

MAKING IT ON LONG ISLAND

Manufacturers struggle to find skilled workers and places for them to live



By LIBN STAFF

In the midst of record-high employment numbers, Long Island manufacturers are struggling to find qualified workers.

And while business is good, the lack of vocational training offered by area schools and dearth of workforce housing here has been a big obstacle in hiring and retaining skilled employees.

Those were the takeaways from a wide-ranging discussion with manufacturing industry leaders during a participant-sponsored roundtable event held at the offices of Long Island Business News.

The panel discussion, moderated by LIBN Editor and Associate Publisher Joe Dowd, included Harry Coghlan, CEO of the Nassau County Industrial Development Agency; Timothy Williams, a Nassau IDA board member; George Assimilalo, vice president and COO of Precipart; Derek Peterson, principal of Soter Corporation; John Camello, president and managing partner of Nexxis; John DeLalio, managing director of Cloud Accounting Services Group for EisnerAmper; and attorney Nicholas Terzulli of Farrell Fritz.

"Our biggest hurdle has been securing a skilled workforce and skilled workforce development," said Assimilalo, whose Farmingdale-based company Precipart, designs and manufactures high-precision, custom gears and mechanical components for the medical, aerospace and industrial sectors. "We grow about an average of 10 percent or more per year.

Since I've been with the company, we've grown by double digits in each of the last five years. When I started we were 35 people. Now we have about 250 people."

Assimilalo added that it's been a struggle for his firm to find quality inspectors, jobs they've tried to fill for nearly a year.

"Companies that have skilled candidates are looking to hold onto them," Assimilalo said. "We're finding the candidates that were screened weren't meeting the requirements so we turned our focus to trainees and they're typically coming up short. If we had people exceeding the requirements we snatch them up. We need people with a good understanding of metrology, the understanding of the use of inspection equipment."

Williams said it's crucial to work with schools and school districts to make sure they are properly preparing students to transition into the workforce.

"I think the issue is the mindset, people in middle-class families thinking their kid should go to college," Williams said. "I think labor is going to play a big role in the next couple of years with kids deciding to go into the labor market.

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NICHOLAS TERZULLI AND GEORGE ASSIMILALO: Schools need to step up their game in preparing students for today's job market.

But how does a kid who may do well in school but does not want to go to college find a Precipart and find the skill sets you need and where's that training going to come from? Part of it has to be a conversation with the school district and the general public about how do we get these kids ready for something other than a two- or four-year degree."

Coghlan agreed with that assessment, adding that students coming out of high school need viable employment options and a future that doesn't necessarily include college. "We need to figure out student loan debt. A lot of them



'WE CONTINUE TO LOSE MANUFACTURING BECAUSE OF THE COST OF OUR LAND, THE COST OF HOUSING, THE COST OF TAXES.'

TIMOTHY WILLIAMS, JOHN CAMELLO and JOHN DELALIO: Long Island manufacturers face many challenges.

don't want to come out and be behind the eight ball," Coghlan said. "I think there's an opportunity here to engage with millennials and the younger generation to help them start earning immediately and not have the debt they have now."

Williams said there has to be more flexibility when it comes to educational guidance.

"I think the school districts have to allow kids to succeed and achieve, but go down a path they think is best for them," Williams said. "Unfortunately, our kids are inundated at an early age that higher education is their only path. And when it comes time for a kid to make a decision that they don't want to go to college, they feel like they've failed."

Terzulli said schools aren't doing a great job in preparing students for today's employment needs or those in the future.

"They aren't even thinking about preparing for tomorrow," Terzulli said. "They aren't thinking about my kid in the fifth grade now and what job opportunity he might have when he's 18, 19 or 30. Colleges are concerned with the enrollment they'll have in a few years because people have less children and so colleges are looking at budgets. But are they even thinking about what sort of jobs we need to prepare these children for?"

One of the biggest concerns for recruiting and retaining skilled workers, manufacturers say, is the Island's lack of affordable housing.

"Most of my staff is the millennials crew, around 25, all living with mom and dad or they're renting some small apartment in someone's house," said Peterson, whose Hauppauge-based Soter Technologies makes security devices and software for use in schools and other institutions. "And they make a good salary. I just hired a student out of Stony Brook and he started off at \$85,000."

Peterson said that he has two daughters living at home and a son that rents a house, but only because Peterson helps pay for it.

"They can only do it because dad helped them out, Peterson said. "The only way they can possibly stay on Long Island is if daddy helps them again. So I'm looking to buy rental properties so they can do that and stay here. Otherwise I don't see how kids can stay on Long Island."

The high cost of living here, Williams said, is a huge challenge for manufacturers and other businesses to succeed.

"We continue to lose manufacturing because of the cost of our land, the cost of housing, the cost of taxes," Williams said. "Those are all elements that we as a global community to address the need to recognize. There's going to be struggles for companies to stay here, grow and still build economies of scale and be profitable. If we don't manage those

risks, we'll lose those companies to Louisiana or Florida."

Assimilalo said one of his "extremely promising" trainees is already moving on.

"He already put in his resignation for six months from now because his girlfriend graduates college and they want to move off the Island since they can't see living here long term," Assimilalo said.

Overall, Long Island manufacturers say they are expecting new orders, production and hiring, according to data from the 2019 Puroator International Long Island Supply Chain Index released earlier this month.

Nearly 64 percent of survey respondents said they expect new orders to increase in the next six months, up from the 53 percent reported in 2017. Another 30 percent expect new orders to remain the same and 54 percent responded that they expect production levels to increase, with 42 percent expecting production to remain the same.

As for anticipated hiring, 66 percent said they had hired one or more new employees, and 36 percent expect to hire within the next six months. About 4 percent expect to decrease their staffing.

Besides finding and retaining talent, Camello said manufacturers are challenged by costs of services, inefficiency and being able to get people moving as rapidly as possible.

"The areas we try to help people with in manufacturing is speed and efficiency," said Camello, whose company Nexx-is focuses on voice and data solutions. "Many companies in general tend to start pushing their IT services to the cloud."

DeLalio said cloud accounting is the latest advance for companies seeking to streamline and maximize their accounting services.

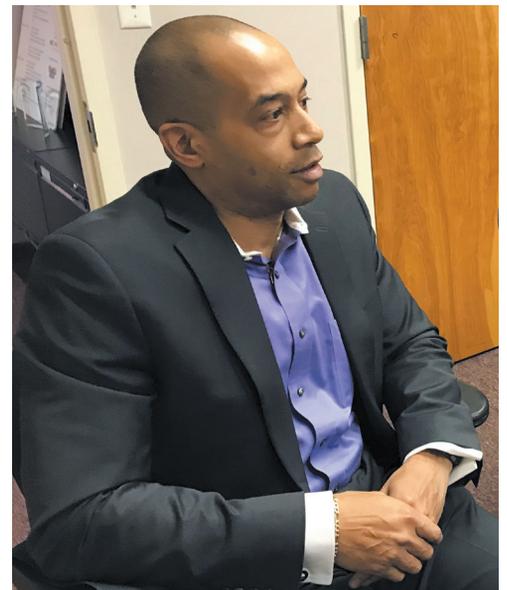
"Company books no longer need to be on a desktop or in a facility," DeLalio said. "It allows us to decrease the cost of accounting and bookkeeping and take that value and focus it on advice and guidance for a company."

DeLalio asserted that business accounting firms on Long Island are very efficient and competing with the rest of the world.

"You can have a successful company on Long Island," he said. "But you have to have clean books and records, have a good relationship with an attorney and you can absolutely grow a business here."

Williams said despite the area's high taxes and expensive real estate, manufacturers can still find Long Island attractive.

"Because we are where we are, we pay skilled labor more than anywhere in the country and yes the taxes and real estate are more," Williams said. "The difference is the access



DEREK PETERSON: 'I don't see how kids can stay on Long Island.'

to opportunity. People stay here and grow here because of the access to skilled labor and the access of distribution to a number of business and communities. Dealertrack could have gone anywhere in the world, Hain Celestial could have gone anywhere in the world, but they opted to stay here because of skilled labor and high quality of life."

Coghlan said IDAs, which can assist manufacturers with expansion plans, need to do a better job in creating awareness.

"We have a toolbox, which may at times feel limited, but we stand ready, willing and able to assist," Coghlan said. "Nick and Tim have always been great spokespeople for the IDA. They've been out there to make sure that people know that we're here and Nassau County is open for business and that the state is open for business."

