Manufacturing Spotlight: Preparing for the Future

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Manufacturing Spotlight: PREPARING FOR THE FUTURE

DEVELOPING RISK: WORKFORCE MANAGEMENT

Small-to medium-size manufacturers (SME) face challenges in attracting and retaining top talent. Besides the highly competitive labor market driven by record low unemployment rates, socioeconomic factors such as the increasing availability of opioid drugs and the lack of skilled production workers pose threats to the day-to-day success of manufacturers. Being aware of these issues and having proactive plans in place can help businesses guard against negative impacts to their operations.

IMPACT OF OPIOID CRISIS ON MANUFACTURING

Globally, the opioid crisis is on the rise. An estimated 27 million people suffered from opioid disorders in 2016.¹

The cost of the opioid crisis in the US is estimated to have exceeded $1trn from 2001 to 2017, and is projected to cost an additional $500bn by 2020, according to an analysis from Altarum, a nonprofit health research and consulting institute². Opioids are a class of drugs that include the illegal drug heroin as well as prescription medications available legally for pain relief. When individuals become addicted to these drugs, the consequences can be fatal.

Opioid addiction is a tragedy for individuals and their families, but it is also having a profound impact on businesses. For individuals, it means lost wages, decreased self-esteem and possibly death due to overdose. For businesses, it means lost productivity and increased health care costs, as well as impact on worker safety, workers compensation claims and return-to-work programs.

¹ Cost of the opioid crisis in the U.S. from 2001 to 2017.
² Altarum analysis.
MITIGATING AGAINST OPIOIDS AT WORK

“There are basic actions businesses can implement to improve their ability to assess employee and candidate qualifications, increase productivity and decrease costs, as well as address opioid abuse.”

Scott Steinmetz, Global Head of MidCorp Allianz Risk Consulting

Here are some actions to address opioids in the workplace:

- Institute strong policies addressing drug use and being under the influence in the workplace. Involve legal counsel and human resources and ensure full compliance with all applicable Federal & State regulations.
- Ensure drug testing programs include opioids for job specific requirements.
- Use the Department of Transportation (DOT) Four Step drug testing program (pre-hire, random, reasonable suspicion and post-accident) for employees covered by DOT regulations.
- Educate all employees raising awareness on prescription drug risks and how to detect signs of drug misuse; encourage open conversations about the issue.
- Be informed about local community-accessible addiction support and overdose treatment (local emergency responders); Telemedicine (doctor consult on opioid dependency).
- Hold supervisor specific education/training as a key monitoring mechanism.
- Utilize employee assistance programs to get affected employees back to work.
- Review health care benefits packages for treatment of pain and opioid-use-disorder.
- Distribute disposal kits for safe removal of unused medicines. Other disposal methods for old medications can be found by contacting doctors’ offices, pharmacies or sheriff’s departments.

SKILLS GAPS AND THE NEXT GENERATION EMPLOYEE

While many strengths and capabilities propel US manufacturing, the growing skills gap threatens its competitiveness today and in the long term. The skills gap may be manufacturing’s Achilles’ heel, with nearly 3.5 million jobs at stake over the next decade. It is no longer simply a short-term issue of filling current hard-to-fill open positions. According to a recent poll by Deloitte Consulting LLP and the Manufacturing Institute, 84% of manufacturing executives estimate that six of ten open skilled production positions are currently unfilled.

A new type of worker is required because the required skill-set is changing. Manufacturers not only need to fill volumes of open positions— they need to fill those positions with skilled workers who can contribute effectively in a highly-sophisticated and technical manufacturing environment. Manufacturers need skilled workers who can master new, advanced technologies, work in highly collaborative team environments, use critical thinking and problem-solving skills, adapt to ever-changing environments, and embrace an attitude of continuous learning.
TRAINING THE NEXT GENERATION

In the US, fewer than 5% of young people train as apprentices—the overwhelming majority in the construction trades. In Germany, this number is closer to 60%—in fields as diverse as advanced manufacturing, IT, banking and the hospitality industry. And in Europe, what’s often called “dual training” is a highly respected career path in which trainees split their days between classroom instruction at a vocational school and on-the-job training at a company. Trainees are paid for their time, including time spent in class. The arrangement lasts for two-to-four years, depending on the industry sector.

The Industry Consortium for Advanced Technical Training (ICATT), a Chicago-based apprenticeship group, is replicating the German model in the US. Manufacturing businesses can address their shortage of skilled workers by partnering with ICATT to institute apprenticeship programs using rigorous German certification standards. Apprentices rotate between the shop floor and classrooms at local colleges. The company pays both tuition and wages. Apprentices who successfully finish the three-year program graduate debt-free with an associate’s degree and a guaranteed job at the company for two years. “The program is giving young adults an opportunity to develop skills and earn an income that may have otherwise seemed out of reach,” said Mario Kratsch, head of the ICATT Apprenticeship Program. With ICATT’s help, the German model is gaining traction among small and medium US businesses—two-thirds of ICATT network companies have no ties to Germany.

Rajiv Iyer, Head of Package and Small Business at AGCS comments, “Proper skills and training are critical in the manufacturing sector. Businesses taking a pro-active approach to managing the talent gap benefit from increased worker productivity and employee retention.”

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About this series

The AGCS “Manufacturing Spotlight” series presents topics of interest to SME manufacturers and includes trends, expert advice, risk mitigation and insurance solutions for issues as diverse as cyber awareness, business interruption and opioid abuse in the workplace. New briefings will be published at regular intervals.

Sources:
1. World Health Organization, Information sheet on opioid overdose, 2018
2. Altarum, Economic toll of opioid crisis in U.S. exceeded $1 trillion, February 2018
3. Deloitte Insights, The jobs are here, but where are the people?, 2018
4. The Atlantic, Why Germany is so much better at training its workers, 2014