

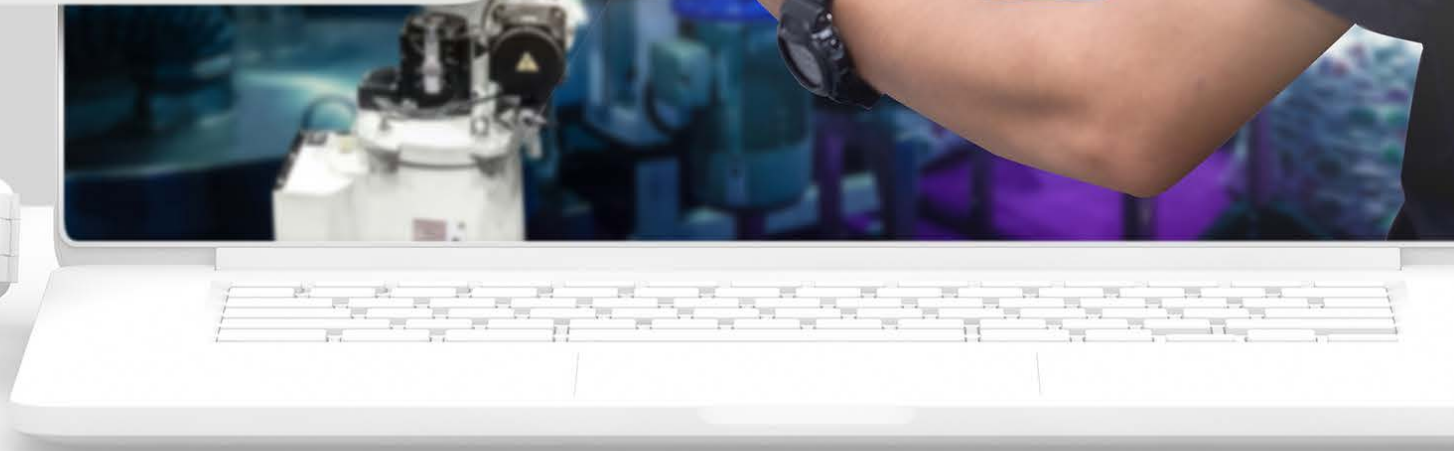


unbound

RESOURCES FOR SURVIVING AND THRIVING
DURING WHAT COMES NEXT

People and skills: the critical parts to manufacturing's "new normal"

A comprehensive guide for manufacturers after COVID-19.



Where we are

When “new normal” means facing old challenges

After the COVID-19 pandemic abruptly ground the world to a halt in the first few months of 2020, it created both new challenges for the manufacturing industry and exacerbated those that had existed for some time.

According to an article by McKinsey & Company analysts,¹ the future we expected by 2020 hasn't quite come to pass. Rather than a significant shift towards more automation and a smaller workforce, the opposite is true, due in part to the pandemic.

“Our research with the World Economic Forum (WEF) reveals that leading factories have invested significantly in people,” the article notes. “And the importance of people has only intensified as the COVID-19 pandemic has swept across the globe. Manufacturers, therefore, need tools that help their workers collaborate and stay connected across geographies and functions — particularly as physical distancing and tighter employee-safety measures take hold.”

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In 2018, a Deloitte study projected that 4.6 million workers will be needed in the manufacturing industry by 2028 but that 2.4 million of those jobs could go unfilled without proper training.”²

But with this renewed focus on people came related challenges: even before COVID-19, the industry faced an ever-widening skills gap fueled by the retirement of Baby Boomers, technological advancement and innovation, and general misconceptions about the industry as a whole. In 2018, a Deloitte study projected that 4.6 million workers will be needed in the manufacturing industry by 2028 but that 2.4 million of those jobs could go unfilled without proper training.²

The efforts to upskill the workforce are now complicated by factors like remote work, financial uncertainty, and changing consumer demand.³ The ARC Advisory Group conducted a survey of manufacturing professionals and 60 percent admitted that they were making daily changes on the fly.⁴

Breakout stat: National Association of Manufacturers (NAM) released a survey showing that 80 percent of manufacturers worldwide anticipate some financial impact from the pandemic – including layoffs and bankruptcies.⁵

But coming out of this pandemic stronger requires an informed action plan. As you begin to explore what life will look like in the manufacturing industry after COVID-19, focus on taking steps to communicate, educate, and empower employees both in the short-term and long-term. Doing so will help decrease the skill gaps, ensure jobs remain vital and allow you to face a future unbound from the challenges that hindered you before.

The challenge

Driving business forward amid major changes

The pandemic has forced everyone in the industry to make vital self-assessments and immediate changes with little to no prep time. From determining whether or not your company qualifies as a “critical infrastructure business” to implementing sweeping new safety guidelines, COVID-19 has required intense prioritization.

Adjusting to the global crisis put an immediate, intense focus on pressing short-term concerns like safety and remote working capabilities, and in doing so, many found new ways to introduce innovative skill sets and processes.





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Safety

Manufacturers had to move aggressively to protect worker safety at all costs. After the Occupational Safety and Health Administration (OSHA) issued new safety training and preparation guidelines — which urged companies to recognize “the need for social distancing, staggered work shifts, downsizing operations, delivering services remotely, and other exposure-reducing measures,”⁶ NAM President and CEO Jay Timmons released his own video discussing the need for face coverings and other forms of PPE in the workplace.⁷ But it was more than just face shields and hand sanitizer. Employees who showed symptoms (cough, fever, etc.) as well as those deemed “high risk” (those who had recently traveled, for example) had to be excluded from the work environment immediately, which put a strain on companies’ resource allocation and internal communication.

The National Safety Council (NSC) also started issuing educational webinars on workplace safety.⁸ While these helped provide employees with timely updates, resources, and other avenues of direct communication, they are also techniques that can be utilized in the post-pandemic “new normal” to make training and upskilling more intuitive and accessible.

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Remote work

The pandemic took what had once been an occasional perk for some employees — the option to work from home — into an immediate necessity that created major new challenges.

Leesman, the world's largest independent database of workplace effectiveness, surveyed over 700,000 manufacturing employees worldwide and found that a staggering 53 percent of them had no remote work experience at all. Of those that did have some work from home experience, 90 percent did so just one day a week or less.⁹

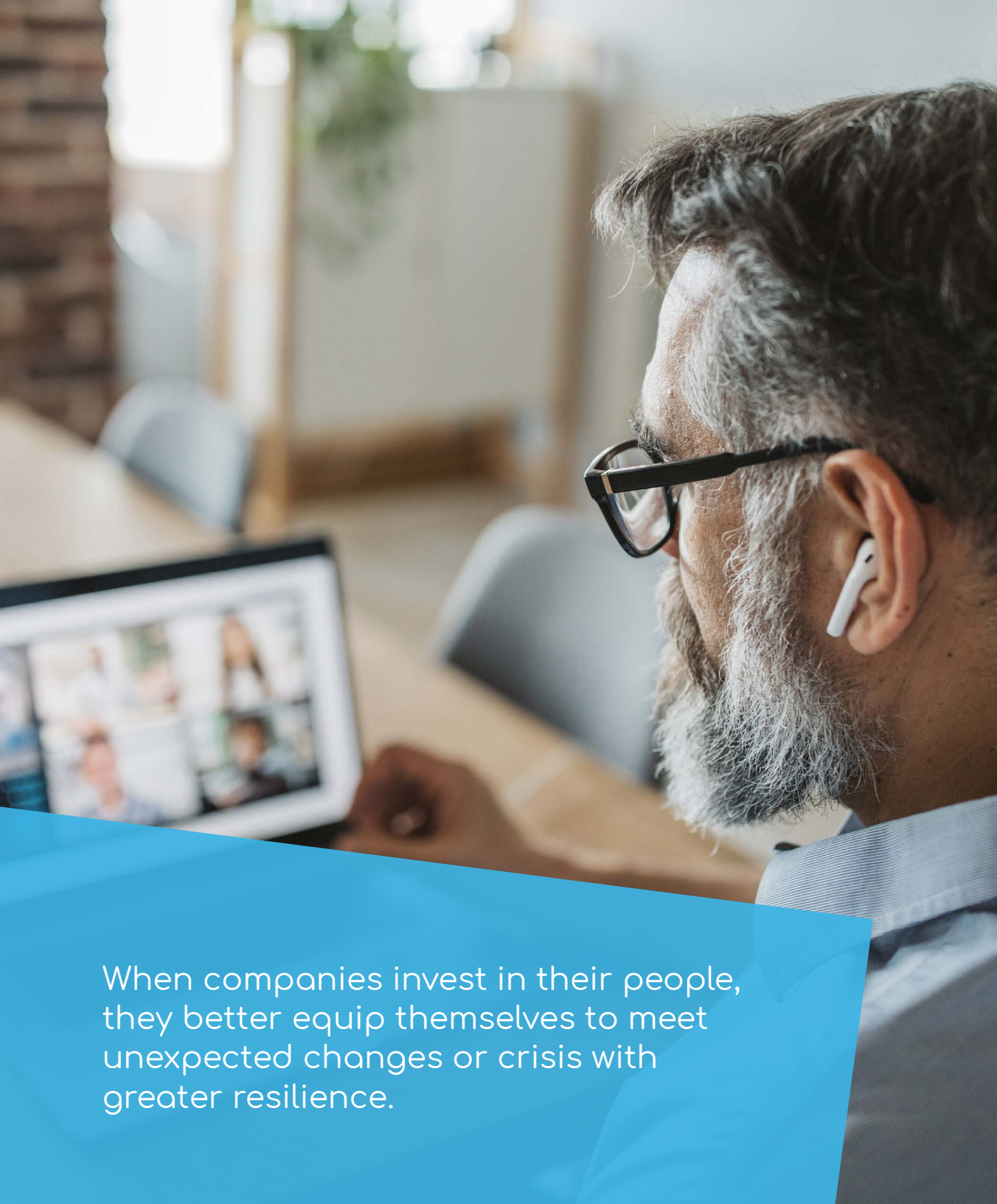
In some cases, companies simply lacked the digital infrastructure necessary to accommodate permanent or indefinite remote work. Some of it is technical — such as making sure employees have the digital tools and access to be able to complete tasks remotely — but the true change has to come from the top down in terms of evolved expectations.

Accepting this new work reality and shifting expectations to allow for indefinite remote work and staggered hours will not only help maintain some semblance of a normal workflow but will help the workforce feel less bound by pre-pandemic expectations.



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Employers should understand the fundamental shift in employees' lives and recognize that they have to radically alter their work expectations until this crisis winds down,” Lakshmi Ramarajan, an associate professor at Harvard Business School, explains on the podcast *Cold Call* by Harvard Business School. “An employee with young kids at home, or someone taking care of elder relatives, or a worker needing to focus on their own physical and mental health as a result of the situation will not be able to do a 40-hour workweek.”¹⁰



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Financial uncertainty

In the first quarter of 2019, the manufacturing industry accounted for 11.3 percent of the U.S. GDP, with companies pumping nearly \$2.4 trillion worth of goods into the economy.¹¹ However, in the second quarter of 2020, a NAM survey found that only 33.9 percent of manufacturing respondents reported a positive outlook for their company, the lowest reading since the first quarter of 2009 and down from 75.6 percent in the previous survey.¹²

While there are many ways to reduce overhead and production costs to streamline and save money during the pandemic-sparked recession, one of the most effective and lasting tactics is to utilize specialized training that allows employees on your production line to work faster and more efficiently. Investing in employee training also increases the chances of retaining that employee – because losing workers not only impacts production time and efficiency, it also impacts the bottom line.¹³

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The solution

How people will power manufacturing's future

We are currently in the midst of a Fifth Industrial Revolution, as automation and artificial intelligence begin to take over some of the manual and repetitive tasks workers used to do. COVID-19 is expected to accelerate manufacturing's digital transformation, fueling investment in technologies like robotics. According to a February 2020 report from the International Federation of Robotics (IFR), there are expected to be nearly 2 million new units of industrial robots installed in factories around the world between 2020 and 2022.¹⁴

This acceleration toward new technologies will only increase the need to upskill employees. According to a CNBC report, nearly 70 percent of manufacturers said they are creating or expanding training programs for their workforce. A majority of those interviewed said upskilling workers helped to improve productivity, promotion opportunities, and morale. Altogether, the industry was expected to spend \$26.2 billion on these upskilling efforts.¹⁵

Moreover, employees in manufacturing will be the ones that continue to drive the business forward in the face of sweeping changes — whether in the face of new technologies or another global pandemic. Consider, for example, how employees at Ford Motor Company designed a new class of respirators for healthcare workers involved in the COVID-19 pandemic, basing the air-blower system for the technology on the fan in a Ford F-150 pickup's ventilated seats.¹⁶

To embrace this kind of nimble, fast-paced innovation in manufacturing well into the future, start by embracing opportunities to develop and retain existing employees, and attract new candidates.



The IT industry is expected¹⁷ to have an enormous market boom in the next five years, from \$131 billion in 2020 to \$295 billion by 2025.



Opportunity #1: Invest in corporate training innovation

While the skills gap is certainly growing, the good news for manufacturing is this move to digital doesn't mean all jobs will be lost to machines. Instead, robotics, AI, automation, and others are freeing up workers to adopt different and, ultimately, more valuable skills.

A recent study conducted by the World Economic Forum spotlighted ten essential human skills that will lead manufacturing and other industries into the future, including critical thinking, creativity, and people management.¹⁷ Companies will need workers who both exhibit these skills and possess the digital skills (like programming) necessary to work alongside automated systems.

But empowering workers with these skills requires training initiatives to be impactful. Fortunately, technology has likewise improved training programs, making digital learning more accessible, digestible, and available at the exact moment that employees need it — in the flow of their work. Many employees prefer to learn this way,¹⁸ and research suggests it increases information retention.¹⁹

A connected digital network fueled by creative, innovative, and distinctly human “21st-century skills” will see streamlining and automation not as threats but as a means to fuel further employee growth and development.

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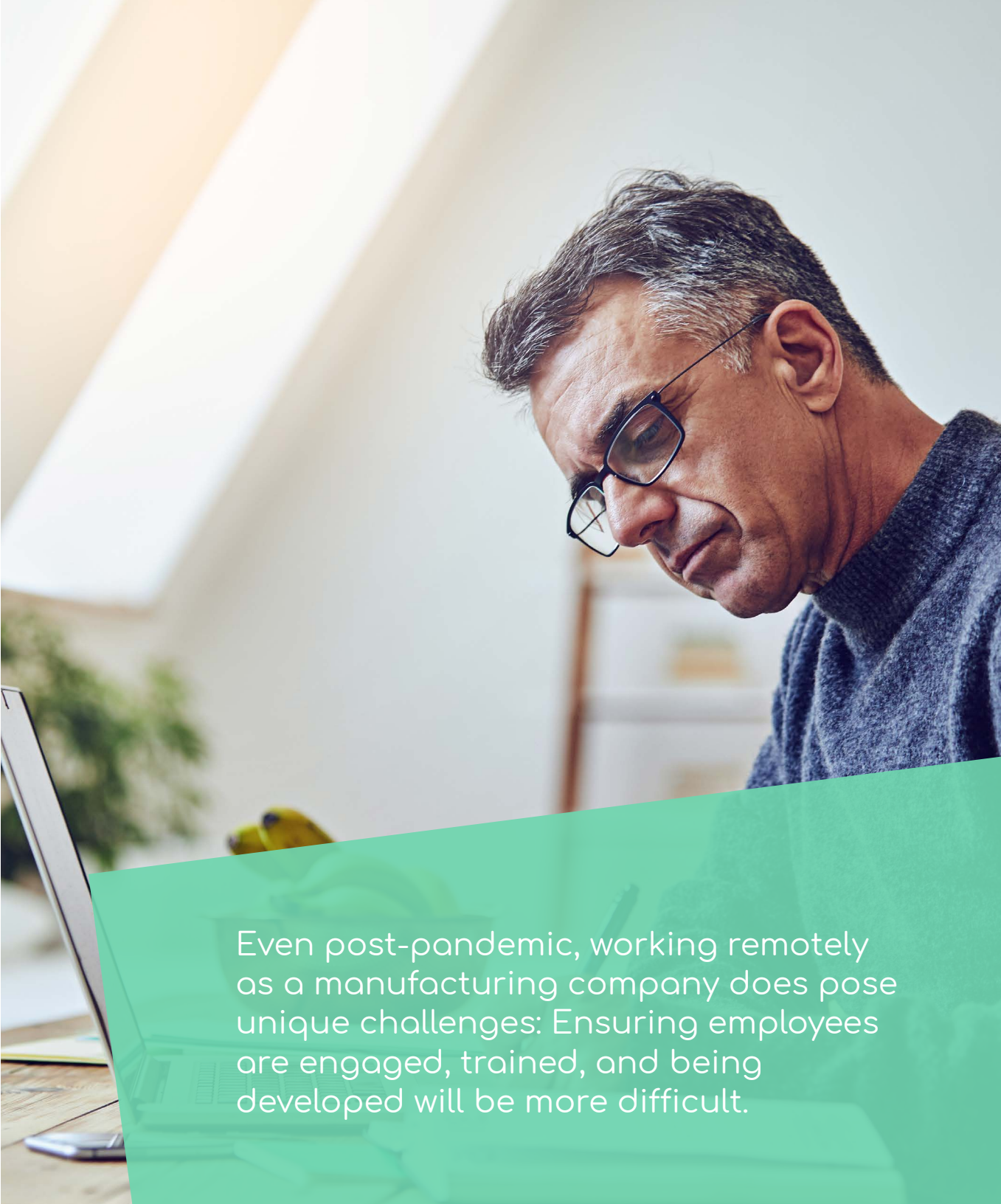
According to Deloitte's research, the average employee only has 24 minutes a week to dedicate to education. A technique known as “micro-learning” can arrange content through machine-driven recommendations and can organize by role, job title, and competency to expedite the process.²⁰

Opportunity #2: Fortify an infrastructure for remote work

Companies need to fortify an infrastructure that makes remote work possible for as many people as possible — allowing for some positions to be entirely remote and others to operate at staggered or otherwise adjusted schedules to increase safety while keeping the supply lines up and running.

This may also lead to a rethinking of how physical space is used: Perhaps a company could move to a smaller warehouse or maintain an office in a less expensive city — as well as the importance (or not) of brick and mortar stores in a world that has seen online purchasing skyrocket²¹ as people are forced to stay indoors.

Even post-pandemic, working remotely as a manufacturing company does pose unique challenges: Ensuring employees are engaged, trained, and being developed will be more difficult. Compliance and security risks also increase when you have less ability to provide oversight. But much like employees continuously learn and develop to hone their skills, manufacturing companies themselves can take a “test and learn”¹ mentality to remote work. According to McKinsey research, the R&D arm of a leading Chinese manufacturer created a productivity target each week relative to onsite work — and then identified how to improve it. It took just 4 weeks to increase their baseline productivity by over 30 percent.²²

A photograph of a middle-aged man with glasses, wearing a dark sweater, looking intently at a laptop screen. The scene is set in a bright, modern office with large windows in the background, creating a warm and professional atmosphere. A green semi-transparent overlay is positioned at the bottom right of the image, containing text.

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Opportunity #3: Embrace Digital Tools in Recruiting

One of the most immediate factors exacerbating the skills gap in manufacturing is a corresponding talent gap. Most companies are facing a large number of expected retirements, and also struggle to find the millennial and Gen Z talent to reformatify the workforce at the entry levels. However, as companies prioritize digital education tools and remote work, they become more attractive to a broader number of employees – particularly the elusive millennial and Gen Z population.

For one, these two generational groups craved more flexibility in their work schedules long before COVID-19.²³ Allowing for remote work now not only appeals to these younger generations but also broadens your access to the global talent pool.²⁴ Research suggests that offering remote work increases the talent pool by a whopping 3,000 percent.²⁵ Also, the remote hiring process is more seamless: both reducing screening time and hiring costs and allowing for more accurate culture and mission matching.

In addition to remote work, millennials²⁶ and Gen Z²⁷ are also attracted to learning and development opportunities. Having grown up with technology, both groups are more comfortable with the idea that their jobs today might not exist in the future. Providing more opportunities for upskilling and reskilling will make your business a more attractive place to grow their careers. Rolling educational materials into job postings can also help counteract some of the outdated stereotypes about the manufacturing industry.

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Continuously adapt and improve

Perhaps the hardest lesson of the COVID-19 pandemic is that there will not be a “return to normal.” That’s not doom and gloom talking, it’s just acceptance that the way we did things before won’t necessarily be how we do them from now on.

But when systems are shut down or negatively impacted in some way, it’s an opportunity to rebuild them to be better, stronger, and more efficient. This is what the manufacturing industry faces right now.

Allowing yourself to be “unbound” in your thinking — being willing to adopt new techniques or accept new realities — isn’t easy but scrambling to fix

immediate problems eventually points the way towards positive, permanent solutions.

Just a few years ago, experts were forecasting a 2020 manufacturing industry that was largely automated, where robots had replaced a vast majority of the human workforce. Instead, we see more investment in workers, and we’re collectively discovering a chance to address a long-simmering concern regarding upskilling and advancement.

As the manufacturing industry embraces new flexibility, new avenues of communication, and a new “business as usual,” it will require companies to answer some foundational questions, such

as how are you creating a safe and effective workplace under strict new guidelines? Are you prepared to have workers operate remotely for indefinite periods? Even without a centralized workplace, can workers get access to education and advancement materials?

The manufacturing industry of 2020 and beyond will be defined by the types of critical and creative thinking only a human workforce can supply, and when you’re positioned to foster and support the growth of your people and their skills, you will not only be braced against further unforeseen disruption, but you will be building a new vision for the future.





Are you ready for the “new normal”?

Talk to your Cornerstone representative to discuss how to apply these strategies to your organization. For more resources for surviving and thriving during whatever comes next, click below.

[get more resources](#)

Endnotes

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