Megatrends and Labor Strategies

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Southwire Company, LLC

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From humble beginnings, we grew to fulfill customer needs.

That’s how it all started. Roy simply wanted to erect poles and string wire so his grandmother could have electric light. That same spirit is how we’ve continued to grow into a global supplier of wire and cable, and the number one supplier of wire for utilities in the U.S. But we’ve never forgotten where we came from: we’re still private, still family-owned and still based right down the road in Carrollton, GA.

“MY GRANDMOTHER is 85 years old and she has never had the pleasure of sitting under an electric light in her own house.”

– Roy Richards, Sr.

SOUTHWIRE IS ONE OF THE WORLD’S LEADING MANUFACTURERS OF WIRE AND CABLE.

NEARLY 8,000 EMPLOYEES | 34 PLANTS | 10 CUSTOMER SERVICE CENTERS | BUSINESS GROUPS |

$6.1 BILLION IN REVENUE FOR 2018

WE’RE GLOBAL

SOUTHWIRE HOLDS A STRONG INTERNATIONAL PRESENCE WITH SEVERAL SALES AND SUPPORT OFFICES STRATEGICALLY POSITIONED ACROSS THE WORLD.
Section One:
2019 Mega Trends

- Rapid urbanization
- Climate change and resource scarcity
- Shift in global economic power
- Technological breakthroughs
- Demographic and social change

Source: PwC: 5 Mega Trends Affecting Your Business in 2019

Rapid Urbanization

The increase in the proportion of people living in urban areas, and the ways in which each society adapts to this change.

Source: PwC: 5 Mega Trends Affecting Your Business in 2019
Climate Change and Resource Scarcity

With a population of 8.3 billion people by 2030, we’ll need...

- 50% more energy
- 40% more water
- 35% more food


Shift in Global Economic Power
Technological Breakthroughs

Source: PwC: 5 Mega Trends Affecting Your Business in 2019

Demographic and Social Change

Source: PwC: 5 Mega Trends Affecting Your Business in 2019
For Reference of NECA Now 2019
Attendees Only

Aging population; fewer younger workers replacing them

- 10,000 people are retiring every day in U.S.
- By 2030, one in five people will be 65>+


Electrical Contractor – Avg. Age Rising

FIGURE 1 Comparison of Age Composition Over Time

2008 – 51.2
2016 – 57.3
2018 – 58.2
For Reference of NECA Now 2019
Attendees Only

Labor Force Demographics

The Changing Face of America
1965-2065

% of the total population

Note: Whites, Blacks, and Asians include only single-race non-Hispanics; Asians include Pacific Islanders. Hispanics can be of any race. Source: Pew Research Center 2015 report, "Modern Immigration Wave Brings 59 Million to US, Driving Population Growth and Change Through 2065"
Labor Shortage now in Full Bloom
More Work Demand – Less People to get it Done

• Unemployment rate at end of February 2019 is **3.8%**
  *U.S. Department of Labor – Bureau of Labor Statistics*

• 80% of construction businesses are having a hard time finding qualified skilled labor
  *Association of General Contractors of America, 2017*

• More young people are going to traditional four year colleges than technical training
  *Global Risk Insights, Sept. 2017*

• Manufacturers’ face challenges overcoming industry perception, only 37% of respondents would encourage their children to pursue a manufacturing career
  *“The skills gap in U.S. manufacturing 2015 and beyond”, Deloitte, 2015*
Attracting Women to Manufacturing Remains Challenge

- Top four industries employing women in 1964 were manufacturing, trade, transportation, and utilities
- Manufacturing was the largest employer of women until 1974; steadily declining since
- In 2017, reported 27% women in manufacturing – lowest % since 1970’s.

U.S. Department of Labor
– Bureau of Labor Statistics

What do Millennials Want out of Work…..Really?

- Competitive Total Rewards- we know what’s up
- Meaningful work- enriching and cross-functional
- Growth and Development- we will grow with you….or somewhere else
- Employee Experience-we want a coach, not a boss.
- Workplace Flexibility- we don’t separate work and life

Millennial Perspective: How do we Attract and Retain?

World Population by Generation

Millennials make up 1/3 of current workforce

By 2025, millennials will make up 75% of the working population

44% of millennials are People of Color
Brookings Report, January 2018

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The Skills Gap is Widening

2.4 Million jobs are expected to go unfilled due to the trade shortage.

2019

2028

6 Million job openings in the US for five months in a row

10,000 baby boomers retire each day

3.4 Million jobs will need to be filled due to baby boomers retiring & economic growth

Construction

Problems Finding Skilled Workers

- Contractors report that they expect a larger challenge in the next six months than they had in the previous six months when it comes to hiring workers with adequate skills. Contractors in the Northeast expect the problem to worsen more drastically than in the South, Midwest, or West.

Worsened

Stayed the Same

Improved

Not Sure

Source: Commercial Construction Index
Grace Donnelly/Forbes
Our Workforce Landscape
Challenge Forecast

• Demand for workers with specialized, highly-valued skills continues to grow and supply continues to dwindle
• 10% of Southwire Leaders (Director & above) retired in the last ten years; rate expected to be 3X that in the next decade
• Business continuity, retention of institutional knowledge, and a formidable culture will be required to outpace competition
• Acceleration and retention of “Millennials” is a priority to fill the talent shortage
• “One size does not fit all” with multigenerational workforce, increased racial diversity, and definition of family changing
• An adaptable culture with inclusive leadership necessary for diverse talent to thrive

Section Two: How Do We Respond
INCLUSIVITY – Creating Adaptability

- Companies with 2-D diversity (inherent and acquired) are 45% likelier to report a growth in market
- Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians
- Companies in the top quartile for racial and ethnic diversity are 35% more likely to have returns above their national industry medians
- Highly gender diverse companies outperform low-gender diverse companies
Attracting Women to Manufacturing

- Industry Re-branding
- Company Culture
- Position Flexibility

Women at Work
Percentage of Women's Representation in Selected Occupations

- Speech-Language Pathologists: 98%
- Dental Assistants: 93%
- Social Workers: 82%
- Physical Therapists: 69%
- Pharmacists: 60%
- Lawyers: 36%
- Civil Engineers: 11%
- HVAC and Refrigeration Mechanics and Installers: 1%
OUR VISION

To create a culture that appreciates all of our differences – our backgrounds, skills and perspectives. A place where people feel free to grow, trusted to try and empowered to be themselves.

Southwire Video – What inclusivity means to me

https://vimeo.com/southwire/review/273588198/25a31d7cee
Addressing the Megatrends

• Strategic Workforce Planning
• Training
• Recruiting and Retention

Strategic Workforce Planning

• SWP is a critical business initiative and not a human resources activity
• The sole purpose: to ensure your workforce is aligned with your business objectives.
• Maintain a current inventory of in-house skill sets and regularly map that against current and anticipated skill needs to inform talent strategy as well as training investment decisions.
• It encompasses things such as: environmental scanning, assessing current state, risk mitigation, talent segmentation, cascading competencies
“An investment in knowledge pays the best interest” – Benjamin Franklin

“The people are there; they just don’t have the skills needed for the 21st century.”
Johnny Taylor, CEO SHRM
**Training**

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<th>Courses</th>
<th>2018</th>
<th>2016</th>
<th>2014</th>
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<tr>
<td>NEC changes</td>
<td>54%</td>
<td>71%</td>
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<td>Lighting</td>
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<td>58%</td>
<td>58%</td>
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<tr>
<td>Automation/controls</td>
<td>32%</td>
<td>43%</td>
<td>52%</td>
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<tr>
<td>Green/sustainable</td>
<td>23%</td>
<td>40%</td>
<td>39%</td>
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<tr>
<td>Cabling</td>
<td>23%</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>Safety</td>
<td>37%</td>
<td>42%</td>
<td>47%</td>
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</tbody>
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Electrical Contractor, 2018 Profile of the Electrical Contractor

**Skills Training**

- Adopt and apply statistical analysis and reporting that correlate training programs with key business and operational metrics.
- Take advantage of digital technologies to make skills training available to employees on a self-paced basis, anytime, anywhere.
- Incorporate nationally-recognized, certified training programs to build standardized skill sets.
- Engage with educators at colleges, community colleges, trade schools and high schools to build a pipeline of future skilled workers, influence curricula and lend employees to help teach specialized skills to potential manufacturing recruits of the future.

Skills Shortage Threatens Future Earnings and Growth Prospects of U.S. Manufacturers, Report from Accenture and The Manufacturing Institute
Southwire Apprentice Program

The Need

• Aging workforce with no ready replacement – Forbes online article, Mar 7, 2013
• Misunderstanding about skilled labor as a career – US Glass online article, Mar 11, 2016
• Disposable economy – no home grown skills
• False belief that traditional college is for everyone
  ▪ “As a society, we have denigrated the nobility of the trades. That’s a big part of the issue. Also, socially, we’ve gone ‘college or bust.’ That’s a model that’s broken. It does a disservice to kids who might thrive in a different path.”
  - Chris Terrill, CEO HomeAdvisor
• Company history with local technical schools

Southwire Apprentice Program

• A tool to deal with skill shortages
• Apprentices are full time employees
• Classroom & On Job Training
• Customizable curriculum
• Two years of training, minimum
• Repeatable & upgradable training plan

Skilled Worker Average Ages 2017

- 29 & Under: 11%
- 30-39: 22%
- 40-45: 12%
- 45-49: 13%
- 50-54: 14%
- 55+: 32%
“Employers must shift their focus from reactive hiring to thinking of themselves as builders of talent.”

Jonas Prising, CEO ManpowerGroup
Southwire Recruiting & Retention Strategies

- Adopted diverse hiring and interview practices
- Working with labor strategy consultants
- Partnering with non-profit workforce development group to identify local talent
- Part-time positions to flex/float; weekend shifts
- Floater roles created along with cross training
- Modernization and connected factory – 5 year plan
- Peakon Engagement Survey – great new innovative tool compared to other traditional tools for engagement
- TEAM and ERGs – culture of D&I
- Retention & referral bonus plans
- Regional pay analysis bi-annually
- Partnerships with technical schools & High schools
- Create a safe place to work
- Promote SW’s social responsibility programs

Recruiting & Retention Strategies

- Implementing software to allow employees to select their own schedule
- Keeping up with workforce shifts
- Benefits that matter
- Create community service connection
- Upskilling current employees
- AirBNB your company
- Women are showing interest
- Gig economy
- Offer incentives to retirement age employees
Invest in Branding

The manufacturing space has a perception gap which is fueling the skills gap. If we can sprinkle some glitter and glam on what day to day looks like, we can attract more people to technical careerist professions. Companies need to evolve and do a better job of connecting what we do to why it matters to people personally and how it impacts the greater good of the world. People care about authenticity, transparency, and reciprocity. They don’t necessarily work for you because of the widget you make, they work for you because they believe in what you are doing. The industry has to refocus its message to make about the people behind the product and the big picture.
THE CONCEPT

- Manufacturing setting
- High school students

12 for Life students attend school for a portion of the day and work in a Southwire manufacturing facility for another portion of the day. Students spend their time learning important work and life skills from Southwire supervisors and dedicated school system-employed educators. They receive real-world training such as exam preparation, graduation planning, resume building, interview skills, and more.

Financial

Academic

Social

Section 3: Becoming a Solutions Provider for Your Customer Base
Co-op With Manufacturers

“Work with manufacturers to bundle installation with sales so their well-trained crews put in windows and install other products for you. The more they do for you, the fewer hard-to-find trades you’ll need to hire.”

Construction Dive, 10 ways construction companies can outsmart the labor shortage

Southwire Solutions University
Southwire Training Center

The Training Center encompasses over 18,000 SF:
- 2,600 SF Classroom area with capacity for up to 80 participants, divisible into 2 classrooms holding 40 participants each.
- 8,000 SF Demo area with "Real World" jobsite environments to demonstrate our products and services.

Since opening in March of 2017
- 1,185 Electrical Contractors have been through training at SSU
- 699 Electrical Distributors
- 2,677 Electrical Apprentices have been trained on location throughout the country

Contractor Solutions Professionals

- Preplanning – inventory securement, jobsite restrictions
- Identify service expectations – order placement, delivery
- Establish execution plan
- Provide training on all solutions
- Material review when required
- Onsite consultation
- Pulling calculations
- Feeder/circuit pulling support
Labor savings

180 ft., 10 sets of 4 – 600mcm CU in Ductback

<table>
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<tr>
<th>QUANTITY</th>
<th>WIRE</th>
<th>LABOR UNIT</th>
<th>PER</th>
<th>LABOR EXTENSION</th>
<th>LOADED RATE</th>
<th>TOTAL LABOR</th>
<th>HEADS</th>
<th>CUTC</th>
<th>A-FRAMES</th>
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<td>600mcm CU</td>
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<td>$1,000.00</td>
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<td>$150.00</td>
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Savings: $11,908.00

2019

• Enhanced Training Programs for both the contractor and distributor
• More on location / field training
• More opportunities to engage the EC and the ED
• More opportunities with contractor organizations
  ▪ NECA Premier Partner
  ▪ IEC Premier Partner
• More opportunities with apprentice training programs
Questions? Thank you!

Up Next:
11:45 am - Lunch in Ballroom Lawn

1:00-3:00 pm – Plenary Session, Sekou Andrews D.I.Y. Innovation in Grand Ballroom 7 & 8

8:00-10:00 pm – Closing Reception, Neon Lights + Electric Nights in Sunset Lawn

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