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'We just don't have the people': Why Maryland's manufacturers are turning down work

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Hiring for manufacturing jobs might be almost as tricky as dating.

Just ask Phil Tulkoff. Job applicants for his Baltimore and Ohio horseradish and condiment factories "ghost" him regularly. Others fill out paperwork and then just disappear.

"We have more stuff in the pipeline than we can handle," said Tulkoff, president of Tulkoff Foods Inc. "Getting enough people and the right people is definitely holding things back. You will be lucky if one shows up."

Greater Baltimore's manufacturers like Tulkoff are having trouble keeping up with demand for their products as the rebound from the Covid-19 pandemic slowdown continues. In some cases, the bottleneck of goods coming from China and other overseas manufacturers has given U.S. manufacturers new business that could stick around for a while.

But a shortage of both skilled and unskilled workers — and the persistent perception that manufacturing jobs offer little upward mobility for employees — means some companies are turning away work. Raising wages, offering a host of benefits and training for skilled and higher-paying positions so far isn't solving the problem.

A March 2022 study by Deloitte, the accounting and consulting giant, and the Manufacturing Institute found that 45% of manufacturing executives said "no" to new business because they didn't have the people to get the job done. The same survey also highlighted the disdain for manufacturing work compared to the tech and retail industries.

"I think the biggest challenge for manufacturers is the competition for talent is local," said Chad Moutray, chief economist for the National Association of Manufacturers "While manufacturers typically pay more – that gap has narrowed."



ERIC STOCKLIN FOR BBJ

Stephen Faehner, the CEO of American Wood Fiber in Columbia, says he's adjusted his company's starting pay four times in the past two years.

With 790,000 job openings in manufacturing in the U.S. in June — and a 3.9% unemployment — hiring isn't going to be easier for the industry anytime soon, Moutray said.

In Maryland, the Maryland Workforce Exchange found 15,091 manufacturing online job listings as of Aug. 3 — roughly double the number in 2019.

"We're not going to survive without people," said Rick Huether, CEO of Independent Can Co. in Harford County.

Huether's company, which employs 300 people in Greater Baltimore, saw business soar during the pandemic. People who were stuck at home started ordering lots of things off the internet, including food that came in cans like popcorn, cookies and other snacks. Independent Can counts Harry & David, Cheryl's Cookies, the Popcorn Factory, Zippo Lighters, R.J. Reynolds Tobacco Co. and Edible Arrangements among its many clients.

On a visit to the Belcamp factory, you can spot lots of familiar brand labels being printed and put onto tins of all shapes and sizes. The factory itself is undergoing construction as it expands to make more room for new equipment, including a new nine-color printer, that can make way for increased production. That's consistent with a boom in manufacturing construction spending, which hit an all-time high of \$94.1 billion in May, according to U.S. Census Bureau figures

Cans made in China were taking a lot longer to get here, so Huether found he could get the business if he could turn around an order in four to five weeks. It might take at least 12 weeks to get the same can from China.

"The pandemic has driven business back to the U.S.," Huether said. "You can't get goods out of China."

The shift from China to the United States — dubbed "reshoring" — has helped Marlin Steel Wire Products, a maker of custom-engineered products of steel wire and sheet metal for the aerospace, defense, medical and automotive industries — reach four years of 20% average revenue growth. The Baltimore company expects to hit over \$12 million in revenue this year, and possibly \$14 million if it snags a new client that currently buys from China, CEO Drew Greenblatt said.

Last year, Marlin Steel Wire acquired Madsen Wire, of Orland, Indiana, to meet the growing demand. Greenblatt said the merger would allow the companies to take advantage of bigger jobs returning to the U.S. from China.

Marlin Steel employs 40 people in Baltimore and the combined company now has nearly 100 employees.

"It's a blessing the reshoring," Greenblatt said.

With that blessing comes the curse of not being able to find staff.

Greenblatt said he's been struggling to hire a maintenance person in Baltimore at \$45 an hour with benefits and overtime. The person can make about \$120,000 to \$130,000 a year, he said.

"It's madness," Greenblatt said.

Meeting a four- or five-week turnaround isn't possible when you can't get enough workers on a line, said Huether of Independent Can.

Huether's company has 28 job openings companywide. Independent Can., headquartered in Belcamp, has factories in Rosedale, Ohio and Iowa. And to make matters worse, another 60 Independent Can employees are eligible to retire, a possibility that worries Huether and his human resources manager, Ebony Gales.

Independent Can's unskilled workers can start at \$16 to \$17 per hour and get a bump up to \$20 an hour after three months, Huether said. Training through an apprenticeship for skilled positions such as machinist allows employees to eventually earn \$38 to \$40 an hour and more, he said.

American Wood Fibers in Columbia is facing similar worker shortages despite increasing pay, said CEO Stephen Faehner.

"We've adjusted our starting pay four times in the last two years," Faehner said. "We've got a bunch of jobs but we just don't have people."

The company, which employs just under 500 people in 11 plants across the nation, produces wood shavings and pellets used for animal bedding and other products.

Faehner said he's paying more than \$20 per hour in many markets for "no skill and very little experience. You walked off the street with a heartbeat." Automating and creating more efficient systems is key to keeping up with the work, he added.

Huether sees a longer-term problem when it comes to replacing retirees and training workers for skilled jobs at his company. The next generation needs to be sold on manufacturing as a career.

Many view manufacturing jobs as tedious filled repetitive assembly-line work. The reality is that many manufacturing jobs are evolving with technology and require skill and training. The Maryland Department of Commerce estimates that 60% of the state's 4,000 manufacturing companies are "advanced," which means they have a highly skilled workforce and sophisticated logistics and distribution networks.

"We've always had a problem because the message was manufacturing in America was dying," said Mike Galiazzo, president of the Regional Manufacturing Institute of Maryland, an advocacy group for the state's manufacturers. His organization has been trying to turn the image of the industry around for decades.

"If you have to lug around an 80-pound of something, it's not exactly work that people go for," Galiazzo said.

But Galiazzo said technology and automation being embraced in manufacturing can provide many college graduates a high-paying job. Training available can help unskilled workers find a career path.

Gales, who heads HR at Independent Can, said young people need to realize that not everyone needs to go to college to make a good living. She and Huether point out that some Independent Can employees make six figures and own vacation homes. Skilled apprenticeships at Independent Can include training for electricians, machinists, mechanics and pressmen.

"We don't want people who want a job," Huether said. "We want people who want a career."

Adam Greeney, chief economist at the Maryland Department of Labor, sees the shortage of labor in manufacturing a result of the industry's success. The state's manufacturers are becoming more technologically savvy and their products are more in demand, he said. He expects the biggest job growth to come in food manufacturing, plastics and rubbers products and chemical manufacturing over the next five years.

"That's part of the challenge of being a successful growing industry in Maryland," Greeney said. "You have to find more people."

Moutray, of the National Association of Manufacturers, said companies need to differentiate themselves from the competition and change perceptions that manufacturing jobs are all "dark, dirty and dangerous."

"It's a pathway to a high-paying career where you can make a difference," he said, making the argument for his industry. "You're not flipping burgers — you're making something."

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