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What's Next for Manufacturing?

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2020 has been a challenging year for manufacturers with COVID-19 causing significant disruptions in both operations and demand. The severity of the pandemic was apparent quickly, as April manufacturing output was down [nearly 14%](#). That's a record decrease since the federal reserve began tracking production over 100 years ago.

At that time, 78% of manufacturers were bracing themselves for a negative financial impact. They were scrambling to react to [the immediate implications of the pandemic](#) such as supply shortages and plant shutdowns. Now, these companies are emerging from crisis mode and adapting for the long-term, making the operational changes necessary to remain competitive. As manufacturers determine the right direction forward, they're realizing that recruiting and succession planning are crucial priorities.

Looking to the Long Term

While data can show the severity of COVID-19, conversations with manufacturers reveal deeper insight. Many say that the coronavirus is a gamechanger in how they seek to operate in not just a "new normal" but in the "next normal" of the future. These business leaders indicate that the pandemic is accelerating industry trends that were already in motion, such as increasing automation, supply chain assessments, digital transformation, and workforce changes.

Despite this chaotic environment, opportunities have emerged. In particular, this is an excellent time for manufacturers to reassess their organizations to determine how they can be successful long into the future and not just through the initial shock of the pandemic. For that to happen, [industry experts](#) believe that anticipating change and disruption must be built into manufacturers' business models and operations. That can be done by focusing on three key areas: operational resilience, the customer experience, and closer collaboration across ecosystems like supply chains.

Preparing for long-term success by focusing on these three key focus areas and addressing a number of accelerating trends requires strong talent. Effective decisions and action plans can only be made by having the right people in the right roles. It's more important than ever to connect those who are entering manufacturing at the start of their careers with industry leaders. Younger talent can drive the digital future through their understanding of analytics and A.I. while seasoned professionals represent deep repositories of industry knowledge. Similarly, fostering a truly diverse and inclusive environment makes a big impact in bringing together a workforce and generating new, innovative ideas. Now is the time to leverage the

expertise of these different groups of employees through strong recruiting and succession planning strategies.

Refocusing on Recruiting and Succession Planning in Manufacturing

Just as COVID-19 highlights the need to facilitate a healthy work-life balance and increase flexibility for employees, it also reinforces the challenges related to talent attraction and retention. Talk of a skills or leadership gap existed before the pandemic, but during a crisis such as this, weak leaders have become even more exposed and are being expeditiously replaced with better talent.

Alternatively, top performers shine as the ones who can ensure a manufacturer's longevity and contribute to overall success. Studies find that they are [800% more productive](#) than low performers in complex occupations. This is especially true during this pandemic as high performers are more likely to take on the work of others and get involved in special projects, all while remaining committed to culture and company values.

Recruiting high performers isn't easy because manufacturing, like the global economy, is on uncertain ground. It will take months and perhaps years for operations at some plants to fully rebound. Overall demand for new workers in the industry may be soft during the early stages of the recovery, so it may not seem like a "hot" sector for job seekers. There's also a less-than-positive view of manufacturing among younger top talent, who gets continually lured by high tech and other higher-growth industries. This sentiment, combined with the well-established lack of diversity in many companies, forces HR leaders to become public relations agents for their industry and representative companies.

A dwindling pipeline of exceptional candidates is a distinct problem in light of the fact that, in the next decade, [2.6 million Baby Boomers](#) in the manufacturing industry will retire. This startling statistic doesn't even consider the industry leaders who originally planned to keep working but now see the pandemic as an opportunity to retire early. These are executives who are rethinking their priorities, wondering if the stress of working during a public health crisis is worth it at this point in their careers. Since the stock market remains strong, some of these leaders are also in a healthy financial position to retire.

The potential for these quick retirements underscores the importance of succession planning for many companies. Manufacturers are realizing that a smooth process for the transfer of knowledge is what keeps operations stable, especially in volatile market conditions. COVID-19 has not gone away, but most companies are now coming out of pure survival mode. Even

though recruiting and succession planning were deprioritized earlier in 2020, continuing to do so will cause severe operational problems in the future.

Now that manufacturers aren't solely concentrating on keeping their doors open, the progressive ones are refocusing on how their talent will help them succeed in 2021 and beyond. It can still feel like an uncertain time period, but many recognize that they cannot wait any longer to take the right steps when it comes to their workforce. The time to form and implement a plan is now. With strong leadership, a healthy recruiting pipeline of bright and diverse talent, and the succession planning that connects the two, manufacturers will be better positioned and prepared to handle the bumps on the road to recovery.

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