



# WOOD MANUFACTURING: Skills Development Assessment



**Four County**  
Labour Market Planning Board  
*Serving Bruce Grey Huron Perth*



**BLUEWATER**  
WOOD ALLIANCE

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## Acknowledgements

Four County Labour Market Planning Board (Four County LMPB) is a community-directed, not-for-profit corporation assisting Bruce, Grey, Huron and Perth counties in its approach to workforce development and labour market planning. Our mission is to plan and promote local labour market strategies to meet the challenges of a changing economy.

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Staff of the Four County LMPB



Blair Tullis, Sepp Gmeiner, Mike Baker, Manager, Bluewater Wood Alliance (BWA)

Members of the Bluewater Wood Alliance

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Paul Knafelc, Community Benchmarks



111 Jackson St., S., Suite 1, Box 1078, Walkerton, ON N0G 2V0  
Toll-free: 888-774-1468  Phone: 519-881-2725  Fax: 519-881-3661  
Email: [info@planningboard.ca](mailto:info@planningboard.ca) [www.planningboard.ca](http://www.planningboard.ca)



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## Executive Summary

As of June 2012, the Four County Area, which is comprised of Bruce County, Grey County, Huron County and Perth County, had 84 different Wood Manufacturers. The majority of these businesses, 80.9 percent, have fewer than 20 employees. Four County's 84 Wood Manufacturers account for 16.2 percent of all manufacturing businesses in this area in 2012.

Interviews with 29 separate Wood Manufacturers revealed that there are clear skill deficiencies that challenge many of the Four County manufacturers in this sector. The most pronounced skill deficit is a soft skill: specifically, work ethic.

While pleased with their core (long-time) staff, Wood Manufacturer interviewees reported a significant vulnerability due to their reliance on these employees. Many report having older workers (several had workers 65 years old) and a notable number of respondents also mentioned that if workers with specific skill sets were to leave, the operation would be in immediate jeopardy. Several other interviewees stated that they were "winding things down" or decided not to expand the business because they can't find new, appropriately skilled workers.

The ability to bring in new, capable employees or renew their workforce is posing the greatest threat to individual companies and the sector as a whole.

When asked what type of workforce training and development would benefit their firm the most, interview respondents identified essential skills training as the most needed. The need to strengthen reading, writing, mathematical and computer skills was mentioned numerous times by interviewees.

Machine operators/maintenance personal and experienced spray finishers were two specific expert skills acknowledged as very difficult to find.

Several recruitment and training recommendations stem from the findings, including the need:

- To Respond to Intense Competition for Skilled Labour
- For Collaboration Among Firms
- For Active Recruitment
- For Workforce Training and Development

## Introduction

In a feasibility study conducted by the Bluewater Wood Alliance, the need for training and skills development was identified as an area that required immediate attention if Wood Manufacturers are to prosper into the future. As such, the objective of this research was to conduct a labour skills assessment of the Four County Wood Manufacturers and recommend practical and feasible approaches to address identified challenges.

The data for this research was collected through interviews with Wood Manufacturers within Bruce County, Grey County, Huron County and Perth County, which are referred to as the 'Four County Area'.

The report is organized as follows: Background Contextual Data, Interview Responses, Key Findings and Recommendations.

## Background Contextual Data

### Number of Businesses

As of June 2012, the Four County Area had 84 different Wood Manufacturers. The majority of these businesses (42.9 percent) have between 1 to 4 employees, and 80.9 percent have fewer than 20 employees (Table 1).

Four County's 84 Wood Manufacturers account for 16.2 percent of all manufacturing businesses in this geography in 2012. Businesses with 1 to 4 employees account for 21.3 percent of all manufacturing businesses within the Four County area (Table 2).

Between 2009 and 2012, the number of Wood Manufacturers remained the same at 84, although there was some shifting amongst the employee size ranges. For example, in 2009 there were 31 businesses with 1 to 4 employees but in 2012 there were 36. Over the same time period, the 5 to 9 employee size range lost 3 businesses and the 10 to 19, and 20 to 49, employee size ranges declined by 1 business each (Table 3).

**TABLE 1 | Wood Product Manufacturers\***  
Four County Area – Bruce, Grey, Huron and Perth 2012

Number of Businesses	Number of Businesses	Distribution %
With 1 to 4 employees	36	42.9
With 5 to 9 employees	20	23.8
With 10 to 19 employees	12	14.2
With 20 to 49 employees	10	11.9
With 50 to 99 employees	3	3.6
With 100 to 199 employees	1	1.2
With 200 to 499 employees	2	2.4
<b>Total with employees</b>	<b>84</b>	<b>100.0</b>

Source: Statistics Canada, Canadian Business Patterns and Manufacturing Principal Statistics. \* Includes NAICS 321 and NAICS 337110, 337123 and 337213.

**TABLE 2 | Wood Product Manufacturers\* As A Percentage of Manufacturing Sector**  
Four County Area – Bruce, Grey, Huron and Perth 2012

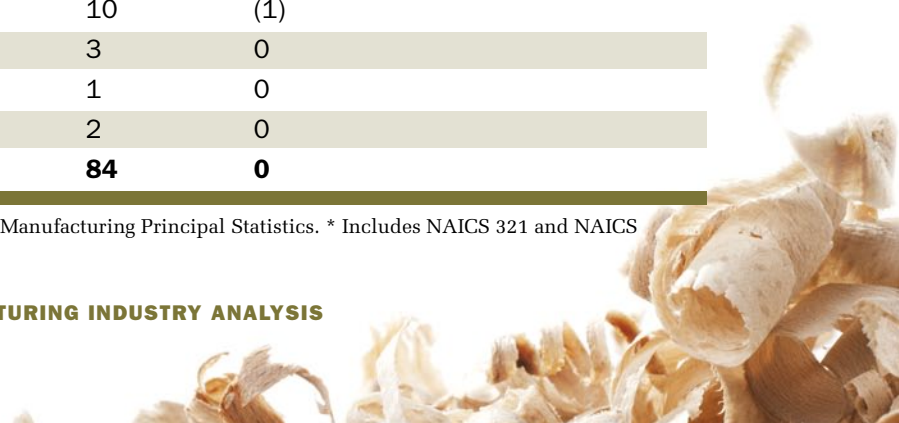
Number of Businesses	Wood Manufacturing	Total Manufacturing Sector	Wood as a % of Total Sector
With 1 to 4 employees	36	169	21.3
With 5 to 9 employees	20	112	17.9
With 10 to 19 employees	12	78	15.4
With 20 to 49 employees	10	74	13.5
With 50 to 99 employees	3	39	15.8
With 100 to 199 employees	1	21	4.8
With 200 to 499 employees	2	25	8.0
<b>Total with employees</b>	<b>84</b>	<b>518</b>	<b>16.2</b>

Source: Statistics Canada, Canadian Business Patterns and Manufacturing Principal Statistics. \* Includes NAICS 321 and NAICS 337110, 337123 and 337213.

**TABLE 3 | Change in the Number of Businesses Wood Product Manufacturers\***  
Four County Area – Bruce, Grey, Huron and Perth

Number of Businesses	2009	2012	Absolute Change 2009 - 2012
With 1 to 4 employees	31	36	5
With 5 to 9 employees	23	20	(3)
With 10 to 19 employees	13	12	(1)
With 20 to 49 employees	11	10	(1)
With 50 to 99 employees	3	3	0
With 100 to 199 employees	1	1	0
With 200 to 499 employees	2	2	0
<b>Total with employees</b>	<b>84</b>	<b>84</b>	<b>0</b>

Source: Statistics Canada, Canadian Business Patterns and Manufacturing Principal Statistics. \* Includes NAICS 321 and NAICS 337110, 337123 and 337213.



### Economic Characteristics

Statistical insight into the economic characteristics of Four County’s Wood Manufacturers is quite limited, nonetheless worth examining. With respect to Wood Product Manufacturing NAICS 321 only (Wood Furniture Industries 337110, 337123 and 337213 are excluded), there were 43 businesses in the Four County Area in 2012, down from 48 in 2009.

In 2009 (the most recent year for which data is available), Bruce, Grey and Perth combined employed 339 production workers and 86 non-production workers (data for Huron was suppressed). Production worker wages exceeded \$12.5 million in 2009, while non-production wages surpassed \$4.6 million. The revenue generated by these firms surpassed \$75.5 million; cost spent on materials and supplies were just under \$46 million. Lastly, the value added in the production process was more than \$25.8 million.

Even from this narrow slice of data, one can infer the scale and economic importance of Four County’s Wood Manufacturers. Details are presented in Table 4.

**TABLE 4 | Wood Product Manufacturing (NAICS 321)  
Four County Area – Bruce, Grey, Huron and Perth**

	2009	2012
Number of Businesses	48	43
Number of Production workers	339*	NA
Number non-production workers	86*	NA
Production workers wages	\$12,523,000*	NA
Non-production worker salaries	\$4,678,000*	NA
Revenue	\$75,515,000*	NA
Cost of materials and supplies	\$45,934,000*	NA
Manufacturing Value Added	\$25,883,000*	NA

Source: Statistics Canada, Canadian Business Patterns and Manufacturing Principal Statistics. \* Excludes data for Huron County due to suppression. NA Data not available.



# Interview Responses

The objective of the interviews was to garner feedback and perspective to inform the Four County Wood Manufacturers’ labour skills assessment. Attempts were made to contact 85 interviewees with 29 comprehensive interviews being completed.

Interview attempts: 85

- Contacted but did not manufacture (retail): 10
- Contacted but refused to answer: 8
- Left messages but could not reach: 38
- Completed Interview: 29

A summation of the responses to the questions pertaining specifically to employee skill follows below.

**TABLE 5 | Number of Wood Manufacturers Interviewed By Employee Size Range Four County Area – Bruce, Grey, Huron and Perth**

Employee Size Range	Number of Companies Interviewed
1 to 4 employees	11
5 to 9 employees	10
10 to 19 employees	2
20 to 49 employees	2
50 plus employees	4
<b>Total</b>	<b>29</b>



## How easy or difficult is it to find the workers required to meet current business needs?

a) What types of skills are in shortest supply or most difficult to find?

b) Which skills are essential to your operation?

When asked how easy or difficult is it to find workers, eight interviewees stated it was not hard to find workers; six reported that they were not looking or have not hired in a while; and 15 stated that it was difficult to find the workers they require for their operation.

Four of the eight interviewees who stated it was not hard to find workers cited employees' passion for work, essential skills (i.e. reading, writing and mathematics) and work ethic as the types of skills that are in shortest supply and necessary to their operation.

Four of the six companies that have not hired within the last two years believe it would be difficult to find people if they were hiring. The types of skills they cited as most difficult to find or necessary to their operation include attention to detail, essential skills and work ethic.

The 15 interviewees who feel it is difficult to find the workers required to run their operation offered an array of responses when asked for specific examples of skills in short supply and essential to their operation. The most common responses pertained to work ethic. Numerous employers elaborated, citing common sense, hard work, attention to detail and ability to work independently.

The second most common response among these 15 interviewees was the need for essential skills, including employees who have reading, writing and mathematical skills suitable for the workplace. An extension of these skills includes a basic level of computer competency. In terms of concrete or expert skill sets, experienced finish sprayers was identified as very difficult find to find by eight interviewees. Experienced machine operators and machine maintenance technicians were also mentioned several times as being a challenge to find.

Other expert skills identified as difficult to source include:

- Accounting technicians
- Chain saw operators
- Cabinet makers
- CNC operators
- Engineers
- Installers-stairs and railing
- IT personnel
- Power boiler operators
- Retail staff
- Skidder operators



**Have you integrated new technologies or processes into your workplace recently (past two years)?**

- a) Did your existing employees' skills meet the new requirements posed by this technology?**
- b) Where were skills deficient?**
- c) How were these skill deficiency issues resolved?**
- d) Are you planning on introducing new technologies or processes in the future that may cause labour skill challenges?**

When company representatives were asked if they had integrated new technologies or processes into the workplace, 20 respondents said they had not. A few of these companies said they were considering new computer systems and/or equipment in the future and expected to provide in-house training at that time.

Nine interview respondents report the use of new technologies or processes in the past two years. In every case, employees required some in-house training, and in one instance, a new employee was also brought on board. Regardless of the new technology/equipment, all training was computer-oriented (for example, Enterprise Resource Management software training).

## What type of workforce training and development would benefit your firm the most?

The majority of company representatives interviewed provided insight into the type of workforce training and development that would benefit their operation. While companies made general suggestions – such as the need to increase overall skills – recommendations were also made regarding specific training issues. Several interviewees mentioned multiple training needs while others cited just one.

The most pressing skills required are ‘Essential skills.’ Reading, writing and math abilities were mentioned time and again as skills requiring improvement. Examples such as the ability to read order sheets or manuals and the ability to estimate dimensions were put forth. The following table summarizes the types of training most desired by local Wood Manufacturers.

<b>Types of Training</b>	<b>Number of Mentions</b>
Essential skills (math skills mentioned the most)	10
Machine set-up, maintenance	9
Finishing courses	7
Health and Safety	3
Leadership skills	3
Blueprint reading	2
Lean manufacturing	2
Computer skills	2
Lumber grader	2
Cabinetmaking	1
CNC	1
Entry level engineering	1
Fork lift operator	1



## **Are staff turnover rates a challenge for your company?**

**a) What are the reasons for staff turnover?**

**b) What workers/skills are most affected?**

Of the 29 companies interviewed, only one reported staff turnover being a challenge. In this instance, employees being hired away by Bruce Power Plant was cited for the turnover. All other interviewees stated that staff turnover did not pose any significant challenges for their company. Many companies reported having long-serving employees who are skilled, dedicated and loyal. That said, a few interviewees noted that the operation of their company would be at risk if employees with particular skill sets decided to leave (engineers and IT staff were cited most often in this context). Several individuals also expressed concern about the future of their company as their workforce was aging so they anticipate employee turnover to become a problem as these staff members retire. Respondents from these companies believe it will be difficult to replace these workers. A few interviewees also advised that the “lack of succession plans” put their company at risk.

## **How are workforce training/skills deficiencies addressed?**

All respondents engaging in workforce training reported doing so through in-house training. For example, suppliers provide in-house training following the installation of new machinery or first aid training is given in-house through St. John’s Ambulance. In most instances, owners/employees teach other employees. The importance of cross-training employees on multiple jobs was mentioned several times as it provides flexibility if someone is sick and also helps employees expand their skill sets.

Respondents suggested that they have not investigated other training methods, such as on-line courses or college courses delivered within the local community. A few interviewees suggested that perhaps they need to be more aware of other training options available.

## **How could worker training and development be enhanced?**

The most frequent suggestion regarding how worker training could be enhanced was the idea of more collaboration among firms. Given the fact that the majority of Wood Manufacturers in the Four County have fewer than 20 employees, the idea of sharing training resources was popular. The delivery of first aid and WHMIS training (which are common to all companies) was mentioned a number of times. Collaborative training may also be well suited for the types of workforce training and development identified in question 6.

**Given that the responses to this interview are being used to develop a skills development plan for the Wood Manufacturing Industry, is there anything else that I should know?**

1. Heading to Conestoga in March for a job fair to attract workers (experienced sprayers and machine operators).
2. Upgrading skills has become critical.
3. This is a trade women should consider entering; women excel at attention to detail.
4. Would like to see HR departments within larger firms help smaller firms when it's time to hire.
5. Member of Bluewater Wood Alliance. They are fabulous – can't believe the support they provide.
6. We have been very self-reliant. Perhaps in the future I will need to use outside training to develop more skills.
7. 65 resumes sitting on my desk; just trying to find time to do interviews.
8. Many workers staying past normal retirement age for financial reasons.
9. Highlight the resources available through the Wood Manufacturing Council
10. Very frustrated with government certifications changing. No one has the same answer (e.g. forklift and chainsaw certification (courses being recognized)).



## Key Findings

The interviews revealed that there are clear skill deficiencies that challenge many of the Four County Wood Manufacturers. The most pronounced deficit is a soft skill: specifically, work ethic.

Given that work ethic was cited as the most difficult skill to find and the most sought after for Wood Manufacturers to operate successfully, it is interesting to note that when interviewees were asked what types of workforce training and development would benefit their firm the most, not one mentioned initiatives aimed at enhancing work ethic. It may be that interviewees feel this is beyond their purview, even though critical to their operations.

Comments regarding work ethic were generally made about younger employees, both general labourers and those with specific skill sets

Conversely, interviewees reported being generally satisfied with long-time employees and their commitment and skill levels in particular. In fact, when asked if staff turnover was a challenge for their company, 28 of the 29 interviewees said no. Staff turnover which has occurred did not pose a challenge for these companies as the employees lost were described as no longer needed or ineffective.

While pleased with their core (long-time) staff, interviewees reported a significant vulnerability due to their reliance on these employees. Many report having older workers (several had workers 65 years old) and a notable number of respondents also mentioned that if workers with specific skill sets were to leave, the operation would be in immediate jeopardy. Several other interviewees said they were winding things down or decided not to expand the business because they can't find new, appropriately skilled workers. Clearly, the ability to bring in new employees or renew their workforce is posing the greatest challenge.

This situation may explain why interviewees expressed desire to find employees with leadership skills and employees who understand the multi-facets of the entire manufacturing process.

When asked what type of workforce training and development would benefit their firm the most, respondents identified essential skills training as the most needed. The need to strengthen reading, writing, mathematical and computer skills was mentioned numerous times by interviewees.

Machine operators/maintenance personal and experienced spray finishers were two specific expert skills identified as very difficult to find.

While employee training is provided in-house, a few interviewees suggested that they need to be aware of what other training opportunities exist [beyond local area]. A few also questioned how much training someone can get locally through College course expansion. The need for computer training was also identified as a growing requirement. Lastly, the idea of training collaboration among firms was widely agreed as an idea worth potential and something to be investigated.

Conversations with interviewees revealed a notable local orientation with respect to hiring. Most interviewees made reference to the local labour pool and their dependence on it. A few interviewees reported that it was hard to attract employees from a distance. Another said that, “the wood program at Conestoga is too far for us to recruit from.”

## Recommendations

### Respond to Intense Competition for Skilled Labour

The Wood Manufacturers of Four County combined represent 5.8 percent of Ontario’s Wood Manufacturers (see Table 6). As such, they must realize that intense competition for skilled labour exists across the province. It is likely that the province’s other Wood Manufacturers face similar labour circumstances as those in the Four County area (i.e. operating with long time, aging workforce members), meaning that the demand for new, competent employees will intensify province-wide. Attracting the workforce with the necessary skills to maintain and create industry vibrancy will become more challenging.



**TABLE 6 | Wood Product Manufacturers\***  
**Four County Area and Ontario 2012**

<b>Number of Businesses</b>	<b>Four County Area</b>	<b>Ontario</b>
With 1 to 4 employees	36	528
With 5 to 9 employees	20	324
With 10 to 19 employees	12	251
With 20 to 49 employees	10	198
With 50 to 99 employees	3	84
With 100 to 199 employees	1	39
With 200 to 499 employees	2	18
<b>Total with employees</b>	<b>84</b>	<b>1,442</b>

Source: Statistics Canada, Canadian Business Patterns. \* Includes NAICS 321 and NAICS 337110, 337123 and 337213.

### **Collaboration Among Firms**

While the Wood Manufacturers of Four County compete with each other for skilled employees, the real competition for skilled labour comes from outside the local area. An effort to attract and train skilled employees may be most successful through a collaborative approach.

Although individual companies can try and recruit employees on their own, by working collaboratively the weight of the Sector and its diverse opportunities can be promoted. The opportunity to move between firms may appeal to someone looking to relocate. The use of the [www.livegreybruce.ca](http://www.livegreybruce.ca) web portal is one effective tool created for the area and for this very purpose. Registration on this website could enhance manufacturers reach to potential employees.



## Active Recruitment

Employee skill shortages cannot be addressed solely through training and development. Given the fact that the most pronounced employee skill deficit was work ethic – a skill set that training cannot easily address – a focus on recruiting the employee who has a passion for the work may help alleviate this deficit.

As such, companies must look beyond the local labour pool for employees. It should be noted that it is common practice for people to move for employment suited to their skills and interest. Table 7 shows the number of people (of working age) who have moved to each of Bruce, Grey, Huron and Perth between 2006 and 2011. It is reasonable to assume the majority of these people moved for employment opportunities, particularly within the 25 to 44 age cohort.

**TABLE 7 | In-Migration**  
Number of People Who have Moved by Age Cohort - 2006 to 2011

	Moved to Bruce	Moved to Grey	Moved to Huron	Moved to Perth
18 to 25 years	1,517	2,605	1,202	1,884
25 to 44 years	4,330	6,292	3,050	4,746
45 to 64 years	3,411	5,022	2,627	2,221

Source: Statistics Canada, Taxfiler

In order to recruit appropriately skilled employees, Wood Manufacturers need to describe opportunities in their industry as a career – not just a job. Engaging youth in the area through high school programs can encourage growth in the local labour pool. The goal is to attract employees who are passionate about working with Wood, as compared to hiring employees whose first priority is a pay cheque. This approach applies to general labourers and workers with specific expert skill sets.





## Workforce Training and Development

The Wood Manufacturers of the Four County Area must also continue to address employee skill shortages through workforce training and development.

Workforce training and development may also be enhanced through collaboration. While individual businesses have their own skill challenges, many of these challenges are common across the Wood Manufacturing sector, like the need for essential skills training. Collaboration will also help smaller firms by making training more accessible and feasible.

### Workforce Training and Development Plan Focusing on:

Workforce Training	Offered By	Proposed Partners	Delivery Method	Timeframe
Essential Skills	Adult Learning Centres	BWA, QUILL Learning Network, Adult Learning Centres, Manufacturers	Local with location TBD	Ongoing as needed by Manufacturers
Spray Finishers	Colleges (Conestoga College)	BWA, Conestoga College, Workforce Planning Board	Local with location TBD	Scheduled training as developed by BWA & Conestoga College
Machinery Operators /Maintenance		BWA	Local	TBD
High School Program	BWA	BWA, Planning Board, OYAP (School Board)	TBD	2/year



## Appendix 1: Interview Instrument

**Wood Manufacturer Interview Objectives:** A skilled workforce is critical to a productive and profitable business. The objective of the interview is to garner information that can be used to develop a skills development plan for the Wood Manufacturing Industry.

### Interview questions:

- 1) How many employees are in your company?
  
- 2) What percentage of your workforce is:
  - a) Production workers (i.e. on the shop floor)?
  - b) Non-production workers (sales, admin. etc.)?
  - c) Operations professionals (supervisors, managers, engineering, purchasing)
  
- 3) What type of employment do you provide?
  - a) Full-time employment
  - b) Part-time employment
  - c) Contract work
  
- 4) How easy or difficult is it to find the workers required to meet current business needs?
  - a) What types of skills are in shortest supply or most difficult to find?
  - b) Which skills are essential to your operation?
  
- 5) Have you integrated new technologies or processes into your workplace recently (past two years)?
  - a) Did your existing employees' skills meet the new requirements posed by this technology?
  - b) Where were skills deficient?
  - c) How were these skill deficiency issues resolved?
  - d) Are you planning on introducing new technologies or processes in the future that may cause labour skill challenges?

- 6) What type of workforce training and development would benefit your firm the most?
- a) Finishing
  - b) Wood grading
  - c) CNC programming
  - d) Blueprint reading
  - e) Essential skills
  - f) Safety (WHMIS)
  - g) Machine set-up and operation
  - h) Principles of machining and tooling
  - i) Lean manufacturing
- 7) Are staff turnover rates a challenge for your company?
- a) What are the reasons for staff turnover?
  - b) What workers/skills are most affected?
- 8) How are workforce training/skills deficiencies addressed?
- For example: In-house training, College programs, Other (be specific)
- 9) How could worker training and development be enhanced?
- For example, collaborative training opportunities with other firms
- 10) Given that the responses to this interview are being used to develop a skills development plan for the Wood Manufacturing Industry, is there anything else that I should know?

