



# 10 things you should know about the manufacturing skills gap

A looming wave of retirements by workers from the Baby Boom generation is creating a costly skills gap for manufacturers. Companies are finding it difficult to hire new workers with the right skills to fill today's manufacturing jobs. They're also losing a valuable body of institutional knowledge as the generational turnover goes on.

## What is the impact of the skills gap?

- 1 600,000 US manufacturing jobs go unfilled each year due to skill shortages.<sup>1</sup> The situation in Europe is similar. In an [ft.com](#) article, chief executives of some of Europe's largest manufacturers predicted a possible gap of 500,000 engineers by 2025.
- 2 The shortage is estimated to cost manufacturers 11% of annual earnings every year.<sup>2</sup>
- 3 39% of manufacturers describe the shortage as "severe."<sup>2</sup>
- 4 70% of manufacturers report an increase in overtime costs due to skills shortages.<sup>2</sup>
- 5 61% of manufacturers have reported increasing cycle times of 5% or more due to skill shortages.<sup>2</sup>

## How do you combat this skills gap?

- 6 Create an inventory of skills that exist within your organization, so you know who can step up to fill gaps. And investigate best practices that are giving others an advantage. Read an article from [Fast Company](#) on a hot new trend known as talent science.
- 7 Continually upgrade the skill level of current employees and think long-term. Partnerships with universities and other learning institutions can be mutually beneficial and pay big dividends down the road.
- 8 Apply analytics to help predict what kind of people to recruit and train. According to Deloitte, companies that excel at talent analytics see significant improvements in recruiting and leadership pipelines. [Read their talent predictions for 2014.](#)
- 9 Implement strategies that share the tribal knowledge of your current workforce. Smart companies are using tools like enterprise search, "following," and push notifications to bridge the generational divide.
- 10 Make ease of use a top criterion when selecting new systems and understand that technology plays a big role in employee satisfaction.<sup>3</sup>

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<sup>1</sup> "Boiling point? The skills gap in U.S. Manufacturing." Deloitte and Manufacturing Institute, <http://www.ft.com/cms/s/0/51dc6cca-c145-11e2-b93b-00144feab7de.html#axzz37Xop10Qa>  
<sup>2</sup> "Skills Shortage Threatens Earnings And Growth Of U.S. Manufacturers," May 15, 2014, <http://jobmarketmonitor.com/2014/03/24/uk-thousands-of-low-skilled-food-manufacturing-jobs-are-likely-to-go-unfilled/>  
<sup>3</sup> "Can ERP help close skills gap?" Research from Cindy Jutras

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