

ASK THE EXPERT

By Kimberly L. Williams, Consultant, McCallum Sweeney Consulting

Straight From the Horse's Mouth

This month, the Expert explains why existing industry interviews are a necessary component of labor market analysis.

Q: What labor market factors should be used to help an organization decide where to open a new manufacturing and assembly facility within the United States?



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The Expert Says: We recommend a three-tier approach to labor market analysis, which includes national secondary source data, local secondary source data, and primary research. (An overview of this approach is available in an Ask the Expert column in the [September 2007 issue](#).) This article will focus on the primary research component of labor market analysis.

Undertaking primary research of a labor market means conducting confidential, on-the-ground interviews with plant managers and/or human resource managers from companies already in the community/region under consideration for a new facility. Employment statistics and trends at the facility are explored in detail during the interview. These existing industry interviews provide the most current and comprehensive data for analyzing the labor market.

The geography of the workforce (where workers live) is one important factor to explore during the existing industry interview, as the distance and time that workers are willing to commute varies significantly in different regions of the country. Through discussions with existing employers in each community under consideration, the labor shed for the location can be better defined.

Absenteeism and turnover rates are important to discuss as well. The data gathered during these talks is valuable in determining differences in communities, as well as shaping the human resources preparations and practices at the selected location. For a facility that plans to operate multiple shifts, the work schedule at existing facilities is also a key discussion point.

One of the most critical subjects to delve into during the interview is the labor quality in the area. There are no secondary sources that report the type of labor quality data that can be ascertained through confidential discussions with existing employers. Key points to explore include attitude towards work, ability to meet quality standards, productivity, and communication issues.

The existing industry interview is a great time to find out about the workers compensation climate and labor-management relations climate of the location. Although wage and benefit data is reported by secondary sources, the interview also presents an opportunity to explore this subject in more detail, such as progression time frame within positions and frequency and criteria for wage increases.

Another crucial discussion point is recruitment, since successful methods for recruiting workforce vary by community and state. Existing employers are a great source of information on recruitment details such as the average time to fill open positions.

Workforce training is a critical component of the start-up and continued operation of a facility. Existing industry interviews are a good source for information on the training resources available in a community.

Although existing industry interviews are focused on the labor market, these meetings are also a great opportunity to inquire about other factors, such as utility service and reliability, transportation, and community services and characteristics, that are important to a successful manufacturing operation.