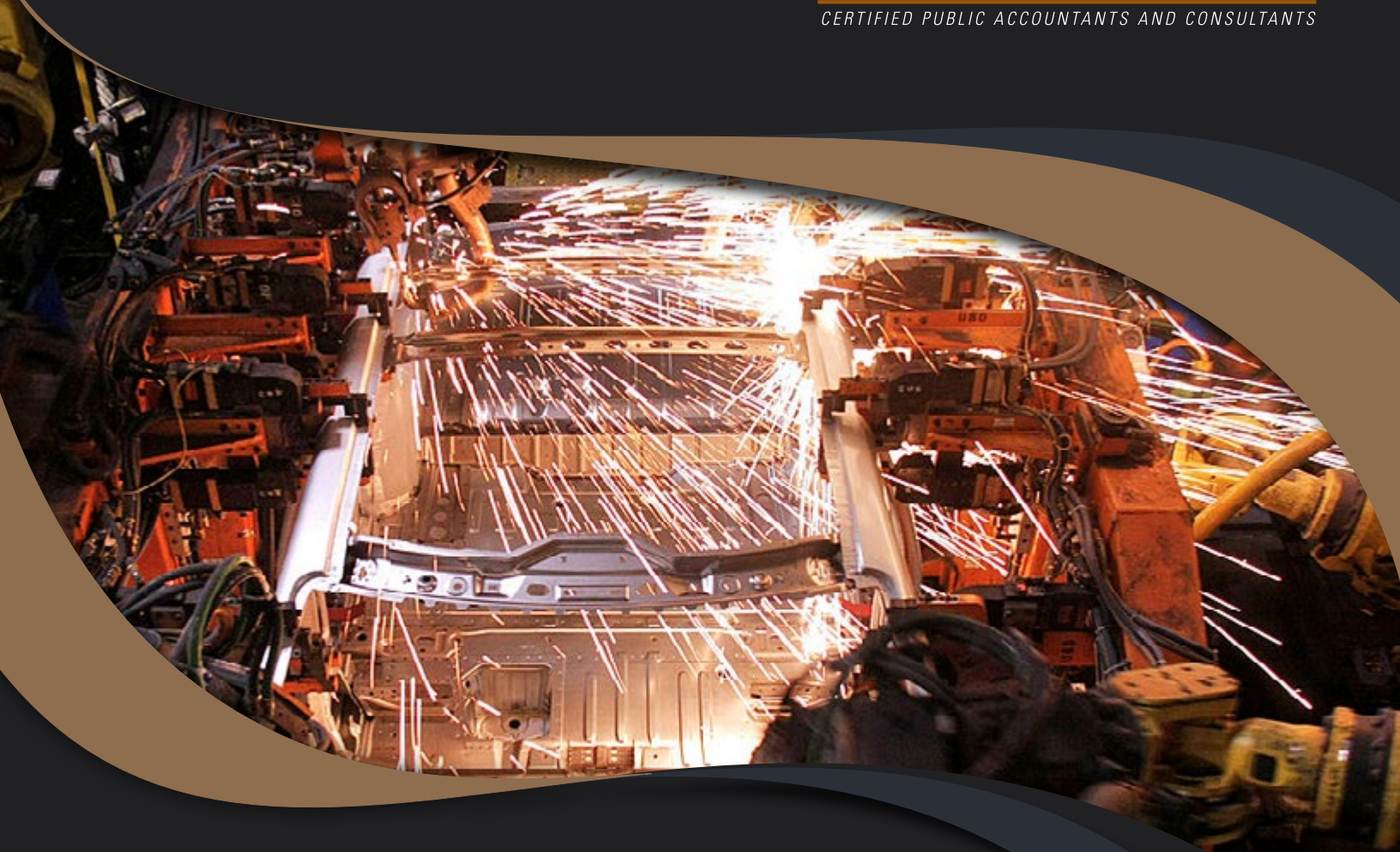


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MAY 2021

**MANUFACTURING OUTLOOK:
HELP WANTED**

INSIGHTS FROM THE SALTMARSH MANUFACTURING TEAM

MANUFACTURERS FACE STAFFING CHALLENGES AS PRODUCTION RAMPS UP

As the U.S. moves closer to putting the pandemic in the rearview window, “normal” seems right around the corner for the manufacturing industry, but what does that mean? In 2018, before COVID-19 reared its ugly head, organizations like Deloitte and the Manufacturing Institute anticipated that U.S. manufacturers would face a shortage of workers through 2028.

What, if anything, has changed since then?

Let’s start with some statistics from the NAM Manufacturers’ Outlook Survey for Q1 2021 for production and full-time employment.

Respondents expect the growth rate for production over the next 12 months to rise 4.9%—the highest it’s been since Q3 of 2018. More than 79% believe output will rise over the coming months, with medium and large manufacturers feeling the most optimistic—anticipating production growth of 5.4% over the next 12 months.

Respondents also expect the growth rate for full-time employment over the next 12 months to be 2.7%—the highest it’s been since Q2 of 2018.

More than 60% anticipate more full-time hiring over the next year; over 25% think employment growth will be at least 5%; and medium-size manufacturers are the most bullish, predicting growth of 3.3%.

So far, these predictions seem to be dead-on, as the production and manufacturing sector leads the way when it comes to percent change in U.S. job postings since February 2020—up 52.7%, better than the economy average.

This is all good, right?

On the surface, yes, but according to that same survey, the inability to attract and retain a quality workforce was noted as the second greatest business challenge (after increased raw material costs), by 65.8% of respondents—and it’s been a primary concern in 11 of the past 13 quarters. Having more work is only a positive if manufacturers have the talent to adequately handle it.



ADDRESSING THE PROBLEM

It is said that awareness is the first step to solving a problem, and the manufacturing industry has that covered. The NAM has raised \$14 million from manufacturers to launch [Creators Wanted](#), a social media and marketing campaign aimed at attracting workers.

“One interesting component of the effort is its focus on drawing more women, veterans and other underrepresented populations to manufacturing”.

Women, for instance, fill only 29% of the U.S.’s nearly 13 million manufacturing jobs—despite the fact that they make up roughly half of the U.S. labor force.

Manufacturing has traditionally been considered a man’s job, one focused on manual labor, but that is changing as more and more technology

is being used across the industry. It’s also often been characterized as a career path for those unable to attend college — but today’s outreach efforts at the younger generation are focused on convincing them that vocational training is a valid choice instead of college.

Getting millennials and Gen Zers interested in manufacturing is especially critical given how many baby boomers are expected to retire in the near future. Deloitte estimates that 2.6 million will leave the industry between now and 2030.

Understanding their manpower challenges, manufacturers overwhelmingly support the passage of a major workforce training investment bill (73.7%), saying it would have a positive effect on their business plans and outlook. Among the most popular uses for funds from such a bill are on-the-job training programs, apprenticeship programs and incumbent worker training programs, as well as expanding community college programs and supporting industry certification programs.

OUR RECOMMENDATIONS

But until, or if, that becomes reality, there are a number of things manufacturers can do to address their workforce issues.

With more opportunities starting to come their way, manufacturers need to ensure their staffing levels are up to the task. We suggest the following action items:

- Find a good skilled labor recruiter.
- Invest in an apprentice program or partner with an organization that does, for example [AmSkills](#) and [Florida Makes](#).
- Automate processes to the greatest extent possible, especially for hard-to-fill positions.
- Attract diverse and new talent— young people, minorities, women and veterans —via social media platforms.
- Innovate workforce training procedures.

**“2.6
MILLION BABY
BOOMERS
IN THE
INDUSTRY
WILL
RETIRE
IN THE NEXT
DECADE.”**

THE TAKEAWAY

How quickly the manufacturing industry is able to grow post-pandemic will in large part be a product of how successful manufacturers are at hiring and retaining a skilled workforce.

Manufacturers that are proactive will find themselves ahead of their competitors that choose to do nothing to offset potential labor shortages.



HOW TO GET STARTED

The manufacturing experts at Saltmarsh are ready to share their expertise. Please contact us to discuss any existing and potential challenges you face as a manufacturer, and help ensure your successful future.



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