



# 2024 Manufacturing Outlook: Industry Risks and Opportunities

Discover how manufacturing leaders are mitigating risks and capitalizing on opportunities as strategic planning gets under way for 2024.

## Labor and digital development

Hiring and retaining quality skilled employees has never been more difficult. Like 2023, organizations are predicting tight labor markets will continue to constrain growth in 2024.

Burnout, low morale, insufficient wages, life balance, early retirement, increased union activities, contract labor disputes, and higher cost of living will continue to create headwinds.

### What can you do?

- Pay close attention to employee morale, engagement, and loyalty.
- Consider an employee engagement survey to review organizational culture.
- Reassess pay structures compared to market; consider your benefit package.
- Develop new or reinforce existing talent pipelines/succession.
- Know your metrics for recruiting and hiring (e.g., time, costs).
- Strategize ways automation can improve efficiency and quality and free up resources.
- Seek out incentives and credits for offering training and apprenticeships and hiring nontraditional labor sources.





# Economic and regulatory climate

Organizations are experiencing the effects of inflation, which is increasing the cost of material, labor, and overhead. High interest rates make borrowing or maintaining a line of credit expensive. Demand for certain goods can increase or decrease quickly, and often without notice.

Much of the world experienced volatile markets with historic challenges in recent years. These challenges present obstacles — but also create opportunities.

## What can you do?

- Create a financial plan. Stress test the effects cost and demand fluctuations may have on your business.
- Build financial models leveraging capacity utilization and boost profitability — then put them to work.
- Diversify your existing customer base or expand services and products. Understand customer needs and ways to leverage capacity and capabilities.
- Educate and re-educate employees about requirements they need to meet.
- Perform regular compliance reviews to verify quality in compliance.
- Build relationships with new leaders within your regulatory bodies.





# Cybersecurity

Cybersecurity attacks are spreading, and bad actors are growing more sophisticated. Years ago, criminals didn't care about small-to-medium organizations. Those days are over. These attacks can be costly, cause significant disruption, and damage an organization's reputation.

## What can you do?

- Create a culture attuned to security.
- Understand how attacks work, and train employees appropriately. Human factors are responsible for most breaches and ransomware attacks (e.g., phishing, smishing, vishing).
- Conduct ongoing cybersecurity assessments, vulnerability testing, and improvements.
- Layer up tall walls between your systems to restrict criminal movement in the event of a breach.
- Develop good cybersecurity hygiene. This includes passwords, multi-factor authentication, use of firewalls, security of "smart" devices (i.e., the Internet of Things), updating software patches immediately, and offline data backup.
- Include your physical plant in a comprehensive security plan.
- Verify adequate insurance coverage in the event of an attack.





# Customer satisfaction

Supply chain management is getting board-level scrutiny and customer diligence of suppliers is at an all-time high. Your products must exceed quality standards, cost requirements, and be delivered on time, every time. As companies near-shore/friend-shore/re-shore, customers have more options to source product than they did during the pandemic.

## What can you do?

- Be ready with a robust owner succession plan putting customers at ease.
- Continue to shrink lead times and strive to meet customer deadlines and expectations.
- Evaluate where your customers are located and where your materials are sourced. Consider if relocation or expanding to a different geography is a differentiator. Dig into state and local government credits and incentives for new developments.
- Explore if green initiatives are a strategic differentiator and which customers take a supplier's ESG initiatives seriously. Discover where green technologies may result in financial credit and incentive opportunities.
- Implement a capital expenditure budget to plan and acquire automated equipment and technologies.







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