

North Carolina State University College of Management

Transcript | Interview with Steve Zelnak, NC State College of Management 2010 Person of the Year

College of Management: This is Anna Rzewnicki, director of communications for the College of Management at the North Carolina State University. I am talking with Steve Zelnak who was named the college's 2010 Person of the Year. This award was presented as part of our annual Leadership and Innovation Showcase held on April 27. The award recognizes his professional accomplishments as chairman and CEO of Martin Marietta, as well as his service to the business community, the college and the university. Steve also had viewed the poster presentations that our students had entered in the competition this spring, and was struck by the innovation that was a key factor in all of the students' projects. He has agreed to talk with us about innovation in business today.

SZ: Well if you think about the American economy in particular it's not a resource-driven economy, it's really an economy based on ideas. And innovation is the core of it because if we're not innovative, we're not necessarily going to be the low cost producer. We're not a resource economy, we have to create value out of those ideas and innovations. And if you look at the students, these young people are our future. I was amazed at the ideas that they had. They're sitting there talking about things in detail that they're excited about; they've done their homework and you're looking at job opportunities coming off of this that did not exist ten years ago, fifteen years ago. It's truly the new economy and it was a very wide range of things.

College of Management: I think that's what struck me when you said they're looking at opportunities that did not exist even ten, fifteen years ago.

SZ: Well it means that the universities must change, and I think NC State is doing that in terms of looking at the economy that we live in today which is very global, how we compete, and I think back to my college years which were too long ago, and I look at these young students and what they're doing. We simply didn't have the need because the economy ... at that point in time the U.S. sat at the top of the heap of world-wide market share that it was commanding. The U.S. made the best products. It didn't make any difference whether or not they were most cost-effective or feature-effective. Today, it's much more competitive and you really have to differentiate yourself with what you're doing with the innovation.

College of Management: That's another thing that struck me as well. I remember maybe fifteen, twenty years ago when manufacturing was really starting to see the impact of global sourcing, and people were just getting more and more upset as factories starting closing down and shifting to other countries.

SZ: Well, we were at a point where we were doing commodity manufacturing. We were not the low-cost producer on those commodities that we were making. And when it's a global world, you lose the game if you are not a low-cost producer on a commodity. However, if you can differentiate the product, that's where innovation comes in. You may have more cost in the product, but it has more features; therefore, more value. And that's something that we as a country do very well.

An interesting thing about manufacturing is that there is a fair amount of manufacturing that's coming back to the United States right now based on innovation, based on the inability of worldwide producers to manage quality. Quality has become very, very important because what we make today is so precise in terms of the parts and components and if the quality is not there, it does not work.

It's very interesting. My son and I recently bought a machine shop business. As I retire from Martin Marietta, I am busy creating my next phase of life and we are going to try to build a company, through acquisition and organic growth off of that. And we are very busy. In fact, we're running flat out because of the manufacturing opportunity for precise, high quality products. Our customers would be military, medical equipment, measuring devices, and some high tech companies, where that precision is absolutely required. In fact, people can, engineers can work on a product and be able to get to the person who manufactures it nearby instead of banking on the fact that it's going to come from China or Mexico or some other low cost place and be right... they're finding that there's real value in the supply chain with that approach.

College of Management: That makes a lot of sense. I suppose that would include the impact of nanotechnology.

SZ: There's a huge amount of research worldwide and particularly in the U.S. with respect to nanotechnology. If just one-tenth of one percent of the ideas out there with respect to nanotechnology come true, we're going to create a vast global industry with products that use nanotechnology. It's fascinating when you go to research institutions like NC State and see what they're doing.