

# Manufacturing MINUTE



## Creative Ways For Manufacturers to Attract Fresh Talent

Naive young people may not think factories are the most glamorous places to work. But owners of manufacturing companies know firsthand just how rewarding careers in this sector can be, both financially and intellectually. Some have found creative ways to breathe new life into their mature companies by enticing millennials — roughly defined as people born between 1980 and 2000 — to join their workforces.

### **Offer value-added work environments**

Millennials tend to be more technology savvy and innovative than previous generations, according to executive feedback reported in the 2014 Duke University/CFO Magazine Global Business Outlook Survey. Hiring workers with such attributes can give a manufacturer the creative edge it needs to outmaneuver competitors.

As an added bonus, younger workers tend to have lower salary expectations and value nonmonetary perks and benefits over cash. In fact, 45% of millennials prefer flexible work environments over pay, according to “The Cost of Millennial Retention,” a report published by research and consulting firm Millennial Branding and the career network Beyond.com. They want to choose when and where they work, rather than working traditional 9-to-5 jobs. Many young people also seek careers that provide a sense of personal fulfillment.

Examples of offerings that appeal to millennials include flextime arrangements, mentoring programs, and additional training and licensing opportunities. For example, a millennial worker may be incentivized by a year end bonus program that’s based on developing innovative solutions to lower costs and waste (lean manufacturing) or improve product quality (Six Sigma principles).

### **Stay ahead of the technology curve**

Technology is an important part of the daily life of millennials — and they know how to use it to improve efficiency. Millennials are also likely to try to integrate intuitive devices and online services used in their personal lives into the workplace, such as tablets, video chat, social media and cloud computing.

Managers can leverage millennials’ deep understanding of technology by involving them in purchasing decisions. Some forward-thinking manufacturers have even added millennials to their boards of directors to increase diversity and offer fresh, technology-driven perspectives on such issues as strategic investment decisions and data security.

### **Recruit and mentor**

So how do you attract millennials to your workplace? Young people today face a tighter job market compared to previous generations. But there’s an ongoing talent gap in manufacturing, especially high-tech niches. Proactive high school and college academic advisors are often instrumental in directing students toward careers in high-demand manufacturing sectors and recommending apprentice or internship programs.

Many businesses and schools work together in Project Lead the Way (PLTW) programs that start preparing students for science, technology, engineering and math (STEM) careers as early as kindergarten. Today roughly 6,500 schools operate PLTW programs in all 50 states.



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## Creative Ways For Manufacturers to Attract Fresh Talent cont..

Manufacturing companies are a key partner in PLTW programs. For example, owners and managers may mentor students and teachers, companies may lend technology equipment to community colleges and high schools, and human resources departments may offer apprentice or internship programs.

Not only do PLTW programs offer opportunities for manufacturers to give back to local communities, but they also create a source of workers trained in STEM disciplines that they can draw from in the future. And money spent on these training programs may be deductible for income tax purposes — and, in some cases, may generate federal and state tax credits that could be refundable or carried forward to future periods.

### **Overcome stereotypes**

Manufacturers and millennials can be a winning combination. But first manufacturers need to refresh the sector's image by promoting flexible work options and personal development opportunities, investing in millennial-friendly technology and participating in PLTW programs. Contact your financial advisor to brainstorm creative solutions and maximize the tax benefits of attracting and hiring millennials.

### **Distributors feel their own labor pains**

Distribution companies are having trouble attracting and retaining reliable, experienced truck drivers, according to the American Trucking Associations (ATA). Last year, the average annualized driver turnover rate rose for both large truckload carriers and less-than-truckload companies. Although the driver shortage isn't as dire as it was during the early 2000s, it's expected to worsen as the economy heats up, regulatory oversight increases and baby boomer drivers continue to retire.

For distributors with trucking fleets, this trend underscores the importance of offering drivers competitive wages and benefits. If you're curious how your compensation packages measure up, the ATA released the results of a compensation study last December that revealed the median pay for drivers ranged from \$46,000 for national, irregular route dry van truckload drivers to \$73,000 for private fleet van drivers — and about 80% of truckload fleets offer paid holidays. The most common payment method was mileage-based, but three out of four fleets also pay hourly rates to some drivers. About 80% of private carriers offer 401(k) retirement plans and match employee contributions.

There's more to compensation than just money, however. Trucking companies of all sizes that provide friendly, safe, flexible and low-stress work environments may have the edge needed to attract and retain younger drivers.

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