



FOCUS GROUPS

Pine City

Pine Technical & Community College

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Someone said the other day that if manufacturers can't succeed in this economy, you should reconsider your career choice. What did he mean by that?

- First off, I can't believe somebody would say that because, while I think the economy is looking better than it has in the past, this is a difficult business to be in right now. There is a lot of competition globally; there are a lot of consolidations going on which sometimes have a positive and sometimes a negative impact on manufacturers. I think the challenges that we have long been experiencing with workforce are getting worse. To me, if you're able to grow and survive in this environment, you're actually doing an awesome job because it's not easy.
- I agree. We struggle constantly to get people. Back when there was the recession we had people knocking down the door trying to get in to get a job. But now, in a plant of 150, we're 20 people down already. We're going into our busy season, so that's very concerning.
- It's a very strong environment, I think, but even with this strong

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of an environment, the business is there for us to lose. But, in that, it also brings its own challenges, and if you don't meet and beat those challenges, you're not going to do well. So, the feedback on that, to be successful in a high run environment, is what you do in a normal job.

- And I think that what we potentially face with the new steel and aluminum tariffs could change what we're thinking the future holds for us very quickly, because, many of our customers that have the opportunity to manufacture overseas, may decide to do more of that to avoid having to manufacture at a higher cost. In terms of supply chain, it's going to add a huge amount of work on the part of many small employers, I think, to try to figure out how to charge your customers for these increases because the market is going to be so volatile. That's going to add a wrinkle that two months ago we weren't expecting. Two weeks ago we weren't expecting that.

Do increased sales mask some shortcomings within the business?

- I will tell you that the more revenue that we have, the less we focus on smaller problems that can turn into bigger problems. Or that are really underlying structural issues that need to be dealt with because it's way easier to make money. I would say we don't fret about it, and we don't initiate as many improvement projects. That's not to say you're not doing anything, but you're not as aggressive about it as you are when sales are at a lower level.

- Good sales cure many ills.

- They give you some revenue to work with on projects that you can afford.

What's the essence of the worker shortage? Is it more about people with skills, or just people?

- You can always find somebody to fill the spot. It's the quality of the worker. And finding one that is willing to stay that they've invested all the training in.

- Many of us haven't caught up to the fact that employees today change jobs more frequently than they did in the past. And so we keep running our businesses and thinking about our employees back in the days when they stayed for 20 years, and they stayed for 30 and 40, and we need to get up with current reality. That may not be the case anymore. The data

clearly shows people change jobs frequently, and that is what's going to happen. And us sitting in our plant, thinking they're not going to, is not going to change that.

Are there things you do to adapt to the changing attitudes, especially of the younger people? Like flexible work hours or work days?

- This is the first year that we actually have offered a true, flex-work environment. We've a handful of employees, or team members, that take advantage of that. The majority of them are our younger team members with families, or those just starting their careers where they need the balance. They need to make sure their schedules are lined up for child care, and those sort of things. The other thing we've really seen is the newer generations of team members like to see where their career path is. So, really laying it out for them where they can see their growth. What are the opportunities? Is there going to be education required for part of it or not? Can I get those skills at work? What are the programs? And then, understanding what the promotion is. So even, from the manufacturing level with machinists, maintenance team members, assemblers, and material handlers, we see that.

Has it worked? Do you have better retention levels?

- The more we promote from within the more we see retention from our full-time, permanent team members. Yeah, so for our team members to know that they have a chance, they're going to be at our company long-term. And then there are opportunities to grow, both from a skillset in the type of work they do, and a pay level.

Is this a trend?

- I've seen a combination of the younger generation that goes to technical school and makes it happen, and they basically get a running start. It's about 50/50. We also get team members that come in literally as temporary employees, and we'll do internal promotions and they'll move on.

How are you dealing with the demands of the younger generation of workers?

- Part of it is they don't actually want to work. That's huge. They want the money but they don't want to work for it. We haven't figured that out yet.

- We haven't figured it out, either. It's just, like you said, they don't want to come to work. I feel maybe a lot of it is we're helping them too much. Some of these employees, they have too many options from other opportunities; maybe their family's always helping them. I don't know.
- We grew up in a time where you had to work every day. And you grow tired of it. When we meet new people, I tell them all they have to do is come into work every day, work hard, and be nice. You'll be successful in this company; it's very easy. There are six-figure paying jobs at this company, and you can get there from this career path.
- We're doing the same thing. Building a career path will make them visually see, when they come in to our company, there's opportunity for them to grow. And they can do just about any job they want in this company.
- The big thing for us right now is recruitment and then also, trying to figure out that retention. How do we get people to want to stay here and make a career?

What about “being nice?” Is that a factor? Common courtesy?

- That's truly a factor, and not even for just new employees. They feel like they're in a manufacturing facility where they're not respected or not treated well.
- We're trying to focus our retention around that. What does that mean? What does that look like? Where's it coming from?
- People are talking about people not having the right soft skills. People have to often times communicate about difficult stuff, quality problems, efficiency issues, whatever. The go-to place for most people in the work place, I think, is that you have to be mad when you communicate about that. I have to be mad or crabby, and I'm talking very sternly or whatever. The truth is, we can converse about that just like we're all sitting here talking right now. Nobody has to be mad. But that's a skill deficiency that we see a lot of people have.
- If we're going to talk about something that people won't want to hear, we have to be angry when we do it. That's just not true. We try to talk about it but from the soft skills standpoint, it's a real problem.

- You mentioned demographics, that's a huge problem for us. Just geographically, our location in this area, it's very tough to get a certain level of employees. We literally have, at any given time, 15 high-level positions open because we just can't find anyone to fill them.

We've been hearing about a projection that the number of unfilled jobs in Minnesota's economy may increase from 60,000 to maybe as many as 280,000 over the next five years.

- Something like 80 percent of the people in these counties around us migrate past us to work in the metro. We have to get them to stop here. It is costing them a lot of money to drive. There are plenty of people here; we just have to convince them that it's worth staying.

Why aren't more young people seeing the value of a two-year technical education, especially when skilled jobs are starting to pay so well?

- We're obviously still trying to figure that out. And every region's different. I spent a lot of my career in the metro area. One of the challenges that we see specific to this region is there's just a lot of first-generation college kids. So, the first thing that we talk about is just getting them to pick something after high school. About a third of the high school graduates around here don't do any higher ed. They're working. About 110 kids graduate from Pine City High School, 40 of them are undecided the day they graduate.
- Higher ed, at some level, has done itself a disservice when we keep talking about how expensive college is now. Seventy percent of the students at Pine Tech are Pell eligible, which means they pay \$1,200 a year for a full credit load. So, that's generally not expensive for most people. If they don't get any financial aid, they pay about \$5,000 a year to go to school. As a state, a lot of people testify before the legislature using stories about student debt, some of which are true, but most of the cases aren't applied to schools like Pine and public two-year schools.
- I think our schools are strapped and challenged with that so we have to come at it with a different approach.

A local think tank commissioned a study late last year that found median lifetime earnings for certain two-year degrees are 11 to 61 percent higher than the four-year degree equivalents, if you factor in cost of education, too.

- That's a startling number that I think almost no one outside of this room, or manufacturers or educators, really knows.
- As a career progresses, they get raises. This is what that two-year technical degree will range from. This shocks the four-year students. No one tells them this.

Some parents have told us that high school students may not be motivated by the potential of career earning potential. They're too young. They're maybe more attracted by the "cool" factors. What do you think?

- We see that money does matter to people, but at the end of the day, most human beings want to do something that makes a difference in this world. So I don't think it's their generation, I think it's my generation, as well. We like to know that we're doing something in the world that matters. One of the things that we do is we try to tell the stories of our customers. What are our customers doing that makes a difference in the world and how do we contribute to that? And that's something that people care about. We see that with women in manufacturing that work for us, they know they're contributing to changing the face of manufacturing as we currently see it, and it matters to them. Too many people think that two-year technical degrees are for people who don't like to read a book, or write a paper, or take a test. That's just not true. We have to stop that messaging because it's just not true.

I've heard that only 22 or 23 percent of all jobs in the U.S. economy require a four-year degree. Has anyone else heard that?

- The number we use is 7-2-1. Seven out of every 10 jobs require a two-year degree or less, two require a bachelor's degree, one requires a post-bachelor's degree, to become a lawyer, doctor, whatever. Those numbers came from Harvard or MIT, and the ratio hasn't changed since the '50s. And it will be the same in 2030.
- Our state has career pathways that can take you from a certificate to an associate's degree, and on to a four-year degree if you wish. We haven't effectively communicated that. I have two young daughters who are attending four-year colleges right now, but I would never have wanted somebody to tell me they were going to be limited with a two-year degree. We all want to know that there's forward motion possible for us. And it exists in Minnesota.

We've been told that many high school seniors don't have any career game plan when they leave school.

- These people wander for a few years, and then all of a sudden they realize, "Wow. I gotta make a living." They just weren't ready to decide; they didn't care. You could tell them anything that you wanted about a four-year, a two-year, they just, they weren't listening. And sometimes, they really put themselves in a bad spot.

Is that the fault of schools? A college president once told us that 40 percent of students entering a two-year school were not prepared academically. They need remedial help.

- The statistic I've seen is that about a third of the higher education operating budgets go toward remedial or preparatory coursework.
- I think it's really about how you redefine the high school education. It used to be that a high school degree meant work readiness. Many decades ago, it was thought that you were ready to start a manufacturing career when you graduated. We assumed you could read and write at a proficient level. I don't know if that's as recognizable anymore.
- The governor kind of changed this, but they were going to refer every high school senior to take an ACT test. An ACT test is very transparent. You know where it kind of puts you in college readiness. I don't know that we could say that about the high school diploma anymore. We see that by trying to get them ready just to go to school, we're doing kind of the thirteenth grade now in some cases ...
- Minnesota has adult basic education there, and it is a heavily used service. When I first started at COMPANY, there weren't written procedures for people, nobody had to read machine manuals. We would have communicated all of that stuff verbally. I recently heard that there are a lot of people in the workforce system that read at like a fifth grade level. I actually have no idea what the reading level of the people on my shop floor is. So, it's likely I'm giving them information and expecting them to be able to handle it, but they don't actually have the reading proficiency to do it.

Do you have policies related to the use of smartphones?

- Yeah, no cell phones allowed on the production floor. That's our cell phone policy.

- Even in their pockets, or anything, they just ... they just leave them in the car.
- Yeah, or in their locker.

How did that go over?

- It's still not going over very well.
- It is something we talked about in our management meeting yesterday. Well, how many people walk around with wristwatches? You see an employee using a cell phone on the floor, the immediate response from the manager is, "You're wasting time, get off your phone." But what if they're using it as a calculator? Or what if they're using it to track their production rate?
- We took that out of the equation and we put calculators at each press. So, now what's your excuse? They are just like, "Oh, I'm just checking the time." But there's a big clock. You have to take the excuses away from them.
- And you still have the sneaky ones.
- We're doing exactly the opposite. We're actually allowing them to listen to books or audio, as an engagement tool to get them happier in the day.

Has it affected productivity?

- We're just starting a trial on that, so we're just on it. There's some safety issues and concerns with some of that, so we have some protocols about how they can do that. We're just trying to always make the employee happier. But the cell phone usage and stuff like that, yeah, data surfing or texting, and that type of stuff obviously is not allowed. Trying to give them some tools.
- I have one to add. At a CEO peer council, NAME told us use of these devices is so important to young people, that they will quit a job and go someplace else if they're not allowed to use it. It's not worth losing employees over. I own the company, so I can use my cell phone whenever I want. But if somebody told me I couldn't use this thing, I'm going to quit.

- Not to mention the fact that our machine tool suppliers and other organizations provide apps that we find to be useful on the shop floor for people. We encourage people to text somebody rather than walking all over plant trying to find them, you know? Because that creates its own waste of time.
- Rather than fighting it, we're trying to find ways to make that technology work, including giving team leads iPads on the shop floor. We have Wi-Fi in the plant. So, we're not going to fight it, we're going to find a way to make it work.
- Our facility is quite large; I went back to using a two-way radio. There needs to be contact with people. We're back to using mobile two-way radios, and that's the most effective tool that I've seen over the years. Phones and iPads are costly, and they get damaged or lost, but ... So, the communication in the office setting is cell phones, everybody's texting each other, that type of thing, but on the manufacturing floor, it's just the two-way radios.

Let's talk about leadership training, planning, NAME, you talked about trying to get your leaders to be more communicative. How many here are actually doing things regarding getting their leaders more formally trained or getting better communicators in your operations?

- We spent a lot of time in the last year or two working on, you know, everybody doing these performance reviews. In our business we don't even like to do reviews annually. What we are trying to do right now is develop our employees. Personal development and professional development. So when we meet with them, we don't want to talk about how they did last year and if they're not getting a raise, they don't care anyways. What we want to do is find out, "What do you want to do?" "What's going on?" "What [inaudible 00:46:50] better, professionally and personally?"
- So, we spend a lot of our time with our leadership and talk about soft-skill training, which a lot of our leaders are really having trouble with.
- Is it a retention tool?
- It's a retention tool, as well. But it's also trying to build up our leadership where some of them don't have a four-year or two-year degree, but, you know, we promoted them beyond their capabilities and

we expected them to do well. And then we complain when they don't.
We take it as our responsibility to develop our employees as much as it is
their own.