

PRESS RELEASE

For Immediate Release

U.S. Manufacturing Faces a Two Million Worker Shortage Over the Next Decade, Deloitte and The Manufacturing Institute Studies Indicate

Nine in 10 Americans surveyed believe manufacturing essential to U.S. economy, while only one in three parents would encourage their children to pursue a career in manufacturing

Washington, DC, February 26, 2015: The United States faces a need for nearly 3.5 million manufacturing jobs over the next decade and two million of those jobs are likely to go unfilled due to the skills gap, according to new research from Deloitte and The Manufacturing Institute.

Two parallel studies — [“The Skills Gap in U.S. Manufacturing: 2015 and Beyond”](#) and [“Overwhelming Support: U.S. public opinions on the manufacturing industry”](#) — draw together perspectives from U.S. manufacturing executives and the American public that reveal American manufacturing companies face a significant skills gap over the next decade, largely fueled by baby boomer retirement and too few young people who see the industry as a career destination.

“The research shows that 84 percent of manufacturing executives agree there is a talent shortage in U.S. manufacturing, and this gap will be exacerbated by more than 2.7 million professionals exiting the manufacturing workforce through retirement over the next ten years,” said Craig Giffi, vice chairman, Deloitte LLP, and U.S. automotive sector leader. “Our research estimates that the cumulative skills gap — or the positions that likely won’t be filled due to a lack of skilled workers — will grow to 2 million between 2015 and 2025.”

Roughly 8 in 10 manufacturing executives (82 percent) responding feel that workforce shortages or skills deficiencies in production roles have a significant impact on their ability to meet customer demand, and 78 percent indicate that it impacts their ability to implement new technologies and increase productivity. Manufacturing executives responding to the skills gap survey indicated that 6 of every 10 skilled production openings they have are unfilled today due to the talent shortage.

While 80 percent of executives report they are willing to pay higher salaries than the market rates in workforce areas reeling under the talent crisis, the industry appears to suffer from an inability to fill positions expeditiously. Manufacturing executives surveyed report that it takes more than 90 days to recruit highly-skilled workers such as engineers and scientists, and an average of 70 days to recruit skilled production workers. According to Benjamin Dollar, principal, Deloitte Consulting LLP, and co-author of the studies, “Traditional past practices and methods used for recruiting and developing workers needed for the future of manufacturing are simply not going to be adequate.”

“The skills shortage pervades all stages of manufacturing — from engineering to skilled production,” said Jennifer McNelly, president, The Manufacturing Institute. “This challenge will only grow as the demographics of our workforce evolve with retirements, new technological advances requiring a higher level of training and certification, and our K-12 education system, which continues to lack the necessary focus on STEM education.” Added Gardner Carrick, vice president, The Manufacturing Institute, “With nearly half of executive survey respondents indicating they plan to re-shore some portion of their operations back to the United States by 2020, the urgency to expand the domestic talent pool and address the skills gap is increasing day-by-day.”

Americans rank manufacturing as No. 1 in importance to U.S. economy, but personal commitments lag

In a separate survey of the American public, an overwhelming majority of Americans surveyed believe manufacturing is crucial to the country’s economic prosperity (90 percent), standard of living (89 percent), and national security (72 percent). However, less than half (49 percent) believe the U.S. can compete globally in manufacturing today.

However, it appears Americans see disparity in the level of action being taken by policy makers compared to the relative importance of manufacturing. If given the opportunity to add 1,000 new jobs in their community, Americans ranked the manufacturing industry as their first choice relative to all other industries. While 77 percent of Americans surveyed believe a strong manufacturing base should be a national priority, 83 percent indicate the U.S. needs a more strategic approach to developing a manufacturing base, and 82 percent believe the U.S. should further invest in the manufacturing industry. Nearly two-thirds (64 percent) of the American public do not believe federal government leadership or corporate tax policies are an advantage for U.S. competitiveness relative to other countries. And over half (57 percent) feel that neither

U.S. trade policies nor environmental regulations are providing U.S. companies with an advantage relative to competitors in other countries. Manufacturers appear to agree, as 86 percent of executives surveyed feel government policies have a negative impact on job growth.

“The public understands that manufacturing must be as much a part of America’s future as it was in our past,” said Jay Timmons, president and chief executive officer of the National Association of Manufacturers. “Americans know that manufacturing strengthens not just an economy, but also communities, peoples’ lives and our country. It’s time Washington listened to the people, and adopted a comprehensive manufacturing strategy to secure world-leading manufacturing in the United States and American Exceptionalism long into the future.”

Despite this apparent support for manufacturing from the American public, respondents show a much different attitude toward manufacturing as a career path. While over half of the respondents (53 percent) believe the manufacturing industry provides careers that are interesting and rewarding, and a similar percentage (52 percent) believe a career in the manufacturing industry provides a good income relative to other industries, only a little more than one in three parents (37 percent) would encourage their children to pursue a career in manufacturing, mainly due to lack of stability (66 percent) and their belief that manufacturing jobs are the first to be moved offshore (75 percent). As a result, manufacturing ranked fifth out of seven industries as their choice to start a career today, and it ranked last — seventh out of seven industries — as a choice for the all-important generation Y respondents, those between the ages of 19 and 33.

“It is not a significant surprise Americans are not selecting the manufacturing industry as their top career choice, given they believe manufacturing jobs are the first to move to other countries and our policy makers are not providing the leadership to help create an advantage for U.S. manufacturers relative to other countries,” added Giffi. “Overall, executives and the general public agree, manufacturing is vital to America. Now is the time to address the talent issue and policy changes necessary to ensure future U.S. competitiveness — before it’s too late.”

Call to action: Closing the skills gap

Nearly all surveyed executives (94 percent) agree that internal employee training and development programs are the most effective skilled production worker development strategies. They also cite involvement with local schools and community colleges (72 percent),

external training and certification programs (64 percent), and creation of new veteran hiring programs (49 percent).

“Just as every company engineers its product lines, its supply chain, and its production process: You can engineer a talent pipeline,” according to McNelly. “Manufacturers can no longer afford to wait for an educated and trained next generation of manufacturing talent — they will need to do more to develop their talent pool, and the same old approaches no longer apply.” Deloitte’s Dollar adds, “Experiential training and management programs open up their most important assets — their own employees — to new skill sets. Manufacturers have turned to analytics to better understand their production capabilities, though few are using it to help identify internal or external candidates to fit their positions.” McNelly added, “While much progress has been made in rolling out skills certification, we must accelerate our efforts to keep pace with the daunting challenge facing the U.S. manufacturing industry over the next decade.”

About the surveys:

The Skills Gap in U.S. Manufacturing: 2015 and Beyond

The study was commissioned by Deloitte and The Manufacturing Institute and was conducted online by an independent research organization between June and July 2014. The survey polled a sample of 450 executives from U.S. manufacturing companies and has a margin of error of plus or minus 5 percentage points.

Overwhelming Support: U.S. public opinions on the manufacturing industry

The survey was commissioned by Deloitte and The Manufacturing Institute and was conducted online by an independent research organization in August 2014. The survey polled a sample of 1,000 U.S. households and has a margin of error of plus or minus three percentage points.

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About The Manufacturing Institute

The Manufacturing Institute (the Institute) is the 501(c)(3) affiliate of the National Association of Manufacturers. As a non-partisan organization, the Institute is committed to delivering leading-edge information and services to the nation's manufacturers. The Institute is the authority on the attraction, qualification and development of world-class manufacturing talent. For more information, please visit www.themanufacturinginstitute.org.

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