



Skills Gap

Using the Supply Chain to Bridge the Skills Gap

Samuel Greengard | Mar 01, 2017

What You Need to Know

Companies should recognize innovative recruiting options.

Staying focused is key, especially in the midst of open positions.

Develop an ongoing partnership with the supply chain.

Increase your candidate pool with different methods for recruiting new hires.

Over the past decade, while digital technology has advanced, the population has continued to age. As a result, widespread skill shortages have emerged as the new normal. The fallacy is that those 60 and older can't possibly be familiar with the latest gadgets and electronics and that manufacturing opportunities are waning, but is this perception costing the industry in the long run?

"Millions of jobs are predicted to go unfilled by 2020. This could heavily impact manufacturing and drive costs sky-high based on the limited supply of talent," says **Steve Baruch**, senior vice president and chief strategy and marketing officer for MSC Industrial Supply Co.

The potential fallout is significant. A 2014 Accenture and Manufacturing Institute study found that 75 percent of manufacturers report a moderate to severe shortage of skilled resources, and these organizations face revenue loss of about 11 percent annually as a result. Jamie Goettler, director for metalworking sales and business development at MSC, sees other practical effects of the sales shortage citing "increased cycle and production times, as well as overtime."

Looking Beyond Recruiting

As a result, many manufacturers are using creative methods, including posting videos and photos of their shop floors and machinery on social media sites like Facebook, Twitter, Instagram and LinkedIn, while others focus on training and development. There is, however, an untapped and often overlooked resource available for CEOs and managers looking to hire temporary staff, independent contractors, service providers and even interns and retirees to fill skill and knowledge gaps.

According to **Douglas E. Jones**, executive vice president and chief supply chain officer for MSC, building partnerships within a supply chain can pay dividends in areas as diverse as procurement, inventory, e-commerce and manufacturing processes. A long-term, trusted supplier could be the source of a treasure trove of talented potential employees who are already familiar with your company's needs.

Baruch suggests a three-step plan for manufacturing organizations looking to tap into this approach:

- **Assess.** Understand your company's core competencies and needs for specific skills and knowledge. This serves as the basis for creating a road map and building synergy through your partnerships.
- **Identify.** Look to outsource or build employment partnerships with your supply chain to address the areas where skill gaps exist. This allows your organization to stay focused on core competencies and introduces a more modular and flexible approach.
- **Incentivize.** It's essential to provide skilled workers with the right incentives and rewards to join and remain with your team. Find a significant way to acknowledge and recognize hitting metrics and goals.

A Better Way to Recruit Skilled Laborers

A partnership or a group of partnerships within a supply chain can ratchet up the manufacturing talent pipeline and deliver winning results. "A number of years ago, it became clear that our distribution network was not well-positioned to meet the growing needs of the business," says Jones. "The necessary changes were clearly beyond the capabilities of our internal operations team. We needed a good partner."

As a result, instead of trying to recruit and fill this need internally, MSC focused on building a relationship with a partner who could offer certain benefits.

"After considerable due diligence, we chose a third-party partner and incorporated the company into the supply chain," says Jones. "We learned a lot by working with our partner to improve accuracy in our warehouses. We also made substantial gains in productivity across our network. It was one of the smartest decisions we've ever made for our operations."

Key Takeaways

- Post photos and videos of your shop floors and machinery on social media sites to entice potential employees.
- Use a three-step plan to recruit workers that includes strategies for how to assess, identify and incentivize.

What kind of relationship do you have with your supply chain partners?