WHERE THE RUBBER MEETS THE ROAD

MICHELIN NORTH AMERICA
CHAIRMAN & PRESIDENT
PETE SELLECK OPTIMISTIC ABOUT FUTURE OF U.S. MANUFACTURING
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We’ve been hearing a lot about the re-emergence of the U.S. as the dominant manufacturing country lately, but is this reality? In this issue, we talk with Pete Selleck, chairman and president of Michelin North America. As the leader of a French-based company making major investments in the U.S., Pete offers a unique perspective on the state of U.S. manufacturing. Why would foreign companies invest in the U.S.? What industries are best suited to the U.S.? What can we do to address the skills gap that exists in today’s U.S. workforce? As you read, you’ll get a sense of Pete’s optimism for the future of American manufacturing.

We’re also presenting the view of American manufacturing from a factory floor perspective. Jessica Addison is a Michelin Technical Scholar who is right there on the factory floor doing her part to produce quality Michelin tires. Her story offers a glimpse of the talented and motivated people that are operating America’s manufacturing plants today.
Today’s U.S. manufacturing industry does not resemble what it was just three decades ago. In your opinion, what are the most significant differences and what economic/political events are most responsible for this evolution?

The world has changed dramatically over the last 30 years—China is no longer cut off from the rest of the world, the Soviet Union no longer exists, and the Berlin Wall no longer divides Europe. At the same time, we’ve seen technological advances that were unimaginable decades ago, and they’ve had a tremendous impact on communication and transportation. As a result, the world has become much smaller and the dominant position the United States once enjoyed from a manufacturing standpoint has been reduced as other parts of the world have become more competitive. The end result is that U.S. manufacturing has been, and continues to be, under pressure.

During my 31 years with Michelin, I’ve seen how our company and other U.S. manufacturers have adapted and evolved within this framework by becoming more modern, automated and competitive. New technologies have allowed manufacturers to become more flexible and more productive over the years. In fact, 75 percent of the industries that existed in the U.S. three decades ago still exist today, and they are going strong. However, they are much leaner and the manufacturing output is higher than it was back then because we have learned to operate with fewer people, and all the people who work in manufacturing today are highly skilled.
Advances in manufacturing have drastically changed jobs in manufacturing. What does it take to be successful in today’s manufacturing workforce, and what is Michelin doing to help?

As manufacturing has advanced, so has the workforce. Thirty years ago, we would hire a large number of our people and train them for assembly-line-type jobs that were repetitive. Today, most of those jobs are automated, and the production employees that we do hire must possess higher skill levels in mathematics, reading and problem solving, for example. Also, they have to be able to work effectively in a team environment.

Beyond that, the number of people needed to install and maintain our highly automated and sophisticated equipment drives tremendous need for automation and reliability technicians who are primarily coming out of technical schools. Because of the critical importance in these positions and skills, Michelin has several formal partnerships with technical schools to ensure we are maintaining a strong pipeline of talent for our workforce.

Our focus on talent, however, starts well before the technical school level.

One of the greatest challenges we have is that most young people today don’t aspire to work in manufacturing, despite very attractive career opportunities throughout the field. This leads us to place an emphasis on reaching students early so that we can show them what a career in manufacturing looks like today.

Through our Michelin Challenge Education program, we send our employees and retirees into elementary schools to volunteer and tutor students. We also sponsor a program called Dream Connectors, which gives seventh graders the opportunity to go inside manufacturing facilities and experience first-hand the types of job opportunities that exist. At the high school level, we focus on creating student interest in STEM (Science, Technology, Engineering and Mathematics) subjects and demonstrate how an education in those fields can be applied in our industry.

Manufacturing technology is getting more and more sophisticated by the day. Describe the advantages and challenges this phenomenon creates for today’s manufacturers.

At Michelin, our ability to innovate and push the boundaries with new tire technologies leads our customers and consumers to constantly have higher expectations for our products. They also expect that we conduct our business in a responsible and sustainable way. The sophisticated technology used in manufacturing today enables us to do both.

We understand that we have the responsibility to efficiently use energy resources and minimize the impact our operations have on the environment. This sustainable mindset, coupled with today’s advanced manufacturing technologies, has led us to improve our manufacturing environmental efficiency by one-third over the past six years. From the choice of materials to tire architecture, and through manufacturing processes and services, all of our solutions are designed with a constant focus on safeguarding the health of our planet.

Advances in manufacturing not only help us to operate in a more sustainable way, they enable us to develop more environmentally conscious products as well.

Tires have a considerable impact on a vehicle’s fuel consumption. In the case of a car, up to 25 percent of fuel consumption is attributed to tires, and up to 30 percent for trucks. Understanding this, Michelin has been developing low rolling resistance technology—a green tire technology that saves energy—for over 20 years. Our tires have helped to save billions of gallons of fuel and contributed to a tremendous reduction of CO2 emissions. Today’s advancements in manufacturing empower us to drive even greater innovation in this area and meet the expectations that our customers and consumers have for more fuel-efficient tires.
The natural gas industry is booming in the U.S. What impact, if any, is this having on rubber/tire manufacturing in the U.S.?

The recent energy resurgence throughout North America has led most major tire manufacturers to establish or increase their manufacturing operations here, especially in the Southeastern U.S. For example, Michelin was the first tire company to plant roots in South Carolina nearly 40 years ago. Today, there are multiple tire producers in the state, which will soon become the No. 1 tire-producing state in the nation. These manufacturers are all focused on producing brand-name, higher-priced products that both consumers and original equipment manufacturers are demanding. So, the ability of companies to increase their manufacturing presence in the U.S.—driven by factors such as lower energy costs, skilled labor and sound transportation infrastructures—only increases the level of competition within the industry.

What are your predictions for the manufacturing industry in 2014? Will the upswing continue? Will continuing gridlock in Washington impact the manufacturing industry in any way?

I believe manufacturing will continue its upswing in the coming years. Economic growth in North America in 2014 is predicted to be about one percentage point higher than in 2013; and, economic growth drives production activity. What's more, manufacturing companies recognize the need to have a strong, competitive industrial base located within the markets where their products are sold. With continued strengthening of the U.S. economy, I predict we will see even more investment announcements and expansions, all of which leads to a further strengthening of the manufacturing based here.

The gridlock in Washington has been frustrating to watch from a job-creation standpoint. But I strongly believe that our political leaders have in front of them a tremendous opportunity to stop their manage-by-crisis approach of late, and put our country on a more responsible path forward. But that means they need to set aside partisan showmanship and put the national interest ahead of special interests.

This will require Congress and the President to display courage and use their political capital to do what is right for the country, long term. If that is done successfully, it will set the U.S. economy on an upward trajectory of growth and job creation for decades to come. The limiting factor is Congress’s ability to organize itself, but I remain optimistic that this can happen.

Describe how you imagine the state of the U.S. manufacturing industry in 50 years. Is it healthy or struggling? Will it ever return to its glory days?

I like the phrase from a Carly Simon song: “these are the good old days.” I simply don’t subscribe to the idea that there was a previous time that was better than today. There is much today that is so much better than in the past, and we need not take our standard of living for granted. In particular, the geopolitical changes we have seen over the past 20 years have lifted hundreds of millions of people out of abject poverty around the world, led in large part by the positive global influence of the United States.

Fifty years from now, our world will likely be even better than it is now. The United States has always demonstrated an incredible ability to adapt—it’s the strength of our culture. Americans are not afraid to evolve, to destroy business models and jobs not suited for the long-term future. People yearn for security and want to avoid change. But they hope even more for opportunity. As long as that dynamic continues, we will continue to drive progress and provide an improving standard of living for even more people.

An important factor to expanding the number of people who enjoy success will be ensuring that children are prepared to take advantage of the opportunities by being properly educated.
Why did you choose a job/career in manufacturing?

I never planned on a career in manufacturing. After I received an undergraduate degree in sociology, I found that my educational background didn’t generate any employment opportunities. I decided to go back to school for a technical training program, which led me to the Michelin Technical Scholars program. My school advisor told me about this opportunity and I thought, “Why not?” It’s a great deal for me—I get to go to school while working a part-time job with a great company. And, unlike my sociology degree, the skills I am learning create many employment opportunities.

I love my job with Michelin. Being able to work with my hands, think critically and not be stuck at a desk all day is ideal for me. Also, I like the fact that I am always learning new things. Every day, I’m exposed to something new to me in the mechanical and electrical fields. And, I’ve found that I’m ahead of my classmates because of the hands-on training I get at work. I get to see the real-world application of everything I’m learning in the classroom while I’m working at the plant.

I work in facility maintenance as a Michelin Technical Scholar. As part of the Michelin Technical Scholars program, which is a partnership between Michelin and my technical school, I am able to work at Michelin to gain on-the-job training while I also pursue my associate’s degree in electrical engineering technology.

My job is to support the tire building operation at our plant, primarily by troubleshooting issues that arise and conducting ongoing maintenance on our machines. This can be compared to changing the oil in your car—it keeps our equipment running smoothly.

When our machines do have issues, I analyze the failure mode and work to determine the cause. This is actually my favorite part of my job, not only because you get to figure out why the machine isn’t working, but it challenges your knowledge of the machinery. You never quite know what to expect, but I find it rewarding to be able to analyze the situation and solve the problem.

What is your best advice for those seeking jobs in manufacturing?

Like Nike says, “Just do it.” The industry is interesting and the work is fulfilling. Many of the stereotypes of manufacturing are incorrect. For example, the work isn’t repetitive—it actually requires a very high level of skill and critical thinking.

I’m continually excited about all the things I’m learning. After graduation as a Michelin Technical Scholar, I hope to stay at Michelin and work full time. And I know that in my manufacturing career, I will always continue growing and learning new things, and will be happy with the career path I’ve chosen.

What is the most rewarding aspect of your job and/or working in manufacturing?

My job is dynamic. There are always new problems to be solved. Some solutions are mechanical and some are electrical, and each day is different. For example, I recently helped develop a procedure to update our machine software. My co-workers will also learn this procedure and use it in their jobs. And, just this week, someone came to me and asked for my help in fixing a problem, and I was able to do it by myself. I felt proud of my ability to take care of the problem, and to know that I am helping to add value to the company.

Tell us about your position with Michelin:

A Q&A with Michelin’s Jessica Addison

The New Face of Manufacturing

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On December 12, Michelin North America held an inauguration event for its new earthmover tire manufacturing plant in Anderson County, S.C. This event was held in celebration of the first earthmover tire to roll off the manufacturing line at the new facility. This plant is Michelin's 19th manufacturing facility in North America, and its ninth in South Carolina. More than 8,000 of Michelin North America's 22,300 employees are based in South Carolina.

Despite the wettest weather in 40 years, Gray achieved the final certificate of occupancy from the county of Anderson 50 days earlier than scheduled.

As Michelin celebrates the opening of the earthmover tire plant, construction continues on an expansion to the nearby rubber compound production plant, another Gray project. Operations will begin at this facility in early 2014, supplying material for tire production in North America to help meet increased production demands.