

CONFRONTING THE LABOR SHORTAGE:

Strategies and Solutions for Distributors Facing a Growing Skills Gap



3

Executive Summary

4

What's causing the labor shortage?

5

Training & apprenticeships

6

Drug testing: another hurdle

7

Rethink your messages to prospects

8

Leveraging social media

9

Courting millennials: the technology factor

10

The veteran talent pool

12

What makes or breaks an internship

Executive Summary

Finding and keeping talent is a top challenge for distributors, no matter the segment. And the challenge has grown even more severe with the tight labor market that has emerged in 2018 and 2019. In fact, 94% of distributors and manufacturers surveyed for this report said they struggled to find the right people. This report looks more closely at the obstacles distributors have encountered in finding talent, and examines ways some have overcome them, including:

- » Focusing less on a candidate's industry experience and more on their willingness to learn and commitment to the role
- » Rethinking how they position the work they do from a rote description of a job's duties to the impact that job has on their customers
- » Improving onboarding practices to ensure a new employee has what they need to contribute quickly

- » Developing a practical and well-planned internship program in partnership with local colleges that gives candidates real experience
- » Tapping into new sources of talent, including military veteran training programs and other industries
- » Flexibility in compensation programs

The Association Education Alliance commissioned this report on behalf of its more than 40 member distributor associations. The authors interviewed distributors and manufacturers, as well as HR and education experts. The AEA also conducted an online survey of members in March and April 2019 on challenges in talent acquisition; 190 respondents filled out the survey across industry segments. Nearly two-thirds were from distributors, and the remaining were manufacturers. Thank you to all who took the time to share their experiences.

The labor shortage the distribution industry is facing is real, pervasive, and very likely to grow worse before it gets better.

Where a decade ago, many workers were desperate to find jobs, recruiters and employers across industries now find themselves in heated competition for workers, a reflection of a low overall nationwide unemployment rate of 3.6%, according to the April 2019 report from the Bureau of Labor Statistics. In late 2018, citing similar figures, the recruiting software provider Jobvite called 2018 a “tipping point” for recruiters struggling to fill jobs, and called on them to re-evaluate recruiting methods.

74%

In a fall 2018 survey of 805 recruiters, Jobvite found that 74% expect competition for employees to become more intense in the next year. Those numbers reflect the jobs outlook overall.

Among distributors and their channel partners, the hiring picture is even bleaker.

At a time when many economists and political and civic leaders bemoan the disappearance of good-paying manufacturing jobs, many in the United States might be surprised to learn that many distributors and manufacturers consider the lack of qualified, skilled job candidates a serious challenge, or even a crisis.

Yet the data is clear.

The labor shortage traces its origins to the first years of recovery following the Great Recession, and continues growing each year. By 2018, the manufacturing sector alone reported 508,000 open jobs, according to research conducted by Deloitte and The Manufacturing Institute.

That gap between jobs and workers to fill them will continue to widen, at least for the next few years.

WHAT'S CAUSING THE LABOR SHORTAGE

While the data and projections remain bleak, the factors cited as major contributors to the labor shortage have shifted.

In 2015, mass Baby Boomer retirement was blamed as the major culprit in the labor shortage, according to the Deloitte study. Indeed, AARP estimates that 10,000 people in the United States

*The Deloitte research projects there will be **4.6 million** manufacturing jobs to fill by 2028, with only **2.2 million** of those jobs likely to be filled. Of the **190** distributors and manufacturers who responded to an online survey of Association Education Alliance organizations' members, **94%** said they had difficulty recruiting new employees and filling open positions.*

turn 65 every day, a trend that will continue until 2030. Nevertheless, by 2018, retirement had dropped to No. 3. Distribution is often lumped in with the latter. As distributors adapt to and try to remain competitive in the so-called Fourth Industrial Revolution, they must increasingly embrace both new and old technologies, including emerging tech such as artificial intelligence (AI), robots, the internet of things (IoT) and machine learning. That has created an accompanying shift in the skills and experience distributors value most.

According to the Deloitte research, the most coveted and necessary skills today involve computer and technology experience, skills for programming automation and critical thinking.

The third most-commonly cited reason, the perception of the industry, is something Tom Newell, regional vice president of EMCO Corp., an Ontario-based supplier of plumbing, HVAC and refrigeration, waterworks, and industrial material, is familiar with.

“There is so much pressure we put on kids to get white-collar jobs and pursue professional education, which for many is a waste of money and time.”

“There is so much pressure we put on kids to get white-collar jobs and pursue professional or post-secondary education, which for many is a waste of money and time,” he said. “Parents don’t want their kids doing ‘dirty work.’”

But the technical revolution means that few distribution or manufacturing jobs today involve the back-breaking, heavy-lifting labor associated with those industries in the past. But while that could potentially make distribution and manufacturing jobs more attractive, greater automation means more complex jobs, and employers are demanding workers with a growing assortment of highly technical skills – a factor that further restricts the available labor pool.

“The more skilled labor – that’s probably more problematic for us,”

Top 3 Contributors to the Labor Shortage:

1. *Technology changes*
2. *Misconceptions about the manufacturing industry*
3. *Mass Baby Boomer retirement*

CONTINUED ON PAGE 6

PRESCRIPTION FOR EMPLOYEE LONGEVITY: Hire Carefully, Train Thoroughly

With qualified, experienced job candidates becoming as rare as black rhinos, more distributors and manufacturers find themselves doing something they once avoided: training new employees.

That can take many forms, from strategic onboarding, to years'-long apprenticeship programs. But the goal is singular: Make sure new employees have the skills they need to succeed and advance in the company. The reasoning is that investing in an employee and showing them a route to advancement means they will likely stay longer.

"I don't hire people with experience. I look for attitude and aptitude," said Tom Newell, regional vice president of EMCO Corp. in Ontario. "A lot of businesses will try to bring on 10 new people and keep one. We expect to keep every single one we hire, and we invest heavily in training to do that."

Distributors that offer more technical services to customers could also take a lesson from manufacturers that are succeeding with apprenticeship-style programs. Since 2015, industrial hose coupling supplier Dixon has offered a CNC machinist apprenticeship program, fashioned in 2015 from the remnants of an apprenticeship

program the company had offered since the 1980s.

Everyone accepted into the program starts on Level 1 – mastering basic operator-level skills such as properly starting a machine and changing cutting tools. When they demonstrate proficiency there, they can move on to Level 2, which involves producing a finished product. Level 3 involves learning advanced skills such as competency on several machines and troubleshooting error codes.

On average, it takes two years to complete the program, and apprentices emerge as certified CNC machinists, said Dan Lessard, assistant vice president of human resources-training and safety. There are few apprenticeship programs in the manufacturing field, and fewer still that offer the kind of hands-on, skills-based learning Dixon provides.

Rheem, a manufacturer of air conditioning and heating systems, said an investment in training has paid off for the company. "Because we spend all that time up front, people tend to stay," said Jeff Lush.

Newell said EMCO's philosophy is similar. "We train them so it would be easy for them to leave, and we treat them so they never will." ●



Next Steps: Apprenticeships*

- Identify technical jobs you have difficulty filling and that don't require a college degree.
- Look to the future: Are there skills that you will need that you don't have in-house?
- Identify existing employees who could participate, and look for partners outside the company, such as industry associations and local academic institutions including high schools.
- Identify an internal champion or a team that can oversee and drive the program forward.
- Create a framework for your training program that includes classroom training, working alongside veteran team members, and on-the-job work.
- Register your program with the U.S. Department of Labor for additional exposure, credibility and potential tax breaks.

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said Jeff Lush, human resources business partner with Rheem Canada, Ltd., a manufacturer of heating and air conditioning systems. That’s not an unusual challenge for distributors that employ a team of service technicians in markets such as petroleum equipment distribution. A ManPower Group study found that the jobs where demand is growing fastest is for mid-skilled roles such as electricians, mechanics and machinists, and some companies are tapping new talent pools, including boomerang retirees and part-timers to fill those roles. Some distributors have launched training and apprenticeship programs. (See p.5 for more details.)

TRADITIONAL RECRUITING STILL WORKS FOR SOME

Our outreach to companies as part of the research for this paper found that most are using a combination of tried-and-true methods – from

online job boards and professional recruiters to incentives for employee referrals and social media – to try and cope with the shortage of qualified workers. And those approaches are generating mixed results.

The most commonly cited means of searching for employees in the AEA survey was online job boards – more than 88% said they used those. And while more than a third of those reported success with that approach, online job boards were also the tactic most often cited as not helpful.

One respondent reported that one

60%
Social media was also cited as not effective by many, though nearly 60% of respondents use it as a tool to reach prospects.

DRUG TESTING: Another Hurdle

Drug testing of prospective employees has been a popular screening method for decades. But many distributors have found qualified employees that don’t make it through that step – another frustrating hurdle to filling their ranks with top talent. What’s more, with marijuana legal in some form in 33 states and the District of Columbia, many employers find it difficult, if not impossible, to screen out applicants who test positive for that drug. In fact, Maine recently made it illegal to test prospective employees for marijuana. While pre-employment drug testing remains legal under federal and most state laws, there are restrictions. And, requirements for testing do vary from state to state. Employers who plan to perform the screening would do well to consult their attorneys to make certain they are complying with laws in their state. ●

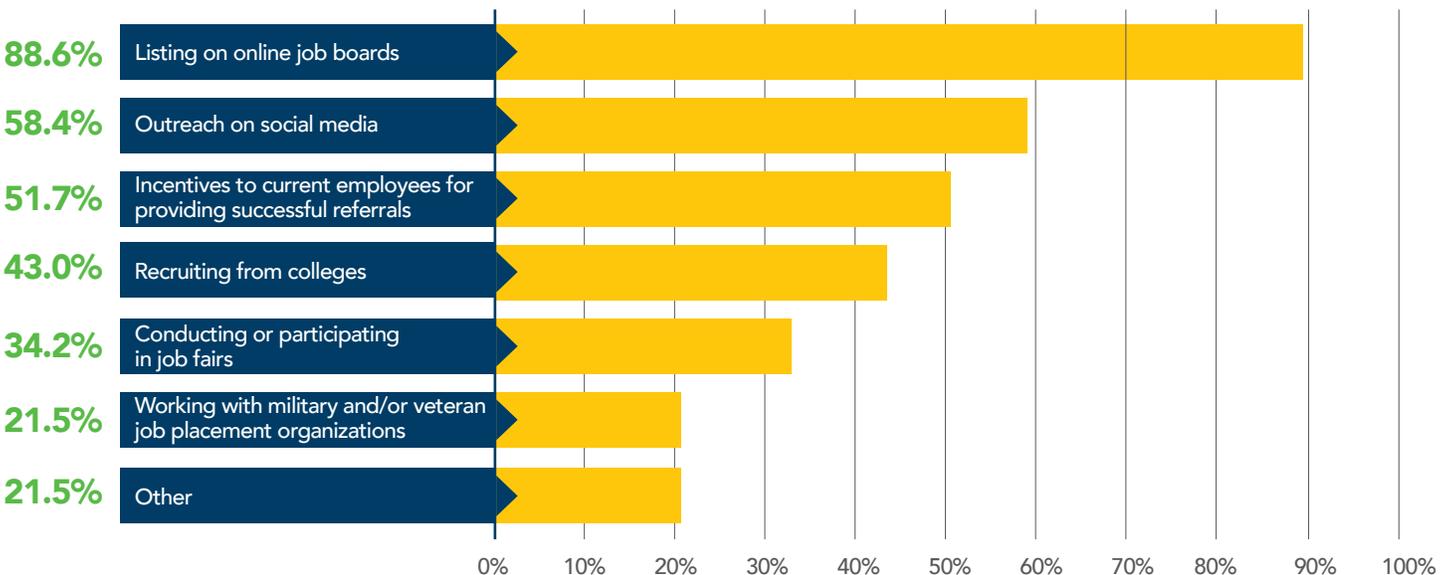
online job search site “worked great the first time around, but the second time, people not showing up for interviews was the worst.”

In addition, conversations with nearly a dozen distributors and manufacturers representing numerous industries including flooring,

CONTINUED ON PAGE 8

What efforts have you made to recruit new employees to your business?

(Respondents could choose all that apply.)





WANT TO STAND OUT? Rethink Your Messages to Prospects

Wholesale distribution is, to many, an invisible industry. A career in industrial markets is not perceived as glamorous or attractive as, say, a job at Apple. So how can distributors rethink how they attract new college graduates or candidates from outside the industry?

To get that answer, we spoke with Jia Wang, author of *Optimizing Human Capital Development: A Distributor's Guide to Building Sustainable Competitive Advantage Through Talent Strategy* published by the National Association of Wholesaler-Distributors.

Q: Let's start simply. How can you position a job description to find the right talent?

A: Everything starts from the top. Stunningly, and also not surprisingly, many companies don't even have well-developed job descriptions. They have a general guideline, but they don't know what they're looking for. Does senior leadership know what they're looking for? It's not just a candidate. It's why you exist. Just because we're in the housing industry doesn't mean our job is to provide materials, right? Maybe what we provide in that industry is helping people achieve the American dream and security by owning their home.

That's one of the problems for distribution; they have a hard time attracting people because of the nature of the industry. That requires you to be more creative, or to think deeper. It's really about adding meaning to what they do. If people know what what they do makes an impact – whether big or small – it's our job as the organization's leaders to communicate that idea.

Q: How can distributors stand out in this job market?

A: Ultimately, people are emotional beings, right? People stay because they are emotionally attached, because you take care of me or because I believe your vision and share your values. If you use just the job position or compensation, there's always a better job and better compensation. That's not a sustainable advantage for you. Tap into the human side, and not just the skills.

In one study, researchers talked to a custodial crew in a hospital in western United States. They expected everybody to say, 'Oh, my job is boring.' But they said, 'I'm not a custodian. I'm part of the professional healing team.' That gave me goosebumps. So, I'm not just cleaning your hospital room, right? They believe they are part of the healing. They gave a box of tissues to the family who comes and visits. They

rearrange the photos to show them there is hope in life. They go above and beyond their basic job description. The researchers came up with the term job crafting. It applies back to the distribution industry. How do we help people see the deeper meaning of the job so that they can go above and beyond just the basic job functions?

Q: This is even more important for millennials and Gen Z, right?

A: Absolutely. In four years, millennials will make up 75% of the U.S. workforce. So, whether you like them or not, it's an area you need to be concerned about. Millennials are team players. They're innovative. They're always looking for new ways to do things. And they are longing to make an impact. They would take a lower paid job because they believe in your vision. They care about your higher-level purpose. Why am I here? It's important for distributors to really figure out their vision to exist as a company. That's how you can ultimately attract people. ●



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textiles, petroleum and others, revealed similar challenges. Some reported success with online job boards, employee referrals and outside recruiting firms, while others had all but abandoned those avenues. Few respondents cited college-campus recruiting as a good source of new employees, but Bruce Passmore, region manager, HVACR Canada East at EMCO Corp., considers college campuses one of his company’s most fertile recruiting territories.

Referrals from existing employees ranked second as the method that worked best for survey respondents. However, several respondents said that method has produced mixed results at best. “Employee referrals was the best, but we are out of options there,” said another. One distributor said that they had beefed up its employee-referral bonus to pay out after two weeks of the new hire’s start date.

Many respondents said social media and placement agencies were not effective.

Some respondents just said that nothing is working for them. The number of candidates is limited, and competition with other industries is just too great, one wrote. “We cannot find people willing or trainable,” said another.

RECRUITERS MUST SHIFT EXPECTATIONS

Given the many challenges to recruiting workers, it’s no surprise that the recruiting experts at Jobvite advise those trying to fill positions to “evolve” – to investigate alternative methods of searching for employees, and of thinking about the qualities and qualifications



that make a successful or desirable employee.

Successfully accomplishing that means more than simply putting together a list of qualifications for a prospective employee, said Jia Wang, professor of human resource development at Texas A&M University and author of *Optimizing Human Capital Development: A Distributor’s Guide to Building Sustainable Competitive Advantage Through Talent Strategy* published by the National Association of Wholesaler-Distributors.

Companies must know exactly what they are looking for in a worker, not just what skill set they want, Wang said. But truly understanding what they are looking for means understanding why the company exists, she said. “I believe everything starts at the top,” she said. (See p. 6 for more on this.)

LEVERAGING SOCIAL MEDIA

In its 2018 report, “The Tipping Point: The Next Chapter in Recruiting,” Jobvite appealed to employers to market their company’s brand through social media and the company website to create favorable impressions for potential job-seekers.

Evidence indicates many distributors are attempting to do just that.

QUICK TIPS FOR USING SOCIAL MEDIA AS A RECRUITMENT TOOL

Social media can be a powerful tool when looking to advertise jobs, find talent, and communicate with potential recruits about company culture. It’s not a perfect science, but there are some social media best practices you should follow:



SHOWCASE YOUR COMPANY CULTURE

Highlight reasons why a job seeker would want to work for you. Tell your company’s story through photos and videos featuring current staff, charity events, milestones and celebrations.



INVOLVE YOUR TEAM

Ask your employees for content ideas and submissions. Also ask them to like, share and comment on posts. Your employees are your greatest ambassadors.



ENGAGE YOUR AUDIENCE

Be sure you’re not just using social media to push out messages. Respond to comments and shares but be personable.



KNOW WHEN TO USE HASHTAGS

On Instagram, use as many relevant hashtags as possible, and on LinkedIn and Twitter use one or two; on Facebook don’t use any. Always research hashtags before using them!



MIX UP YOUR CONTENT

The best way to engage your target audience is to not only post about your company. Add posts that are funny, newsworthy and industry-specific to your audience.



KNOW WHICH PLATFORMS WORK BEST FOR YOU

You’ll find that not every platform returns the same results and that’s okay. As you develop your content, be sure to review what has worked well and what has not.

Newell advises recruiters and employers to remember that employees themselves are part of that brand. “When you hire great people and treat them well, they’ll go out and say it’s a great place to work.”

Nearly 60% of distributors in the AEA survey indicated they attempt to reach potential recruits through social media.

That’s a good start, according to the researchers at Jobvite. To reach millennials, the report said, it’s not enough to turn to Facebook or LinkedIn. Instagram must be part of the equation as well. In addition, the report said companies ignore their ratings on Glassdoor at their peril – because job seekers aren’t ignoring them.

THE EXPERIENCE QUESTION

Among those interviewed by AEA, one pattern for success did emerge: Those who are willing to hire employees based on potential rather than actual experience. But 70% of respondents to our survey said that they struggle to find people because applicants don’t have the right skills. But in fact, prioritizing personal traits, competencies and potential in job candidates over strict adherence to sometimes arbitrary factors such as years of experience could become increasingly necessary to bring onboard the very talent necessary for businesses to thrive.

This flexibility, combined with improved employee onboarding and on-the-job training, could help distributors identify new employees with good attitudes who can adapt to and fit the needs of the job.

“It’s getting to the point where distributors are willing to train. They had wanted people with experience.”

Mary Jawgiel, who heads up PT Workforce, which helps the Power Transmission Distributors Association’s 400 member companies find much-needed recruits, sees that evolution already occurring. “It’s getting to the point where they are willing to train. They had wanted people with experience.”

John Keller, vice president of Petroleum Solutions Inc., a distributor of fuel handling and vehicle maintenance equipment in San Antonio, Texas, was one of those. “We always wanted five or 10 years’ experience, but there are just not those folks available.” Consequently, he said, “We just have to be constantly hiring and bringing entry-level people in.”

Dunn Rasbury, director of flooring for A & M Supply, a Georgia-based supplier of residential and commercial building supplies, is part of that shift. “We’ve had success hiring people without technical experience and training them. I look for intangibles: competitiveness, work ethic, go-getter attitude – those are all things I can’t train.”

Passmore has had similar success, and said he is convinced altering expectations about specific experience is vital to companies that hope to overcome the labor shortage. “I think one of the greatest flaws in our age is the fact that we are always looking for experience. We’re looking for people who have already done the job. What we need to be looking for is people who have the capacity to learn, who are resilient and resourceful. I think there are a lot of people we could hire and in very short order give them the tools they need to be successful in our industry. At every position.”



COURTING MILLENNIALS: Put down the pencil, pick up the smartphone

They’ve been called everything from lazy and unmotivated to innovative, altruistic and well-informed. Whatever else you call them, by 2025, millennials – those born between 1981 and 1996 – will bear another label: the single largest portion of the nation’s workforce.

As distributors strive to attract younger workers, they should bear in mind that millennials are the first generation born in a digital era. They are savvy consumers and users of technology. They look for a workplace where technology is the norm rather than the exception.

In an article offering tips to manufacturers for attracting younger – especially millennial – workers, IndustryWeek placed “Highlight the advanced technologies that drive modern manufacturing” in the No. 2 spot.

While many distributors may be behind manufacturers in their technology adoption, this is another reason to push technology initiatives ahead sooner rather than later. After all, how many potential employees are you losing because you’re still taking orders with a pen and notepad or managing sales opportunities in Excel?

The benefits include more than just attracting workers. Younger employees can quickly put new technologies to work for you – and drive benefits to your bottom line. As Evans Distribution Systems put it, millennials can help distributors improve satisfaction, engagement and efficiencies. ●

And, he has harsh words for those who are intractable in their approach to hiring.

“If you’re so lazy as a manufacturer or distributor or contractor that you need to hire somebody who has those skills because you don’t invest in developing them, then you deserve what you get,” Passmore said.

VETERANS: A POOL OF POTENTIAL

As recruiters shift expectations regarding experience, many are turning to potential employees who may not have worked in the particular job they are hoping to fill, but have valuable experience gained through the military.

Keller, of Petroleum Solutions, said veterans are appealing as potential employees because “they’ve learned discipline and have experience working with their hands. And they understand the hours it takes sometimes to get the job done.”

Those who do find eager, disciplined employees with incomparable work ethic, said Hernan Luis y Prado, CEO of Workshops for Warriors.

Luis y Prado, himself a Navy combat veteran, said he has been training veterans for 11 years, and has compiled an enviable record: 94% of his trainees

are placed and retained in full-time jobs.

Currently, he trains an average of 54 students a semester, over three semesters a year, on skills including welding, machinery repair, computer-based design and 3D printing, among others.

Workshops for Warriors holds three job fairs each year. And although companies must pay to attend, Luis y Prado reports they turn away potential employers, and can be very selective about which ones are admitted to the job fairs. “We won’t even talk to companies that don’t offer at least \$18 an hour as minimum wage,” he said.

Still, “at the end of the day, our students have seven to 10 written job offers. Their biggest challenge is deciding where to go,” Luis y Prado said.

But he is adamant that employers get their money’s worth from his trained veterans. They are dedicated, loyal and not afraid of hard work, he said. “We have guys working 100 hours a week.”

Keller takes advantage of the many veteran job fairs and placement assistance offered in Texas. “I love military applicants, because a sense of discipline is very important.”

STRATEGIC HIRING AND TARGETED TRAINING

With recruiting and hiring challenges ongoing, many employers have devoted increasing resources to training, and to interviewing and testing procedures that ensure the recruits they do hire are right for the job – and will stay.

Across the country, recruiters are tapping into the rich vein of veterans’ associations and training programs.

THE VETERAN TALENT POOL: A Snapshot

Veterans are an untapped source of talent. Unfortunately, one report found that about a third of veterans are underemployed, a rate 15.6% higher than non-veterans. And while the unemployment rate of veterans is actually lower than the U.S. average, that number only reflects veterans actively looking for work.



HOW TO FIND AND RECRUIT VETERANS

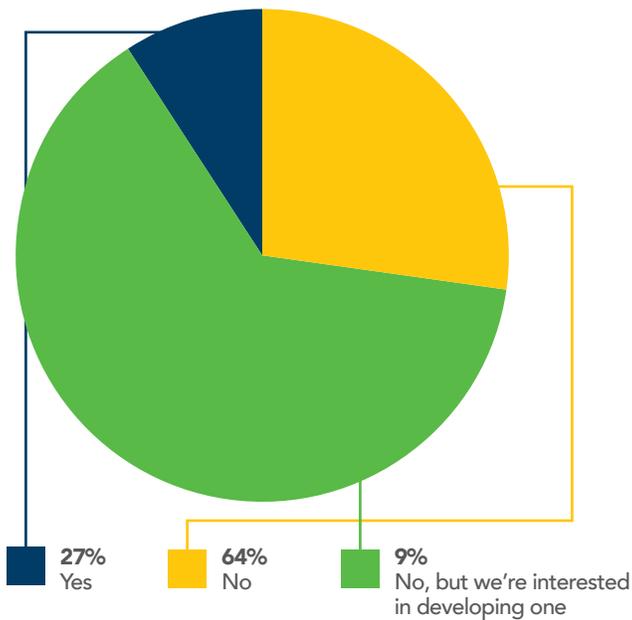
- » Think beyond technical skills to soft skills that may make them a good project manager or leader.
- » Get the word out you want to hire veterans.
- » Look for military experience that aligns with your job role.

WHERE TO RECRUIT VETERANS

- » On or near military bases
- » Veteran-specific job fairs
- » Veteran-focused service organizations
- » Veteran training programs

Sources: Joint Chiefs of Staff report; recruitmilitary.com; U.S. Bureau of Labor Statistics; military.com

Do you have a formal internship program?



Petroleum Solutions is willing to train people, but the company looks for those who will arrive on the job with certain traits and skills, Keller said. And multiple interviews, combined with a detailed skill assessment tests, are part of that process.

Jeff Lush said Rheem Canada also has implemented an exacting interview process, which for some positions may include hand-on testing. "Sometimes we'll put them in our lab here and ask them to perform basic simple tasks, just to make sure the baseline competence is there."

Lush has found that workers also seek what he calls "a good cultural fit."

"We spend a lot of time thinking about the culture we want and trying to encourage the right values and behaviors to make our company something different, something fun."

Part of that culture of success means setting employees up to flourish, making sure they have the right training and tools, Lush said.

Wang recommends going one step further, talking to long-time employees about why they stay, and what value the company gives them, instead of always viewing the relationship from the other way around.

"We do exit interviews," Wang said. "We ask, 'Why do you do leave us?' But we don't ask people, 'Why do you stay? What makes you stay besides compensation?'"

If all a company offers is superior pay, she said, it probably won't retain employees long, particularly millennials. "There's always better compensation."

Employees stay, she said, because they feel valued, because they feel the company cares about them, and because they share the overarching company vision. As evidence, she pointed to a study of a hospital cleaning crew. The crew derived satisfaction from their

jobs – but they didn't describe themselves as custodians or janitors. They considered themselves "part of the professional healing team." They interacted with patients and families, providing them water or tissues, helping in their own way to provide comfort.

The lesson, Wang said, is, "How do we help people see the deeper meaning of this job, so they can go above and beyond?"

FLEXIBILITY IN COMPENSATION IS A MUST

For many employers, the key to attracting and retaining a new generation of workers has been flexibility.

Peter Limoncelli, president of laundry equipment distributor Yankee Equipment in New Hampshire, said his greatest recruitment success comes from being a great place to work – which means employees bring their friends, relatives and even children into the company. "We have six father-son combinations," he said.

He sees generational differences in what those sons expect in compensation, compared with their fathers. "We're always evolving. Newer kids, they like flexibility. Instead of saying 'you get five sick days,' they want a bucket of time off they can use for anything."

In fact, among millennials, time off often trumps pay. "We've had employees forego raises for an extra week of vacation," Limoncelli said.

But in Texas, oil companies dangle astronomical salaries for those willing to work in oil fields, and that can cause disruption in his workforce, Keller said. "I can't compete with those salaries. I may lose 10% of the workforce, but we usually gain some of them back."

NON-STOP NETWORKING

Companies that stay ahead of the hiring curve tend to be those who never stop recruiting, even when their ranks appear full.

"We constantly have a for-hire sign out in front of the business and on our trucks," Keller said.

Turning trucks into rolling advertisements has also paid off, he said. "I've had automotive mechanics call us because they saw the sign on our truck when they repaired it."

For Passmore, personal networking is key. "There are probably very few of my friends who would not know that I'm always looking for talent," Passmore said.

"I've recruited a dozen people or more that way. I encourage all my teammates to do the same. If you get tremendous service at Best Buy or at a restaurant, or at Home Depot, give them your business card.

"Tell them we want to talk to them." ●



WHAT MAKES – OR BREAKS – AN INTERNSHIP?

For distributors looking to successfully recruit from a college or university, go beyond listing your job at the career center, said Kathyne Newton, the associate dean for Graduate Programs and Faculty Success and a professor of Supply Chain Management Technology at Purdue University. Newton also manages the professional development program for distributors – the University of Innovative Distribution – in partnership with the Association Education Alliance.

It's deeper relationships within schools that will yield results. "It's best if you can get to know some faculty, or speak at a student association, or be a guest speaker in a class," she said. "That works so well for us because then distribution comes alive for the students."

One of the most effective ways to develop a pipeline of talent is to work with the schools to develop internship programs. At Purdue, internships are required for Supply Chain Management Technology students. "It's one of the prime ways for you, as a company, to get a good look at a student. And if a student works for you, and likes it and the people, they're more likely to take a job than someone they just interviewed with," Newton said.

What Students Want in an Internship

- Access to the right resources and people to do the job
- A working plan for their role
- Specific responsibilities
- Opportunity to see the impact of their work
- To not be underutilized. These students are well-trained and eager to help.
- A job description to provide clarity on what they were hired for
- A culture that supports and doesn't look down on or undervalue the intern
- A culture that doesn't encourage bashing of the company to the intern
- A culture that cares about their personal lives
- A clear career path if you want the intern to stick around

What's more, she said, internships or even part-time jobs can help reduce long-term turnover because the students are getting a realistic preview.

Jia Wang, professor of human resource development at Texas A&M University and author of *Optimizing Human Capital Development: A Distributor's Guide to Building Sustainable Competitive Advantage Through Talent Strategy* published by the National Association of Wholesaler-Distributors, agreed. "It's a really good way to see if this person is going to be a fit for our company," she said.

But how can you ensure the investment of time and money is worth it? "Have high expectations for students, and be prepared with something for the students to do," Newton said. After all, while the students don't have direct experience, they are well-educated in their field and eager to apply that knowledge.

The May 2019 graduating seniors in Purdue's Supply Chain Management Technology program agreed. As part of the research for this whitepaper, we spoke with the class and asked them what makes – or breaks – an internship based on their firsthand experiences. (Replies were kept anonymous to encourage openness.) Their internships ranged from a large high-tech electronics manufacturer to a smaller regional family-run distributor.

"Internships are a prime way for you, as a company, to get a good look at a student. And if they like it, they are more likely to take a job."

The internships that got the most positive comments were those that had specific projects for the student. The happiest students were given clear guidance around their jobs, rather than assigned to a department and left to figure things out. One student got to create a lean plan for each of the environments he was working in with the goal of reducing inventory on hand and turns, while still having what was required to meet customer demands. He could see his impact almost immediately.

Another student who is interested in global sourcing and imports joined the company's team on trips to Asia during the summer to experience the job firsthand. She also spent time on both coasts in the U.S. There was the exception rather than the rule for the class. Just five of the 13 students we spoke to said

9 out of 13

students in the Purdue class were offered a full-time job after their summers. Just 5 took it. One student said he was considering leaving the field altogether because of his negative experience.

they felt like they had the right training and support from the start. Those that didn't have a good experience said that they just didn't have enough to do. They were more likely to describe their internship as "tedious."

"One intern I know worked with the HR department to identify areas for improvement in how employee data was managed beyond Excel," Wang said. "They were motivated, as they were helping to streamline the daily management system. It was a win-win." Tap into that knowledge to identify other areas that could be streamlined, such as communication or your online presence. "Give them meaningful jobs. And have them present their project to senior management at the end of the summer. That's always a motivating factor," Wang said.

Smaller companies tended to have less structure around their internships, and generally got less favorable reviews from the Purdue seniors as a result. But that shouldn't discourage smaller distributors from implementing either internships or even part-time jobs for college students; just be sure that the roles are meaningful. And recognize, Newton said, that just as

What Matters Most in a Job to Students (Ranked)

1. The role in the organization and impact they'll have
2. Location of the job
3. The pay

with employees, some students are better suited for a small company, and some for a large.

The success of internships matters to the long-term health of the industry. One student said he was considering leaving the field altogether because of his negative internship experience. Nine out of the 13 were offered a job after their internships, and just five took the jobs. ●



INTERNSHIP DEVELOPMENT WORKSHEET

An internship provides an opportunity for the individual to determine whether their career, academic and personal interests align. At the same time, an internship delivers the company real and intrinsic value. Interns can provide the company with access to a younger generation of individuals representing a wide range of demographics who bring a diverse set of life and cultural experiences to the table.

An internship can be a game-changer for the traditional student, career-changer or individual re-entering the workplace after an extended absence, and, in some cases, can lay the groundwork for the individual to become a vetted and value-proven full-time employee.

How to use this worksheet: Creating an internship program requires a clear definition of the program's purpose and objectives. Use this worksheet to work through that process.

Purpose - With this program, we hope to achieve the following:

- 1.
- 2.
- 3.

Internship Structure

Program Length	# Weeks:	Hours per Week:	
Time of Year	Summer (date range):	Fall (date range):	Spring (date range):
Paid or Unpaid Position			
One-Time Position	(Or multiple-year experience)		
Application Process	Form/Essay:	References:	Open/Close Dates:
Application Review Process	Timeline:	Section Group:	
Interview/Selection Process	Call/In-person:	Section Method:	

Intern Characteristics

Looks Like	Traditional College Age	Career-Changer	Returning to the Workforce
Meets the Criteria			

The Program

Host Sites	Main Office	Branches	
Daily Oversight	Main Office	Branches	
Internship Schedule	(9:00-4:30; Wk 1; Wk 2, etc)		
Orientation	(When, where, how long; what will it entail)		
Group Training			
Individualized Experience			
Scheduled Check-ins	Regularly Scheduled	Mid-Term	Exit Interview
Proposed Supervisor			
Eligible for FT Employment?			

Purpose

Wholesale/Distribution	1. Accounting/Finance
	2. Branding/Marketing
	3. Purchasing/Logistics (Global Supply Chain)
	4. Web Design/IT
	5. Sales/Analytics
	6. Talent Management/HR
	7. Hands-On (in the Shop or in the Field)

Opportunities for Interaction - What will be offered as part of the Internship program?

Support	Opportunity to directly support the company's work; ability to ask questions; apply core concepts
Engagement	Direct engagement with individual clients (calls, correspondence, initial intake)
Skills	Hands-on with technology; providing data analysis; developing shadow plans
Mentorship	Meet with company leadership; assigned a coach

INTERNSHIP TIP SHEET

An internship can be a game-changer for the traditional student, career-changer or individual re-entering the workplace after an extended absence, and, in some cases, can lay the groundwork for the individual to become a vetted and value proven full-time employee. Whether the experience leads to a job offer, for those who wish to pursue this line of work as a career, a properly structured internship can provide a jump-start on a valuable field experience. Here are a few tips to consider when designing your internship program.

Program Design

- Define the program purpose and objectives
- Determine a compensation plan
- Develop the structure:
 - daily responsibilities
 - long and short-term projects
 - supervisor assignments
- Expose your interns to the company:
 - values and culture
 - internal business model
 - customer care philosophy
- Provide opportunities to learn and contribute through:
 - training on and practical use of your digital platforms
 - indirectly support the mentor; sit-in on and observe client meetings
 - job-shadow managers, leadership
- Assign a mentor and/or develop a mechanism to provide the intern periodic feedback
- Plan an off-boarding session:
 - gather feedback from supervisors and share with the intern
 - create a short questionnaire to collect the intern's feedback
 - discuss potential for additional opportunities

Adding Value

- Provide opportunities in the communities you serve
- Offer a pathway to full-time employment

Recruiting

- Paid internships tend to attract the highest quality candidates
- Tell the story for your company and the position in the job posting:
 - who you are; what makes your company unique
 - why the internship experience will be positive; what to expect
 - how the intern will add value to your company program
- Establish a system to evaluate and select candidates

