

Epicor White Paper

5 Ways Manufacturing Is Tackling the Labor Shortage

By: Poornima Apte



Introduction

The U.S. manufacturing industry is on the cusp of a digital revolution. The Internet of Things (IoT) and machine learning have the potential to bring about impressive digital transformation.

However, these advantages might miss the mark because of a talent shortage. Manufacturing also suffers from an image problem that the C-suite needs to work on.

Here is a look at the U.S. manufacturing landscape and prescriptions to overcome the labor challenges we have faced in recent years.



How We Got Here

The talent shortage in manufacturing has been on a rolling boil for years because of a few noteworthy factors. First, blame it on the Boomers. Nearly a whopping 10,000 retire every day.

A 2018 Deloitte report predicts that over the next decade, more than 2.4 million manufacturing jobs will go unfilled. Persistent skills shortage could risk \$454 billion in economic output in 2028.

This phenomenon is not simply because of sheer retirement numbers. It is also because the skills required for a job don't match talent in existing worker pools. Five out of 10 open positions for skilled workers in the U.S. manufacturing industry remain unoccupied today. This shortage is due to the skills gap.

Another problem: The profession ranked last as a career choice among young people, or the 19-33 demographic. A digital transformation might help reverse that trend.

But the industry has a new dilemma. They now have to compete for technical talent with a whole host of other industries such as finance, retail, mining, and construction.

So, how does manufacturing achieve its objectives? It's time for unorthodox strategies, say industry experts. Here are five creative ways manufacturing companies are attracting and recruiting talent:

1. Encouraging a Test Drive

According to Charlie Wilgus, General Manager, Manufacturing and Supply Chain Executive Search at the Lucas Group, workers are now willing to take shorter-range job assignments. This gives them a way of testing the waters, Wilgus says.

Manufacturers are starting to embrace this idea. They understand that a contract situation also benefits them. It gives them some insight into employees before signing them on for a permanent job.

Prospective candidates are also job-hopping to test fit, says Thomas Stone, senior research analyst at The Institute for Corporate Productivity. Prospects try out various jobs within several business units within a company. Each test drive usually lasts six to eight weeks.

As an added bonus, workers get a more holistic view of the company's various operations. This also allows the business to lean on the same professional in case of vacancies in other business units.

2. Advancing and Training Internal Talent

Promoting internal talent can be a two-fer. It serves to retain valuable employees, and the company invests in known entities. Stone says that organizations are dialing up their focus on training and development for workers who have an aptitude to move up the ladder.

Traditional tuition reimbursements for back-to-school training has long been standard operating procedure.



Now, manufacturing companies are forking over the money upfront. Disbursement instead of reimbursement is becoming a mainstay, Stone says.

3. Tapping Into Unconventional Talent Pools

Companies are looking beyond the pool of graduating students to recruit blue-collar workers, Stone says. Boeing hires thousands of ex-convicts looking to reenter the workforce.

Manufacturing companies are also partnering with organizations that cater to veterans and minorities. Blacksmith International, an apparel manufacturing company, has started a pilot program that retrains Utah residents who have been hit hard by layoffs in the coal industry.

4. Looking Beyond the Résumé

Manufacturing companies are looking for workers with certain requisite skills—even if they don't have a Bachelor's degree. Vocational schools are rising to this challenge. They offer training in advanced manufacturing technologies such as 3D printing. By checking on skillset rather than education alone, companies are more closely aligning specific jobs to the talent they need.

The Deloitte study found that 77% of employers are willing to prioritize a candidate's skills and potential over experience. Additionally, 65% of employers say they'll train candidates on the job if they don't have a certain skillset.

5. Diving Into Data Analytics

Companies are also using data analytics to help address the talent shortage. Manufacturers can analyze demographic factors across the country and find out which places will have the best talent.

Factors like graduation rates and standard of living costs make helpful indicators. According to Stone, companies can act on that intelligence proactively and recruit more aggressively in areas they feel have more desirable candidates.

The new manufacturing age will require agile processes—not just on the production floor, but in hiring as well. A little creativity is helping companies solve the talent shortage both in the short and long term. With the right talent, manufacturing companies can accelerate their journey to digital transformation.

EPICOR

We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

Contact Us Today: info@epicor.com | www.epicor.com

The contents of this document are for informational purposes only and are subject to change without notice. Epicor Software Corporation makes no guarantee, representations, or warranties with regard to the enclosed information and specifically disclaims, to the full extent of the law, any applicable implied warranties, such as fitness for a particular purpose, merchantability, satisfactory quality, or reasonable skill and care. This document and its contents, including the viewpoints, dates, and functional content expressed herein are believed to be accurate as of its date of publication, April, 2021. The results represented in this testimonial may be unique to the particular user as each user's experience will vary. The usage of any Epicor software shall be pursuant to the applicable end user license agreement, and the performance of any consulting services by Epicor personnel shall be pursuant to applicable standard services terms and conditions. Usage of the solution(s) described in this document with other Epicor software or third-party products may require the purchase of licenses for such other products. Epicor and the Epicor logo are registered trademarks or trademarks of Epicor Software Corporation in the United States, certain other countries, and/or the EU. All other trademarks mentioned are the property of their respective owners. Copyright © 2021 Epicor Software Corporation. All rights reserved.