

The the latest edition of AW&ST (dated August 24/31, 2009) there is a great article on workforce challenges in the A&D industry, containing enough facts to make one anxious and enough positive spin to make one hopeful.

Upcoming Troubles for the A&D Industry

We have previously [discussed](#) looming troubles for the A&D industry as the Obama administration [juggles](#) budget priorities and the Department of Defense [wrestles](#) with the fact that it has more programs underway than it can possibly fund, even without any Whitehouse-imposed cutbacks. Recent news of layoffs at both [Northrop Grumman](#) and [Lockheed Martin](#) may be warning signs of industry reactions to program terminations, cutbacks, and delays. AW&ST reports that "the layoffs will almost certainly continue into 2010 as backlogs decline and the impact of weak demand intensifies." AW&ST suggests a downsizing of perhaps 10% of the A&D workforce, which is much less than the dramatic 40% cuts seen in the early nineties after the fall of the Berlin wall and the end of the Cold War.

Brights Spots in the Gloom

Despite the foregoing, AW&ST also reports that A&D executives have learned from some of the mistakes of the nineties, and are approaching their workforce cuts more strategically this time around. For example, companies are taking into account the voluntary attrition rate of their "baby boomer" workers when evaluating potential reductions in force. AW&ST noted that roughly six percent of the A&D workforce retired in 2008, which is treble the percentage of retirements in 2007. AW&ST estimates that up to 20% of the entire A&D workforce will be retirement eligible by 2013. Further, use of contract "job-shopper" workers has more than trebled from a year ago, from two percent to seven percent of the workforce. These jobs will obviously be the first to go in any mass layoffs.

AW&ST also reports that the leaner workforces of the new millennium mean there are fewer heads to cut. Comparing 2008 to 1990 (and adjusting for inflation), AW&ST says that sales are down six percent (according to [Aerospace Industries Association](#) data)--but A&D employment has declined by 40% in the same period, meaning that workers today are much more productive than 20 years ago.

In sum, the near-term future for the A&D industry is not rosy. Challenges lay ahead. On the other hand, A&D companies today have their previous experiences to learn from, and they seem better positioned to deal with the upcoming challenges than before. A&D workers, take note.