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Industry Spotlight: Aerospace & Defense

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Industry Spotlight: Aerospace & Defense

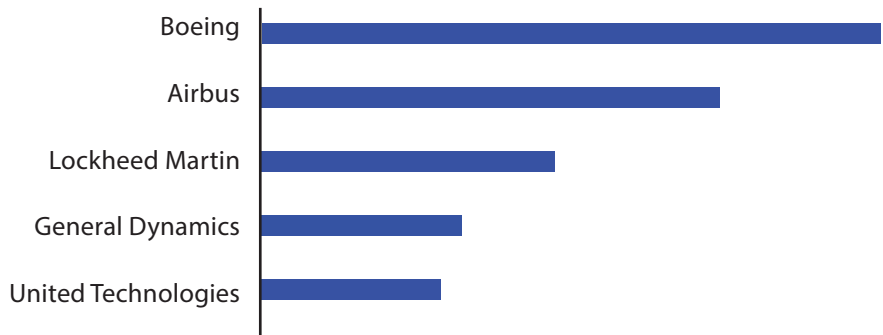
Cover Page Footnote

1. Dave Russell, "The Perfect Storm in Aerospace Manufacturing," Area Development, 2013 Auto/ Aero Site Guide, <http://www.areadevelopment.com/Aerospace/2013-Auto-Aero-Site-Guide/aerospace-manufacturing-skilled-labor-scarcity-272981241.shtml>, accessed October 2017 2. Carole Rickard Hedden, "2017 Aviation Week Workforce Summary," Aviation Week, <http://aviationweek.com/2017-aviation-week-workforce-study-report>, accessed October 2017 3. Carole Rickard Hedden, Carla F. Sands, "Aviation Week Executive Intelligence Special Report, Aviation Week, <http://www.aia-aerospace.org/report/2016-aviation-week-workforce-report/>, accessed October 2017 4. U.S. Department of State, "Security Clearances FAQ," <https://www.state.gov/m/ds/clearances/c10977.htm#3>, accessed October 2017 5. Patricia Zengerle, "Senate Backs Massive Increase in Military Spending," Reuters, September 18, 2017, <https://www.reuters.com/article/us-usa-defense-congress/senate-backs-massive-increase-in-military-spending-idUSKCN1BT2PV>, accessed October 2017

Aerospace & Defense Industry Spotlight

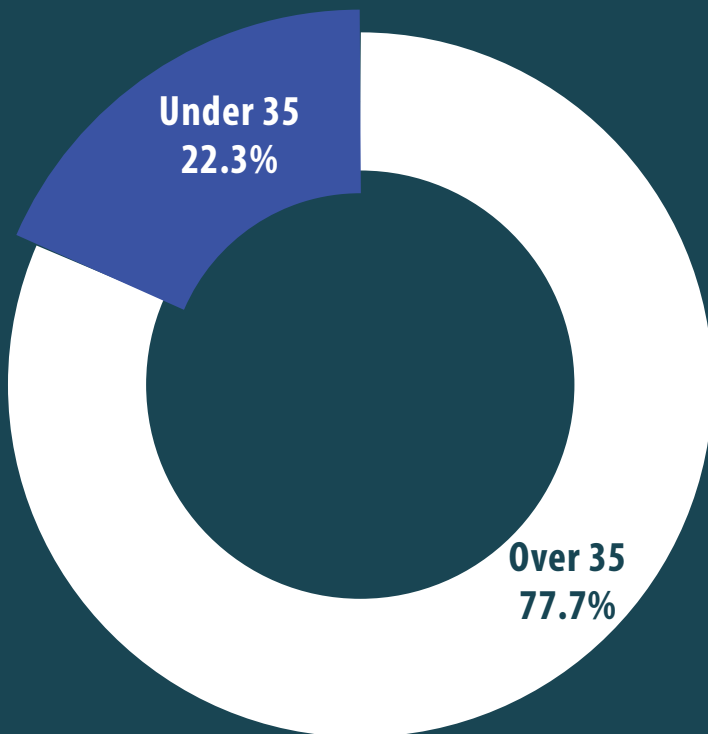
Top 5 A&D Companies in the World

1. Boeing
2. Airbus
3. Lockheed Martin
4. General Dynamics
5. United Technologies



■ Annual A&D Revenue (in SUSD billions)

Data Source: PwC; Various sources (Company Data)



Less than 23 percent of the entire workforce in the A&D industry is under the age of 35.

As of year-end 2015, 26.8 percent of the A&D workforce had qualified for retirement.

By Spencer Evans

Commercial aircraft manufacturers such as Boeing and Airbus expect demand for aircraft to double in the next 15 years. The Federal Aviation Administration predicts that the industry will climb from 731 million passengers in 2011 to 1.2 billion passengers in 2032.¹ This increase in demand is great for most industries, but the biggest challenge that the aerospace & defense (A&D) industry faces is being able to meet the demand with qualified workers.

In its 2017 workforce summary, Aviation Week reported the average age of employees in the A&D industry to be 46 years old, with 22.3% of the workforce under the age of 35, and 29.8% of the workforce over the age of 55.² As of year-end 2015, 26.8% of the A&D workforce had qualified for retirement, or 237,094 of 829,000 people working in aerospace and defense.³ The combination of a retiring workforce and low supply of qualified work makes the A&D industry a great option for entry-level positions in an exciting and challenging industry.

Challenges

The A&D industry is full of unique challenges and problems. One of the biggest challenges that the industry faces is working with strict regulations. The Department of Defense is responsible for providing the military forces needed to deter war and protect the security of our country. Companies are held to a higher standard of quality, which makes the work move slowly. The slower pace of work can be a challenge for employees and companies that are trying to innovate and progress.

Because of the classified nature of much of the work, employees are required to obtain a security clearance ranging from "Confidential" to "Secret" to "Top Secret". Although it may sound awesome to have a security clearance, the process of obtaining a clearance can take up to six months in some cases. The government agency issuing the clearance must make sure that the

holder of the clearance is willing and able to safeguard classified national security information based on his or her loyalty, character, trustworthiness, and reliability.⁴

Benefits

Working in the A&D industry can also be extremely fulfilling. The finished product ultimately helps to protect and defend the country from threats both foreign and domestic. Some of these products include missiles, radars, fighter-jets, weapons, satellites, and submarines. These products are used by the militaries and defense organizations all around the world.

Another benefit to the A&D industry is the job security. In September 2017, the United States Congress passed a new defense budget of \$700 billion, significantly more than the 2016 budget of \$619 billion.⁵ This upward trend of defense spending means big paydays for defense contractors and more jobs for qualified professionals.

Conclusion

The A&D industry is a fascinating and challenging industry. Individuals are able to work on meaningful projects that contribute to the safety and security of the world. Although the industry comes with its own challenges, the field is ripe for the picking for interested college students or experienced professionals alike.

Notes

¹<http://www.areadevelopment.com/Aerospace/2013-Auto-Aero-Site-Guide/aerospace-manufacturing-skilled-labor-scarcity-272981241.shtml>

²<http://aviationweek.com/2017-aviation-week-workforce-study-report>

³<http://www.aia-aerospace.org/report/2016-aviation-week-workforce-report/>

⁴<https://www.state.gov/m/ds/clearances/c10977.htm#3>

⁵<https://www.reuters.com/article/us-usa-defense-congress/senate-backs-massive-increase-in-military-spending-idUSKCN1BT2PV>