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IndustryWeek

Top Trends in Today's Manufacturing Workforce

Why Finding and Keeping Talent is More Critical than Ever for Business Growth

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Executive Summary

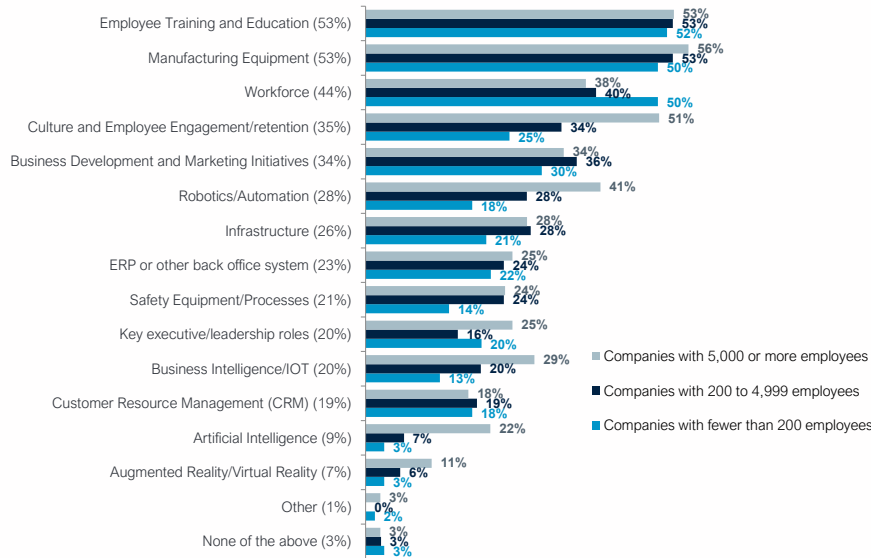
Growth is back. Of 362 senior-level managers and executives in the manufacturing industry that we surveyed, 86% reported that they are growing at or beyond projections.

How will this industry ensure that growth is here to stay? Regardless of company size, offerings, geography or market share, the answer is always the same: Companies need a strategy to attract and retain a smart, engaged workforce.

However, finding talent is more challenging than ever. According to our research, access to a qualified workforce remains the top inhibitor to company growth.

Central to this issue is the struggle to attract the next generation into the manufacturing workforce. This younger talent pool is excited by innovation, but do they equate innovation with a long-term career working in the manufacturing industry? In certain areas, yes. But is it enough to generate the workforce needed for the future? Not yet.

The younger generation is entering the working world with different expectations than their parents and grandparents. From a strong culture to being involved in decision-making, emerging leaders are forming their wish lists of what their work experience will be like, regardless of industry.



[Question] What strategic investments are you looking to make in the next 24 months? Base = All respondents (n=360). Multiple answers allowed.



The ability to work with new technology is, as expected, a key ingredient for attracting a sought-after workforce. Younger workers are used to simple, seamless technology experiences in the apps and services they use in their personal lives.

When they're faced with a workplace with outdated, hard-to-use technology, they're less comfortable and less motivated. But investing in technology is not the only solution. Similar to trends in other industries, our research found that an energizing culture, regular communication and strong leadership ranked as top priorities with this population.

There are now up to five generations in the workforce today. By the year 2020, 50% of the workforce will be made up of millennials. This presents an unprecedented opportunity for different skills, views and ideas to converge and transform manufacturing. The biggest transformation that needs to happen today is changing the way younger generations perceive the manufacturing industry.

Imagine what manufacturing could become if each company, in their own way, became an ambassador for the industry at large? If the numbers of vocal champions were to grow, along with success stories that generate

excitement for the industry, the magnetic pull of this field would go a long way to securing a consistent, thriving workforce of the future.

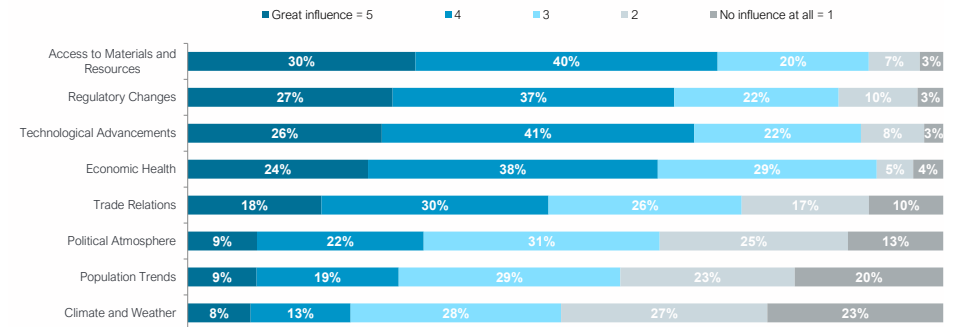
The findings in this report will confirm some of your assumptions and expand your thinking on others. You will walk away with new ideas and new excitement for attracting and retaining top talent.

Research Methodology

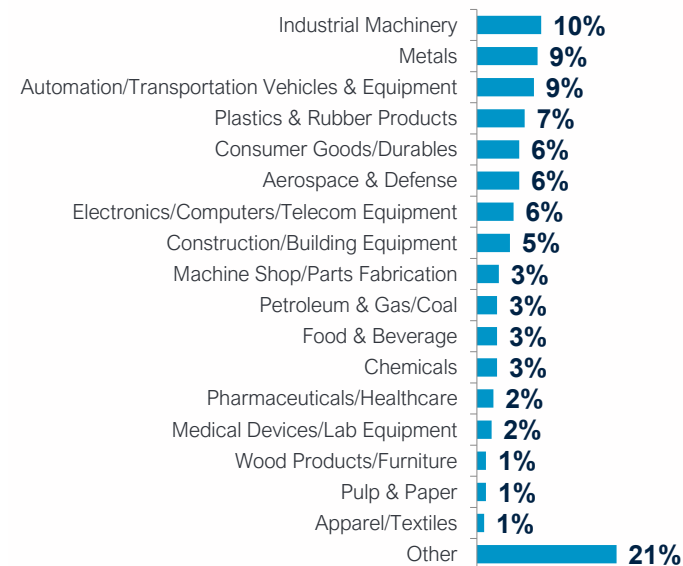
This report highlights the findings of the 2018 IndustryWeek research study, “Navigating the Manufacturing Workforce Challenge,” sponsored by Salesforce. The purpose of this research project is to reveal the biggest influences affecting manufacturers across the country and to focus on how they are investing in attracting and retaining the workforce needed for the future. During summer 2018, *IndustryWeek* e-mailed invitations to participate in an online survey to a selection of subscribers. That invitation was followed by reminders to non-respondents. In total, we received and tabulated 362 completed surveys. This analysis and report is based on the views of these 362 primarily senior-level executives and managers from a variety of manufacturing roles. Response percentages do not always add up to 100% due to rounding and the allowance for multiple responses on some questions.

What is Influencing Today's Decision Making?

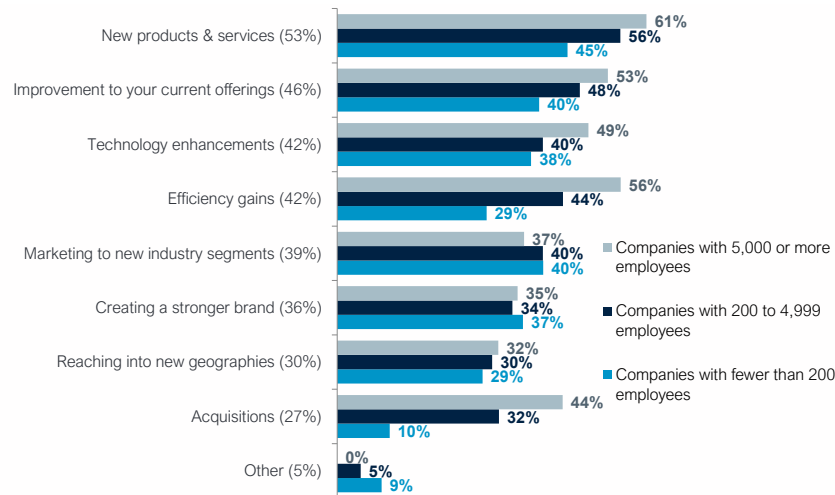
Gathering data on what's influencing decision-making helped to paint an industrywide picture of manufacturing's business health. The nuances



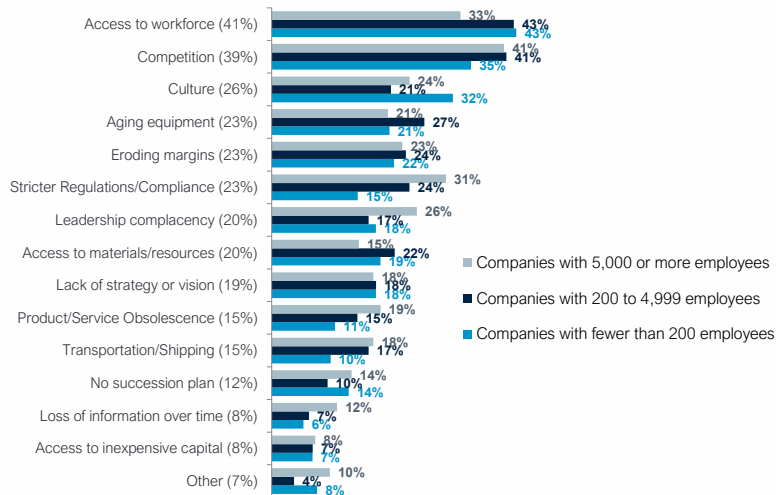
[Question] When it comes to making decisions about your company, please rate the following global topics in order of how much influence they have in your thinking. Base = All respondents (n varies from 348 to 358)



[Question] What is your company's primary product at your location/division? Base = All Respondants (n=361).



[Question] Where do you see your organization's growth coming from? Base = All respondents (n=361). Multiple answers allowed.



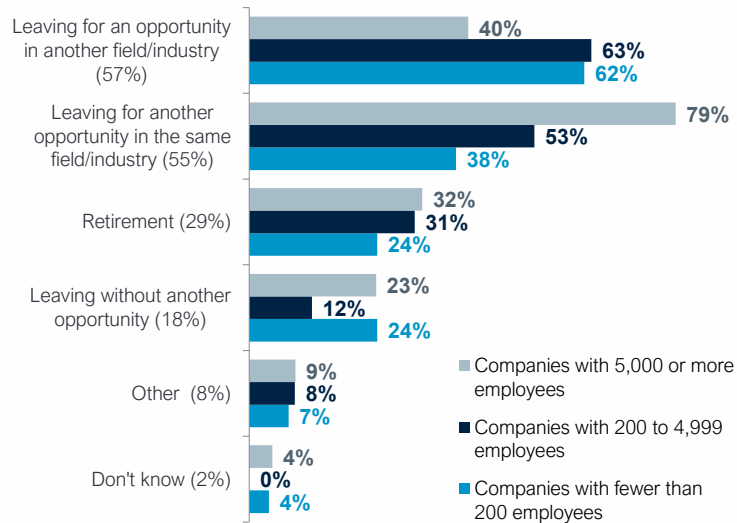
[Question] What do you see are the biggest limits to growth of your business? Base = All respondents (n=359). Multiple answers allowed.

“Our core values were developed by a cross-functional team of employees (all levels, all departments) and are woven into all aspect of ‘how we work.’”

found in priorities, gaps and challenges among different-sized companies allowed us to make more insightful connections to the data uncovered about workforce challenges and opportunities.

Across the board, respondents reported that access to materials and resources, regulatory changes, technology advancements and economic health were the biggest influencers on decision making, with trade relations coming in as the fifth determining factor.

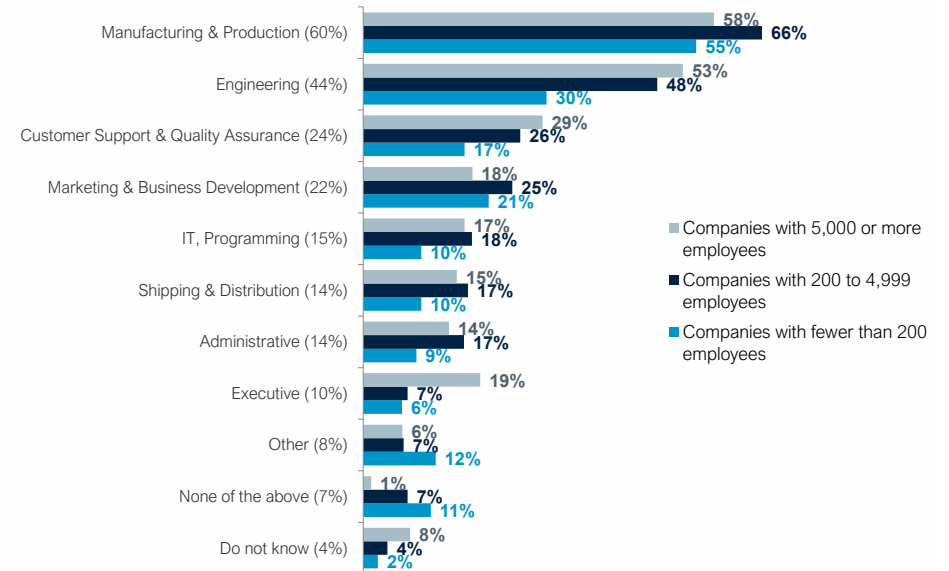
One macro trend to note is the industry’s infinite spawning of new specialties. Many survey respondents used the “other” field to describe their industry because the options we provided did not accurately represent their business.



[Question] What have been the primary reasons for your employee turnover? Base = Respondants who have some turnover (n=201).

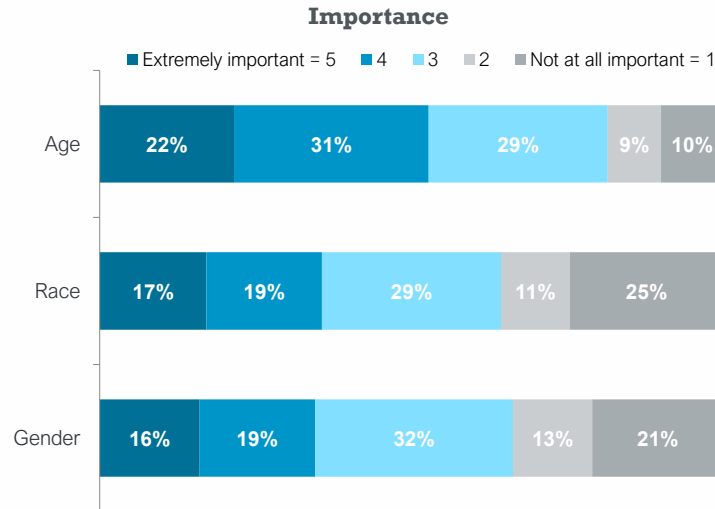
As noted, 86% of those surveyed are seeing their businesses grow. This includes 54% of companies growing at projections and 19% growing beyond projections. Only 9% are seeing stagnation and a mere 1% reported losing business, while 2% are losing business but are hopeful for the future.

The leading source of growth, regardless of company size, comes from introducing new products and services, and improving existing ones. Of note is how efficiency gains are a dramatically higher source of growth (56%) for larger companies—a rate 30% higher than smaller companies.

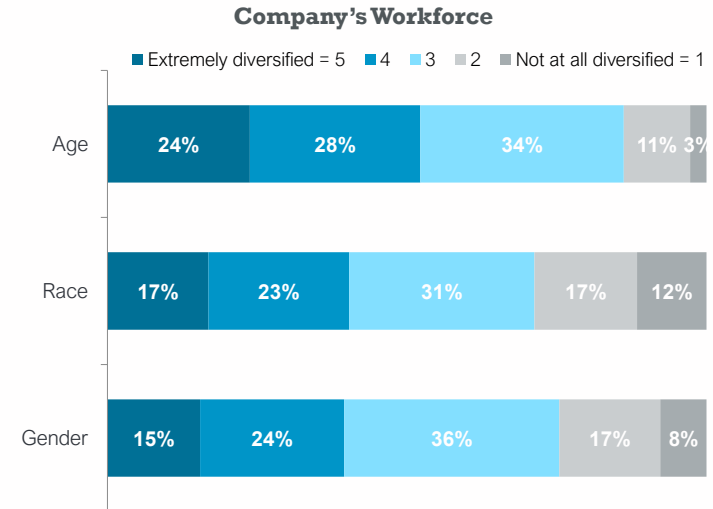


[Question] What roles are you trying to hire? Base = All respondents (n=360). Multiple answers allowed.

“Access to workforce” is reported overall as the biggest limiting factor, but particularly at mid-sized companies. Large and small companies are in lock step with seeing competition as a top limiting factor, while respondents across all companies agree that culture is also at the top of the list. While not a leading factor, “leadership complacency” is important to make note of here. Other data from this report supports the need for active leadership and a focus on finding it. Strength of leadership and health of culture are recurring themes in the findings, obviously playing an important role in attracting and retaining talent.



[Question] How important do you consider workforce diversification in each of the following areas? Base = All respondents (n=362).



[Question] How diversified do you consider your company's workforce in each of the following areas? Base = All respondents (n=362).

Today's Workforce

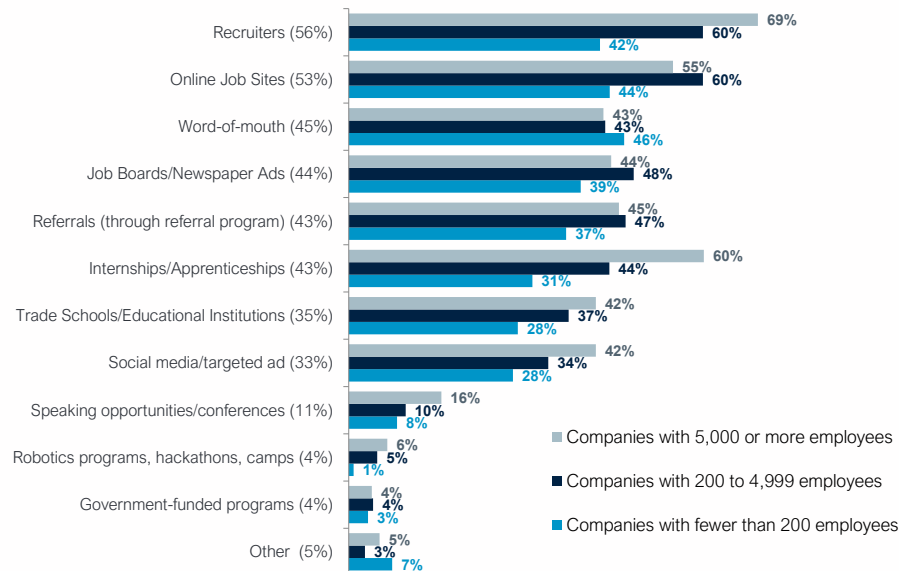
As industry growth continues, what does the future of finding and retaining talent look like?

Overall, 76% of respondents reported employee retention to be average to excellent. The cause of the "regrettable losses" these respondents do experience, however, varies by company size.

Employees in small and midsize companies tend to leave for opportunities in other fields. In large companies, they're leaving for opportunities in the same field. The portability to make a lateral move

in a larger company is easier due to having more transferrable skills versus the specialized skills found in smaller and midsize companies. In bigger companies, the competition is fierce.

With unemployment at an all-time low in many industries, skilled workers can be choosy. Employees are in the driver's seat and their ability to choose an employer for many factors can outweigh the choosing by the job opportunity alone. Culture, benefits and a plan for supporting personal and professional development are important to all generations, leaving employers to compete for talent in ways they haven't had to in the past.



[Question] How are you planning on recruiting this workforce? Base = All respondents (n=350).

Fewer than 20% of employees leave a position without having another one lined up. Other than unique situational factors (such as leaving a job for personal reasons), what other factors could be at play that would cause an employee to leave a workplace without the security of having another lined up? It's possible that, once again, the low unemployment rate combined with global growth in manufacturing are creating a greater sense of security in an employee's ability to land another job.

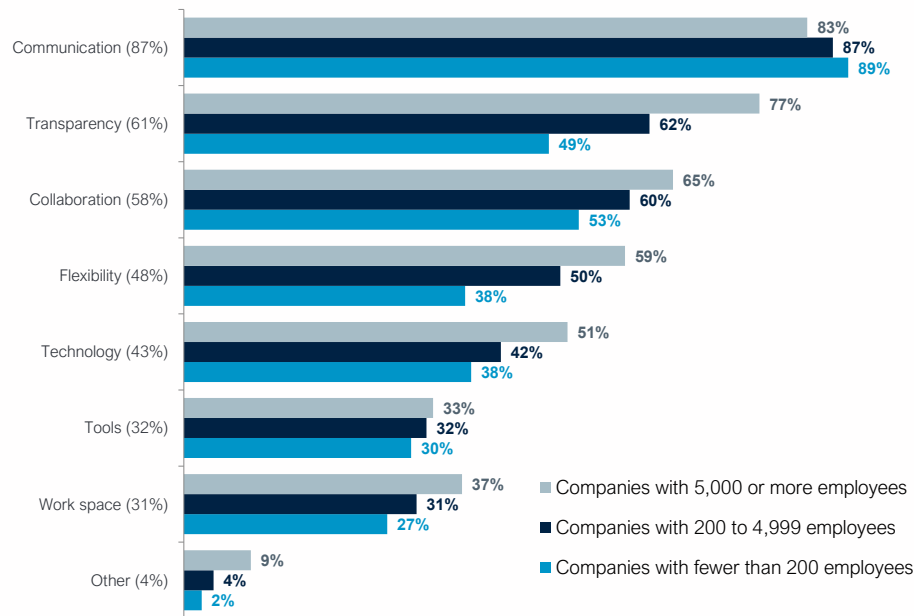
As expected, the most sought-after positions, in all company sizes, are found in manufacturing and production. Engineers looking for work



will primarily find positions in large and mid-sized companies. To see marketing and business development in the top five is a good indicator that companies, regardless of size, see the value of having internal support for increasing their visibility and reach.

Generally, companies reported that diversity is not much of a challenge with current teams. When asked about the current make-up of their employees, 77% of respondents reported a fairly diverse workforce.

With age, gender, and race being nearly evenly split, 56% of respondents



[Question] Which of the following factors have the greatest impact on workplace culture? Base = All respondents (n=350). Multiple answers allowed.

placed workforce diversity low on the priority list for future hires. When selected, age was a higher priority over gender or race. It's important to note that workplaces with highly technical, specialized skills leaves employers with the reality of having a small talent pool that matches those skills.

For recruiting, the larger the company (and corresponding volume of hires), the greater the reliance on outside assistance, either through paid

recruiters or online services. Smaller companies (with smaller budgets and bandwidth) reported being more biased toward word-of-mouth than larger or midsized.

Larger companies are offering more internships and apprenticeships. While larger companies have a greater capacity to train and manage emerging talent, mid and small-sized companies are investing in (and presumably seeing a return on) internships and apprenticeships, albeit at a much smaller scale.

Critical Insights

Based on the findings in this report, we see four areas that leaders will find as critical to attracting and retaining the talent that will grow their business. These insights echo what's true for organizations in other industries. Successful companies are finding ways to meet the expectations of employees in other industries: strong leadership, an engaged culture, opportunities for growth and access to exciting projects.

INSIGHT #1 People want to be a part of a strong, supportive culture with a clear line-of-sight to leadership and organizational vision.

In a workplace, there can never be enough communication from leadership. Overwhelmingly, communication ranked as the top factor impacting workplace culture. For midsized companies, nearly 100% of respondents selected communication as a leading influence.

“I strongly believe that having a ‘good company culture’ is the single most important attraction to employees. This culture should have employee empowerment as well as employee engagement opportunities.”



Transparency was less of a concern with smaller companies, but since smaller teams have easier access to leadership, this is not surprising.

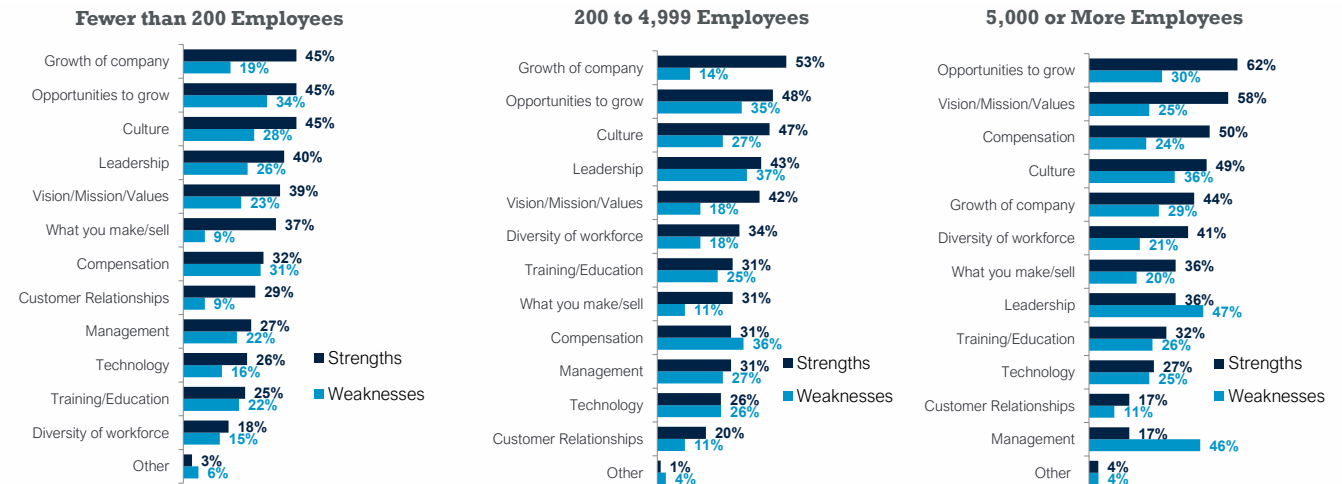
The time is now to double down on communication and transparency. The ability to communicate well, be open about the state of your business and its future are critical to supporting a healthy culture. Communication is also especially important in an industry moving as quickly as manufacturing.

In a fast-paced environment, it's impossible to overcommunicate. It's also important to note that, in absence of communication, people can assume the worst. Employees trust employers who communicate, and trust builds loyalty.

[TIP] Town hall meetings at each facility improve communication of goals/objectives, YTD results and discussions on relevant issues.

A company of any size can leverage technology to increase communication and collaboration (and the quality of it). Ask your employees how and when they want to receive information. Then, find the right technology to match that approach, as well as the right person to own the task of ensuring communications happen.

Increasing automation technologies on information delivery is an investment companies of all sizes should consider. “Real-time safety and manufacturing updates” ranked third as a top technology investment and, among large companies, was evenly split as a top choice next to



[Question] When it comes to attracting and retaining new employees, which of the following do you consider strengths/weaknesses of your company? Base = All respondents (n=347). Multiple answers allowed.

evaluation/performance platforms and robotics/automation.

Overall, when it comes to attracting and retaining employees, respondents see growth—either the company’s growth or in “opportunities to grow”—as one of their company’s greatest strengths. For large and small companies, “opportunities to grow” was also perceived as a weakness at their company. Leadership was the number one weakness reported by respondents at large companies and continues to support other data that finding and retaining talent at the top is challenging.

At both small and large companies, vision/mission/values is seen as the second highest strength by respondents, while it was much further

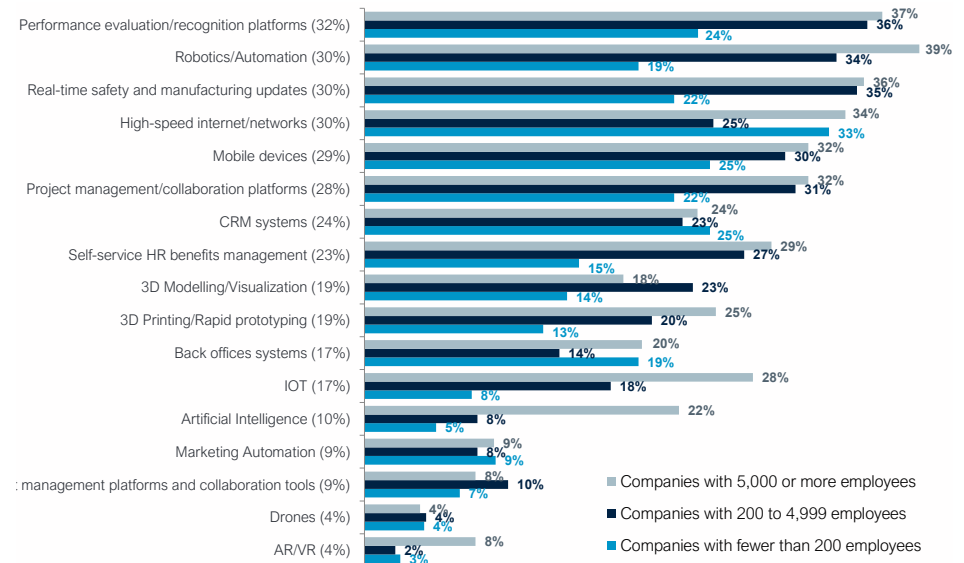
down the list for mid-sized companies. Possible reasons for this could be that larger companies can afford to hire an internal team charged with integrating vision/mission/values. Smaller companies offer a more direct line to leadership, who are typically the primary keepers of why their company exists.

Regardless of company size or specialty, your vision, mission and values should be more than words on a wall—they should be actively lived. If leadership is living and breathing what the company stands for and employees have clear reasons for being a part of the company, then your new employees will feel like they are stepping into a strong, healthy company culture.

“There are certain companies who have such great reputations that young people would kill to work there. Think Amazon, Google, etc. These companies’ reputations do more than salary or recruiting. They are known to hire the best people and do ‘cool’ things. When done correctly, these reputations blow everything else out of the water.”

INSIGHT #2 People want to work on meaningful projects with great equipment and exciting technologies.

While respondents consider technology advancements an important consideration when making business decisions, none of the listed examples stands out as a way to gain a competitive advantage and attract and retain



[Question] When it comes to technology, what does your company plan to invest in for a competitive advantage and a way to attract and keep new employees? Base = All respondents (n=336). Multiple answers allowed.

new employees. What is striking, however, is the disparity of investments that large companies are making in robotics, production updates and more, compared to the lack of investments being made by smaller companies.

The younger workforce expects collaboration platforms, innovation and new ways of doing things in their jobs. Companies that provide a clear perspective on how these workers are making a difference in the company’s success will strengthen the employees’ connection to the work and each other, ultimately improving retention.

Invest time in ensuring that everyone understands the essential nature of what they are doing. Explore the application of technology to enhance

[TIP] Take videos of processes and create a QR Code link to the video so trainees can watch the video to aid in the training process before doing the work. This allows trainees to ask any questions for clarification.

experimentation and innovation. The purpose of your teams work can be made more visible through technology and collaboration platforms.

INSIGHT #3 People want to have opportunities for personal and professional growth and a clear path to advancement.

The factors that make up a healthy and attractive work environment primarily point to culture and the support of the individual. Skill development and allowing employees to create a path for growth are especially important for attracting younger employees. Have a development path for every member of your team. Use it as the basis for their ongoing advancement and re-visit it relentlessly. At every level, all employees want to know that they have a future at your company and one that makes a difference. Investing in personal and professional development will make a big difference in retaining employees who are committed to your company.

When asked what is offered to new hires in their work environment, offerings are fairly consistent across all company sizes. Recognition and celebration events ranked high with all respondents. Employees want to celebrate their wins. These opportunities, which ranked as high as



cross-training and education/skills training, show that companies clearly understand the importance of sharing successes.

Leadership and personal development, along with mentorship, showed up higher for larger companies. And, interesting to note, volunteering and community engagement were barely mentioned by small and



Train new employees in multiple areas of the business: 8 months in 3 different areas and at the end of the 8-month period, evaluate what area they are best suited, most accomplished.

mid-sized companies but also ranked high for large companies.

Overall, the younger generations wish to be in a work environment that includes: events that foster relationships and celebrate success, flexible time off, voluntary overtime and part-time, robust training and professional development, involvement in business planning and decision-making, and being in locations where they wish to live.

[TIP] Immediately involve new employees in technical projects. Appreciate their technical savvy and provide verbal recognition.

Attracting a younger workforce requires spending time in their world. Involvement in schools through STEM programs and robotics, as well as internships (offered by 59% of respondents at large companies), can be worth the investment down the line. As noted previously, recruitment strategies differ based on company size.

For smaller companies that may not have the bandwidth to spare members of the leadership or management team to participate in local high school or college activities, find one employee who is passionate about mentorship and start there. Just a few visits to high schools and/or local community colleges will open up doors to future talent and help your team understand how to work with the future workforce.

Overall, any opportunities to be in early conversations with young adults (and the adults who influence their decisions) before they form opinions is worth the time. There is a growing movement to help students see

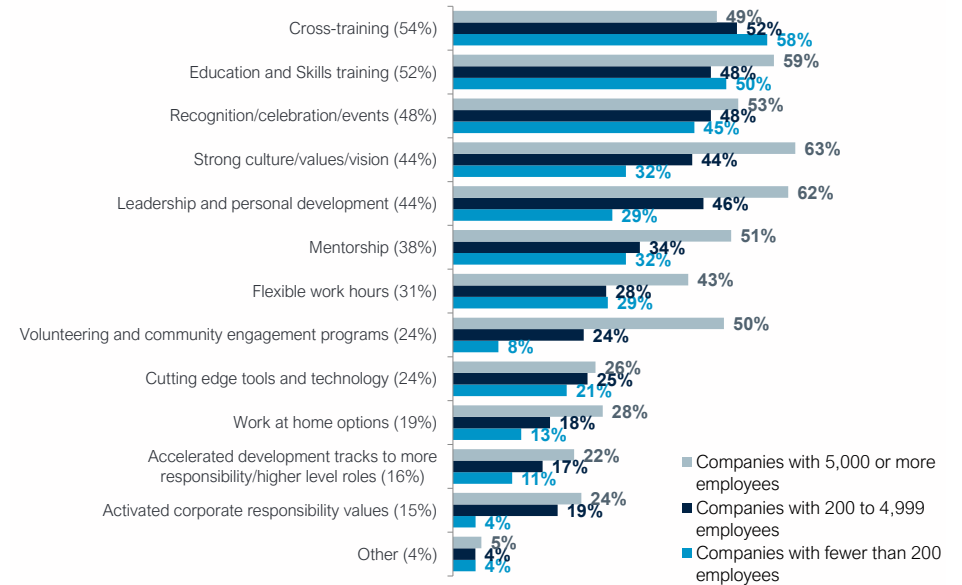
value in both an academic career and opportunities where the hands-on application of knowledge leads to innovation and creation. If your company is seen as an innovator, you can lead this movement in your own community.

INSIGHT #4 People want to enjoy the state-of-the-art features and benefits of employment.

We are in an unprecedented time in which infrastructure and resources are affordable at every level to support employees' ability to customize benefits packages and work experiences. There are many systems and technologies out there to accommodate an employee's expectations of flexibility and self-driven options. You will be left behind if you're not deploying them.

Securing talent requires offering salaries, retirement plans and health and wellness plans that are competitive. Performance-based raises, tuition

“[We offer] permissive time off—no set vacation time, personal time or sick time. Employees can take as much time as needed. The company also offers both maternal and paternal leave of absence benefits for new babies.”



[Question] What does your company offer new hires when it comes to the work environment? Base = All respondents (n=344). Multiple answers allowed.

[TIP] Talk with people and share the culture and the positive vibe that gets passed down through senior management.

reimbursement and paid family leave are now standard at large companies. Economies of scale dictate that it is easier for a larger company to offer attractive benefits and a variety of options that can woo attractive talent.

So, how can the smaller companies compete? Flexibility, freedom, opportunities to move into a higher-level position faster and greater access to leadership and high-stakes projects at the start of their employment are some of the attractors. Overall, if a smaller company can

be nimbler and provide a faster pathway to personal and professional development, this can be a big advantage over a larger-sized company.

When asked to share one of the primary reasons for employee turnover, one respondent wrote: “Agile process leaves no room for individual growth.”

It's important to note that studies are showing an employee's willingness to relocate for a job opportunity is trending downward. Employees who are settled in with families and who live with a fellow income earner, are less inclined to uproot their family for a job.

Leader Insights: When Size Matters

For small to mid-sized companies, leverage your size. A smaller ecosystem allows for an easier path to maintaining strong relationships between leadership and workforce and also between workforce and opportunity. Also, there are plenty of affordable software and technology platforms available to help stay competitive with the bigger players on collaboration, benefits management, innovations and project management.

For large-sized companies, watch out for management or consultants who are inadvertently damaging the culture. Trust with employees can

“If it's the first job for a college graduate I pay about 40% less than the national average for the first year. In the second year I pay 20% less than the national average. The third year is on par with the national average and the fourth year entitles them to take part in our program bonuses program which has seen two people make more than \$1M in a year. I can't stop qualified people from trying to get hired.”

easily be impacted when outside decisions are made without inside input or considerations. Remember that the data shows that leadership complacency is a barrier—and that companies are actively seeking top notch leadership. The more leadership turns over or bad strategic moves are made, the more susceptible a company is to losing good employees.

For all companies, but particularly with large-sized companies, focus on being visible and transparent. High turnover rates and complaints of a lack of leadership in the “corporate culture” is not specific to this industry. Yet, the opportunity to attract and retain talent through tried-and-true methods such as consistent communication, is attainable by all.

Summary

Demonstrating these insights will go a long way to ensuring you have the workforce essential to your future, which will lead to a stronger, more profitable business. If growth continues to be the norm for manufacturers, finding the talent to match will be more critical than ever.

Remember, stories attract people. What are the stories your team tells about your business? Are they the stories that will attract the workforce you want?

Old perceptions of working in manufacturing might be fueling a stigma that is a barrier to reaching new talent. If growth in the industry is to continue, a tectonic shift must happen in how manufacturing exists in the minds of future generations and their parents. It's time to dismantle the perception of a "dirty and dangerous" job that manufacturing's history has created. When the next generation and their parents, are forming opinions about what a future career in manufacturing looks like, it should be your state-of-the-art and forward-thinking business that comes to mind.

With the stakes raised on what it takes to secure top talent in any industry, combined with the record low unemployment, success will be tough for any manufacturer that isn't offering a competitive, if not benchmark package for new employees.

The good news is that there seems to be no limit to the unique and



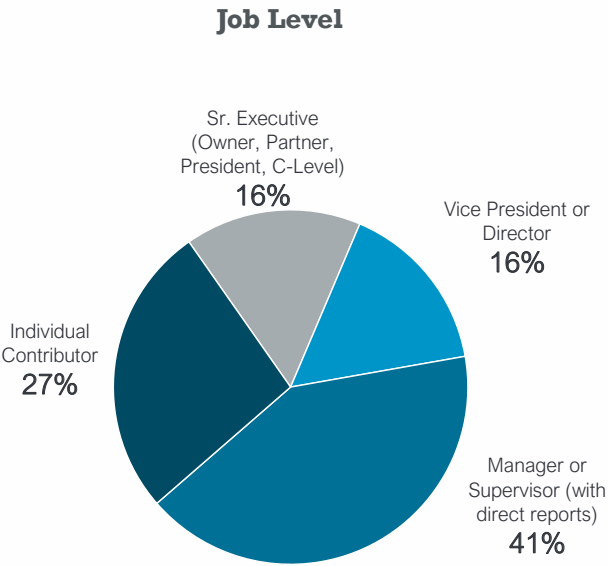
fulfilling opportunities a career in the manufacturing industry can offer. An exciting career in manufacturing is a more compelling option than ever when compared to other career opportunities.

Be—and be seen as—state-of-the-art. An investment in your team and your company's future will feed business growth and fuel what's next for the manufacturing industry.

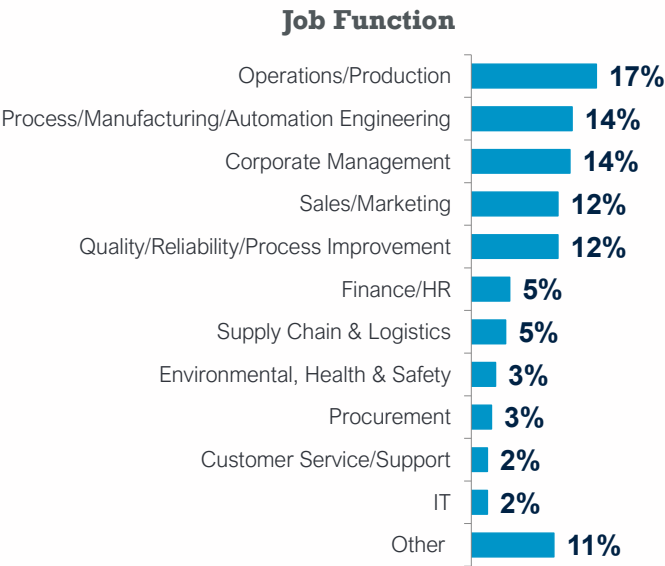
Respondent Profile

Job Level and Job Function

Respondents are most likely manager-level or above employees in operations/production, engineering, or corporate management.



[Question] Which of the following best describes your job level? Base = All respondents (n=360).

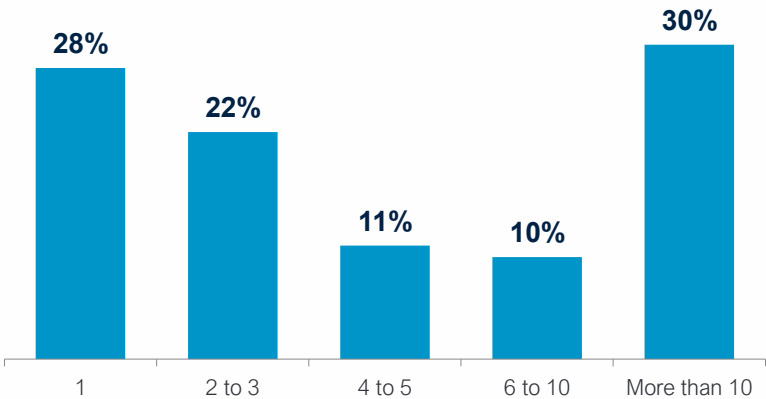


[Question] Which of the following best describes your job function? Base = All respondents (n=362).

Company Size

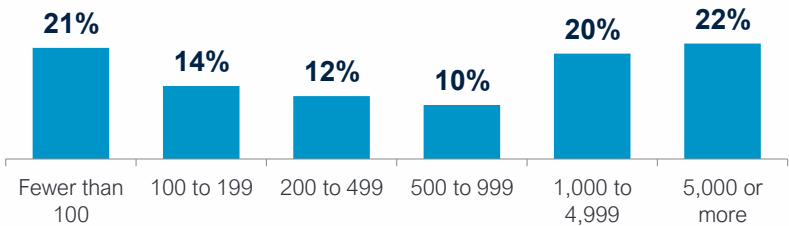
Company size is reported in both terms of number of plants, as well a number of employees. Large, mid-sized, and small companies are represented. Only companies with one or more plants qualified to answer the survey.

Number of Plants



[Question] How many plants does your company operate? Base = All respondents (n=360).

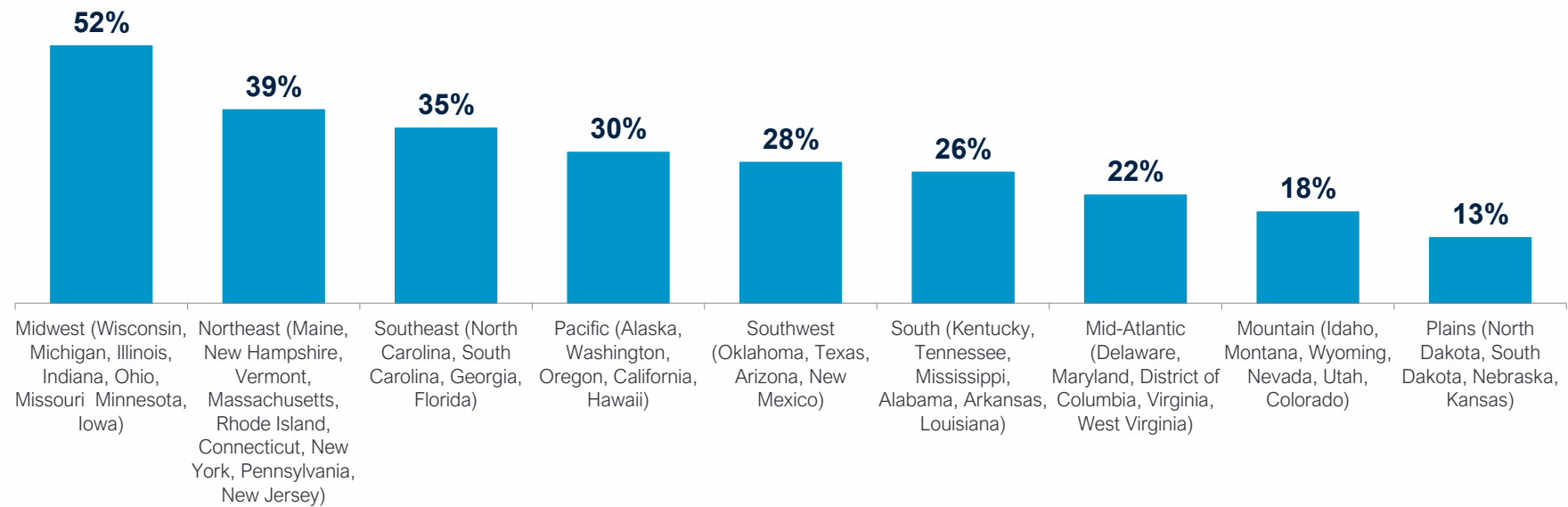
Number of Employees



[Question] What is the number of employees in your company at all location? Base = All respondents (n=357).

Locations

Regions across the United States are represented in the findings. Half of respondents have operations in the Midwest.



[Question] In which regions of the country do you have operations?