

Skills Gap

Apprenticeships May Help Your Service Center Fill Skills Gaps

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What you need to know

The number of open manufacturing jobs has been rising since 2009

Skilled production workers are one of the largest workforce segments facing retirement in the near term

Apprenticeship programs are an effective way for companies to fill their employee pipeline and build their team's skill set.



Data from the U.S. Labor Department continues to show that the skills gap is real. As reported here by the *Wall Street Journal*, the number of open manufacturing jobs has been rising since 2009, and 2016 registered the highest number in the past 15 years.

Why does this continue to be an issue? According to the eBook, *Five Performance-Boosting Best Practices for your Industrial Metal-Cutting Organization*, there are several layers to the current workforce challenge. First, skilled production workers are one of the largest workforce segments facing retirement in the near term, which will have an impact on the number of experienced workers on the shop floor.

Meanwhile, the current talent pool isn't what it should be. Streamlined production lines and more process automation have changed the nature of manufacturing work, and the incoming generation of workers either isn't interested in working anywhere near a production line or lacks the necessary skills and technical knowledge.

The question continues to be, then, how can companies fill the gap? While the issue is too complex for one "sure-fire" solution, many believe that training and, more specifically, apprenticeship programs are an effective way for companies to fill their employee pipeline and build their team's skill set.

An article from *IndustryWeek* argues that while colleges may turn out students that may know things,

manufacturing companies need students that can do things. This is why apprenticeships are key. “Perfectly positioned at the intersection between knowledge and training, apprenticeship programs are ideal talent incubators,” the article states. “The positive outcomes of skills training are many: stronger communities, a skilled and confident workforce and an increase in the number of career opportunities for our young people.”

The U.S. Department of Labor defines apprenticeships as “an employer-driven, ‘learn while you earn’ model that combines on-the-job training, provided by the employer that hires the apprentice, with job-related instruction in curricula tied to the attainment of national skills standards,” according to its web site.

With hands-on jobs like metal-cutting, it’s hard to argue against the benefits of on-the-job training. However, the problem is that many companies don’t want to pay for it. The apprenticeship model typically involves progressive increases in an apprentice’s skills and wages, which can be viewed as costly to organizations, especially if they are afraid employees will take their skills elsewhere.

The good news is that there are several new initiatives out there that are trying to alleviate that cost by joining the industry and government together. Below are two examples:

- One initiative, called **Incumbent Worker Training**, is funded by the Workforce Innovation and Opportunity Act. The program is helping Kentucky companies like metal stamper Tower International cover training and apprenticeship program costs. The program reimburses 50 to 90 percent of training costs, depending on the size of the company, for in-demand sectors and occupations, including manufacturing, technology, healthcare, food and beverage production and transportation, distribution, and logistics. Employers can qualify for as much as \$10,000 per year to cover costs such as non-company instructors, tuition, curriculum development, textbooks, supplies and more. Tower has used the money to help cover training costs for three employees in the company’s registered apprenticeship programs. You can read more about the program [here](#).
- Another proposal, called “**Toward a New Capitalism**” from the Aspen Institute’s Future of Work Initiative, is based on the idea of “pay for performance.” According to an article from The Atlantic, the government-backed corporate retraining program is set up to help companies pay for training, but only for curricula that raise a worker’s wage. For example, if a company spends thousands of dollars to train an employee on a specific skill that results in a pay raise, the company gets reimbursed by the government for the training costs, even if the employee decides to leave. “By training workers, businesses are essentially buying a small equity stake in their future wages,” the article explains. “If their wages rise, the company gets money, while the worker gives up nothing, purely benefiting from the training program.” You can read more about the program [here](#) and [here](#).

While apprenticeship programs aren’t by any means a new idea, they could be exactly what manufacturing needs—again. For an industry that has spent a lot of the last few decades focusing on process and efficiency, it’s time to place the focus back on people. By investing time and resources into building a highly skilled workforce, you are ultimately investing in your company’s long-term success.

Key Takeaways

- The incoming generation of workers isn’t interested in working anywhere near a production line or lacks the necessary skills and technical knowledge.
- While colleges turn out students that know things, manufacturing companies need students that can do things. This is why apprenticeships are key.
- The apprenticeship involves progressive increases in an apprentice’s skills and wages, which can be viewed as costly to organizations.

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