

INSIDE



Is management a game?

Paul Olsen has been around manufacturing for decades and it has struck him that many of the industry's managers operate like they're playing a game. See how your style matches some of his favorite games.

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Focus

MANUFACTURING

Keeping the STOOL STABLE



The Utah Manufacturers Association has a stake in the current discussion about changes to Utah's three-legged-stool sales tax system and is trying to make sure its voice is heard

Tax reform — and especially sales tax reform — is the topic of ongoing discussion in the state of Utah and the Utah Manufacturing Association is trying to make sure the voice of our membership is part of the discourse. The genesis of the current dialogue was a bill that failed in this year's legislative session that attempted to address the imbalance in the sales tax structure. As a result of the defeat of HB441, legislative officials are conducting a series of "tax reform listening sessions" around the state to receive input on possible taxation changes. Most Utahns have little knowledge of the structure that exists in our state for the collection and the subsequent allocation of taxes. Let me attempt an explanation:



TODD
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In Utah, the tax structure is basically a three-legged stool, made up of property tax, income tax and sales tax. Constitutionally, all income tax revenue is allocated to education funding. We are the only state in the nation with such a specific constitutional mandate. However, this poses somewhat of a challenge, resulting in the imbalance that HB441 attempted to address.

Over the years, our society has continually moved from a goods-based economy to more of a service-based economy. That means that we now purchase more goods and services on the Internet. We used to patronize the local brick-and-mortar stores and shops for our needs. As a result, sales tax collections as a portion of the three-legged stool have

slowly declined and haven't kept pace with the collection of property taxes and income taxes. Another example of decreasing sales tax revenue comes from our more efficient automobiles, which require less gasoline, resulting in a decrease in fuel taxes which fund transportation.

The problem of collection of sales taxes for online purchases was somewhat mitigated in 2018 when the Legislature, with the help of the federal government, addressed the collection of tax on Internet commerce. Although laws were in place for tax to be charged on cyber sales, no mechanism existed for their collection. Folks owed the tax; they just didn't have a way to pay it.

Although the new laws provided a structure for the collection of sales

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tax on tangible goods purchased online, they didn't address the collection of taxes on services ordered over the Internet. Currently, services like haircuts, accounting, legal services, lawn services, pest control and many others purchased from an online portal, are exempt from sale tax.

That's what HB411 tried to resolve. As you can imagine, the attempt to require your lawn mowing service to collect and remit sales tax to the state went over like a lead balloon. The public outcry — and that of the service providers

— caused the legislators to table the measure and launch the public hearing process.

The Utah Manufacturers Association has launched an effort to participate in as many of these public hearings as we can, because when it comes to sales tax reform, our member manufacturing firms have a stake in state statutes and policy. One of our board members, Steve Young of the Salt Lake City law firm of Holland & Hart, is one of the state's foremost authorities on tax policy and is leading our efforts. Young chairs the UMA Tax Policy Committee.

The Utah Manufacturers Association is participating in many of these listening sessions because

sales tax reform goes beyond addressing consumer concerns like taxable Internet purchases and services. We are listening to local businesses, our manufacturer members and citizens as they express their concern in developing a tax structure in our state that is consistent in maintaining a strong Utah economy.

During the past legislative session, UMA expressed caution in developing a tax policy that might unintentionally or inadvertently throw a wet blanket on an otherwise incredible economic engine in Utah. Broadening the base and lowering tax rate is a laudable goal and something UMA encourages as an organization — but with caution. For example, the UMA supports laws — universally

accepted by tax policy experts — that would move the bulk of tax collection to the final stage of the consumer product cycle — consumption — and remove it from the various stages of production or development.

In 2018, in a special summer session, the Utah Legislature removed the three-year-life component for sales tax charged on "inputs" to production in the manufacturing industry. The three-year-life provision required that sales tax exemptions for inputs — the things described as purchases that businesses make as a part of their operations, including items such as computers, software, production equipment and office equipment — must have a useful life of three years or more to be eligible for the exemptions. The Legislature also allowed for manufacturers to receive sales tax exemptions for energy consumed during the production process.

In expanding the input tax exemptions in 2018, the Legislature specifically included manufacturing for several reasons as cited in its "Economic Report to the Governor." The report cited the internationally competitive nature of the industry; the lack of need for manufacturers to be close to their customers, thus necessitating our state to be competitive in attracting companies; the fact that manufacturing exports goods and services and imports wealth into the state; and that Utah manufacturing wages are 21.7 percent higher than the average Utah non-agricultural wage.

The UMA has been working for the removal of this sales tax on inputs for nearly 20 years. The exemptions passed in 2018 are valued at roughly \$60 million a year in savings to manufacturers which will inevitably be rolled right back into their businesses for the purchasing of more equipment, hiring of new employees and expansion of facilities.

The UMA will continue to work with the Utah Legislature and the executive branch to ensure that tax reform addresses the needs of the structural imbalance currently existing, but also helps us achieve our economic goals without unintended consequences to the business community — and especially to the manufacturing industry.

Todd R. Bingham serves as the president and CEO of the 113-year-old Utah Manufacturers Association. Prior to UMA, he was the president of the Utah Mining Association.

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TAKE A LOOK AT YOUR MANAGEMENT STYLE

What kind of games are you playing?



Not long ago, at the end of a very hectic work week, I was driving home and my mind thought back on all the things that seemed to go wrong. Employee issues, late supplier deliveries, HVAC system downtime and an upcoming quality audit all ran through my head.

"I'm just putting out fires," I thought. But no, I've never fought an actual fire so I couldn't relate to it. Then I thought about a recent trip to a games arcade with some grandchildren, and the game I played with them that they really liked was Whac-A-Mole. You know the game. You have an oversized padded mallet in your hand and the heads of moles randomly pop up from five or so holes and you hit them to knock them back down and score points. They come at you rapidly and you never know from where they will pop up next.

"That's it!" I exclaimed. I'm playing Whac-A-Mole at work. Problems and situations pop up from who knows where and I do my best to knock 'em down. Often the same problem pops back up but from a different hole. With that flash, I thought maybe I could present to the whole workforce what we were doing using this game to illustrate all that we needed to correct.

After dinner I went to my laptop and Googled "Whac-Mole" to find an image. I found more than that. I found renown author and business consultant Dr. Richard L. Williams had beat me to the punch. In a blog posted on the Center for Management & Organization Effectiveness website

was Dr. Williams' article, "Whac-A-Mole Management." I consoled myself that great thinkers think alike.

In his article, Dr. Williams wrote: "'Whac-A-Mole Management' is a style of managing or leading others where a manager waits for some-



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thing he or she believes to be wrong to happen, and 'whacks' the behavior with words and/or actions. This style has also been called 'Managing by Exception,' because the manager exclusively or primarily reacts to people who act in exception to his or her expectations.

"One of the most important things to remember when analyzing Whac-A-Mole Management is to note that the manager's behavior is completely reactionary. No action is taken until the mole raises its head. The manager is not proactively trying to prevent things from happening, or trying to direct things to happen, or even making things happen, the manager's behavior is a reaction to some other stimulus.

"In other words, Whack-A-Mole Management is non-strategic and totally tactical. Future problems, issues, trends, threats and opportunities will be a surprise, because the manager has his or her head down waiting for the next mole to raise its head."

Oh, the games we play at work!

Here are some board games most of us are familiar with. See how these might apply to your work life or the approach your company takes to be a winner. I'll bet you can come up with some of your own.

Monopoly. Become the biggest,

richest person around. Buy up properties and collect rent from others. Be merciless. Drive others out of business. Depending on the rules you play by, make deals with other players, swap properties. But be careful: You might be the player to "Go to Jail!"

Chutes and Ladders. Derived from a 2,000-year-old game from India to teach morals, good deeds send you upwards closer to Nirvana and bad deeds the opposite. Luck or fate calls the shots with a roll of the dice. Sometimes we too roll the dice, hoping for a good outcome and counting on luck to make it so. Climbing the corporate ladder and being sent down a chute has never gone out of style. Even the most successful people and companies admit there is a bit of luck involved.

Chess. So many variants. A novice like me is slow and methodical, trying to think about every option but never seeing everything. Some tournaments use a time control called "blitz" where each player starts with a fixed amount of time to spend on their moves. Business decisions cannot always be slow. Competitors are playing the blitz game and so must you to remain competitive.

Stratego. Players are passionate as they employ strategy, tactics and good memory to capture the opponent's flag or all their pieces while defending their own flag. Pieces representing soldiers of different ranks form an army. If your company or style is hierarchical and has an amazing organizational chart strictly adhered to, this may be your game.

Battleship. If you're ready to go to war and annihilate your enemy/competitor by destroying its fleet,

then this is your game. Casualties can be high on both sides, but if it the game is winning at all costs, this is the game to simulate. But you better be a good guesser.

Go Fish. This card game is especially good for supply chain managers! Need to find that component in stock? Go fish. Looking for a source to provide a critical service? Go fish.

Some readers of this recitation of good ol' games may not find the comparisons very engaging. But the connection to games and applications in the real world is still valid. Now it has morphed into something more sophisticated — something we call "gamification." In the workplace, it can boost productivity and engagement. Simply defined, it is the use of game elements in a non-gaming context to drive user engagement, loyalty and motivate the desired action. Games are one of the most powerful behavior motivators and anyone can enjoy games if given the right reason to do so.

States contributor Nina Angolovska in Forbes online, "There are many reasons why businesses should love gamification as much as users love games. As the retention and engagement crisis increases and the attention span constantly decreases, gamification can act as a remedy. When a brand needs to drive user engagement, motivate employees, increase sales, collect data, change a certain behavior or solve a business problem — well-structured gamification can act as a 'magical wand' in all cases."

Paul Olsen has worked in manufacturing for four decades. He currently works as a consultant in the industry.

MANUFACTURING REGIONS

Ranked by Number of Manufacturing Establishments



County	Number of Manufacturing Establishments	Average Employment	Manufacturing Employment	Average Monthly Wage	Average Monthly Manufacturing Wage	Top Manufacturing Establishments
1 Salt Lake	2,015	718,017	56,674	\$4,512	\$5,272	L3 Technolgies Inc., Hexcel Corp., Becton, Dickinson and Co., Edwards LifeSciences LLC, Merit Medical Systems Inc., Ultradent Products Inc.
2 Utah	701	258,857	19,129	\$3,691	\$4,597	Nestle Prepared Foods Co., IM Flash Technologies LLC, U.S. Synthetic Corp.
3 Davis	330	130,269	13,739	\$3,802	\$4,879	ATK Space Systems Inc., Lifetime Products Inc., Utility Trailer Manufacturing Co., Alliant
4 Weber	299	108,217	14,025	\$3,477	\$4,826	Autoliv, Parker Berteau Fresenius USA Manufacturing Inc., Williams International Co. LLC
5 Cache	245	59,283	11,500	\$2,867	\$3,955	E.A. Miller, Gossner Foods Inc., Schreiber Foods Inc., Pepperidge Farm Inc., Pierce Biotechnology Inc., Icon
6 Washington	223	68,288	3,411	\$3,040	\$3,458	Litehouse Inc., Deseret Laboratories Inc., Ram Manufacturing Co. Inc., Wilson Electronics LLC
7 Iron	93	19,157	1,784	\$2,723	\$3,904	Ampac Corp., Genpak LLC, Byway Corp., Metalcraft Technologies Inc.
8 Box Elder	87	20,306	6,066	\$3,186	\$4,504	Autoliv, West Liberty Foods LLC, Thiokol Corp.-Propulsion
9 Summit	74	27,295	841	\$3,851	\$5,650	Skullcandy Inc., Triumph Gear Systems Inc.
10 Garfield	47	2,357	56	\$2,508	\$2,258	
11 Tooele	41	16,134	1,481	\$3,400	\$4,842	U.S. Magnesium LLC, Detroit Diesel Remanufacturing LLC
12 Wasatch	40	9,415	358	\$3,308	\$3.935	Redmond Minerals Inc.
13 Sanpete	35	8,515	1,081	\$2,560	\$2,920	Pitman Farms Inc., TDJ Inc., ACT Aerospace
14 Uintah	27	12,865	163	\$3,743	\$2,963	Coyote Tanks Inc., Liquid Herbals Manufacturing LLC.
15 Sevier	26	8,979	467	\$3,085	\$3,331	Pitman Farms Inc., Hales Sand and Gravel, U.S. Gypsum Co.
16 Duchesne	23	7,751	147	\$3,783	\$3,561	Cedar Bear Naturales, Uintah Machine and Manufacturing Co.
17 Juab	22	3,575	824	\$2,899	\$3,858	National Vinyl Products, Quality Craft Wood Works Inc.
17 Morgan	22	2,460	202	\$3,463	\$5,492	Holcim (U.S.) Inc.
19 Carbon	20	8,842	357	\$3,370	\$4,551	Intermountain Electronics Inc., Peczuh Printing Co.
20 Grand	14	5,899	105	\$2,817	\$3,628	
21 Millard	12	4,359	201	\$3,403	\$4,792	LiquaDry Inc., Graymont Western US Inc.
22 Beaver	9	2,411	140	\$2,761	\$3,502	Atkore Plastic Pipe Corp.
23 Kane	6	3,587	105	\$2,742	\$2,566	Stampin' Up Inc.
24 Wayne	7	1,064	9	\$2,620	\$1,563	
25 San Juan	5	4,338	87	\$2,958	\$2,340	Blue Mountain Meats Inc., Cedar Mesa Products Inc.
26 Emery	4	3,248	18	\$3,719	\$4,562	
27 Piute	2	261	0	\$2,135	0	
27 Rich	2	852	0	\$2,248	0	
29 Daggett	1	391	0	\$2,956	0	
STATEWIDE	4,390	1,517,820	132,982	\$3,968	\$4,817	

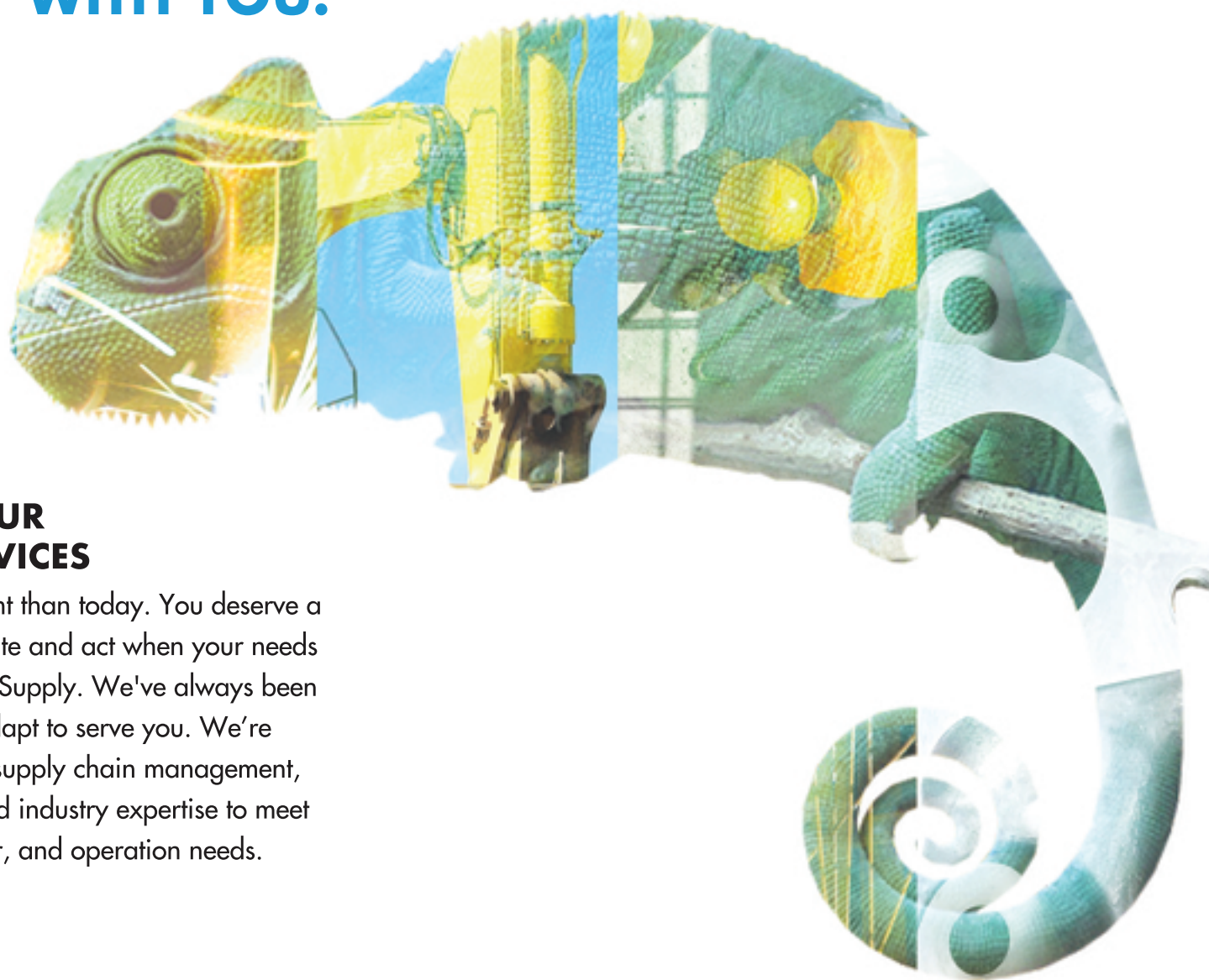
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