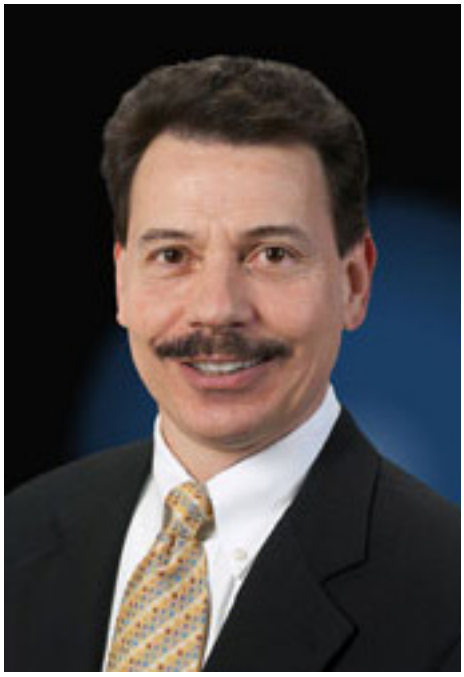
WANTED: 600,000 Skilled Workers

Deloitte & The Manufacturing Institute Survey



American manufacturing companies cannot fill as many as 600,000 skilled positions -- even as unemployment numbers hover at historic levels -- according to a new survey from Deloitte and The Manufacturing Institute.

The survey, "Boiling Point? The skills gap in U.S. manufacturing," polled a nationally representative sample of 1,123 executives at manufacturing companies recently and revealed that 5 percent of current manufacturing jobs are unfilled due to a lack of qualified candidates.

"The survey shows that 67 percent of manufacturers have a moderate to severe shortage of available, qualified workers," said Craig Giffi, vice chairman, and consumer and industrial products industry leader, Deloitte LLP. "Moreover, 56 percent anticipate the shortage to increase in the next three to five years."

"These unfilled jobs are mainly in the skilled production category -- positions such as machinists, operators, craft workers, distributors and technicians," said Emily DeRocco, president, The Manufacturing Institute. "Unfortunately, these jobs require the most training and are traditionally among the hardest manufacturing jobs to find existing talent to fill."

Giffi points out that the inability to find workers is taking its toll on manufacturers' competitive readiness. Case in point: 64 percent of respondents report that workforce shortages or skills deficiencies in production roles are having a significant impact on their ability to expand operations or improve productivity.

"Ironically, even as unemployment numbers remain bleak, a talent shortage threatens the future effectiveness of the American manufacturing industry," says Giffi. He points out that when respondents were asked to look ahead three to five years, they indicated that access to a highly skilled, flexible workforce is the single most important factor in their effectiveness -- above factors such as new product innovation and increased market share by a margin of 20 percentage points.

According to DeRocco, companies need to partner with educational institutions to make developing workforce skills a top strategic priority. "Our education system must also do a better job aligning education and training to the needs of employers and job-seekers. To support this effort, The Manufacturing Institute is deploying the Manufacturing Skills Certification System endorsed by the National Association of Manufacturers (NAM) -- a system designed to build educational pathways to in-demand manufacturing jobs."

High Unemployment Hampers Hiring

The survey findings may seem remarkable since the country is facing an unemployment rate above 9 percent, but DeRocco says it can all be linked back to a trend that started before the 2008 economic slowdown. "Over the past five years, most manufacturers have redesigned and streamlined their production lines while implementing more process automation. In short, just as the industry is changing, the skills of the workers are changing as well."

"Manufacturers obviously want to fill these roles by tapping the currently available workforce," says DeRocco. "However, they report that the No. 1 skills deficiency among their current employees is in the area of problem solving, making it difficult for current employees to adapt to changing needs. Adding to the problem, respondents report that the education system is not producing workers with the basic skills they need."

Further, she points out that the manufacturing industry's aging workforce is only going to exacerbate the situation.

Call to Action: More Creative Approaches

Respondents say the same old approaches are not enough to close the skills gap. Specifically, manufacturers should pursue more creative approaches to recruitment and talent management to make sure they have the necessary skilled personnel to win in the future. For example, they indicate that while workforce planning is important on its own, it is not enough to deliver what manufacturers need. They suggest that fresh approaches in areas such as employer branding can generate big results when pursued in tandem with more traditional approaches.

"Many manufacturers are using the same approaches to talent development as they were a decade ago," says Tom Morrison, principal, Deloitte Consulting LLP and national service line leader for total rewards. "New performance tools and formal processes like industry certifications should be playing a larger role in any manufacturer's talent management plan.

"The results of this survey may appear dire," adds Morrison, "but in reality, each of these challenges is surmountable. The United States has among the largest, strongest manufacturing industries in the world, and has demonstrated its ability to innovate and adapt time and time again."

The full report is available at www.themanufacturinginstitute.org *[1].*

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