

BUILDING YOUR FACTORY 4.0 WORKFORCE

Covid-19 both helped and hindered the challenges of retaining and retraining skilled workers, say CEOs.

EVEN AS AMERICA STRUGGLES TO recover from a deep economic decline and the rapid loss of tens of millions of jobs, manufacturing CEOs are still greatly concerned about training, retaining and finding the best people. That's because, despite the new prospect of double-digit U.S. unemployment stretching into 2021, many chiefs are still starved for good workers.

"On the people side, our biggest challenge is that we're a high-tech industry, requiring 24/7 operation, Alan McLenaghan, CEO of SageGlass, told a roundtable of fellow manufacturing chiefs sponsored by the Indiana Economic Development Council (IEDC) at the *Chief Executive Virtual Smart Manufacturing Summit*.

"And people don't want to work the night shift. They're 9-to-5 people."

McLenaghan was joined by a chorus of other CEOs whose main concerns about the availability and quality of workers seemed to belie the sudden availability of vast new pools of job candidates across

most of the country. They worried about labor-related challenges that pre-dated the pandemic and that would still be there afterward, such as hanging on to skilled and experienced workers, training them in new technologies and continuing to build workplace cultures that appeal to demanding new generations.

At the same time, CEOs roundtable participants were interested in applying lessons learned during the pandemic about handling remote work, keeping their people

engaged and safe on-premise and generally being better employers. Typical was the comment of Paul Lantz, COO of A. Rifkin, based in Wilkes-Barre, Pennsylvania, a maker of security bags for banks, governments and businesses that struggles with retention. "Being a sewing operation, it's a challenge to get people who want to keep doing that," Lantz said. "We're trying to make it easier for elderly workers to stay with us longer and to make it exciting for some of the younger people coming in."

In With the New

While holding tight to their best people, some CEOs expressed frustrations about aging workforces that may have grown comfortable with the status quo during the decade-long U.S. economic boom. Too many workers aren't eager to embrace new requirements for their companies to continue to compete, they say.

Steel, for example, is pretty much what steel was 150 years ago, said David Zalesne, president of Owen Steel, based in Columbia, South Carolina. But his company is always applying new processing techniques to differentiate its products in a highly competitive, commodity-based industry. "It's still a labor-intensive industry, so from a workforce-development standpoint, the biggest challenge is trying to figure out what technologies are feasible and implementing them in a very blue-collar environment."

Badger Magnetics makes electric-transformer products "that have been around for a long time, and the workforce has been around for a long time," said Ed West, COO



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-Brock Herr, IEDC

of the Milwaukee-based outfit. “A lot of them don’t use computers on a regular basis [off the job], so technology and training and getting them to do things in a new way is a challenge.”

Chryss Crockett, CEO of Carus, said that her Peru, Illinois-based maker of chemicals used in municipal drinking water was introducing a new product for the first time in over half a century. “Wrapping the workforce around the challenge of doing that after being comfortable with the old product—and even with a new plant—it was hard to get the workforce to understand that this was a good thing,” she said. “It’s been met by a lot of resistance.”

At Cummins, the giant engine maker based in Columbus, Indiana, leaders are “about to introduce Industry 4.0 concepts to 22,000 people on the shop floor” in 120 facilities around the world, each of which is in a somewhat different state of readiness for adoption, said Elizabeth Hoegeman, executive director of global manufacturing engineering. That would be a daunting enough communications and logistics obstacle, but “out of that population, 16,000 don’t have any kind of company-issued electronic device,” said Hoegeman. “So there’s no way to connect with them easily to get the information campaign to them. That all makes it a challenge creating a roadmap for pulling them in and getting them engaged and trained and excited about tomorrow.”

McLenaghan, whose operation is a unit of France-based Saint-Gobain, offered hope to Hoegeman. Saint-Gobain offers a downloadable, free app to employees using any email address they wish. It replaced a clunky system of churning out emails. “You can start with the basics of a tornado warning that might affect operations, all the way up to executive communications on a weekly basis,” he said. Usage rates are about 82 percent of eligible employees, including about 75 percent of hourly staff.

Covid-19 still could roil everything from markets and revenues to operations for months to come. Nadav Goshen, for instance, worried that the rise of remote work already has created “a new environment that will challenge our hiring strategy.” The president and CEO of MakerBot Industries, a maker of 3D printers in Brooklyn, New York, said that “it’s hard to maintain a culture remotely. It’s a new era in terms of the workforce, specifically for a tech company.”

Yet, the consensus of the roundtable CEOs seemed to be that at some point they’ll be able to get back to the culture-building that has become so crucial for business success in the long run. Several predicted the trend

will swing back toward physical locations where even white-collar employees will gather, though remote working will continue on a greatly expanded basis.

The best answers to how to balance these factors, and solve the dilemma of retaining and managing workforces and nurturing culture, continues to be strong and innovative leadership, CEOs agreed. “We’re a 75-year-old company that has been in the Murray family since 1990,” said Susan Murray Carlock, vice president of business development for Mursix, the Yorktown, Indiana-based maker of metal components. “The leadership team can be hard-pressed to change the way they’ve done things, but the openness is there. And it’s up to that team to allow the challenges to be met by the managers who are on the floor.”

Covid Lessons

Manufacturers can leverage how they dealt with their employees amid the pandemic, said Brock

Herr, vice president and counsel for the IEDC. “The steps manufacturers are taking have created a competitive advantage for some companies,” Herr said. “There’s definitely an opportunity from how they leaned into best practices.”

Zalesne confirmed that workers’ impressions of his leadership of Owen Steel were solidified by how he handled the Covid-19 outbreak. “The outside news was so overwhelming that employees were really looking to one person for an answer: me, the senior leader,” he said. “They wanted someone to digest the information and translate it into language for the guy getting up at 5:30 a.m. to go into work. They were looking for guidance in a sea of noise. It was a great way to build more credibility.”

Likewise, his company’s efforts to keep employees safe during the pandemic will pay future dividends, Lantz said. “People in the community hear what we’ve done to keep people safe, and also that we made PPE; that will help us attract people versus the major companies that are laying people off and don’t have environments that are as safe,” he said.

Still, McLenaghan isn’t counting on Sage’s goodwill toward employees during Covid-19 to count for anything in the long run. “I’m under no illusion that, when the new factory up the street wants to start hiring 500 people and is offering \$1 more an hour than we are, that employees aren’t telling us about it,” he said. “I’m not expecting, ‘Your communications videos were so compassionate that we’re willing to take a hit in our pay.’” **CE**

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