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LOW ON WORKERS, MANUFACTURERS RECRUIT THEIR EXECUTIVES FOR THE FACTORY FLOOR

Covid, child care and competition from e-commerce warehouses contribute to labor shortages at many factories.

By Sharon Terlep, Ben Foldy and Bob Tita
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Wendy Marcus was midway through a recent meeting with senior leaders at Newell Brands Inc. when word came that she needed to leave immediately.

The Newell-owned factory that makes Yankee Candles was once again short on workers, and the plant needed Ms. Marcus, an R&D manager, on the assembly line to help pack the famously scented knickknacks into gift baskets.

"I told them, 'I have to work the overtime shift,' and they just said, 'OK, thank you and go ahead,'" recalled Ms. Marcus.

American manufacturers have gotten better at safeguarding their factory floors and containing infections of Covid-19 in their workforces. Despite the progress, they are still struggling to find enough people to staff their plants. The worker shortages are choking supply chains and delaying delivery of everything from car parts to candles just as demand is picking up.

Among Covid-19's weird effects: Despite high unemployment levels, many employers are having trouble hiring enough workers. The unemployment rate held steady in December at 6.7 percent. Weekly initial claims for jobless benefits from state programs, a marker of layoffs, have also been steady at around 790,000. That's down sharply from a peak of nearly 7 million in March, but still around four times the pre-pandemic average.

For manufacturers, staffing shortages have been caused by factors including a surge in new jobs tied to e-commerce – many of which offer better pay than factory work – and absences caused by Covid or family obligations such as child care.

The worker crunch is creating shortages of some products and, in some cases, contributing to higher prices. That's because when items sell out faster than companies can make them, they don't need to use deals and discounts to stoke demand.

Companies are taking extraordinary measures to keep their lines running. At a Wisconsin dairy plant, managers have been asking employees to cancel vacation and the company recently asked a maintenance worker to help make cheese. An Ohio auto-parts maker advertised jobs on city buses and is considering adding a graveyard shift for working parents. A generator maker is so backed up on orders due to absenteeism that it has raised starting pay 25 percent.

"We'll do anything we can to get people in the door," said Scott Seaholm, president of Universal Metal Products Inc., which employs about 325 workers making clips and other metal parts at factories in Ohio and Texas. "That is what the game is right now."

The boom in e-commerce during the pandemic has prompted a hiring push at warehouses and fulfillment centers that often compete with manufacturers for workers. Amazon.com Inc. said in September it would add 100,000 new employees with jobs paying at least \$15 an hour. Another factor: Executives say rising absenteeism is largely due to a new surge in coronavirus infections and stricter protocols for workers who have had contact with an infected person.

“People feel like they aren’t getting paid enough to put their life in danger,” said Martez Williams, a former contract worker at Procter & Gamble Co. Mr. Williams said he quit his assignment at a P&G soap factory in St. Louis this summer.

P&G offers free on-site Covid testing for workers and requires face masks, temperature checks and other precautions, but Mr. Williams said he often saw workers try to skirt the rules and he grew wary of working on a line with 20 people in an enclosed space. The 36-year-old now has a contract job at a plastics factory. It pays less than the \$16.25 he was making at P&G, but the plant feels safer, he said, because he doesn’t work in such close proximity with others and fewer of his new coworkers appear to skip temperature checks.

A P&G spokeswoman said the company has seen no evidence of community spread at its plants. “However, as we’ve all learned this year, ultimately it’s up to each of us to follow the guidance put forth by scientists and medical professionals,” she said. The company has said during the height of the pandemic in the spring, some plants were operating with as many as half their employees gone, but that overall absenteeism is low.

Health-related absenteeism among full-time US production workers has been higher than for the overall workforce for most of the pandemic, according to the National Institute for Occupational Safety and Health. (In November, its measure of production-worker absenteeism was 2.3 percent, falling in line with the overall industry for the first time since February.) A year ago, production-worker absenteeism was 1.8 percent, compared with 1.9 percent for the overall job market.

The unemployment rate would be even higher if more people were looking for work. But the labor-force participation rate – the proportion of working-age Americans with a job or actively looking for one – is at low levels not seen since the late 1970s, according to Bureau of Labor Statistics data. The US labor force lost roughly 3.8 million workers since February as fewer people are working or looking for a job and the pandemic has pushed many baby boomers out of the workforce. Those people aren’t counted in the most widely used measure of unemployment.

‘A HURRICANE IN EVERY STATE’

Executives at Waukesha, Wis., generator maker Generac Holdings Inc. thought their biggest factory-staffing problems were behind them. After absenteeism at the company’s eight Wisconsin plants reached as high as 20 percent in the spring, no-shows among its 3,500 hourly workers in the state subsided in the summer.

But a new surge of infections has hit particularly hard in Wisconsin, where the number of new cases is eclipsing levels reached in the spring.

In Generac’s plants, absentee rates have turned critical again, jumping to as high as 15 percent of the hourly workforce in October before subsiding to about 10 percent in recent weeks. That is still about double the rate before the pandemic. Besides those who test

positive for the coronavirus, employees who come in contact with infected people are told to call off work and quarantine.

The manpower shortages are disrupting operations when the company can least afford it. Orders for generators are two and a half times as high as a year ago, according to Generac Chief Executive Aaron Jagdfeld, because homebound workers want to ensure an uninterrupted supply of electricity. "It's like there's a hurricane in every state," Mr. Jagdfeld said of demand.

Meanwhile, Generac is facing a shortage of parts from suppliers without enough labor and materials or efficient transportation. A lack of steel shipping containers and congested ports have lengthened travel times for Generac's engines from Europe and electronic components from suppliers in China and elsewhere in Asia, contributing to extended order backlogs for Generac.

"It's been one of the biggest challenges that I've experienced in my 27 years with the company," Mr. Jagdfeld said.

Generac added 850 workers in Wisconsin last year, though it has struggled to find enough people. The company raised the hourly rate for new hires by about 25 percent this year to \$17 and raised wages for existing employees as well. Its Whitewater, Wis., plant operates with as many as 14 different shifts to accommodate employees who can't work standard times. To attract students from the University of Wisconsin campus in Whitewater, Generac is offering three, 12-hour shifts over weekends. Some 50 employees are working flexible schedules that allow them to work as little as 14 hours a month or up to 36 hours in a week.

Elizabeth Davis came back to Generac in November as a flex production worker after having a baby in October. Lately she has been scheduling herself for six-hour shifts three days a week at the Whitewater plant.

"It works well for everything that kids need a mom for," said Ms. Davis. "If I need to take a week off, I can do that."

The additional employees have helped Generac boost its output by 75 percent from a year ago, Mr. Jagdfeld said. But demand continues to outpace the company's production, causing 4- to 5-month waiting times now for standby generators.

CHEESE MAKERS WANTED

The pandemic also is creating manpower imbalances at Wisconsin's dairy processors. With restaurants and schools closed, orders for milk have declined. That has left companies like Ellsworth Cooperative Creamery to boost production of cheese, which can be stored longer.

The co-op has been hiring more workers as jobs are left vacant by sick or quarantining staff on packaging lines and in warehouses, said CEO Paul Bauer. But some positions require months of training.

"It isn't like I can pull someone off the street to make cheese," he said. "The ramifications of all of this are just so taxing."

In December, roughly 20 percent of Mr. Bauer's workforce was absent on any given day at the main plant. To keep up with orders, and a surge in milk deliveries from the co-op's 300

farmers, Mr. Bauer has shut whey-packing lines to staff cheese-production lines, and asked employees to cancel vacations or work double shifts. One-fourth of Mr. Bauer's plant managers were recently out at the same time.

"We're dealing with more milk and less-skilled people than ever before," Mr. Bauer said. He recently tapped a maintenance employee with cheese-making experience to work a shift making cheese.

CAR-PARTS BREAKDOWN

Auto sales roared back far more quickly than analysts anticipated following assembly-plant and dealership shutdowns in the spring. That has forced the industry into overdrive to meet pent-up demand.

While big car makers like General Motors Co. have faced worker absences, they say they have been able to lean on larger, more flexible workforces, recruit temporary workers and offer relatively high wages. The companies supplying the industry's parts, which had difficulties finding workers before the pandemic hit this spring, are struggling to keep up.

New orders for autos and parts over the past few months exceed those booked in the months leading up to the pandemic, government data show. But staffing levels for auto-parts suppliers have yet to recover to similar levels. At roughly 563,000, the number of nonsupervisory workers on supplier payrolls in November was about 25,000 less than in the first quarter, according to data from the BLS.

Gary Grigowski, co-owner of Team 1 Plastics Inc. in Albion, Mich., which supplies plastic switches and filters, said persistently high unemployment hasn't translated into a bigger worker pool. Team 1 has hired and trained new workers only to have them not show up or quit on their first day, he said.

"Working in a factory is definitely different from working in a hotel or a McDonald's," Mr. Grigowski said. Though wages are often better, workers spend long hours on their feet in relative isolation in a factory that can be much colder or warmer than they're used to, he said.

Several supplier executives also said they faced competition for workers from nearby e-commerce warehouses and fulfillment centers. In December, employers added 52,000 jobs related to online retailing, such as couriers, warehousing and trucking, versus 7,000 manufacturing motor vehicles and parts.

In Ohio, Mr. Seaholm said entry-level positions at Universal Metal now start between \$13 and \$15 an hour, up from about \$11 a year ago. The company is considering an overnight shift for the first time so employees with older children can work at night and sleep while their kids learn online from home during the day.

Suppliers face heavy financial penalties when a customer has to stop an assembly line because parts haven't been shipped. To speed up the hiring process, many companies are waiving their usual background checks and drug screenings, said Keilon Ratliff, who heads the automotive practice at Kelly Services, a Troy, Mich.-based staffing firm.

Some have found workers by putting in calls to local sheriffs and tapping into work-release programs at nearby jails, said Sheldon Stone, who works with auto suppliers at Detroit-area restructuring adviser Amherst Partners LLC.

"These folks that we get on the work-release programs turn out to be very good workers," Mr. Stone said.

DIALING FOR CANDLE MAKERS

At Newell, the home-fragrance division that includes the Yankee brand has enlisted dozens of salaried and retail workers – from accountants to executives to store managers – to help make, package and ship millions of candles to meet holiday demand.

The struggle for Newell's fragrance operations in Whately, Mass., and Blairs, Va., began when the economy reopened in late spring. At the worst point, the unit, which typically has around 1,700 workers, was struggling to fill some 400 positions, said Lisa McCarthy, president of Newell's home-fragrance business.

Executives and employees brainstormed ideas to draw in new workers, from to offering free candles for job applications to raising hourly wage, which previously ranged from \$13.50 to \$20, by an average 7.6 percent. When those weren't enough, they tapped the salaried workforce. "We thought, 'Well, whatever they are working on now isn't as important as making the product,'" Ms. McCarthy said.

Pandemic-related shutdowns in the early spring halted candle production when Newell would have been building inventory for the holidays. When the facilities reopened in May, the company's contract workforce had largely fanned out to other companies that hadn't closed, and there were few applicants for new jobs. Executives say they believe potential new hires stayed away due to a combination of since-ended unemployment benefits and health concerns.

Filling jobs is easier now, but rising coronavirus cases mean more employees are missing work. Absenteeism is two to three times higher than normal levels as workers stay home either because they are infected, have potential Covid symptoms, or because they have come in contact with an infected person, said Daily Gist, vice president of R&D for the company.

"A lot of us haven't slept, thinking, 'How do we get people out here?'" Ms. Gist said, standing in front of the sprawling Whately factory as masked workers filed past her into a lobby that smelled like salted caramel.

The company requires employees who have been exposed to the virus to stay home until they can be tested, even if they have no symptoms. Workers must stand 6 feet apart, get their temperature checked and wear a mask inside. Since March, 24 of the unit's 1,300 manufacturing workers have tested positive for the coronavirus.

Candles, which haven't been an essential household good for centuries, are critical to Newell. The consumer-products maker, which also makes Rubbermaid containers, Mr. Coffee machines and Graco strollers, has seen demand plummet for many goods amid the pandemic. Strong candle sales help offset those declines.

About 70 white-collar and retail employees have volunteered for manufacturing assignments with several dozen more signed up for future work. Workers don't receive additional pay and must fit the factory work around their regular jobs. Shifts are generally four hours.

Ms. McCarthy, the Newell fragrance president, has worked several Yankee factory and warehouse shifts. She said the work can be repetitive, physically taxing and fast-paced. One

job involved inserting a thin plastic topper into the candles as they rolled down the line. "I felt like Lucille Ball," she said, referring to the famous "I Love Lucy" candy-factory scene.

At one point, Ms. McCarthy said, she struggled to unfold and prepare a box to be packed with candles. She mentioned the hassle to another worker, who vented to her that management had promised better boxes months ago but never delivered.

"I was, like, 'Oh my God, I was the one who said that. It was me,'" she said. It turned out the boxes were held up due to the pandemic, but the delay wasn't communicated to workers. "It was humbling," she said.