



# 3 Questions Manufacturing Employers Must Answer to Thrive in a Renewable Energy World

Insights

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The recent White House announcement calling for a monumental increase in the use of renewable energy over the next decade will have plenty of direct and obvious implications for manufacturing employers – but it's the indirect implications that might catch you by surprise. What are the three biggest **indirect** consequences of this movement that your workplace will need to address in the near future if you want to stay on top of your game?

## What Happened?

Employers in the manufacturing world constantly need to monitor industry trends and world events to maintain their competitive advantage – and recent events have demonstrated that disruptions to your workplace can come from any source. In April, less than three months after rejoining the Paris Agreement, the Biden administration proclaimed a new target to reduce U.S. greenhouse gas (GHG) emissions by 50-52% below 2005 levels by 2030. While most U.S. manufacturers are already transitioning to lower carbon-based products and processes, the new GHG targets will require nearly all manufacturing operations to expedite the rate of change. Manufacturing employers will need to start analyzing these new targets for both direct and indirect impacts on their operations.

## Direct Impacts on Manufacturing Operations

The change from fossil fuel-based operations to renewable energy sources will undoubtedly have direct impacts on certain products and processes. For example, if your company manufactures components for internal combustion-based lawn mowers, it is likely you'll see the demand for your products drop as consumers switch to electric mowers. Your firm will need to develop a new business model to meet changing demands.

These direct impacts are quite visible, and you have probably already begun to adapt your business model to address the obvious changes. But what if one of your company's products is portable gas cans for lawn mowers? The demand for this product will also likely drop also requiring a change in manufacturing operations. It's these kinds of next-level indirect ramifications that you need to consider when you forecast what your business will look like in the near future – and adapt to them accordingly.

## 3 Critical Questions to Ask Yourself

The following are three of the most critical workforce considerations for manufacturing employers to take into account as the economy switches to renewable energies in order to meet the White House's GHG targets.

**1. Will we need to adjust our employment levels as we transition to renewable products and processes?**

If your company manufactures products based on fossil fuels, then it's likely you'll need different staffing levels for future production operations. What new products and services will your manufacturing operations support? Will your company be manufacturing entirely new products, or will some product lines need to be reduced? The answers to these questions may result in dramatic changes to current staffing levels.

It's vital to understand these impacts as soon as feasible to facilitate future transitions. For example, your company may need to re-evaluate current training programs to ensure the priorities and content match the future business model.

**2. Do we have the technical expertise to meet the manufacturing needs in a renewable energy world?**

You should take an inventory of the skillsets currently in-house and coordinate with your planning teams to understand the future products and manufacturing operations based on an expected reduction of fossil fuel usage. For example, your logistics operations (delivery trucks and forklifts etc.) will likely transform into using electric vehicles on a more regular basis. These vehicles will require technicians with an expertise in electric motors, drivetrains, batteries, and similar updated technology. If you don't currently have those skills among your current maintenance staff, you may need to investigate relationships with technical schools and training programs to start building a pipeline for future demands.

**3. Will your company need to modify its facilities to respond to emerging employee expectations and requirements?**

The president's pledge to reduce our nation's GHG emissions emphasizes the need to replace automobiles with internal combustion engines with electric vehicles. Even if your company is not in the automotive industry, this factor will quite likely also impact most manufacturers.

For example, your company probably has an employee parking lot with spaces for dozens if not hundreds of vehicles. In an electric automobile world, employees will no longer see the availability of charging stations at work as a nice fringe benefit – they will be a necessity. How many charging stations do you currently have and how many will you need in the future? You will need to start planning now for the number of charging stations needed and the investment to install and operate them on a long-term basis. Failure to account for this and similar employee concerns may result in a disgruntled workforce – or cause employees to look for an employer more responsive to their everyday needs.

## **Conclusion**

These are just a few of the most important employment considerations facing manufacturing employers as the economy switches from fossil fuels to renewable energy, but there will be numerous other employment challenges resulting from reducing emissions throughout the economy. You should start planning now to be in the best position possible to compete successfully in the new green economy.

For questions on how to best adapt to these changing times, contact your Fisher Phillips attorney, the author of this Insight, or any attorney in our [Manufacturing Industry Practice Group](#). We'll continue to monitor developments and provide updates as warranted, so make sure to [subscribe to Fisher Phillips' Insight service](#) to receive the latest information directly to your inbox.

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