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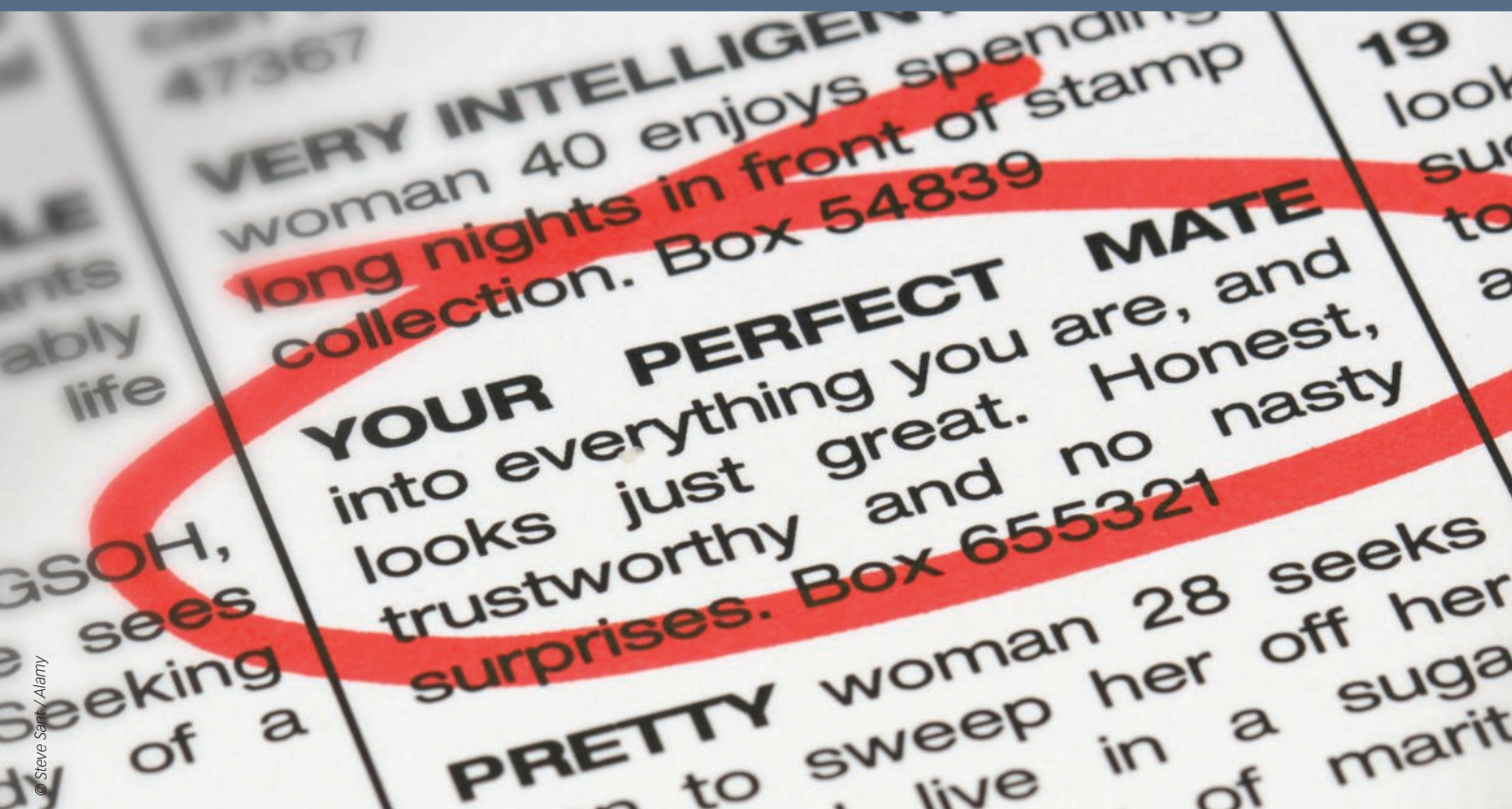
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In association with

FESTO

People & Productivity 2013



Desperately seeking that

From unreliable to just plain unpleasant, almost half of UK manufacturers have fired a misfit employee in the past year, WM's People & Productivity survey reveals. Max Gosney asks why we're suckers for skills heartache and what needs to be done to woo Mr and Mrs Right back into the nation's factories

The title reads *WM People & Productivity survey* but the sentiment is straight out of a lonely hearts column: busy professional WLTm bright, articulate and enthusiastic individual aged 16-24 for LTR.

Skills shortages continue to break the heart of UK manufacturing, the research shows. Three-quarters of sites are still pining for a special someone, with attempts to find them leading to a string of dating disasters. No shows, arguments, a devil-may-care attitude – factories have a general capacity for attracting the wrong sort, the survey reveals.

Almost 50% have had to sack an employee in the past year. Critical job errors are by far the most common trigger for manufacturing managers to act like Sir Alan. It's a tragic reflection of the recruitment conundrum encountered by many UK manufacturers. There are essential jobs that desperately need to be filled, but a desperate shortage of candidates with the essential skills to fill them.

Operation epicentre

And this is not a problem of highly technical engineering positions. The epicentre of the skills shortage is, in fact, skilled shopfloor employees. Forty per cent say a shortage of adept operators and their ilk are their biggest problem compared to 36% craving experienced engineers.

One frustrated site manager summed it up thus: "We have an inability of skilled shopfloor personnel to find solutions to basic engineering problems". Just 11% note

Key findings in numbers

- | | |
|-----|--|
| 1 | talent development and training top management concern |
| 49% | have fired an employee in the past year, with critical job errors the top factor |
| 44% | have suffered downtime because of a lack of skills |
| 75% | suffering from skill shortages |



special someone

any improvement in either their shopfloor or engineering stock in the past year.

The drought is unleashing some serious damage. Around 44% say skills shortages have been a direct cause of profit-draining downtime in the past year, with 16% regularly forced to pull production because of a lack of suitably trained people.

Postcards from the factory floor would have economists reaching for the smelling salts. "We've turned work away due to lack of workforce experience," confessed one respondent. "Our machines have stood idle waiting for the next shift when specific skills became available," and "lines stopped awaiting skilled technicians", explained others.

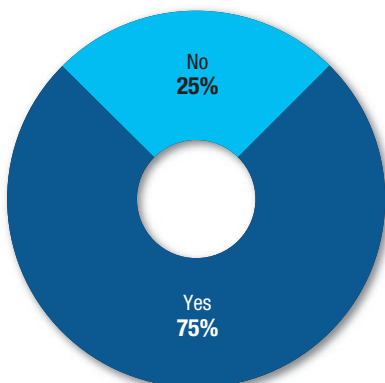
Despite these skills difficulties, UK manufacturing has just recorded its strongest growth rate in two years, according to industry barometer the PMI index. Just think how much more the sector might have given to UK plc, as the International Monetary Fund boosted its growth forecast for the economy to 0.9% for 2013.

To be fair, the fact doesn't appear to be completely lost on the government. The year 2013 has brought a £213 million Advanced Manufacturing Supply Chain Initiative to help address skills shortages in aerospace and automotive. David Cameron has also announced a bid to deliver 100,000 additional engineering technicians by 2018. Both are worthy initiatives, but it's dubious whether either has the firepower to fix a skills problem

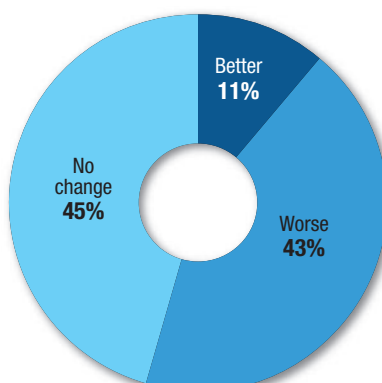
Machines standing idle could become more commonplace if action isn't taken to plug the skills gap



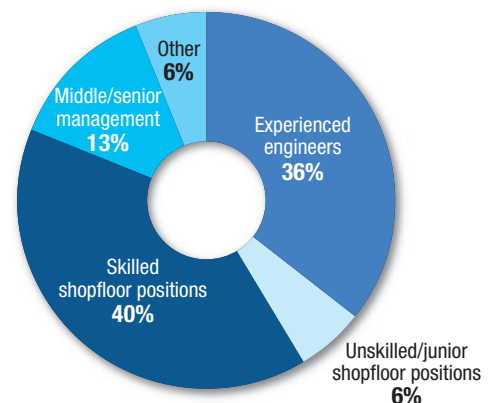
Does your business suffer from a skills shortage?



Has the situation got better or worse in the past 12 months?



In which of the following job roles are you most prone to suffer from skills shortages?



that has plagued UK industry for three decades. What could pack a bigger punch is more generous state aid for factories to take on apprentices. Despite their skills woes, a disturbing 38% of sites said they had no plans to recruit an apprentice this year. Cost was named by 26% as the biggest deterrent to a youth policy, with the lacklustre quality of applicants putting off 36% of respondents.

Currently, qualifying manufacturing SMEs can net £1,500 per apprentice recruited under an AGE 16-24 grant. An unemployed 16-24 year old costs the UK taxpayer around £15,000 a year in benefits and lost economic productivity, according to official figures. The maths suggest the treasury could offer more and still make a healthy saving for the state, not to mention the corresponding economic value add. Boosting grants to, say, £5,000 per manufacturer might make all the difference for a small company trying to cobble together a typical apprentice salary of £13,100.

The right character

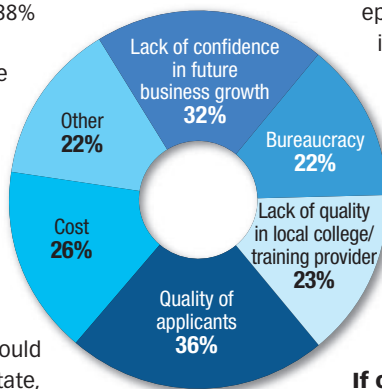
Apprentice recruits don't have to be Isambard Kingdom Brunel II. Enthusiasm and commitment were by far the top attributes factories are looking for during interview, the survey shows. Numeracy and interpersonal skills are also critical, but actual technical and design skills less so. The findings suggest many businesses believe they can mould the finished article providing the raw materials are of sufficient quality.

Credit again to the government, which is working hard to raise the standards. There has been recognition from Westminster of a softening of the education system, which has contributed to poor literacy and numeracy. GCSEs will shift from modular coursework to full exams and a 1-8 grading system within two years.

Ministers also plan a boot camp style pre-apprenticeship course to improve maths and English skills among school leavers aged 16.

That good work deserves to be supplemented with a more adventurous policy on apprenticeships. The industry suffers from a well-documented shortage of SMEs prepared to hire. Boosting incentives for businesses to grow their own would eliminate growth-sapping shutdowns because of skill shortages. And a generation of school leavers could also go into a

What are the barriers to investment in apprenticeships?



rewarding career, rather than face a disheartening spell in the dole queue.

But while we wait for George Osborne to have an epiphany, there's plenty the industry could be doing itself to alleviate skills concerns. Talent development and training is certainly the dominant topic at management meetings, according to the research findings. Succession planning, employee engagement and maintaining morale all hog the attention spans of site managers. Very few said management had to consider employee churn or widespread retirement, which may explain the reticence of over a third of respondents to spend on apprentices just yet.

If only...

You can't help concluding that many manufacturers might just be their own worst enemies – frustrated by the skills gap but sufficiently stoic to grin and bear it. Consider this: had a respondent to our first People & Productivity survey in 2009 taken on an apprentice there and then, the individual would now have the engineering skills that, four years later, respondents are still saying they desperately lack.

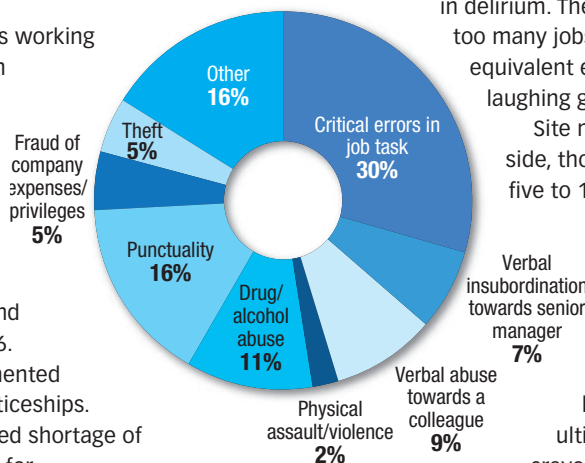
However, the manufacturing workforce that is in place looks a largely happy one. Almost 60% reported better than average morale, with just 11% noting an employee base in pessimistic mood. It's hard not to picture a decent skilled shopfloor operator or engineer in delirium. The prospect of resilient order books and too many jobs for too few people should trigger the equivalent euphoria to a king-size canister of laughing gas.

Site management won't be seeing the funny side, though, as they ponder business operations five to 10 years down the line. Almost 35% of factories have an average employee age of 45-plus, with nearly one in 10's typical employee a fifty-something.

There's no reason why the growing band of manufacturing veterans can't be relied upon in the short term. But ultimately there comes a time when we all crave a companion with whom to build a better future. Bear it in mind the next time the investment budget meeting covers the case for hiring an apprentice.

And meanwhile, let's hope Cupid can find his mark within those cramped Westminster corridors, the classrooms and from behind the dinner table where mum and dad discuss what Fred and Mary should be when they grow up. ■

What triggered the most recent dismissal?







Methodology

117 senior managers and decision-makers from a range of manufacturing sites responded to WM's People & Productivity report. The sample included representatives from sectors such as plastics & rubber, general mechanical engineering, electrical engineering, pharmaceuticals and automotive.

Respondents came from companies large and small, from those employing over 500 to those with fewer than 50.

Has your factory suffered heartache after hiring a wrong 'un? Email us about your skills issues: mgosney@findlay.co.uk

Who's earning what? WM quizzed survey respondents on the typical pay packet in their business for apprentices, shopfloor workers, engineers and managers. Here's what we found:

| | | | |
|--|---|--|---|
|  |  |  |  |
| The apprentice Average salary: £13,100 Top salary: £20,000-£24,000 (5%) | Shopfloor (unskilled) Average salary: £19,300 Top salary: £35,000-£39,999 (2%) | Engineering Average salary: £31,800 Top salary: £50,000-£59,999 (1%) | Management Average salary: £42,200 Top salary: £70,000-£79,999 (1%) |

The number cruncher...

WM loaded the People & Productivity data into our giant super computer and, after pressing return a few times, banging the screen and much sparking of circuit boards, the mighty machine delivered its verdict on our findings



Don't mention the duvet

Maybe it was the squawk of seagulls in the background or the strange correlation with a crucial cup-tie for United, but most managers suspect at least one person in their workforce has pulled a sickie at some point. Just 5% of respondents – either hugely trusting or utterly gullible – said they believed nobody on their books had attempted a duvet day in the past year. A paranoid 1% suspected between three quarters and all of their workers of taking unauthorised sick leave.

Now where did I put the abacus?

As the world embraces smartphones, tablets and 3D printing, it's nice to know you can rely on some technophobes to keep fighting the good fight for all things old fashioned. The factory is a haven for such philistines, according to the survey. Around 12% of manufacturers shun ERP, IT and anything involving an on-switch to monitor their workforce patterns, preferring good old pen and paper, the report found.

Like a Rolling Stone

There's at least one factory out there whose employee line up resembles a Rolling Stones tribute act. One respondent indicated an average workforce age of over 55, which is on the high side even for an industry familiar with a more mature worker. Maybe they're on to something, though: think of the PPE savings with all those hearing aids and the extra mobility scooters you could pack in the car park.

Tears, tantrums and tiaras

Forget the cop shop, a factory would make a much more dramatic setting for TV's next fly on the wall shockumentary. Slanging matches between managers and employees, physical assaults, fraud and internet misuse were all reported by survey respondents. All were

deemed unacceptable in a manufacturing environment and sparked dismissal of the offender.

The good life

Breakdowns, skill shortages and getting the product out on time – life in charge of the manufacturing site has its moments. But with the average manager pocketing £42,200 and more than likely to have soaring morale, there's plenty to celebrate about your chosen career path. Those earnings put you more than £15,000 above the national average and above IT professionals, quantity surveyors and biochemists in the salary stakes. And how many of those professionals earning much more than you can look at themselves in the mirror, like you do, and say they get a serious kick out of their work?

And finally...

The best comments left by survey respondents:

"We're frustrated by the inability of shopfloor personnel to find solutions to basic engineering problems."

"We have had occasions recently where people who came to us as supposedly skilled CNC operators struggled when faced with something different or challenging."

"There have been instances of damage caused by a lack of appreciation of process and assumed competence rather than explicit competence."

"The site has suffered downtime because the only employee with the required skills was away on holiday."

"We have had a lack of resource to keep on top of the important projects, leading to equipment downtime as some other areas are neglected."

"There have been several occasions where engineers and middle managers are covering multiple roles and, as a result, planned maintenance activities have suffered."



The Best Factory Awards
8 Northumberland Avenue, London
Friday 27 September 2013



Cranfield
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► The event

Now in their 22nd year, the Best Factory Awards are the UK's most important and revered awards among manufacturing's frontrunners. The BFAs recognise exceptional performance in the very best UK plants and reward them for excellence in categories such as skills, training, supply chain efficiency, health & safety, energy, environment, productivity and innovation, among others.

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► Book now

There are tickets for just 500 places at the BFA 2013 gala lunch and ceremony. Book before 31 August 2013 and save with the early booker discount rate of £160 per person or £1,380 for a table of ten (normal rate £190 per ticket or £1,620 for table of ten). All prices exclude VAT.



Factory
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skills for success

WM discusses the findings of the People & Productivity research with Festo Training and Consulting's managing director Gary Wyles

Why are you particularly interested in the area of people and productivity?

As both a manufacturer and a company that trains other organisations, we are very aware of the skills shortage in manufacturing and engineering.

I passionately believe in helping to create a sustainable manufacturing industry in the UK and that means having a genuine understanding of the challenges organisations face in terms of people and productivity and what we can do, as an industry, to address them.

What do you believe are the main reasons for a skills shortage?

It's an accumulation of a number of different factors. There is a clear lack of younger talent coming into the industry. The research has shown that there is a high group of employees in the 40-55 age category, where a lot of knowledge and experience is held. This can be difficult to transfer to the younger generation. The challenge is to bring in young and enthusiastic employees, and then quickly transfer knowledge so that the 10-15 year experience gap can be minimised.

The survey has identified that talent development and training is the most important management issue. What can companies do to address this?

It's a tough climate at the moment, and definitely a difficult one in which to ask for investment, but this is exactly what's needed. We do have a conundrum. To meet the skills shortages, employers often look for multi-skilled people – or recruiting one person to fill the roles of two employees. This makes recruitment a really difficult task.

Equally, when things get difficult and costs need to be cut, reducing investment in training and development is seen as an easy win. However, this is one of the reasons that we're in this position already. Manufacturers need to understand that they have to upskill their own people and take responsibility for investing in skills development. This is especially important in the areas where there's most competition for people – skilled engineers and skilled shopfloor positions.

Our automation division in Festo sees this as highly important and invests heavily in training and development. Yes, it does mean that we lose some good people to competitors, but also we know that people really value the investment, which helps retain them in the long term. We recently wrote a white paper called 'Manufacturing – It's a people business' because people should be at the heart of any business and long-term success.

Are apprentices the answer to skills shortages?

I am delighted to see apprenticeships back on the agenda and believe that they're important to raise the perception of the industry and provide a viable career option. I'm pleased to see that 62% of organisations are planning on taking on an apprentice this year.

The survey has shown that enthusiasm and commitment are key attributes when recruiting apprentices, yet there is disappointment in the level of literacy, numeracy and technical skills. Interestingly, through our own conversations in the industry, it seems that the new apprentice schemes are attracting a good quality of applicants. Perhaps it is because individuals are considering apprenticeships as a viable alternative to university and therefore this is raising the calibre.

For our part, we've been spoilt for choice in the selection of potential apprentices. This could also be because we invest a lot of time in working closely with education establishments providing an insight into the career possibilities within Festo. This is important. To get the quality of applicants, you need to put the effort into making your organisation an attractive proposition for them.

Is the lack of qualified people putting pressure on profitability?

There is a tendency to put our head in the sand over this issue, as the industry is so busy coping with the pressure of problems today. If this continues, the risk of not being able to cope in the future grows. As the capable workforce narrows, whether through people moving to new jobs, retirement, or the presence of new technology, there will be increasing pressure on maintaining service levels.

The research has shown that while the lack of skilled people is not currently reducing profitability for many, some of the industry comments have highlighted that many shopfloor staff are working overtime. Managers are also working long hours to fill in, which takes them away from more strategic issues. This is unsustainable in the long term.

What do you think the future holds for manufacturing?

We have been addressing skills shortages since 1867 when the first report was conducted into the industrial skills base. However, I am optimistic as I see the industry, further education and the government really working together to reinstate manufacturing as one of the jewels in the UK's crown. ■



Gary Wyles: "The challenge is to bring in young and enthusiastic employees, and then quickly transfer knowledge"

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