

Managing the skills gap How can manufacturing keep and nurture talent?

Dick Olver, Chairman of BAE Systems, believes that Britain needs to produce at least 25,000 engineering graduates a year to meet the estimated requirement for 970,000 engineers in Britain by 2017. He has been quite vociferous in accusing financial service companies of poaching the best engineering talent. To be fair he then went on to make the point that “the industry has not done a good enough job about explaining what an exciting career a job in engineering can be”. Young people are excited by the technology in Xboxes, iPods and other electronic devices, but don’t link it back to the engineers that make these happen and the same can be said of manufacturing more generally.

We need to make manufacturing an exciting career opportunity

Everyone bemoans the fact that we are no longer the great manufacturing hub we once were. TV programmes constantly talk about “the need to rehabilitate the industrial north” usually with a picture showing an abandoned coal mine or stationary cranes at some long deserted dock. It is time for a PR offensive to show the talent of the future that manufacturing is a thriving, vibrant, high-tech industry and provides career opportunities that are exciting and challenging, because that is the reality. Perhaps it is time for a reality TV show called the Manufacturing Apprentice. Surely it would make for a more interesting programme than Alan Sugar sending off a bunch of kids to sell wedding dresses and make £350 in the process. Perhaps it is about time schools stopped taking kids on outings to Legoland and took them to the Nissan car plant or Rolls-Royce Aero Engines instead. I know which day out would stick in my 7 year old son's mind and it wouldn't be Legoland.

The government is willing to invest but so far the approach is too inflexible

Trips to car plants might be the start of the rehabilitation process for the young, but what about the more immediate challenge of making manufacturing apprenticeships high profile, attractive and cost effective? The government has committed to helping UK firms create 100,000 more apprenticeships by 2014 and has made £1.4 billion available over 2011/12. However the Specification of Apprenticeship Standards for England (SASE) has too much of a generalist approach and does not work for skilled industries, whose apprentices require training programmes bespoke to their trade. Small and medium sized businesses, that are supposed to be implementing such schemes, complain that they are stymied from doing so by obfuscating employment law and a shortage of funding to cover the training costs.

The UK is behind other countries in providing apprenticeships

A report last year by the Centre for Economic Performance (CEP), based at the London School of Economics, found that there are only 11 apprenticeships for every 1,000 employees in the workforce, compared with 39 in Australia, 40 in Germany and 43 in Switzerland. In England just 8% of employers offered apprenticeships last year, compared with a third in Australia. In Germany, almost all businesses

employing more than 500 staff take on apprentices, compared with just 30% in England. Only 130,000 UK businesses out of more than 1 million offer apprenticeships.

The demand is there but progress is slow

Successive governments have championed apprenticeships as an answer to youth unemployment. They were relaunched in 1994 under the major government and the number has risen from 200,000 at the start of the last decade to fewer than 300,000 today. Not much by way of progress. The CEP report cited evidence suggesting the number of young people looking for places exceeds the number of apprenticeships. A recent pilot in Hampshire resulted in 17,000 applications for just 6,000 places. Last year BT had 24,000 applications for the 221 places available on its apprenticeship scheme. If it makes sense for Jaguar Land Rover to open two Technical Training Academies in China why can't the UK make it attractive for companies to make staff training and apprenticeships a real priority? Jaguar Land Rover took on 45 new apprentices and 130 graduates in the UK, which is good, but wouldn't we prefer to build our expertise and training in the UK rather than export our knowledge to Chinese competition?

Good technical training is only half the answer

Providing good technical training is important but it must be complimented with the skills and methodologies that enable employees to innovate and continuously improve. Companies complain that they spend money training employees who subsequently leave. If you don't have a programme that provides interesting and worthwhile career opportunities, and encourage employees to utilise new skills to achieve business improvement, then they will look to companies who can. Using consultancies to, not only fast track improvements, but also transfer knowledge to your employees can be a very effective way of up-skilling your workforce and opening them up to new ideas and ways of working.

Small fast growth companies can really be an attraction for bright, motivated individuals. The dilemma is that very few manufacturing companies really promote what they are doing. Media, communications, environmental and high-tech companies have done a far better job. If companies like Zappos, an internet shoe retailer, in the USA can gross over \$1 billion in sales, have over 2,000 employees and come 6th in the 2011 Fortune 500 Best Companies to Work for Survey, then surely the average manufacturing company can find ways to engage and keep their best and brightest employees.

About Bourton Group

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For further information please contact:

Or visit our website:

Email: info@bourton.co.uk

Tel: +44(0)1926 633333

www.bourton.co.uk