

# Attract and Retain Next-Gen Workers

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***North American industrial facilities, especially in regions previously plagued by manufacturing flight and skills deficits, are working hard to remain competitive. Two generations of workers and potential workers have been steeped in the “loss of manufacturing jobs to China,” and many have seen the impact such losses in their own communities and extended families. Historically, their school systems, politicians, educational institutions, and society in general have discouraged young people from considering manufacturing jobs in favor of college degrees.***

Given that rocky industrial landscape and the socio-economic stigma often attached to manufacturing jobs, some businesses have struggled to maintain effective recruiting and training programs. In many cases, formerly robust efforts had become casualties of years of downsizing and reliance on a mostly senior, experienced workforce for crucial skills.

These days, however, many manufacturing operations have begun to see a “Made in America” resurgence and/or growth opportunities combined with an aging Baby-Boom workforce making its way to retirement. We’re now in an era of a multi-generational workforce. That’s the good news. The bad news is each generation has differing expectations. This article offers insights and solutions for dealing with that new workplace reality.

## **Enter the Next Generation**

The Millennial generation (Generation Y) born between 1977 and 2000: Over-parented, self-expressive, optimistic, globally oriented, and wanting to make a difference. The Millennials tend to be multi-taskers, entrepreneurial thinkers, valuing freedom and flexibility but believing that organizations rarely make use of their skills.

Get ready. Millennials will make up a clear 75% of the workforce by 2025 given unprecedented retirements of skilled manufacturing workers, i.e., the Baby Boomers. They also will be moving into leadership roles, prepared or not, sooner than any prior generation of employees, thus creating what some have called a leadership crisis.

Employers, especially in manufacturing operations, must find ways to leverage the Millennial generation, not only to survive, but to grow their competitiveness. What do the Millennial employees want?

- diverse opportunities based on individuality and creativity
- fair compensation for work that has a purpose
- a great place to work, e fun, and ethical
- a sense of belonging and social engagement
- flexibility

**Attracting** the new generation of employees will not be easy if the management practices are based on the “way we’ve done things here” for the past 10 to 20 years (or more). Millennials will be more attracted to employers that:

- invest in technology and social media
- have a story to tell; have a brand

- leverage current Millennial employees in recruiting
- embrace social and environmentally-conscious practices
- re-invent the workplace environment
- address how the prospective new hire's goals can be achieved by working for the employer

**Hiring** Millennial workers will require many employers to fundamentally rethink and overhaul their past practices. Employers must find ways to:

- recruit, hire and train for skills mastery
- look for leaders, out-of-the box thinkers, and optimists
- deploy creative application and interview processes
- upgrade employee orientation, onboarding programs
- include Millennials in the interview and selection processes

Once hired, Millennial employees can be retained by employers that:

- make the first day on the job unforgettable
- offer feedback, flexibility, and transparency
- create a fun workplace with a sense of purpose

**Managing** new Millennial-generation employees must be accomplished in ways that leverage their expectations and, most likely, are completely opposite of how employees have been managed in the past, including:

- providing frequent feedback
- providing clear expectations with accountabilities
- coaching rather than directing (see "Situational Leadership" models)
- challenging and empowering them
- inspiring them, i.e., being strategic and aspirational thinkers
- adding the human element
- being open and transparent
- showing respect for all people, at all levels
- getting to know employees on a personal level

- conducting weekly check-ins
- providing interpersonal training and personal development
- sharing feedback through popular technology platforms

**Developing** new leaders from the ranks of Millennials must go above and beyond the traditional “leadership development programs.” Development of these leaders should begin very early in their employment by offering:

- cross-functional expertise and rotational learning
- apprenticeship models with assigned mentors
- involvement with “high-ranking” executives
- intrapreneurship (workplace innovation)
- ongoing training and personal development
- formal knowledge-transfer processes
- connection to the bigger “WHY” (beyond “what” and “how”)

## **Rethinking Training and Development**

While many businesses abandoned formal training departments and processes over the past 30 years, there has been a strong resurgence of proven workplace training and qualification processes. Knowledge capture/transfer from retiring workers to the new workers is a primary driver. Formalized On-job training (OJT) for mastering standardized work and continuous improvement/problem solving are also driving the resurgence of workplace training.

As indicated in the highlighted quotes below, the Society of Manufacturing Engineers (SME), Southfield, MI ([sme.org](http://sme.org)) and Tooling University (Tooling U-SME), Cleveland, OH ([toolingu.com](http://toolingu.com)), are aggressively making the case for formal OJT:

*“On-the-Job Training Boosts Bottom Line: The retirement of millions of experienced and knowledgeable workers is creating a situation similar to that during World War II, when the incumbent manufacturing workforce went off to war and a new workforce was needed. Out of necessity, on-the-job training (OJT) programs were developed to provide the standardization needed to quickly build a strong, reliable and safe workforce.*

*Today, there is a need to bring back these strong practices. This approach is critical due to the lack of strong competency-based apprenticeship programs and an incoming, often unskilled workforce.*

*The importance of creating and implementing a strong OJT standardized work program is, yet again, a driver of manufacturing competitiveness, tied directly to enhanced productivity, quality, innovation, safety and profitability.*

*This is a call to action for the industry. If manufacturers haven't committed to creating a standardized OJT program using best practices, they should before their competitors do."*

Formal, structured, and purposeful building of skills and knowledge is a requirement for manufacturing business success. Unfortunately, the old-tried-and-true methods found in most companies may be highly ineffective in today's competitive fast-paced workplace undergoing generational transformations.

Professional trainers and consultants know that effective employee training translates to bottom-line business results in many ways. The Tooling U-SME white paper, "Proving the ROI of Training," describes the key performance indicators (KPIs) that are greatly affected by a lack of workplace skills. These include:

- maintaining production and quality levels consistent with customer requirements
- ensuring safe work practices
- meeting needs for new product development and innovation
- implementing quality improvement processes
- enhancing employee engagement
- improving employee retention

The Tooling U-SME publications also reinforce the case for "standardized work" to developing the next generation of manufacturing workers quickly while driving out human variation in task performance (proven principles of the Toyota Production Systems and eventually Lean Manufacturing). According to these publications:

*"Creating and implementing an OJT standardized work program, a formal training program that is conducted and evaluated in the work environment, is necessary to combat the existing and pending skills gap that threatens productivity, quality, innovation, safety and profitability."*

While more people make up the potential labor force, the skills shortages (skills gaps) will prevent them from securing employment. As the Tooling U-SME publications note:

*"Over the next decade, nearly 3.5 million manufacturing jobs will likely need to be filled. Because of the skills gap, 2 million of those jobs are expected to remain unfilled."*

Employee training and qualification processes are becoming a compelling need in many manufacturing sectors. Many discovered this need during their journeys to “lean manufacturing.” However, the traditional training model has proven inefficient and ineffective.

For years, manufacturers have aligned to the following 70:20:10 learning model when structuring learning and development programs:

- 10% of standardized training is in the classroom (courses and reading such as compliance training)
- 20% is focused on mentoring and coaching by more experienced workers
- 70% is devoted to job experience, where a worker learns *informally* through experiences and tribal knowledge

Based on the importance of OJT, Tooling U-SME suggests a flipped viewpoint of the model, where much of the on-the-job experiential learning is formalized with a structured OJT program. As outlined in the following bullet points, the 80:10:10 model provides standardization of both mentoring and experiential elements, allowing for a greater percentage of the model to be dedicated to formalized learning and development practices. This new model also dramatically reduces the amount of time it takes to attain job competency:

- 80% of a worker’s learning is formalized, i.e., training and education, formal mentoring, standardized OJT
- 10% Informal mentoring and coaching
- 10% Experiential, advanced troubleshooting and continuous improvement (CI) practices

The gaps in the typical industrial training-and-qualification-process deployment include:

- lack of ownership
- lack of overall coordination/management
- unclear commitment from top management
- unknown job/learning progression models
- lack of formalized job-skills trainers/coaches

## **Employee Compensation: Preparing for the Future**

Understanding generational expectations for fair compensation will be key to the future of manufacturing competitiveness. Older generations of traditional workers and management tend to embrace various job classifications and pay grades that are specific to departments, machines being operated, and/or levels of complexity. Seniority or years of service often factor in to pay grades in union plants.

However, new Next-Gen workers with shared expectations for new skills and knowledge will most likely require new compensation strategies. One such strategy is called “Pay-for-Applied Skills” (skill-based pay).

The skill-based pay movement got its start in the 1960s, when Proctor & Gamble began using the strategy to improve operations in manufacturing plants that required high levels of employee involvement, significant amounts of training, and self-managed teams.

The benefits of linking compensation to training and qualification for specific job-performance requirements include:

- flexibility to customize skills building to meet the needs of the individual and the business
- ability to easily develop advanced skills requirements for the future
- opportunities to advance in pay by gaining “qualifications” that are important to the business
- employee engagement, employee satisfaction, employee retention
- simplified job classifications/grades/wages

Alignment between traditional compensation and the bridge to Pay-for Skills is critical in maintaining current pay grades while offering opportunities to participate in a Pay-for Skills plan.

It’s important to note here that skill-based pay will be a differentiator when attracting and retaining the Millennial employees. Conversely, the traditional labor grade/job classification will most likely be a deterrent.

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### **About the Author**

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