



The New Connected Workforce

Best Practices to Uncover New Capacity in an Ongoing Labor Shortage

eBook

Redzone
Empower the Frontline, Grow the Bottomline™

Manufacturing is Facing a Sudden, Unprecedented Labor Crisis

The labor shortage in manufacturing is nothing new. Since the 1980s, manufacturing leaders have wondered if up-and-coming digital generations would embrace factory work as their parents once did. They didn't. And baby boomers outnumbered new generations anyway, with 76 million births¹ in the U.S. from 1946 to 1964 compared to the next-largest millennial generation's 72 million.²

Now, 60 years later, baby boomers are retiring in record numbers. In the manufacturing industry alone, 2.6 million baby boomers are nearing retirement age.³ They leave a gap that millennials and Gen Zs cannot backfill—they don't have the experience or the numbers. At the same time boomers exit the factories, the factory itself is changing. Increasing technology has made it harder to hire skilled workers. Add all these challenges together, and the result is a strained workforce, where less than half of available jobs will be filled by 2028.

But this was news even before COVID-19. The pandemic quickly worsened a generation-old labor issue, which accelerated into an outright crisis. First, the pandemic displaced factory workers who, when faced with shutdowns, found new jobs in other industries and never returned. Then, it catalyzed the retirement of millions more baby boomers than manufacturing managers counted on leaving en masse.

Where are we now? Though COVID has receded, workers haven't returned, and new workers are harder than ever to recruit, train, and retain. The labor dilemma has officially become an emergency, with multiple ways that the labor market has influenced operations. Before we look at actionable ways to hire and retain workers, let's dig deeper into the economic implications for plants.



Laboring the Point: The Economics of the Labor Crisis

Factories face problems beyond a shortage of workers. By the end of April 2022, there were 11.4 million job openings,⁴ and job separations in manufacturing hovered around 40%.⁵ When organizations hire new workers, they find the newcomers poised to jump from job to job, collecting the sign-on bonuses offered by competing industries. The price of this churn is high.



In manufacturing, labor shortages of 500,000 workers will cost the industry \$1 trillion by 2030.⁶

While leaders are facing rising recruiting costs, salary expectations, and upfront costs like sign-on bonuses, they do not see results from their efforts.

Every lost frontline worker costs manufacturers an average of \$12,876.⁷

Manufacturing has seen the most significant growth in employee separations since 2021, with quit rates up 58%.⁸ Some other crucial implications include:

- **Low Profitability:** New workers take time to recruit and train. Yet they don't persevere to become efficient workers with intimate knowledge of the job. In the food manufacturing industry, 50% of organizations report worsening churn since the COVID-19 pandemic and the 2021 labor crisis.⁹
- **Higher likelihood of plant shutdowns or low production:** With lines and stations unable to run, productivity suffers, worker demands rise, and manufacturers carry the burden.
- **Bottom-line challenges to keep up:** With fewer hours, lines, and supplies, bottom-line profits take a hit. Manufacturers are paying more and getting less, facing new challenges to their business models and bottom lines. They recognize they cannot hire their way out of the current labor crisis, but they feel they can't produce more products without hiring.

It can seem impossible to simply "do more with less" when challenges seem to amplify one another. But enterprises are recognizing ways to support frontline workers so they'll see less churn, longer retention, better productivity, and long-term innovation that delivers a strategic advantage.

It all comes from considering the four pillars of manufacturing success in light of the ongoing labor crisis. From empowering workers to prioritizing communication and increasing productivity, there are plenty of methods executives can leverage to make concrete improvements even amidst an unprecedented labor crisis.



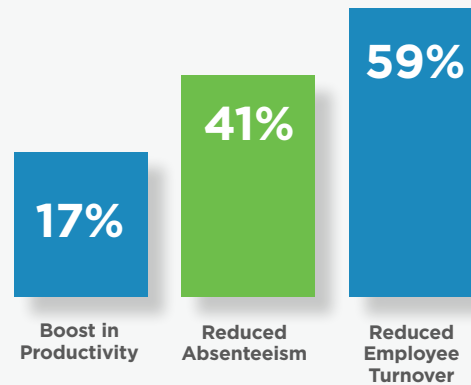
4 Pillars of Manufacturing Success Amid the Ongoing Labor Crisis

Here are four actionable ways manufacturers can make the most of their existing workforces to combat the current labor crisis—and thrive despite it by nurturing their talent pipelines.



Empower and Engage Frontline Workers

Employee engagement is tough to define, and managers often think they know it when they see it. Overall, engaged employees value the organization and find satisfaction in improving the workplace. The challenge lies in instilling that engagement in employees.



Employees who are emotionally committed to their job have a **17%** boost in productivity with reduced absenteeism of 41%.¹⁰ They are also more likely to stay on the job longer, with some teams reducing employee turnover by 59%.¹¹

Lack of engagement means low productivity and high employee turnover. So combatting the labor crisis by prioritizing more worker engagement starts with empowering employees to view factory jobs as long-term careers and not just temporary paychecks. Ensure management welcomes employee expertise and is open to suggestions from the frontline.

Managers can also help employees realize their value and find satisfaction in a workplace where their voices are heard and their opinions are respected. Don't stop at giving workers the opportunity to offer real-time feedback from the frontline. Give them the tools to uncover and fix problems independently. Offer them access to continuous learning and career development to respond to emerging changes and challenges on the line.

Companies with high employee satisfaction rates have stock prices that outperform other firms by 2.3 to 3.8% per year.¹²



Emphasize Immediate Productivity

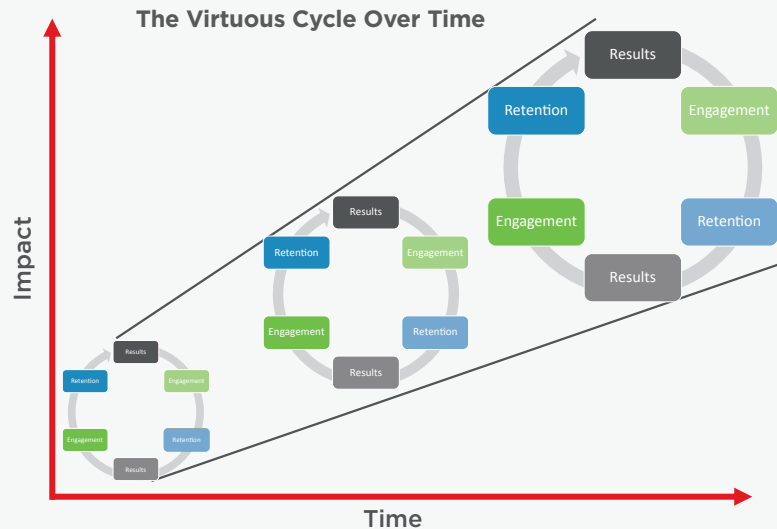
There are numerous components of productivity from workflows to training, tools, maintenance, and supply chain. Too often, managers tame the complexity by focusing on future planning rather than acting today.

Instead, concentrate on immediate impact.

→ Use **real-time productivity stats and health status reports** so workers can see how their productivity measures up and pinpoint bottlenecks so that workers can take the initiative to solve them.

→ Help frontline workers see when machines need maintenance and get access to **on-the-go troubleshooting** when problems arise. It will trim the equipment downtime costs that can set manufacturers back \$50 billion per year.¹³

→ **Provide self-serve training tools** that workers know how to access and use. Step one is building a culture of continuous improvement. It helps frontline employees complete more tasks for a self-fulfilling cycle of empowerment, action, and success.



An action-oriented mindset isn't just positive for frontline employee satisfaction. It helps workers make course corrections in real-time.



Connect Teams Digitally

Too often, the historical reality of factories meant workers were hyper-focused on a small section of the process, with no real insight into other parts of the manufacturing process. They were unaware of the scope of the problem and hesitant to handle it on their own. Indeed, workers did not solve the problem. Instead, they left the line to ask questions before taking action.

Walking between stations, finding the telephone and leaving a message for the right person, or waiting for an email are legacy communication approaches that slow production. And the lack of instant communication between all teams leads to consequences.

Fast, cross-team communication makes a difference—and it's important to implement at all levels. When increasing channels for worker communication, make sure workers can communicate problems and solutions to team members at all levels. Support from leadership can make employees feel more inclined to innovate and contribute, and the absence of that support can set the whole team back.

Integrated communications also offer opportunities to build camaraderie and relationships that increase engagement. Whether it's between leaders or coworkers, opening the floor to communication is part of building a strong culture of belonging, which, in turn, keeps employees satisfied and productive.

As workers contribute to the company's overall success, make sure to celebrate their achievements publicly. When managers acknowledge their employees, workers are more likely to stay on the job.¹⁶



68% of manufacturers have experienced higher production costs caused by communication delays.¹⁴

38% of employees feel they lack initiative when management dismisses their ideas.¹⁵

Simplify Daily Operations and Toolkits

Managers agree that employee engagement and productivity decrease with poor communication. Furthermore, 61% of manufacturing industry managers feel that using digital tools for communications improves productivity.¹⁷

When workers can assess the context of a problem and its ramifications across stations, roles, and even lines, they have a better understanding of how to solve it, as well as access to specialists who can help make it happen. Replace legacy tools with widespread digital devices that are intuitive, easy to learn, and allow everyone to participate in the conversation.

Then automate as much as possible. Identify which production processes need an upgrade and which would benefit from automation. Automate compliance and maintenance reminders to help workers take ownership. Use automation to save skilled workers for tasks that challenge and excite them.

Finally, integrate with third-party and custom applications for a fully connected business. Working together as a team helps people take control of their lines, with more visibility to define and solve problems without management.



Why the 4 Pillars Matter

Used together, the four pillars support a mindset of continuous improvement and point to actions that support success.



Uncover hidden capacity

Production lines work fewer days and hours to realize the same production levels. Managers can uncover capacity in terms of heightened productivity, but also employee innovation. When communication and problem-solving opportunities increase, workers can find ways to modify the workflow to reduce downtime.



Increase productivity and profitability

When we analyzed 300 organizations using Redzone, we found an average Overall Equipment Effectiveness (OEE) uplift of 12%, corresponding to a productivity improvement of 22%.¹⁸



Reduce employee churn

Redzone companies saw an average 32% reduction in employee turnover, and national rates were skyrocketing by 50%. The average Redzone company hired 13 employees to retain 10, whereas the average U.S. plant hired 25 to retain 10 in that same period.¹⁹



Enable strategic growth and predictable scale

Stabilize hiring and training while realizing productivity goals and finding automation opportunities. Together, these interconnected improvements lead to greater transparency to scale smarter. That helps managers focus on the right things.

Hiring and training each new worker costs companies who use Redzone \$12,876, That's an average savings of \$154,512 for every ten new hires.²⁰

Connect and Empower Workers with Redzone

Redzone is an easy-to-use, all-in-one platform that lets manufacturers:

- **Connect and unify production:** With team communication and visibility into how processes are happening in real-time.
- **Enhance quality and maintenance:** By automating audit and compliance tasks, keeping times of inspections, maintenance, and processes all in one place.
- **Create 'one team':** Across lines, job roles, language barriers, and even shifts see and communicate with more workers to improve the plant for everyone. Help every worker win the day, every day.
- **Provide easy-to-use tools:** Redzone keeps workers on the line while connecting them to training materials, engineers, and managers. Coworkers can even build training modules to share with the team. It means specialized knowledge won't be lost when the shift changes but will be shared and utilized by everyone.

Redzone's unified platform brings the four pillars to life, so your workers can be more successful and make the plant a career they can be proud of.

Ready to see what Redzone can do for your frontline? [Book a demo today.](#)



Empower your frontline workers to be engaged and connected. [Contact us today](#) for a free consultation to see how Redzone can help you create a highly productive, loyal, and empowered workforce.



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