

2019 Outlook: Top CEO Concerns Strike A Familiar Chord

2019

The Conference Board surveyed over 800 CEOs about their top concerns both internal and external, for 2019. Here's what they said, and some solutions.

Finding and keeping talented people, leveraging new technology and developing future leaders top list of internal challenges. There are no easy solutions, just creative ones. Here are some ideas.

The [Conference Board](#) recently asked over 800 global CEOs from every industry about their biggest challenges in 2019.

Here are their top three internal concerns:

1. Finding and keeping talented people,
2. Creating new business models because of disruptive technologies, and
3. Developing future leaders.

I'll get to #2 below, but the talent concerns come as no surprise. The manufacturing

leaders I talk to all say that they are having trouble finding qualified people to fill job openings, both for hourly and leadership roles.

One way to address the hourly labor shortage is by improving operational processes and integrating automation where it makes sense to continually boost productivity. We've been helping our clients do just that – and mitigate the related quality and order delivery issues – for years. The growing leadership gap is a tougher problem that doesn't have a process- or technology-driven solution. (References: [Operational Excellence](#), [Leadership Solutions](#))

The fact is that fewer capable people are pursuing manufacturing careers, and existing employees may not want to lead or are not capable of succeeding if they're promoted. One-size-fits-all training programs have never been very effective at developing management capabilities. That's one reason why we offer plant manager and supervisor coaching to help our client's fill their skill gaps.

Still, not many young people are coming out of college these days looking to run a factory. Tweaking pay and benefits packages won't have much impact on the problem. According to the Conference Board study, global CEOs expect that the leadership talent shortages will only intensify beyond 2019, which will make things even more challenging for manufacturers. Experienced, interim leaders can fill critical roles to maintain stability and forward momentum until permanent hires can be found.

With finding skilled people such a high priority, I'm baffled – maybe it's a generational thing – by decisions to make the hiring and recruiting process more impersonal. I've heard that some companies are using automated interview systems to call job candidates and robotically ask them a standard list of questions and record their responses. Such technology can improve efficiency but there are qualitative tradeoffs. Just as automated phone systems can make a customer feel like her business is not valued, taking an automated interview won't make anyone feel very appreciated or wanted.

While the economic fundamentals still look fairly strong, the Conference Board says

the #1 external concern of CEOs in 2019 is the potential for an economic recession (jumping up from #19 last year). That's followed by: #2 Threats to global trade systems, and #3 Political instability.

Personally, I hope all of the recession talk doesn't become a self-fulfilling prophecy. If a slowdown does materialize that could take some of the immediate hiring pressures off of HR departments, but it won't change the underlying demographic trends.

When it comes to emerging technologies, we've always advocated a crawl-walk-run approach. First, get the basic processes setup, and then assign people with the right skillsets to the appropriate roles. Once the processes and people are functioning well, then it's time to take advantage of new technology to make further improvements.

Someone at a conference recently told me that they wanted to make their whole maintenance program predictive this year. They don't want technicians to have to think about what needs to be done next; they want the system to tell them where to go. He'd been told that such an approach was the way to go. But that really depends on your starting point.

Some manufacturers have maintenance programs and systems that are excellent. They're at the far end of a normal distribution curve. Those at the other end are always playing catchup and still tracking everything manually on paper. Most manufacturers are somewhere in the middle, of course, which means they have a lot of opportunities and work to do before they should be thinking about **predictive solutions**. Companies in general do a poor job of using all of the data they already collect, never mind adding more sophisticated analytics capabilities.

Make no mistake, I'm not against such solutions, which can be transformative in the right applications when the necessary pre-work has been done. It's always hard with any new technology to separate the hype and marketing from the reality. Finding the ROI for your specific situation and operations takes time.

That's why manufacturers need a digital roadmap that evolves as technological capabilities emerge and are better understood. This is especially true for middle-

market and smaller companies with limited resources. Pilot projects can be expensive. You have to **map out your planned investments** to find the best collective value.

Likewise, getting back to the labor issue, manufactures need a talent roadmap that identifies and quantifies your specific challenges, as well as potential solutions. Finding good people will take creative ideas that aren't necessarily technology based, which can look more like the past than the future. One company I know has started running their own bus service to get people to the plant who live farther away and don't have dependable transportation.

One of the biggest opportunities for filling the leadership gap is the willingness to consider and hire supervisors or managers who don't have specific industry knowledge, or any manufacturing experience. You're really looking for leadership capabilities. The technical stuff can be learned. The ability to lead, to effectively manage a team and develop people has a much longer learning curve.



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Bill Remy is the former CEO of TBM Consulting Group and currently serves on the TBM Board of Directors. His career expertise includes deep knowledge of operational performance improvement, site transitions, acquisition integration, new product development and supply chain management.