

A shortage of trained manufacturing workers is impacting New Jersey's manufacturing firms.

A NEW JERSEY BUSINESS SPECIAL SECTION

MANUFACTURING

The Challenges of Manufacturing Demand

New Jersey manufacturers are struggling to meet increased demand for their products in a world that is placing complex pressures on them. The state's manufacturing organizations are striving to help.

By George N. Saliba, Contributing Writer

A global economy adversely impacted by the coronavirus pandemic is helping drive demand for domestically manufactured products, and New Jersey manufacturers are struggling to obtain materials in constrained supply chains as they are additionally beleaguered with more long-standing issues including, but not limited to, truck driver and manufacturing labor shortages. The latter concern, in particular, is one that many New Jersey entities are striving to solve.

SUPPLY CHAIN ISSUES

Supply chain woes are glaringly apparent since much of the world's population of 7.8 billion people remains unvaccinated against the coronavirus, at times resulting

in cargo ships being subjected to certain international restrictions, and hampering the broader ability of manufacturers to readily produce parts and products. As John Lohse, president and sole owner of

Somerset-based precision deep hole drilling and honing specialist firm Betar, Inc., comments, "[The United States] kind of [has its] act together, but when you see how other countries are operating, it is al-

most scary. I can see the problems at the docks with getting shipments in.”

Amid this maze, which includes slow-moving shipments and increased international shipping costs that may erode any lower foreign labor advantages (think: per-

haps \$3,000 in shipping costs per container a few years ago, compared to maybe \$19,000-\$20,000, today), many American companies of all shapes and sizes are now seeking to domestically source the products they need. This is a boon for US

manufacturers, with Lohse adding, “If a manufacturer is not making money now, they are doing something wrong.”

However, such demand simultaneously serves to additionally strain manufacturers, and the realities of these dynamics are multi-faceted: Manufacturers may quote prices based on scarce and volatily priced underlying materials that might be valid only until a day’s end.

Paul Schindel, association manager for the New Jersey Technology and Manufacturing Association (NJTMA), and president of Three Bears Communications, reveals that NJTMA has offered monthly educational seminars since April 2020 focused on topics ranging from the Paycheck Protection Program (PPP) and related programs to workplace safety. One such educational program focused on the supply of materials.

Schindel explains, “We had folks from one of the major suppliers to a lot of our members – Penn Stainless – talk about the [ongoing] shortages. They didn’t really know what materials they would have and when ... and they priced it daily because one day it is \$1, and the next it is \$1.50.”

He adds, “This flows up and down the economic chain because the manufacturing companies – the machining companies – can only do so much to hold pricing.”

TRUCK DRIVER AND MANUFACTURING WORKER SHORTAGE

Adding to the equation is the fact that many of America’s truck drivers have been retiring in recent years, and they are not being replaced quickly enough. It not only takes time to train new drivers, but many people claim the trucking industry is no longer an attractive middle-class job partly due to its challenging lifestyle conditions, so prospective newbies may shun it.

Lohse says overall, “A lot of times, we are calling for trucks, and they don’t show up. We’ve got to call them back the next day, and sometimes even for three or four days. I think that it is the drivers, and I am



citrincooperman.com



2021 Manufacturing & Distribution Pulse Survey Report

Citrin Cooperman has launched its 2nd annual industry survey

We took the pulse of manufacturing and distribution company leaders – post COVID-19 – to measure the health of their business and take stock of future priorities, concerns, and challenges.

[Read the Report](#)

[@NJBMagazine.com](#)

SCOTT DERCO, CPA
Partner

sderco@citrincooperman.com



not so sure about what kind of dispatchers they have, either ... I am trusting that they are not top of the line."

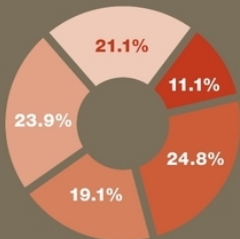
MANUFACTURING WORKER SHORTAGE

Another deep-seated problem for manufacturers is the worker shortage: People willing, able and trained to work on factory floors.

According to Torsten Schimanski, director of workforce development and apprenticeship at the New Jersey Manufacturing Extension Program (NJMEP), there is

Can Wages Attract Workers to NJ Manufacturing?

Self-reported Wages for NJ Manufacturing Workers



- \$150,000 & more
- \$75,000 - \$150,000
- \$50,000 - \$75,000
- \$25,000 - \$50,000
- 21.1% - less than \$25,000

Source: United States Census Bureau, 2017 American Community Survey; Prepared by the NJ Department of Labor & Workforce Development

a Garden State manufacturing career perception problem. He says many New Jersey residents estimate that there might be a total of between 5 and 500 manufacturing companies in the entire Garden State, so essentially, they are hesitant to undergo training for an industry that they erroneously believe is fading. However, there are actually approximately 11,000 manufacturers in New Jersey that employ some 245,600 workers who earn an average wage of

The Art of Product Realization

- Precision Contract Manufacturing
- Design for Manufacturability
- Vendor Managed Inventory
- Engineering Consultation
- Supplier Owned Quality
- Risk Management

triangle
Innovative. Life. Solutions.

www.trianglemfg.com

ACCURATE BOX

86 5th Avenue, Paterson, NJ 07524 | www.accuratebox.com

manufacturing packaging in New Jersey since 1944



WOMEN OWNED



FSSC 22000

\$92,097 – and firms are practically begging for people to come join their teams.

Another false belief is that manufacturing floors are dirty, greasy environments, when that is often not the case: Manufacturing technology advances have resulted in factory environments that are sometimes not only clean, but that also require advanced – and high-paying – skilled workers.

MANUFACTURING TRAINING

Various manufacturing stakeholders have been striving to create a pipeline of new workers: NJMEP represents the state's Talent Networks for Advanced Manufacturing, and Transportation, Logistics & Distribu-

at the Newark Alliance, says, "[There are] probably anywhere from 1,000 to 1,500 [people] in the [worker] pipeline at a time, and that is primarily because of the limitations of the capacity of those programs. We need more across the state; those programs can only support a certain number. The issue is: How many people can they get into the programs?"

Best describes CareerWorks as co-convening "intermediary" working with the state's Department of Labor to align training programs with employers to fill their skill gaps. For example, he says that in the advanced manufacturing sector, one role CareerWorks is aligning training

with the demand for the workforce is crucial to the growth of our manufacturers."

Schimanski sees registered apprenticeship programs as the solution, of which NJMEP has more than five: "[These are] structured programs upskilling people in a targeted way, combined with a succession plan at a company [as well as] licenses and certification."

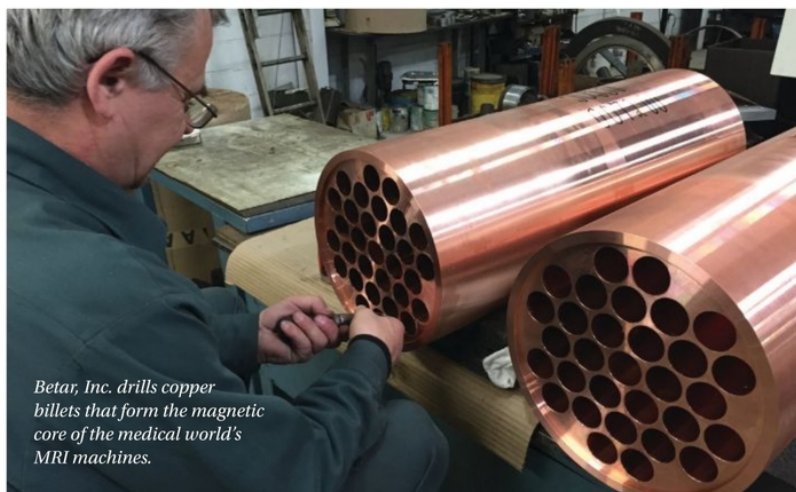
ALTERNATIVE SOLUTIONS

Since workers are in scarce supply overall, many New Jersey manufacturers have taken advantage of lean manufacturing to leverage the labor they do have, optimizing every procedure for maximum benefit and productivity. And automation technology has likewise been a boon for manufacturers, enabling them to transition their workers to higher-level, less labor-intensive manufacturing tasks. The New Jersey Manufacturing Extension Program (NJMEP) aids its members via wide-ranging, no-cost assessments that can help in these and other areas.

THE OVERALL TRAJECTORY

While some manufacturers see a cyclical nature to the economy and don't expect the manufacturing boom to last forever, more broadly, NJMEP's Chief Operating Officer Robert Stramara says, "I am optimistic about where we're headed in the future, and, actually, even looking back, you can see how the manufacturing industry has answered the call during the pandemic: These businesses are innovative and focused on growth, and they are dedicated, too. When we were in the height of the pandemic last March/April [of 2020], there were a lot of unknowns, and a lot of companies came out and participated in our critical supply chain program. ... [They said] 'What can I do to help?' And it was everything from personal protective equipment (PPE) manufacturers to general supply, warehousing, storage space, and so forth.

"We've got some momentum coming out [of the pandemic], and I am very optimistic about where the future leads," Stramara concludes. ◀



Betar, Inc. drills copper billets that form the magnetic core of the medical world's MRI machines.

tion, which connects and develops skilled labor pipelines via involvement with "workforce organizations, industry, educational institutions and One Stop Career Centers"; community colleges have established training programs to support advanced manufacturing; the German American Chamber of Commerce, in collaboration with community colleges and with partial funding from the New Jersey Department of Labor and Workforce Development (LWD) has an advanced manufacturing apprenticeship program; and the New Jersey Institute of Technology has an advanced manufacturing training program.

Glenn Best, director of CareerWorks

programs that can support specific technical needs, whether for CNC operators or production technicians.

Meanwhile, NJMEP's Schimanski showcases how his organization is aiding manufacturers with several training certification programs aimed at increasing the number of manufacturing workers to hopefully reduce the 35,000 open manufacturing positions, statewide.

"From our perspective, [the manufacturing labor shortage] is getting worse, and it is very possible that in one or two years, there will be about 45,000 to 50,000 open positions," Schimanski says. "So, on one hand, you have a thriving industry, but keeping up