



The Wisconsin Manufacturing Report



WISCONSIN CENTER FOR
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**Before we dive into the data, we wanted to extend a big
“THANK YOU” to those who helped make this possible!**

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An In-Depth Look At The Opinions Of Wisconsin Manufacturers



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M E E T | N G
S R E E T



THE FIVE BIGGEST TAKEAWAYS

FIVE BIGGEST TAKEAWAYS

1

The Economy Is...Meh

Economy stuck in neutral

2

Control Freak

"I can control what happens within these four walls..."

3

Labor Pains

Workforce concerns top the list

4

Gone Phishing

Fears about cyberattacks are rising

5

Tech-tonic Shift?

Automation to address workforce issues
AI adoption and recognition rises

KEY METHODOLOGY

RESEARCH METHODOLOGY

- On behalf of Wisconsin Center for Manufacturing & Productivity, Meeting Street Insights is pleased to present the key findings from a survey among manufacturing executives in Wisconsin.
- The quantitative survey was conducted July 28– August 23, 2024, among 400 manufacturing executives; it has a margin of error of 4.9%.
- This is the fourth annual survey conducted among manufacturers in the state. The first study was completed August 16 – September 12, 2021, the second study was completed July 29 – August 3, 2022, and the third study was conducted July 30 – August 23, 2023.
- In addition to the survey, Catalyst facilitated a series of in-person focus groups among manufacturing executives in Madison, Milwaukee, Green Bay, and Menomonie, along with one virtual group, in September 2024 (September 10-12).

SURVEY SAMPLE COMPOSITION

	This Survey Demographics	Census Statistics (County Business Patterns Survey)
Fewer Than 50 Employees	75%	75%
More Than 50 Employees	25%	25%
Metal Fabrication	23%	24%
Machinery Manufacturing	20%	12%
Food/Beverage	10%	8%
Paper/Wood Products	9%	14%
Plastics	7%	13%
Other Type of Manufacturing	31%	20%
Seven Rivers	5%	5%
Centergy	5%	5%
Grow North	4%	4%
Madison Region	14%	14%
Milwaukee (Southeast)	35%	35%
Momentum West	9%	9%
Prosperity	3%	3%
The New North	22%	22%
Visions Northwest	3%	3%

KEY RESEARCH FINDINGS

TAKEAWAYS A YEAR AGO



2023

1

Workforce

Still the top concern, the worker shortage threatens growth

2

Changing Concerns

Workforce tops the list, but Supply Chain and Inflation concerns lessening

3

Ready to Grow

More manufacturers looking for new customers and markets

4

Optimism?

“My company is doing fine, but I’m concerned about the overall economy”

5

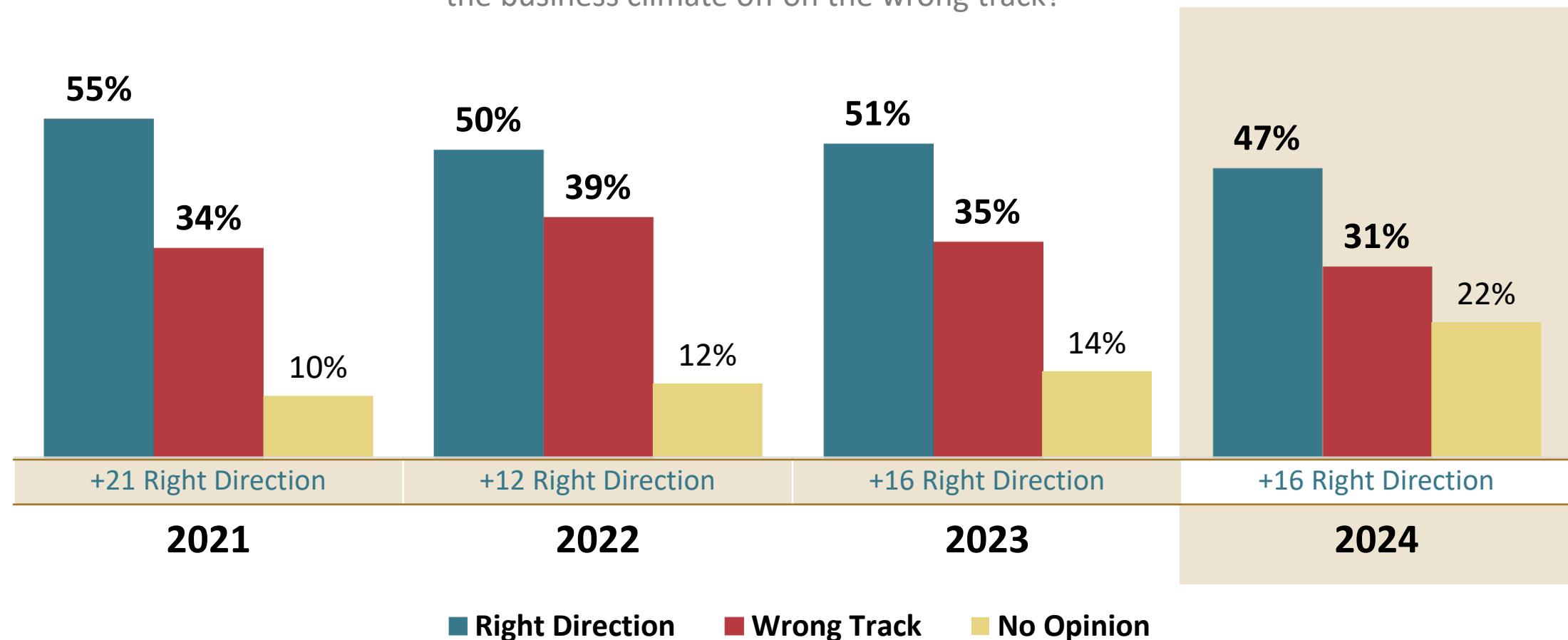
Technology

Automation to address workforce issues

AI impact is underrated

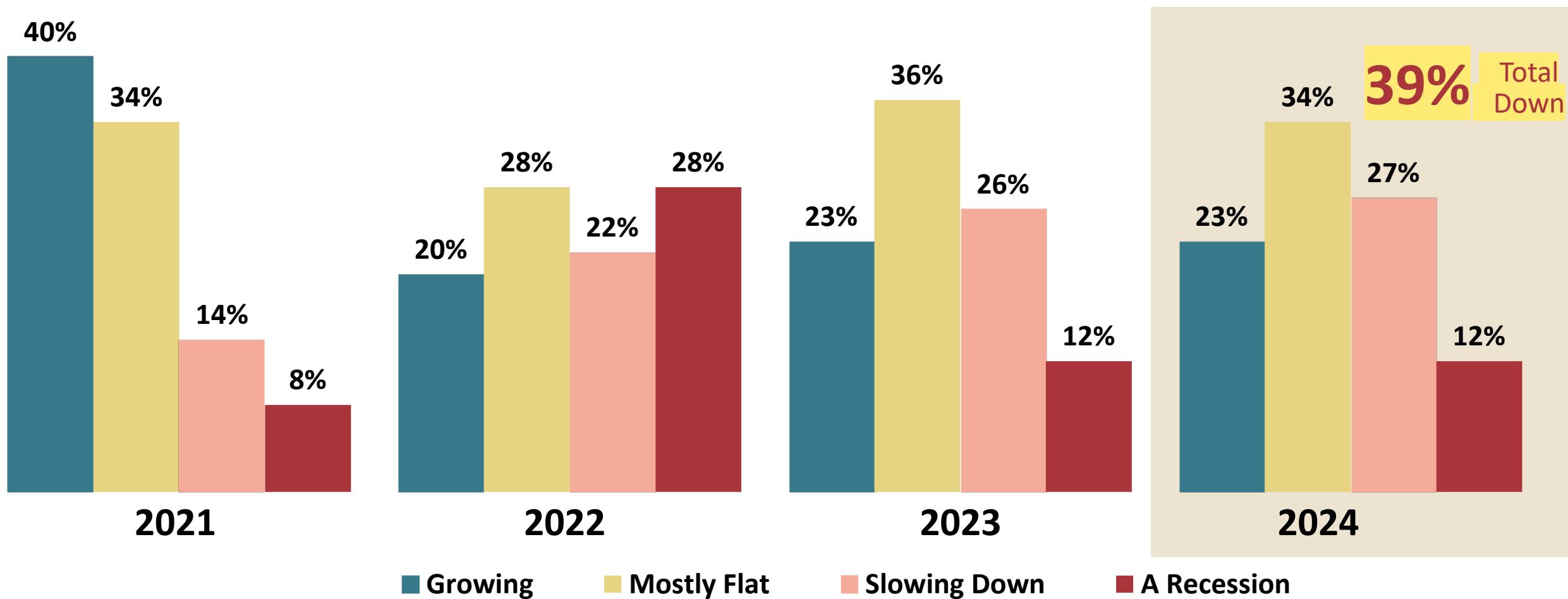
The percentage of manufacturers who say the business climate is heading in the right direction has dipped below 50% for the first time, as uncertainty rises to its highest level yet.

“Would you say the business climate in the state is heading in the right direction, or is the business climate off on the wrong track?”



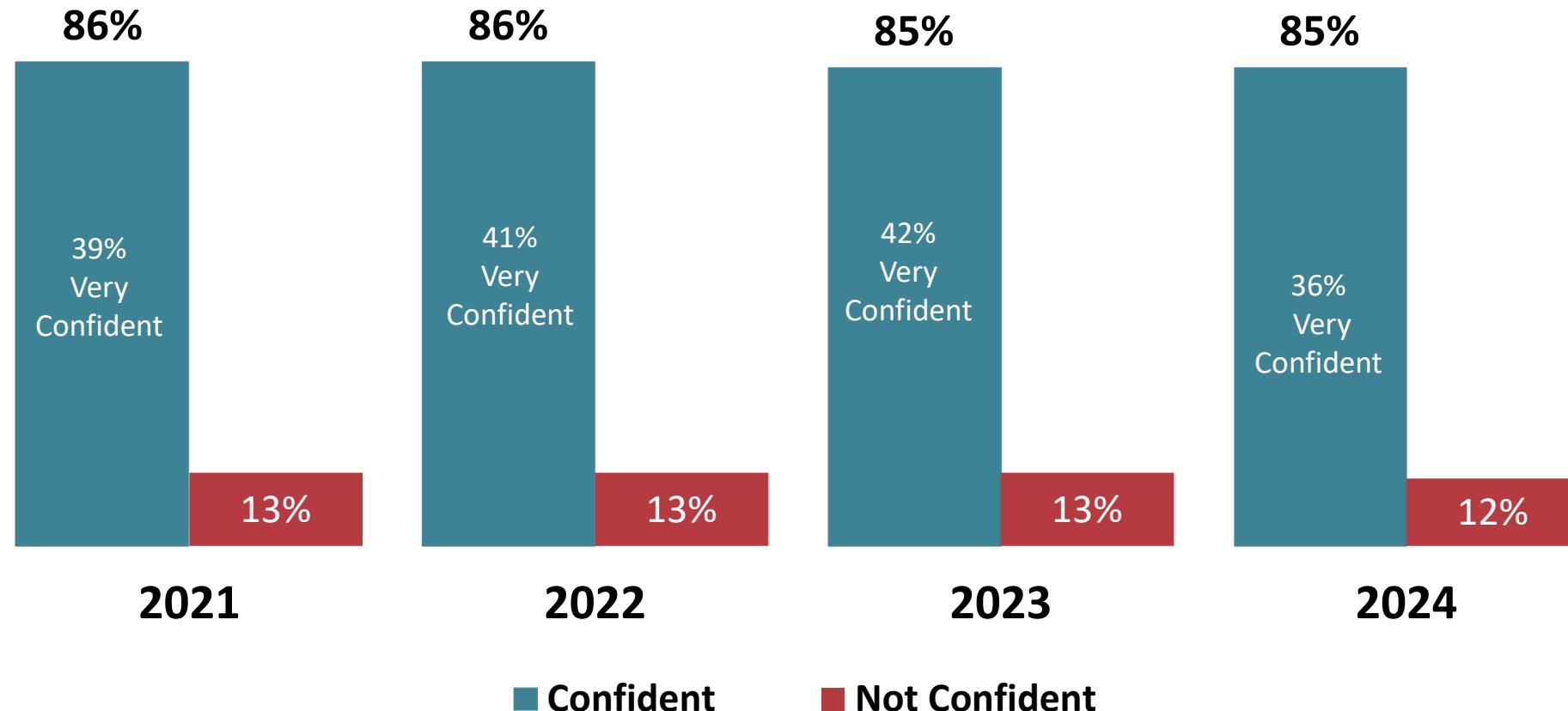
Manufacturers are less pessimistic than they were back in 2022, but still less than a quarter say the economy is growing.

"Overall, right now, do you think Wisconsin's economy is growing, slowing down, mostly flat, or in a recession?"



Despite concerns about the overall economy, Wisconsin manufacturing executives remain confident about their own companies' financial outlook.

"Let's shift gears for a moment and focus more on your company. From a financial perspective, how do you feel right now about the future for your company?"



While overall confidence is holding steady, we have seen a significant drop in intensity since 2022 among larger manufacturers.

"Let's shift gears for a moment and focus more on your company. From a financial perspective, how do you feel right now about the future for your company?"

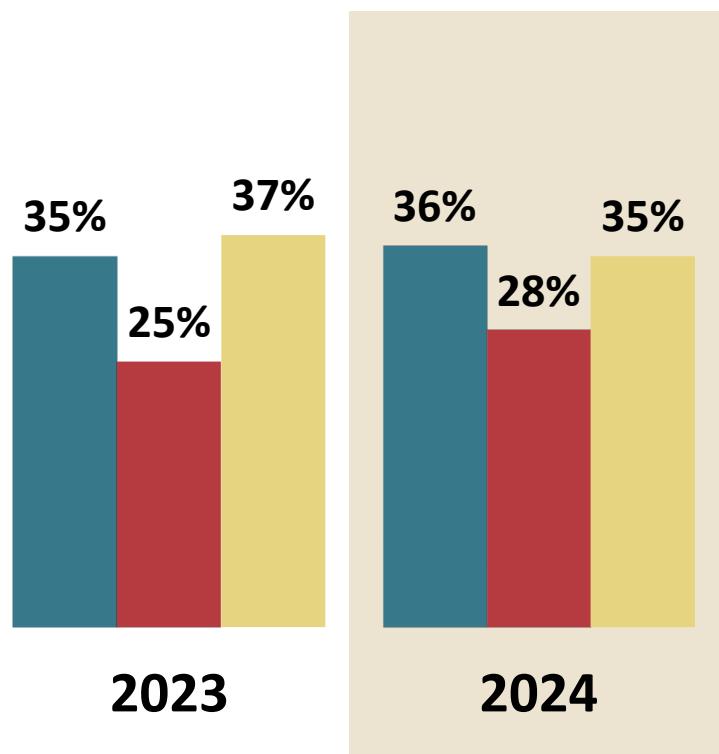
% Very Confident

	2022	2023	2024	Change Since 2022
1-49 Employees	35%	40%	33%	-2
50+ Employees	58%	51%	47%	-11
Revenue Under \$1M	29%	34%	30%	+1
Revenue \$1 - \$5M	40%	46%	34%	-6
Revenue \$5M+	55%	48%	42%	-13

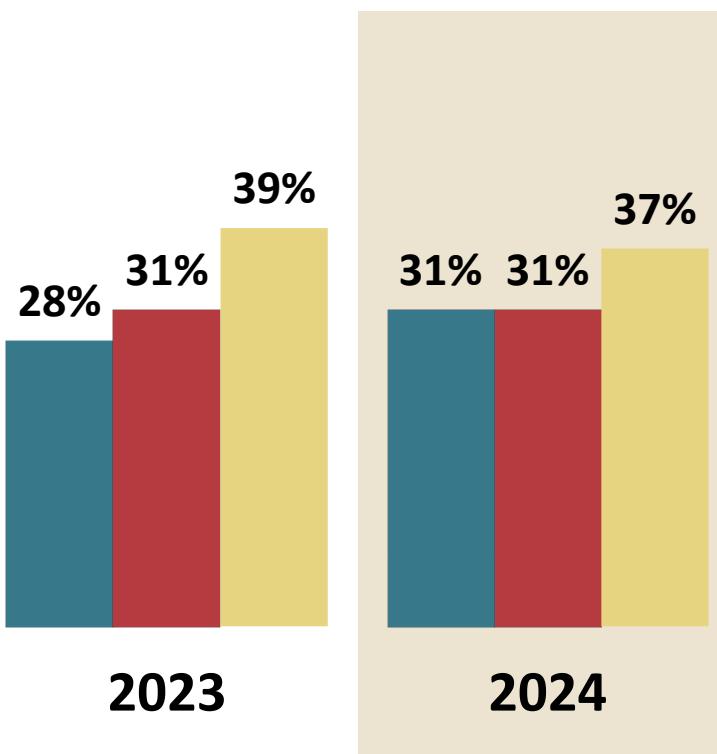
Yet, only about one-in-three expect to see increases in gross revenues and fewer say the same for profitability and capital expenditures.

"As you look to the year-end, do you expect your company's _____ for 2024 to increase or decrease compared to 2023, or will they probably stay the same?"

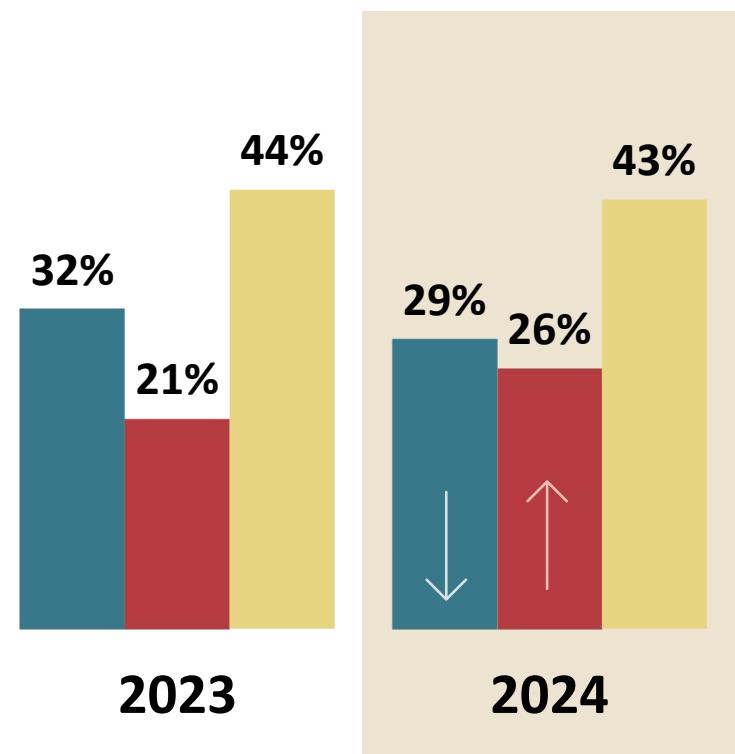
Gross Revenues



Profitability



Capital Expenditures

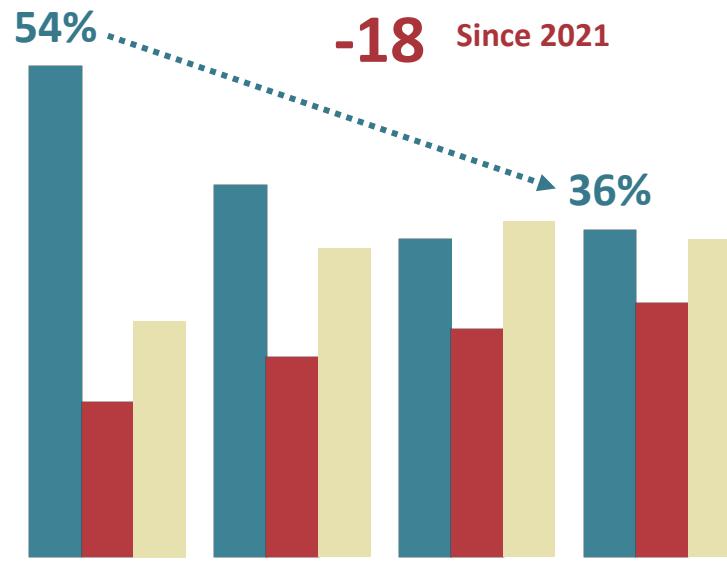


■ Increase ■ Decrease ■ Stay The Same

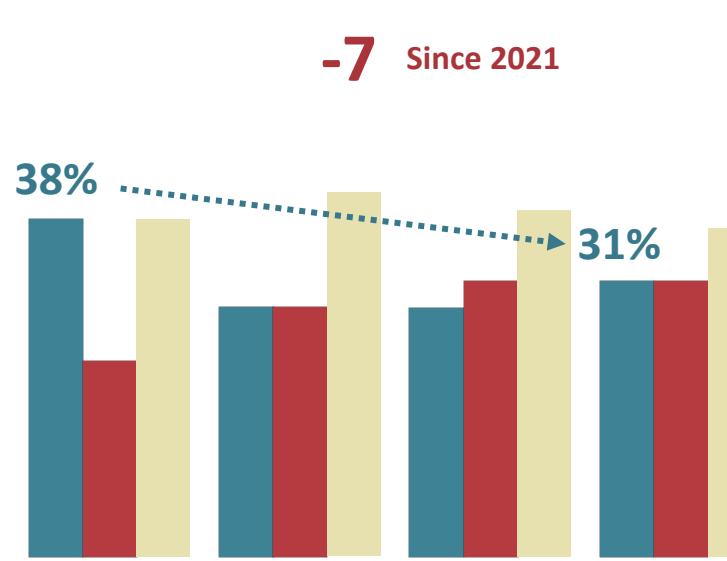
While the data is steady from a year ago, we do see a longer-term slide in expected gross revenues, capital expenditures, and profitability.

% Expected Increases That Year

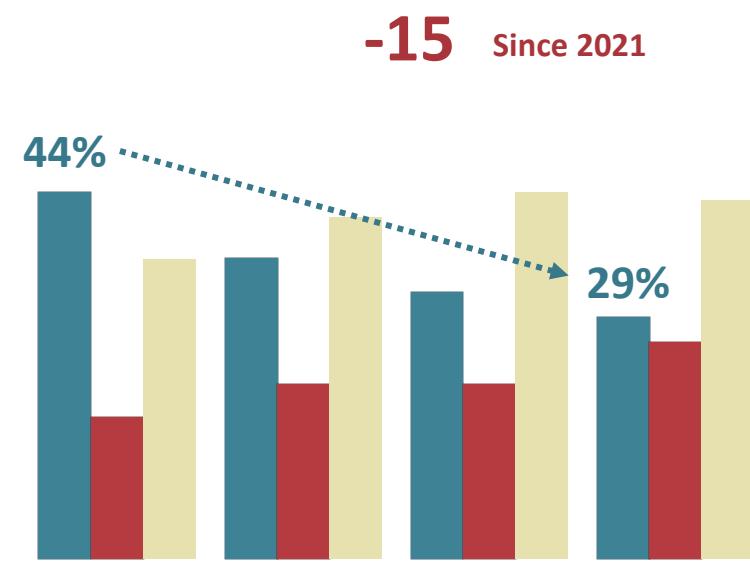
Gross Revenues



Profitability



Capital Expenditures



2021 2022 2023 2024

2021 2022 2023 2024

2021 2022 2023 2024

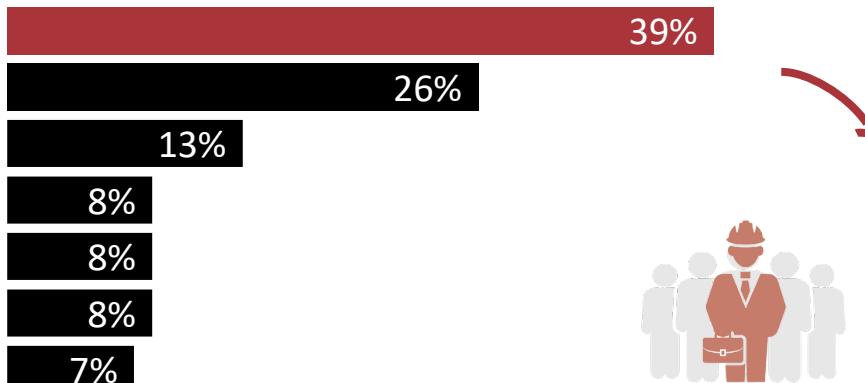
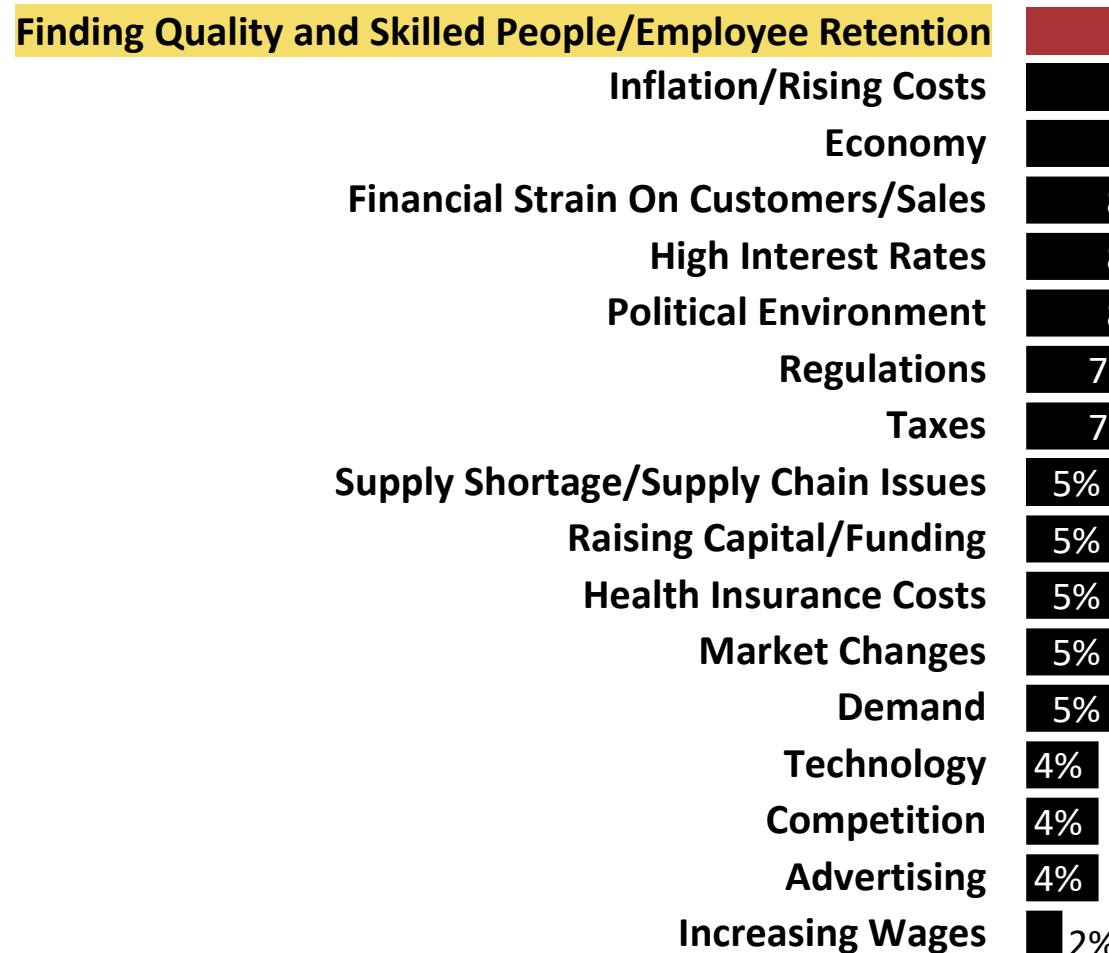
■ Increase

■ Decrease

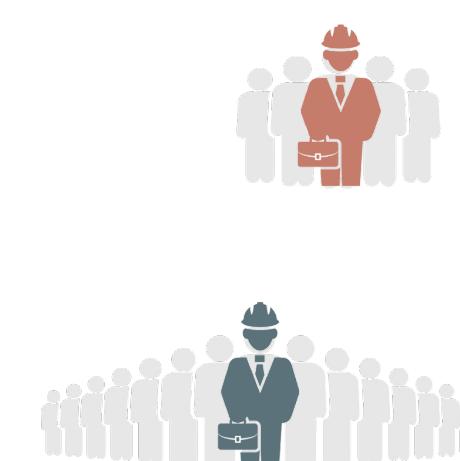
■ Stay The Same

Workforce and inflation concerns account for most of the issues manufacturers see affecting their success.

"Next, thinking about your company, what would you say is the one or two most important issues affecting your business and its future success?" (OPEN ENDED)



33%
Among
Companies with
1-49 Employees

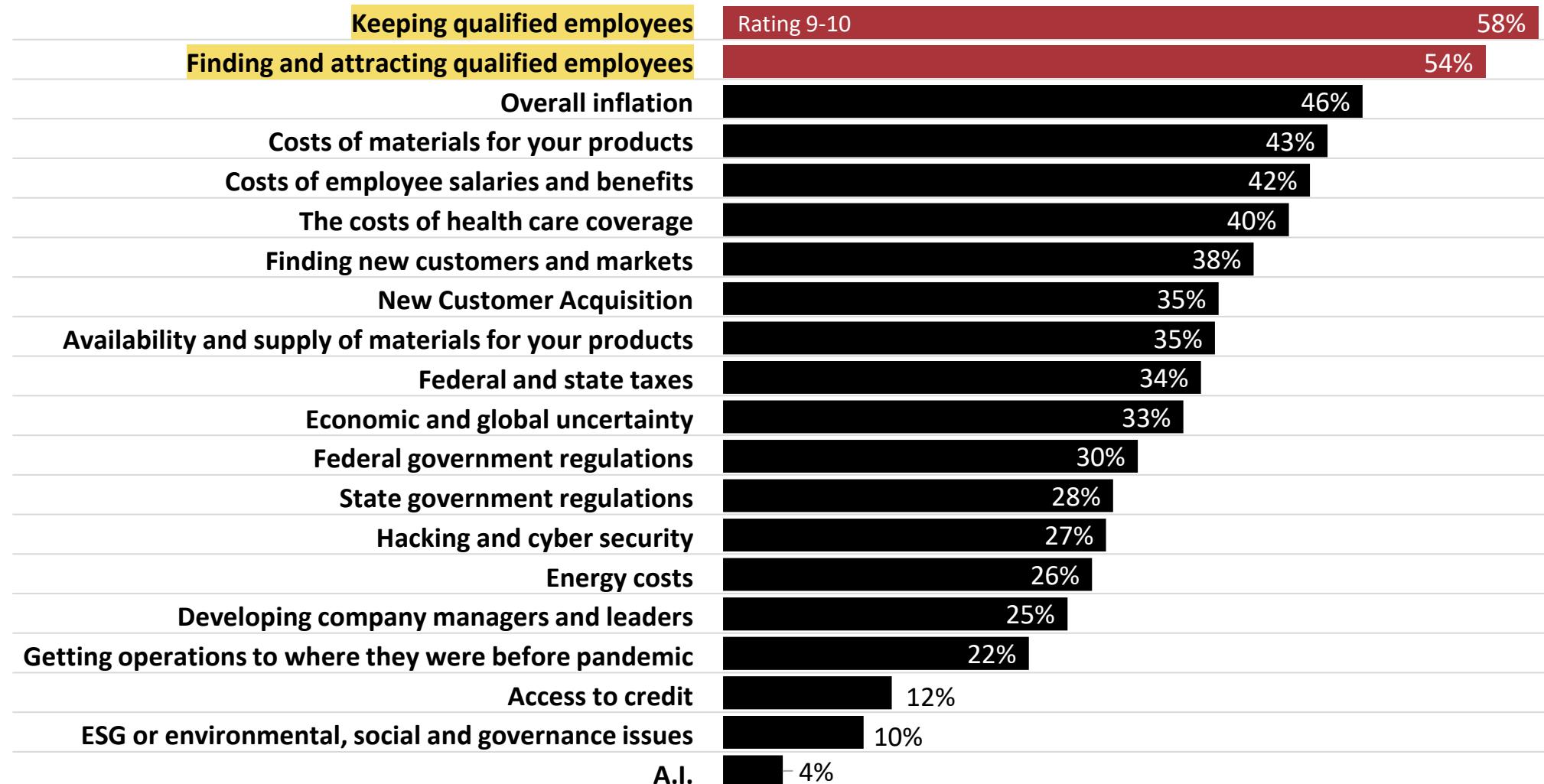


57%
Among
Companies with
50+ Employees

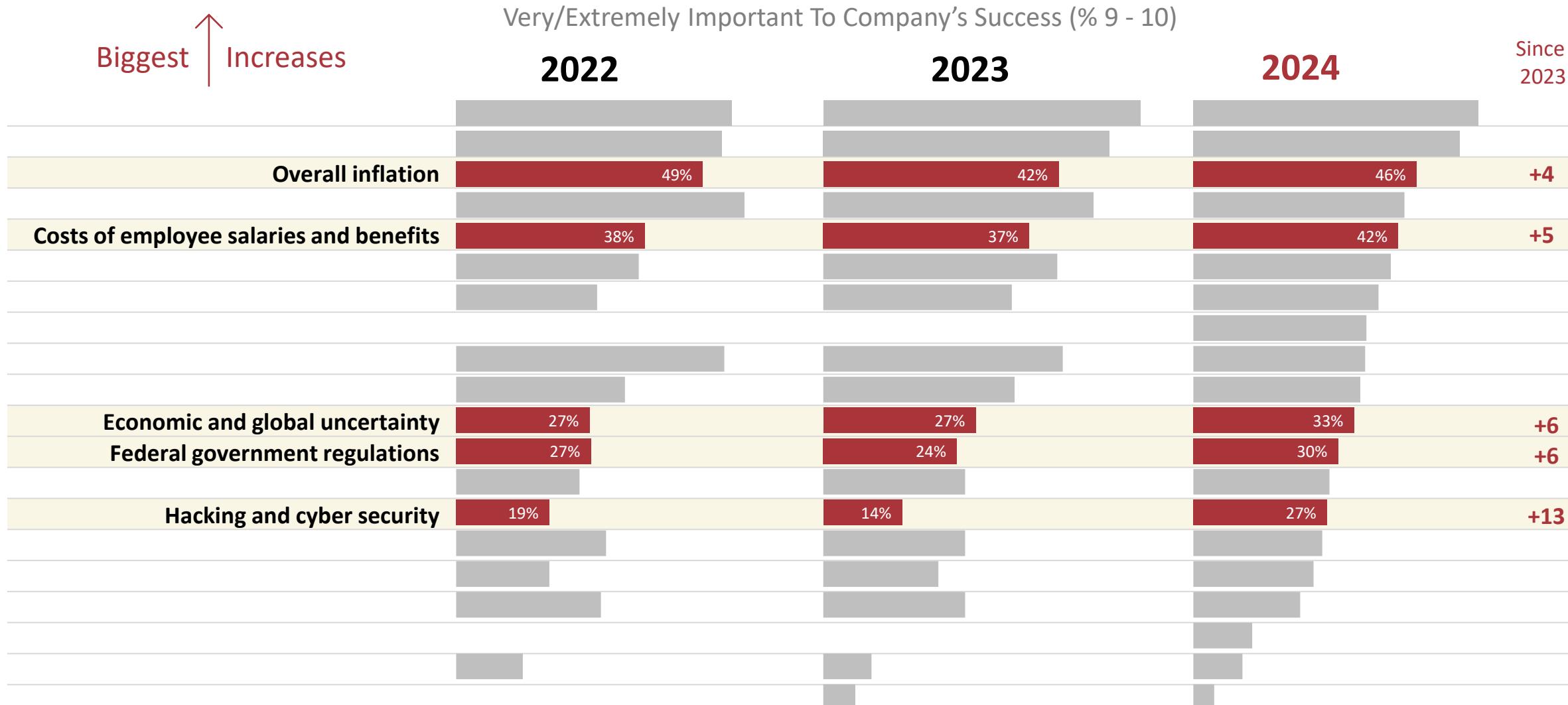
Responses less than 2% not shown

Workforce concerns remain atop the list of manufacturers' concerns.

"Next, we're going to look at a series of different issues that may or may not impact you and your company. For each one, please rate how important that issue is to you and your company's success." (1-to-10 Scale: 1 = Not Important At All / 10 = Extremely Important)



Concerns about inflation and economic uncertainty are up, as are concerns about costs of worker pay, government regulations, and data breaches.



Concerns about materials cost and availability and supply of materials are down from 2022 and 2023 levels.

Biggest ↓ Decreases

Very/Extremely Important To Company's Success (% 9 - 10)

2022

2023

2024

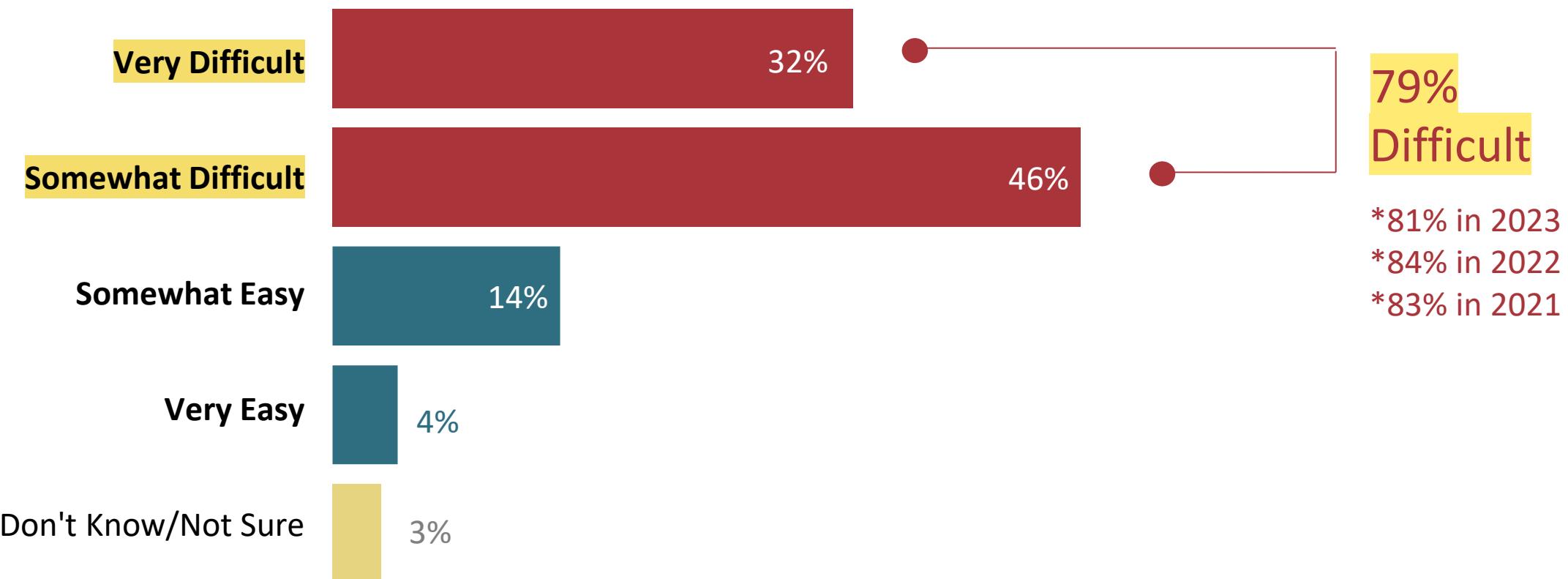
Since
2023

Costs of materials for your products 57% 49% 43% -6

Availability/supply of materials for products 53% 43% 35% -8

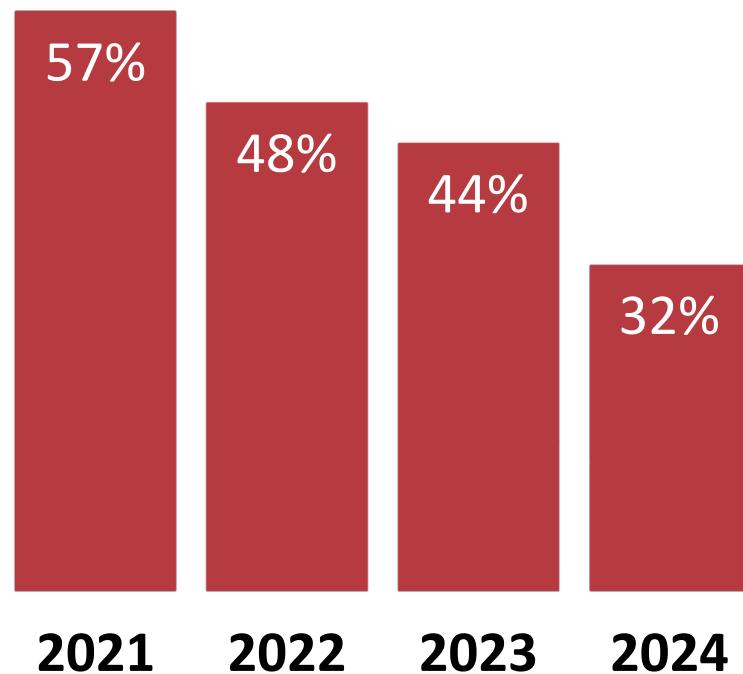
Very few executives say it is easy to find qualified workers for new or open positions; a third say it is *very* difficult.

“Generally speaking, how easy or difficult is it for your company currently to find qualified workers for new or open positions?”



The percentage of manufacturers who say it's *very* difficult to find the workers they need continues to decline (with everyone).

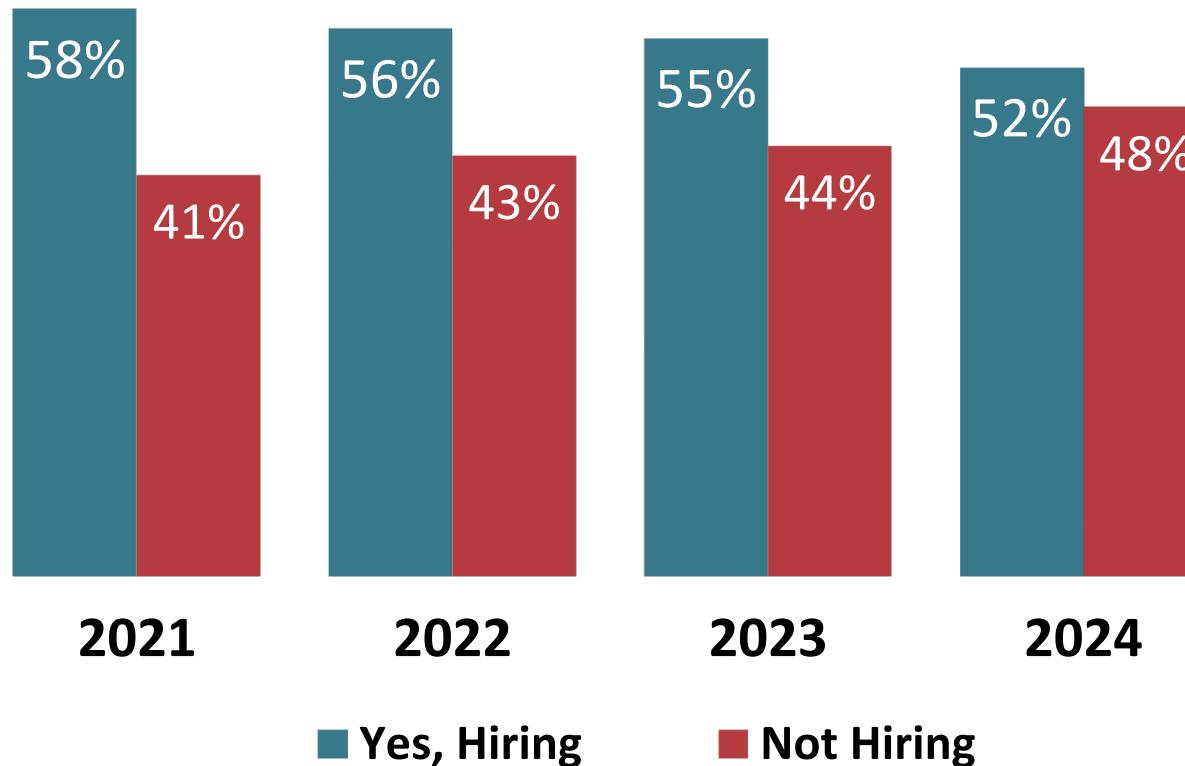
% Very Difficult To Find Workers (Overall & By Company Type)



	2021	2022	2023	2024
1 – 49 Employees	53%	44%	44%	31%
50+ Employees	68%	58%	43%	36%
Revenue Under \$1M	46%	35%	36%	26%
Revenue \$1 – \$5M	60%	57%	53%	39%
Revenue \$5M+	65%	56%	47%	32%

A majority of manufacturers say they are hiring, but that percentage has declined to its lowest level yet.

"Does your company currently have positions that are open for hiring?"

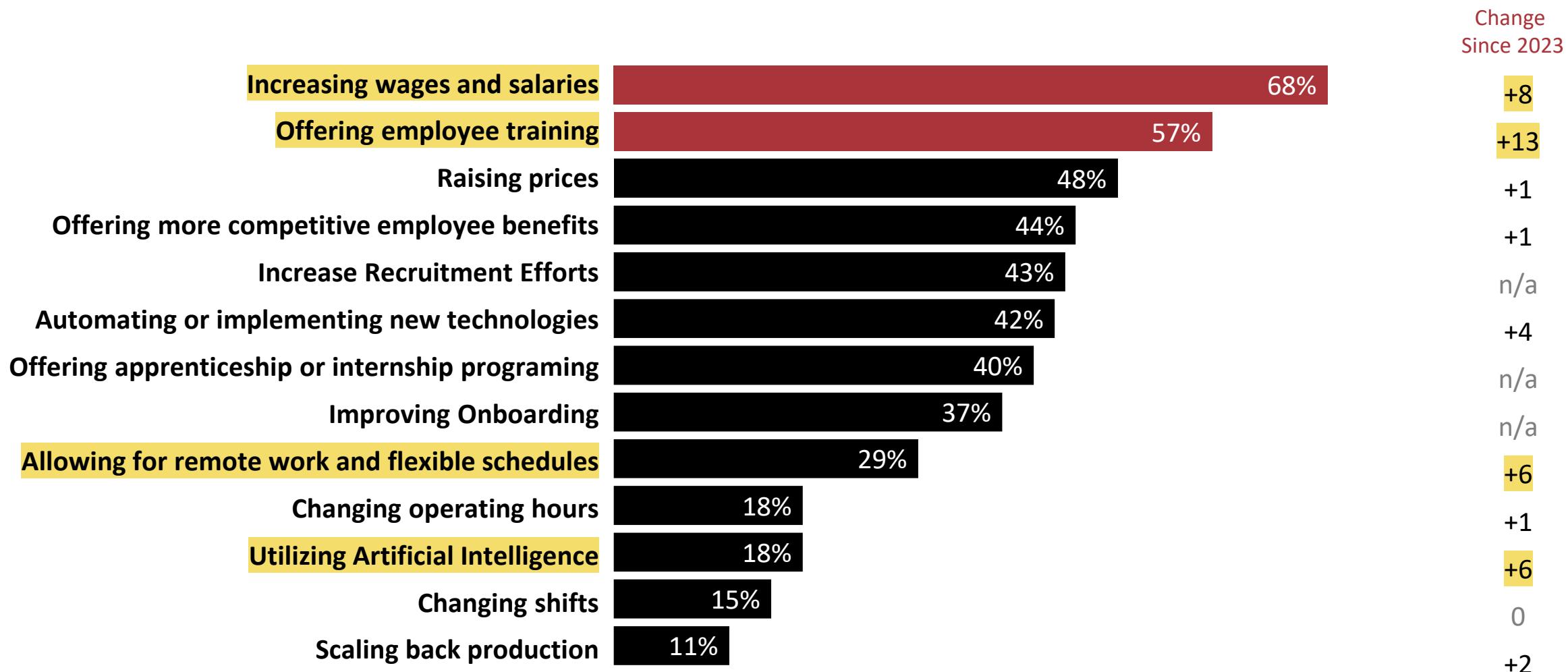


(ASKED AMONG THOSE HIRING) "And, based on your best estimate, how many positions would you say your company has open that you are currently hiring for?"



Increasing wages, offering training, and raising prices are still the top changes companies are considering.

“Is your company considering any of the following changes to address potential long-term workforce challenges?”



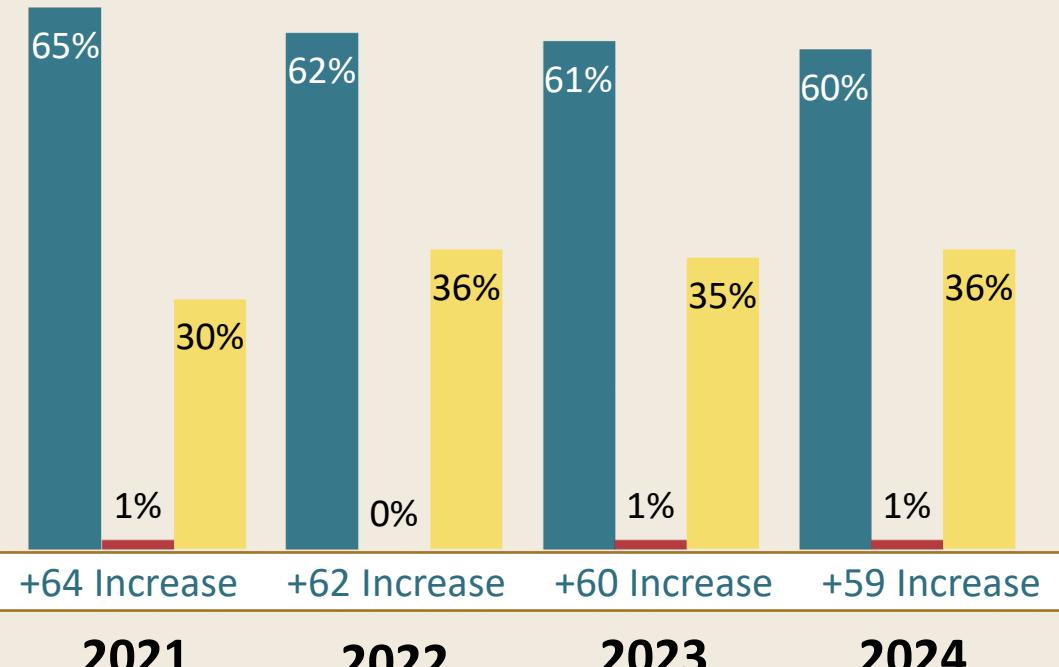
Larger firms are more likely than smaller ones to consider increasing benefits, recruitment efforts, or implementing automation or new technologies.

Considering Changes By Company Type (Results 50%+ Per Type Are Shaded)

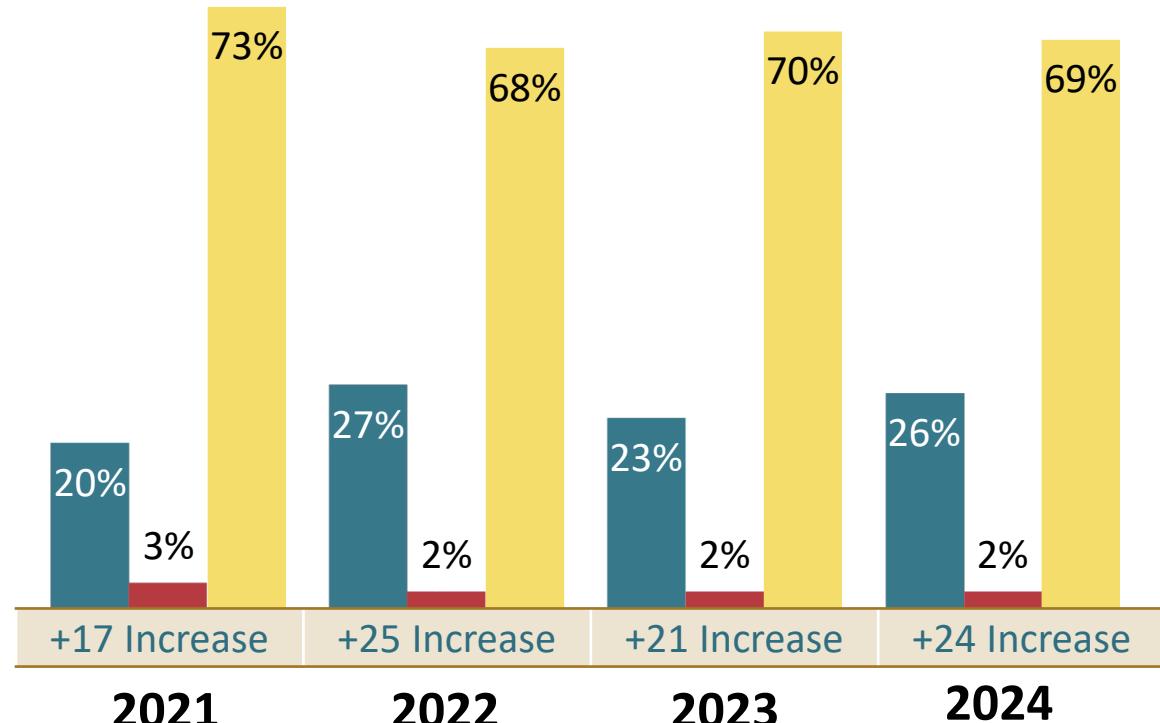
	Company Size		Revenue		
	1-49 Employees	50+ Employees	Under \$1 Million	\$1- \$5 Million	\$5 Million+
Increasing wages and salaries	70%	64%	57%	75%	74%
Offering employee training	57%	57%	49%	60%	62%
Raising prices	50%	42%	51%	47%	47%
Offering more competitive employee benefits	42%	48%	28%	51%	51%
Increase recruitment efforts	37%	60%	31%	43%	50%
Automating or implementing new technologies	37%	56%	30%	37%	54%
Offering apprenticeship or internship programing	38%	44%	41%	32%	45%
Improving onboarding	31%	56%	15%	42%	48%
Allowing for remote work and flexible schedules	29%	29%	29%	33%	26%
Changing operating hours	17%	22%	19%	17%	21%
Utilizing artificial intelligence	15%	25%	11%	23%	19%
Changing shifts	12%	24%	14%	7%	22%
Scaling back production	12%	7%	15%	8%	9%

Manufacturers expect to increase wages, but most don't plan to make any changes to their benefit offerings.

"Overall, do you **expect wages for your employees** will increase, decrease, or stay about the same this year?"

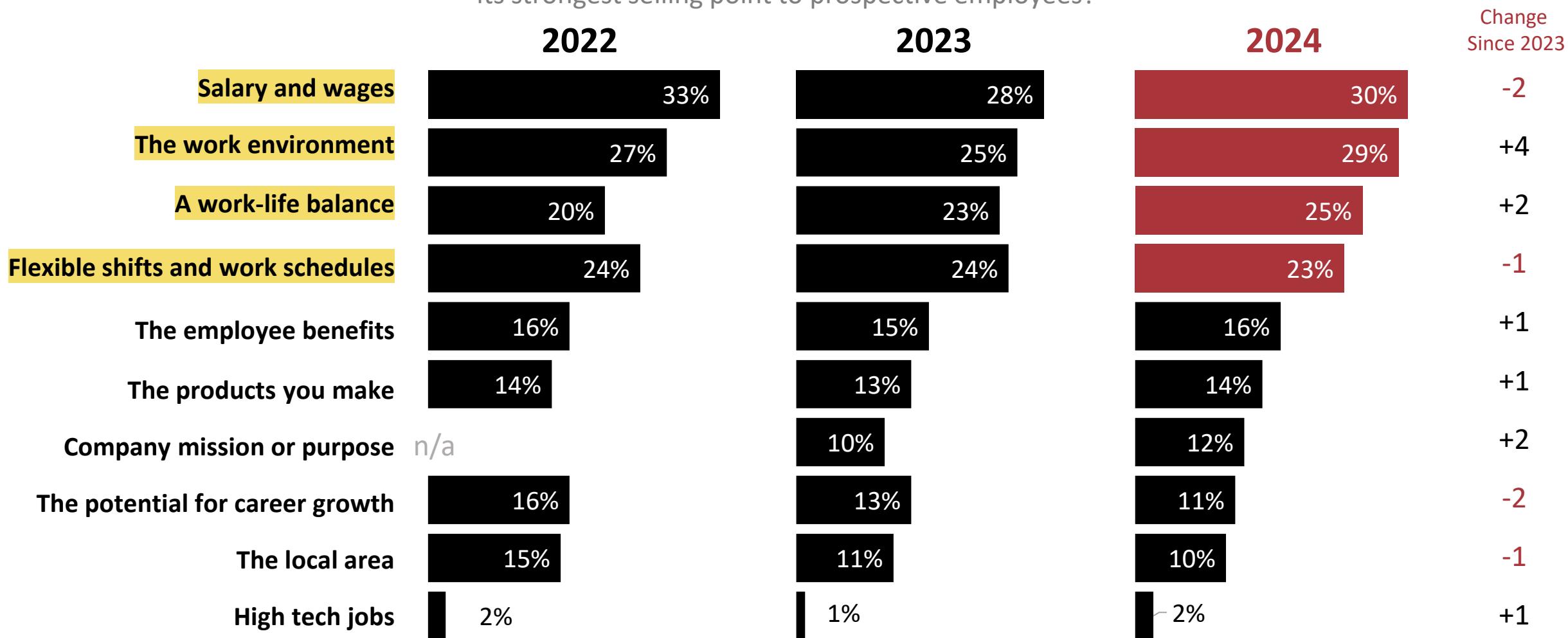


"Overall, do you expect the benefits you offer your employees will increase, decrease, or stay about the same this year?"



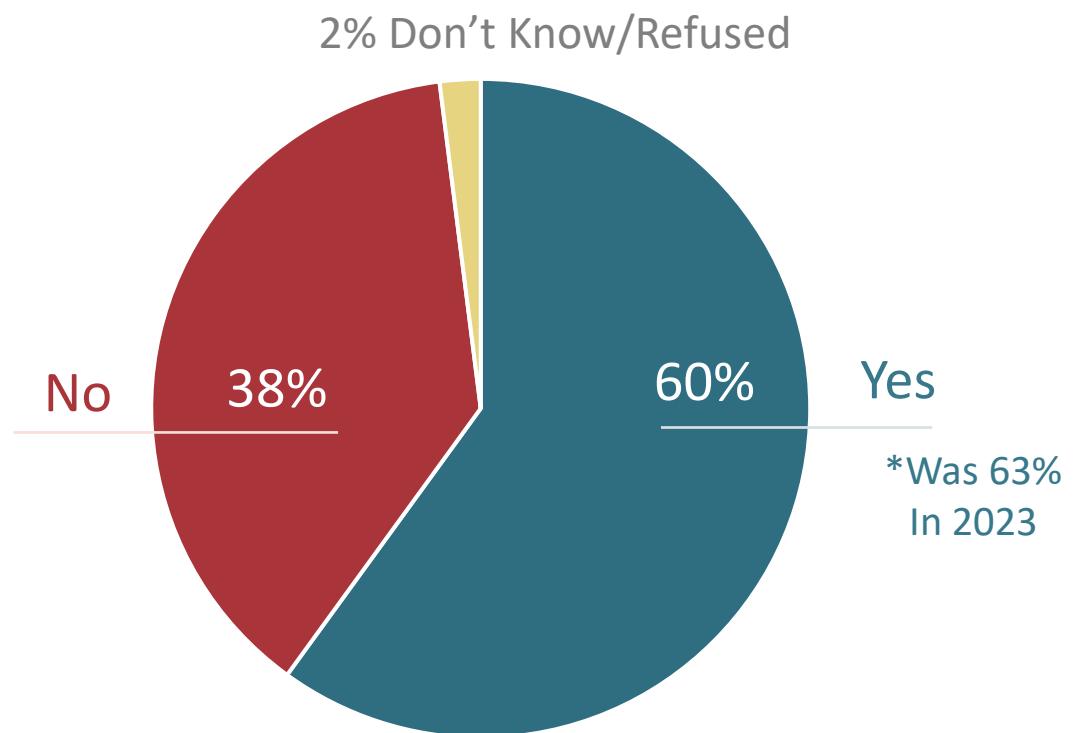
Compensation continues to be the strongest selling point for businesses, along with work environment, work-life balance, and schedules.

“When thinking about attracting and hiring new employees, what does your company believe is its strongest selling point to prospective employees?”

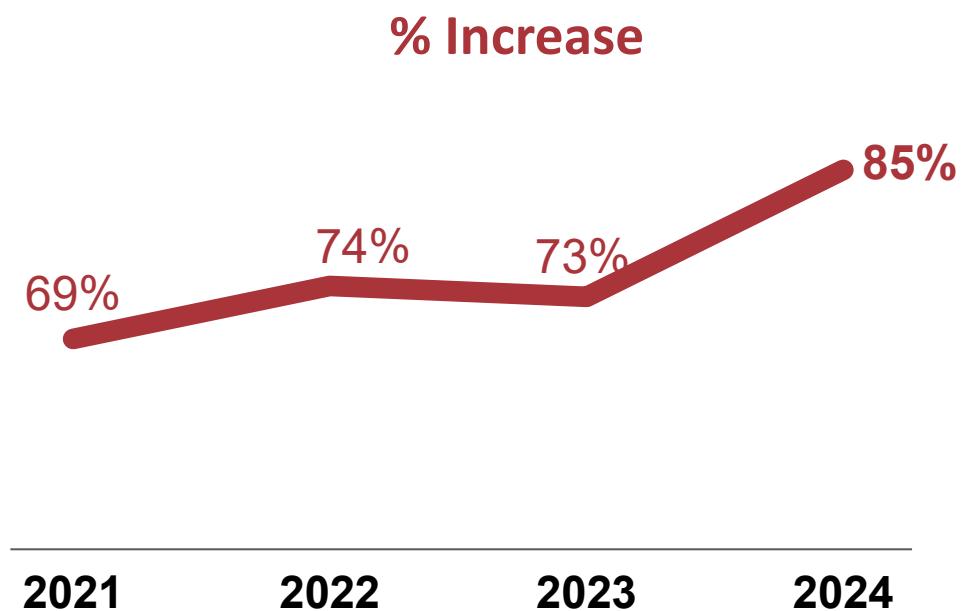


Most manufacturing companies provide health insurance to their employees, and nearly all of those who do say they expect costs to rise.

"Does your company currently provide health insurance to your employees?"

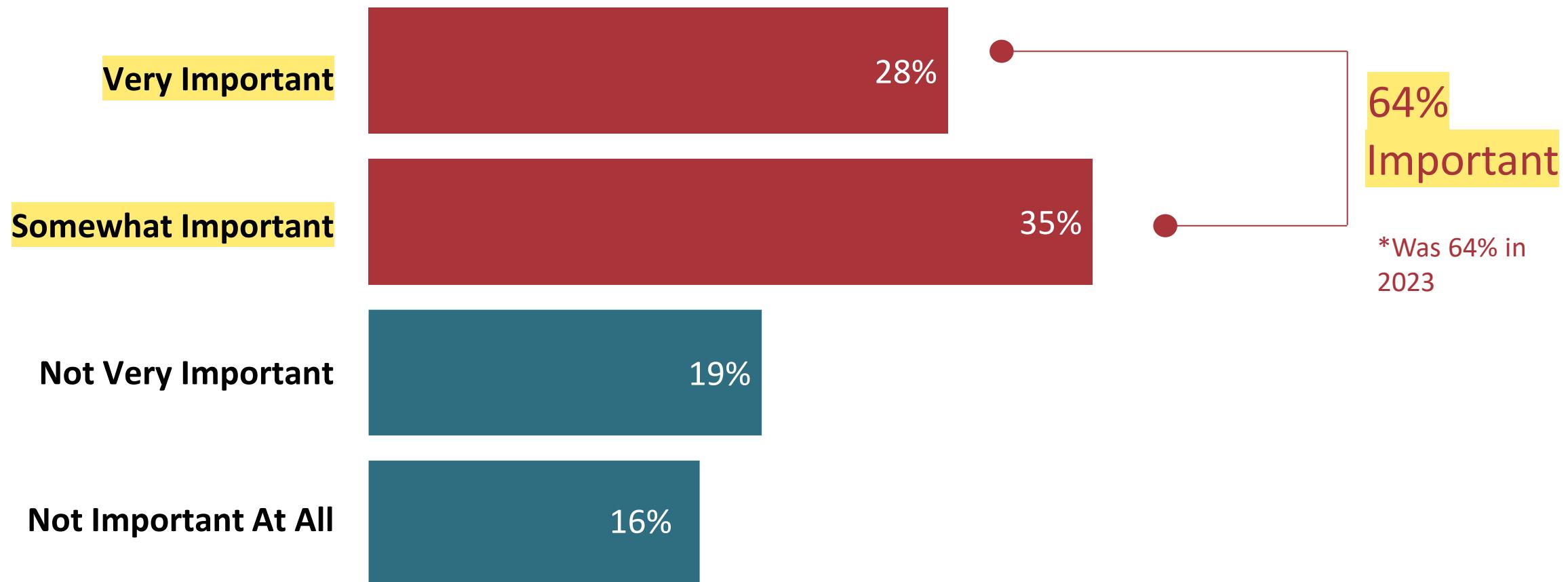


AMONG THOSE WHO PROVIDE INSURANCE: "Do you expect the cost your company pays for health care will increase, decrease, or stay about the same in 2024?"



A majority of manufacturing executives see automation as important to their company's future, with nearly three-in-ten saying it's *very important*.

"Generally speaking, how important do you think automation will be to your company's future?"



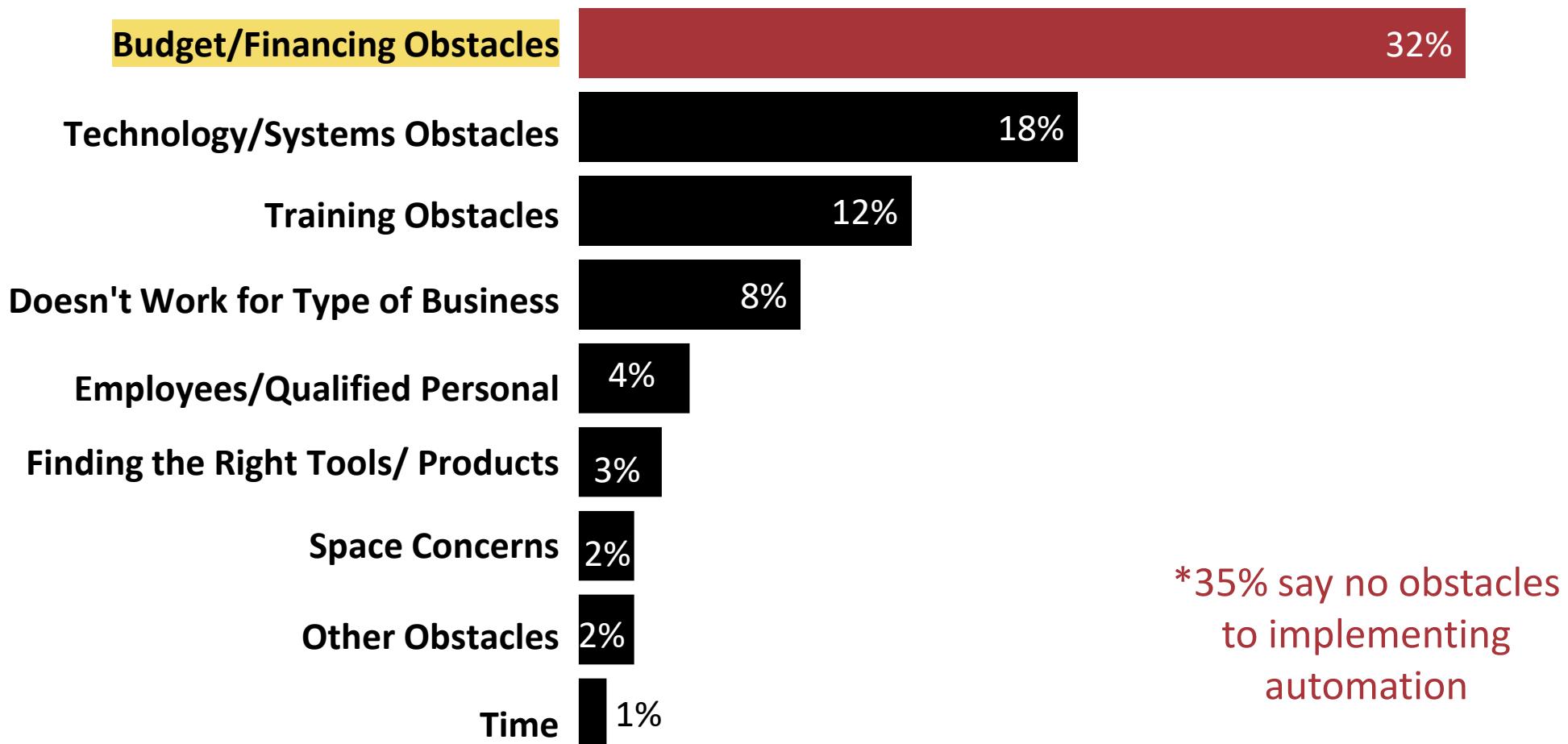
Automation is clearly more important for larger companies.

Importance of Automation By Type of Company

	Very Important	Total Important
1-49 Employees	21%	56%
50+ Employees	51%	87%
Revenue Under \$1 Million	12%	42%
Revenue \$1 - \$5 Million	19%	59%
Revenue \$5 Million+	44%	80%

Among those who say there are obstacles to implementing automation, financing is the top concern.

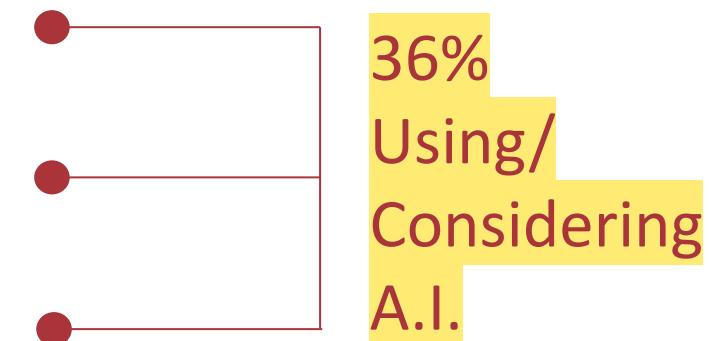
“Are there any obstacles to implementing automation at your company?”



Over a third of manufacturers say they are using or considering using A.I. within the next five years, up from last year.

“Have you previously used, are you currently using, or are you considering using artificial intelligence, or A.I., in your business operations?”

	2023	2024
Currently Using A.I.	10%	18%
Considering Using A.I. Within Next Year	7%	6%
Considering Using A.I. Within Next 2-5 Years	9%	12%
No, Have Never Used and Have No Plans to Use A.I.	72%	59%

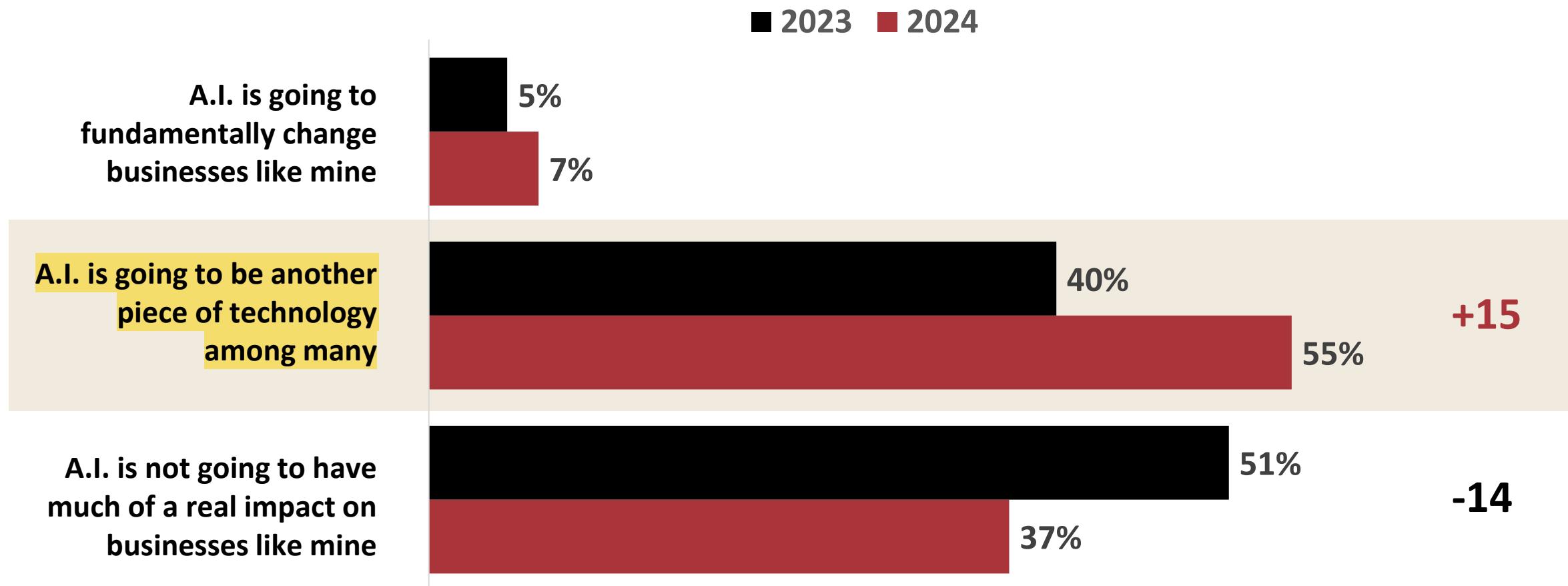


*Was 26% In 2023

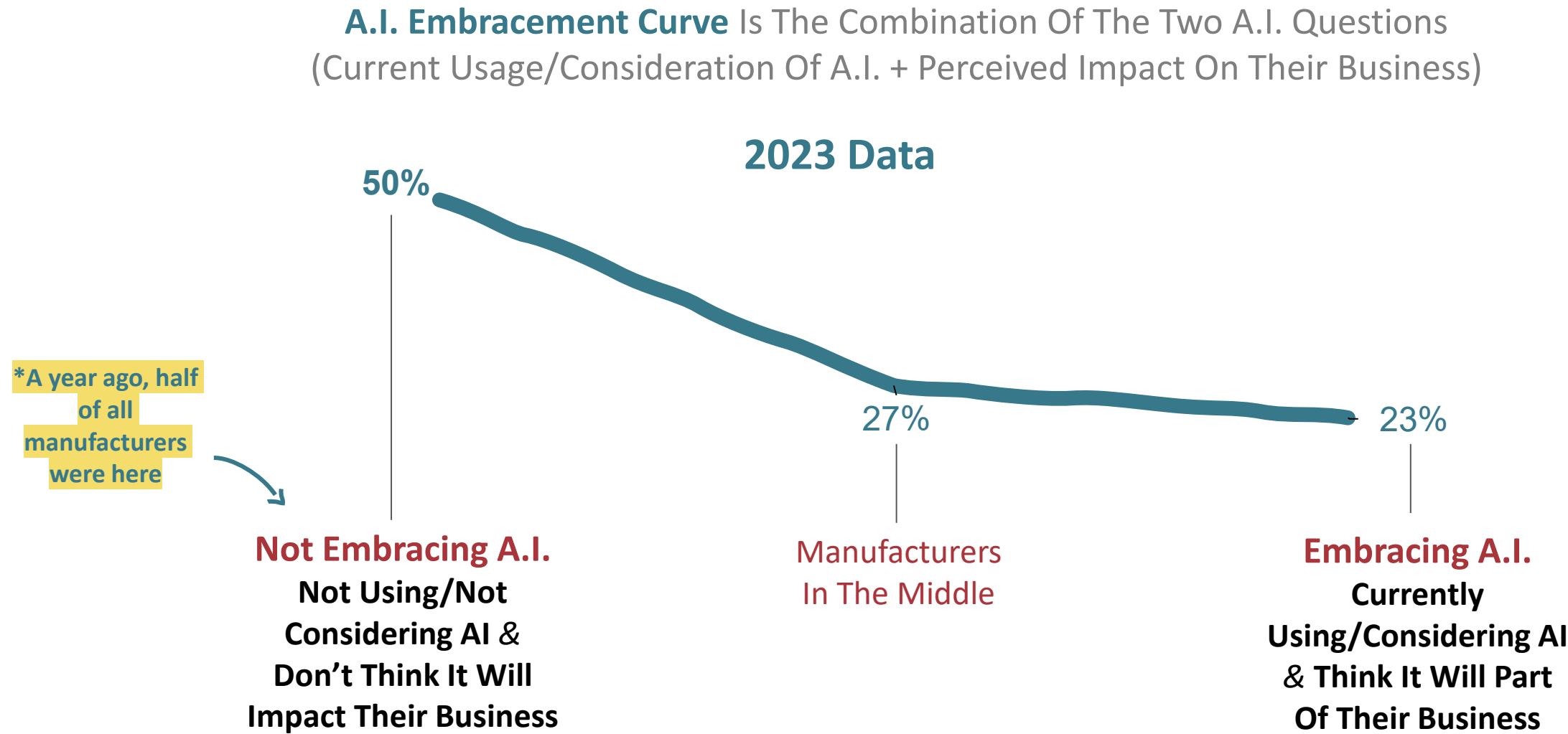
4% Don't Know/Not Sure

Most manufacturers now expect A.I. to have at least some impact on businesses like theirs.

"Thinking about the next few years, which ONE of the following viewpoints on the impacts of artificial intelligence, or A.I., on businesses like yours do you agree with more?"

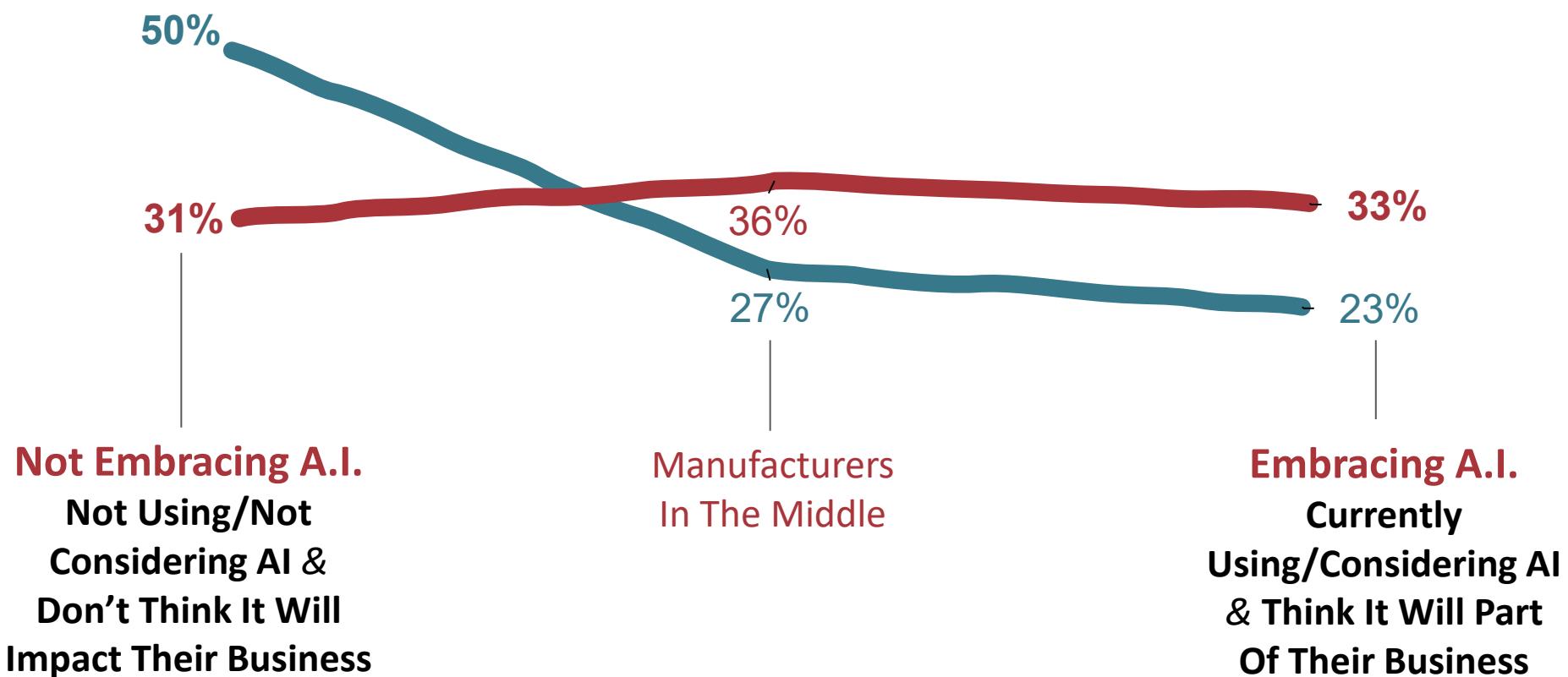


We merged these two A.I. questions together to create an “A.I. Embrace Curve” metric. Last year, half of all manufacturers were not embracing A.I.



But, quite a bit has changed. Today, we find an equal percentage of manufacturers on both ends of the “A.I. Embrace Curve.”

2023 Compared To 2024



Nearly two-in-ten Wisconsin manufacturers say they have been hacked or experienced a data breach of some kind.

“On a different topic, has your company been hacked or experienced a data breach of some kind?”



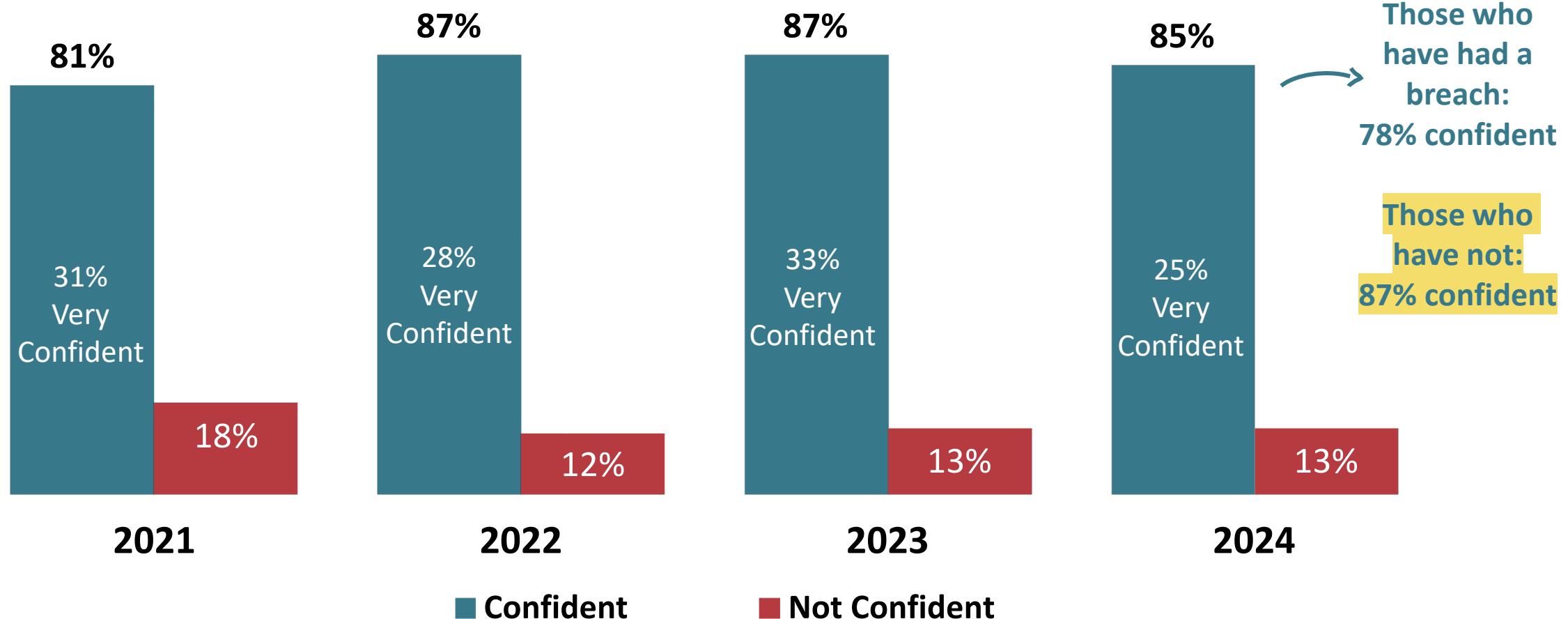
Fewer larger employee-sized and higher revenue manufacturers are reporting being impacted by data breaches this year.

% Hacked Or Experienced A Data Breach (By Company Type)

	2021	2022	2023	2024
1 – 49 Employees	15%	14%	17%	15%
50+ Employees	17%	34%	39%	26%
Revenue Under \$1 Million	15%	9%	13%	18%
Revenue \$1 – \$5 Million	15%	15%	15%	9%
Revenue \$5 Million +	26%	30%	38%	25%

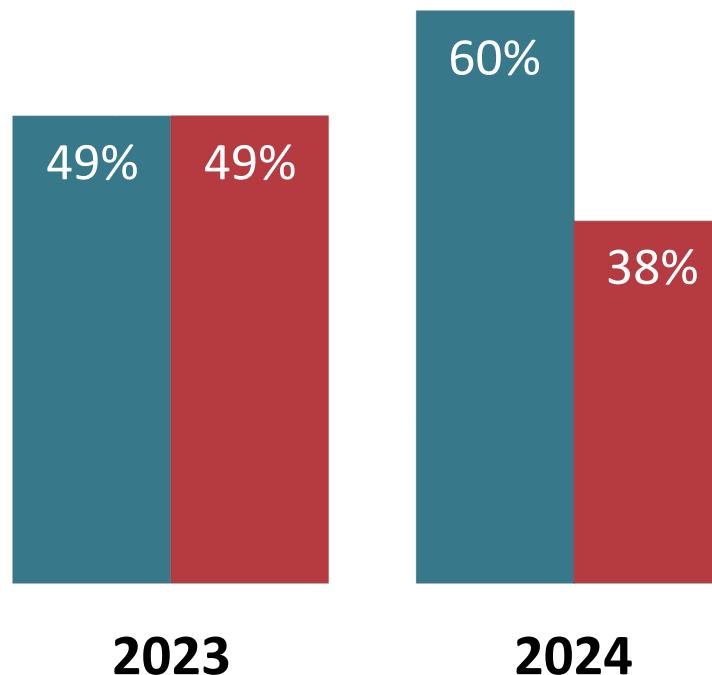
Manufacturer confidence in their cybersecurity continues to be high.

“How confident are you that your company is secure from hacking, data breaches, and other technological threats?”



Six-in-ten manufacturers say they have a formal strategic plan, with larger companies continuing to be those more likely to have a plan.

"On a different topic, does your company have a formal strategic plan for profitable growth?"



■ Yes, Have A Plan

■ No, Don't

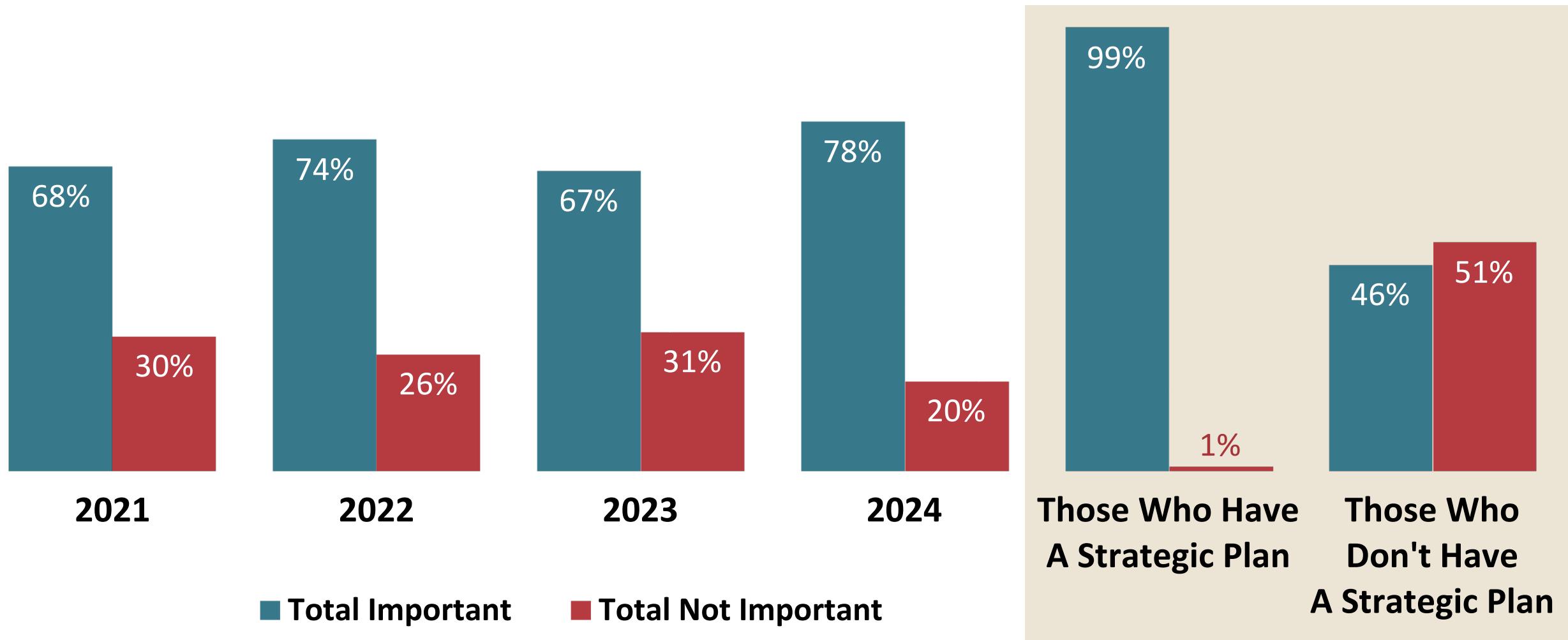
% Yes, Have A Plan

	2021	2022	2023	2024
1-49 Employees	41%	51%	43%	53%
50+ Employees	78%	78%	71%	83%
Revenue Under \$1M	34%	47%	34%	41%
Revenue \$1M - \$5M	49%	45%	47%	55%
Revenue \$5M+	68%	78%	67%	77%

*Highest yet among smaller companies, too

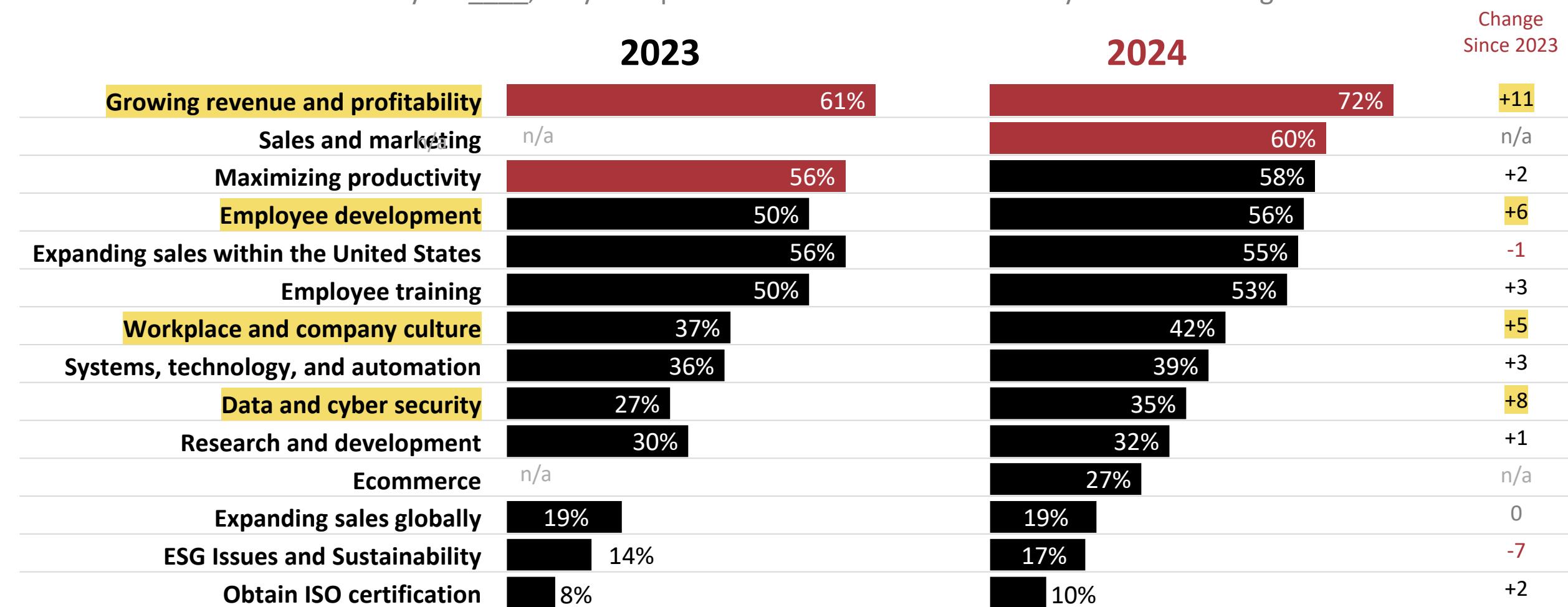
Those who have a formal strategic plan say it is important to their company's future growth.

"How important is having a formal strategic plan to your company's future growth?"



Growing revenue and profitability remains atop the list of potential areas for increasing investment, followed by sales and marketing.

“Overall for the year ____, do you expect to increase investment in any of the following areas?”



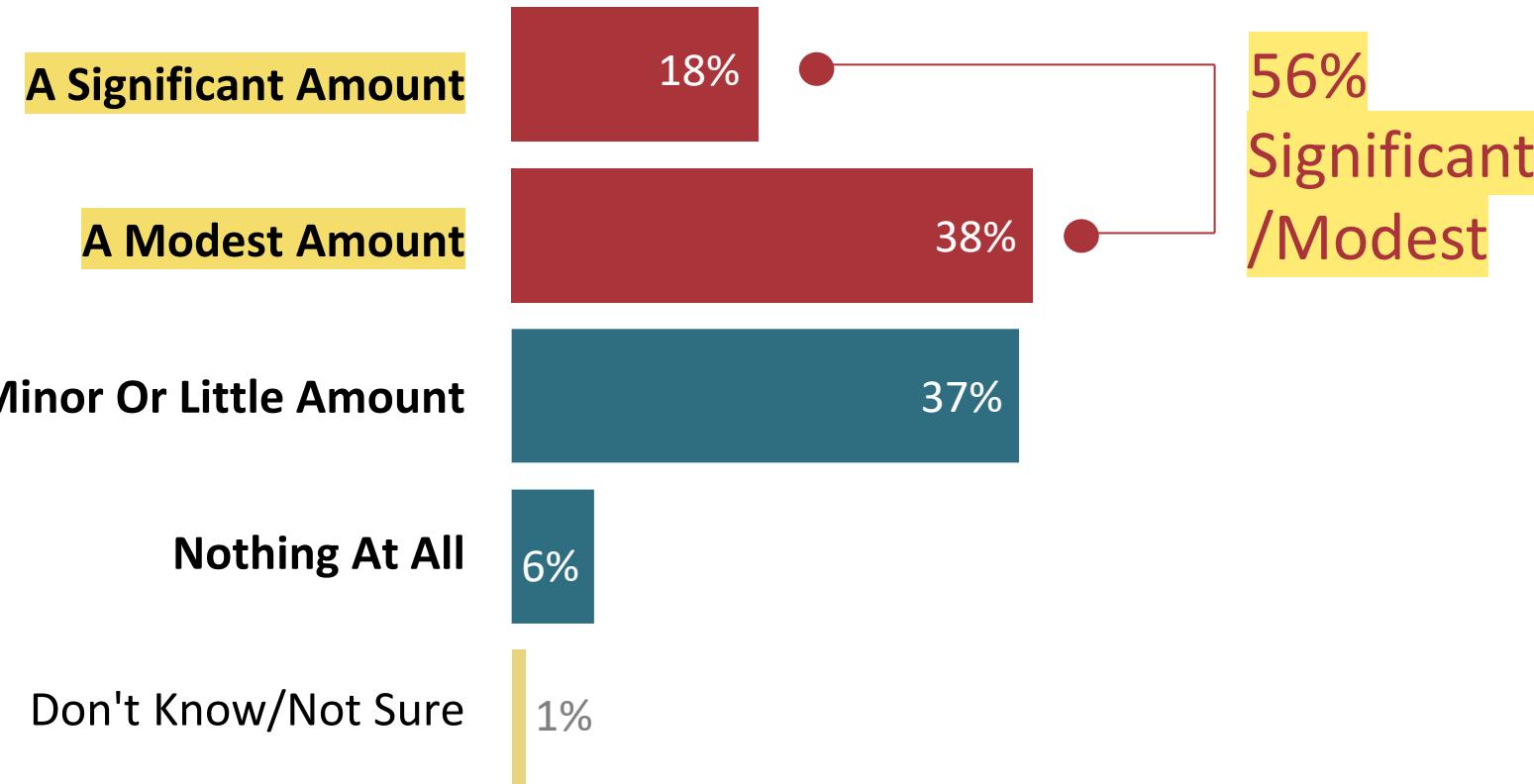
Companies see their main source of growth in finding new customers and markets, followed by finding and retaining employees.

"As you think about your company's future, what would you say are the two or three most important drivers of your company's future growth?"



Over half of manufacturers are investing a significant or modest amount in sales and marketing for their business, especially the larger companies.

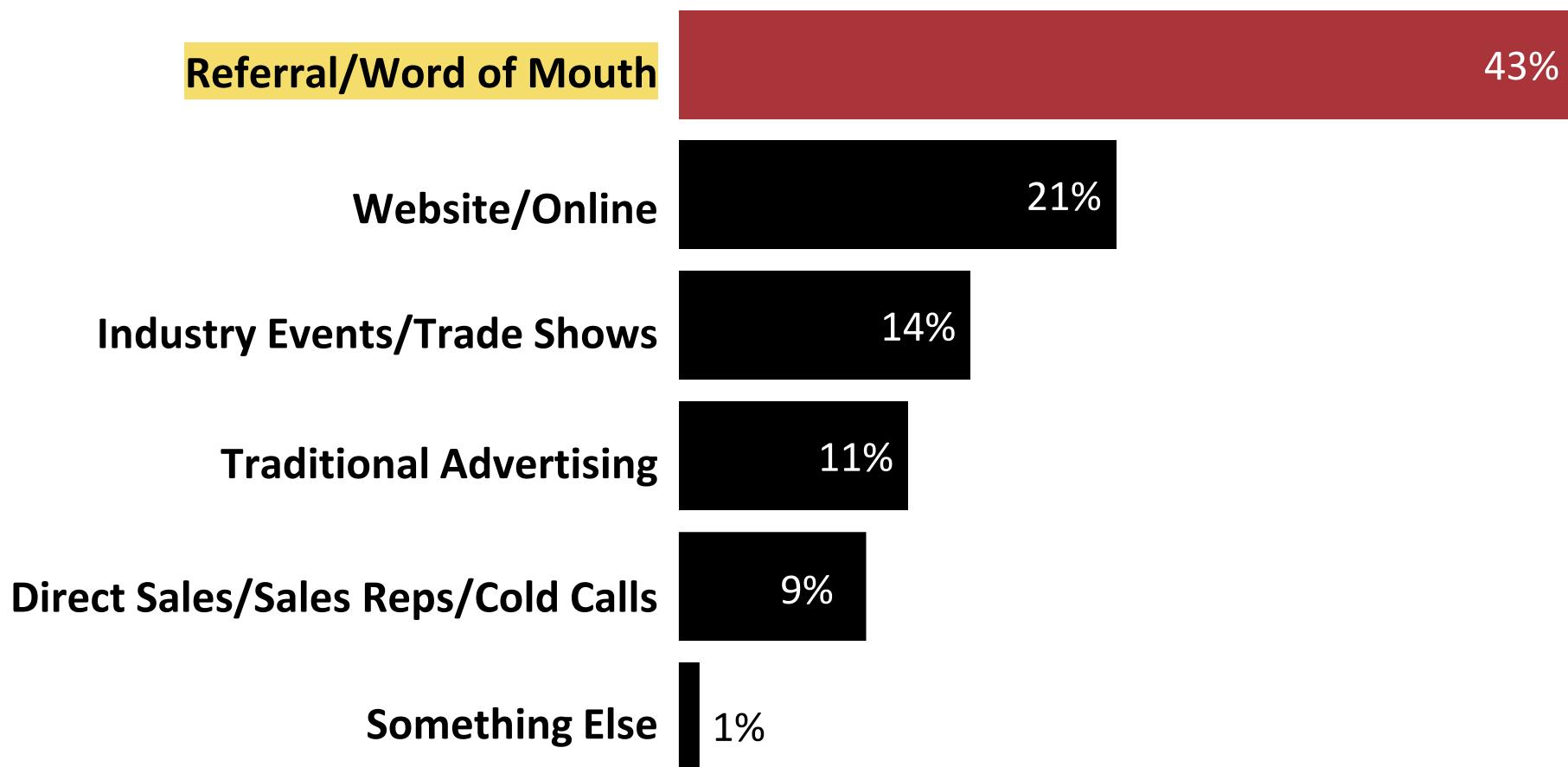
“How much does your company invest in sales and marketing?”



	% Significant/Modest
1 – 49 Employees	51%
50+ Employees	73%
Revenue Under \$1M	46%
Revenue \$1 – \$5M	48%
Revenue \$5M+	69%

New customers come primarily through referrals and word of mouth.

“What is your primary source of new customer acquisition?”



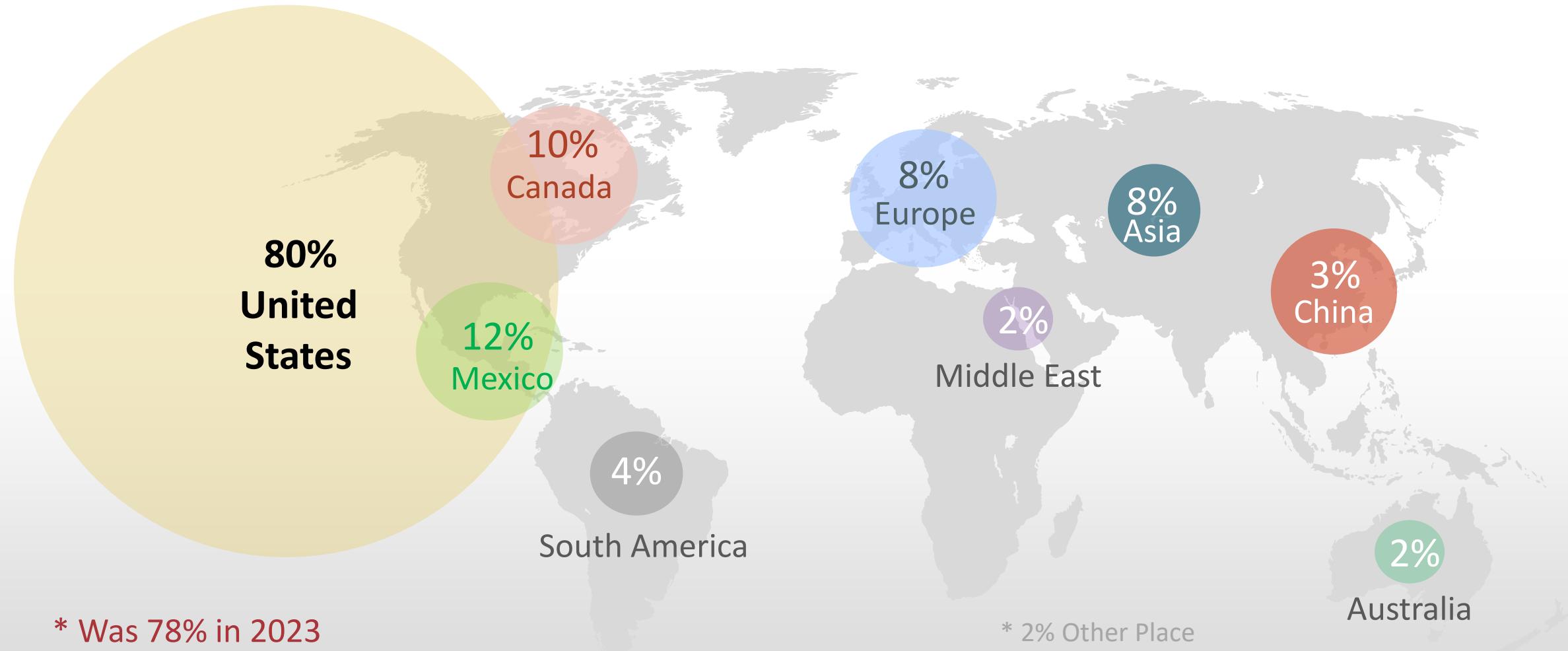
Referrals are even more important for smaller firms.

“What is your primary source of new customer acquisition?”

	Company Size		Revenue		
	1-49 Employees	50+ Employees	Under \$1 Million	\$1- \$5 Million	\$5 Million+
Referral/Word of Mouth	48%	29%	54%	44%	38%
Website/Online	20%	21%	13%	31%	17%
Industry Events/Trade Shows	11%	22%	6%	10%	22%
Traditional Advertising	12%	8%	20%	8%	8%
Direct Sales/Sales Reps/Cold Calls	8%	13%	5%	6%	10%
Something Else	1%	0%	0%	1%	1%

The United States is overwhelmingly seen as the greatest opportunity for increasing prospective business.

"And, in what part of the world do you see greatest increase in prospective business?"



THE BOTTOM LINE

THE BOTTOM LINE

1

Wisconsin manufacturers are less confident and increasingly uncertain about the state's business climate, with many believing the economy is stuck in neutral.

2

While most manufacturers remain optimistic about their financial future, cracks are beginning to show. The number of those who express strong confidence declined, particularly among larger companies. Projected increases in gross revenues, profitability, and capital expenditures reached their lowest levels since 2021.

3

Workforce challenges continue to be a major concern, shifting from hiring difficulties to the growing struggles of retaining and affording existing workers.

THE BOTTOM LINE

4

Inflation concerns resurfaced this year, alongside heightened worries about economic and global uncertainty, federal regulations, and cybersecurity threats.

5

To address long-term workforce issues, more manufacturers are adopting automation. Additionally, a growing number recognize the potential value of artificial intelligence.

6

Over half of manufacturers report investing at least modestly in sales and marketing efforts. Interestingly, for many—especially smaller manufacturers—referrals and word-of-mouth remain the leading sources of new customer acquisition.

FOUR MANUFACTURER TAKEAWAYS

LAST YEAR

#1 / Chronic Workforce Shortage Is Transforming Manufacturing



#1 / Chronic Workforce Shortage Is Transforming Manufacturing



LAST YEAR

#2 / Significant Number of Manufacturers at Risk



Supporting Data:

- ↓ Recession (12%)
- ↓ Not Confident in Own Business (13%)
- ↓ Revenues Down (25%)
- ↓ Profitability Down (31%)
- ↓ Capital Expenditures Down (21%)

Similar numbers in all our surveys since the start of the pandemic.

#2 / Significant Number of Manufacturers at Risk



Supporting Data:

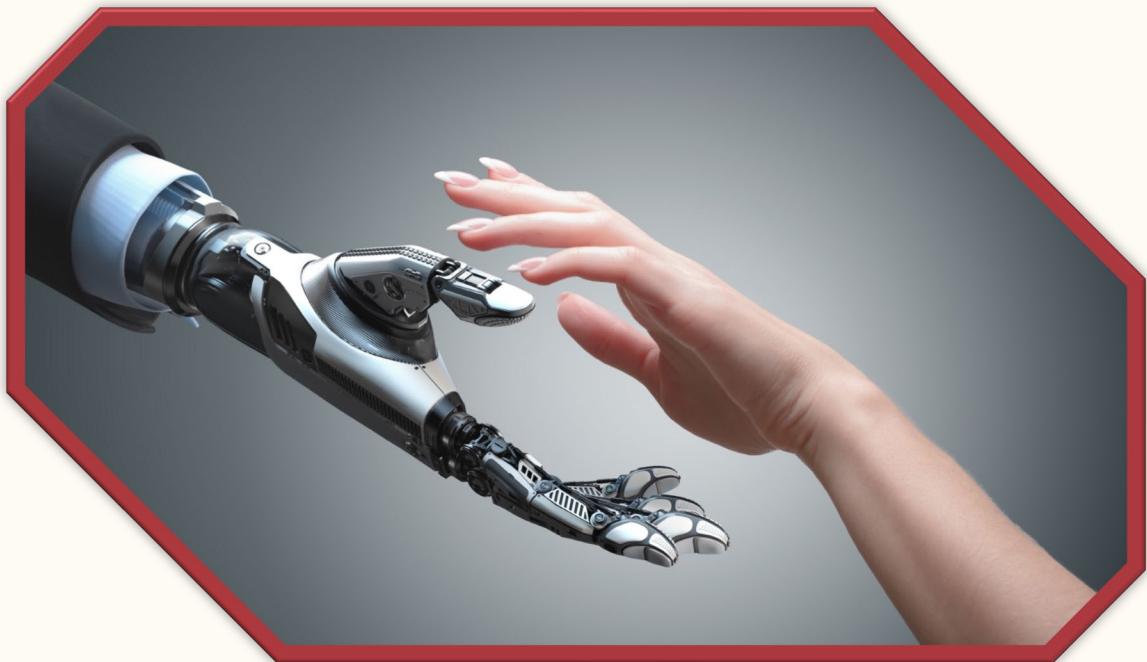
- ↓ **Recession (12%)**
- ↓ **Not Confident in Own Business (12%)**
- ↓ **Revenues Down (28%)**
- ↓ **Profitability Down (31%)**
- ↓ **Capital Expenditures Down (26%)**

Similar numbers in all our surveys since the start of the pandemic.

#3 / Workforce Investment Intensifies

- Market is softening – but still sticky
- New investments increase engagement *and* improve the business
- A shallow talent pool resets hiring expectations
- Companies that lean into the workforce challenge have fewer vacancies, less turnover, and a more productive team

#4 / AI Transforming Manufacturers



- **AI adoption is accelerating**
- Applications are bifurcating
- Experimenters are winning –
Old guys rule!!
- New resources are coming
on-line

Actions for Manufacturers



Invest in your **workforce**

- Engagement is key to performance
- Create a reason to be on your team



Embrace **technology**

- Experiment with AI – Make it work!
- Drive competitiveness with a practical strategy
- Stay safe!!



Engage the Wisconsin MEP Network as **your partners in this effort!**



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