

Summary of Remarks To FEM
By: John Nofsinger, CEO - MHIA
On The Occasion Of The 2008 FEM Congress
Cannes France – September 20, 2008

On behalf of officers, members and staff of MHIA - greetings and thanks for the opportunity to share an MHIA perspective on opportunities and challenges facing the USA material handling and logistics industry.

It is particularly noteworthy to be addressing you today in Cannes, where in 1996 officials of FEM and MHIA entered into our first agreement to find ways to cooperate and collaborate to the benefit of the industry worldwide. The intervening years have seen change and challenge to a degree and at a pace unimagined by our 1996 leadership. It was clear, however, to these industry leaders that closer relationships were needed for the industry to achieve a shared vision. Among those present at the 1996 gathering as memory serves were:

- For FEM – Dr. Franke, Dr. Ros, Mr. Kempkes, Mr. Vanderlande, Mr. Decoop, Dr. Kottkamp, Dr. Netzler, Dr. Meier, Mr. Mesquita and others.**
- For MHIA – Mr. Wise, Mr. Wurz, Mr. St.Onge, Mr. Quinn, Mr. Robertson, Mr. Persch, Mr. Hammond, Mr. Splude, Mr. Leffler, Mr. Sbordon, Mr. Allred, Mr. Nofsinger and others.**

In Tampere, Finland in 2006 FEM and MHIA re-committed and repurposed our ongoing support and formalized a structure of more regular exchanges.

2008 has represented another productive year of cooperation and collaboration between FEM and MHIA.

- April 2008 – Delegates of FEM Section X (ERF) and RMI met in Cleveland, Ohio to advance a shared technical agenda.**

- **May 2008 – CeMAT Germany – Various joint meetings were held between FEM and MHIA officials including participation in a Leadership Dinner and CEO Breakfast.**
- **September 2008 – Participation in the FEM Congress.**
- **Throughout 2008 – Numerous exchanges and information sharing between General Secretariats of FEM and MHIA – particularly in the Intralogistics and Racking sectors.**

Discussions at the CEO Breakfast at CeMAT Hannover made it abundantly clear that both Europe and USA share very similar concerns on a number of issues that stand to influence the health and success of our industry:

- **Demand and supply chains are becoming increasingly more global, disbursed and geographically longer.**
- **Material handling systems are becoming more complex to design, optimize, control and operate.**
- **Global instabilities have caused supply chain security to be a global concern.**
- **Stakeholder expectations are increasing.**
- **We face increasing regulatory costs and social pressures to be energy efficient and environmentally friendly.**
- **We face mounting need for greater product and asset tracking as well as visibility across supply chains and throughout lifecycles.**
- **And last, but certainly not least – the emerging reality of disruptive demographics that will impact workforces in both quantitative and qualitative ways.**

- **Where the 1900s were arguably seen as the age of the Atlantic, a new century has ushered in the beginnings of what historians might regard as the age of the Pacific;**
- **The world's population is aging. So much so that world median age will increase by 10 years To 37 by the year 2050;**
- **While the overall population is aging as well as growing the USA will see a decline in working age population until 2025;**

- **Researchers now predict a 10 mil worker shortfall by 2010 in USA – much of this shortfall impacting traditional material handling and logistics occupations;**
- **Compounding this quantitative shortfall is a projection of a 6 million University educated shortfall by 2025;**
- **Aging plus a modest and continuing birth rate will result in USA population growth of 46% by 2050 – growth needing to be served by fewer and often less educated workforce;**
- **Compounding the educational dilemma is a push to shorten technical curriculum in programs of study traditionally presenting the art and science of material handling;**
- **To further complicate matters, employers in USA are facing the diversity inherent in multi-generational workforces – from generations that lived to work, to generations that worked to live to the new generation Y (born between 1981 – 2000) whose tendency to career and job change will result in twenty (20) two (2) year experiences.**

In efforts to better identify challenges and opportunities, MHIA organized a major material handling and logistics Summit in USA in 2007 with follow on activities in 2008. The Summit resulted in Identification of 14 Themes and 52 Initiatives that if successfully addressed would lead to beneficial outcomes for all stakeholders.

Highlights of the Summit are driving current programming within the community of supply chain organizations, academia, end users, consultants and publishers and include:

- 1. Increased funding of research to assure a pool of University Professors familiar with the art and science of material handling. In 2008 MHIA made a 1st research award of \$50,000. \$150,000 is earmarked for 2009 and a mega Foundation to endow even larger and more grants is in the works.**

- 2. MHIA has stepped up its educational outreach into non-traditional areas like Military, 2 year colleges and even high schools using self – designed Certification and hands – on lab approaches. All designed to build a workforce with interest in and skills for careers in material handling.**
- 3. Development of cross-industry standards for open integration and interoperability of technology and integrated systems.**
- 4. Creation of comprehensive modeling and unified digital representation tools for material handling and logistics systems/solutions design.**
- 5. Significant efforts to improve collaboration within and between organizations in the overall material handling and logistics industry. A good recent example is the creation of the American Logistics Aid Network. As a founding sponsor, MHIA and now eleven (11) other supply chain and disaster relief organizations have created a unified and automated approach to aligning solutions to needs in times of natural and national disaster.**

As you may know, MHIA annually organizes a major Exhibition and Conference in USA. If schedules permit we would be pleased to welcome you to PROMAT 2009 next January in Chicago.

MHIA is honored by the kind support and cooperation of our friends in FEM and we look forward to opportunities to work together to close gaps that stand in the way of successfully applying proper material handling and logistics solutions to raise corporate productivity and profitability.

Again, on behalf of the officers, members and staff of MHIA, I thank you for the opportunity to address you today and for your kind hospitality in this beautiful place. We will look forward to opportunities to return the courtesies.