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**New Workforce Survey, Sponsored by Hitachi Consulting, Suggests
Aerospace & Defense Facing Most Challenging Environment in Decades**
Younger Workers Seemingly Less Loyal, Innovation Stymied as Patent Applications Down

DALLAS – Aug. 24, 2010 – Increased rates of voluntary attrition across the industry, combined with weakening demand for future contracts and signals of reduced innovation, indicate Aerospace and Defense (A&D) companies could be facing the most challenging business environment in decades, according to findings in a new workforce survey by AVIATION WEEK and sponsored by [Hitachi Consulting](#).

“This year's Workforce Study illuminates critical challenges, but the industry has maintained investment in internal research and development, at 10 percent of revenues, which can translate into investment in people. Despite the optimism, the survey predicts job growth of just 2 percent this year and next. Beyond 2011 the numbers become more uncertain,” according to Carole Rickard Hedden, AVIATION WEEK Workforce Survey project leader.

“Leading indicators at this time,” according to Lee Palmer, [Hitachi Consulting Aerospace and Defense Industry](#) National Leader, “show that evolved strategies are needed to smartly manage through what we expect will be a difficult period across the industry. Of paramount importance to the industry is still maintaining and growing the *right* strategic workforce, and although companies did well to retain experienced talent in 2009, we believe increased focus must remain on recruiting and then retaining the next generation of workers with strategic capabilities.”

The reason for concern over younger workers is that survey data, [released by AVIATION WEEK earlier this month](#), shows an increase in voluntary attrition rates of young professionals across the industry, from 15.7 percent in 2008, to 21.85 percent in 2009.

“A&D companies should examine the underlying loyalty issues that are causing this loss of younger workers, who can bring new approaches to problem solving, and try to address them with proven

retention programs,” Palmer said. “If this attrition trend in younger workers continues to rise the next few years, combine that with an economic uptick that could trigger those of retirement age to leave, and the industry could be in a serious situation with gaps on both ends of the employment spectrum.”

As the industry’s engineering and creative talent goes, so goes its ability to innovate. “With a reported 179 patents granted in 2009 – down from 478 in 2008 – we question whether this is the result of the industry’s overall contraction and a function of spending cuts, or if it’s a leading indicator of an industry-wide crisis in the [culture of innovation](#), the lifeblood of the A&D industry,” he said.

Looking forward, there are bright spots across the industry, Palmer said. These workforce challenges are being heavily scrutinized by all aspects of the A&D value chain with many companies deploying programs to attract, retain and build succession plans for retirees. These challenges are deep rooted and cultural, and require directive from the top of an organization, yet more importantly should be executed at all levels to move the meter effectively.

Also, according to the survey, there are ongoing efforts to encourage more Science, Technology, Engineering and Math (STEM)-related activities in the education system’s curriculum. Although this is a longer-term solution, it is a critical step in maintaining, and increasing, the output of qualified technical talent from the United States’ educational system into U.S. corporations.

Hitachi Consulting, the global business and IT consulting company of Hitachi Ltd., and AVIATION WEEK, produced the 2010 Workforce Study in conjunction with the [Aerospace Industries Association](#) (AIA), [American Institute of Aeronautics and Astronautics](#) (AIAA) and [National Defense Industrial Association](#) (NDIA). AVIATION WEEK’s Workforce Study is the official industry report, providing a single source of reliable data that analyzes current A&D workforce issues, trends and opportunities. A thorough overview of the study results appeared in the Aug. 16 issue of [Aviation Week & Space Technology](#).

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