

Amazing Execs Show VID101

David A. Rosen Interview with Harry Moser

[00:00:00] **David A. Rosen:** Welcome to episode 101 of the amazing exact show. I'm your host David Rosen. I would like to introduce you to Harry Moser, who is not only an amazing business leader and executive, but also is single-handedly, with his team, increasing the Reshoring of US manufacturing. He is the founder of Reshoring now.org program, or also called the Reshoring Initiative.

[00:00:28] Harry, I can't wait to hear more about that. Harry's prior background was grounded in manufacturing. He was previously the president of GF machining solutions for 22 years. He will share more about how he grew that business to acquire the number one leadership position and role in his industry.

[00:00:48] Harry has quite a broad set of industry awards. Including Hall of Fame. Induction from Industry Week's and Association for Manufacturing Excellence, or (AME), and among them, most notably Harry participated in President Obama's 2012 Insourcing Forum at the White House and engaged the man directly in conversation. Harry is an active speaker and often quoted in the wall street journal, New York times Forbes and has spoken and been interviewed on national TV and radio. Welcome Harry to the Amazing Execs show.

[00:01:23] **Harry Moser:** David its great to be here.

[00:01:25] **David A. Rosen:** Thank you, Harry. I really love what you're doing. So tell us more about yourself, your company, your presidential role in manufacturing and about the Reshoring Now Initiative.

[00:01:36] **Harry Moser:** I could take the whole half hour. So about myself, I grew up in Elizabeth, New Jersey, right across the river from New York city. The interesting connection there, the biggest thing in town was Singer Sewing Machine Company. Their main factory for the world was there two and a half million square feet. In it's time the biggest factory of any kind in the world.

[00:01:55] Father worked there. Grandfather worked there. I worked there summers. I went past 20 years ago and it's all GONE!, as far as I can tell nothing is made there any made in the U S anymore by Singer everything's imported. And during my career selling machine tools, Foundry Equipment. Company after company industry, after industry, I wanted to sell to 100 business wife to help buy imports and I didn't get to sell them those things.

[00:02:19] And so I would talk badly about how much our country had lost, and that was the motivating factor for me to eventually just start the Reshoring Initiative and reverse that trend and bring the jobs back.

[00:02:29] Now nationwide, the number of manufacturing employees has been approximately cut in half in that time period.

[00:02:35] So the, and you were talking about number of establishments in the state of New Jersey. Now clearly New Jersey is now a relatively high cost state to do things in. And so to some extent, the work moved out of New Jersey. And then it could be that the very small establishment disappeared in some of the bigger ones survived.

[00:02:52] So I would guess that manufacturing employment in new jerseys is maybe down 70%, whereas the nation's been cut in half roughly and it's been driven primarily by. By the trade deficit five by the loss of worked to off shore. So some has also been automation, productivity improvement, and that reduces the number of employees.

[00:03:15] But when you, if you look at automation the data on labor productivity in the U S the last 12 years, I think it's average less than 1% per year. Maybe even a half of a percent. And the scary thing is that the Chinese are raising their labor productivity at six or 7% per year. And therefore there are people who are working at maybe a third, the wage of hours, and they're getting more productive, much faster than ours are.

[00:03:43] So we need to do a better job to bring the work back.

[00:03:46] **David A. Rosen:** Wow. So that's an amazing story. So you're saying that not only are they keeping up with the pace of manufacturing, but they're actually being more efficient and productive to get their costs lower.

[00:03:59] **Harry Moser:** Not there's a lot of different data on it. Now, traditionally Boston consulting group would say that we're three times as productive as the Chinese are or something like that.

[00:04:08] And part, partly part of the problem is in the definition because when people look at labor productivity, they typically value added or revenue per labor hour. Okay. And the Chinese sell their labor. Or sell their product at 30% less than we sell ours for. And therefore that tends to drive down the apparent productivity of the Japanese factory because there's dollars per labor hour.

[00:04:32] They have the disadvantage that they started with nothing. So they, but then they can grow very rapidly from nothing. They've got the advantage that now their industrial infrastructure is in many ways superior to ours because it's almost open built in the last 10 or 15 years. Whereas. Factories that were built 40, 50, 70 years ago.

[00:04:52] And we have our, the average age of our machine tools is older than they are. They spend, I think twice as much on machine CNC, machine tools per year, as we here, although the Koreans have, I think, three times as many robots per thousand manufacturing workers, as we do, the Germans are way ahead of us. So the us has done a rather poor job.

[00:05:12] **David A. Rosen:** Oh, so actually Harry, that resonates with me, I recently learned that China is actually the largest market or buyer for automation and robotics. They have surpassed the

U S in units consumed, and it was the largest purchaser of robotics. I guess even the Chinese realized they are no longer the low cost producer in the world.

[00:05:33] And they must keep up with automation. Is that right?.

[00:05:36] **Harry Moser:** It's a combination of they're no longer the low labor costs country. And, but that's because of the one child policy, which went 38, 40 years ago. And therefore the actual workforce is dropping at about 3.5 million per year. And so the demand for labor keeps growing up as they go on the supply labor store, this, so the price of labor keeps going up.

[00:06:01] And the availability, I heard a, I read an article about quoting a Chinese factory owner, and he said, it's really getting tough. All the kids want to go to university. They want to study art music. Nobody wants to work in a factory anymore. Just the same thing that has happened to us over the last 30, 40 years.

[00:06:20] Its this happening to every country as they get relatively richer. And specifically finally, is its happening to China?

[00:06:26] **David A. Rosen:** So tell me a little bit more specifically about Reshore Now in Reshoring Initiative. What do you do? What problems do you solve or what goals do you help our manufacturers and middle market companies to achieve?

[00:06:38] **Harry Moser:** Yeah, but we helped them through three or four ways. First, the first our mission is to bring back 5 million manufacturing jobs, which is the 40% increase in manufacturing, what it would take to balance the goods, trade deficit. And so we do a four ways. First we document the trend. So we know the number of jobs announced per year has gone from 6,000 in 2010 up to about 230,000 in 2020. So we w we the best way to get company B to decide, to consider Reshoring us, to see the company a and company C company D with whom they compete, have done it and have succeeded. And they're selling a price competitive product, and it's working for them. Maybe we should at least do the math and see if it worked for us.

[00:07:20] So we document it. Promote it. So I'm here promoting and I'll do about 60 or 70 of things. Something like this every year, including now, again, a lot of in the field at conferences and trade shows, speaker's going to be at IMTS the big machine tool show in Chicago, 130,000 people. You, your event coming up in September.

[00:07:42] So to promote, we write in an art two or three articles a month. I have columns Moser on manufacturing and four or five magazines. We do a lot of other articles for people we get interviewed and as we get the word out, so if we promote and then we enable, so we have the, we have tools. To help companies or to help governments, help companies.

[00:08:02] So specifically the TCO, total cost of ownership estimate, which helps a company, most companies, when they decide where to buy something, a component of casting, where they look only at the FOP price, where can I buy cheapest? And then this, the TCOs meter starts with that FOB price. And that it adds in the duty and the freight and the carrying cost of inventory and the travel costs and the intellectual property risk, the risk of stocking out, no all of us.

[00:08:29] And when they get done with that analysis, that makes a huge difference. The, I took 190 cases of China versus the U S the user had compared to a Chinese source to a US source. And the amongst those hundred 90 that the U S was the winner 8% of the time based on price. 32% of the time based on total cost.

[00:08:51] And if there happened to be a Trump 15% tariff, then 46% of the time. So just by doing the math correctly, by looking at all the relative factors, in terms, we say that most companies would find the 20 or 30% of what they are importing. They'd be equally or more profitable if they sourced here. So therefore we'd say it's in a companies that may be patriotic interests to at least do the math.

[00:09:17] And I don't expect you to lose money or at least do the math and see what would make you more profitable if you brought it back and then start working, doing it. And you may find, you have to automate, you may find you have to train

[00:09:27] your people better. You may have to find better people, but 20 or 30% should be relatively straightforward and then better automation, better planning, better design.

[00:09:38] Maybe could get that up to 30, 40 50%.

[00:09:40] **David A. Rosen:** At the same time here might experience and bringing products to market. It's one thing to look at the model from an economic or timing perspective. But the reality is when I asked several of my investment companies to a B compare the onshore versus costs versus the offshore costs, it was always very clear that there was a 40, 50% difference in the

[00:10:04] actual,

[00:10:04] **Harry Moser:** yeah, we'd say price difference in the price.

[00:10:08] And then all this other stuff is what we call cost just to keep the terminology clear.

[00:10:13] **David A. Rosen:** Very important distinction, Harry. Thank you. And so the prices would be 40 or 50% between different manufacturers. What wasn't accounted for was the one disconnect and communications because of the different time zones.

[00:10:29] It's very difficult to work in a 12 hour difference between your design team that may be in California or New York, and yet working with your. Production engineering team in the far east is an 11 hour difference. So you've got very few short hours to overlap. The second issue is the lack of coordination between design and fabrication and the first engineering samples.

[00:10:58] So typically. When you move from your MVP or first prototype to your first engineering sample, where you really start looking at the cost of manufacturing, that in mass manufactured machines and tools. That there's a lot of it or iterations that go on between your engineering team, your design team and your production team.

[00:11:23] And it's again, more difficult to do that when you're halfway across

[00:11:27] the third area is the lack of understanding of unfortunately the calendar where it's, we have to understand that they take an entire month off where manufacturing is closed for the Chinese new year as an example. And that can make a huge difference in how long it takes to get your products accomplished. At least from the startup environment where your volumes are not as high as ongoing manufacturers. There's a huge risk that you're going to be a third or fourth class citizen in that factory. If their largest customer comes to the plant and requests that they need the plant for eight months at a hundred percent capacity, you're going to be taking a seat back against that major customer to have access and production facilities in that plant.

[00:12:17] The results have been horrible while the costs were lower. In one case of my companies, there were two year plus delay in getting their product from campaign pre-orders to market. And how much is that really worth in terms of the actual cost and the trade-off of getting a product to market and getting it embedded in the marketplace?

[00:12:42] **Harry Moser:** Exactly. Chinese new year. Yeah. The factors that you mentioned are almost all included in our TCO. But engineering, manufacturing, interaction, and communication travel and all that stuff. It's in there. On the other hand now I've run into companies that tell me they go to China to get the prototype. And to get the initial production because the Chinese factory reacts faster.

[00:13:07] You go to them with an opportunity, they're all over it. They got people working on it, 24 hours a day. They get the sample back to you before the American company quotes on the prototype kind of things. So they're hungrier over there still. And to me, that's an issue for us because especially when you get into real production and tons of stuff coming across by boat, for example, the U.S.

[00:13:30] supplier has an intrinsic advantage of proximity to the marketplace. If he's somewhere within a couple hundred miles, he can deliver in a couple hours or a day. Whereas especially now an ocean shipment can take four months or something to get there. And if the us company gets the product out of its factory, as fast as the Chinese company gets a product out of its factory.

[00:13:53] Three or four months advantage in terms of delivery. And we believe that looking at what we call manufacturing critical path time, which is a time from water until receipt of the product that we believe that companies will pay moderately more. To get that quick delivery and be able to keep their, to be able to deal with Justin time and keep your inventory low.

[00:14:16] And yet know that you're not going to stock out because you've got a reliable supplier now, 50 miles or a hundred thousand miles away that isn't going to get hit by dock strikes and weather. Yeah. Geopolitical issues. And COVID, they're going to get you the product. If it's not working, you drive over your, beat them on their heads.

[00:14:32] Hey, I need the product. And so we believe that we've seen surveys of willingness to pay somewhat more for. So speaking. And so we're working to put together a combination of that value, and then these more quantified TCO factors and bring those two together, then use those to help the companies see the, advantage.

[00:14:55] **David A. Rosen:** So without going into a pure product, talk here .. But how can people access the TCO model Harry? Yeah. A TCO

[00:15:03] **Harry Moser:** model is on our website. Reshore Now.org and you sign up, you sign in you, it's free, there's explanations and examples and all that kind of stuff that you'd ask before what we offer. So I mentioned the.

[00:15:15] We also have programs to help companies take advantage of it. So for big companies, if any of the listeners are offshoring a lot, or thinking of offshoring or thinking of Reshoring that they can use the TCO, you can ask us to help train you to do it. If you're a smaller company or say that who's selling to bigger companies, you're selling machine parts or you're selling pumps or valves or fitting something, and you're competing with import.

[00:15:40] We have the import substitution program where you can say, I'm really good at making these. And we can tell you who the biggest importers are of these, what tonnages they bring in whom they're buying them from off shore, roughly what they're paying for them. And then we train you to use total cost of ownership to knock on those doors and say, Hey.

[00:16:01] No I've done the math. It looks look from best. We can tell you it'd be five points, 10 points, better off buying from us and you sleep better at night. So let's get together and see if we can work this out and in our mutual interest and in the interest of the country.

[00:16:12] **David A. Rosen:** That's all awesome. Harry, one last question.

[00:16:16] And then I'd like to come back to your manufacturing presidential role experience and talk a little bit about that. One of my principles. In my investment thesis around startups and manufacturing is focused around the fact that one demand is shifting from I want something that's been mass manufactured to.

[00:16:35] I want something more personalized and distinctive just for me. I don't want to wear the same thing that somebody else is likely to be wearing. And so it's either made in lower volumes and spread geographically, or it's actually made. In principle for me through personalization or just one-off handmade.

[00:16:55] You know it as an example, you may want that Camaro that you get produced out of a GM plant, but you might want a full color spread of your spouse or your boyfriend or girlfriend on the new skin coming out of the factory and you want it custom. And these changes are also affecting the way products are being manufactured for that personalization or customization.

[00:17:22] And that includes the B2B markets and industrial products as well. And to more importantly, what I've observed over the past 10 years is that manufacturers are moving. Closer to demand so that they can be more nimble and responsive to their customers and understand what changes and issues are affecting their decisions.

[00:17:44] And one example of that is the fact that all the X series BMWs are being made here in the U S and they're being made specifically for the U S customer. And so if you want a Chrome handle, And Chrome bumpers on your car. You can customize that and order that in your off of your smartphone or off of your browser, but they're being more responsive to the customer.

[00:18:09] And the other issue that occurs is that when you, when the demand for the, again, that's made mostly designed for the U S market, that if the X five demand is lowering, then the. Makeup X one X three X, four X, six X seven, and other parts for those other cars. Whereas when the Chevy Malibu demand Wayne's for Chevrolet, have they shut the plant down for a couple of, so are you seeing that affect the manufacturing industry today and the way in which manufacturers and the kinds of equipment that they're using to do that hairy.

[00:18:50] Okay.

[00:18:51] **Harry Moser:** So surely the most modern equipment or flexible manufacturing kind of equipment makes that more possible than the hardwired systems that used to only be good at making one thing and took days or months to, to change them off. So certainly the automation, it in general supports that trend, that consumer say they want things customized.

[00:19:13] I don't have any data on it, but I believe. That 97% of consumer purchases at like at super Superman department stores. And so on and online they're buying non-customized. Yeah, because if they go, I need one, I need it today. And it wants the cheapest or whatever, or made in USA maybe, and then they buy it.

[00:19:35] But there's been efforts made Brooks. I think new balance has a factory at which they'll customize a running shoe for you. And it's in the it's in the United States, I think in new England. And they, you can send them your name, your logo, your whatever, and a couple of days, you've got your size, my size 14.

[00:19:51] And it's as customized. Now we're shipping that in from China or somewhere that doesn't make more sense at all. Customization is wa it again, if you look at our TCOs placing a value on customization is one of the items that we asked the user to quantify and see, and it's, in some cases, if you're buying steel or copper or grain, there's not much customization.

[00:20:15] Whereas if you're, if it's a personal apparel thing or maybe the hood of your car, like you mentioned that then there's more interest in customization. So I think it's very real. I think there's still. It's still inevitable. That cost will be higher. And most people finally aren't going to pay the price.

[00:20:33] So I don't think it's going to be huge that there is a tendency towards finalizing the product near the consumer. So bringing in a partially completed product. And then putting the last touches on it. The last details here in the United States, and I'd much rather have at least a portion of a loaf than none of alone.

[00:20:54] So I'd love to see is that customization is a, is supportive of reshoring and I'd like to see more customization happen. Additive manufacturing, 3d printing is touted as a way to achieve that, that instead of having to buy fittings and valves and things from somewhere that you make a mistake. You told them not now, some things you can't 3d print a television set, but to the extent that it does work, then that can be a very supportive way of achieving

[00:21:24] **David A. Rosen:** what we're talking about.

[00:21:25] That reminds me of the 3d printed cars that used to drive around maker fair every year in New York. That was amazing. It was a big foot, a big six foot square robot arm that was making the car in full stop. And you had people driving it, but that necessarily isn't practical.

[00:21:46] **Harry Moser:** We wasn't making the engine.

[00:21:48] It wasn't making the headlines, it was making the structural components of car,

[00:21:53] **David A. Rosen:** right? Although you could pre 3d print, the two halves of an engine and the valves and metal using additive manufacturing, whether it's worth the money or not to do that as another. But what really became apparent for me was the customization of cars where you can order a different handle type from BMW or Chevy over your smartphone app or on your web browser.

[00:22:17] You can order a bumper style. And now Ford, by the way, is touting the fact that they would like to see you order customized in order your vehicle and change from a rubber bumper to a Chrome bumper, change all the different pieces and components BMW did that early on as well. They make actually all their X series cars were made for the U S market and they make them in south Caroline.

[00:22:40] And in fact, the X one and X three, there are two smaller sizes of X vehicles were being exported back into Germany because they didn't have manufacturing capacity built for Europe and their German customers yet. And so for a while, up until about a year ago, we were exporting the X one, the next threes from South Carolina back to.

[00:23:04] But the the other issue that is very clear is that they've learned to be more customized and more nimble in their manufacturing so that if the X five demand was waning, they could reconfigure their production lines to produce more X, one X, three X, four X, six, and X seven parts and components.

[00:23:27] Whereas when the Chevy Malibu demand wanes, they shut the plant down for. We have to catch up to a different way of thinking about our manufacturing processes, skills and culture, and produce more customized and personalized on demand and responsive supply lines. Think forward is taking a really strong initiative to see if they can help improve their market share from its already big, strong position today, especially in their trucks.

[00:23:57] **Harry Moser:** That goes in both directions. The changing consumer demand can say, make this stuff that they're actually wanting to buy. And the availability of the chips can tell you which models you can actually make because you have the components to make them. So those are the two directions in the supply chain can both in the pipeline can both influence that decision and make that an op a good optimization.

[00:24:18] So

[00:24:18] **David A. Rosen:** this has been amazing, Harry, since I've met you 10, 12 years ago, I just really greatly appreciated what you've been doing to help people understand their options that

they have for manufacturing and look at ways in which they can maybe assemble here and manufacturer and acquire components from elsewhere.

[00:24:39] And really the TCO model that you're giving to the manufacturing world to do this. And I've even talked to people in Eastern Europe or Europe where they're saying. The manufacturing is moving closer to demand. So it doesn't just mean for the U S it means, Hey, look, if you're in Slovenia, the local manufacturing is going to be coming back to Slovenia for the Slovenia marketplace or the Eastern Europe marketplace.

[00:25:10] You need to make more things locally and you will be making anything. You'll be more likely to appeal to the changing demands. And the same thing is throughout Europe and Australia and other markets in the world. So it's an interesting, I'm going to ask you to put a different cap on right now, and we're going to shift gears a little bit.

[00:25:32] I'd like to talk to you about your role in being in manufacturing as a president. And I'd like to hear about. The situation you were involved in as the president of GF machining and talk about your role and what were the highlights that you had some great opportunities and learned as being a business leader of the system and the ecosystem.

[00:25:52] **Harry Moser:** That was the best job I think anybody could imagine having, as you mentioned, I, when I came in 1985, the company was in disarray. It had just moved and didn't have inventory. And the customer support was horrible. The customers managing employees were unhappy because one of these absolute disaster kind of places, and I came in and again, it was bad, but we, I think the thing I did best.

[00:26:19] I got to know the employees, what are you doing? What can I do to help? I also went out and I spent a lot of my time traveling with a salesman to the customer and out to conferences and trade shows where the customers were present. And so I met with a hundred customers a year, so you have 200 large enough and what are we doing? And they're Frank cause they wanted us to help them. And I thought where the issues were. And then we very aggressively went about fixing those issues, phone, service, field service, spare parts, availability, all these things that are absolutely essential for a capital equipment selling organization.

[00:26:55] And so we went from horrible in the areas to good. And then we got great. We got to the point where we were recognized as. The best machine tool company in the country in terms of these areas of support. And so we knew what these 10 may be variables were at metrics and we measured them. And in each of the departments, we posted the results it's department posted results, live phone support, and all this kind of stuff.

[00:27:18] And so that everybody knew what we were working for. Everybody knew what the priorities were. And then we provided the sales team with all the metrics of what we actually had achieved. And so I remember one. We got a new distributor who had been a competitor distributor. He came to become our distributor.

[00:27:35] Who's from Michigan. And I said, Dave, let me take you on the. And yeah, I've heard all about the tour. I said, what's going to be heard about sir. So when we were competing with, for the customers and they'd come back after they did your tour and you and I gave them to her most of

the time, and they'd say they couldn't believe how well you were doing everything, how you had everything under control, how you measured it.

[00:27:56] They totally confident that your support was great. And they asked me, how's our spare parts availability. I'd say good. No, but what's your phone response? Oh, excellent. Where yours, they had statistics and numbers and they heard it from you and they believed it kind of thing. So that was a great feeling to take care of the customer.

[00:28:13] And then the customer said good things about us and the team believed it and they, we got more orders. And like you said, we went from seventh or eighth in seven or so years to be number one in the industry, which is all you can ever ask.

[00:28:28] **David A. Rosen:** Wow, that is awesome. So one of the things that I realized over time in terms of leading change, whether it's been incremental change or whether it's been transformative, you can come up with these great metrics and you can come up with great processes and good rules, but in our clinics, in our experience, it's the people issues that far exceed the impact of success.

[00:28:55] Or failure in any change that you're making compared to those smart business process or logic or rationale or decisions. Can you talk about what you did? What kind of things you were doing on the people's side and how big was the organization when you started and where was it when you came into the company and what other people issues occurred and what business challenges were you fixing?

[00:29:24] **Harry Moser:** A little rough on the numbers, cause it's been a long time, but when I was when I started, but let's say there were 50 people maybe when I started and maybe 150 when I left or something like that. But sales were up a factor of four or five or something like that. And I fought myself. I was probably a micromanager at times. And cause I wanted everybody to succeed at what they were doing. And then if they were not succeeding, I'd say, show me what you're doing. Let me help you. See if we can figure out between us a way to do it better and maybe, or maybe a really good manager would just tell them to get it done or don't come back kind of thing.

[00:30:03] So those are two different styles. My style was to sit down with them and help them and come to some solutions. It seemed to work the. They got the job done. They, when I run into these people on LinkedIn or go back to the company, they still tell me how wonderful it was when I was there. It was a great time and they loved it.

[00:30:22] And then, and they still a good company, but they, I, from a lot of them, I get the feedback that we were one of the high points and that's a wonderful feeling to have the team value, what you've done and. Yeah, it was definitely a, it wasn't a patent kill everybody kind of thing, but it wasn't work with a team, be a team player, work with them, get them to believe.

[00:30:43] One of the things we did that I felt was just really worked since we were really a selling organization. We had a cash bonus for every time we exceeded a month's record orders or a quarters record or orders or a year's record orders. And month after month, quarter after quarter, year after year cash being handed out to people.

[00:31:03] And so towards the end of each of these periods, they'd come see Harry, what do we have to do to get another? And that's the motivation you want your people to have. You want them to be along with getting the objective, achieving the objective and have that be right, right at the top.

[00:31:18] How are we going to get this thing over, across the goal line kind of thing. And then at work, maybe I was just the right in the right place at the right time, but I know works.

[00:31:27] **David A. Rosen:** Were there other ways that you motivated people to get aligned with what you were doing in terms of motivating people through their wallet is the natural incentive that people give.

[00:31:39] But the other ways of motivating people are also through their hearts and minds. Did you do anything like that?

[00:31:46] **Harry Moser:** I'd say, I was very honest, very hesitant to terminate. If someone was doing something illegal or just horrible, they were gone. But basically I worked with people and I was loyal to them because I believed if I was loyal to them, they'd be loyal to us.

[00:32:02] And that, that seemed to work. Some people would have done it differently. That work communication. was an important part, but we had a, I can't remember now if it was monthly, quarterly employees meeting and got all, or as many as you could get off the phones and so on and get out of the field to be there and review, what are our accomplishments? What are our problems? P and L right down to the penny kind of thing. So they could see what was actually happening. And therefore they were part of the team. They knew that. Now, let me give you a contrast. I ran a small company before that we had a steelworker junior, and I think, and I do, I started doing the same thing.

[00:32:37] This is 40 years ago, 50 years ago before. And I'd come up and I present the results in the finish, and I was talking to one of the union guys and he said, I'd say we have to do something about this model. He said, what do you mean? I told you at the employee meeting, that's the one we're losing money on.

[00:32:53] He said, we don't believe a word. You tell us to me because they'd had so many. Presidents come through and why to them. I don't know why, but it was with that group, it was hard to get their heart and soul aligned, at least with this guy. And as I'm sure some of the others, whereas with the team I had at Illinois, maybe because I had more experience, but maybe it was the right group of people, but everything gel and it worked

[00:33:19] **David A. Rosen:** Harry right now, some of the feedback that comes from large companies today, even like Google, is that people want transparency.

[00:33:28] They want to hear and see and understand that they're a part of what they're a part of and what's happening. And so you're sitting there in the middle eighties where that was just the beginning of that open transparency movement and how well you were doing, what are our leading metrics or what are your lagging metrics?

[00:33:49] The second thing. People are looking for it. Today is one of the top five or 10 things that employees look for is a safe place to be able to have a dialogue or discussion and not be worried about getting fired. And so you provided hesitating to let people go, but work with them, maybe put them in their best place.

[00:34:11] If they're the wrong person and the right job, find out a way to put them as the right person in the right job is what I hear from you is that,

[00:34:20] **Harry Moser:** That actually is one of the points I was going to make about recommendations to people is if you're in a job and you're not happy, you should work with a boss and try and find a way to redesign the job.

[00:34:31] So you become happy. And I was almost always happy. And I think if people do that, instead of just being depressed about it, I think most of the time you can make an improvement. And if you can't, if you can't find another slot, another way to do it within the company, then you should leave and go somewhere.

[00:34:46] But I, I found that if you work with the people that they work with you, and it was, you were able to make it happen.

[00:34:52] **David A. Rosen:** Harry, let's talk about your role as president of manufacturing company, GF industries, you have some great stories and perspectives to share any big epiphany. Oh, man, I'm never going to do that.

[00:35:07] **Harry Moser:** I'd say we probably can't probably by micromanage too much. There was too many cases where we're probably, if you only have so many hours in a day and I was putting too many hours in, probably were, and maybe that took, that, took a little of the self-reliance away from people. If you're always there with a backdrop, what was there with a safety net and they don't develop the moral fortitude, the courage that they need. If I had to do over again, I tried not to do so much of that, even though it worked.

[00:35:37] Other than that, I probably almost got fired in the beginning. We, and maybe I was a year in and we'd built up this inventory of products and the machine tools, expensive machine tools, from the factory, and the fellow that I had hired and put in responsible for that, he was just ordering according to the budget order, having some influencer, but we're actually selling and forecasting.

[00:35:59] You know what corporate was all over me again. That was horrible. And so we, we learned quickly and we got better, that was maybe one of the things that told me that you have. Look a little closer, what people actually do and see if it's especially new people and when our whole team's new

[00:36:16] **David A. Rosen:** We live in learn. So we don't repeat our mistakes. That's always the first challenge. So what would you do differently?

[00:36:22] **Harry Moser:** Probably I. Yeah. Like I, when we're working on accounts receivable, I work with the CFO and then also with him, maybe two people in his team who were actually doing the

day-to-day counts receiving, and probably I should have worked with the CFO and then not go into the meetings with him and his team.

[00:36:42] Although sometimes it turned out I was the one that called the customer. Cause I knew the customer. I said, bill, you've got kids, you got to pay. And we got the money. And if anybody else called, and maybe we wouldn't have gotten it, but probably there were cases like that where I should have counted on my, the chain of command and let him or her have that responsibility.

[00:37:02] Not helped as much down into the team, but on the other hand, helping with a team develop the relationship with the team and the transparency of that gave them confidence and it worked.

[00:37:13] **David A. Rosen:** Harry, tell us something about yourself that you think most people may not know about you.

[00:37:19] **Harry Moser:** Okay. I got two things. I think there's interesting.

[00:37:22] One between my senior year in grad and graduate school. I bicycled from Munich to Athens and back. So 3000 miles with a fraternity brother. Wonderful trip. So I asked them so all kinds of Munich, all kinds of wonderful places. And then the second thing that almost nobody knows that about when I was about 30 or 30, the equal rights amendment proponents had something called the great American male beauty pageant, the second annual great American male beauty pageant.

[00:37:52] And I had fi five seconds flexing on network news that night.

[00:37:58] **David A. Rosen:** Oh my God. That's awesome. So you were a bodybuilder at the time

[00:38:03] **Harry Moser:** I worked out every day. I still do. And some of the guys were in much better shape than I would have spoke. My poses were better.

[00:38:09] **David A. Rosen:** That is too funny. Something we can lean on for awhile.

[00:38:15] Let's switch gears again. One of the things that we're looking to understand is how people are thinking about supply chain, manufacturing, assembly, packaging, service, maintenance perspectives. What should CEOs be thinking about today and how prepared for a crisis where you, where your companies and others for the COVID-19 pen.

[00:38:39] How well prepared were you guys for crisis or change or inflection points that your business was going to hit and you pulled out a playbook and said, okay, here's what,

[00:38:49] **Harry Moser:** no, I'd say we're nowhere near as cognizant of it. And an organized and preparedness as one should be now. The world was simpler back 30, 25, 30 years ago, we had the customer support side was in good shape.

[00:39:03] If we'd lost 10 people, or if a whole bunch of companies had been hit with problems and needed help, we could have dealt with that. But the availability of machines, if all of a sudden the

factory is shut down and no machines were available, we just weren't gonna sell any machines. And there was nowhere else to go.

[00:39:21] We only made them in our factory. I'd say we're a relatively simple organization in a sense. And, but we were not risk prepared.

[00:39:29] **David A. Rosen:** So let's look forward now. So we're in 2022. And my question is what's the prognosis for looking forward in manufacturing. Now that we may be closer to the endemic of the pandemic, we've got states that are De- masking and De- vaccinating. We're pretty open these days. and some are not asking for vaccine cards. And we will probably just treat this like the flu going forward. So tell us about your thoughts for 2022 and 2023. And in the future, it makes a lot of sense. So it's not always the best decisions are not always to re reassure.

[00:40:14] But they need to be an option and consideration one, but two, the option is really to diversify because we also learn about how much of the critical, but commodity pharmaceuticals are being made in China today. This is a paradox. China is the place that buys premium baby formula at \$90 a can, since the Chinese population knows that the water in those cans are coming from either the us or.

[00:40:44] The Chinese recognized that they don't want their children to have Chinese water in their baby formula at the same time, is that where we're having our pharmaceuticals being made and using the water as a part of the production. And where are our concerns about that? That just puts me a little bit on unease,

[00:41:04] **Harry Moser:** We believe that companies have learned a lesson from Coke and the disruptions that have happened with the boats and everything else. We believe they've learned that now, like any learning or you go up here, you're pretty good. And then you gradually, it falls away like this, but I believe that the, especially with.

[00:41:24] China, we're going to have tension with China for 20 years, 50 years tension with China. And specifically there's been talk of decoupling with China and the there's a bill in Congress. I think it's the make making the U S competitive act, something like that. And it talks a couple of things about how to become more competitive with China.

[00:41:46] And when that bill was introduced, the Chinese government announced. If you pass that bill, we will stop shipping product to the United States, including for example, automotive components. You can you imagine our industry, if all the stuff that the AU and the OEM received and all the stuff, their suppliers in us received from China stop and he stopped and didn't start again forever apocalyptic, would it be existential?

[00:42:12] And I don't see that going away because of the. There's going to be tension over Taiwan until it's finally resolved. And as that happens, one of the ways the Chinese will pressure us is something that's a thread at least of doing things like that. So companies that are dependent, especially on China will continually be reminded.

[00:42:31] I'm just going to be a Burr under their saddle, so to speak. And they're going to have to think about it and at least. Make you use something like our TCO estimator to see what they should

pull out of China and at least put some somewhere else or ideally, because somewhere else can have problems too, to bring as much of it as you profitably can back to the United States.

[00:42:54] I think that alone will keep the visibility high and companies being responsible.

[00:42:59] **David A. Rosen:** Makes a lot of sense. So it's not always the best decisions are not always to re reassure, but they need to be an option and consideration one. But two, the option is really to diversify because we also learned about how much of the critical, but commodity pharmaceuticals are being made in China.

[00:43:22] This is a paradox. China's the place that buys premium baby formula at \$90 a can, since the Chinese population knows that the water in those cans are coming from either the us or Europe, the Chinese recognize that they don't want their children to have Chinese water in their baby formula at the same time, is that where we're having our pharmaceuticals being.

[00:43:49] And using the water as a part of the production process. And where are our concerns about that? That just puts me a little bit on an ease, I agree.

[00:43:58] **Harry Moser:** **Rosemary Gibson,** I think has done the most, the best research on that testified to Congress. It's been a disaster. It's been ridiculous for our country to allow us to be there, that there are steps being taken.

[00:44:11] **There's pharmaceutical production coming back and Reshoring.** And that's great. If China decided to stop shipping us, the, either the pharmaceuticals or the active ingredients that go into them, we'd have people dying all over the place because they couldn't get the pills. I need to stay alive. And because of the manufacturing cost, there isn't that much labor in making pharmaceuticals.

[00:44:33] It's one thing to say, television sets, simple things. So if somebody has to go like this, but if the pharmaceutical is a batch process, can't be that much labor and it can't be saving them that much. And for the pharmaceutical industry specifically, Given that they, that their price for the name brand pharmaceutical products here is 50 to a hundred percent higher than the other developed countries.

[00:44:56] And then not even make this stuff here, that's insulting. It doesn't make any sense at all.

[00:45:03] **David A. Rosen:** It doesn't make sense at all. These are interesting challenges, but what are you most excited about over the next year or two? And what advice can you share with business owners? It's a chance to rebalance supply chains and manufacturing process, not just about Reshoring, but also to look at diversifying to other countries outside of China for manufactured.

[00:45:26] **Harry Moser:** I would I first met you eventually I'd use the TCO estimator or something like that to do an in-depth analysis of all the relevant costs. Look at the delivery times very important. And then I'd make sure that wherever I was getting the product from that company, wherever it is, Vietnam, India was what did not significant Chinese components coming into it because there's everybody understands.

[00:45:49] It makes sense not to be getting everything out of China but if you're getting it from someone who gets most of their stuff from drying out, then you're still dependent on China and I don't be-labor China, but it's the, obviously the biggest opportunity, for example, about 40 50% of the Reshoring has been from.

[00:46:08] So even though they're, they've been the low labor cost countries, very productive, overall do a good job and they have most of the half or more of the Reshoring it's actually happened. And most of the analysis using the TCO estimator has been about China. Our thinking about it. They are hopefully acting to, to bring substantial amounts of that work back to the country.

[00:46:28] So I'd say do the math try not to be dependent on if you have some, one thing I'm very enthusiastic about is that ESG, environmental, social, and governance. Okay. So on the environmental side, we did a study of a, an aluminum die-casting made in China and shipped here versus made here from both cases for the U S market and buy because the Chinese electricity system is so used to so much coal for its production. And because you then have to ship it here, the combination of those two result in the Chinese. Option you producing 25 to 50% more CO2 than the U S option.

[00:47:06] So now we're re we're starting to add that factor into the TCO estimator. And we'll try and do is come up with three, four or five industries in which we've done that analysis and then say, okay, pick where you your product is between die-cast sinks, which is electricity and tents. and heavy, versus say chips maybe, and a couple of things in here pick yours, and then you come up with some estimates and we're rough initial estimate of what the ESG impacts are going to be of moving the work back. So put some value. We're not saying huge amount of value, but some value on your societal responsibility.

[00:47:41] **David A. Rosen:** You've provided such a great articulation about the value of ESG. It's very practical thinking . I'm not sure why, but ESG in my opinion, appears to be, have become a highly politicized and emotional issue more than an economic or business. One at the beginning of offshoring in the eighties and nineties, I remember looking at the geopolitical and government issues that were occurring at that time and things like country values and.

[00:48:16] I remember discussing the likely outcomes of whether companies, if they put their manufacturing facilities in another country, what's the likelihood that they would be nationalized or not. Those were the risks at the time being considered. And today you're making a good point. If you look at the impact of the environment that could be looking at something that is five times or 10 times higher in terms of impact to the environment and the.

[00:48:44] Of coal or draw resources that are finite. And that may not be reasonable when you look at the total solutions. And that is where ESG is a way to balance with the political situation in the environmental issues that can make much greater sense in terms of your value proposition to your customers. But at the end of the day, it's a much smarter decision because you're putting less pollution into them.

[00:49:12] **Harry Moser:** So we've got a team of university of Michigan graduate student interns who are putting together our ESG business plan to how to get this message and how to incorporate it in our TCO estimator, and then how to get the message out because most of the ESG messages is

various. You say political, or you put solar panels on your roof and do this and do that and help the poor and do an oh.

[00:49:37] But I've never seen anybody in the ESG community mentioned when they do these ratings for companies as to how I've never seen him once say, what country do you, how much of your product is sourced from China, Venezuela, what have you? And that's an obvious thing that they should have. And so our intent is to raise the flag and get the attention of these groups.

[00:49:59] So that factor gets into. And another way of looking at it. You've heard of the business round table, 180 top CEOs that they came out in 2019 and said now from now on stakeholders includes not just shareholders, but the community, the supplier, and the employees. Okay. For a manufacturing company. What's the best thing you could do for all those.

[00:50:20] Reshore put your people back to work.

[00:50:23] **David A. Rosen:** Harry, what's your favorite business book? Do you have one that comes to mind?

[00:50:28] **Harry Moser:** Yeah, actually, I've never gotten the time and the interest. Yeah, what I do seems to make sense, the closest thing to a business book that I can think of since I'm deeply into communication is called as a book on speeches and it's called and presentations, it's called give your speech, change the world.

[00:50:47] And so you don't make a speech. You give it cause you give it to the audience and you change the world because there's no sense of them listening, unless they're going to do something different because of what you've given them. So that's the closest thing to. Business book that I've ever

[00:51:01] actually completed.

[00:51:02] **David A. Rosen:** Harry, how can people reach you or find you on.

[00:51:05] **Harry Moser:** Thank you, Harry moser@Reshorennow.org website is Reshore Now telephone eight four seven eight six seven one one four for a very active on LinkedIn. So you look up Harry Moser, you should be able to find me. Okay. And we're posting there all the time. We do a fair amount of Twitter and some Facebook, but I'd say LinkedIn is very active, very well.

[00:51:29] Sometimes we'll put up an article or say a posting of some of an event like this. Thousands. And one time, I think we had 13,000 views or something like that. So I was, I said this is fun.

[00:51:38] **David A. Rosen:** This has been great, Harry, I've really enjoyed spending time with you. We could go on for hours. I have a feeling maybe we'll have an update with you next year. And understand what's going on in the Reshoring, but for now, thank you for taking the time with us. And I look forward to watching your progress.

[00:51:59] **Harry Moser:** Thanks David it was a lot of fun and audience look forward to hearing from you, with helping you to hear about reshoring cases or help you achieve.