the resources applied and the employers and trainees impacted, we seem to still be struggling with a [skills gap that started to reveal itself in the 1980's](#).

The fact of the matter is that employers have been just as unfocused and ambivalent about defining the problem as government has been zealous about being the only "solution." While employers say they need and expect workers that can "hit the ground running," "think outside the box," "have skills for the jobs of tomorrow" and all of the other buzzwords and phrases circulating, what they really need is workers that can perform their unique tasks and processes, on their unique equipment, in their unique environment within their unique pay structure in a world of change. Not only do employers lack a clear definition of the job as it exists today, internal and external forces never allow a job to fully materialize before it is significantly changed by design or by changes in technology, or relocated out of the education system's service area.

"We, as a nation, have been in sort of a "skills gap limbo" for years because even though employers typically have no structured, measurable, improvable and documented method of training workers once hired, miraculously workers appear to master enough of a job for work to get done. Yet if asked, many employers have a difficult time explaining how it happened, which employees can do which tasks and, when the tasks change, which employees on which shifts mastered the new procedure - that is, until

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Proactive Technologies' Publications Archive

To download a .pdf version of this issue, find the link at the bottom of this month's post on our website's [News and Publications](#) page or click [Proactive Technologies Report February 2019 Issue](#). While at our website, check out past newsletters, articles and more.

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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**

something bad happens. They admit frustration in trying to improve performance, but also admit that they do not know which employees are capable of improving or how they would know. This condition deserves swift action to resolve it, not repackaged and rebranded failures of the past."

Employees and workforce developers, relying on this input, always see the institution's products first as the solution. Classroom education is familiar to everyone, and the institutions have built themselves stronger with every prolonged fear of the incessant skills gap and the funding that flows from it. Still, graduates too often find themselves unemployable and burdened with debt. Employers continue to complain that they just cannot find skilled workers. [Read More](#)

Internships of Value - For Employer AND Intern

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



In my college years, a number of my classmates participated in internships in an effort to gain real-world work skills and experiences, and to be able to add a line to their resumes. Over the years when we compared notes, it seems the results varied from company and by job area. But the common sentiment was that the experiences were not as helpful to building workplace skills and personally fulfilling as they could have been.

According to a NACE ("National Association of Colleges and Employers") 2015 survey entitled "[Internship & Co-op Survey](#)," "The primary focus of most employers' internship and co-op programs is to convert students into full-time, entry-level employees (70.8 percent and 62.6 percent, respectively)." So, it appears most employers view internships as a potential recruitment tool and a way of evaluating candidates for employment.

"Shadowing" without being able to touch and interact can be done with a DVD at home. Fetching coffee and making sure the break room is stocked with paper plates and napkins do not test the skills developed after 12 years of educational learning and 2 or 4 years of technical and academic study. Do not get me wrong, those who were paid while interns are appreciative for the opportunity and the resume line. However, they all seemed to wish they could have been able to learn and experience more.

Engineering and accounting areas seem to provide more meaningful task-based internship experiences because both have had a long time to standardize some tasks - even proceduralize them in cases - to make it easy for a new person to follow and observe. Other job areas seem to lack standardization of tasks and, to each observer, seem to be seen and understood very differently.

My experience in helping to build "[structured on-the-job training](#)" programs from a detailed job and task analysis caused me to reflect on those internship experiences. The structured On-The-Job Training Plan and On-The-Job Training Checklists binders of a Proactive Technologies program seem to help a new-hire and incumbent worker learn. Therefore it is not a stretch that they would help the intern learn, follow and perform a subset of tasks that can be learned during the internship period. It accelerates the process and provides a more deliberate, documented work experience. [Read More](#)

Workforce Development Partnerships With Substance: My Experience

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



Partnerships between employers and local educational institutions/training providers are a tricky thing. Not every employer knows clearly what they need nor can they articulate the need, and not every educational institution can understand the need, or has products or services available or relevant enough to make a difference. If either of these realities are present, or worse both of them, it can make worker development partnerships difficult to disappointing.

Employers are closest to the work that they need performed by the worker, which is usually very different from the employer down the road. Yet employers rarely bother to document what makes up that work to articulate it in an understandable way to an educational institution or training provider.

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):
[PTI1000 - 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

If you doubt that, take any of your job classifications and try to explain it in enough detail to train from it.

"Our partnership, located in northern Ohio, was the first implementation of the [US Metalworking Skill Standards](#) in the country."

When in doubt, some employers pull out a sample written process and a few random specifications for compliance to focus the discussion. Seriously, I have been in meetings when an employer pulled out a 15 year old job description, which was a cut-and-paste of a 20 year old job description, and gave it to the community college and said, "we need workers trained for this." Not surprisingly, they are disappointed and disillusioned when what the community college came up with seems irrelevant when shown to workers currently in the job classification.

There are at least two critically important reasons why current and accurate job data makes or breaks a worker development partnership.
[Read More](#)

Do U.S. Productivity Measures Measure Productivity?

by Dean Prigelmeier, President of Proactive Technologies, Inc.

A disturbing emerging trend, particularly in the last three decades, concerns the accuracy and quality of the economic statistics reported to the public. A lot of think tanks have sprung up in Washington issuing reports and policy statements, and some put a cloak of perceived "credibility" around statements they release meant to support a policy direction or change its course - both to the benefit of a segment of interests subsidizing the think tanks. Confusing us even more is the mainstream media's propensity to report, as "news," press releases emanating from these think tanks as if accurate, unbiased and inherently factual. Some may be, but when they are reported through the same careless filter, it throws them all into suspicion. The decrease in the number of accurate, readily available sources of news and facts can derail a life or business strategy.

Take for example the daily explanations by news and business show anchors of why the stock market gyrates up or down, as if the collective market can always be explained simply as, "the stock market reacted to the federal reserve's decision to not act," or "the stock market tumbled because of the results of the presidential election" - only to recover fully the next day. Could another simple explanation be that the market moved one way or another because groups with large holdings decided to move them?

"Unfortunately, however, figures on productivity in the United States do not help improve productivity in the United States."

W. Edwards Deming

Another example is the preoccupation with what is referred to as "inflation," which is based on the [consumer price index](#) ("CPI"). A "basket of consumer goods" was selected and periodic measurements of their retail prices are taken to see, primarily, if any inflationary forces exerted pressure on prices upward or downward during the period that might require an adjustment in central bank monetary policy. First, it is important to know which goods make up the basket. [Read More](#)

Watch for Proactive Technologies'
**Spring "Turn-Key Project"
Discount Offer**

March 1st - April 30th, 2019!

[Learn more](#) and get ready to maximize worker performance while minimizing your investment to do so!

**If you find you cannot identify,
explain or document your firm's**

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

February, 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.

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worker development process, then you probably noticed you cannot accommodate change or measure and improve worker performance

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;
- Captures worker expertise before it leaves and use it to quickly and thoroughly train replacements;
- Provides metrics and reports for process monitoring and improvement.

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



- **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.

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[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

Due to the federal government shutdown, data was unavailable this month



Personal Income and Outlays

US Department of Commerce - Bureau of Economic Analysis

Due to the federal government shutdown, data was unavailable this month



Manufacturers' Shipments, Inventories, and Orders

US Census Bureau

Due to the federal government shutdown, data was unavailable this month



Advance Report on Manufacturers' Shipments, Inventories, and Orders

US Census Bureau

Due to the federal government shutdown, data was unavailable this month



Job Openings and Labor Turnover

US Bureau of Labor Statistics

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

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



Bayer's Monsanto Sues Wells Fargo, Citizens Over Default Threats

IndustryWeek - Bloomberg

Monsanto, the U.S. agribusiness giant acquired by Bayer AG this year, said in a court filing Monday that lenders who hold leases on some company planes may try to claim the takeover placed the contracts in default, even though all payments are current.



The company sued Wells Fargo Trust Co. and Citizens Asset Finance Inc. in New York federal court, asking a judge to block the lenders from declaring the leases in default. The contracts require St. Louis-based Monsanto to maintain a credit rating of BBB- or better, according to the law suit. Monsanto said Bayer's takeover won't drive its credit rating lower than BBB-. [Read Article](#)

Taiwan Arrests Engineers Suspected of Leaking BASF Tech to China

IndustryWeek - Bloomberg

Taiwan arrested six current and former BASF SE engineers accused of accepting bribes and sharing the German company's technology with Jiangyin Jianghua Microelectronics Materials Co., in one of the more elaborate cases involving alleged Chinese intellectual property theft.



Jianghua offered them 40 million yuan (US\$5.8 million) in return for help

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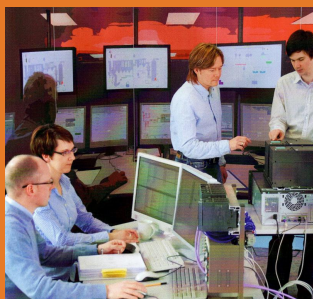
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- Geometric Dimensioning and Tolerancing Courses
- Front Line Supervisor Training
- Training Materials and Online Courses



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building a new factory in the eastern Chinese province of Jiangsu, Criminal Investigation Bureau official Lu Sung-hao told reporters at a briefing Monday. The mainland company had already wired NT\$40 million (\$1.3 million) to two accounts in Samoa controlled by the group, he added.

American and Taiwanese officials have long accused Chinese companies of purloining intellectual property in a quest to climb the technology ladder, something Beijing's consistently denied. Such leaks, which American officials say include the forced transfer of technology, are a key complaint of Washington's as the world's two largest economies open talks to avert a damaging trade war. [Read Article](#)

Demand for Basic and Specialty Chemicals Continues to Grow

IndustryWeek - David Sparkman

Following growth throughout 2018, the chemical industry is expected to see continued healthy demand for basic chemicals throughout this year, with most specialty segments predicted to benefit from growing demand as well, especially in construction markets.



Expansion across a broad band of industrial sectors is supporting American economic growth, observes Kevin Swift, chief economist at American Chemistry Council (ACC) and co-author of the council's Year-End 2018 Chemical Industry Situation and Outlook.

"Housing, business investment and their supply chains have momentum. Light vehicle sales have likely peaked for this cycle, but remain at elevated levels," Swift points out. [Read Article](#)

PPG to Acquire German Coatings Manufacturer

IndustryWeek - Staff

Hemmelrath is a family-owned automotive coatings company with facilities in South Carolina, China, Germany and Brazil.



PPG today announced that it has reached a definitive agreement to acquire automotive coatings manufacturer Hemmelrath. The transaction is expected to close in the first half of 2019, subject to customary closing conditions. Financial terms were not disclosed.

"We are excited to add Hemmelrath to our robust and diversified automotive coatings offering," said Michael McGarry, PPG chairman and chief executive officer, in a statement. "This acquisition is another step forward in our strategic growth plan that will provide further value to our customers and shareholders."

Headquartered in Klingenberg, Germany, Hemmelrath is a family-owned manufacturer of coatings for automotive original equipment manufacturers (OEMs). [Read Article](#)

Carbon-Free Steel Manufacturing Firm Secures Startup Funding

ThomasNet - Andy Szal

A startup manufacturer hoping to slash carbon emissions in the steel industry drew \$20 million in its latest fundraising campaign.



The campaign to raise funding for Boston Metal, Fortune reports, was led by Breakthrough Energy Ventures, the energy technology investment fund led by Microsoft founder Bill Gates.

The report detailed the revolutionary idea behind Boston Metal, its ambitions for the global metals industry, and the steps that still need to be taken. [Read Article](#)

MIT Professor Donald Sadoway helped found the company in 2012 after floating a proposal to use electricity for extracting oxygen from lunar rocks as part of a NASA competition. The use of similar technology on Earth, company officials said, could separate metals from their initial oxide form with only oxygen as a byproduct. [Read Article](#)

Airbus "New Engine Option" Gains Dual Safety Certifications

American Machinist - Staff

The A319neo is the shortened-fuselage version of the A320neo narrow-body aircraft series, for 140-160 passengers in a two-cabin arrangement, or for long-range business jets.



The Airbus A319neo powered by the LEAP-1A engine recently earned

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MEMORABLE QUOTES

"Principle 10. Eliminate slogans, exhortations and targets for the workforce"

[W. Edwards Deming](#)

American engineer, statistician, professor, author, lecturer, and management consultant
1900-1993

"The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires."

[William Arthur Ward](#)

Often quoted writer of inspirational maxims
1921-1994

"It's amazing how difficult it is for a man to understand something if he's paid a small fortune not to understand it."

[John\(Jack\) C. Bogle](#)

American investor, money manager
1929-2019

Recent Proactive Technologies News Article Quicklinks

January

[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.

certification by the U.S. Federal Aviation Administration (FAA) and European Air Safety Agency (EASA). It means that all three "new engine option" versions of the narrow-body A320 series outfitted with the LEAP engine have gained certification by the two air safety authorities.

Airbus began developing the "neo" versions of its narrow-body A320 aircraft series as part of a program to achieve greater fuel-efficiency opportunities for commercial carriers. "Neo" versions of the A319, A320, and A321 jets are available with the CFM International LEAP-1A engine or the Pratt & Whitney PW1000G engine. These versions also have aerodynamic design improvements too, like "sharklet" wings, helping to achieve the targeted fuel-efficiency increases. [Read Article](#)

Airbus Plans New U.S. Plant

ThomasNet - David Mantey

In the final week of 2018, European aircraft manufacturer Airbus inked a pair of deals with JetBlue Airways and a new U.S. startup for 120 A220-300 aircraft.

The deal will be a boon for those in the Mobile, Alabama area as Airbus just announced plans to construct a new U.S. assembly facility next to its A320 assembly plant nearby. The work could begin by the end of January 2019, but the company hasn't reported expected jobs numbers.

Right now, the startup is only known by a code name "Moxy," but it is a new venture helmed by David Neeleman, founder of JetBlue Airways. Moxy agreed to a firm order to acquire 60 A220-300 aircraft. [Read Article](#)

Mapping the IndustryWeek US 500

IndustryWeek - Travis Hessman, Jill Jusko

U.S. manufacturing is awash in color. If you don't think so, simply scroll to the interactive map below and behold our visual display of the 2018 IndustryWeek U.S. 500.



To review, the IW U.S. 500 is our list of the largest 500 publicly held manufacturing companies in the United States, based on revenue. We've plotted the headquarters location for every single one of those 500 manufacturers and gleaned a few insights. [Read Article](#)

'A Dirty Deal': Wave of Siemens Plant Closures Hits Latest Victims in the US

The Guardian - Michael Sainato

Despite Trump's promises to halt the trend, 125 people will lose their jobs at an Iowa plant, in addition to other closures and offshoring Siemens announced earlier this year.



The twenty-first of December will be 56-year-old Joe Kempker's last day at the Siemens turbine plant in Burlington, Iowa, where he's worked for 31 years.

The plant has been Kempker's life. "It takes a little bit of my heart every time one of those machines go out the door," Kempker said. The German conglomerate, one of the US government's largest contractors, purchased the plant in 2014 and announced its closure earlier this year. One hundred and twenty-five people will lose their jobs at a plant that has been in operation since 1870, the latest victims of a wave of closures and offshoring that have increased under the Trump administration despite promises to halt the trend. [Read Article](#)

Pharmaceuticals in Reverse Supply Chain Now Hazardous Waste

Material Handling & Logistics - David Sparkman

A new rule finalized by the Environmental Protection Agency (EPA) requires that prescription pharmaceuticals sent from healthcare facilities to reverse distributors must be regulated as solid waste and evaluated for hazardous classification at the healthcare facility before they are shipped.



First proposed four years ago, the final rule was signed in December 2018 by EPA Acting Administrator Andrew Wheeler and is expected to become effective in June. "This rule will impose significant new obligations on healthcare providers, including pharmacies and long-term care providers, as well as forward and reverse distributors of pharmaceuticals," state attorneys for the law firm of Foley & Lardner. [Read Article](#)

Machine Tool Demand Wavering, YTD Gains are Solid

American Machinist - Staff

November new orders were down less than 2% from October, but up



[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.

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

[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

[Replicating Your Best Performers](#)
by Dean Prigelmeier, President of Proactive Technologies, Inc.

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 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

7.1% year over year and +22% YTD

U.S. machine shops' new orders for capital equipment ("manufacturing technology") slipped another 1.7% from October to November, to \$458.48 million. It was the second consecutive monthly decline in the U.S.

Manufacturing Technology Orders report, after the double-digit drop in October that followed the \$608.92 million total for September, coinciding with IMTS 2018.

Manufacturing technology orders are a leading indicator of industrial activity as manufacturers invest to complete planned or anticipated production programs.

Even with declining results, the November 2018 total represented a 7.1% improvement over November 2017, and raised the 11-month total for the year to \$5.014 billion, a 22.4% increase over the previous year. [Read Article](#)

Tesla Cuts 3,000 Jobs as Musk Sees 'Difficult' Road Ahead

New Equipment Digest - Bloomberg News

Elon Musk said he'll cut Tesla Inc.'s workforce by 7%, or more than 3,000 jobs, warning that the "road ahead is very difficult" in making electric cars more affordable for the mass market.



The shares fell 7.2% in early U.S. trading after the Palo Alto, California-based company said it managed to eke out a profit in the final three months of 2018 -- though narrower than the hard-won third-quarter earnings it reported in October, according to a blog post on Friday. [Read Article](#)

Chevron Phillips Chemical Joins New Global Alliance Against Plastic Waste

IndustryWeek - Staff

"It's time to solve the problem of plastic waste in our environment and oceans," said Chevron Phillips Chemical CEO Mark Lashier.



Chevron Phillips Chemical Company LLC on Jan. 16 become one of the founding members of a new consortium of nearly 30 top global companies, the Alliance to End Plastic Waste. www.endplasticwaste.org.

"Our mission is to help create win-win solutions where we continue to provide the world with valuable plastic materials while helping society keep them from ending up in our environment where they should not," said Chevron Phillips Chemical CEO Mark Lashier. [Read Article](#)

Nissan Cutting 700 Workers at Mississippi Truck, Van Plant

IndustryWeek - Bloomberg

Layoffs add to woes as Nissan reels from Carlos Ghosn scandal.



Nissan Motor Co. plans to cut as many as 700 workers at one of its U.S. factories, adding slower truck and van sales to the list of woes for a company reeling from a leadership crisis.

The Nissan assembly plant in Canton, Mississippi, will eliminate one shift of Titan and Frontier pickup production, and drop one shift building the NV passenger and cargo vans, according to Lloryn Love-Carter, a Nissan spokeswoman. All direct employees will retain their jobs and only contract workers will be dismissed, she said by phone. [Read Article](#)

Raytheon, Phoenix Products to Produce Navy Missile Containers

ThomasNet - Andy Szal

Under a Pentagon agreement announced this week, defense giant Raytheon and a Kentucky manufacturer will develop missile transport containers for the U.S. Navy.



The Massachusetts-based defense contractor said that under the new Defense Department Mentor-Protégé agreement, Raytheon and Oakwood University in Huntsville, Alabama, will provide training and support for Phoenix Products Inc.'s (PP)'s technical, quality, and management processes.

Phoenix, founded in 1973, produces flight components and shipping containers for government and commercial partners, including containers for missiles. The mentor-protégé program, Raytheon officials said, provides incentives for larger companies to help smaller businesses bolster their capabilities and improve their bids for Pentagon contracts. [Read Article](#)

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.

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

by Dean Prigelmeier, President of Proactive Technologies, Inc.

August

Labor Costs Expected to Increase, So Will Challenges to Developing Workers

by Dean Prigelmeier, President of Proactive Technologies, Inc.

More Employers Finding Ways To Strategically Ensure Fair Pay

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

Pre-Employment Physical Ability Tests Can be a Legal Liability If Not Done Right

by Jim Poole, President of Lifetime Learning, LLC

Keeping Employers Engaged in Regional Workforce Development Projects

by Dean Prigelmeier, President of Proactive Technologies, Inc.

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United Airlines Orders \$4.5B Worth of Boeing Jets

American Machinist - Staff

United Airlines has ordered 28 new Boeing jets worth \$4.5 billion, planning to add 24 737MAX 10 aircraft and four 777-300ER aircraft, two models which the carrier already operates. According to the OEM, the airline has been ordering both models steadily to fill out its domestic and international network.



The orders were placed late last year and recorded in Boeing's recent 2018 orders summary.

"United Airlines has been instrumental to the phenomenal success of the Boeing 737 and 777 programs over the years. We are honored by United's continued confidence in our people and our airplanes and services," stated Ihssane Mounir, Boeing Co.' SVP for Commercial Sales & Marketing. [Read Article](#)

Supreme Court Undermines Independent Driver Status

Material Handling & Logistics - David Sparkman

Interpretation of a 1920s arbitration law will reshape the freight transportation and delivery industry.



A decision handed down Jan. 15 by the U.S Supreme Court will force radical change in how trucking companies deal with independent contractor drivers.

The decision strikes down clauses in interstate owner-operator contracts requiring that disputes over compensation and working conditions go to arbitration rather than to court. Class action law suits are an important weapon in the arsenal of those who view independent contractors as misclassified employees, including tort lawyers seeking a target-rich environment and the Teamsters union, which for a long time has been attempting to organize owner-operators, including package delivery and port drayage drivers. [Read Article](#)

The 4 Weakest Links in a Blockchain

Material Handling & Logistics - Madhav Durbha

Though there are some benefits to using blockchain, supply chain professionals should remain skeptical surrounding the short-term potential.



In late 2018, the CDC issued a warning about E. coli outbreaks from romaine lettuce resulting in a massive recall. Blockchain made its way into the headlines, with several experts touting it as a silver bullet for the capability to trace and link an item at the retail shelf all the way to the source of supply. These experts felt that blockchain could have prevented the mass recalls associated with such outbreaks by helping identify source-to-shelf linkages quickly.

At the heart of the argument is one of the core virtues of blockchain - a distributed ledger system where each transaction is logged into the blockchain. Validated by a number of participating distributed nodes, this makes the records hacker-proof and trustworthy. The "journey of the romaine lettuce" can be traced back all the way to the specific farms where the lettuce is produced, making recalls surgical and targeted and offers a valid argument that makes perfect sense on the surface level. [Read Article](#)

Foxconn May Slow Pace of Recruitment at New Wisconsin Plant

IndustryWeek - Bloomberg

Foxconn Technology Group may hire workers at a slower pace for its new Wisconsin plant, adding to mounting gloom over the state of the technology industry and global trade.



The biggest assembler of Apple Inc.'s iPhones, known as Hon Hai Precision Industry Co. in Taiwan and Asia, said it has adjusted the timeframe for recruitment and hiring at its \$10 billion manufacturing facility in the U.S. state.

"While Foxconn remains committed to creating 13,000 jobs in Wisconsin, we have adjusted our recruitment and hiring timeline," the company said in a statement Friday. "We need to have the agility to adapt to a range of factors, including global economic conditions." [Read Article](#)



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Healthy-Eating Trends Challenge How Food Manufacturers Do Business

AreaDevelopment - Mark Crawford, Staff Editor

Food manufacturers are modifying their processes and investing in new technologies in order to meet rapidly evolving consumer trends.



Healthy eating is on the rise. Consumer concerns about gluten, dairy, sugar, and genetically modified organisms (GMOs) drive this trend. Also, with their busy lifestyles, consumers seek out healthy snacks and ready-to-go meals. According to a recent study, 49 percent of respondents indicate they seek "mindful eating vs dieting." The International Food Information Council Foundation found the majority of consumers prefer foods they perceive are healthier and safer for the environment. In addition, organic food sales are increasing, with a projected compound annual growth rate of 14.8 percent from 2018 to 2022.

Key Consumer Trends Include: [Read Article](#)

Highlights from the 2019 North American International Auto Show

IndustryWeek - Laura Putre

The best from Detroit, during the last year the venerable event will be held in January. See you in June 2020!



Although some big names were missing this year--Audi, BMW, Mercedes Benz, Jaguar, Land Rover--there was plenty of horsepower, chrome, and torque to go around at the 2019 Detroit Auto Show. But it's the end of an era. The Detroit show has lately been eclipsed by the splashy Consumer Electronics Show in Las Vegas the week before, which has become the hot spot for automakers to debut their innovations. [View Slideshow](#)

Boeing Defense Draws \$2.4B US Navy Contract

American Machinist - Staff

The U.S. Navy awarded a \$2.4-billion contract to Boeing Defense, Space & Security for 19 P-8A Poseidon aircraft, including 10 aircraft to expand the current stock in service by the USN's fleet. The new order also includes five aircraft under contract for Norway and four aircraft under contract to the United Kingdom. This will bring the total U.K. P-8A Poseidon fleet to nine aircraft.



The P-8 is a military version of Boeing Commercial Airplanes' 737 Next-Generation twin-engine jet, used for long-range maritime patrols for open sea and littoral operations. According to Boeing, the P-8 combines performance with reliability, with an advanced mission system for interoperability in combat. [Read Article](#)

Nets 'n' Lasers: Some of Our Best Hopes for Mitigating the Threat of Space Debris

DeutscheWelle

Space debris - an international problem.



In 60 years of space exploration, we've placed almost 7,000 satellites in orbit. Less than a third still function. The rest is dangerous junk - and their number is growing. Here's how we might mitigate the threat.

Space debris is a bit like space itself: We know it's up there, but beyond that there's so much we know we don't know. The statistics are fun, though, if a little misleading. It's a bit of a safari crunching the numbers, but here goes.

Since 1957, the year the Soviet Union sent Sputnik into space, there have been 4,900 space launches. So far so good. [Read Article and Watch Video](#)

Magnetic North Pole is Changing Faster Than Forecast

DeutscheWelle

Scientists were set to release a new World Magnetic Model after accelerating changes in earth's magnetic field, but the US government shutdown has stopped them for now. Navigation as we know it could be in jeopardy.



Scientists had planned to roll out a new update of the World Magnetic Model (WMM) on January 15 due to increased fluctuations in earth's magnetic field. However, due to the U.S. government shutdown, this has been delayed.

Although the magnetic north pole - unlike the geographic North Pole - is constantly in motion, the magnetic field is changing faster than scientists

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had reported, according to a report published by scientific journal Nature this week.

The World Magnetic Model is updated every five years to account for shifts to the field and the last one took place in 2015. However, in 2016, part of the magnetic field "temporarily accelerated deep under northern South America and the eastern Pacific Ocean," according to Nature. [Read Article](#)

The Solution to Transforming the Supply Chain: Back to Basics

IndustryWeek - Udit Sharma



It is critical to examine the basics of your supply chain before an improvement strategy can be designed and implemented.

Demanding customers, emerging technologies, global supply bases and ever-changing market landscapes require companies to continuously adjust their supply chains to stay competitive. Most supply chain executives find themselves trapped in a vicious cycle where every new or newer technology presents the panacea that the previous version could not address. To break the cycle, rather than reaching for the latest technologies, some managers have gone back to basics and have emerged with lasting return and a competitive advantage.

The Issue: [Read Article](#)

US Manufacturing Under Construction

IndustryWeek - Jill Jusko



Several high-profile plant closing announcements have taken attention away from U.S. manufacturing expansions that continue across the U.S. We're bringing that attention back.

General Motors' recent announcement that it would shutter five plants as part of its transformation into a more "agile, resilient and profitable" company grabbed the headlines in recent months. It was not pleasant news with which to close out 2018, even if the restructuring was needed. On the flip side, manufacturers also continued to announce plans for new factories across the United States, expansions of existing plants, as well as recent manufacturing plant openings. And the search for manufacturing workers continues. [See Slideshow](#)

Vancouver-based Goldcorp Inc. Acquired for \$10 billion USD

DailyHive - Eric Zimmer

A new business merger involving a Vancouver-based mining firm will "create the world's leading gold business with the best assets, people, prospects and value-creation opportunities," according to those behind the deal.

On Monday, **Newmont Mining Corporation** and Goldcorp Inc. announced they have entered into a definitive agreement in which Newmont will acquire all of the outstanding common shares of Goldcorp in a stock-for-stock transaction valued at \$10 billion.

Under the terms of the agreement, Newmont will acquire each Goldcorp share for 0.3280 of a Newmont share, which represents a 17% premium based on the companies' 20-day volume weighted average share prices.

[Read Article](#)

Financial News

Four Strategies to Help Freight Brokerages Get Paid

Material Handling & Logistics - Dean Kaplan



Freight brokers need to plan ahead, avoid mistakes and consider alternative methods to get paid faster to avoid using up their cash reserves.

Being a freight broker is not for the faint of heart. Customers may take 30 to 60 days to pay their freight bills (if you're lucky); however, you have to pay your drivers quickly. Sometimes drivers or trucking companies even require payment upfront for gas and maintenance. This forces brokers to tap into their cash reserves.

Sadly, pressure on cash flow increases in periods of high growth, so success can actually lead to bigger problems. Traditional bank financing is not available to many freight brokers due to a lack of collateral and/or fluctuating profitability.

To stay in business, you need to plan ahead, avoid mistakes and consider alternative methods to get paid faster so you don't use up all your cash

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reserves. [Read Article](#)

PBGC to Pay Pension Benefits for Employees and Retirees at Sears and Kmart



Pension Benefit Guaranty Corporation

WASHINGTON - The Pension Benefit Guaranty Corporation is taking steps to assume responsibility for Sears Holdings Corporation's two defined benefit pension plans, which cover about 90,000 people. The national retail chain headquartered in Hoffman Estates, Illinois, operates through its subsidiaries, which include Sears, Roebuck and Co. and Kmart Corporation.

Sears filed for Chapter 11 protection on October 15, 2018. PBGC is stepping in to become responsible for the company's two pension plans because it is clear that Sears' continuation of the plans is no longer possible. [Read Article](#)

Jack Bogle, Father Of Simple Investing, Dies At 89

NPR All Things Considered - Avie Schneider, Chris Arnold



Jack Bogle, the founder of Vanguard who made investing and retirement affordable for millions, died Wednesday at the age of 89, the company said.

Bogle transformed the way people invest their money when he created the first index mutual fund for individual investors in 1975.

He believed that investors should own a mix of bonds and stocks but shouldn't pay investment managers to pick them, so he created funds that represented a basket of stocks, such as those in the S&P 500 index.

That approach to investing became what economists regard as the bedrock, most powerful tool for how everyday Americans should save and invest for the future. And over the past four decades, Bogle has drastically changed the way millions of people all over the world save and invest their money.

[Read Article and Hear Podcast](#)

The Government Shutdown Spotlights a Bigger Issue: 78% of US Workers Live Paycheck to Paycheck



CNBC - Emmie Martin

The partial government shutdown, which began Dec. 22, has now stretched well into the new year. President Donald Trump said Friday that it would continue for "months or even years" until he receives the requested \$5 billion in funding for a border wall.

The shutdown has left approximately 800,000 federal workers in financial limbo. Around 420,000 "essential" employees are working without pay, while another 380,000 have been ordered to stay home, according to calculations provided to CNBC by Paul Light, a professor of public service at New York University.

In some cases, the furloughs have forced government employees to tap into their savings, rely on credit cards or crowdsource funds to make ends meet. [Read Article](#)

Has the TCJA Actually Helped Companies?

CFO.com - David McCann

The overall financial impact of the Tax Cuts and Jobs Act is difficult to calculate and may be viewed differently by optimists and skeptics.



One thing that became clear as 2018 progressed was that the initial elation over the new 21% corporate income tax rate provided by the Tax Cuts and Jobs Act had been a somewhat hasty reaction.

Tempering the enthusiasm were realizations that other provisions of the law would, for most companies, significantly cut into the windfall from the lower tax rate.

Such provisions included the Global Intangible Low Taxed Income (GILTI) calculation, the Base Erosion and Anti-Abuse Tax (BEAT), new limitations on the deduction for business interest expense, and new limitations on deductions for employee benefits. [Read Article](#)

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Wall Street's 'Short Termism' Misses the Point

CFO.com - Vitaliy Katsenelson

Beating earnings estimates quarter after quarter doesn't have much to do with long-term shareholder value.



Wall Street glorifies companies that beat quarterly earnings estimates by arguing that the long term comprises a lot of short terms.

But beating earnings estimates for a few consecutive quarters doesn't necessarily lead to long-term greatness. It assumes that significant changes to the business are visible in the reported numbers.

That's likely what General Electric executives rationalized as they destroyed the company's protective shareholder moat, its respected corporate culture, and its balance sheet.

Their short-term thinking focused on "beating earnings" on a quarterly basis, thereby insuring seemingly endless analyst upgrades. Unfortunately, GE's short-term success that was seen by the market came at the expense of unforeseen damage. [Read Article](#)

M&A Didn't Add Value in 2018. How About 2019?

CFO.com - David McCann

While acquiring companies have underperformed stock indexes for the past two years, the outlook for M&A may be brightening



As we reported in December, the volume of mergers and acquisitions activity rose in 2018 and is expected to grow further this year. That does not mean, however, that deals were successful last year or necessarily will be in 2019.

The global M&A market is struggling to add value, and the post-deal performance of buyers has steadily declined since a 2015 peak, according to data compiled by Willis Towers Watson (WTW) and the University of London's Cass Business School.

Following a fourth-quarter 2018 in which dealmakers underperformed - in terms of shareholder value - for an unprecedented fifth consecutive quarter, and a year in which they recorded their worst annual performance in a decade, what can potential acquirers expect in 2019? [Read Article](#)

Here's Another Reason to Avoid Tax Avoidance

CFO.com - David McCann

Aggressive tax planning sows confusion not only about companies' taxes but also about the basics of their operations and finances.



A year ago, a paper in the American Accounting Association journal *The Accounting Review* featured a surprising finding: CEOs are at increased risk of losing their jobs not only if their companies pay much more than their peers in taxes, but also if they pay much less.

The authors credited legislative, regulatory, and judicial initiatives with raising public sensitivity to companies' tax-aggressiveness, and surmised that the sharply reduced corporate tax rates under the Tax Cuts and Jobs Act would likely inhibit aggressive tax planning further.

Now, a study in the current issue of the journal may very well reinforce that inhibition. The research finds that the complicated ploys that often characterize aggressive tax planning sow uncertainty and even confusion not just about companies' taxes but about the basics of their operations and finances, with resultant negative outcomes. [Read Article](#)

The Past Is Not Done With Wells Fargo

CFO.com - Vincent Ryan

Wells Fargo may think it's done with the past, but the past isn't done with Wells Fargo.



For two years, the embattled commercial bank has been working through the hangover from fraudulent consumer sales practices that put a stain on the fourth largest lender's reputation and led to sizable regulatory penalties.

On Tuesday, the bank reported lower revenues and a shrinking loan book for the fourth quarter of 2018. Profit dipped slightly to \$6.1 billion, from \$6.2 billion in the fourth quarter of 2017; revenue fell 5%, to \$21 billion; and the bank's loan portfolio shrunk to \$953.1 billion, down from \$956.7 billion a year earlier. On the funding side of the balance sheet, total deposits fell.

But the big reveal was Wells would be operating under the asset cap

imposed by the Federal Reserve through the end of 2019. Executives previously said the punitive measure would be lifted by the end of June. [Read Article](#)

Ford Falls into Red with Losses Overseas and on Pension Fund

IndustryWeek - Bloomberg

Company posts bigger deficits in Asia, Europe, South America.



Ford Motor Co. (IW 500/3) descended into the red in the final three months of 2018, dragged down by deeper deficits overseas and a loss on its pension fund.

The automaker reported a net loss of \$116 million for the fourth quarter, missing analysts' average estimate for income of \$1.27 billion. This is just the second quarterly loss Ford has posted on a GAAP basis since early 2009, according to data compiled by Bloomberg.

Chief Executive Officer Jim Hackett has been trying to overhaul the automaker by killing off slow-selling sedans, boosting spending on sport utility vehicles and trucks, and making salaried staff cuts worldwide. [Read Article](#)

The Tech Economy's Untold Story

Area Development - City Journal-Joel Kotkin

Job growth is shifting from media-favored "superstar" cities to more sprawling metro regions and the suburban periphery.

The decisions by Amazon and Google to expand into the New York area have led some pundits to claim that the nation's high-tech economic future will be shaped in dense urban areas. "Big cities won Amazon and everything else," proclaimed Neil Irwin of the New York Times. "We're living in a world where a small number of superstar companies choose to locate in a handful of superstar cities where they have the best chance of recruiting superstar employees." Yet the trends in job creation, particularly in technology, are not nearly as favorable to the "superstars" as some urbanists imagine. If one looks at data, not press releases, a more nuanced picture emerges, with much of the fastest growth—including in tech—shifting dramatically not to the elite, dense urban centers but to more sprawling regions and the suburban periphery. [Read Article](#)

The Boss is Retiring. The Kids Don't Want to Take Over. Family-owned Manufacturers Confront a Succession 'Crisis'

Area Development - Chicago Tribune-Alexia Elejalde-Ruiz

Jerry Iverson, president and CEO of the manufacturing firm his grandfather founded 88 years ago, loses sleep worrying what will come of the business once he decides to retire.



His kids aren't interested in taking the reins at Iverson & Co. in Des Plaines, which sells and services machine tools. His vice president had been groomed for ownership but left for another opportunity.

Iverson expects he will have to merge or sell, but to whom? And will the buyer take good care of his customers and his family's legacy?

"It's something I think about every day," Iverson, 59, said. [Read Article](#)

PG&E Hasn't Run Out of Money. So Why is it Planning to File for Bankruptcy?

LA Times - Sammy Roth

California's largest power company plans to file for bankruptcy as soon as next week, in the face of wildfire liabilities that could cost tens of billions of dollars.



But a growing chorus of shareholders, ratepayer advocates and lawyers for fire victims says there's no need for Pacific Gas & Electric to enter bankruptcy.

Those critics point to the \$1.5 billion in cash or cash equivalents PG&E says it has on hand, and to the company's claim that it could raise "a significant amount" of additional capital even without a Chapter 11 filing. Critics also say wildfire liability is far from the urgent crisis PG&E is making it out to be because it could be years before the company is forced to pay a single penny to fire victims.

The groups questioning PG&E's decision are strange bedfellows, although

many of them have a financial interest in keeping the utility out of Bankruptcy Court.

One leading critic of a bankruptcy filing is BlueMountain Capital Management LLC, which owns more than 11 million shares of PG&E stock that could be wiped out. Then there are lawyers for victims of the Northern California fires, who might see court awards reduced by a bankruptcy judge. Some of those lawyers have joined forces with famed consumer advocate and PG&E foe Erin Brockovich. [Read Article](#)

Remember the Subprime Mortgage Mess? \$1.2 trillion in Risky Corporate Debt is Flashing Similar Warning Signs

LA Times - Jim Puzanghera

The outstanding volume of leveraged loans now tops \$1 trillion, and there are concerns it's a credit bubble that could put the economy at risk. (Jon Krause / For The Times)



Indebted borrowers increasingly take out high-interest, adjustable-rate loans that are packaged into securities and sold to investors eager for a better rate of return.

Everything's fine while the economy is growing. But when it slows, those borrowers could default, causing problems to cascade through the financial system.

If this all sounds like the subprime housing market in the boom years before the 2008 financial crisis, you're right. And that's what increasingly has regulators, lawmakers, ratings agencies and some market watchers worried.

This time, however, the borrowers in this credit bubble aren't homeowners taking out mortgages. They're hundreds of U.S. companies with weaker credit ratings, many of them well-known like Uber and Burger King, taking out so-called leveraged loans. [Read Article](#)

Dun & Bradstreet Downgraded on LBO Financing

CFO.com - William Sprouse

S&P cited leverage increases and turnaround execution risks.



Dun & Bradstreet, the provider of information on businesses' creditworthiness, had its own credit downgraded after it announced plans to issue over \$4 billion in debt to fund its leveraged buyout.

S&P Global Ratings downgraded the company's issuer-credit rating to "B-" from "BB+" citing the significant leverage increase and meaningful near-term turnaround execution risks. S&P said it was also assigning a "B-" issue-level rating and a "3" recovery rating to Dun & Bradstreet's proposed senior secured debt, which is made up of a \$400 million revolving credit facility, a \$2.63 billion term loan, and \$500 million senior secured notes.

[Read Article](#)

Cryptocurrency Thefts, Scams Hit \$1.7 billion in 2018: Report

Reuters - Gertrude Chavez-Dreyfuss

Cryptocurrencies stolen from exchanges and scammed from investors surged more than 400 percent in 2018 to around \$1.7 billion, according to a report from U.S.-based cyber security firm CipherTrace released on Tuesday.



Of the \$1.7 billion, the report, which looks at criminal activity in the digital currency market, said \$950 million constituted thefts from cryptocurrency exchanges and infrastructure services such as wallets, up nearly 260 percent from \$266 million in 2017. [Read Article](#)

International News

Mexico, Latin America, South America and the Caribbean

Mexico's President Fights Gas Crisis, While Mexicans Endure Long Lines With Jokes

NPR - Carrie Kahn

Mexico's President Andrés Manuel López Obrador says his crackdown on gas thieves in the country is working, even though long lines at the pump in several states persist, distribution bottlenecks continue and new acts of fuel theft are reported.



As he has done every day since the gas crisis, now well into its second week, López Obrador insists gas sales and distribution will stabilize soon.

"We haven't stopped working on returning the service to normal, we are not without gas, all is moving forward," the president said at his daily morning news conference on Tuesday. He also reported new acts of what he called "sabotage" and drilling into the state oil company Pemex's main gas pipeline late Monday.

Thieves tap into gas and diesel pipelines and siphon out the fuel to sell on the black market. Much of the theft is committed by organized crime gangs, many times with complicity of Pemex workers and officials. Fuel theft in Mexico has increased sharply over the years, with losses for Pemex totaling \$3 billion in 2018 alone, according to a government estimate. [Read Article](#)

Mexico Reports Highest Ever Homicide Rate In 2018, Tops 33,000 Investigations

NPR News - Vanessa Romo

Forensic personnel load the corpse of a man into a van, after he was executed at a shopping mall in Acapulco, Mexico, on April 24, 2018. A new report recorded more than 33,000 homicides in 2018, making it the country's deadliest on record.



Mexico's homicide rate continued to skyrocket last year, making 2018 the deadliest on record for the country with an average of 91 deaths a day.

A report released by Mexico's Secretariat of Security and Citizen Protection recorded 33,341 intentional homicides in 2018, a 15% increase over 2017, which held the previous record for the highest number of opened investigations with 28,866 cases.

Widespread violence over more than a decade has ravaged cities and towns alike, as drug cartels and criminal organizations appear to operate with impunity, facing few if any repercussions from law enforcement agencies that are rife with corruption or crippled by intimidation. [Read Article and Hear Podcast](#)

Opinion: Venezuela at a Crossroads

DeutscheWelle - Uta Thofern

With broad international support, opposition leader Juan Guaidó, has declared himself president. How this risky undertaking will end is completely open, writes DW's Uta Thofern.



In the world's poorest rich country, anything is now possible. A second fall of the Berlin Wall. Another "Arab spring" with all the familiar consequences. A bloodbath. Or the audacious young speaker of parliament Juan Guaidó's arrest, an end to the demonstrations and a relapse into the distressing resignation of recent months.

Juan Guaidó managed to shift the mood in Venezuela within only a few weeks, which hardly anyone had expected. He managed to give new weight to the freely elected parliament, which had been sidelined by the Chavez regime, and he managed to unite the fragmented opposition behind him. And he went to traditionally Chavist slum areas and found support there too. Guaidó, who, as a student leader had already sought dialogue with his political opponent's supporters, seemed to be the right man to bring about change. And, according to the constitution, he is at least temporarily the legitimate head of state of Venezuela. This is because President Maduro, who until the beginning of January had been legally in office, owes his recently begun second term to a sham election that goes against all democratic principles. [Read Article](#)

Canada, Europe and Great Britain GE Didn't Deliver on Jobs. Now, France Wants Up to \$60 Million

IndustryWeek - Bloomberg

Company committed to create 1,000 jobs to win over Alstom.



Four years ago, General Electric Co. (IW 500/6) made a commitment to win France's approval to buy Alstom SA's energy business: It would create jobs or pay a hefty fine.

The Boston-based company pledged it would add 1,000 positions in France by end-2018, failing which it would pay the French government a fine of 50,000 euros (US\$57,000) for every job not generated. While the French finance ministry says GE had created 323 jobs as of end-April 2018, unions and local officials contest the number, leaving the company facing a maximum fine of 50 million euros. [Read Article](#)

At Davos, A Darker Mood Awaits Meeting Of Global Elites

NPR News - Pallavi Gogoi

Davos is where world leaders preen and articulate grand visions in a glamorous setting that beckons with powdery snow and shiny klieg lights. The annual meeting, high in the Swiss Alps, is the ultimate gathering of the global elite.



Last year, the Davos scene was marked by grand entrances and ambitious power politics. President Trump became the first U.S. leader to visit in 18 years. Prime Minister Narendra Modi became India's first leader to speak at Davos in two decades. The leaders of the world's two largest democracies had swagger, arriving with large entourages of top officials.

A year later, many of the same leaders who preened in 2018 are licking their wounds in a world where the outlook seems a bit darker and economic fears are rising. [Read Article](#)

Asia, India and Australia

South Korean Farmers See Boost in Banana Crop

BBC

Farmers expect to harvest the bananas in March.



Climate change could soon turn the South Korean mainland into a producer of bananas, mangoes and passion fruit, it's been reported.

Bananas already grow on sub-tropical Jeju Island off the southern coast, but farmers elsewhere are reporting successes, according to the daily *Kyunghyang Sinmun*.

Agronomists in Heunghae in the south-east of the country say "planting went smoothly" last year, and that farmers expect to harvest the fruit in mid-March, while their counterparts in Taean County in the south-west hope to gather their bananas in February.

Experts in both regions agree that the common factor is global warming. They have been experimenting with growing bananas and other fruit in greenhouses for years, but have noticed definite changes since last autumn.

[Read Article](#)

India 'Snooping' Order Leaves Citizens Exposed to Surveillance

DeutscheWelle

The Indian government has recently passed an order that allows intelligence agencies to access data stored on computers anywhere in the country. A petition filed in the Supreme Court is opposing the move.



In December, India's interior ministry passed an order authorizing 10 intelligence agencies to intercept and decrypt any data stored on any computer in the country. The agencies include India's internal watchdog, the Central Bureau of Investigation (CBI), New Delhi Police, and the external spy agency, Research Analysis Wing (RAW).

The order was executed as part of section 69 of the Indian Information Technology Act 2000 (IT Act), which deals with "the power to issue directions for interception, monitoring or decryption of any information through any computer source."

Under the order, surveillance groups will have the authority to examine any information "received or stored on any computer." While the agencies have carte blanche to examine any suspicious person's computer, suspects will also have to cooperate with an investigation. Failure to do so could result in a seven-year jail sentence. [Read Article](#)

China and Southeast Asia

China First to Land on Moon's Dark Side

IndustryWeek - Bloomberg

America's space dominance shows signs of waning as China becomes the first nation to land on the far side of the moon.



China landed a lunar probe on the far side of the moon, the first ever spacecraft to reach the surface that always faces away from Earth and giving a boost to the country's ambitious space program.

The Chang'e-4 lunar probe, named after the mythical Moon Goddess, landed at 10:26 a.m. Beijing time Thursday and relayed a picture, the People's Daily newspaper reported.

The feat caps a series of lunar missions China has launched over the past few years as part of its plan to become one of the world's top three aerospace powers by 2030. The nation's space budget is about \$8 billion a year, second only to the U.S. The moon landing comes at a time when tensions between the two powers are at a long-time high, with their economic, technological and military rivalry deepening amid China's quest for dominance. [Read Article](#)

Musk Breaks Ground on Tesla China Plant, First Outside US

IndustryWeek - Bloomberg

A local factory would shield Tesla against import tariffs.



After four years of planning, Tesla Inc. finally broke ground on its planned \$5 billion factory in the world's biggest auto market. But the timing couldn't be more inauspicious.

Chief Executive Officer Elon Musk and some Shanghai officials, including Mayor Ying Yong, on Monday attended a function at a site near the city kicking off construction of what would be the electric-vehicle maker's first car-manufacturing facility outside the U.S. While the ceremony marked a new journey for Tesla, it comes at a point where China's economy is showing signs of strain amid the trade war with the U.S. [Read Article](#)

Africa, Middle East, Eastern Europe and Russia

Who is Felix Tshisekedi, DR Congo's New President?

DeutscheWelle

The wildcard opposition candidate has prevailed in last month's chaotic election. The son of a political legend, the relatively inexperienced leader has much to prove.



DR Congo's President-elect Felix Tshisekedi speaks to a crowd. He is holding a microphone and pointing towards the crowd out of frame.

After weeks of uncertainty, opposition leader Felix Tshisekedi has been sworn in as president of the Democratic Republic of Congo (DRC).

He was inaugurated at the Peoples' Palace, the seat of the national legislature in the capital, Kinshasa. Supporters who for decades backed the elder Tshisekedi's pursuit of power streamed into the venue with Congolese flags tucked into their hair or wearing leopard-print caps and cravats.

At 55, Tshisekedi takes over from Joseph Kabila who is stepping aside after 18 years at the helm. [Read Article](#)

Syria Conflict: What do the US, Russia, Turkey and Iran Want?

DeutscheWelle

Syria's complex and devastating civil war has drawn in multiple foreign powers since it broke out in 2011. With Russia and Turkey seeking new solutions, DW examines where the major players stand on the conflict.



- Who it supports: Washington had given weapons and military training to moderate rebel factions fighting against government forces loyal to President Bashar Assad, but the US ended military aid in 2017 and later cut some \$230 million (€198 million) in reconstruction aid. The US has provided air support and weapons to the Syrian Democratic Forces (SDF), an alliance of Kurdish and Arab forces fighting against "Islamic State" (IS) militants in northern Syria. Several hundred US special forces were

deployed alongside the SDF.

- Who it's fighting against: The US has been leading an international coalition of nearly 60 countries, including Germany, targeting IS and other extremist groups with airstrikes since late 2014. The US has largely avoided direct conflict with pro-regime forces, but in 2017 US President Donald Trump ordered airstrikes on a Syrian airbase in response to a government chemical weapons attack against civilians. He surprised allies in December when he announced the unilateral withdrawal of US troops in Syria, saying: "We have defeated ISIS in Syria." [Read Article](#)

International Trade News

INTERNATIONAL TRADE DATA

Monthly Wholesale Trade

US Census Bureau

November 2018 sales of merchant wholesalers were \$505.3 billion, down 0.6 percent (+/- 0.4 percent) from last month. End-of-month inventories were \$654.0 billion, up 0.3 percent (+/- 0.2 percent) from last month. November 2018: +0.3 % change in Inventories; October 2018 (r): +0.9 % change in Inventories.

[Read Report](#)



Manufacturing and Trade Inventories and Sales

US Census Bureau

Due to the federal government shutdown, data was unavailable this month



U.S. International Trade in Goods and Services

US Department of Commerce - Bureau of Economic Analysis

Due to the federal government shutdown, data was unavailable this month



U.S. International Transactions

US Department of Commerce - Bureau of Economic Analysis

Due to the federal government shutdown, data was unavailable this month



US Trade Agenda for 2019 Is Packed

IndustryWeek - Bloomberg

If you think President Donald Trump's trade agenda was busy in 2018, get ready for much more to come in the new year. The first quarter of 2019 will be pivotal, as the U.S. and China are trying to deescalate a trade war and Trump will have to decide whether to hit car imports with tariffs.



Here's a list of some of the most important dates and deadlines for Trump's trade agenda in coming days and months: [Read Article](#)

Retail Imports Level Off After Rush to Beat Tariffs

Material Handling & Logistics - Staff

NRF's Jonathan Gold said the industry is hoping the talks currently underway will bring an end to this ill-advised trade war and result in a more appropriate way of responding to China's trade abuses that won't force American consumers, workers and businesses to pay the price."



Imports at the nation's major retail container ports have slowed down after a months-long rush to beat increased tariffs on goods from China, according to the monthly Global Port Tracker report released on Jan. 8 by the National Retail Federation and Hackett Associates.

"With the holiday season behind us, the immediate pressure to stock up on merchandise has passed but retailers remain concerned about tariffs and their impact on the nation's economy," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said.

"Retailers have also brought in much of their spring merchandise early to protect consumers against higher prices that will eventually come with tariffs. Our industry is hoping the talks currently underway will bring an end to this ill-advised trade war and result in a more appropriate way of responding to China's trade abuses that won't force American consumers, workers and businesses to pay the price." [Read Article](#)

Trump Would Get Expanded Tariff Powers Under New Draft Bill

IndustryWeek - Bloomberg

The "United States Reciprocal Trade Act" would allow the President to impose tariffs on products if he determines that either tariff or non-tariff barriers on that product are higher than the what U.S. has. President Donald Trump would gain line-by-line power to raise tariffs on individual products if trading partners charge higher import taxes under legislation being mulled by the White House, a move that threatens to unwind decades of global agreements.



The draft "United States Reciprocal Trade Act", which some within the White House would like Trump to unveil in his State of the Union address this month, faces an uphill battle in Congress: Republicans and Democrats have been exploring how to restrain Trump's tariff powers rather than extending them.

Since Bloomberg first reported the White House plans earlier this week, Senate Finance Committee Chairman Chuck Grassley of Iowa and other prominent law makers have ruled out the possibility that Trump would be granted more unilateral power to impose tariffs on U.S. trading partners. [Read Article](#)

New Network Targets Transparency in Global Food Supply Chain

ThomasNet - Staff Writer

OriginTrail, the world's first decentralized network for the global food supply chain, went live December 7. The Belgrade-based company also teamed up recently with Oracle to offer more secure data sharing on the distributed ledger.



OriginTrail aims to develop one shared blockchain protocol for all interconnected supply networks on the global food supply chain. Unlike competitors who are developing their own unique supply chain platforms, OriginTrail is seeking to leverage the efficiency and transparency of Distributed Ledger Technologies in integrated communications.

"We do not focus on the blockchain layer. We see OriginTrail being a very open ecosystem [with respect to interoperability]," Chief Executive Officer Tomaz Levak told Invest Blockchain. [Read Article](#)

China Increases US Patent Holdings While IBM Keeps Top Spot

IndustryWeek - Bloomberg

Six of the top 10 recipients of patents are U.S. companies.



Chinese inventors received a record number of U.S. patents in 2018 and are on pace to overtake Germany in the No. 4 position of top recipients, according to an analysis of filings with the U.S. Patent and Trademark Office.

Inventors working for Chinese companies were issued 12,589 U.S. patents in 2018, a 12% jump on the year and a 10-fold increase over the 1,223 they received a decade ago. The U.S. still dominates the field, with 46% of the 308,853 U.S. utility patents issued last year, followed by companies based in Japan, South Korea and Germany. [Read Article](#)

EU Moves on US Trade Deal as It Sends Trump Warning on China

IndustryWeek - Bloomberg

The European Commission said it has begun work on a draft mandate for a trans-Atlantic accord to cut duties on industrial goods.



The European Union's executive arm is preparing to ask the bloc's governments for the green light to start negotiations with the U.S. on a free-trade deal, highlighting hopes of keeping at bay the threat of American

tariffs on foreign cars.

The European Commission said it has begun work on a draft mandate for a trans-Atlantic accord to cut duties on industrial goods. The commission is also drawing up a request for permission to reach an agreement with the U.S. on "conformity assessment," part of a parallel push for deeper regulatory cooperation. [Read Article](#)

GM Cutbacks Due to Offshoring, Not Tariffs

Op-ed by Jeff Ferry, Chief Economist of CPA, originally appeared in the Daily Mail West Virginia



General Motors had a very good year in 2018.

You read that right, a good year. Maybe even an excellent year. The company's third-quarter earnings knocked it out of the park. Wall Street was expecting GM earnings of \$1.25 per share, yet the carmaker delivered \$1.87.

Overall, company CEO Mary Barra is bullish, saying, "We expect full-year [earnings per share] to be at the top of our previously-communicated guidance range with potential for further upside."

But you might ask: Didn't GM just announce the shutting of five auto plants in November, and is laying off some 14,000 workers in the U.S. and Canada? And isn't all of this supposedly due to President Donald Trump's tariffs?

The fact is, GM's recent cutbacks have little to do with current sales, and nothing at all to do with the president's tariffs. [Read Article](#)

Canada and 5 Other Nations Pull Trigger on World's Biggest Trade Deal - Leaving America Out in the Cold

Financial Post



A vanguard of Japan, Singapore, Mexico, Australia, Canada and New Zealand activated the CPTPP over the weekend. Once Vietnam, Malaysia, Peru, Chile and Brunei have ratified the treaty it will cover 13.5 per cent of global GDP. National Post

The world's most radical trade pact has come into force across the Pacific as the U.S. sulks on the sidelines, marking a stunning erosion in American strategic leadership.

Eleven countries are pressing ahead with the Comprehensive Agreement for Trans-Pacific Partnership (CPTPP), defying barely-disguised efforts by the Trump administration to kill the treaty.

A vanguard of Japan, Singapore, Mexico, Australia, Canada and New Zealand activated the treaty over the weekend, ripping down barriers to trade in almost all goods. It eliminates 18,000 tariffs and slashes others in stages over coming years. [Read Article](#)

Chinese Maker of \$20,000 Electric Cars Plans US Exports

IndustryWeek - Bloomberg



Many Chinese carmakers have announced plans to start exporting to the U.S. but none of them has managed to crack the lucrative retail market. Kandi Technologies Group Inc. may become the first.

The Nasdaq-listed company, which started making electric cars in 2013, plans to ship two of its models to the U.S. this year, Chairman and Chief Executive Officer Hu Xiaoming said in a telephone interview Wednesday. Sales will start after the company clears regulatory procedures, which have been held up by the federal government shutdown, said Hu. [Read Article](#)

China Is Said to Offer Path to End US Trade Imbalance

IndustryWeek - Bloomberg News



China has offered to go on a six-year buying spree to ramp up imports from the U.S., in a move that would reconfigure the relationship between the world's two largest economies, according to officials familiar with the negotiations.

By increasing goods imports from the U.S. by a combined value of more than \$1 trillion over that period, China would seek to reduce its trade

surplus -- which last year stood at \$323 billion -- to zero by 2024, one of the people said. The officials asked not to be named as the discussions aren't public.

The offer, made during talks in Beijing earlier this month, was met with skepticism by U.S. negotiators who nonetheless asked the Chinese to do even better, demanding that the imbalance be cleared in the next two years, the people said. Economists who've studied the trade relationship argue it would be hard to eliminate the gap, which they say is sustained in large part by U.S. demand for Chinese products. [Read Article](#)

How the Government Shutdown Is Affecting Trade

IndustryWeek - Nithya Nagarajan, Cortney Morgan

Tariff exclusions, licensing approvals and self-reporting of violations are among the activities not happening during the shutdown.



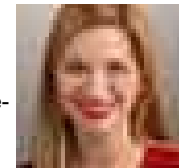
With the government shutdown entering its fifth week and no end in sight, a number of federal agencies are feeling the pressure. The Department of Commerce and the U.S. International Trade Commission have been effectively shuttered for the past four weeks, and recently the Office of the U.S. Trade Representative released a short statement indicating that they had begun furloughing nonessential personnel. A number of other agencies and departments have also had their work affected or completely suspended.

The shutdown is affecting these federal agencies that are critical to imports, exports, and international trade: [Read Article](#)

Toyota North America's CEO: Tariffs, Not Tech Disruption is Biggest Threat

Dallas Morning News - Melissa Repko

From the rise of autonomous cars to the popularity of ride-sharing, automakers like Toyota have raced to keep up with a whirlwind of technology changes.



But on Friday, Toyota's North America CEO Jim Lentz said that's not the biggest threat to the Japanese car maker. Instead, he pointed to the risk of tariffs looming over the automotive industry.

"The biggest disruption for us today isn't technology. It's in the public policy space," he said. "We are an industry that imports vehicles and imports parts, as do all the manufacturers in the U.S., and unfortunately, we're very close to being declared a threat to national security." [Read Article](#)

Amazon Pushing Hard Into Ocean Shipping, Making it Easier for Chinese Goods to Get to You

AreaDevelopment - USAToday-Elizabeth Weise

SAN FRANCISCO - Quietly and below the radar, Amazon has been ramping up its ocean shipping service, sending close to 4.7 million cartons of consumers goods from China to the United States over the past year, records show.



This marks a significant move into what many believe is the company's overall strategy of eventually controlling much of its transportation network, from trucks to airplanes and now to ships.

As of the beginning of 2018, Amazon's freight shipping arm has shipped over 5,300 shipping containers from China to the United States. Those containers mark Amazon's push into the fragmented and convoluted ocean freight market, allowing it to offer companies manufacturing in China a soup-to-nuts service that eliminates almost all other middlemen on the way to the U.S. consumer. [Read Article](#)

Globalization in Transition: The Future of Trade and Value Chains

Area Development - McKinsey & Company-Susan Lund, James Manyika, Jonathan Woetzel, Jacques Bughin, Mekala Krishnan, Jeongmin Seong, and Mac Muir

Global value chains are being reshaped by rising demand and new industry capabilities in the developing world as well as a wave of new technologies.

Even with trade tensions and tariffs dominating the headlines, important structural changes in the nature of globalization have gone largely unnoticed. In *Globalization in transition: The future of trade and value chains* (PDF-3.7MB), the McKinsey Global Institute analyzes the dynamics of global value chains and finds structural shifts that have been hiding in plain sight.

Although output and trade continue to increase in absolute terms, trade intensity (that is, the share of output that is traded) is declining within almost every goods-producing value chain. Flows of services and data now play a much bigger role in tying the global economy together. Not only is trade in services growing faster than trade in goods, but services are creating value far beyond what national accounts measure. Using alternative measures, we find that services already constitute more value in global trade than goods. In addition, all global value chains are becoming more knowledge-intensive. Low-skill labor is becoming less important as a factor of production. Contrary to popular perception, only about 18 percent of global goods trade is now driven by labor-cost arbitrage. [Read Article](#)

The Trade War Is a Farce

IndustryWeek - Ken Pulverman

Reshoring is the future, but manufacturers have no idea how to fill the more sophisticated jobs that it requires.



As the World Economic Forum (WEF) annual meeting continues in Davos, Switzerland, this week, discussions around global trade, the future of advanced manufacturing, and the Fourth Industrial Revolution are at an all-time high. In particular, the popular news media has been making a daily diet talking about the U.S. trade war with China.

Unfortunately, they are missing the real story: the potentially profound effects of reshoring on U.S. manufacturing and on the widening skills gap. A few reports are seeing the fumes of the real story but miss the overall point. News articles have surfaced about the success of apprenticeship programs in Germany, especially in the manufacturing sector, and how the U.S. government is evaluating similar systems. This at least points in the right direction. In 2017, president Donald Trump signed an executive order to double the amount of funds for apprenticeship programs, to \$200 million, but some argue that the initiative is still a work in progress. A growing sentiment that "not everyone can be or wants to be a programmer in Silicon Valley" is gaining traction as well.

The real story is that manufacturing is coming back to first-world countries, and we have no idea how to fill these new, more sophisticated jobs. [Read Article](#)

Congressional Budget Office Sees Trade War Dragging on US Economy

IndustryWeek - Bloomberg

The CBO's projections are based on current trade barriers in effect only, assuming that levies on certain Chinese goods won't jump to 25% from 10% in March.



U.S. trade barriers will hurt rather than help the economy, according to a new Congressional Budget Office forecast that's at odds with President Donald Trump's position on tariffs.

The levies -- imposed on items including steel, aluminum, and some Chinese goods -- will cut real gross domestic product by about 0.1% on average through 2029 and fuel "uncertainty among investors, which may further reduce U.S. output," the non-partisan CBO said in a report Monday.

The CBO also estimates new tariffs will increase inflation, adding 0.1% to the personal consumption expenditures price gauge by 2022 and boosting prices for private investment by 0.5% over the period. By 2022, changes in trade policy will reduce real consumption by 0.1% and real private investment by 0.3%, researchers said. [Read Article](#)

CPA Urges Congress to Consider Pro-American Tax Reform

Coalition for a Prosperous America

Washington. The Coalition for a Prosperous America (CPA)

is asking Congress to improve the federal tax system to promote US trade competitiveness. In a letter to both the Senate Finance and House Ways & Means Committees, CPA pressed for consideration of both a destination-based Sales Factor Apportionment tax system (SFA) and a Strategic Goods and Services Tax (GST).



"The Tax Cuts and Jobs Act represented an important step forward and is supported by many of our members," said Brian O'Shaughnessy, CPA's Vice Chairman. "However, Congress now has the opportunity to dramatically improve the international trade competitiveness of US-based companies and workers. Our proposals would tax foreign companies who profit from access to the US market, eliminate taxes on profits and sales from exports, and neutralize the tariff-like impact of foreign VATs."

CPA asked the tax-writing committees to adopt a destination-based system for taxing corporate profits called Sales Factor Apportionment. Currently, lawyers and accountants help foreign and multinational companies avoid taxes on US sales. They do so through internal company bookkeeping tricks that make it appear as though the profits were earned in a tax haven like Bermuda or Ireland. The Tax Cut and Jobs Act's extraordinarily complex rules reduced but did not eliminate this practice. The result is foreign companies still get more favorable tax treatment in many cases than American companies. [Read Release](#)

Education and Workforce Development News

Experience Is the Best Teacher: The Importance of Mentorships in Manufacturing

ThomasNet - Kristin Manganello



Ask a manufacturing or industrial executive about the biggest challenge their company is currently facing, and there's a good chance that they'll say, "the skills gap" without much hesitation. With over 47 million open job positions requiring specific technical skills, it's easy to see why these leaders are anxious about the current workforce.

Part of the issue is a generational one. As baby boomers retire in droves, they're leaving a massive void in the workforce that isn't being replenished by the younger generations at the same rate. Furthermore, many of the applicants currently in the labor pool don't have the specified qualifications necessary to perform many of the open positions.

The future isn't looking too bright either; the oldest members of Generation Z will be entering the workforce in a few years, and, unfortunately, due to lack of visibility and poor perception of the manufacturing industry, they have shown very little interest and awareness in manufacturing as a viable career option. [Read Article](#)

There's an App for That

Community College Daily News - Eric Neutuch



Dan Cecchini, chief information officer at Central Oregon Community College (COCC), observes students' heads buried in their smartphones all the time.

"Students expect that their campuses will have an app," he says. "If you go to Facebook as an app rather than as a mobile site, why wouldn't you expect to do the same when seeking information from your college?"

This past September, COCC introduced its COCC mobile app in the iTunes and Google Play Android stores, joining the growing cohort of community colleges with smartphone apps. Though there's no count of the total number of community colleges with smartphone apps, the iTunes and Google Play stores include numerous community college apps.

The experiences of Cecchini and other community college administrators involved in building apps offer valuable lessons for institutions that seek to do the same. [Read Article](#)

Credential debate continues in health care

Community College Daily News - Matthew Dembicki



SAN DIEGO - Over the years, nursing has been in the spotlight during debates about the right credential needed for entry-level jobs in the health-care field. But other allied health occupations face similar encroachment among proponents who want to replace associate degrees with bachelor's degrees as the entry-level credential.

The most recent one is for respiratory care. Last week, the American Association of Respiratory Care sent a position paper to its members supporting bachelor's degrees as the entry-level credential for respiratory therapists by 2025.

Diane Osterhaus Neefe, president of the National Network of Health Care Programs in Two-Year Colleges (NN2), noted the position paper at a session on emerging trends in the health-care workforce at the American Association of Community Colleges' Workforce Development Institute. She stressed it's important for allied health-care faculty at community colleges and others to continue to advocate for keeping the associate degree as the entry-level credential for these fields (adding that she supports efforts that create a pathway to higher degrees). [Read Article](#)

Trial by Fire: Titan Gilroy Redefines Trade Education

IndustryWeek - John Hitch

One of manufacturing's most dedicated fighters, Titan Gilroy, overcame a dark past to gain a sterling rep in the machining community. Now he's leading a revolution to train smarter, faster workers.



Manufacturing education advocate Titan Gilroy will be the Day 3 keynote at the Manufacturing & Technology Conference & Expo on April 3, 2019 in Pittsburgh. Get to know him and his cause a little better:

If you ask Titan Gilroy, the future of manufacturing doesn't necessarily hinge on what we consider futuristic technology, such as quantum computing, androids or flying cars. The determining factor for success or failure, the CEO of TITANS of CNC often preaches, comes down to manufacturing education, to teaching the next generation of skilled workers to realize their full potential; that they, like the tech they use, can always get better. [Read Article](#)

Training and Organizational Development News

Are You Building High-Performing Teams?

IndustryWeek - Jim Morgan

It is important to work hard at building a high-performance team. Not only does it lead to better performance outcomes, but it is also a tremendous personal experience. Why in the world would you not want to be part of something so great? And why would you not want to experience it with others? A desire, and ideally, ability, to develop high-performance teams is a powerful recruitment and retention tool. Pay, benefits, and personal growth opportunities have to be competitive, but all else being equal, most people will choose to be part of a high-performance team.



By far, the thing that I miss most since retiring and joining the largely solitary world of writing and coaching is being part of a high-performance team. As with many things in life, we often only truly appreciate something when it is gone. As impactful as my team experiences are to me, they are, nonetheless difficult to describe. And I am sure that with the passing of time, my memories are likely a bit rosier than was the actual experience. So please take my enthusiasm with some healthy skepticism. [Read Article](#)

Human Leadership in an Automated World **IndustryWeek**

IndustryWeek - Jason Middleton

A plastic manufacturer commits to automation--and to retraining and retaining all of its employees.

As many manufacturers know from experience, automation is becoming more and more prevalent. And while advances in automation are undoubtedly increasing efficiency, many are concerned that it is slowly eroding the job market.

This isn't an unreasonable fear. A report published in 2017 estimated that one third of the U.S. workforce could be replaced by machines by 2030. A study from the University of Oxford painted an even bleaker picture: nearly half of current jobs are threatened by automation.

Understandably, many people in the industry read reports like these and fear for their jobs and futures. But the reality is more complicated--and far less catastrophic than these statistics suggest. [Read Article](#)

Exploring the Manufacturing Skills Gap: Menace or Myth?

ThomasNet - Kristin Manganello

The manufacturing industry has played a crucial role in shaping the United States' identity. Since its earliest days as a nation, America has distinguished itself through innovative manufacturing, building the economy on the foundation of craftsmanship and industry.



However, the American manufacturing industry hasn't been without struggles; in recent years, there has been a growing imbalance between the number of unfilled jobs and the number of qualified individuals available to fill these positions. This is what's commonly referred to as the skills gap - the theory that these jobs remain open because the next generation of workers lacks the necessary skills.

Although this disparity is very real, what if the idea behind the skills gap is a myth? What if this is nothing more than a tale we tell ourselves to explain

something that's another part of a larger problem? What if the real issue isn't about a skills shortage, but rather a lack of decent training, education, and visibility? [Read Article](#)

Quality News

Eight Keys to Better Asset Reliability

IndustryWeek - Jill Jusko

Perfection may be out of the question, but manufacturers are not without the means to build an organization that assures high-dollar equipment assets are up and running when they are needed.



If you're a manufacturing plant manager, what don't you want to see out to the production floor? Probably a significant number of things, but near the top of that list would probably be a large group of workers congregating around a critical piece of machinery that should be running-yet isn't. Rarely does such a sight have positive implications.

The downsides of unplanned downtime are well-documented. Missed deliveries. Premium freight costs required to get product to customers on time. Quarterly earnings dinged by lower-than-expected volumes and higher-than-expected costs related to repair or replacement. [Read Article](#)

Lean Lessons from 'The Wizard of Oz'

IndustryWeek - Jamie Flinchbaugh

Lean can be a complicated journey, with twists, turns, and obstacles along the way. I have been on the journey with over 300 companies, yet it's impossible to create a detailed map for a flawless expedition. However, I do know the ingredients for success and many the pitfalls to avoid. The journey is no less amazing, both with good and bad, than Dorothy's travels in "The Wizard of Oz."



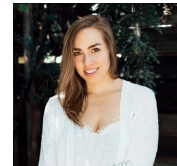
First of all, there is a Yellow Brick Road. This is your lean roadmap. It is what you consider the ideal best path forward. Like all roadmaps, you have to start from where you stand, which is why generic roadmaps are troublesome. Like Dorothy, you may not always be able to stay on your Yellow Brick Road, but when you find twists and turns, having that roadmap helps you find your way back on track. [Read Article](#)

Cyber Security and IT News

Was The Facebook '10 Year Challenge' A Way To Mine Data For Facial Recognition AI?

Forbes - Nicole Martin

Last week a new Facebook challenge went viral asking users to post a photo from 10 years ago and one from today captioning "how did aging effect you?" Now being called the "10-Year Challenge." Over 5.2 million, including many celebrities, participating in this challenge. It follows closely after the "Bird Box Challenge" and the "Top Nine Photos of the Year Challenge" but this one has caused quite a stir and some concern from users. Speculation arose about the motive behind this viral challenge and had users questioning if this was a ploy by Facebook to use for facial recognition data. Kate O'Neill, a writer for Wired, wrote an op-ed exploring the possibility that this was more than just a fun challenge to share with friends.



"Imagine that you wanted to train a facial recognition algorithm on age-related characteristics and, more specifically, on age progression (e.g., how people are likely to look as they get older). Ideally, you'd want a broad and rigorous dataset with lots of people's pictures. It would help if you knew they were taken a fixed number of years apart-say, 10 years," said O'Neill. [Read Article](#)

Shutdown Makes Government Websites More Vulnerable To Hackers, Experts Say

NPR Weekend Edition - Laura Sydell

The longer the federal shutdown lasts, the more likely security breaches of government websites become, cybersecurity specialists say. And it could lead to security problems long after the government reopens.



Several parts of the federal government have been shut down for about a month now, and cybersecurity professionals say government websites are becoming more vulnerable to security breaches each day the shutdown lasts.

Visitors to manufacturing.gov, for instance, are finding that the site has become unusable - its information about the manufacturing sector is no longer accessible. Instead, it features this message at the top of the homepage: NOTICE: Due to a lapse in appropriations, Manufacturing.gov and all associated online activities will be unavailable until further notice.

Security certificates help keep websites secure, but last week the British security firm Netcraft reported that more than 130 certificates used by U.S. government websites had expired. [Read Article and Hear Podcast](#)

Microchipping Humans Holds Great Promise, But PBS NEWSHOUR Does it Pose Greater Risk?

PBS News Hour - Michael Brabant

An intense debate is underway over the benefits and drawbacks of using microchips, typically relied upon to identify ranch animals and pets, on humans. Advantages include fast communication of critical patient data to medical teams, seamless payment and automatically opened doors. But skeptics warn of dire implications for privacy and ethics. Special correspondent Malcolm Brabant reports. [See Report and Read Transcript](#)

7 Golden Rules for ERP Implementations

CFO.com - Nicolas Nicolaou

Basic principles of good project management apply to any-size company, but there are intricacies unique to smaller companies that require consideration.



A few years ago, I made the decision to leave a big multinational company and join a privately held mid-sized company. I joined as the CFO with expanded responsibilities that included overseeing HR and IT.

One of the first initiatives I undertook was to understand the company's IT infrastructure. I knew that if we wanted to grow rapidly and support the owner's vision of tripling the size of the business in five years, we had to have the right IT infrastructure to support the growth.

My review quickly indicated that the company had many stand-alone, old, and home-grown IT systems supporting different parts of the business. The systems were highly customized, did not communicate with each other, and required a lot of manual intervention. [Read Article](#)

Mark Zuckerberg Plans to Merge All Three Platforms in 2020 is Raising Major Concerns

The Sun - News Corp Australia Network

A new report has revealed that Mark Zuckerberg will streamline Facebook, WhatsApp and Instagram into one messaging service.

All three apps are expecting big changes, according to The Sun. Facebook Messenger, along with Facebook-owned WhatsApp and Instagram, will still exist as stand-alone apps.

But messaging functionality would be shared across them, so users on Instagram could text people on WhatsApp. [Read Article](#)

Human Resource Management News

How Manufacturers Will Tackle the Talent Shortage in 2019

IndustryWeek - Cindy Bolt



The lack of workers is one of manufacturing's most dire situations. The good news is 2019 will be a year the industry attacks it head on.

The U.S. manufacturing industry has experienced tremendous net growth over the past couple of decades. While that's great news for the industry, manufacturers now face a brutal workforce shortage that threatens to impede continued growth.

In fact, according to research conducted by Deloitte and The Manufacturing Institute, over the next ten years, manufacturers will likely need to add 4.6 million manufacturing jobs - 2.4 million of which may go unfilled. It's already happening. Today, more than 500,000 manufacturing jobs remain vacant in the United States.

Why such a dire talent shortage in US manufacturing? [Read Article](#)

4 Ways to Avoid Discriminatory Hiring Practices

ThomasNet - Friddy Hoegener

The United States unemployment rate is currently hovering around 4%, close to all-time lows. That reality, while a sign of a good economy, is also a sign of trouble for businesses looking to fill positions.



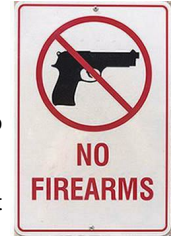
It can often seem like there's not enough qualified labor looking for work. Even when you find a qualified candidate, today's job seekers have much more leverage; this allows them to scrutinize hiring processes more than ever before.

Therein lies one of the chief reasons why businesses should do their deepest diligence to ensure they don't get accused of discriminatory hiring practices. To help you avoid doing something that could get construed as discriminatory, keep these hiring tips in mind as you search for your next new team member. [Read Article](#)

Can You Keep Guns Out of Your Workplace?

EHSToday - David Sparkman

One of the hottest controversies polarizing the public debate in recent years is gun control, and the topic of guns in the workplace and public businesses continues to be a front-burner issue.



The most prevalent of these are the "parking lot" laws that allow employees to keep guns in their vehicles parked at the plant or office building where they work. Today 26 states have adopted such laws, although specifics of the laws vary from state to state following a string of high-profile cases where employees were fired after guns were found in their parked cars.

"The thought that someone at your workplace may be armed can be startling, but you should be careful to avoid implementing policies that violate state laws protecting the rights of gun owners," warns attorney Andrew Rogers of the law firm of Littler Mendelson in his written essay answering a query put to him by an employer in Tennessee. [Read Article](#)

Why Prizes Won't Motivate Employees (and What to Do about It)

IndustryWeek - Rick Bohan

Handing out recognition may boost morale, but it won't improve performance.



A few years ago, I was helping a client implement lean methods and concepts. We started the initiative with workplace organization. Progress was good, and the client was interested in ideas that would help sustain the effort. Company leaders came up with the idea of giving a "Golden Broom Award" to the department that kept its area best organized and cleanest during the month. They asked what I thought about the idea.

Lots of organizations have the idea that giving prizes and awards somehow motivates employees. I'm not opposed to handing out prizes, but I don't think they actually do much to motivate higher performance across the workforce-and, in fact, can backfire badly. [Read Article](#)

Racism at a GM Plant, From Insults to Nooses, Spurs Firings

IndustryWeek - Bloomberg News

'GM downplays this and says it is a few isolated incidents, but it's not,' said Michelle Vocht, a Michigan lawyer representing eight employees at the plant who are suing GM.



After three law suits alleging rampant racism at a General Motors Co. plant in Toledo, Ohio, and firings in response, African-American workers say the offensive behavior continues.

The latest incident was last week, when a toy monkey was displayed to taunt black co-workers, lawyers for current and former employees at the plant said. It comes after years of racist language on the assembly line, scrawled slogans and swastikas on the restroom walls and nooses suspended in the workplace, as well as misogyny, according to the law suits. In addition to the impact on the workers, it's a reality check for a company whose chief executive officer, Mary Barra, stands as an icon of gender diversity in the C-suite. [Read Article](#)

OSHA Now Using Drones to Inspect Employer Facilities



New Equipment Digest - David Sparkman

Although many employers may not be aware of it, the Occupational Safety and Health Administration (OSHA) is now using drones to conduct safety inspections of employer facilities-but only if the employer consents.

During 2018, OSHA reportedly used drones with cameras to conduct at least nine inspections of employer facilities after obtaining permission from the companies' management. The drones were most frequently deployed following accidents at worksites that were considered too dangerous for OSHA inspectors to enter, including an oil drilling rig fire, a building collapse, a combustible dust blast, an accident on a television tower and a chemical plant explosion. [Read Article](#)

5 Tips to Beat Flu Season in the Workplace



New Equipment Digest - EHSToday-Stefanie Valentis

The flu vaccine for the 2014-15 flu season only is about 25 percent effective which means employers will have to prepare for more absences due to illness or more employees showing up sick to work

Flu season peaks between December and February, according to the Centers for Disease Control and Prevention. Flu season is in full charge, and its wreaking havoc in workplaces across the United States.

December, January and February are peak months for flu activity, and the illness currently is widespread across at least 24 states, according to the Centers for Disease Control and Prevention (CDC).

Because of the severity of the flu this year, taking steps to protect employees against an outbreak is crucial to keep the workplace functional. [Read Article](#)

EEOC Withdraws Permission for Wellness Incentives



EHSToday - David Sparkman

It may turn out that wellness incentives are more trouble than they are worth for employers.

As of Jan. 1, the Equal Employment Opportunity Commission (EEOC) has removed its former regulations that permitted employers to offer incentives to employees for their participation in wellness programs.

In 2016, the commission issued regulations relating to wellness programs and how participation could be considered "voluntary" for purposes of the Americans with Disabilities Act and the Genetic Information Nondiscrimination Act. One requirement limited incentives under the wellness program to 30% of the cost of health coverage for them to qualify as a "voluntary" employee health program. [Read Article](#)

Americans More Likely to Die from Overdose than Vehicle Accident



EHSToday - Staff

Odds of dying from a fall also are the highest in history.

In the recently-released Injury Facts update, the National Safety Council (NSC) reports Americans are more likely to die from an accidental opioid overdose than from a motor vehicle crash.

The odds from an opioid overdose have risen to one in 96, eclipsing the odds of dying in a motor vehicle crash (one in 103).

"We've made significant strides in overall longevity in the United States, but we are dying from things typically called accidents at rates we haven't seen in half a century," said Ken Kolosh, manager of statistics at NSC, in a statement. "We cannot be complacent about 466 lives lost every day. This new analysis reinforces that we must consistently prioritize safety at work, at home and on the road to prevent these dire outcomes." [Read Article](#)

Good Catch or Near Miss? Why the Answer Matters



IndustryWeek - Charles J. Douros

The distinction between the two very different programs is an important one. Each has their own place in a healthy safety culture and each brings different data to light.

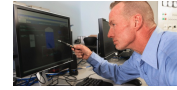
"Whew, that was a close one. He could have been killed. Today must be his lucky day!"

How many times have you heard that in your career? Chances are, just reading that sentence conjures a vivid memory of a workplace occurrence you've seen that could have been catastrophic. Safety professionals know these events by many names: close call, near hit, narrow escape, near collision, near miss, or the colloquial "close shave" or "squeaker." As if that's not enough ambiguity for such an important safety indicator, there's another term for this-frequently cited in safety circles-known as "good catch." [Read Article](#)

OSHA Issues Form 300 Privacy Protection Rule

EHSToday - Staff

Employers with 250 or more workers will not be required to electronically submit information from OSHA Form 300 (Log of Work-Related Injuries and Illnesses) and OSHA Form 301 (Injury and Illness Incident Report).



The agency issued a final rule to protect worker personal data collected by an employer from being publicly disclosed under the Freedom of Information Act (FOIA).

Companies are still required to electronically submit information from OSHA Form 300A (Summary of Work-Related Injuries and Illnesses). [Read Article](#)

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

- Classes alone will not train workers to perform your tasks...
- Quality Control policies and Process Documents are not a substitute for task training...
- Wishing and hoping won't develop the skilled workers you need...

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

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