



## **Solving Manufacturing's Labor Crisis**

with a New Connected Workforce

eBook

**Redzone**  
Empower the Frontline, Grow the Bottomline™

## When a challenge became a crisis

**Attracting new talent in manufacturing may be an age-old problem, but it's taken on a new urgency in the post-pandemic world.**

It's been amplified by a nationwide Great Resignation, a 'bloodbath' marked by unprecedented turnover rates of 40%.<sup>1</sup> Manufacturing leads the way, with quit rates almost double what they were in December 2019. Across job sectors, 75% of full-time workers say they're planning to quit in 2022.<sup>2</sup>



### **The labor shortage leads to a cascade of other, negative labor outcomes:**

- 50% of Americans describe their workplace as understaffed, and those workers are twice as likely to think about leaving their jobs. Almost half are looking to switch
- 25% of workers in understaffed workplaces also say they're less loyal than they were before COVID-19
- 45% of workers in short-staffed workplaces describe workplace morale as 'fair' or 'poor,' double the rate of workers across well-staffed and short-staffed companies<sup>3</sup>

### **With more competition for workers, companies have sought to conquer the labor crunch with:**

- Higher pay and bonuses
- Subsidized child care
- Nutrition and personal health counseling
- Flexible hours (or conversely, offering more predictable schedules)
- Increased wages and signing bonuses

### **Or with hiring strategies:**

- Increasing hiring efficiencies, including job fairs
- Broadening recruitment pools
- Improving onboarding

But, despite all of these changes the problem hasn't budged. That's because it's not just a function of generational change and workers' heightened expectations about compensation. It's a coalescence of new needs, new expectations around tech, and new priorities like growth, collaboration, and connection.

Innovative firms will find the keys to improving retention, productivity, and profitability by addressing these cultural concerns. They'll ultimately have to empower their frontline workers and connect them to both technology and one another. When employees feel valued, they provide more value to move business ahead.

## Understanding the current people problem

Where did the labor shortage in manufacturing come from? After all, 800,000 of the 1.4 million manufacturing jobs cut at the onset of the pandemic have largely returned. The 570,000 that had not been added back are refuted by the existence of 500,000 unfilled openings.<sup>4</sup> Yet, studies show manufacturing could face a shortfall of 2.1 million jobs by 2030.



## We've identified four primary problems:

1

**Manufacturing has an image problem**

2

**A shifting labor pool caused by the retirement of baby boomers**

3

**Wage increases and bonuses that are failing to attract and retain workers**

4

**Creative perks that are also falling short**

## Manufacturing has an image problem

The current manufacturing labor crunch is the beginning of a bigger issue, a half-million person labor shortfall that's likely to reach 2.1 million and cost the economy \$1 trillion in 2030.<sup>5</sup> With fewer workers, recruiting and retaining talent is crucial.

During the pandemic, unemployment levels reached higher than pre-pandemic, at 5.4% in July 2021, with fewer Americans participating in the labor force than since the early 1970s.<sup>6</sup> Yet that month, resignations were enjoying their fourth straight month of near-record highs (the trend would continue into 2022). Workers were confident that if they left one job, they'd find another. They weren't wrong. Strong job growth and rising wages underscore this truth: employment participation is recovering to near-2019 levels, with salaries in production soaring 6.9% in January 2022.<sup>7</sup>

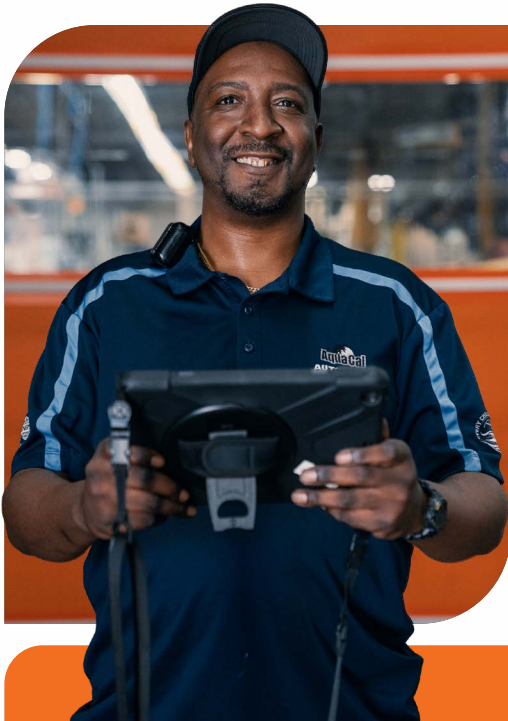
With more options than ever, current candidates have a new wish list, and it's based on culture, not wages and perks.

### They're seeking:

- Meaningful work
- Appreciation for their efforts
- Growth opportunities
- A feeling of connectedness to company and co-workers

Their options are broadening, too. Workers enjoy schedule flexibility and empowerment found in gig economy jobs, like driving for Uber or delivering for DoorDash. The demand for delivery services has also surged in a pandemic economy, making them viable full-time options.





## A shifting labor pool caused by the retirement of baby boomers

At the same time that many potential workers gain more work options, pandemic concerns increasingly wear on aging baby boomers, who have been leaving the workplace over the past two years in a 'Great Retirement,' also known as the 'Silver Tsunami.' Overall, 3 million boomers exited the workforce early in late 2020.<sup>8</sup> By 2021, the trend had gotten even worse, with 75% of boomers planning to retire early.<sup>9</sup>

The hole left from this outsized generation is immense. One Ohio Senator famously calculated that 11,000 would retire each day until the last baby boomer walks out of the factory in 2030.<sup>10</sup> His math isn't wrong. There were 76 million people born during the boomer era following WWII—between 1946 and 1964—making for about 4 million retirements per year.

Further, younger generations aren't stepping up to take their place. For one, generation X is just too small. But millennials, a larger generation, are not joining the manufacturing workforce. For these children of the 80s, the tech revolution has been a part of life since childhood, while U.S. manufacturing lost prominence on the national stage. Many grew up around personal computers and switched to cell phones before graduating from high school.

As millennials joined the workforce, they came to desire careers built on their digital prowess. As a result, the group is happy working and communicating remotely.<sup>11</sup> In fact, the generation, even more than boomer and gen X groups, gets job satisfaction from working from home. COVID-19 accentuated this desire: just 26% of remote millennials want to return to a physical worksite.<sup>12</sup> Remote, computer-based work has become a hallmark of millennial success.

### **Manufacturing poses some unique challenges with these potential employees, who view plant work through the lens of their generational reality:**

- Manufacturing represents the outdated career path of their parents
- Plants that implement technology help this generation of 'digital natives' feel they belong
- Millennials are more likely to leave jobs to find better opportunities.<sup>13</sup> That means that engaging them is more complex, but also more necessary in the first 90 days to retain them<sup>14</sup>
- Engagement is already a bugaboo in manufacturing. Only 34% of manufacturing employees are engaged, 38% are unengaged, and 27% are actively disengaged<sup>15</sup>



“I don’t ever want to see a billboard outside of our plant saying that we’re offering a \$3,000 bonus for staying 90 days. I want to see a billboard saying we’re the employer of the year for our county three years running; come and join our team.”

Tom Dastrup  
President & CEO, Honeyville

## Wage increases and bonuses that are failing to attract and retain workers

In 2020, separations jumped in manufacturing for companies that make both durable and non-durable goods.<sup>16</sup> In manufacturing overall, the 2020 rate is more than 13 points above where it was in 2019. By 2021, it was still eight points higher.

Continued high turnover might reflect young Americans’ beliefs that manufacturing isn’t a career path but a means to a paycheck. When they see factory floors without technology or communication tools, their perceptions are affirmed, and potential workers wonder if they can find better jobs.

Largely, they can. Today, warehouses compete with the manufacturing frontline. New Amazon warehouses employed 500,000 new jobs in 2020 alone.<sup>17</sup> When those alternatives offer hefty sign-on bonuses, millennials start to think of jumping from bonus to bonus as a job strategy.

Once employed, they have a limited time to absorb the culture to see themselves in their new positions long term.

In this environment, companies do better focusing on their internal cultures to engage these employees during that onboarding period. The goal is to make employees see the benefits of staying beyond the bonus.

Focusing on culture is a good start because neither pay nor bonuses will sway workers when multiple frontline positions begin competing with one another. In fact, by 2024, both Target and McDonald’s will provide a company-wide \$15 minimum wage.<sup>18</sup> Manufacturing competitors don’t just face competition from other manufacturers—they battle other industries such as warehousing and hospitality in an environment where job-hopping for better opportunities is the norm, and pay is increasing across the board.



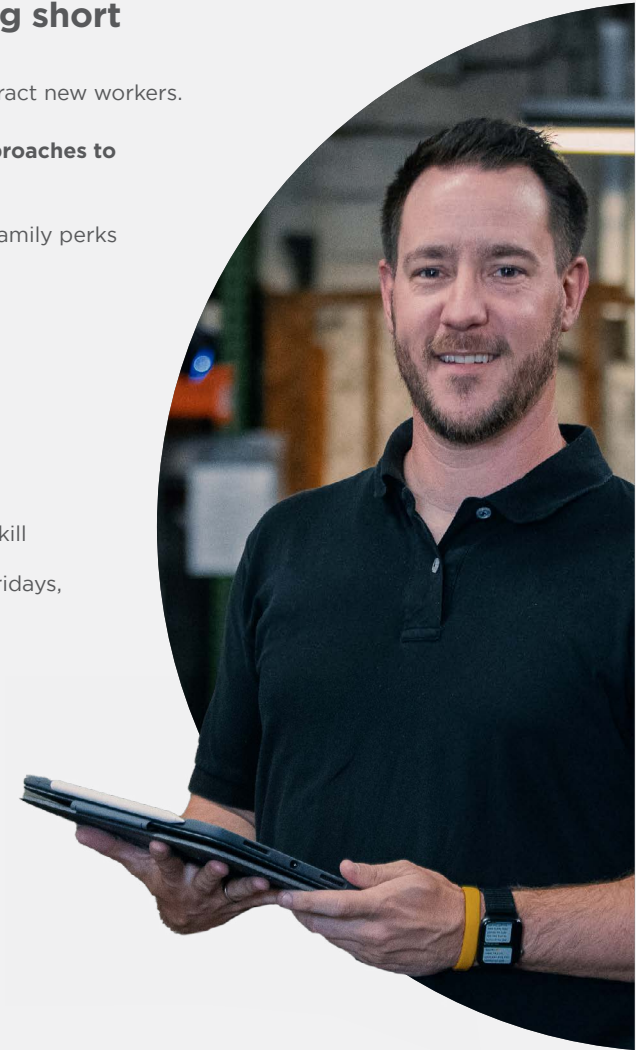
## Creative perks that are also falling short

In a labor crisis, pay and bonuses aren't enough to attract new workers.

**Companies have upped their game with creative approaches to retaining workers, using tactics like:**

- Subsidized child care, tutoring, and stipends, and family perks
- Recreational and health programs
- Cash for vaccines programs
- COVID-friendly drive-through hiring events
- Flexible and remote schedules
- Fair, equal, and transparent pay
- Employee training programs for the chance to upskill
- Wellbeing perks, from meditation apps, half-day Fridays, or exercise classes
- Team bonding events

Indeed, these benefits help ease pandemic limitations and broaden the labor pool. But if they come for safe COVID protocols and immediate childcare needs, will employees feel they're just making a short-term transaction? Long-term investments in employee wellbeing have proven more challenging to find and enact.





## People-centric technology with a purpose

How can employers retain workers in a tsunami of resignations? They've tried multiple paths, but even the most creative ideas can't erase the current labor shortage. Further, manufacturing can't always align with some of the desires of the new workforce—from remote work to flexible schedules and ever-increasing wages and bonuses.

It's a good thing that pay isn't simply about remote work and money.

### It's about factors that manufacturing companies can control better:

- Using technology to boost a culture of respect and retention
- Enabling more productivity
- Encouraging more collaboration and communication
- Aligning employee values with company goals
- Significantly increasing positive recognition

## Reinventing the employee experience

According to studies, only 30% of Americans want to do any kind of manufacturing work.<sup>19</sup> But 100% want to feel good about their work and be affirmed as valuable. That makes the labor crisis not so much a Great Resignation as a 'Great Reimagination.' Prospective employees, especially those under 40, are looking for a career that speaks to their aspirations.<sup>20</sup>

With goals like that, it's no wonder pay increases are not attracting talent. The reality reflects a Gallup poll that finds that pay isn't among the top three things that millennials want in the workplace.

What's number one? An employer who cares about their wellbeing.<sup>21</sup>

Look for a solution that ensures two-way communication of performance

and problem solving is built into the organization's processes. That means employees own their performance, actively look for ways to improve outcomes, and get real-time recognition. Studies show that when employees are recognized, they're more willing to take initiative.

When leaders involve frontline workers in decisions and allow for autonomous problem solving, disengagement gives way to a culture where employees step-up.

Communication across departments also spurs rapid problem-solving.

When people feel that they are a part of a team, they get engaged. Engaged workers are less likely to quit, but they're also more productive and committed to company outcomes.

“ We have a largely Spanish speaking workforce and we only had a handful of folks that we could go to, to translate. When we deployed Redzone, we had people coming out of the woodwork with chats and ideas because now they could communicate in their own language. Now as a manager, I am able to understand it and translate and respond and action items. We saw about a 72% increase in productivity as a result.”

Bart Connors  
Owner, Skone &  
Connors Produce

### **Integrated solutions also help:**

Streamline new  
hire onboarding



Keep the frontline talking  
to one another, new hires,  
and management



Leverage firsthand  
perspectives, letting  
people collaborate in  
real-time and solve  
complex problems quickly

## **A tech-enabled manufacturing future**

There's an old-school mindset of 'management vs. frontlines.' In the outdated mindset, they're practically different species. They don't talk or collaborate, and see one another as adversaries. But tech-enabled floors mean communication-enabled floors, where teams can work with a new mindset—one focused on winning together.



### **Digital manufacturing and connected workforce solutions also:**

Increase productivity  
and profitability through  
enhanced training.  
According to the Bureau  
of Labor Statistics, the U.S.  
manufacturing industry  
sees 2.2% productivity  
gains year over year, on  
average. With a technology  
solution, that number  
jumps as high as 22%.<sup>22</sup>



Minimize downtime by using  
early detection and allowing  
rapid response to issues



Enhance reporting and  
safety compliance by  
replacing paper-based  
reporting with automated  
digital audit trails

## What to look for in a connected workforce solution

### Proven, measurable results in manufacturing

Many connected workforce solutions are built to replace paper checklists, manual KPI tracking, or binders of training material. However, some of these tools are only slightly better mousetraps compared to the manual ways of doing things. Talk to peers in other manufacturing companies to identify connected workforce solutions that have generated significant increases in productivity, engagement, and employee retention.

### Simple, streamlined employee onboarding and continuous training

Unlike baby boomers, younger workers didn't grow up tinkering with cars on the weekend. But they were raised with instant feedback and the expectation of recognition for their efforts. Using that expectation to empower workers only makes sense. The best digital platforms have roadmaps to guide workers in their employment journey and let them know how they're doing.

Useful platforms also have simple learning tools, like video content that's easy to access right when workers need it. Micro-learning helps employees on the fly, empowering them to solve problems and start thinking like an owner.

Collaborative coaching gives every employee a voice to raise issues and offer support.

### One-to-one and one-to-many digital collaboration tools

Speaking of giving employees a voice, look for mobile, open, instantaneous communication between all employees and managers, plant-wide. When everyone participates, issues get seen and addressed right away. No game of telephone required.

Communication that aids retention must go both ways. Employees don't need another way for managers to communicate with them in a top-down system. They need to communicate with peers and superiors, too.

Not only does it improve training and cross-skilling, but talking with peers makes the workplace a friendlier place to be. Managers talk to reports. Reports talk to managers. Growing relationships pave the way for workers to want to stay. After all, anonymity doesn't breed belonging.



### Real-time performance and capacity reporting

When reports need a data scientist to interpret, they're not very useful. The same goes for reporting mechanisms that rely on employees making rounds through the facility, making multiple checks, and never knowing in real-time what's going on on the floor.

Look for user-friendly visualizations across an organization. You should have tools to help all employees compare daily activities against targets, see their performance, and measure overall throughput.

Not only do real-time reports give leaders actionable information, but they also increase motivation among workers. For millennials who thrive on instant feedback and reinforcement, seeing performance instantly can be a great motivator.

### Accessible SOPs and real-time problem-solving guidance that empower frontline workers to resolve issues before they become significant problems

It's hard to take ownership without information. Embedding knowledge into employee stations means better-informed employees making good decisions. That increases productivity, creating a cycle of empowerment that generates more productivity gains. Workers become leaders.

### Digital records keeping to improve compliance and safety

Manual reporting takes time and is error-prone. It's also less valuable since it can't take real-time problems into account. Look for software that eliminates manual and delayed reporting in favor of instant, digital reporting.

It gets companies in better shape for audits, provides continual feedback on lines and equipment, gives everyone benchmarks for performance.



## Redzone's technology and culture solution

Redzone is embedded into the fabric of company culture, embracing each department within the four walls of the factory: Production, Quality, Maintenance, and Human Resources. That's why we call it fully integrated, delivering comprehensive skill and behavior coaching, enhanced frontline collaboration, and solutions to eliminate waste and solve problems. **It works by enhancing:**

### 1 Communication. Redzone enables better real-time communication with:

- A chat feature for peer-to-peer support. This helps smooth the job placement process and develops relationships. It allows peers to handle issues before they escalate
- Visually intuitive dashboards for immediate visual communication about performance targets so that everyone can see how they are doing and reach for higher goals

### 2 Performance. Redzone uses the Kaizen methodology for continuous performance improvement and includes:

- Real-time performance monitoring. It's accurate and immediate, correcting throughput problems when they happen
- Business intelligence tools to prioritize challenges and forecast financials
- Downtime reporting in real-time
- Instant reporting across the floor for faster problem-solving. Ad hoc solutions are quicker and help prevent ongoing issues

### 3 Learning, for continuous workforce development with:

- Personal career paths to empower and inspire workers
- A skills matrix showing the learning units needed to get promoted
- Activities to aid in cross-skilling
- Self-service career progressions to keep frontline workers growing, with positive recognition built-in when workers complete modules
- Agile, on-demand learning, and how-to videos to solve problems and fill gaps
- Lessons to augment teachable moments that make learning and refreshing easy
- Multimedia instructions with easy access, using a QR code from a worker's tablet
- Step-by-step how-to videos from local experts, not actors

### 4 Compliance

- A digital audit trail keeps reporting accurate and traceable (and banishes paper forever)
- It helps you meet the FDA's 21CFR, part 11 compliance requirements for records
- Noncompliance triggers an automatic alert so you can stop disruptions and fix quality control issues immediately
- Out-of-tolerance alerts help you take preemptive action before waste is produced
- Automatically triggered inspections and failure reports for your HACCP plan reduce missed checks and lower risk
- You'll set up your floor for higher scores: Audit in real-time with weighted scores to eliminate your audit prep and make execution seamless

### 5 Annualized savings

- On average, manufacturing companies realize nearly \$1 million a year in savings

### 6 Coaching

- Coaching by industry experts in operations management and continuous improvement helps companies integrate the platform seamlessly

## Transformative growth during a pandemic

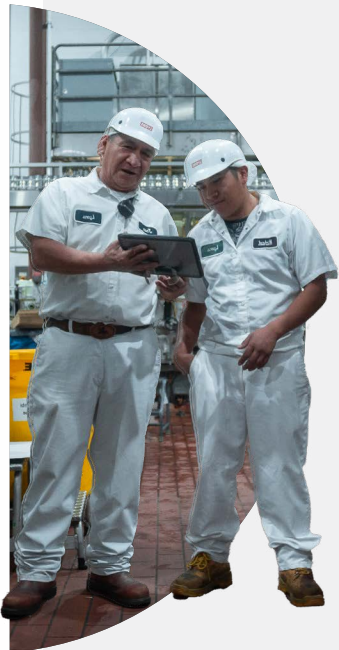
Dot's Pretzels had no problem getting customers to lean into comfort snacks during the pandemic, but keeping workers engaged was a different story. They were reliant on a workforce comprised of 70% temporary workers who didn't care much about the business. And Dot's wasn't doing much to measure productivity and engage workers with rewards and recognition for improving. Their OEE was 26%. On top of it all, they struggled with manual reporting, which made compliance a nightmare.

After seeing Redzone work at previous companies, leadership at Dot's invested in 150 tablets across their four plants. They engaged the Compliance module and started using data visualizations to show daily productivity reports right away. This sparked competition to achieve the best OEE. Teams began communicating across departments, sharing not only ideas but praise.

After engaging Redzone, Dot's found they had a **"great motivational tool and a great communication tool,"** says Mary Leslie, Director of Operations.

**"The energy in the plant has gone up tremendously. It's infectious!"** Safety also increased at all four plants, and issues can be recorded in real-time, so problems are addressed quicker. Performance has risen, too. Internal promotions are up, the company has gone paper-free, and conducted a successful SQF audit.

One plant's OEE is 55%, a 172% uplift since starting with Redzone. That's the equivalent of a production increase from 900,000 pounds to 1.5 million pounds in just one of their small-batch facilities.



## Engage, retain, and produce more with better connections

The labor landscape is changing. In the past, baby boomers were happy to work in the manufacturing sector with legacy processes and without much recognition. But a new breed of worker is not content to be mere 'human capital' or 'human resources.' They want their full human capabilities realized and recognized in the workplace. At the same time, there's a labor shortage, so hiring new workers alone can't solve production issues. More productive workers providing more value to companies will help to solve the labor crisis.

Employees need empowerment, communication, and a winning feeling. Redzone accomplishes these things by tracking performance, promoting recognition, increasing collaboration, and enabling knowledge transfer so that employees have more control—and more skills—to own their workplace success, strive for more, and achieve it.

Not only does this boost morale and strengthens a culture, but it significantly improves productivity, engagement, and employee retention. It is impossible to say, at this point, which to tackle first: engagement, employee retention, or productivity. However, the data is clear that advancing each simultaneously with specific technologies and techniques creates a virtuous cycle in which they all improve.

Empower your frontline workers to be engaged and connected. **Contact us today** for a free consultation to see how Redzone can help you create a highly productive, loyal, and empowered workforce.



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