

# BRIDGING THE TECHNOLOGY AND TALENT DIVIDE

At a time when a dearth of skilled workers is hobbling growth, manufacturing CEOs share strategies on workforce solutions. “Today, automation is looked at as a requirement.”

**LABOR SHORTAGES**, growth imperatives and supply-chain pressures are forcing manufacturing executives to accelerate industrial automation, but a panel of factory CEOs remained committed to relying on human capital to ensure and extend their companies’ success.

At a roundtable discussion during *Chief Executive’s* 2021 Smart Manufacturing Summit in Indianapolis, business leaders cited difficulties keeping up with robust growth after Covid-19 greatly exacerbated a lack of qualified labor that was already a big problem for American factories. Leaders reported having to resort to a kind of alchemy that combines their traditional reliance on skilled labor with an accelerating push to automate functions. “There’s science behind what mill operators do, and there’s technology in the black arts behind it,” said Kevin Marks, president of Lock Joint Tube, a steel-tubing maker based in Granger, Indiana. “And that’s the challenge, because our mill operators are 58 to 62 years old, and they’re retiring.”

Several years ago, the conversation about automation versus people was very much that automation is expensive and difficult, and “the robot never works.” Now, however, the extremity of manufacturing companies’ talent needs has them turning to automa-



tion significantly more often, and sooner than they’d expected.

“Today, automation is looked at as a requirement to grow your business, as opposed to just cost reduction,” said Bill Norman, president of consumer packaging for North America for plastics manufacturer Berry Global. “The investment is getting better because wages are off the charts. Without people, you can’t grow, so most of our companies are restraining growth.

“We’ve moved from this cost-sensitive economy to this growth economy, with all the money that’s out there. And everybody’s reacting to that, and we’re all fighting each other for the same people, trying to get them through the door.”



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### The Talent Crunch

One by one, executives detailed the increasingly excruciating challenges posed by a lack of qualified help. “Right now, our employment struggle is across the board,” said J’aime Salvatore, senior director of sales and marketing for Neoperl, a Swiss plumbing-components maker with U.S. operations in Boston. “You’re looking at everything from shipping to sales.” Lock Joint Tube is being outbid for entry-level workers and “paying more than we ever did for a forklift driver,” said Ryan Banks, plant manager for the company in Chattanooga, Tennessee.

While Plastronics Sockets & Connectors can “find the mechanical engineers to design stuff, and we can usually find direct labor, it’s the middle part—the really clever technicians who really run the place at the end of the day—that we’re trying to find,” said Brian Crowell, director of operations for the maker of semiconductor-testing components in Irving, Texas.

Munitions maker American Ordnance finds its location “in the middle of nowhere” a recruiting issue at the management level, said John McGuinness, the company’s president.

Many have been queuing up to buy and incorporate automated offsets to their human-capital deficits and to boost output and improve quality. Morrison Bros., for instance, has begun to add robotics as it loses workers to nearby farm-equipment

manufacturers. Advanced Technology Services in Peoria, Illinois, is “implementing a lot of sensing technology and monitoring and AI,” said CEO Jeffrey Owens. “How do we determine what’s going on way before it happens so that we can be much more efficient with our very competent labor?”

Sumitomo Drive Technologies is getting “automation [equipment] from Japan that replaces five people,” said Tony Barlett, vice president of operations. “And it replaces some quality inspectors because the data shows we don’t get defects off of automation.

“When you get a good piece of gear and it does work, it has a huge impact in cost and [reduction] of heartburn and brain damage. We would like to replicate that in other places and then tie them together. If we can get our ERP system to manage this [automated] island, and talk to that island, then that’s where we’re going to get real bang for our buck.”

Many factory chiefs are looking to automate maintenance of machinery. “We have a lot of issue with machines breaking down,” said Marks. “One of the things we are trying to implement is using condition-monitoring sensors [and] staying on top of all the equipment.”

Yet, most chiefs prefer that experienced, steady, sentient human labor handle maintenance—and are striving to attract skilled workers. Some report redoubling attention to company and workplace culture and heavily adapting to the varying needs of the different generations of workers they’re seeking to retain and recruit.

### Recognizing Retention

Workers pressing toward retirement often yearn for recognition for their experience and accomplishments and are eager to help their employers transfer their special knowledge to the next generation. Major Tool & Machine is responding with “technology that helps fill that gap” between workers’ grasp of their jobs and new automation that will take over much of what they do, said Mike Griffith, president of Indianapolis-based Major.

Kountry Wood Products, a maker of



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kitchen and bath cabinets, seeks to attract Generation X and older millennials in the family-raising phases of their lives. The company offers tickets to games of a Chicago Cubs minor-league affiliate and stages seasonal "big buck contests" for the many employees who like to hunt deer. The company also implemented a wellness program and direct-care clinic for its employees.

"We're competing against the \$50- to \$70-an-hour wages offered by the RV industry" that employs thousands in northern Indiana, said Perry Miller, Kountry Wood's president.

Berry Global's Norman recounted taking an aggressive stance on retention, personally lobbying a departing young employee to stay on. "I called him in and said, 'There are a lot of options before you leave,'" said Norman, who urged the young engineer to take advantage of growth opportunities at the company. "I said, 'We have a plant-level engineering position, and if you want to work as a corporate engineer, we'll make accommodation for you. But we can't lose your talent. Just go talk with your wife and think about it. I'd hate to see you lose what you've built.' He goes, 'I have built a lot of relationships here, and I don't want to give up.'"

Manufacturers are also focusing on luring younger millennials, members of Generation Z and even those of Generation Alpha, who haven't yet entered middle school. "We can tell kids they don't have to go to college," noted Barlett of Sumitomo. "They can make a hundred grand a year doing welding or machining."

Berry Global looks to counteract the impression that manufacturing work involves toiling in a dark factory with no windows.

"We show them that it's air-conditioned, and it's bright and clean, and they're going to like the environment," says Norman. "There are career progression, learning and engagement programs. We're going to help you move in the organization to accomplish whatever you want to do."

Berry also puts up videos online about what it does and makes, which include highly relatable consumer products such as fast-food beverage cups and lids, he added. "It's got to be a short, quick snippet that they can watch on TikTok about whatever you do."

Given its status as America's most concentrated manufacturing state, Indiana has been pressing to work with manufacturers in schools and other settings where the new generation of workers is taking shape. Companies "are really trying to partner with our community colleges and some of our high schools for training programs to start getting kids used to the technologies in their coursework," said Brock Herr, vice president and counsel for business development for Indiana Economic Development Corp. (IEDC). "So, when they come out, they're pretty ready and adapt and can jump right into" a manufacturer.

IEDC also engages in talent-retention efforts for manufacturers through a digital tool that uploads a profile of workers, "including reasons they would be inclined to come back to Indiana," Herr said. "Maybe they're from a remote part of Indiana or they have a family or school connection."

Over the long run, Herr said the massive business-sector upheaval and job disruption during the pandemic may actually favor manufacturing as Americans weigh their future employment prospects. The pandemic underscored that "some of those retail and service jobs are very fickle and literally can be gone like that," he said.

"People are now seeing a path in a manufacturing facility that has a little more resiliency. It's almost an eye-opening experience for people to say, 'Hey, I've got the skills, the background, maybe the interest, maybe a family member works [in manufacturing]. I don't want to be at the behest of a global pandemic and a restaurant going under.'" **CE**