

TALENT MANAGEMENT HAS LONG BEEN A CHALLENGE FOR AUTO SUPPLIERS, BUT WORKFORCE PRIORITIES ARE SHIFTING

Auto suppliers have grappled with how best to attract and retain talent for years, but the issue of talent management has taken on a new form since the pandemic began. While the skills gap persists and companies still struggle to find people with the necessary qualifications for open positions, this issue is no longer the primary workforce issue suppliers face. Rather, the coronavirus crisis has created more urgency for companies to shift their workforce priorities toward managing human resources needs and keeping employees safe.

This shift means companies constantly need to evaluate flexible work arrangements, change management, long-term implications of remote work and more. For middle market suppliers with a significant number of shop floor employees, this might be a challenge because those positions are harder to adapt to a remote work model than white-collar positions.

Senior leadership teams need to gain a thorough understanding of what the impacts of digitization and automation will be on workforces and prepare to offer employee training and development to stay relevant.

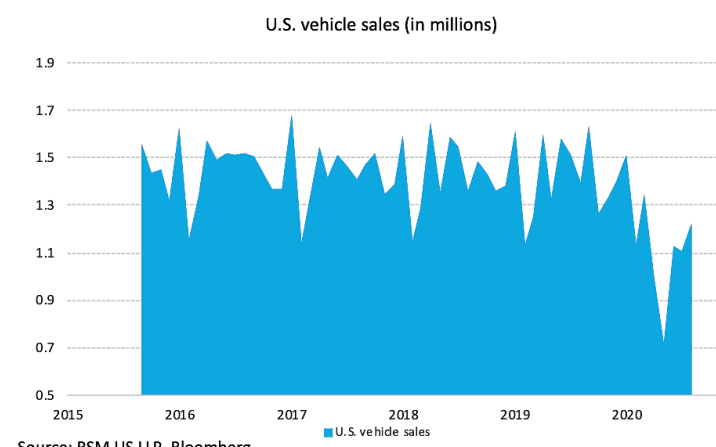
Pressure to automate

The pandemic has intensified preexisting pressure on companies to embrace automation and integrate it throughout the business. At the same time, however, the crisis has added new dimensions of complexity to these automation efforts, not least of which involves implications for the workforce.

Suppliers are navigating skills gaps as they look to reconfigure manufacturing processes and implement more advanced technologies, such as robotics, on a timeline accelerated by the pandemic. Companies will likely need to either retrain employees to broaden their capabilities or change some of the roles that exist within the business.

Companies must deal with meeting these new workforce needs at a time when U.S. car sales have declined—July sales were down 9% below their pre-pandemic levels and down 12% compared to the same month last year, according to Bloomberg—and the environment for automotive supply and

demand has perhaps never been so uncertain. The key will be to create business models that allow organizations the flexibility to scale up and down as needed to adjust to these continuing supply and demand shocks. This is also a good opportunity for companies to evaluate which functions they may be able to outsource to trim costs.



Key takeaway: Original equipment manufacturers and suppliers will need to continuously assess employee retention plans and be more strategic in anticipating what future workforce needs will be, especially when it comes to new uses of automation.

Cultural connections

Virtual work and social distancing for essential employees have helped keep workers safe, but these new models have also made it more difficult for employees to feel connected to one another and to their companies. The fact that water cooler conversation and casual hallway chats—interactions that can be informal but also have the potential to spark ideas and projects—have largely been eliminated from the workday brings new challenges for maintaining company culture. Folding new hires into the company culture through remote recruiting, hiring, onboarding and training processes is an even bigger challenge.

Businesses that have had success in fostering a positive workplace culture will need to figure out how to use digital tools to continue to build on that culture remotely. Cultural initiatives should not come to a halt just because the environment is now virtual. Companies that may be lagging in this area should view this moment as a unique opportunity to reimagine their culture and, in some ways, start anew.

Senior leadership teams will need to innovate around how to be stewards of their workplace culture in an environment where the only face-to-face interaction they may have with colleagues is through a video conference call.

Key takeaway: It is crucial to find ways to help employees and leadership teams connect not just as needed for projects, assignments and daily tasks but also on an interpersonal level to foster company culture.

Pandemic fatigue

As the pandemic wears on, absenteeism poses a greater threat to productivity. This could be for a range of reasons, whether it's because workers have been ill with COVID-19 themselves or because of the unique stresses of working in this new environment. Some employees are balancing child care with working at home. Others may find it difficult to adjust to social distancing protocols and temperature checks in the workplace. All of this has potential to take a toll on morale.

Anxieties around staying employed through the duration of the pandemic are also causing some people to focus less on leadership and empowerment initiatives and more on producing tangible work that will get them through each day—an understandable behavior at a time when millions of Americans are newly unemployed.

Leadership teams need to address these fatigue and morale issues, especially if they notice team members being more on edge, agitated or distracted. As the pandemic wears on, organizations need to have a plan for how to keep people motivated, and to keep this plan top of mind.

Key takeaway: Companies should take stock of the impact of pandemic fatigue on employees and develop ways to address it, such as:

- Focusing on human resources issues
- Reviewing existing policies and procedures and updating them as needed to provide reasonable accommodations for the unique circumstances of the pandemic
- Including a communications strategy as a critical element in a pandemic preparedness plan
- Planning for and estimating costs of post-pandemic changes, including shifts in demand patterns, infrastructure needs, and staff availability and morale

The bottom line

Uncertainty is an enormous issue right now for OEMs and suppliers, and not just in terms of supply, demand, production and ways to streamline operations to persevere through the pandemic. Employers also need to think about how uncertainty and disruption of this moment are affecting employees, and what that ultimately means for retention, other human resources issues, productivity and business overall.



Jason Alexander
Principal
Industrials Senior Analyst,
RSM US LLP
jason.alexander@rsmus.com



Lawrence Keyler
Partner
Global Automotive Sector Leader,
RSM US LLP
lawrence.keyler@rsmus.com