Tap into the talent

With thousands of good people out of work, why not use them to cut training costs? Annie Gregory discovers that preparing for the end of the recession is not that straightforward

UK manufacturing has lost more than 150,000 jobs since the recession started. Although the rate of decline has slowed, CIPD still reported in November that 42% of employers were planning to lay off an average 4% of their workforce.

You’d think, with this number of jobs shed, it would be easy to fill vacancies. And, at one level, you’re probably right. With around ten hopefuls reportedly chasing every vacancy, people will queue for jobs they wouldn’t even have looked at three years ago. Last year a single ad for a bin loader in Havant at a salary of £14,000 attracted 238 applications from across all sectors. So why bother to spend money on retaining and developing the people you have when there should be a pool of keen and possibly cheaper applicants to choose from?

It’s not as simple as that. Most manufacturers need either skills specific to their processes or people with a clear aptitude for learning them. Those who think they can just put in their thumbs and pull out a plum are living in a nursery world.

Take Lancashire-based aerospace component manufacturer Aircelle. Recently, it has seen a worrying change in manufacturing recruitment. “The situation is fine if you’re looking for skilled people in well-known professions, but the issue is that there are not enough to go round,” says engineering director Iain Minton. He says they tend to go up the chain to the more attractive, bigger companies, leaving the smaller companies without a look in.

“Compounding the problem, of those engineers who are available, few offer exactly what you are looking for. Quite a number of companies are having to accept less than they want.” They may keep looking or they may say “this candidate is close enough, we will just take the hit”. “That way you have a much greater training requirement, and that isn’t necessarily an investment companies can afford at the moment,” he adds.

It’s ironic that before the recession, the skills shortage was seen as probably the single greatest threat to manufacturing. Yet nearly two years on, with a reduction of 8.5% in our manufacturing base and redundant workers queuing for jobs, the situation remains largely unchanged.

There’s one factor that differentiates this recession from previous ones. Many manufacturers have gone to enormous lengths to hang on to their people. According to CIPD, one in five private sector organisations has reduced working hours and the trend seems to be continuing. At one level, this is cutting redundancies by sharing the pain equally. At another level, this keeps existing skills in place for when (and if) the upturn ever comes. It’s a sensible, ethical way of treating incumbent employees but, nonetheless, it’s only a partial solution, aimed at hanging on rather than moving forward. Cuts in hours are generally accompanied by recruitment freezes. This has made life very tough for young entrants to the job market. The number of 16-24 year olds out of work has reached record levels in this recession. It’s bad for them now; it could be equally bad for industry in years to come when a yawning gap renders smooth succession planning virtually impossible.

Martin Bevan, UK business manager for SMC Training, part of the pneumatics giant SMC Corporation, does not see this as an either/or choice. “While it is true that British manufacturing has undergone a period of transition over the past decade, the very idea of stalling on bringing bright, new, enthusiastic, young talent into the industry would set us back even further,” he said. “We are already hearing of companies moving their operations back to the UK and the economy is improving. Not all manufacturing sectors have seen the job losses that some have. Food technology and engineering, for example, still face shortages of talented and highly skilled individuals.

“We need to start creating conditions for future growth now and that includes attracting and training a new generation of skilled workers.”

The government clearly views apprenticeships as a major route to solving youth unemployment and is offering some...
tempting – albeit short-term – incentives to employers. Until the end of March, the National Apprenticeship Service (NAS) is offering grants of £2,500 to encourage employers to take on unemployed 16-17 year olds as apprentices. The grant is in addition to the costs of training which it will also meet, although employers will still have to pay the apprentice at least £95 per week. The scheme is aimed at creating new and additional places so it is targeting those who would not otherwise have been in a position to recruit an apprentice or who are able to offer more apprenticeship places than they would otherwise have done. NAS particularly wants to involve SMEs interested in employing their first apprentice. But it will also consider larger employers “where they can demonstrate that they are overtraining to support smaller employers in their supply chain/the wider sector or recruiting in excess of their traditional levels of apprentice recruitment”. There’s not much time to apply but NAS promises a quick response and will also help match employers to suitable apprentices and training providers.

Even where apprenticeship programmes have temporarily stalled, companies can still keep links with young people locally in the hope they may come on board in better times. Bevan is also chairman of the steering group behind the Diploma in Manufacturing and Product Design, the new qualification for 14-19 year-olds aimed at developing young people ready for a career in industry: “Students taking [it] work directly with manufacturing companies. They have the opportunity to sample working life within the industry and grasp the skills and knowledge employers will demand of them. Employers, in the meantime, have the chance to nurture and shape future workers. The diploma offers a link between fresh talent and industry which has been missing for far too long.”

Supporting companies get actively involved with students, offering site visits, attending lessons, setting and assessing project work and challenges.

So what else are companies doing to keep their existing employees motivated and prepared for the upturn while also filling their talent pipeline?

Aircelle is covering both sides of the problem. It is working closely with the Manufacturing Institute (TMI) to sharpen lean awareness and skills among existing employees through on-site training, while planning for supervisory staff currently working towards TMI’s Certificate in Manufacturing to subsequently take its university-accredited diploma. At the same time, it is maintaining its intake of
apprentices into a programme that is now in its fourth year. “Even in the economic strain we are seeing, we are absolutely committed to investment in the future of Aircelle,” says operations director Darren Mitcheson. “We’re building a sustainable future, and apprenticeship investment is absolutely key in today’s market.”

Hanson UK’s building products division is also refusing to let the recession make it buckle at the knees. Part of the 61,000-strong HeidelbergCement Group, it has suffered alongside the rest of the construction industry supply chain. Instead of axing valuable staff, the company decided to use this downtime productively to retrain and upskill its workforce. With the full backing of UK management, Steven Godfrey, works manager at its Desford brickworks, committed to a series of training initiatives for just over half of its 68-strong workforce, including refresher courses on health, safety and the environment. They were run on-site by the company’s internal and group consultancy staff. In addition, Hanson used this time to release 10 of its operative staff to complete their NVQ Level 2 in Business Improvement Techniques (BIT), undertaken on site in conjunction with Stoke College.

Maintaining salaried staff and releasing work hours meant some investment but Hanson received full funding for its BIT course, instigated by Proskills UK, the sector skills council for the process and manufacturing sector. Godfrey says the results are noticeable throughout the whole operation: “…they are all much more motivated, have a greater understanding of the operation as a whole and appreciate how their individual role affects the wider production chain.”

Following feedback from the course, the company reviewed its operations, improving working conditions and changing the layout of its production area. It meant improved logistics, increased production efficiencies, and money saved through better waste management while the stronger health and safety focus is reducing operational downtime. “My goal is to see the rest of the team benefit from this training,” says Godfrey. “It’s a win/win situation. The staff benefit by increasing their skills base and having a greater say and impact on their working environment, while the business benefits through improved staff retention, a highly skilled workforce as well as through production efficiencies and cost savings.” Also suffering as market demand for tyres tumbled, Michelin’s Ballymena and Stoke-on-Trent manufacturing teams went even further in priming their future. Ballymena led the way with an ambitious 16-day training schedule in April 2009 supported by the Invest Northern Ireland programme. The majority of the 1,000-strong workforce was involved, 150 of whom delivered 55,000 man hours of training in transferable skills to the rest. The management team created 16 specialist modules for the programme included manufacturing process, ergonomics, corporate social responsibility and energy awareness.

Graham Whitehurst, Ballymena factory manager, said: “It was important for us to react in a positive way to the downturn and using the time to upskill the workforce was one of the best ways to do that. By investing in developing and enhancing our staff’s existing skills we have produced a more flexible, abundantly skilled team of people ready to deliver quality products and service and primed to face any challenges ahead in the future.”

Michelin’s Stoke site currently employs over 1,000 people and remains one of the largest private sector employers in the area. Initially launched on a voluntary basis, staff were given the opportunity to work towards an NVQ Level 2 BIT qualification, also through a partnership with Stoke-on-Trent College. All the in-house training was managed and maintained by Michelin’s own staff with the college acting as a liaison point and assessor.

The first batch of 47 employees is now on the verge of qualifying. The training time equates to 4,275 man-hours across two retraining sessions. Each operator has built an individual portfolio of work completed, focusing on areas such as knowledge of specialist tools and processes, manufacturing process standards and on-the-job problem solving techniques. Half of the activity is completed within work time and the other half outside normal working hours. A further 40 employees are set to form the second wave of trainees with plans for everyone to qualify eventually.

Fit for the future
What does this all add up to? There are undoubtedly opportunities for manufacturing to make some quick savings at a difficult time. Axing apprenticeships, and running with the bare minimum of operators are obvious solutions to simply staying alive. But is it enough to ensure a long-term future? When the workforce dreads each day as possibly its last, they look elsewhere. Continual apprehension wears down even the most loyal. And it’s the most able and valuable that get out the door first, simply because other businesses can see their worth. It’s undoubtedly tough on those who have already lost their jobs but the real dividends come from focusing on the ‘birds in the hand’.

When people see their management investing in their future, they feel valued and believe there’s a reason to stay, work hard and engage their brains. When they see youngsters coming in, they know that their management is looking beyond next week and next year. It’s a difficult balancing act for most manufacturers – but one they ignore at their peril.

The National Apprenticeship Service can be contacted on 08000 150 600 or complete the online enquiry form at www.apprenticeships.broadsystem.com/employerenquiryform.aspx. Mention your interest in receiving support through ‘AGE 16 and 17’