



FIRMS ADVISED TO OFFSHORE – OR DECLINE

“CHECK YOUR FOUNDATION WITH WISPASS”

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Dates to Remember:

- ◇ The 2nd Annual National Conference Focusing on the Application of Skill Standards and Industry-Based Certifications; October 5, 6 & 7, 2004; Trump Plaza, Atlantic City, NJ. Contact: jwilcox@gskillsxchange.com.
- ◇ Test modules will be offered at MATC on Wednesday afternoons beginning at 12:30pm in Room T-244, from September 1st through October 13th. Call 297-8267 to sign up.



WisPASS is funded by a U.S. Department of Labor grant and administered by Milwaukee Area Technical College.

Boston Consulting Group has warned American firms that they risk extinction if they hesitate any longer to shift facilities to countries with low production costs. They will find potential savings and a better equipped workforce. The report cites a prevalent view among U.S. executives that the quality of American workers is deteriorating.

“Companies that wait (to outsource) will be caught in a vicious cycle of uncompetitive costs, lost business, underutilized capacity and the irreversible deterioration of value. Successful companies ask themselves, What must I keep at home?”

What is indeed troubling is that the informal feedback from companies conveys a low opinion of their American employees compared with labor available abroad. Not only are the workers paid much less – but they quickly achieve quality levels that are “equivalent to or even higher than...(the) best plants in the West,” according to the report.

“More than 40% of the companies we talked with expressed significant concern about the erosion of skills in the workforce,” says the report. “They cited machine operators who are unable to handle specialized equipment properly or to make the transition to new work materials.” In contrast the companies apparently think the offshore pools provide skilled production workers, eager to apply their craftsman talents.

Offshoring will certainly impact the lives of U.S. workers, especially those at the lower end of the skills scale. So the solution is rather obvious that American production workers must find out what skills are needed and expected, and seek urgently to upgrade

their own skill sets through appropriate training.

The ability to assess skills gaps, against documented manufacturing needs, is offered now in Wisconsin by the WisPASS. The “gap analysis” provides immediate feedback to the test-taker and thus becomes a just-in-time (JIT) educational tool. JIT learning is the answer to an agile, adaptive workforce and enterprise. The value deterioration mentioned above can be halted through this focused, personalized, relevant and accelerated JIT approach. In fact it is the key to increased market share and profits for U.S. firms.

This WisPASS value process starts with testing of workers to reveal skills gaps and JIT training needs. The employer and employee together are able to plan and execute a personalized skills improvement response to insure



“Students looking forward to production careers benefit from achieving MSSC certification.”

that everyone wins. The worker is able to accelerate his/her improvement, increase potential and contribute to direct response to customers. From the customer’s view the expanded response from the firm exceeds expectations and puts the enterprise back in control of its future.

LABOR SHORTAGE, OR NOT – SAME CONCLUSION

EMPLOYEE TRAINING IS A STRATEGIC INVESTMENT

It has been hard to ignore business articles that report the future “labor shortage” despite the recent loss of manufacturing jobs. Some HR managers, in fact, appear to have been aggressive in hunting for and hiring, at premium wages, their *workforce for the future*. Their rationale is simple; if they treat valuable employees right, the anticipated job shortage when it arrives will make them look brilliant.

Among other sources, the U.S. Census Bureau and the GAO have spawned the articles about impending competition for skilled workers. Meager pickings facing today’s job hunting crowd would change dramatically and workers should soon expect to find higher wages and better benefits.

However, these predictions may be problematic. The Bureau of Labor Statistics of the Dept. of Labor has published data that shows people are working beyond what has been considered “retirement age.” Also, the AARP reports that half of its 35 million members (you get your notice at age 50) still work and that 80% of the baby boomers they interviewed plan to work well into their seventies.

A recent article in *Fast Company* offers what it calls the Cliff Notes version of this conflicting data game. In consideration of time and space, we will here condense the story even more.

FOR A LABOR SHORTAGE: “By 2015, nearly one-fifth of U.S. workers will be over age 55. Around then huge throngs of baby boomers will be retiring to Florida, leaving the much smaller “baby bust” generation unable to fill all these jobs. By the year 2030, avers a GAO report entitled ‘Older Workers,’ the U.S. could experience a labor shortage of 35 million workers. Says David T. Ellwood, a respected Harvard professor of government, the ‘CEO’s, labor leaders, community leaders all come to the unanimous conclusion that we will have a worker gap that is a very serious one.’

“ ‘When boomers begin to retire, we’ll start to notice the tightness in the labor markets, and that’s likely to become a pretty perpetual condition from here on out,’ says Justin Heet, a research fellow at the Hudson Institute, a contributing author to the book and follow-up report, *Beyond Workforce 2020*.”

AGAINST A LABOR SHORTAGE: “First, folks are living longer. ‘The typical retirement age in the U.S. today is 62, not 55,’ says Brigitte Madrian, a professor of financial gerontology of the U. of Pennsylvania’s Wharton

school. After declining for decades, the labor-force participation rate for Americans aged 65 to 69 jumped 26.1% in 1994, according to the Bureau of Labor statistics, with a comparable increase for the folks 70 to 74.”

“Boomers who have always identified themselves more with work and career than did previous generations, are likely to explore alternatives to retirement, such as second careers or cutting back on hours rather than giving up work completely. Their life expectancies have climbed past 77 at the same time that health-care costs have skyrocketed and savings rates have plummeted.”

“Besides that, the labor shortage alarmists under estimate the capability of younger generations. Peter Cappelli, another Wharton professor, notes that while boomers outnumber busters, ‘the cohort of college grads didn’t shrink. We’ve pulled more young people into the system.’ Members of the “echo boom,” a group close in size to the boomers, are also starting to enter the workforce. No evidence there of a shrinking skilled labor pool. Cappelli, while conceding that ‘we’re looking at a slower growth than we’re used to,’ it’s a phenomenon the economy has adjusted to before. ‘The U.S.’s GDP is six times larger than at the end of WWII, yet its labor force is only twice as large.’ That’s about productivity, folks.”

"Any company should adopt a strategic investment plan, considering both technology and the people who will support that technology."

FAST COMPANY CONCLUSION: “The coming labor shortage and job boom are myths, kept alive mostly because they allow employers easy solutions. ‘A lot of companies got whacked around in the 1990’s when the economy heated up and the labor market tightened. They learned it is easier to lobby for more Indian engineers on H-1B visas than to address their own retention policies and training programs,’ Cappelli says.”

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MSSC SKILL STANDARDS - YOUR TRAINING NEEDS

Most manufacturing firms have identified basic academic skills, as well as specific (positional) skills and training, for frontline production level employees. The Manufacturing Skill Standards Council (MSSC) set out to isolate and specifically identify those “core skills” that modern production workers need, and that fill the gap between academic/socialization and technical skills. The MSSC assessment modules become the “gap analysis” tool for developing responsive training, and productive workers.

The question often comes up, “How will the MSSC assessment help me develop employees, and a return on the time spent in testing?”

To answer that question, WisPASS has summarized the types of answers employers can expect from aggregate assessment results. In each of the following “critical work function” categories, the tests reveal academic and employability skills, as well as occupational and technical knowledge, that modern workers need.

- Produce product to meet customer needs

A hypothetical conversation between a customer and an employer should prove to clarify a “value proposition” for doing assessments:

Customer: Why is your product valuable to me, and how can I know your employees will be responsive? How do you stack up against your competition?

Employer: We have developed the customized features you have asked for and are using WisPASS assessment results to find out how our operation stacks up in delivering results in terms of quality and timeliness. We measure the skill levels of production employees against nationally recognized standards developed by the Manufacturing Skill Standards Council (MSSC) and address training gaps.

I ask daily what training is ongoing. The MSSC criteria, based on a hierarchy of core manufacturing skills, provide the benchmarks and help me maintain a modern, responsive and agile environment. By discovering any gaps, and responding with just-in-time training in the right areas, I am able to materially change the competency level in all production areas.

Two examples of work function, key activity and performance indicators are:

WORK FUNCTION – SAFE/PRODUCTIVE

<u>Key Activity</u>	<u>Performance Indicator</u>
Safety Inspection	ID/report potential hazards Corrective action taken Documentation and records
ID Unsafe Conditions	Report health/safety threats Consult others about response Take prompt/correct action

WORK FUNCTION – COMMUNICATION

<u>Key Activity</u>	<u>Performance Indicator</u>
Material Specifications	Communicate needs/specs clearly Know customer/business needs Evaluate, track & report issues
Quality Requirements	Knowledge of QA communicated Clear transfer of QA information Timely/accurate to key people

- Maintain equipment, tools and workstations
- Maintain a safe and productive work area
- Maintain quality and implement continuous improvement
- Communicate with co-workers and customers to meet business needs
- Coordinate work team to produce product
- Ensure safe use of equipment in the workplace
- Correct the product and process to meet quality standards.

Customer: I am impressed with your approach. If I were to give you a larger percentage of my business, how will you deal with the needed growth?

Employer: The WisPASS tests (MSSC standards) can also be used in screening prospective employees, and be used to “check their fit” against my needs and expectations for their performance. The results again may show

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Labor Shortage

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“The real solution, of course, is more difficult. It requires companies to invest in the right technologies and in their own employees in order to stay ever more productive. It’s not as sexy as a demographic crutch. It just happens to be the right answer.”

WisPASS CONCLUSION: To address the issues brought up by either prediction, WisPASS is certainly offering a timely solution for manufacturing enterprises. Actually, it is OK to hire people now, to fill immediate production and technical needs, even is they must be “imported,” or the jobs must be outsourced. However, in the long run, it seems to make more sense to match a “career growth strategy” for incumbent workers and new hires to the future strategy and needs of each firm. In order to do that, any company should adopt a strategic investment plan, considering both technology and the people who will support that technology.

To assess the training and development needs of employees, these forward looking companies certainly need a valid worker assessment tool. The MSSC standards, being

tested through the pilot WisPASS program, offer an immediately available solution. Then and appropriate, timely training response can be assembled to insure “knowledge workers” are in place as requires in implementing production and growth strategies.

The future of U.S. manufacturing resides in offering customers value and products that continue to improve efficiency and quality of life. American workers find themselves a new role of securing growth for the companies that employ them, for as long as they employ them. They will find their value in experience that is transferred from company to company. They will find that MSSC credentials confirming their skills, and that are portable from company to company, will expedite transition. The production worker skills certifications will prove that they are able to fulfill their part of the bargain.

NOTE: See the page 3 article that describes the MSSC standards in general terms and presents a typical “discussion” among managers, employees and customers jointly attempting to define value, secure stable growth and assure a viable future.

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All submissions should be in Microsoft Word or RTF format and emailed to:

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Training Needs

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gaps in certain areas, but I will be able to match those with other team members’ skills to make sure there is adequate coverage. For the future there is still time to shore up any weaknesses, using training that is tailored to each individual’s career goals and our production plans.

My production supervisors and line managers also take the assessments. It is wasted effort to have well-trained, empowered employees who are supervised by managers who are unable to fully appreciate the skills (tools) available to them. I look at this as our team and company “value culture” and make sure it is homogeneous.

Customer: I may want to use the MSSC standards too; can you explain them?

Employer: Let me give you a short summary of what they reveal about skill levels (see above). Basically, the results of WisPASS testing are categorized, using four separate online modular tests, to reveal where your firm really stands in such areas as quality, process, safety and equipment usage/availability. Test questions are scientifically developed to score employees against the core skills associated with these factors. Results are calculated immediately and reported by the testing organization. There is no time lost in taking steps toward immediate, responsive remedial training.