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Small manufacturers desperately seek skilled staff

REUTERS

By Joanne Morrison, Reuters

TRAFFORD, Pa. — Only half the machines are running at precision parts maker Hamill Manufacturing, nestled in the Allegheny Mountains just east of Pittsburgh, once the booming center of the U.S. steel industry.

The factory's inactivity is not the result of a shortage of business — it has more orders than it can fill — but a shortage of skilled workers. "I'd hire 10 machinists right now if I could," says John Dalrymple, president of the company that makes high-end parts for military helicopters and nuclear submarines. "That's 8%-10% of our workforce."

While millions of jobs making everything from textiles to steel have moved to powerhouses such as China in recent years, precision manufacturing remains a crucial niche in the USA, one that is overworked and chronically understaffed. That shortage of skilled workers is likely to get worse as baby boomers retire with no younger generation of manufacturing workers to take the baton.

"Our workforce is an aging workforce," says CEO Jeff Kelly, whose father founded Hamill nearly 60 years ago. "There isn't a queue of people lining up to come into the industry."

About 20% of small to midsize manufacturers — those with up to 2,000 workers — cited retaining or training employees as their No. 1 concern, according to a 2007 survey by the National Association of Manufacturers that has not been published yet.

A separate study in 2005, the latest available, said 90% of manufacturers are suffering a moderate to severe shortage of qualified workers.

"The irony is we pay very well, we have good benefits, we have job security, and most of the companies that have survived the manufacturing recession at the early part of this decade can't find enough skilled workers," Kelly said.

A typical manufacturing job pays about \$60,000 a year, according to manufacturing industry figures, a premium of about 25% to the service industries.

Attracting younger workers

At Hamill, a general machinist will start at \$9 an hour, rising to \$14.50 an hour after training and going up to the mid- to high-\$20s for senior machinists, who can earn nearly \$70,000 a year.

But that is not enough to attract younger workers to manufacturing, a sector that has suffered a bad rap over the years with layoffs in well-known companies such as the Big Three U.S. automakers.

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"Too few young people consider manufacturing careers and often are unaware of the skills needed in an advanced environment," the U.S. Labor Department wrote in a study on the issue.

Edward Lazear, chairman of President Bush's Council of Economic Advisers, warns that the skills shortage will eventually cut into the country's economic growth.

"I can tell you on my desk right now I have over 300 very high-quality job openings that I cannot fill," said Michael Smeltzer, executive director of the Manufacturers' Association of South Central Pennsylvania, who coordinates job openings for that part of the state.

State officials say less-skilled work will continue to move overseas where pay is lower. The state has pledged \$17 million to develop a skilled workforce and keep the high-precision sector here. "We're not going to compete on the price of our labor, we're going to compete on the skill of our labor," said Sandi Vito, the state's deputy secretary for workforce development.

Smaller businesses — those with 200 employees or fewer — make up the bulk of the U.S. manufacturing sector, and for them the skills shortage is a crucial issue. Nationally, one in four businesses has a vacancy it can't fill, finds a survey by the National Federation of Independent Business. "We could make more GDP if we could find some hands to do it," says Bill Dunkelberg, NFIB's chief economist.

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