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Productivity is the engine of economic growth and prosperity. In its simplest form, productivity is a measure of the efficiency of a person, machine, factory or system, among other factors. The correlation between productivity and Gross Domestic Product growth is nearly one-to-one. The average overall productivity growth rate in the United States from 2007 to 2016 was 1.7 percent—well below the long-term average of 3.2 percent—according to the Bureau of Labor Statistics (BLS). The BLS also reported that over the past four years, manufacturing sector productivity growth increased at an annual rate of less than 1 percent.

Lagging productivity growth causes a drag on economic expansion. Lifting the manufacturing sector out of this productivity slump in Wisconsin is the mission of the **Transformational Productivity Initiative (TPI)**. This is a call to action for Wisconsin and the state's manufacturers. It is a public-private partnership, assembled to provide leadership for Wisconsin's manufacturers on the challenges they face in achieving productivity growth.

The research on productivity is extensive and the findings are clear. A study by McKinsey Global Institute, a private sector think tank, published in November 2016 states that nearly 75 percent of the productivity growth required to reignite the economy can be achieved by closing the gap between lagging and best-in-class companies. The practices that separate those near the top of their industry from those at or near the bottom are well documented. Closing the gap is not rocket science, but it does require a top-down commitment, which to date has proven elusive for many firms. Companies at or near the top in their industry are nearly twice as productive as those at or near the bottom.

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The top performers maintain their competitive advantage by exploiting advances in technology – often described as the fourth industrial revolution, Industry 4.0, or the Industrial Internet of Things. The remaining 25 percent of productivity growth will result from technological, operational or business innovations that go beyond today's best practices and expanding the frontier. **TPI** is designed to:

- assist manufacturers in benchmarking their performance against others in their NAICS code;
- identify and quantify performance gaps;
- provide a roadmap, guidance and resources required to close the gap; and
- assist best-in-class firms in expanding the frontier through technology, operational and business innovation that will define the best practices of tomorrow.

There are many factors influencing a firm's level of productivity. Movement in one or all of these areas will help a company increase its productivity. **TPI** will establish diagnostic assessment tools in five key factor areas relating to manufacturing productivity:

- technology implementation;
- operational excellence;
- human capital management;
- business development; and
- organizational structure and culture.

The goal of **TPI** is to increase productivity at the company level, and to bring these improvements to a scale where the aggregate gains drive economic expansion in the state of Wisconsin.

The benefits of increasing productivity are:

- raising living standards for Wisconsin employees;
- making businesses more profitable; and
- keeping Wisconsin manufacturing competitive in the global marketplace.