

## THE SHIFTING BATTLE FOR MANUFACTURING TALENT

The labor market has [tightened again to](#) nearly pre-pandemic levels, exacerbating difficulties auto suppliers were already grappling with in the battle for talent while domestic demand continues to grow. From February through May, the RSM Manufacturing Outlook Index reflected four consecutive months of significant, above normal sentiment.

Add to this growth picture the fact that manufacturers are having to compete more with companies in the technology space to attract and retain top-tier workers and the result is an enormous amount of pressure on suppliers to build and retain a robust workforce for the digital future.

Auto suppliers need to harness the urgency of this moment and evaluate how they can become a destination employer to the workers who will help steer the industry's future, and then put an action plan in place to achieve this goal.

### A stronger value proposition for new employees

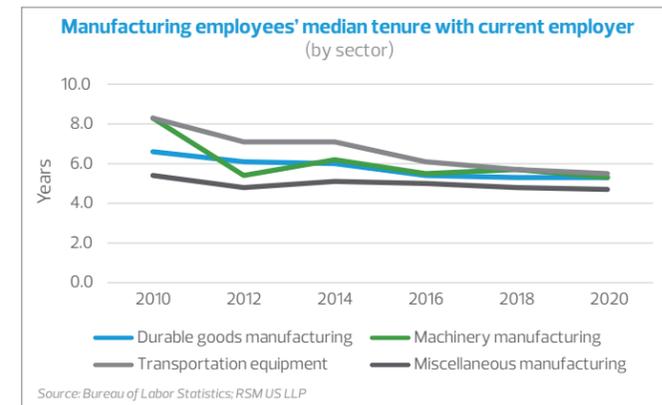
Auto suppliers will need to increase their headcount to meet the current rising production demand in the market, and even more so in the future to address long-term growth. It's worth noting that while production levels exceed those at this time in 2020, they are still below those of 2019—thus, many manufacturers are struggling even to hire enough people to meet the needs that existed in the pre-pandemic environment.

Automation and other advanced technologies will play a part in helping companies meet this demand by doing more with less, but integrating such technologies and a workforce that can adapt to them cannot happen overnight—hiring will be the key.

To draw top talent, companies need to understand the nuances of how job candidates today approach their career path. More than just a competitive salary and a robust benefits package, many employees want a workplace that will invest in their growth, provide mentors and enable them to develop and follow their desired career path as well as a culture—including clearly defined positions and policies

around environmental, social and governance issues—that aligns with their perspectives.

Business leaders may instinctively be cautious when it comes to investing heavily in any given employee, because workers today generally stay in a position for a shorter amount of time than they did in the past (as the chart below shows). But in today's fiercely competitive environment, companies may not have much of a choice. Employees in the modern workforce seek out a variety of experiences and challenges, and it's not uncommon for their careers to span multiple industries. Auto suppliers need to embrace this fact rather than fight it, and create flexibility and growth opportunities within their own company if they want to stay relevant to job seekers.



Onboarding and training will also be more important, especially as technology is becoming more central in the auto industry. Companies need to think about how they can use virtual reality, augmented reality and other technologies in the training process to keep employees engaged.

- **Key takeaway:** Employees expect broader opportunities from their workplace than they have in the past. Employers need to adjust their employment packages accordingly if they want to remain competitive.

### Changing environments

Companies that want to provide an attractive value proposition to workers need to have a firm grasp on the many ways the manufacturing work environment is changing. Employees are more dispersed now because of the rise of remote work, company culture is becoming an even more integral factor for employees and potential hires, and the workforce and customers alike are increasingly demanding organizations to take a position on environmental and social issues.

Leadership teams will need to be cognizant of how these shifts—both geographical and cultural—affect their approach to designing the employee development experience by delivering greater mentoring and workplace elasticity, including flexible schedules, flexible workspaces, training enhancements, wages, benefits and work-life balance among others to ensure a strong value proposition. Important considerations include:

- How to balance in-person work needs with the new demand for remote options—among office workers as well as those whose jobs are on the factory floor
- The growth of global competition for talent, given the decreasing importance of working on-site for many roles
- How best to build a workforce with diverse backgrounds and diverse perspectives
- Employees' growing expectations for technology and their desire for the same digital experience in their work-life as they have in their personal life

Along with remote work, the acceleration of digitization is also changing the composition of workforce competencies, with robotics and advanced manufacturing leading the way on many labor market needs.

As advanced technologies have become more integral in manufacturing, the sector also finds itself competing more and more with the tech industry for skilled workers. That means auto suppliers will have to compete with the likes of Amazon not just in terms of salary offers but also remote work options, as well as the training and development experiences they are offering their employees to advance their careers.

Changing skill sets of the technology-driven workforce will also require many leadership teams to pivot and develop more tech-centered skill sets themselves. Those leaders who embrace this shift in their own roles will be more resilient and likely have the most success leading teams that thrive in a modern manufacturing environment.

- **Key takeaway:** Companies need to reevaluate all aspects of the employee experience—including work environment, training, professional development, compensation and benefits—and look for opportunities to differentiate themselves from the competition.

### The bottom line

To compete in the current battle for talent, auto suppliers need to think well beyond hiring strategies; rather, they should develop a comprehensive talent management program that focuses on fostering employees' career paths once they are in the door. Such programs need to address opportunities for advancement and the importance of workplace culture if companies are serious about retaining talented employees and having those workers grow with their business.



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