

## ***Training and the Industrial Workforce***

### ***Are you having problems with employee turnover or finding qualified maintenance?***

With the ageing workforce (and expected increasing retirements over the next several years) especially in the maintenance and industrial trades, the US Department of labor is projecting that the job outlook for HVAC technicians, for example, to be excellent particularly for those with training. Employment for these positions is expected to increase faster than the average for all occupations through 2014.<sup>1</sup> General maintenance and repair is a large occupation with significant turnover. Many job openings are expected to result from the retirement of many experienced maintenance workers over the next decade.

In a regional study of Wisconsin's manufacturers, they believe overwhelmingly that they will have difficulty in hiring and retaining not only the numbers of replacement workers they need, but also in finding those with the appropriate skills and work ethic to undertake the move toward a new economy.<sup>2</sup> When questioned about what they would like to see in the education system to meet the needs of industry, approximately 40 percent of the responses were related to basic skills, technical and process training. The questions are do you have the personnel in place and have a plan of how to train them?

### ***The walls must be broken down***

In order to progress into the next decade, management must realize that maintenance is an important money saving investment. In the past and probably still somewhat today, top management views maintenance as a "necessary evil". The primary reason for this is the lack of understanding of maintenance at the executive level. In order for companies to improve production and efficiency and lower the bottom line, this mindset has to be eliminated and communication must be developed to realize the importance of maintenance. It must be a win-win situation between the top management and maintenance. Executives and management must realize that according to just about every study out there shows that investment in personnel through training is probably the most important investment a company can make.

### ***Not Only Trades Training - Management Training***

Successful executives develop communication systems to listen to subordinates to uncover what was actually occurring on the "battle lines". On the flip side, executive malfunction is typically a failure to communicate effectively to subordinates the need for high goals or to ask for their cooperation and help. The lack of understanding about the company's strategic plan as pertained to management's role makes it difficult to determine whether management perceives their contributions are worthwhile, productive, efficient and effective.

In a survey analyzing suggestions for improving leadership skills, the results showed that the difference between companies with good financial results and those with average results: those with good financial results trained supervisors and management how to organize their employees' work efficiently within an environment of continuous improvement while also teaching them how to use a compensation system to reward employees when efficiencies improved. The ones with average to poor financial results trained supervisors how to manage their employees' behavior, absenteeism, etc.<sup>5</sup>. Organization of their work was ignored.

### ***How Much Does Turnover Affect Bottom Line?***

In a study by the MPI group DDI has shown that the cost to replace a skilled manufacturing employee can run from one-and-a-half to two times annual compensation.<sup>3</sup> As an example, if your company has a 10% turnover rate, for 10 skilled trades making \$50,000/year, that corresponds to \$75,000 to \$100,000 that will be wasted just to replace one person. In Vermont's Workforce Report of 2005 the maintenance mechanic had an average turnover rate of 17%.<sup>4</sup> Think about how much training dollars that could have been invested in those employees to encourage, challenge and support them to be a long-term member of your team.

Since general maintenance and repair occupations has such a significant turnover this is an area that through training can have a significant effect on the company's bottom line.

### ***Safety Training Concerns***

Because of the increasing number of immigrations an area that could be overlooked or not thoroughly developed is related to the safety training. As many facilities are hiring immigrants in maintenance positions, it is extremely important that not only they get, but they *understand* the safety training they are being taught. The language barrier could result in potential dangerous and unsafe situations.

### ***Training Outcomes & Expectations***

By proactively investing in training employees you *demonstrate* a concern and appreciation for the continuation and advancement of their contributions (affecting job morale and security). Through this you can also expect improved profit margin (by lowering turnover), decreased downtime and/or increased productivity, and probably most importantly a safe work environment. In a study by the MPI Group, companies that spent over \$1,200/employee/year in training versus those that spent no more than \$800/employee/year had the following characteristics<sup>3</sup>:

- Higher quality products
- Reduced labor turnover (2% vs. 6-10%)
- Higher gross profit margin
- Similar labor costs

Though both groups had similar labor costs, the first group (\$1,200/employee/year) had higher wages and invested more in training, but they had significantly lower turnover and worker compensation costs.

Many companies claim their employees are their biggest asset, urging them to work smarter rather than harder, yet they don't provide the inter-related tools, training, supervision, organization and compensation for this to happen.

By investing in your employees through training, giving them the tools to perform and providing the rewards when they succeed, working smarter becomes a daily reality.

Rob Dombek

<sup>1</sup>. "Installation, Maintenance and Repair Occupations", Reprinted from the Occupational Outlook Handbook, 2006-2007 Edition, U.S. Department of Labor Bureau of Labor Statistics.

<sup>2</sup>. "The Wisconsin Manufacturing Study: An Analysis of Manufacturing Statewide and in Wisconsin's Seven Economic Regions", The MPI Group, September 2005.

<sup>3</sup>. "2004-2005 Super Human Resources: Realizing Manufacturing Excellence Through Better People", Industry Week/Manufacturing Performance Institute reported by Development Dimensions International (DDI).

<sup>4</sup>. "State of Vermont Workforce Report Fiscal Year 2005 and Department of Human Resources Annual Report 2005"

<sup>5</sup>. "Improving Profitability: Survey Report Suggestions for Improving Leadership Skills", 2007, Association For Manufacturing Excellence (AME), [www.ame.org](http://www.ame.org)