



2009 Manufacturing Workforce Survey Results

In 2007, Lane Workforce Partnership developed and administered a manufacturing survey in order to learn more about how local manufacturers view and are responding to workforce issues. The survey was modeled on a National Association of Manufacturers survey and was conducted on Survey Monkey, an online survey service. This survey was successful in terms of the response rate and the information gathered, so the decision was made to repeat the survey on an annual basis.

The 2008 survey was given last year and now the 2009 survey has just been completed. The same questions have been asked every year in order to be able to track trends over time. One new question was added to the 2009 survey regarding the recent economic downturn. The results from all three years are compared in this report. Thirty-five Lane County manufacturers responded to the survey, representing all significant manufacturing sub-sectors in Lane County, including wood products, transportation, metals, computer/electronics, machinery, food processing, chemicals, and plastics. Respondents also represented a balance of small and larger business sizes.

Most evident in this year's manufacturing survey results is the impact of the economic downturn on this sector. Manufacturing as a whole has lost approximately 6,000 jobs in Lane County since 2007. The most recent numbers from the Oregon Employment Department indicate that there are currently about 14,000 manufacturing jobs remaining in Lane County (from a high of 20,000 in 2006), and represents approximately 12% of local employment.

When asked on the specific impacts of the recession on their business decisions related to their workforce, over 70% percent reported that they had reduced personnel and almost 50% reduced wages. Thirty-eight percent reduced benefits.

Not surprisingly, the severe recession has reduced concerns about worker shortages in the survey. Those citing difficulty in finding skilled applicants for open positions dropped from a high of 65% in 2007 to 46% in 2009. However, a remarkably high number of respondents (68%) still remain concerned about future shortages of skilled, technician-level workers.

The top two skills manufacturers chose as being those that their employees would need more of in the coming years included *Computer Skills*, which leapt from 41% in 2008 to 65% this year and *Lean Manufacturing/High Performance Skills* (59%).

Healthcare benefits (62%) and *in-house training programs* (59%) still ranked highest as especially helpful in recruiting and retaining a qualified workforce. *Improving Organizational Culture* jumped up to third place from fifth place last year, while strategies such as *Increased Wages* and *Career Ladder/Promotional Opportunities* dropped significantly.

Efforts to reduce turnover among current employees (52%) and *Efforts to change attitudes about manufacturing jobs* (49%) ranked highest among recruitment and retention strategies companies would like to

utilize in the future. A *lean/high performance workforce* (77%) and *new product innovation* (56%) were cited as the most important to their company's success over the next three years.

High Tax Burden was ranked as the most significant barrier to business expansion by 40% of respondents, up from a low of 10% in 2007. This is perhaps due to tax measures on the ballot. This was followed by *High Cost of Labor*, cited by 37%, up from 19% in 2007. Several cited "lack of access to capital" and "the economy" in the comments section.

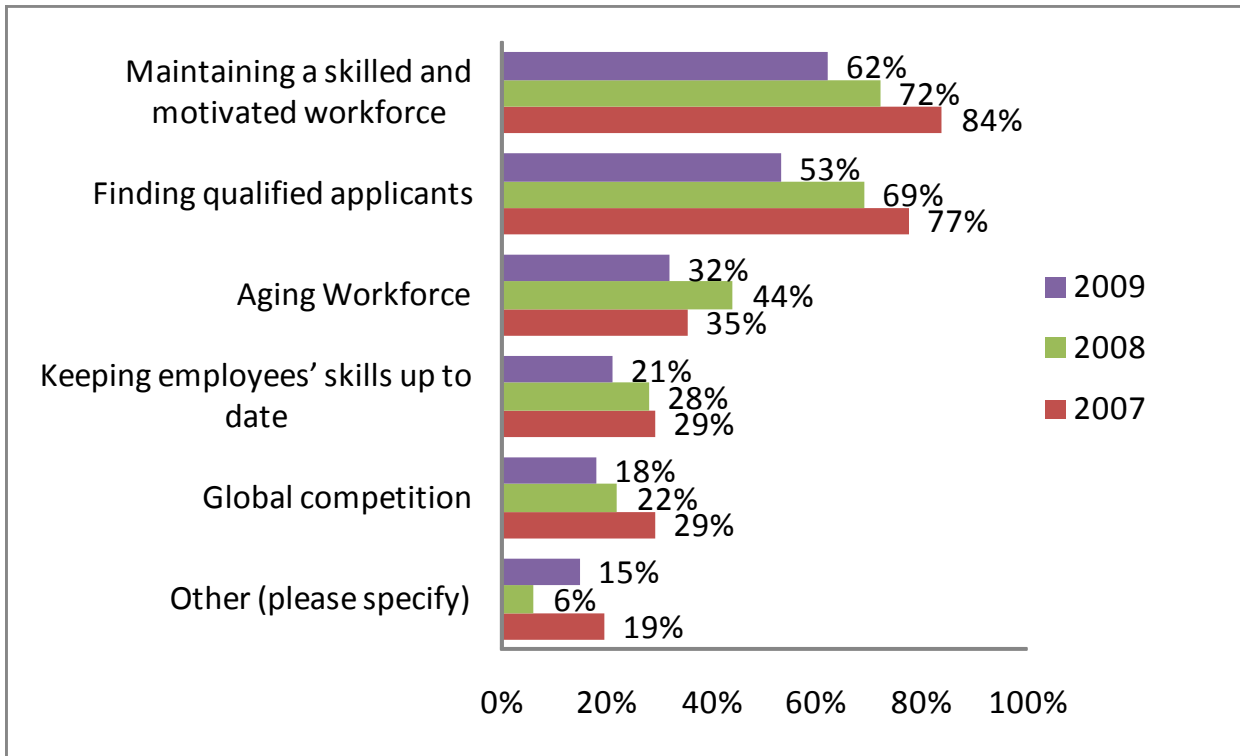
Sixty-one percent of respondents who are facing current skills shortages in their workforce cited that these shortages have resulted in *Reduced Production Output/Sales* and *Reduced Overall Productivity*. On the bright side, *Reduced Product or Service Quality* fell to 17% from a high of 40% in 2008.

Several respondents indicated an interest in joining with other area manufacturers to discuss issues raised in the survey.

Manufacturing Survey Results Comparison 2009, 2008 and 2007

SURVEY RESULTS

1. What workforce issues are of most concern to you as you look toward the future?



2009 “Other” responses:

1. Economy
2. Economy
3. Not concerned
4. Being able to pay family wages. Finding people with clean driving records!
5. Loss of Manufacturing jobs in the local area. Since manufacturing is true "value creation" (Service industry is only "value-substitution") the workforce base is losing a base of creative innovation.

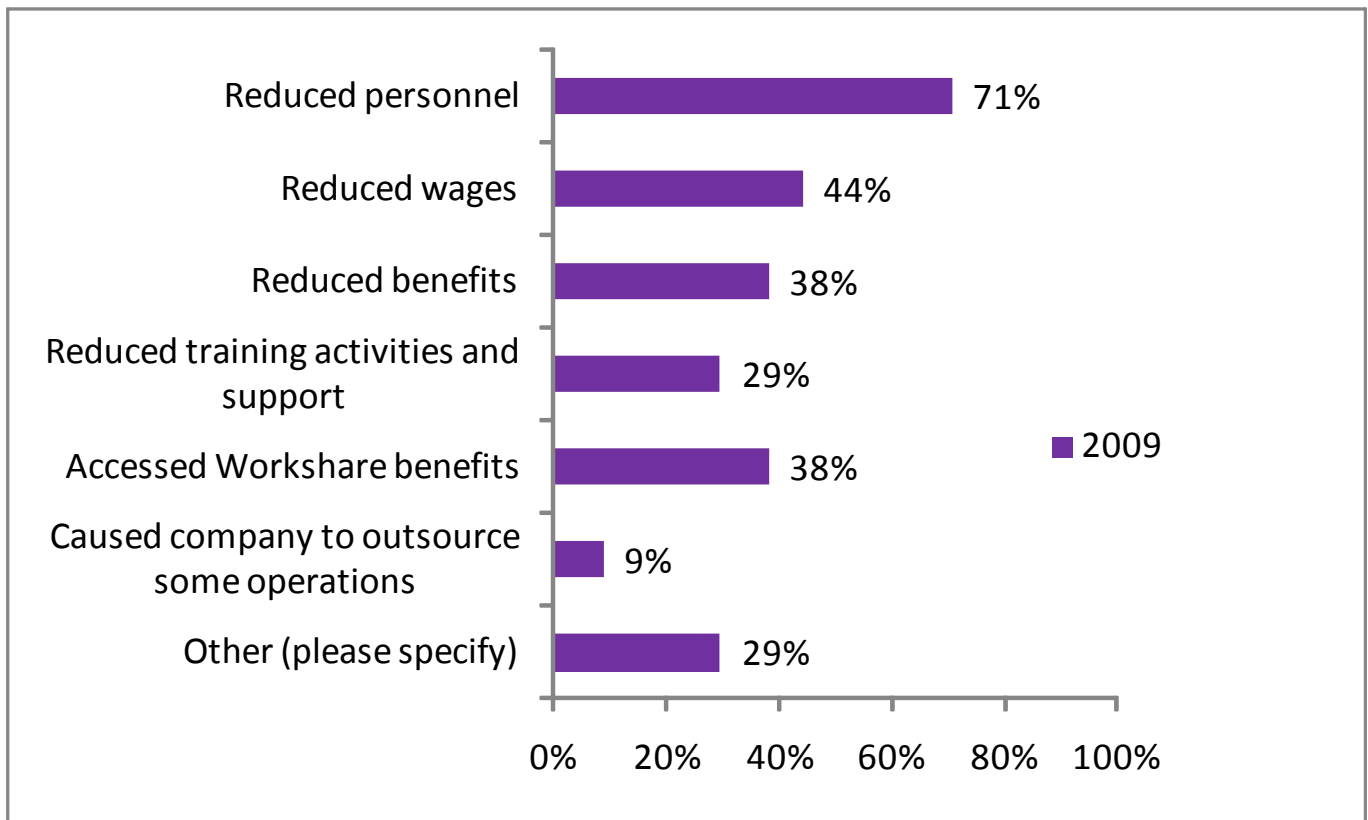
2008 “Other” responses:

1. The reduction in the manufacturing industry of the area as it migrates toward the service sector. This is causing erosion in the manufacturing skill base which cannot be taught in the school system.
2. Multi-language speakers are in high demand.

2007 “Other” responses:

1. Keeping and growing the manufacturing companies in the area. Eugene has an anti-industry attitude.
2. Work ethic; team work; communications; cultural competency.
3. Many of our products are being outsourced and so the viability of our manufacturing site in Eugene is threatened.
4. Finding qualified applicants who are seeking a career and not just a job.
5. Understanding the future needs and direction of the manufacturing business sector in Lane County.
6. Providing healthcare

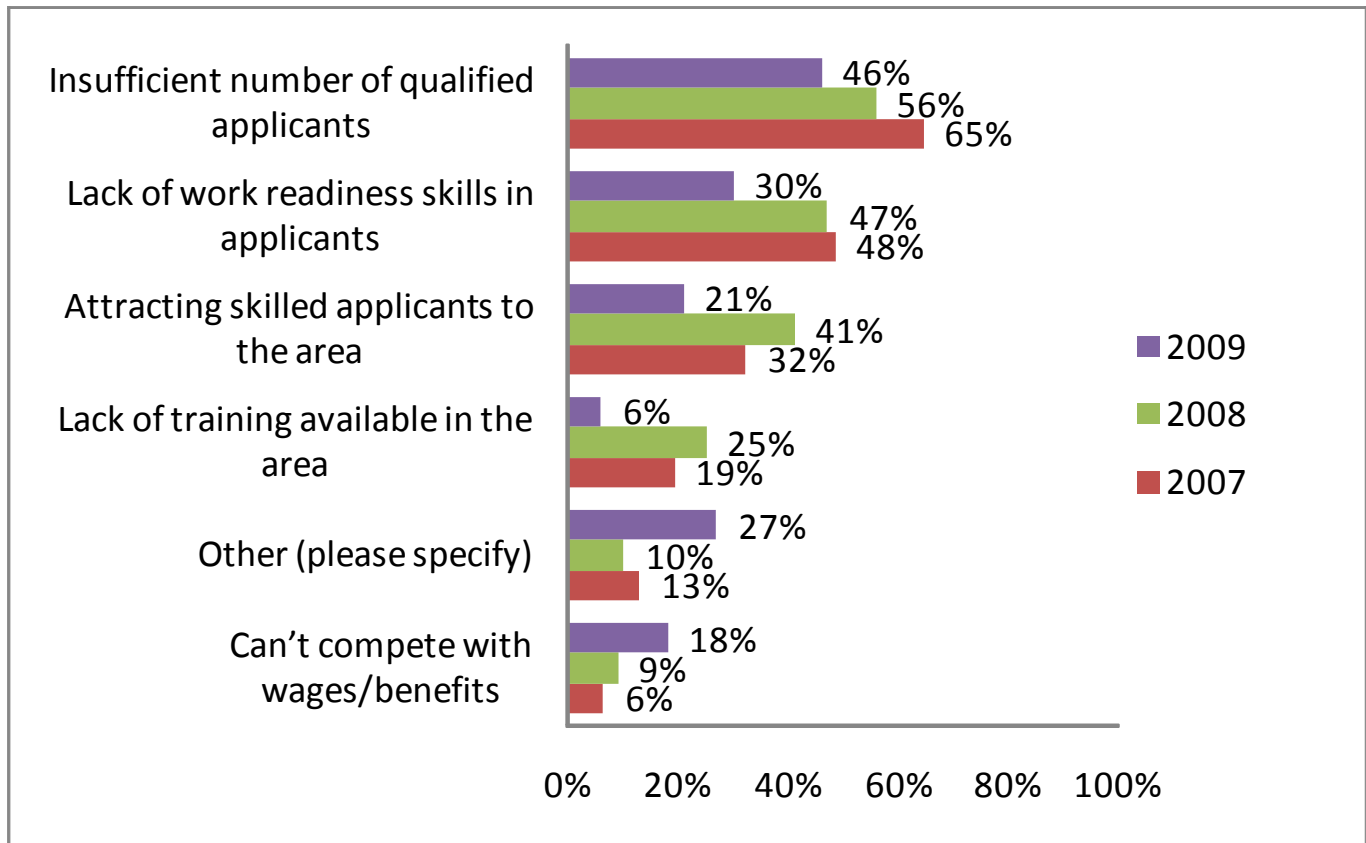
2. What impact has the economic downturn had on your business? (Check all that apply)



2009 “Other” responses:

1. No real impact
2. Loss of employee programs likes rewards programs
3. Business has been essentially flat year to year. So far no impact excepting no growth.
4. Reduced rate of planned hiring
5. We did not process milk 2 days in December due to semi-flat orders
6. Negative impact on morale.
7. We have increased training to improve competitiveness and make sure we are fully prepared as the economy recovers.
8. The present economy has made qualified applicants plentiful.
9. We have not had a downturn.
10. We didn't lay off anyone. If someone left we didn't fill the position until needed.
11. Revealed over-crewing; even when the economy recovers, the current environment has shown that the workforce is over-crewed.

3. What are the most difficult challenges you face in hiring a qualified and motivated workforce?



2009 “Other” responses:

1. Applicants do not follow instructions on the application, if they don't follow those instructions will they follow work instructions?
2. We have an over abundance of qualified applicants.
3. Work ethic lacking
4. No one leaves here, so openings rarely come up.
5. Due to the current economy we have not expanded our workforce to any significant degree in the past year. The opposite is true, in fact. That being said, we are operating very leanly and if we do get the opportunity to expand, we will have difficulty locating local applicants for some of the highly specialized engineering positions.
6. We have not been able to rehire anyone that has been laid off since 10/08. It is becoming increasingly difficult to maintain the motivation needed.
7. Usually have to look outside of Oregon for Technicians
8. We are not hiring
9. Government benefit package is hard to compete with. Insurance co-pay and days off.

2008 “Other” responses:

1. Fewer people want to work in the wood products industry.
2. A lot of younger workers, especially professional workers, do not choose a company, but a city. It is difficult to compete with San Diego, Seattle and Portland. Generation Y wants to live in the “cool” city—how can we make the answer “Eugene”?
3. Psychological dysfunctions of applicants: Inability to resolve conflict, emotional lability, helplessness.

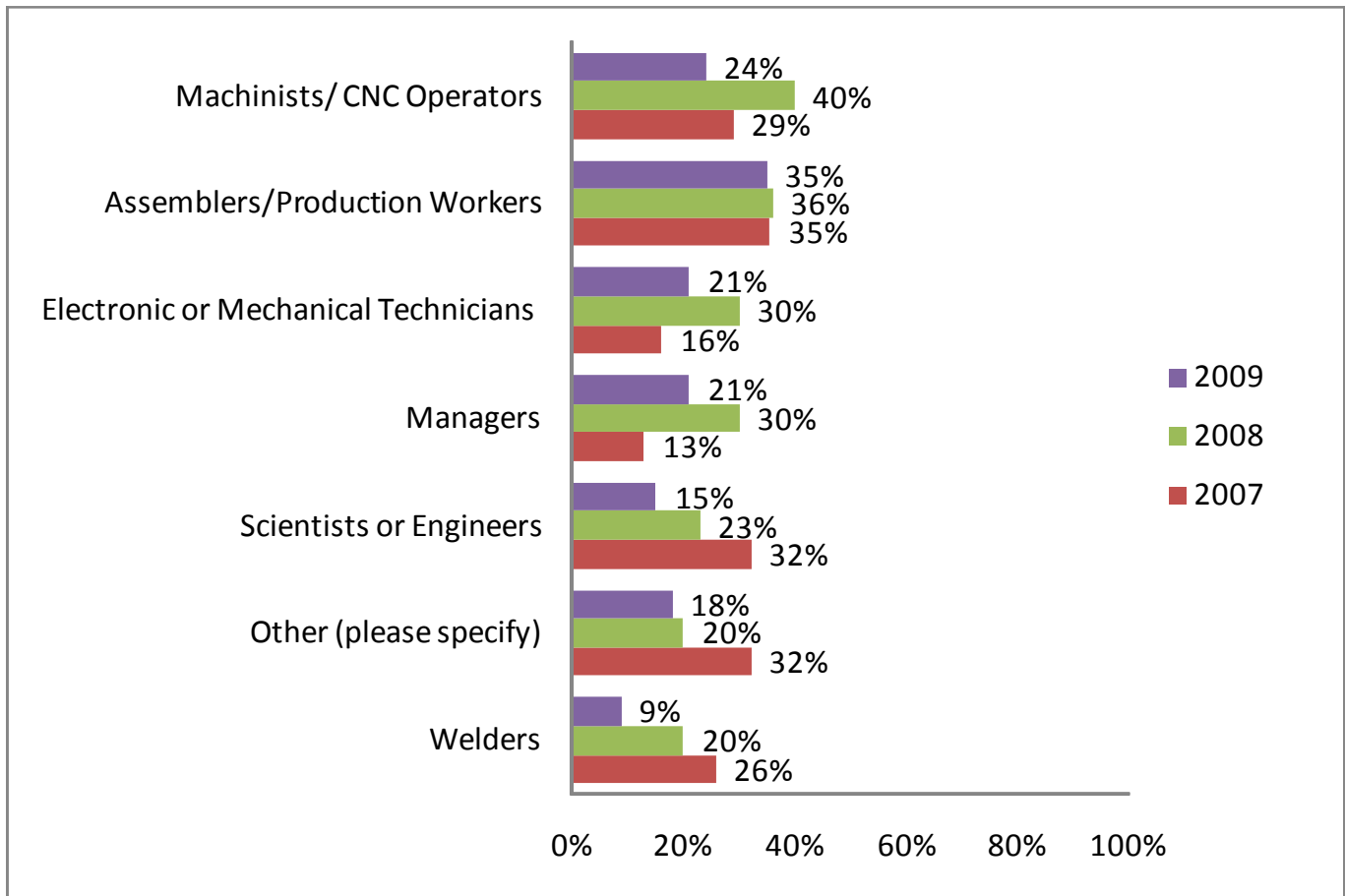
2007 “Other” responses:

1. Honestly, motivated employees. In my experience comparing the "energy" and "drive" of the employees in the Eugene area to that of other regions I've worked (Midwest, Colorado, Seattle) is poor. It's very disappointing to

see but there is a pervasive sense of "entitlement" in Eugene that is a serious problem long term. We have considered relocation at various times due primarily to this issue. Similarly, there are not high numbers of motivated well trained staff. Without vibrant business community young professionals go to Portland, Seattle, San Francisco and otherwise...

2. Qualified engineers and technicians have been especially difficult to replace in the last couple of years. Eugene has so little high tech industry that there is not a large pool of qualified people to draw from. Hiring outside of the area means taking the risk that the new employee and his/her family will not like living in the Willamette Valley.
3. Young people don't think of wood products as a viable career choice.
4. Understanding the nature and availability of skills training resources in Lane County.

4. What types of positions do you find most difficult to fill?



2009 "Other" responses:

1. Route Sales Representatives & Merchandisers
2. Again, there are no positions to fill, on the bright side all of our workers have been crosstraining all year.
3. None
4. We are not hiring
5. Delivery drivers
6. Limited Maintenance Electricians (Oregon LME)

2008 "Other" responses:

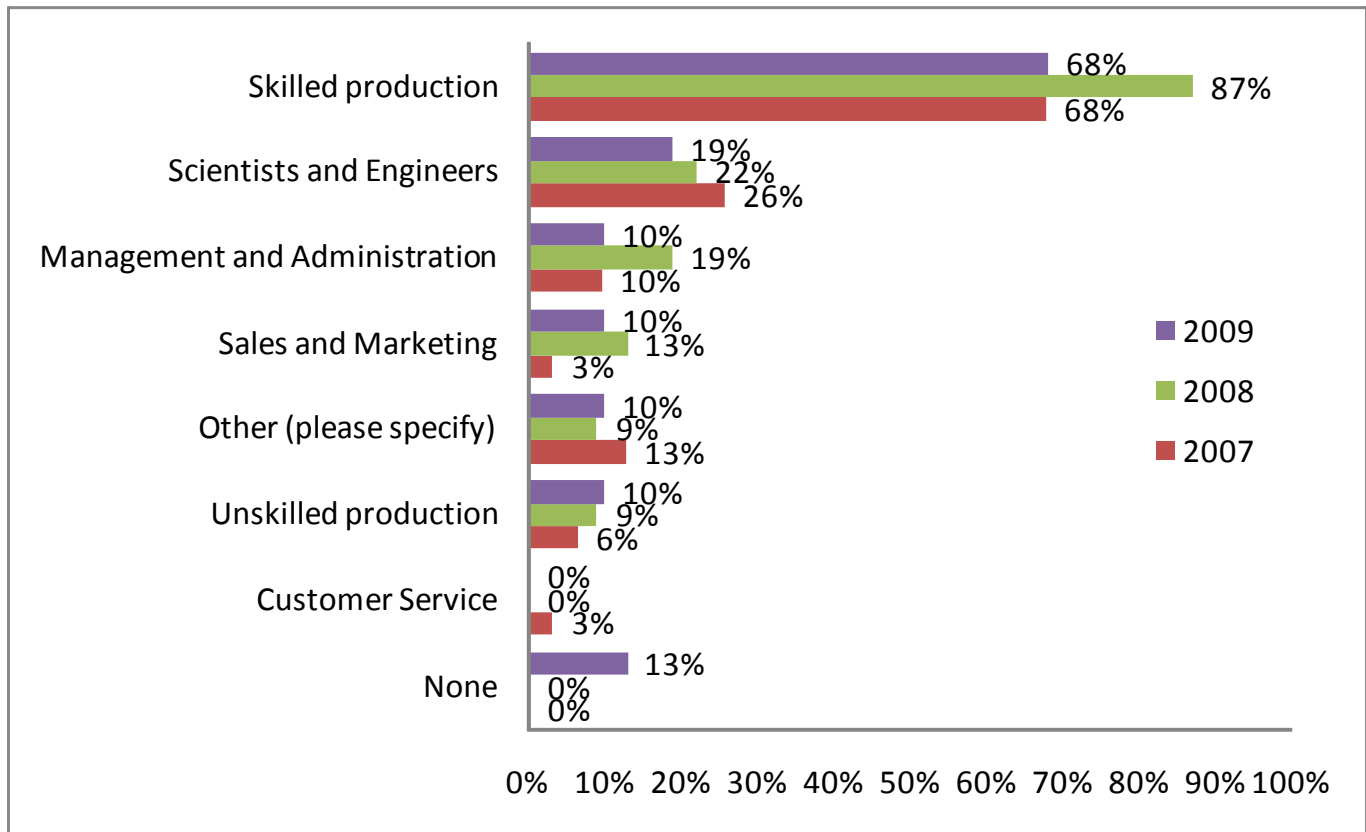
1. Journey Millwrights or Electricians
2. Electricians
3. Electricians, Millwrights
4. Production Spray Finishers

- 5. Sales
- 6. Frontline Supervisors

2007 “Other” responses:

- 1. Electricians
- 2. Qualified painters
- 3. Maintenance and electricians
- 4. Interior design
- 5. Burning Machine Operators
- 6. Highly skilled cabinet manufacturers
- 7. Engineers, Interior Designers
- 8. Because of costs, we are unable to hire workers to fill training positions but when our workforce reaches 55+ we will have a real problem replacing qualified operators.
- 9. IT Program Analyst; maintenance, i.e. millwrights, electricians, forestry personnel
- 10. Sales

5. What types of employees are expected to be in short supply over the next 3 years?



2009 “Other” responses:

- 1. Estimators
- 2. Saw Filers, electricians.
- 3. Limited Maintenance Electricians (Oregon LME)

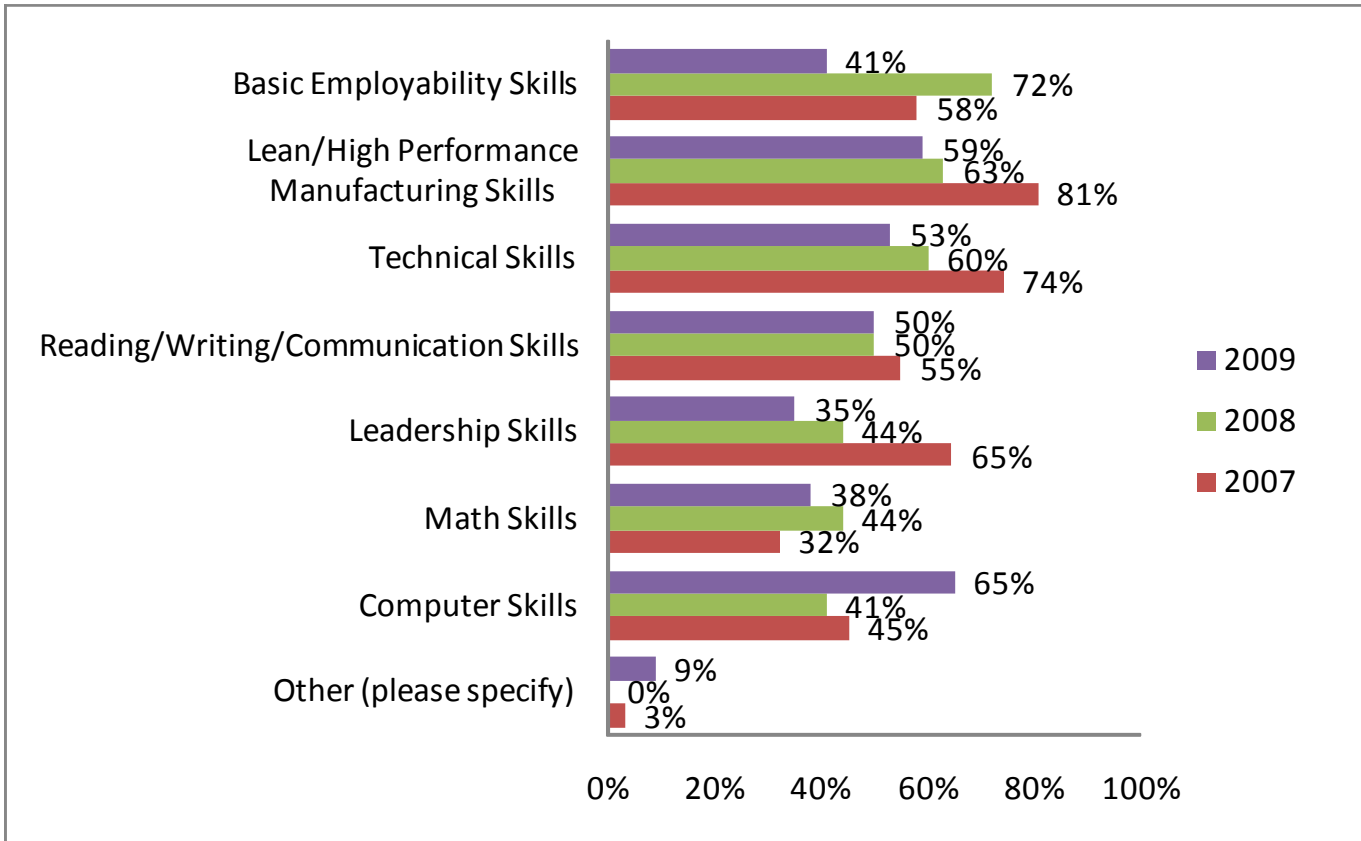
2008 “Other” responses:

- 1. Welders, Fabricators, Journey Level Maintenance Persons
- 2. State Carded Millwrights and/or Electricians
- 3. Skilled Technical Workers, i.e. Machinists, Tool and Die Makers

2007 “Other” responses:

1. Electricians and specialty positions
2. Highly skilled cabinet manufacturers
3. Maintenance electricians
4. When I get a firm grasp on where the manufacturing sector is headed I will be better prepared to answer this question.

6. What skills will employees need more of over the next 3 years?



2009 “Other” responses:

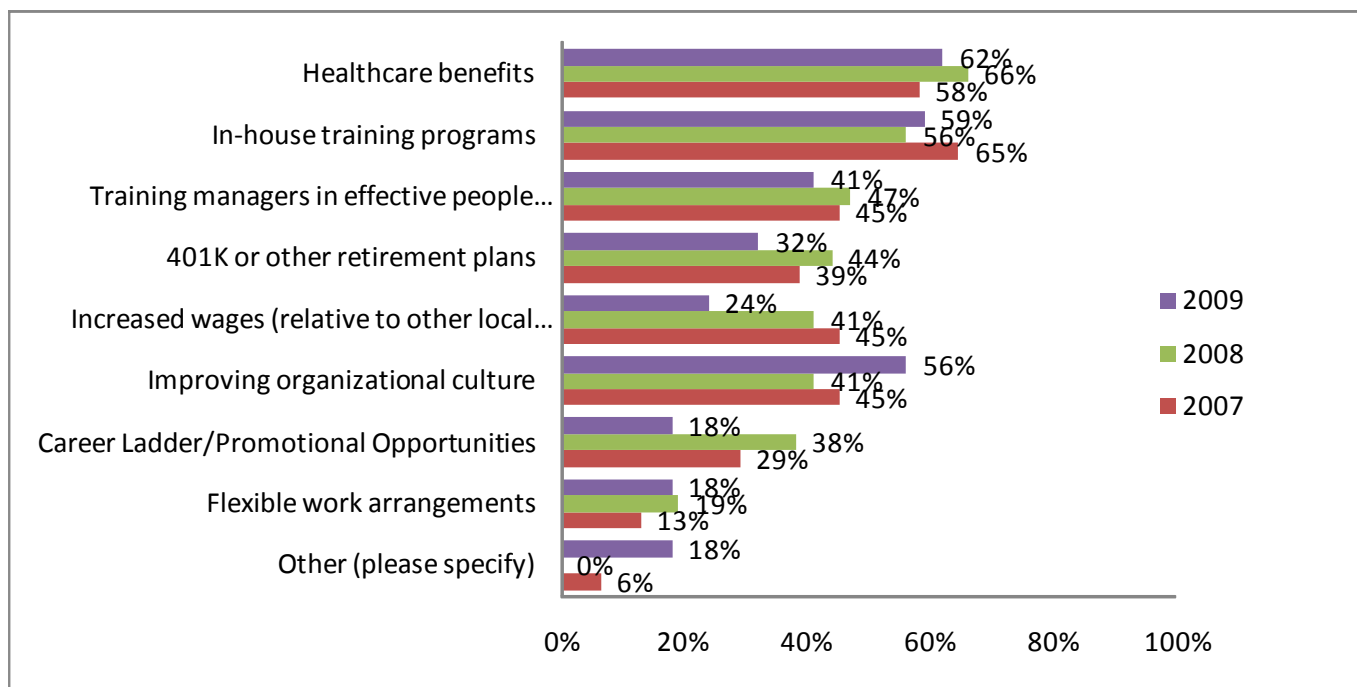
1. Problem solving skills (mentioned twice)
2. Sales skills

2008 “Other” responses: None listed

2007 “Other” responses:

1. Sales skills

7. What methods or ideas have you found especially useful in hiring and maintaining a qualified workforce?



2009 “Other” responses:

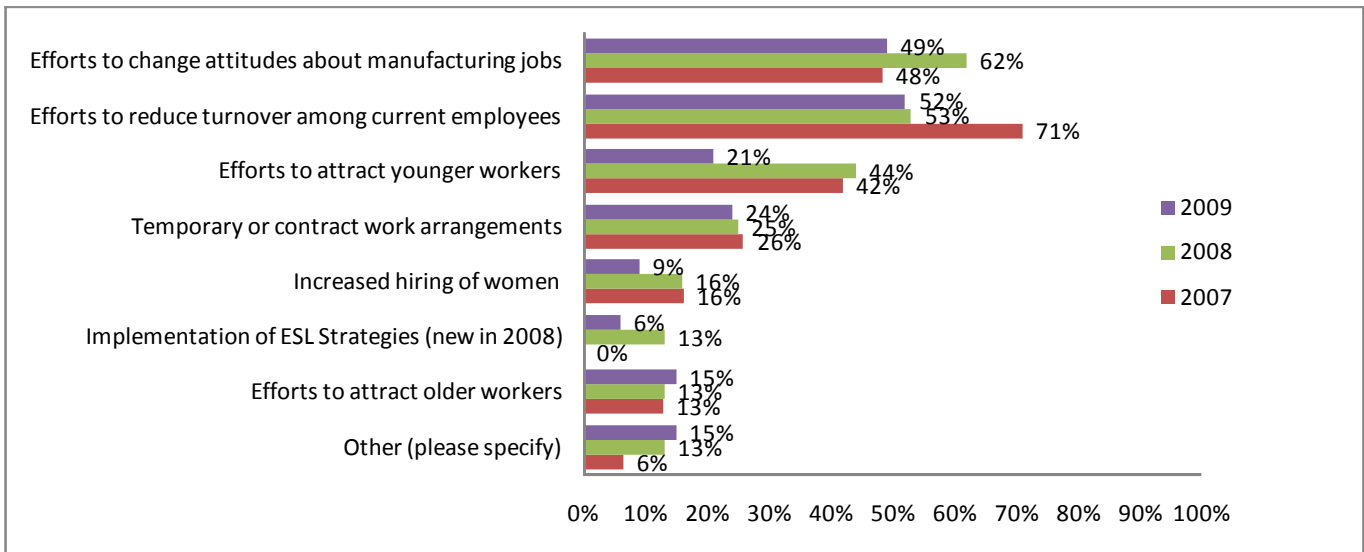
1. 40 hours a week full time
2. Offering tuition assistance to help employees upgrade their skills
3. Nothing has been very helpful.
4. Local, healthy & family-owned business is attractive
5. Benefits and fun perks are good for about 3 years, but the wage & bonuses are always the MOST important.
6. Steady employment

2008 “Other” responses: None listed

2007 “Other” responses:

1. Stable employment
2. A good job with a good company offering good wages and long-term employment.

8. Considering the challenges of attracting and retaining employees, which of the following strategies might you utilize over the next 3 years?



2009 “Other” responses:

1. Economy
2. No problems retaining employees-seems to be working as is
3. I can't comment on this as I see at least one more year of tough times for our particular industry.
4. Not an issue
5. Recently we have found that an employee that has a college degree seems to enjoy the job more and is more committed.

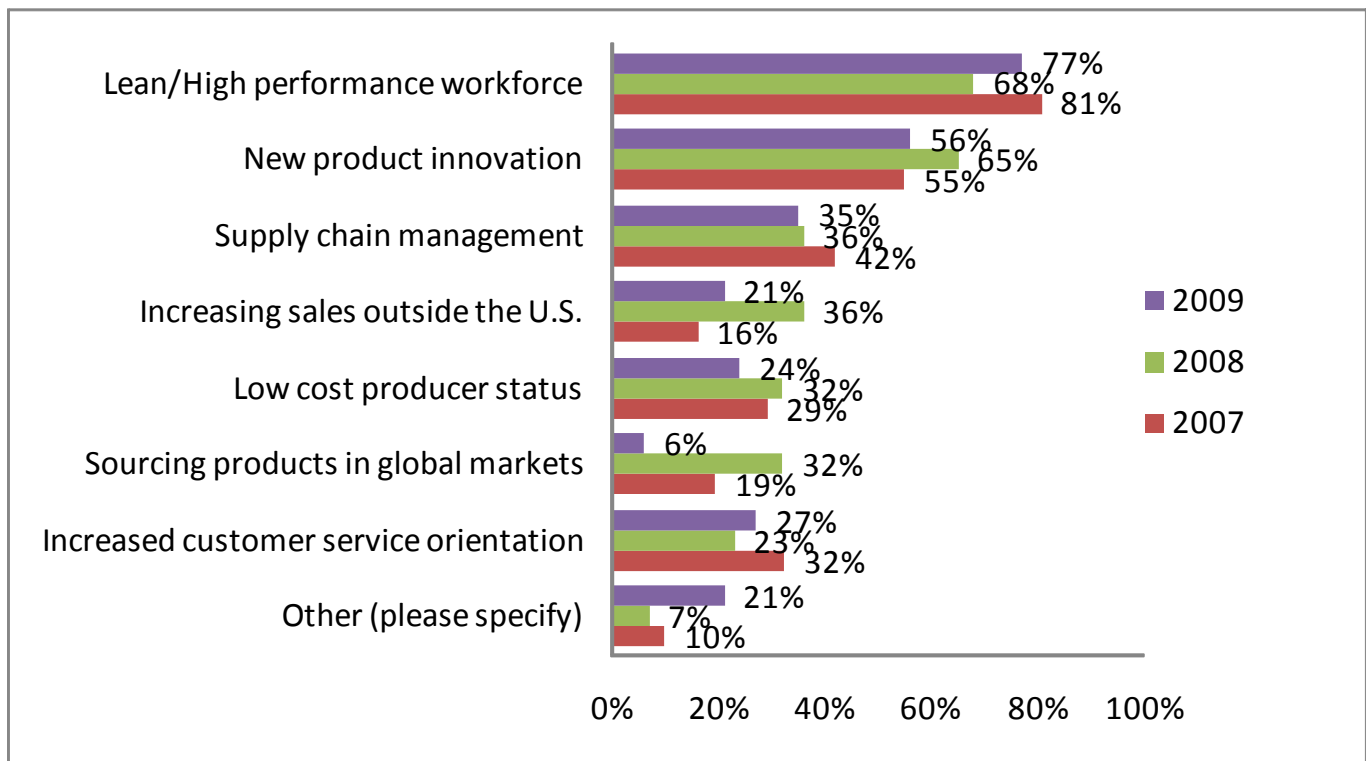
2008 “Other” responses:

1. Educate others about the variety of jobs offered by manufacturers
2. Improving our 401k plan
3. Increased automation
4. Improve overall profitability of the company in order to demonstrate viability as an employer

2007 “Other” responses:

1. A good job with a good company offering good wages and long-term employment.
2. Increase Pay

9. Given changes in the economy and business environment, which of the following will be most important to your company's success over the next 3 years?



2009 “Other” responses:

1. Marketing of products throughout North America
2. The building starts in the northwest
3. Continuing pay raises and benefits gives employees motivation to stay and do a better job-which leads to success
4. Penetrating new markets with existing products
5. Continuing to give the customers what they want at a profitable price.
6. Keeping the government out.
7. Expanding our sales area

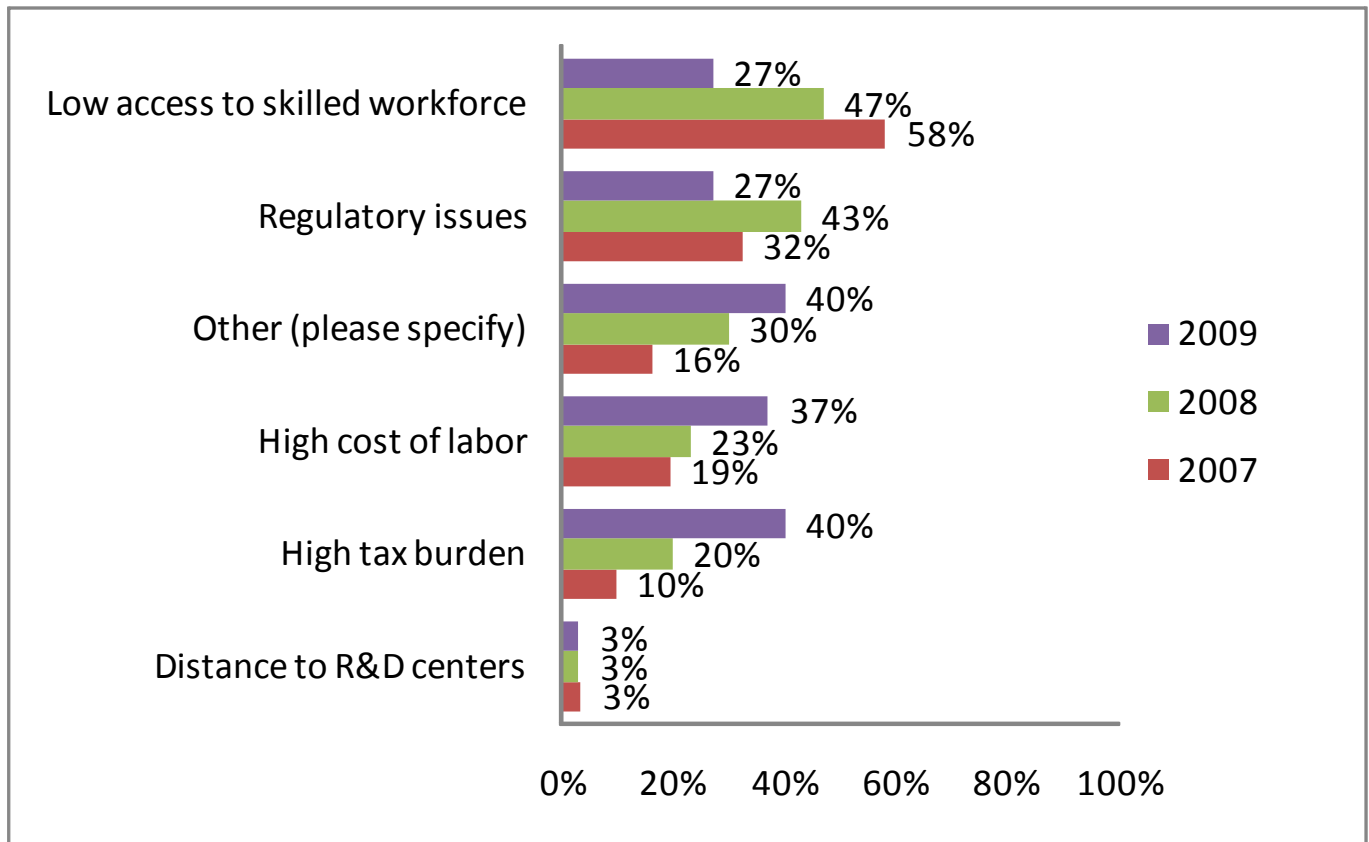
2008 “Other” responses:

1. Increasing product sales in Eastern US
2. Watching every penny

2007 “Other” responses:

1. A majority of our sales are international. We are already outsourcing much our manufacturing and material procurement. Moving manufacturing and materials management offshore has made our supply chain management a much greater challenge. We have lowered our material costs but have extended the distance of our supply chains. Old problems of cost were exchanged for new problems of supply.
2. Expanding market within the US.

10. Over the next five years, what do you see as the most significant barriers to your company's expansion within the region?



2009 "Other" responses:

1. Expansion is directly tied to our ability to manage such.
2. Lack of automation/mechanization. Lack of capital.
3. Lack of East Coast production facility to reduce transportation costs to East Coast clients
4. Economy
5. Access to capital
6. Cost of health care
7. Decreased total market.
8. Distance to new customers/markets.
9. Increasing freight costs.
10. High cost of Health benefits.
11. Just the economy
12. We service the paper industry, it is contracting. Tell people to read the news paper instead of the internet, and quit buying from Wal Mart!
13. Not barriers, just additional costs and additionally trained employees due to the regulatory issues in the business.
14. Sourcing of local raw material

2008 "Other" responses:

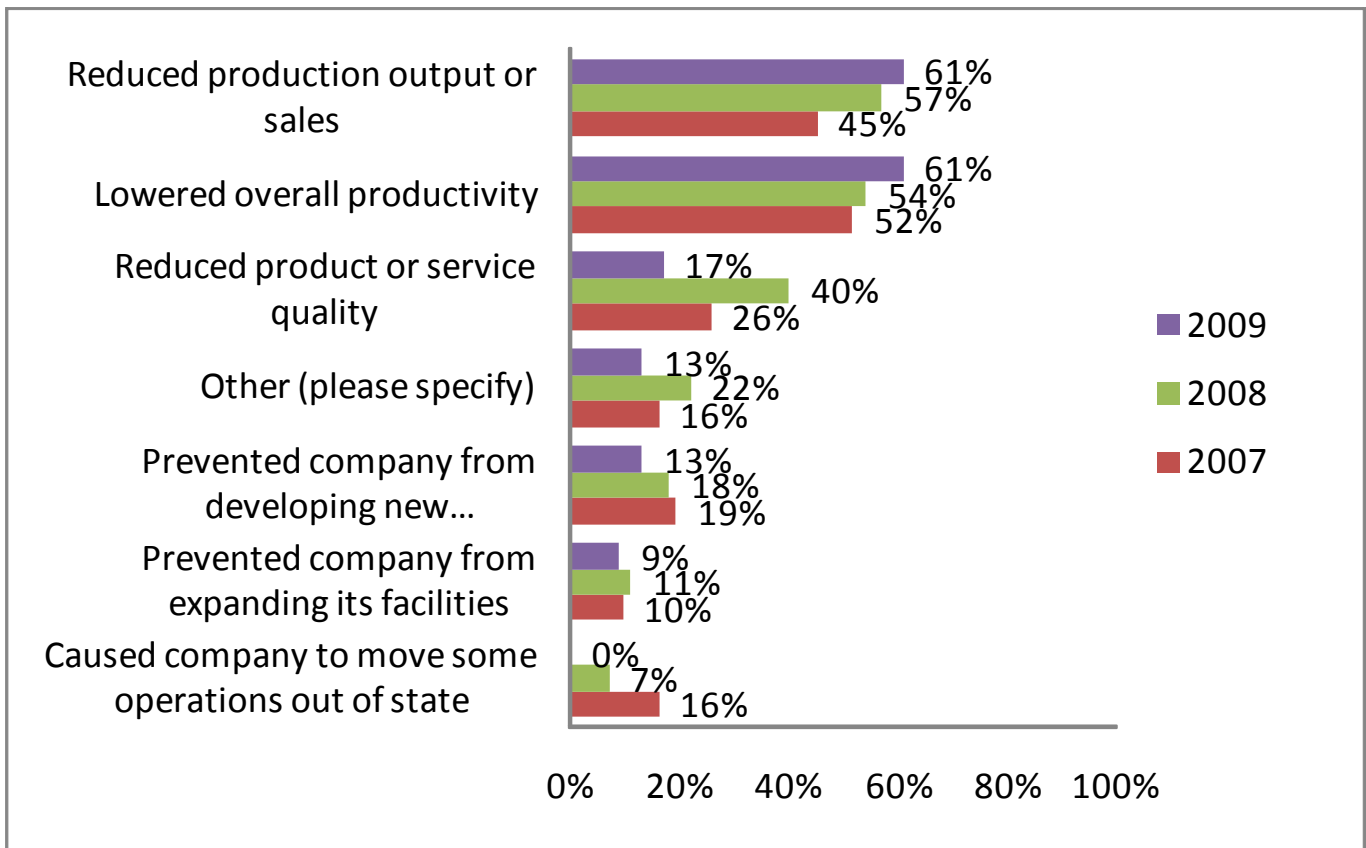
1. The economy
2. Raw materials cost and overseas competition
3. Low demand
4. The economy in general is influencing any expansion plans
5. Access to public transportation for the labor force
6. National and international sales

7. We already have a high market share and our customer base is not growing
8. Distance from customers
9. Inability to get building/road approval in local market

2007 “Other” responses:

1. Sales continue to grow, but the services provided locally continue to shrink.
2. Increased our product costs by reducing our profit margin
3. High cost of turnover, and OT
4. N/A (2 responses)

11. If your company is currently facing skill shortages in the workforce, what are some of the economic impacts of those shortages?



2009 “Other” responses:

1. no impact so far
2. Not facing a skill shortage
3. Not an issue at this time

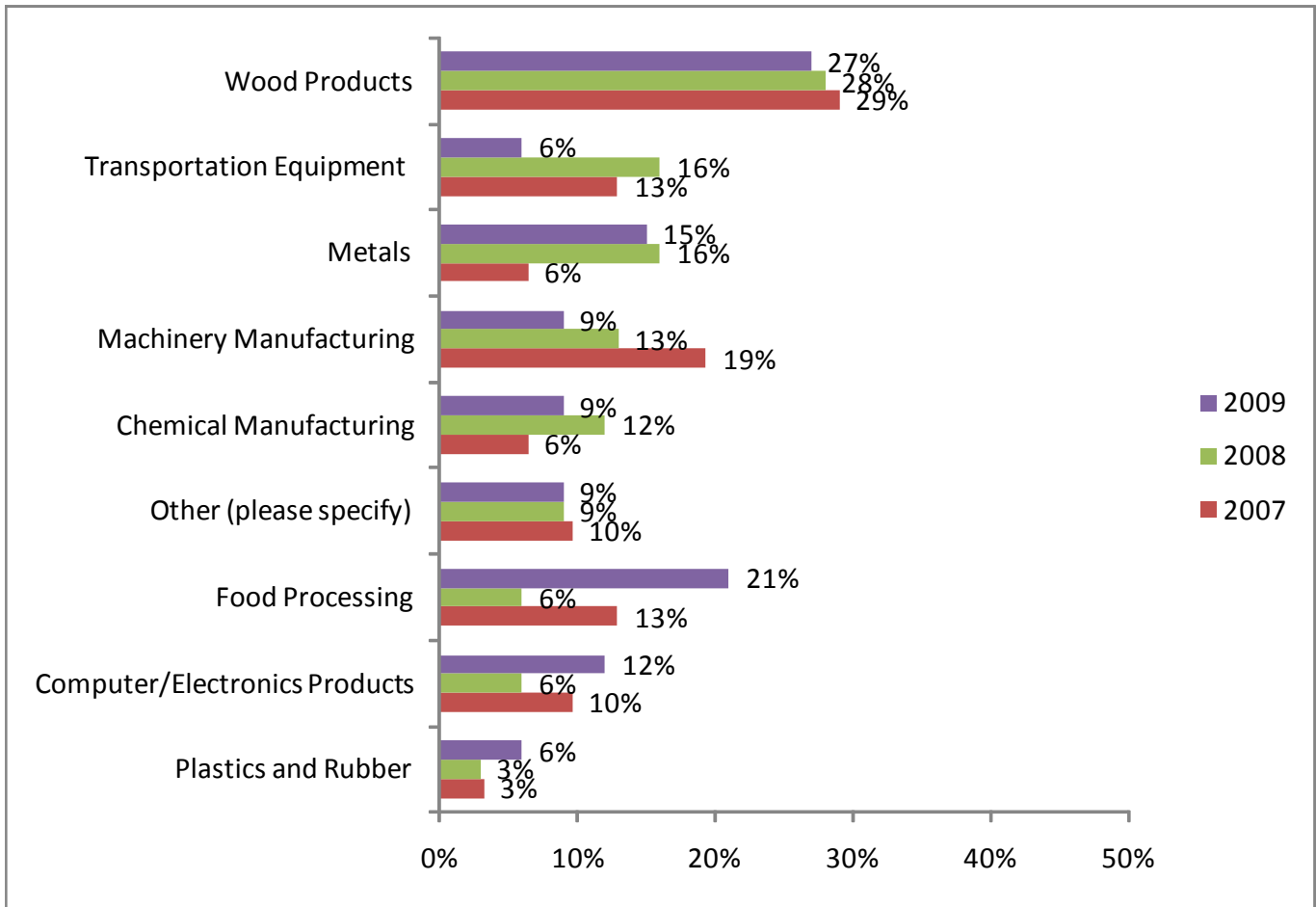
2008 “Other” responses:

None listed

2007 “Other” responses:

1. N/A (2 responses)
2. Global competition
3. Availability of low-cost distribution; access to raw materials
4. Government and land issues

12. What type of manufacturing business are you in?



2009 "Other" responses:

1. Retail Decor Design Mfg and Install
2. Clothing and shelter manufacturing
3. Safety Components for Transportation industry

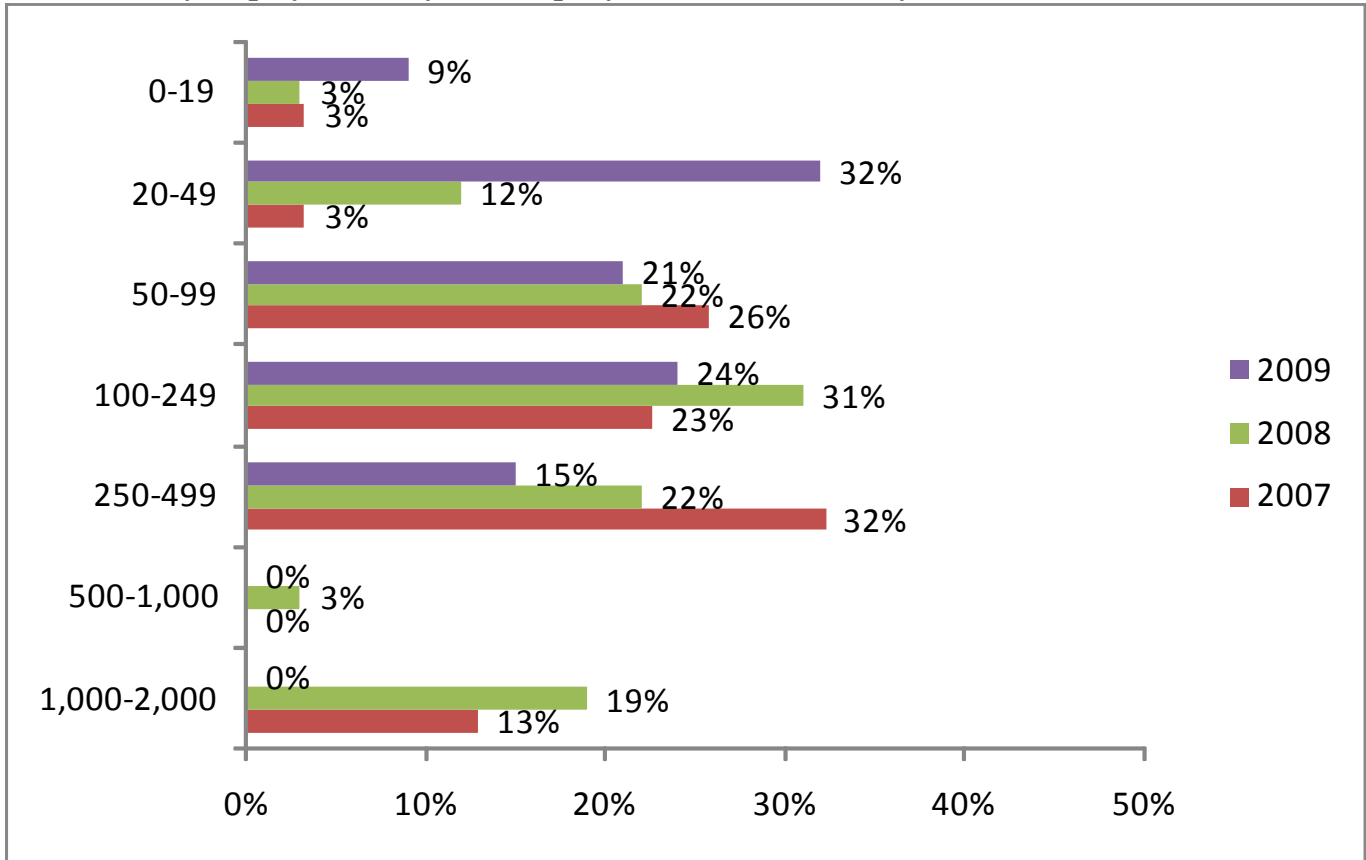
2008 "Other" responses:

1. Jewelry
2. Temporary shelters and firefighting apparel

2007 "Other" responses:

1. Jewelry
2. Steel Processing
3. Services to Manufacturing

13. How many employees does your company have in Lane County?



14. Would you be interested in participating in a round-table discussion about workforce issues with other area manufacturers?

