

## Skills Gap and Talent Studies

A Brief Overview of the 2005 Skills Gap Report and the 2009 People Management Practices Survey



# 2005 Skills Gap Report Background

The 2005 Skills Gap Report was conducted by Deloitte Consulting and the National Association of Manufacturers

- Focused on **skills needed vs. available** and talent attraction/retention activities underway
- Generated over **800 responses**
- Covered **all manufacturing sectors** and regions in the U.S.
- Report released on November 22, 2005

# Key Findings of 2005 Skills Gap Study

## Significant skills shortage

- More than **80%** reported **shortage** of **qualified workers**
- **90%** reported **shortage** of **skilled production** workers
- Majority not satisfied with employees' technical and employability skills

## Significant business impact

- **83%** indicated shortages affecting their **ability to serve customers**
- **56%** indicated effect on ability to **maintain production levels** to satisfy customer demand

## Continued skills development required

- Nearly **75%** saw “**high performance workforce**” as key to future business success (innovation second and low cost producer status third)
- Manufacturers saw need for **highly engaged employees**

## Current responses were not sufficient

- Predominant **reliance on traditional measures** for attraction and retention – competitive wages and benefits
- **Culture, career planning, mentoring, and development** receive less attention
- Informal approach to measuring **employee commitment**
- **Training budgets increasing**, but with **short term** and incomplete focus

# 2009 People and Profitability Survey

In May 2009, Deloitte Consulting LLP, The Manufacturing Institute, and Oracle jointly conducted a national survey of manufacturing organizations

- Goal was to assess the **future importance** of, and **current performance of people management practices** relative to business success
- Manufacturers were asked to identify the **top drivers** of future **business success**
- Also asked to **comment on talent shortages** experienced currently and expected within the next two to three years
- Report indicated an **ongoing talent challenge** facing manufacturing organizations
- Also indicated a continued **need to embrace** new and progressive **talent strategies**

# Key findings of 2009 Survey

- A **shortage of specific skills** persists
- A **high-skilled, flexible workforce** continues to be recognized as **critical** to business success
- The most **profitable companies** consistently assign a higher **importance to talent and people** management practices compared to the least profitable companies.
- Significant **gaps exist** between the **future** importance of **people management** practices compared to current performance

# 2009 Report Findings

Manufacturers described **current and future availability** of qualified workers in specified workforce segments

- **32%** report **moderate to serious shortages** today, most of whom foresee increased shortages ahead
- **38%** of all respondents foresee **increased shortages ahead**
- **38%** of the most profitable companies see **moderate to serious shortage** today vs. **25%** of the **least profitable** companies

# A quantum leap is needed in people management practices

Three top priorities represent gaps in how companies rate importance vs. current performance of individual people management practices. They are:

- Management clearly and consistently communicates the business strategy and objectives to employees
- Management has defined a clear and explicit people strategy that is clearly linked to the business strategy
- Management consistently measures and recognizes strong performance, at all employee levels, using clear metrics and methods of evaluation

**Deloitte.**