

# technician shortage sizing

Initiative overview

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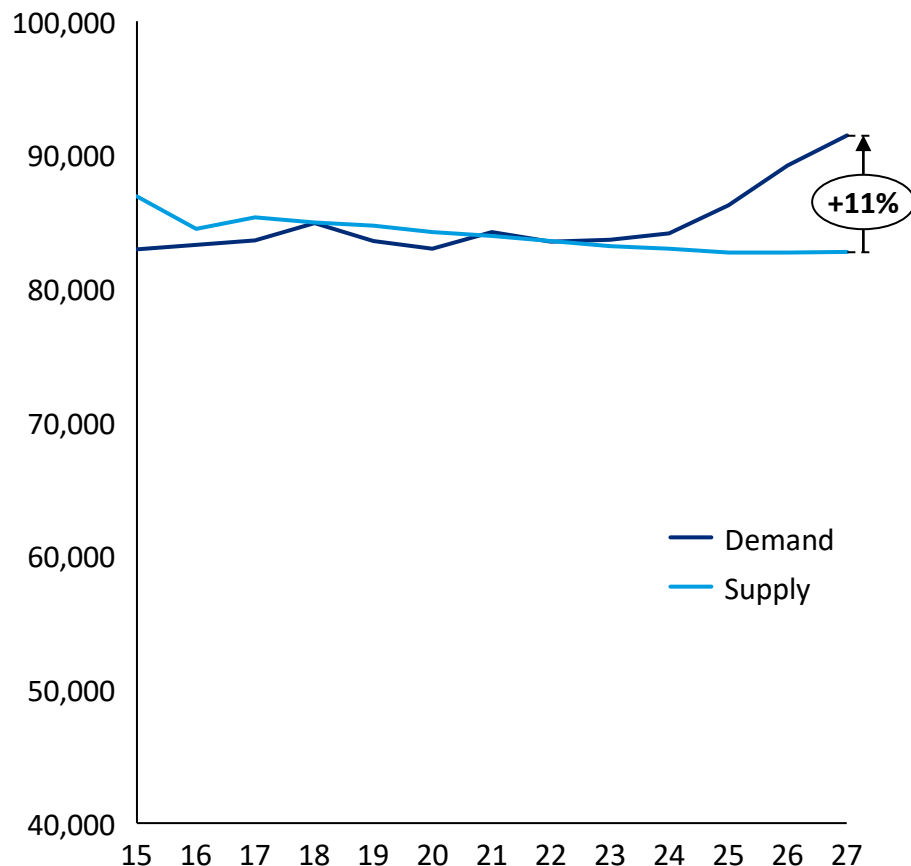
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# BACKGROUND AND OBJECTIVES

- A shortage of qualified technicians is a critical issue for commercial aviation
  - A shortage of technicians was ranked as the number one disruptor in Oliver Wyman’s 2022 MRO survey
  - ARSA members ranked difficulty finding workers as their number one strategic threat in their 2022 annual survey
  - “Technicians” includes all frontline employees directly engaged in maintenance activity (e.g. inspectors, certified mechanics, non-certified mechanics/repairmen, and cleaners)
- In 2017, Oliver Wyman projected a maintenance technician shortage in North America would emerge in the second half of the 2020’s
  - Given significant changes in the workforce over the last two years, this has likely accelerated and may be even worse than previously forecast
  - As a result, OW has partnered with A4A and ARSA to refresh the shortage analysis for a post-COVID environment
- To make an accurate forecast of technician employment, OW plans to collect information directly from companies on the labor market including age profiles of the workforce, attrition rates, and sources of new technicians
  - Any information share with OW will remain confidential and will only be presented in an aggregated way so that no companies’ information can be identified
  - This effort does not require any personally identifiable information to be shared
- Support of this initiative will raise the profile of the technician shortage
  - Similar to work done on the pilot shortage last year, the refreshed technician shortage projection will be published on Oliver Wyman’s website and accompanied by a significant marketing push to draw attention to the issue
    - OWs pilot shortage report received over 45,000 pageviews and was mentioned in multiple industry publications as well as general news sources including CNN and MSNBC

# IN 2017, OLIVER WYMAN PROJECTED THAT DEMAND FOR TECHNICIANS IN NORTH AMERICA WOULD BE 11% LARGER THAN SUPPLY BY 2027

2017 Technician Supply and Demand Forecast  
By number of full time employees, 2015-2027



- The shortage of roughly 8,500 employees by 2027 was primarily due to the current workforce rapidly approaching retirement age
  - Wages and benefits were also identified as an obstacle to hiring new technicians
- In 2020, a wave of early retirements and other exits exacerbated an already tight labor market
  - AMT schools have also seen a significant change in their enrolment and graduation rates over the last two years

*Oliver Wyman wants to refresh its 2017 analysis to assess the impact of COVID-19 on technician supply over the next decade*

# DATA REQUEST: THE FOLLOWING DATA POINTS ARE BEING COLLECTED TO BUILD AN ACCURATE FORECAST OF TECHNICIAN EMPLOYMENT

| Element                                       | Description   |
|---|---|
| 1. Current technician ages by segment         | <ul style="list-style-type: none"> <li>• Aggregated ages of technicians in each MRO segment in 5 year groups (e.g. 15 to 20, 20 to 25, 25 to 30, etc.)               <ul style="list-style-type: none"> <li>– If an employee works across multiple MRO segments assign them to only one to ensure they aren't double counted</li> </ul> </li> <li>• If easier, respondents can also provide a de-identified list of employees, their age, and the MRO segment they work on</li> </ul> |
| 2. Pre-COVID technician employment by segment | <ul style="list-style-type: none"> <li>• Jan 1, 2020 technician employment (or easiest to provide pre-COVID number) by segment</li> </ul>   |
| 3. Technician attrition rate                  | <ul style="list-style-type: none"> <li>• Annual attrition rate of technicians in 2019, 2020 and 2021</li> </ul>   |
| 4. Technician attrition type                  | <ul style="list-style-type: none"> <li>• Of the technicians that left in 2019, 2020 and 2021 what % retired vs. left for another reason</li> </ul>  |
| 5. Average retirement age                     | <ul style="list-style-type: none"> <li>• Average age and SD of retirements in 2019, 2020, and 2021</li> </ul>   |
| 6. Technician hiring                          | <ul style="list-style-type: none"> <li>• Number of technicians hired in 2019, 2020 and 2021</li> </ul>  |
| 7. Historical hiring source                   | <ul style="list-style-type: none"> <li>• Source of techs. for last 5 years: AMT school, military, OEMs, airlines, MROs, outside aviation</li> </ul>   |
| 8. Future hiring source                       | <ul style="list-style-type: none"> <li>• Expected source of techs. for next 5 years: AMT school, military, OEMs, airlines, MROs, outside aviation</li> </ul>  |
| 9. Technician types                           | <ul style="list-style-type: none"> <li>• Of your current employees what % are a member of each of the following groups (Inspectors, certified mechanics, non-certified mechanics/repairmen, cleaners)?</li> </ul>   |
| 10. Contractor use                            | <ul style="list-style-type: none"> <li>• How many contractors do you employ in frontline maintenance activity?</li> </ul>   |

Data can be provided in the accompanying Excel template



# THANK YOU

Your support of this initiative will help raise the profile of one of the most critical issues facing the industry today

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