



Manufacturing **MINUTE**

The Talent Bottleneck

U.S. manufacturers face a unique problem: despite high unemployment, the industry still suffers from a skilled-labor shortage. Today, after an impressive recovery from the recession, this problem is even more pronounced. Although employment in the sector has remained essentially unchanged since mid-2012, anecdotal evidence continues to mount that manufacturers simply can't find the skilled talent they need to remain competitive.

Why? Primarily because the advanced skills required by manufacturers are far more complex today than they were just 20 years ago. Manufacturers once had a limited, predictable shopping list for talent (machinists, tool and die specialists, etc.). But application of technology to all facets of production has changed jobs and increased the skills required to work in manufacturing; the days when a foreman would choose brawn over brains are long gone. Compounding the issue, U.S. manufacturers are improving productivity through efforts such as lean manufacturing and Six Sigma.

These strategies call for line employees with well-developed technical, problem-solving and interpersonal skills often lacking among new hires. It's no surprise that manufacturers across the country report wide disparities between what is required to work within modern manufacturing and what is taught in most high schools and colleges — leaving a skills gap that companies must bridge.

Unfortunately, this gap is widening just as U.S. manufacturers have a unique opportunity to take advantage of rising demand and bring back production previously lost to foreign facilities. Even worse, the skills gap has become a bottleneck that damages current performance and hinders manufacturing growth. The manufacturing workweek was 40.6 hours in January 2013, with factory overtime unchanged at 3.3 hours — a tipping point at which workforce productivity is likely to decline. The lack of suitable talent also threatens to stifle innovation and the flow of new products. Expansion into new markets or geographies could likewise be delayed because of an inability to staff new locations.

Executives who want their businesses to grow will have to move aggressively to find, train, leverage and retain the talent they need.

Manufacturing Minute is provided by GBQ's Manufacturing Team for our clients and other interested persons upon request. Since technical information is presented in generalized fashion, no final conclusion on these topics should be made without further review.

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