



How to Hire NextGen Manufacturing Industry Talent

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The manufacturing industry is facing a crippling talent shortage. Thanks to a surge in productivity and technological innovation coupled with ongoing Baby Boomer retirement, Deloitte and the [Manufacturing Institute](#) estimate that more than 3.4 million positions will need to be filled by 2025. Yet 2 million of these positions are projected to remain open due to a lack of qualified candidates. The talent shortage is not just a distant problem for the future. At many manufacturing companies, it's already a daily reality.

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Across the country, a talent panic is starting to set in as companies struggle to find qualified candidates. Unfortunately, this panic is causing some manufacturing companies to develop recruitment tunnel vision, focusing on highly specific skill sets, credentials, and certifications. The thinking goes something like this: *“If we can just hire enough electrical engineers with Six Sigma certifications, we’ll be okay.”* Yet with few candidates meeting these exact search criteria, companies find themselves engaged in a lengthy, expensive, and often fruitless recruitment process.

A narrow recruitment focus does companies a disservice. Without even realizing it, hiring managers may be overlooking the very candidates they need to drive innovation and guide companies through dynamic market shifts and technology transformations. The NextGen talent is out there—it's just not where hiring managers are currently searching. For manufacturers to tap this talent base, they need to rethink their recruitment strategy. Change won't happen overnight. But companies that choose to do the hard work now and restructure their recruitment process will gain a critical first-mover advantage.

Why is Manufacturing Talent So Hard to Find?

Ask the average American on the street what they think about the manufacturing industry and you're likely to hear the following: *“The industry is important to our country but the jobs have been sent overseas and everyone's out of work.”* The reality, of course, is far more complicated. The manufacturing industry has experienced a boomerang in job loss and growth over the last decade. Ten years ago, analysts predicted that the new norm for manufacturing unemployment rate would be 7 percent. Last November, [that rate fell to 4.6 percent](#)—the lowest since 2007. Factory activity on the closely watched [ISM manufacturing index](#) hit a six-year high in August 2017. This reflects a growing



trend in overall manufacturing output. After adjusting for inflation, manufacturing output in the first quarter of 2017 was more than 80 percent above its level 30 years ago, according to [BLS data](#).

Today, the future of American manufacturing is far more promising than most Americans realize. Reshoring and foreign direct investment are bringing back jobs in industries such as electrical equipment, appliance and component manufacturing, transportation equipment manufacturing, and apparel manufacturing. American manufacturers have become far more productive than they were three decades ago thanks in part to technological advances. While these technology-driven efficiencies are reducing hiring in some areas of manufacturing, they're adding jobs in others, including jobs that are higher paying with better career trajectories. To keep pace, these advances require a more skilled labor force, including highly skilled managers, which are difficult to find. Yet many Americans continue to believe the opposite: the industry is struggling and there's a lack of jobs.

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Before retooling your recruitment strategy, it's critical to consider where the manufacturing industry stands as a whole. Your company does not operate within a vacuum, and neither does your recruitment strategy. You must understand the greater context, including industry reputation challenges, the ongoing generational workforce shift, and the changing nature of skilled work.

1. Industry perception and reputation challenges.

To attract Next Gen manufacturing talent, manufacturers must proactively combat the industry's perception challenges. Americans rank manufacturing as one of the most important domestic industries for a strong national economy, yet they also rank the industry as a low personal career choice. A frequently cited [2016 Kronos survey](#) found that only 37 percent of respondents would encourage their children to pursue a career in manufacturing.

Part of the problem is a misunderstanding about the industry's professional opportunities including salary and career advancement. The Kronos survey found that less than a quarter of Americans know that the manufacturing industry offers well-paying jobs. Even fewer survey respondents considered manufacturing to be an "interesting and growing" industry. Individual hiring managers are struggling to combat this perception challenge on their own. Industry-led efforts, like those centered on "Manufacturing Day" and STEM-education are having a positive impact, but more work is necessary to drive awareness about manufacturing as a stable and growing industry.

2. Generational workforce shift.

The exodus of Baby Boomers from the workforce is in full swing. In 2010, the [Pew Research Center](#) estimated that 10,000 baby boomers would retire each day, every day for the next 19 years. Eight years later, the impact



is being felt throughout the manufacturing industry— and is only predicted to get even worse. The average retirement age for the U.S. workforce is 64 years old. When [Deloitte](#) calculated the impact of retiring Baby Boomers on the manufacturing industry, it used this assumption to estimate that approximately 2.7 million workers would retire from manufacturing between 2015 and 2025— a figure that represents 22 percent of the manufacturing workforce.

Exacerbating this generational workforce shift is the lack of mid-level talent waiting in the wings. Layoffs and production declines following the 2008 Global Financial Crisis drove many skilled managers to other industries. Now, a decade later, there is limited internal talent with the necessary technical skills and leadership acumen to step up and fill roles vacated by retirees.

3. Changing nature of work requires new skill sets.

Gone are the days when most manufacturing jobs required employees to follow fixed procedures. Automated processes like computer-aided design, 3D printing, robotics and computer numerical control (CNC) machining have replaced much of the manual workforce. Consequently, today's manufacturers need technical leaders who are confident decision makers, critical thinkers, and quick learners.

Companies need leaders who are technology savvy, metrics-driven and performance-oriented. They're adept at mechanical troubleshooting and machine programming. They can master complex logistics and juggle ever-changing supply chain demands, including purchasing, logistics, and resource planning. From IoT integration to robot optimization, manufacturers need leaders with the skills and experience to bring new ideas to fruition. Given today's lean candidate market, however, finding technical leaders within the manufacturing industry that tick all these boxes can feel like mission impossible. Companies must carefully prioritize the "must-have" skills at the time of hiring and consider which additional skills can be taught on the job.

Conducting a Strategic Market Assessment to Bridge Talent Gaps

On average, it takes [94 days to recruit employees](#) in the engineering and research fields and 70 days to recruit skilled production workers for manufacturing positions, representing a major time and resource investment. Manufacturers who are not clear about their long-term market needs risk investing significant resources into the recruitment process— only to end up with talent that doesn't get the job done.

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Rather than reacting to talent shortages with a single-minded focus on specific skill sets or certifications, manufacturing companies must take a big-picture, strategic approach to recruitment. This starts with a comprehensive assessment of current market position and potential growth trajectory.



Understand your current market position.

Your company's market position drives immediate and long-term recruitment needs. Start with these questions:

- **Opportunities:** Technology is driving rapid change in manufacturing. How is the convergence of robotics and automation creating new market opportunities? Is your company prepared to deploy emerging tools like 3D printing and advanced analytics to streamline production? What skill sets and leadership are needed to facilitate transitions over the next six months, 12 months and 24 months?
- **Threats:** How prepared are you for emerging competitors, technology changes, and economic challenges? Does an emerging competitor pose a market share threat you can head off? Or, is a competitor vulnerable to takeover if you're able to gain a first-mover advantage?

Identify skills, experience, and leadership gaps.

Now that you have a clear understanding of where your business stands in the marketplace, consider the skills, experience, and leadership present on your current talent roster. This analysis will help you identify your most urgent needs so you can bring greater intentionality to your recruitment strategy.

- **Skills gaps.**

Manufacturers are facing unprecedented pressure to innovate, engage with customers and consumers, and maximize return on their assets. For example, by 2018, nearly one-third of discrete manufacturing leaders will be disrupted by competitors that are digitally enabled according to [IDC](#).

What skills – supply chain management, IoT, LEED certifications, Six Sigma – are vital to addressing the market opportunities and threats you identified in your market position analysis? Which of these skills is currently missing from your talent roster? Can current employees pick up any of these skills through continuing education and additional training, or is a new hire essential?

As you consider these skills, be careful to differentiate between “required” and “preferred”. A “required” skill is one that is fundamental to the role; without this skill, your new hire cannot succeed. A “preferred” skill is one that could contribute to success in the role but is not an absolute essential.

- **Experience gaps.**

In a tight talent market, one of the biggest hurdles to recruitment is a bloated list of experience “must-haves”. For example, if you need an applicant with a background in computer programming, consider whether that applicant must have a very specific programming language or if the experience of being a programmer is itself sufficient. Can a demonstrated ability to learn additional programming languages make up for not knowing a specific language right now?

Next, consider whether industry experience requirements are overly restricting your candidate pool. If you bring hires on from outside the industry, for example, do you have a training program that can help them gain additional on-the-job experience? Perhaps you'll lose the first few months as they complete Six Sigma



certifications and learn about your processes, but once these criteria are mastered they'll be able to build off these experiences and sprint ahead.

- **Leadership gaps.**

In an industry where globalization and geopolitical risks are just as important as operational excellence and profitability, tomorrow's manufacturing leaders must be global leaders, too. Team leaders must be able to collaborate effectively in a global, knowledge-based environment. Effective communication skills, including the ability to clearly and concisely translate complex technical details, are paramount. At the same time, your company needs leaders who can introduce new systems and processes and build internal consensus to drive change.

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As you evaluate internal leadership gaps, consider whether your current talent roster has the necessary skills to rethink traditional business models and capitalize on new opportunities. How will different leadership styles mesh with the existing team? Consider, for example, if the team would benefit from a leader who is outside the industry and can bring a fresh perspective to current challenges, or if the team would respond best to someone who is already well known and respected at your company.

In an industry with a perception problem, keep in mind that high profile hires in the C-suite can also play a pivotal role in shaping how the market and talent pool view you. For example, hiring a CEO from a major technology company could make recruiting technology talent dramatically easier in the future. Likewise, a young, energetic Vice President known for being disruptive could attract candidates with a similar profile.

Rethinking Recruitment Strategy

Profitability pressures, rapid technology advancements, and generational workforce shifts are changing the rules of the recruitment game. Now that you've completed a comprehensive market analysis, the next step is to translate these findings into an actionable recruitment strategy.

Your challenge is two-fold: identifying where top talent is and identifying how to get this talent interested in your company. Since the public as a whole doesn't view manufacturing as a desirable industry despite evidence to the contrary, addressing this perception mismatch is critical to bridging the talent gap. After all, it's not much use to identify great talent if this talent isn't excited about joining your company.

As you retool your recruitment strategy, a specialized industry recruiter can help with the following:

1. **Addressing perception challenges through effective employer branding.**

To bridge the talent gap, your business needs to attract star performers from outside the industry and get ambitious Millennials excited about building a career with your company. An industry recruiter can be an ideal partner for communicating your value proposition to top talent, and acting as a brand ambassador for your company. When pitching top talent, recruiters know what will get these individuals excited about your



company, whether it's your unique company culture, the opportunity for driving change, or the potential to build a lasting and rewarding career. People who are truly game changers for your organization will buy into your company's bigger purpose and potential. Recruiters are experts at selling this "sizzle".

Recruiters also bring with them a wealth of market intelligence. They know what other manufacturing companies are doing to sell prospective candidates, including what's working and what's missing the mark. Candidates also tell them exactly what they're looking for in an employer. This information can be invaluable for shaping your company's employer branding strategy.

2. Correcting job description mistakes that drive away top talent.

A laundry list of skills, experience and leadership "musts" can scare top talent away from applying. People who might be a great fit for the role self-select out because they don't meet every single qualification perfectly. Worse, people who aren't at all qualified end up applying because they recognize one or two items on the list and think, "I can do that!"

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A specialized industry recruiter can help you reverse engineer your job description. Recruiters help you back into the ideal candidate profile from the big picture goals you identified in your market analysis, separating criteria that's truly required from criteria that's a bonus, but not essential.

3. Mastering the art of "showing well."

In today's competitive candidate market, onsite interviews can make or break your company's chances to hire top talent. The onsite interview is your opportunity to present your company's culture and work environment. If your top candidate can't envision building their career at your company, they're unlikely to be swayed by any offer, no matter how generous. Given the current perception problem plaguing the manufacturing industry, this can be an uphill challenge.

Top candidates want to work for dynamic, growing companies— and they don't want to be battling office politics every day. If you're trying to recruit talent from outside the industry, these go-getters need to believe they'll have autonomy to move the company forward. Recruiters can help by coaching your interview team on how to be "culture carriers", which talking points or buzzwords are most important to mention (and which are turnoffs), and even which interviewers are best suited for which candidates.

4. Identifying roadblocks in your current hiring process.

A lengthy hiring process or unrealistic job offers could be causing your company to miss out on top prospects, but if you never receive feedback from candidates, you'll never know why they declined your offer. A recruiter can bring you insight from candidates who pass on your job offers and determine whether these roadblocks are culturally entrenched or can be changed.

For example, do candidates frequently complain about a lengthy interview process? If so, there may be a way to streamline the interviews to accelerate the decision-making timetable. Alternatively, at some firms with



a highly collaborative culture, it's essential a new hire meshes well with every stakeholder and thus it's not possible to accelerate the hiring process. If this is the case, the recruiter can help you set better expectations up front with candidates so they know exactly how long the process will take.

Next Steps: Positioning Your Company for Long-term Success

Talent-driven innovation is the single most important determinant of competitiveness. A narrow focus on credentials and certificates is not a full assessment of a prospective hire's potential as an innovative leader. Manufacturing companies must retool their recruitment approach to reflect our current reality: the industry is rapidly transforming and fighting an uphill perception battle.

Rather than reacting to a perceived talent deficiency with hasty stopgap measures, take a step back and observe the bigger picture. Start with a market analysis that considers how your current position is impacting your immediate and long-term expertise, leadership, and skills needs. Completing this analysis before retooling your recruitment strategy will also help your company sidestep a common problem: undertaking a lengthy and expensive recruitment process only to end up new hires that don't get the job done.

Finally, consider the best strategy for combating the current public perception crisis. It's difficult to attract high-performing talent if this talent thinks of your company as a dinosaur rather than a dynamic incubator for innovation. A recruiter can be an invaluable ally in communicating your true brand to prospective candidates. Recruiters can also arm you with the market research necessary to build internal consensus around these employer branding initiatives and recruitment process changes.

Change won't happen overnight. But companies with the courage to retool their recruitment strategy now will gain a critical first-mover advantage. Rather than fighting for second-rate talent, you'll be leading the charge forward. If you gain a reputation for being the place for tech-savvy manufacturing innovation, this reputation will begin to precede you. Before you know it, top talent will be seeking out your company, excited to be part of your dynamic, innovative organization.

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