

# Skills Shortage Gives Training Programs New Life

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May 3, 2005; Page A2

A critical skills shortage in key production sectors is forcing some companies to resurrect training programs even as overall job creation remains lackluster and economic growth slows.

The shortages appear specific to certain industries and specialties. While skill-strapped companies often blame schools for not providing proper skills, some executives say outsourcing jobs abroad and eliminating training programs to cut costs exacerbated the problem.

Doing so, companies "shot themselves in the foot," says Tony Raimondo, chairman and chief executive officer of Behlen Manufacturing Co., a Columbus, Neb., metal fabricator with 1,000 employees. When business slowed in 2003, his own company slowed spending on in-house training to about \$150,000 but has since increased that spending to \$400,000 for welding, computer-aided machining and team-leadership skills.

A major study by the National Association of Manufacturers in 2003 showed that even during the most recent recession, 80% of manufacturers had a moderate to serious shortage of production workers, machinists and craftworkers. The group predicts that manufacturers will need as many as 10 million new skilled workers by 2020, in part to replace the aging boomers who make up a large part of the 14 million manufacturing jobs today.

## WALL STREET JOURNAL VIDEO

Challenger discusses [the April jobs report](#)<sup>1</sup> and corporate downsizing.

To combat the shortage, companies are beefing up their training programs. The number of manufacturing apprenticeships in the U.S. rose to 17,931 in 2004 from 17,120 in 2003, according to the Labor Department, which sets standards for apprenticeship

programs. Wisconsin, which has lost about 3,000 apprenticeships since 2002 and now has about 10,000 in all industries, is considering expanding tool-and-die and machinist apprenticeships. The National Institute for Metalworking Skills, in Fairfax, Va., launched a pilot program last fall to help companies train workers more quickly and less expensively, with shorter training periods and frequent testing.

Southern Manufacturing Technologies Inc., in Tampa, Fla., currently has six apprentices learning precision machining skills, up from four last year, and two the year before that. "We'll continue to add at least two a year," says President Roy Sweatman. Beefing up the apprenticeship program isn't enough though, as it takes time to get workers up to speed. With business up 16% last year, and projected to increase 8% to 10% this year, he needs eight people with high-level computer-machining skills, a task his apprentices aren't up to. [\*\*Like some other manufacturers, Mr. Sweatman says he would favor relaxing immigration laws for certain needed skills.\*\*](#)

The type of training has shifted as well, with increasing emphasis on cross-training to avoid expensive downtime. The United Steelworkers of America is currently cross-training about 3,000 seasoned workers at U.S. Steel Corp. in a secondary discipline, such as teaching a pipe-fitter how to run a press. Ten years ago, there was no such training.

The long-term decline in union representation to 12.5% of workers has also played a role in dwindling production-based training programs, since unions traditionally maintained a pipeline of skilled workers through apprenticeship programs. The United Steelworkers of America currently is training 150 apprentices at U.S. Steel in a variety of trades such as metalworking, down from 250 a decade ago.

Susan Helper, professor of economics at Case Western Reserve University, says having a union shop can be a mixed blessing for companies. The upside is that unions want to groom the next generation of workers, a critical need given the number of retiring skilled workers. The downside for employers is that union members earn more, in wages and benefits, than nonunion workers, according to figures from the Bureau of Labor Statistics. "It's a case where the incentives of owners and managers diverge from the benefits of maintaining a skilled work force," says Ms. Helper.

Oberg Industries Inc., in Freeport, Pa., currently has 65 company apprentices, up from 34 last year, learning tool-and-die making, electroplating and press operation, among other skills. It hired about 25 machinists so far this year, all of whom entered the company's apprenticeship program. "All of these skills take years to develop," says Greg Chambers, training manager at the company.

The apprenticeship attracted 50-year-old Mark Williams, who started the program last week. Mr. Williams, who lives in Penn Hills, Pa., had spent most of his career in retail management and was most recently an operations manager at Home Depot Inc. At \$9 an hour, he earns a third less than he did previously, but he stands to earn \$15 an hour or more once he completes the program in three to four years. For him, a skills shortage points to a solid future. "The technology is changing in manufacturing," he says. "There's going to be a lot of demand for people with good analytical skills."

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