TALENT ACQUISITION TRENDS WITHIN MANUFACTURING: WHY MORE ORGANIZATIONS ARE CHOOSING A CENTRALIZED RECRUITMENT MODEL
TALENT ACQUISITION TRENDS WITHIN MANUFACTURING: WHY MORE ORGANIZATIONS ARE CHOOSING A CENTRALIZED RECRUITMENT MODEL.

Traditionally, large decentralized manufacturing firms have relied on local HR professionals and hiring managers to fill skilled manufacturing and production roles; particularly leaning on contingent staffing providers, job postings, walk-ins, and referrals to fill positions.

While these methods still have value, conditions in the market have changed significantly, thus forcing organizations to evolve their talent strategy to remain competitive. The evolutionary strategy of centralizing talent acquisition in manufacturing has seen a seismic shift over the past 10 years.
CHANGING MARKET CONDITIONS

In order to understand such a strong shift, it is important to understand market trends and how to address them with a centralized model.

DATA EVOLUTION: In the manufacturing vertical, the volatility of the workforce, cyclical nature of the business, and the employment of traditional recruitment methods typically left businesses with mere assumptions of true costs and the measurable performance of its workforce. Similar to the value created by the Internet of Things (IoT), the emergence of human capital data connects workforce productivity with overall business initiatives. For example, companies can now draw quantified parallels on the affects attrition has on overtime, equipment downtime, and product quality. Even more important to the business, they can now quantify the impact on revenue and the production backlog caused by unfilled jobs.

The method in which data is collected is critical to the effectiveness of analytics. To ensure its reliability, data must be collected uniformly across the organization. The manufacturers who have centralized their recruitment methods are able to standardize and govern talent data collection by centrally housing results in unified platforms. Data has shown that effective hiring strategies can reduce tangible hiring costs by 60 percent, decrease overtime costs by 20 percent, and improve overall equipment effectiveness (OEE) by 9 percent.

SKILLS SHORTAGE: Multiple reasons contribute to the manufacturing skills shortage, including the millennials’ perception of the industry and the inability to upskill employees on more advanced machinery and technology, among others. The retirement cliff is also a massive contributor of the skills shortage. To put it in perspective, Allegis Global Solutions works with one manufacturer who has 8,000 skilled trade workers where the average age is 59.5 years old. With over 80 percent of the workforce comprised of baby boomers, manufacturing is experiencing an average of 10,000 retirements per day. The effects this shortage has to the bottom line is reported as an 11 percent reduction in annual organizational earnings.

Resolving the skills shortage will require a unified effort and a significant time commitment from the entire industry. By recognizing that manufacturers cannot afford to wait, companies can take strides today that enhance the ability to attract talent affected by the skills shortage. Centralizing talent acquisition allows for a more proactive focus in identifying candidates and exposing them to the manufacturer’s employment brand, building pipelines of candidates for the affected roles.

COMPLIANCE RISK: Continuously changing employment regulations pose significant federal and state audit risks for organizations that do not have a formalized document retention policy; something that can be very difficult to govern when each plant is managing their own hiring process. In fact, 58 percent of manufacturers do not have confidence in their current compliance strategy. Moreover, the majority of these companies do not believe that their existing strategy is executed consistently across all locations. Results from these audits can be devastating both publicly and monetarily.

The consistency of an organization’s compliance strategy is much easier to govern in a centralized talent acquisition model. One team member is usually designated a subject matter expert, and allocates a percentage of his or her time to ensure compliant recruiting practices, adapting current policy to changing regulation.

HR RELIEF: The human resource generalists accountable for plant-specific recruiting often feel overwhelmed by the responsibility. Most of these generalists believe their ability to perform their human resources function is negatively impacted by the amount of time recruiting takes.

Through centralizing their talent acquisition process, manufacturers remove the recruitment burden from their generalists and also reduce costs of placement fees; normally the predominant and overused source of hire in decentralized models.
CONSIDERATIONS WHEN CENTRALIZING RECRUITMENT

While centralizing talent acquisition is a growing trend, the following considerations are critical to the initiative’s overall transformation and long-term success.

EXECUTIVE SPONSORSHIP: This may seem like a no-brainer, but investing the time to educate the executive team on the value of a centralized recruitment model will pay dividends in the long run. Once you are able to achieve their sponsorship, the executive team will advocate for the new process and become vital change champions.

PHASED IMPLEMENTATION: Most HR leaders can relate to the complexities associated with change management in manufacturing. The demands on production can sometimes affect the willingness to change. However, centralizing talent acquisition fosters sustainable change.

As a team plans implementation, the organization should group locations based on their willingness to change, current-state recruiting performance, and the potential value the change will produce. In depth “discovery” sessions are essential to determine and validate these groupings, from both recruitment and hiring manager perspectives. Most organizations will then tier their locations into the “Pilot,” “Phase 2,” and “Maintain” groups. The Pilot (Phase I) group should be the most ready and willing to change, thus the first implemented. It will be critical to form a communication plan around the early wins distributed to the remaining locations. Phase 2 may be locations that have high hiring volumes, but are more resistant to change. These locations will see a significant upside from the change. The Maintain group is comprised of locations that have very low volumes and won’t see much value from the change so they will maintain their decentralized model (if the organization is willing to maintain different recruitment models). If the organization is not willing to maintain different models, locations identified as “Maintain” will eventually adopt the newly-implemented recruitment model and will be seen as “Phase 3.” Hiring volumes are typically distributed by each group in the following percentages:

- 20%-30% to the Pilot group
- 60%-80% to Phase 2
- 0%-10% to the Maintain group

The total timeline can vary per organization, but two (2) to four (4) months is normally enough of a window for the Pilot group to launch and create enough momentum to begin the rollout for Phase 2.

ANALYTICS CAN BE SIMPLE: Developing a plan around collecting data can be extremely overwhelming when moving from a decentralized model, and it’s likely that the output will not be reported consistently across all locations.

It is important to understand it is okay—and not overly difficult—to start from scratch. In this situation, early analytics should measure the effectiveness of the talent program and can then evolve into more advanced measurements that analyze the impact of talent on the business. Discussions should revolve around the top four (4) to five (5) talent goals the organization is looking to achieve immediately. Once decided upon, discuss aligning them with the metrics that will measure their success. Ideas for these early metrics include plant-specific 90-day attrition rates, time to fill, cost per hire, hiring manager satisfaction, and overtime hours. The easiest way to begin collecting this data is to spend three (3) to six (6) months benchmarking the metrics and building internal service level agreements off of the output.

AGILITY AND SCALABILITY IN HIRING: The agility and scale required to hire production and skilled trade candidates remain as high as ever and play a significant role in getting buy-in from hiring managers. To meet the demand of the business, recruiters and/or sourcers will need to know how to source passive candidates who are not spending their time on job boards. Manufacturers may decide that the centralized recruiting team still should maintain a local presence at some of their locations. The benefit of this approach is that local team members are still dedicated and accountable for the goals of the centralized team, by ingraining themselves in the communities in which they live in while facilitating the timelines dictated by the process through local relationships they have established with hiring managers.

Tools that will improve hiring velocity include a CRM system and mobile optimization technology. The CRM delineates candidates from applicants and provides the platform for a targeted communication strategy with candidates; something, that if done right, will serve as a differentiator from the organization’s competition. The CRM is a boundless repository for candidate pipelines that get manufacturers closer to a “just in time” hiring capability. Mobile optimization is critical in manufacturing hiring because the time differential in which manufacturing candidates spend on their phones versus a desktop computer is vast. Legacy recruiting systems often do not provide a strong user experience for mobile-friendly candidates which leads to significant applicant drop-off.
**NETWORKING:** Bringing in a centralized talent acquisition function doesn’t automatically make recruiting candidates affected by the skills gap easier; however, it provides the opportunity to install strategy and tactics that pro-actively promote the brand to communities and populations of untapped talent. The highest performing recruitment teams recognize that the effort they invest into networking with different groups such as schools, diversity affiliations, community groups, and military separation programs will foster long term benefits to recruiting pipelines. For example, there are many social groups currently focused on advocating STEM careers for women. Manufacturing companies involved with these groups are targeting a population that makes up 47 percent of the overall US labor force, but only represents 29 percent of manufacturing’s workforce. Not only are the returns of a diverse workforce well documented, but women represent a widely untapped talent community in manufacturing.

Networking requires frequent nurturing in order for results to materialize. For example, campus strategies require more than just attending job fairs. These initiatives reach their full potential when relationships are established with professors, extra-curricular student groups, and alumni. While results may not be immediate, a well-run networking strategy will improve the quantity and quality of candidates in the pipeline.

**CANDIDATE EXPERIENCE:** Companies approach top applicants multiple times per day, especially considering the competitiveness in skilled trade and production markets. Oftentimes, the applicant’s experience as a candidate becomes the main reason they decide to join one company over another.

Mobile optimization for applications and career pages are just a few tactics that counter this. Easy application processes that require only contact information in the early stages and content campaigns scheduled to keep talent pipelines engaged through regular communication, which should be both role and brand relevant, enhance engagement and loyalty.

**CONTINUOUS IMPROVEMENT:** The pace of the business, improved results, and status quo can create a sense of complacency over time. Viewing the centralized talent acquisition process through a lens of continuous improvement will produce long lasting dividends.

Best-in-class manufactures will empower their recruiting teams to identify bottlenecks, wasteful activity, and ways to innovate their technique and process. There are components from the Kaizen 5S process which integrate very nicely with the talent process if instilled into the daily routine. Additionally, semi-annual process audits certify the program is performing up to expectations. Application of continuous improvement methodology will eliminate complacency and will continue to ensure the process evolves with changing trends and standards.

**EMPLOYING AN EFFECTIVE TALENT MANAGEMENT SOLUTION**

Many organizations evaluate “buy versus build” options when considering a transition to a centralized talent acquisition function. Allegis Global Solutions (AGS) has over 20 years of experience in the recruiting industry; delivering both permanent and contingent recruitment solutions for many manufacturers who have looked to centralize their talent acquisition function.

Should your organization consider the transition, our solutions focus on providing specialists who collaborate with your team to manager the change, while integrating a team of industry recruiting experts enabled with state-of-the-art recruiting technology to execute a tailored recruitment process for your organizations individual needs.

At AGS, we make the complex simple, and we can do that for your business better than anyone else. We are here when you are ready to take your business to the next level.
ABOUT THE AUTHOR

JAKE EBENHOCH
DIRECTOR | RPO HUMAN CAPITAL SOLUTIONS

Jake Ebenhoch has invested over 10 years into the recruiting industry, focusing on corporate recruiting, recruiting technology, and talent acquisition strategy. In his current role, Jake is primarily focused on consulting with manufacturing companies on ways to identify and engage talent affected by the skills shortage while developing a process that enhances recruiting performance.

ABOUT US

Allegis Global Solutions (AGS), an Allegis Group company, is a leader in global talent solutions.

We have reimagined the human work experience. Through decades of industry experience, and with services across 60+ countries we understand what it takes to consult, design and build successful workforce management solutions regardless of the workforce category.

Whether our customers require an MSP, RPO, Services Procurement (SOW), Freelance solutions or a combination of services either regionally or globally, AGS has the experience, state-of-the-art technology and sustained investments in innovation to ensure your workforce solutions will make your company better.

We live to match exceptional organizations with outstanding people.

WWW.ALLEGISGLOBALSOLUTIONS.COM