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Pennsylvania's Manufacturing Boom Needs a Silicon Valley

By Dianne Denison

My 13 year old daughter often asks, "Momma, what do you really do?" Well, basically listen to machines to make manufacturing plants healthy and happy. The reality? We play with and build things with technology Legos, and get paid to do it.

When I think of how fortunate I am to be running a company where I can do what I love, I think of my father. A Kentucky coal miner's son, dad entered the Marines after graduating from high school. He then became a business owner who gave back to the community and had clients ranging from the U.S. State Department to entertainers, politicians and everyday people — he connected with almost everyone. But the role he took on most seriously was that of a father. Committed to developing my roots and wings, he taught me invaluable lessons — never judge a book by its cover; do good work; speak your mind; be fair and honest; study hard.

Now, a parent myself, I work to instill these lessons in my daughter. In today's technology-driven world my daughter and I have to remind ourselves to turn off the electronics so that we can listen more, research the facts and hear the other's point of view. This seems to be missing in today's increasingly polarized society, which is why I work to lead Denison Consulting and Technologies in a direction that is inclusive, forward-focused and where everyone is heard.

I attribute my company's growth and success to these ideals, and frankly believe that the culture and drive of the Denison Team was perhaps the most important factor as to why Denison was named "one of the top 10 in the nation in manufacturing intelligence" in both 2017 and 2018. We are grateful to those industry executives, CTOs and CIOs who nominated and then selected us for these awards. Our culture creates a lucrative petri dish that encourages collaboration with our customers and industry partners to quickly innovate, develop and deliver impactful solutions. Our culture, size and focus give us agility to deliver and great satisfaction when doing so.

We know, for example, in our space, over 80 percent of manufacturing leaders prioritize delivery of the Industrial Internet of Things (IIoT), and over 60 percent are still planning and exploring their options, often not knowing where to start. It is a clear indication that IIoT adoption will require both enhancement of infrastructure, technical know-how and external partnerships to ensure a smooth functionality. Successful deployments are led by CEOs and executive managers who have taken a leadership role, acting as change agents, spurring this digital transformation. A majority of these same manufacturers look to technology



vendors and solution providers like Denison to deliver. And we do.

The largest and most successful manufacturing projects focus on reducing cost through operational efficiencies. Manufacturing consumes more than 30 percent of the nation's energy.

And once energy is delivered by the utility, 30 to 70 percent of operational disruptions are caused by poor power quality on the plant floor. Yet, less than 10 percent of existing manufacturers measure, monitor, analyze and act quickly to improve power quality. However, when addressed

comprehensively — as Denison has shown — production disruptions and energy costs can be reduced substantially, often by 20 percent.

As a business owner in this critical, growing arena, I am grateful to be operating in an era where more economic opportunities are afforded for us to be great. Thanks to the landmark Tax Cuts & Jobs Act passed in 2017 — which reduced the U.S. federal corporate tax rate from 35 percent to 21 percent — American companies have stood on more equal footing with our global peers. The result — millions of new jobs have been created, with over 500,000 jobs added and an equal number of job openings within manufacturing alone. The nation is adding an average of 208,000 new jobs per month. Unemployment is at a 50 year low, registering at 3.7 percent. Black, Hispanic, and female unemployment is the lowest in decades. Business and manufacturing confidence has soared — paving the way for even more investment, hiring and expansion.

The recent deal struck through the United States-Mexico-Canada Agreement will add even more fuel to this economic boom, and manufacturing in Pennsylvania and throughout the nation, has the potential to soar to historic heights.

Prior to passage of this historic tax reform, the Boston Consulting Group postulated that China's manufacturing cost advantage over the U.S. is shrinking; and within a few years, the gap will close. This will be driven by higher Chinese wages, a weak dollar, higher U.S. productivity and an



energy advantage held by the United States. Let's not forget our major asset — the productivity of US workers. America's manufacturing sector remains a global powerhouse, with output rising over two and a half times since 1972. Many predict that the U.S. holds an enviable comparative advantage in manufacturing — able to produce at near par with China in 2018 and at 15-20 percent less than European manufacturers.

Once tax reductions are more fully realized, global trade deals are more fairly restructured, and further clarity is provided within the regulatory climate, manufacturing in the U.S. stands to explode. And, over the last two years, it has exploded — growing even faster than most predicted.

Throughout the first decade of the 21st century, high paying technical jobs in my industry were outsourced to India, China and other countries; allowing firms within these countries to benefit greatly from unbalanced trade deals, lower relative taxes and open door visa programs allowing for the free-flow of coveted intellectual property. Offshore IT staffing and consulting firms masterfully took advantage of this, and the same technology workers who were often required to train offshore replacements were fired shortly thereafter. This was a huge loss to Pennsylvania, which is home to some of the best engineering and technical schools in the nation.

Small business like Denison employ more than 60 percent of American workers. According to the National Small Business Association, the three largest areas of greatest concern for owners are: reducing tax and regulatory burdens and replacing Obamacare. In my view, when the average cost for a start-up for regulatory compliance is over \$83k — there's a problem. When most small business owners take on the responsibility of being in charge of

compliance, poring over volumes of regulatory rulings instead of spending time growing their business, hiring more workers and expanding the economic base in the communities in which we operate — there's a problem. When innovative technology companies are faced with fraud, corruption and theft of their ideas resulting in added legal costs — there's a problem. When small business owners want to attract, hire and select the best employees, treat them fairly and offer good wages and benefits including health care coverage for workers and their families but are faced with skyrocketing costs due to mandatory coverage of non-paying, non-citizens and other free riders — there's a problem. The rules must be balanced and fair, and only then will small business growth truly take hold in Pennsylvania.

Denison made the strategic decision to headquarter our operations in Pennsylvania due to a myriad of factors including close proximity to our manufacturing customer base, close proximity to vocational schools and universities supplying us with a highly trained and educated resource pool, and a quality of life for our team to thrive. It is my hope that Pennsylvania lawmakers further reduce our state income rate (one of the highest in the country); nix additional energy-related costs (another punitive severance tax); and reduce the quantity and complexity of regulations. Once accomplished, Pennsylvania will become even more attractive for expansion. ■

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IT Security Roundtable

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