



The **Wisconsin**
Manufacturing
Report



WISCONSIN CENTER FOR
MANUFACTURING
& **PRODUCTIVITY**

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



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

THE FIVE BIGGEST TAKEAWAYS

FIVE BIGGEST TAKEAWAYS

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

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 30– August 23, 2023, among 415 manufacturing executives; it has a margin of error of $\pm 4.8\%$.
- This is the third annual survey conducted among manufacturers in the state. The first study was completed August 16 – September 12, 2021, and the second study was completed July 29 - August 3, 2022.
- 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 the first week in September (Sept 6-7, 2023).

SURVEY SAMPLE COMPOSITION

	This Survey Demographics	Census Statistics (County Business Patterns Survey)
Fewer Than 50 Employees	77%	75%
More Than 50 Employees	22%	25%
Metal Fabrication	21%	24%
Machinery Manufacturing	16%	12%
Printing	9%	8%
Food/Beverage	9%	14%
Paper/Wood Products	10%	13%
Other Type of Manufacturing	16%	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



1

Manufacturers were pessimistic about economic conditions in the state

2

It was impacting their business projections
(gross revenues, profitability, capital expenditures)

3

Concerns about inflation and energy costs were on the rise
("quotes are just estimates")

4

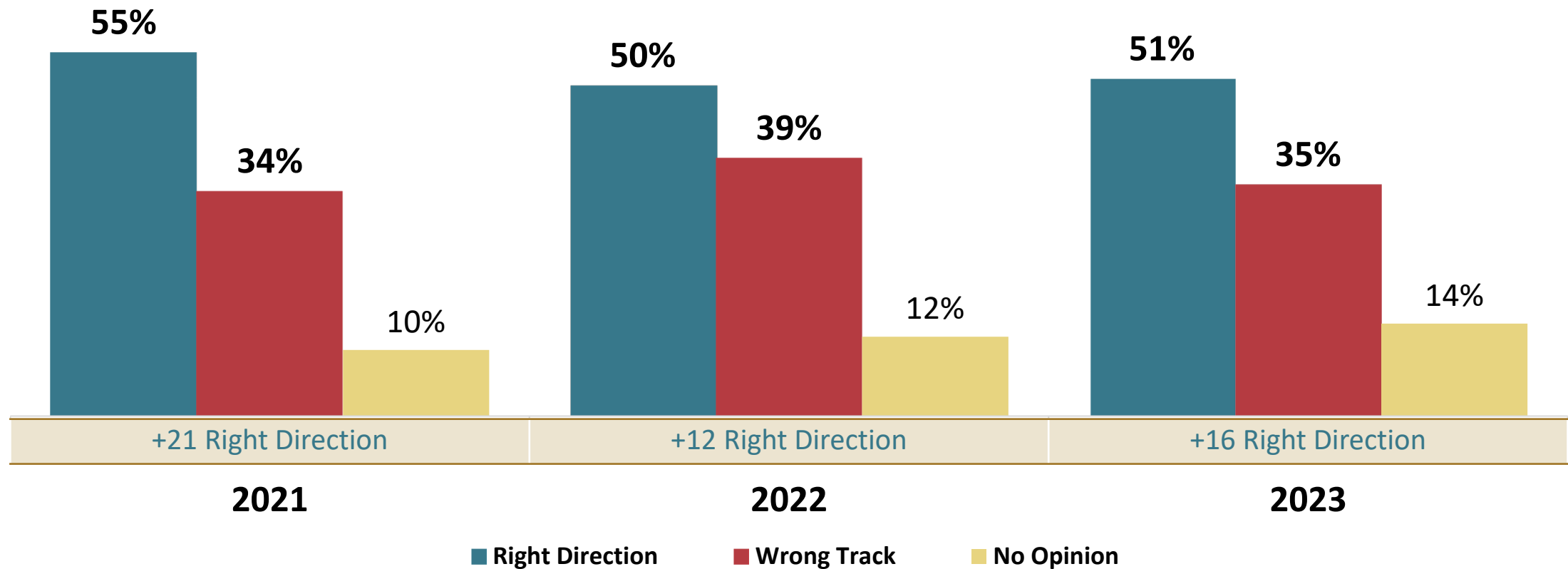
COVID-19 clearly left a mark

5

Between 10% and 20% of manufacturers were struggling

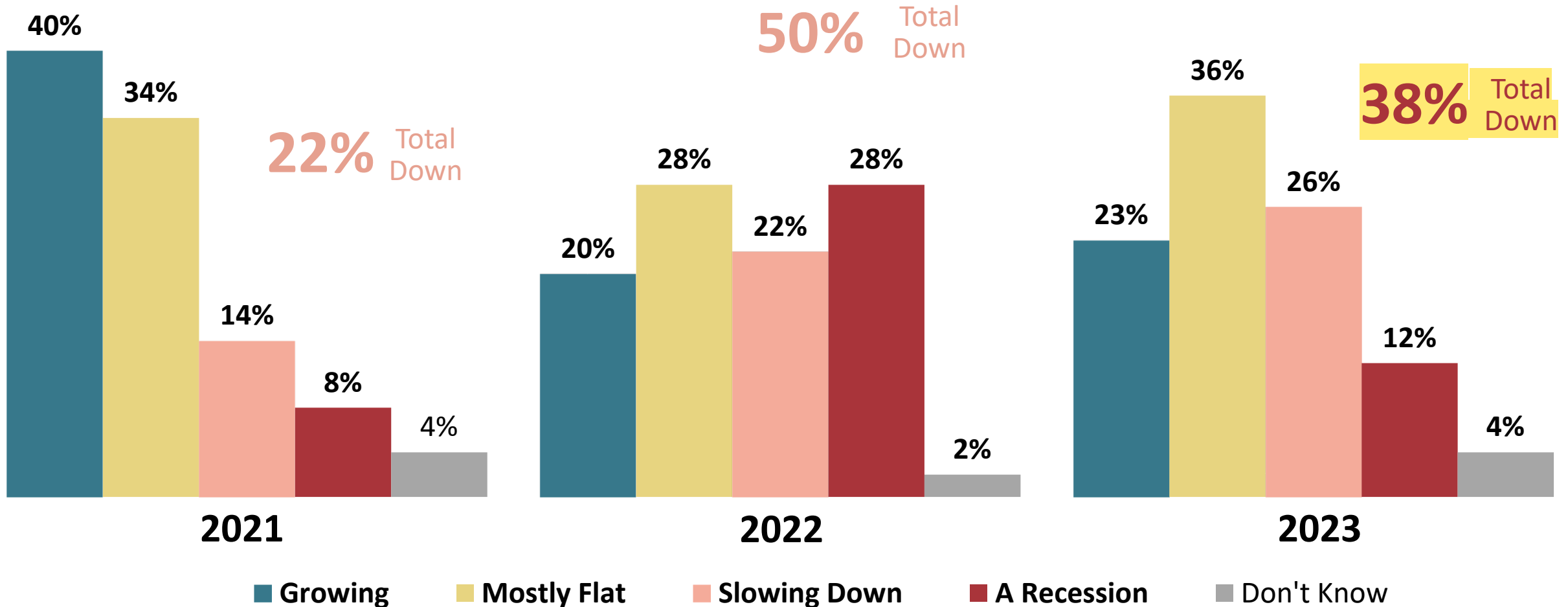
A majority of Wisconsin business executives say the business climate is heading in the right direction, but it's not quite back to the levels of 2021.

“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?”



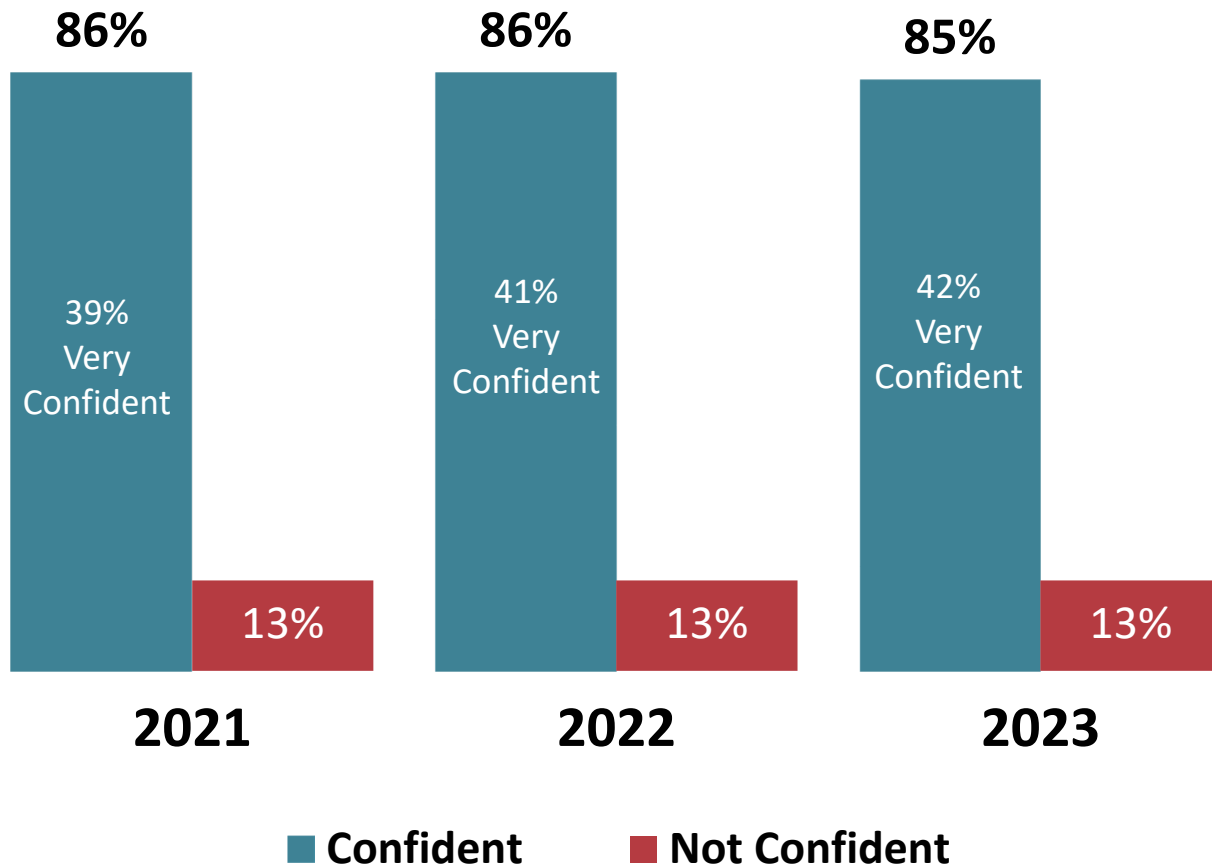
Manufacturers are less pessimistic than they were last year at this time, but less than a quarter say the economy is growing.

“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?”



% Very Confident

	2021	2022	2023	Change
1-49 Employees	39%	35%	40%	+5
50+ Employees	40%	58%	51%	-7
Revenue Under \$1M	35%	29%	34%	+5
Revenue \$1 - \$5M	39%	40%	46%	+6
Revenue \$5M+	43%	55%	48%	-7

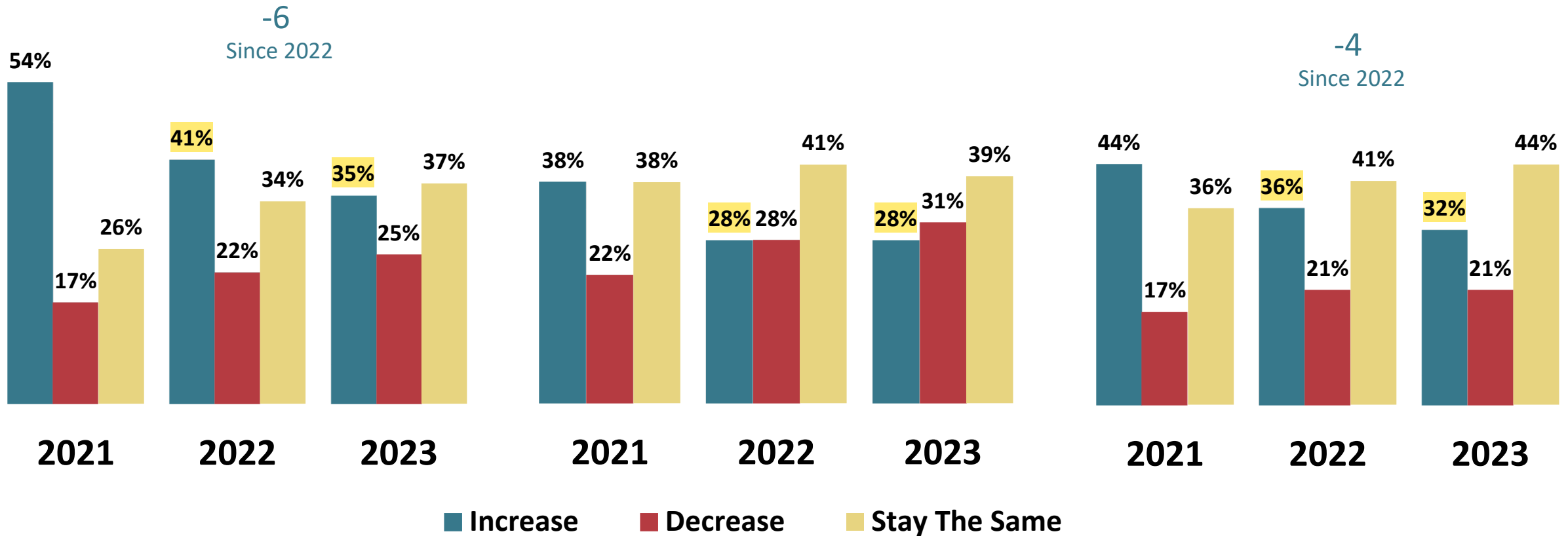
Despite that optimism, we continue to see a downward trend in expected increases in gross revenues and capital expenditures.

“As you look to the year-end, do you expect your company’s _____ for 2023 to increase or decrease compared to 2022, or will they probably stay the same?”

Gross Revenues

Profitability

Capital Expenditures



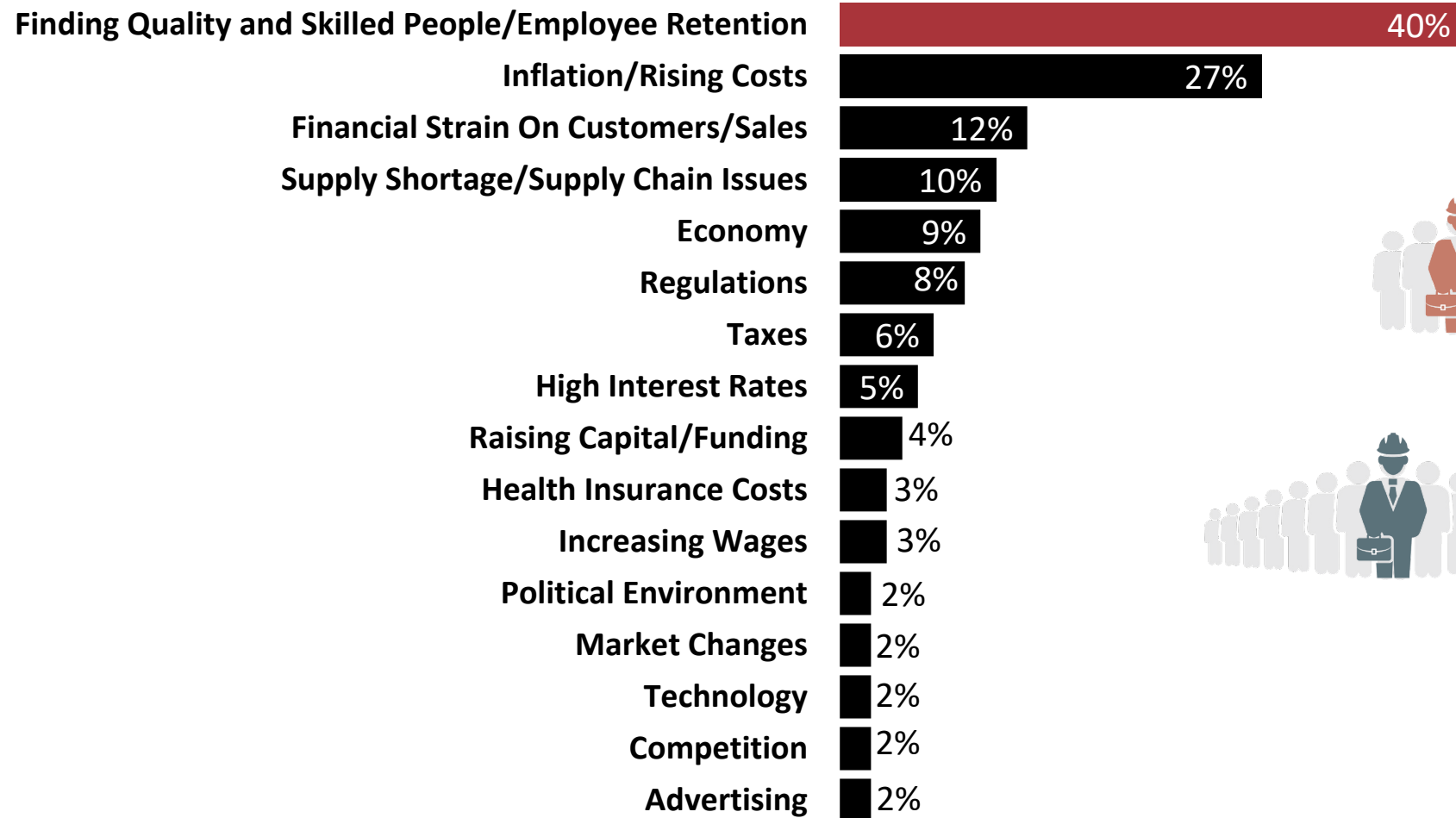
Workforce concerns top the list of manufacturers' concerns, with healthcare costs and finding new customers and markets also on the rise.

“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)

	2021	2022	2023	Change since 2022
Keeping qualified employees	Rating 9-10 60%	55%	57%	+2
Finding and attracting qualified employees	56%	53%	52%	-1
Costs of materials for your products	60%	57%	49%	-8
Availability and supply of materials for your products	64%	53%	43%	-10
Overall inflation	41%	49%	42%	-7
The costs of health care coverage	44%	36%	42%	+6
Costs of employee salaries and benefits	33%	38%	37%	-1
Federal and state taxes	41%	34%	34%	0
Finding new customers and markets	31%	28%	34%	+6
Economic and global uncertainty	32%	27%	27%	0
State government regulations	30%	25%	26%	+1
Energy costs	18%	30%	26%	-4
Getting operations to where they were before pandemic	35%	29%	26%	-3
Federal government regulations	33%	27%	24%	-3
Developing company managers and leaders	25%	19%	21%	+2
Hacking and cyber security	24%	19%	14%	-5
ESG or environmental, social and governance issues	n/a	13%	9%	-4
Artificial Intelligence	n/a	n/a	6%	

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)



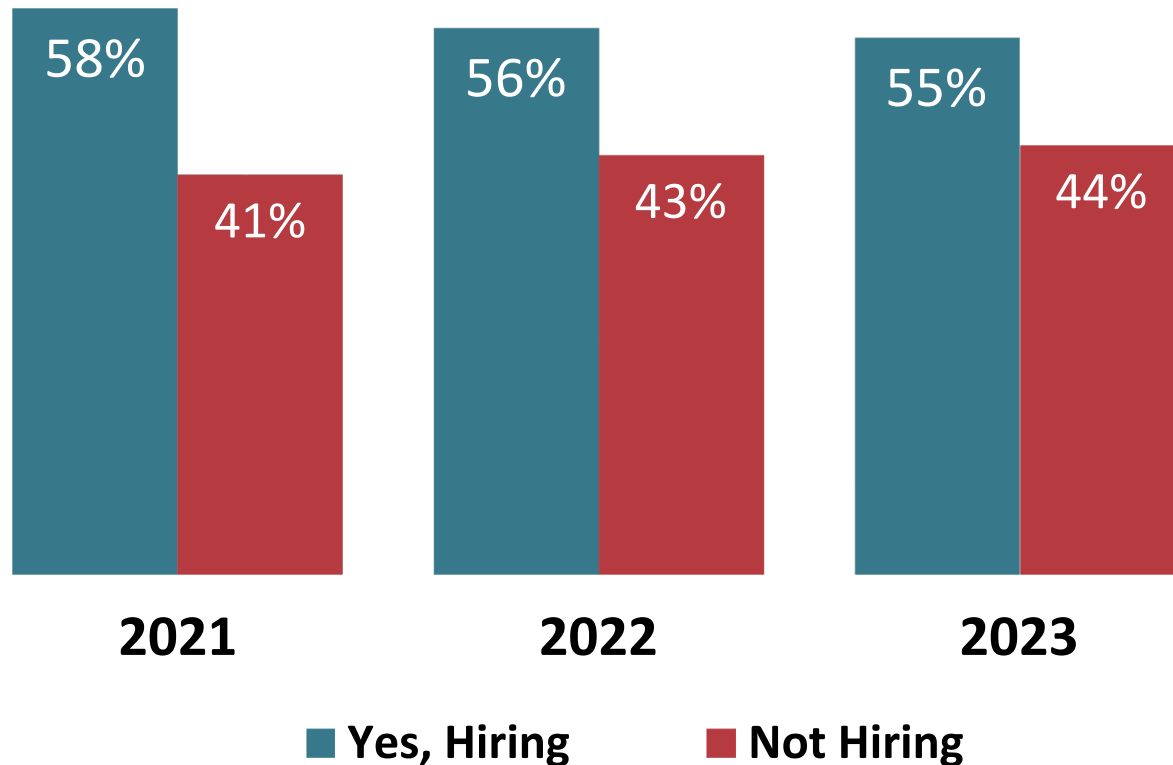
36%
Among
Companies with
1-49 Employees



54%
Among
Companies with
50+ Employees

A majority of manufacturers say they are hiring, but most of them are only looking to fill a handful of positions.

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



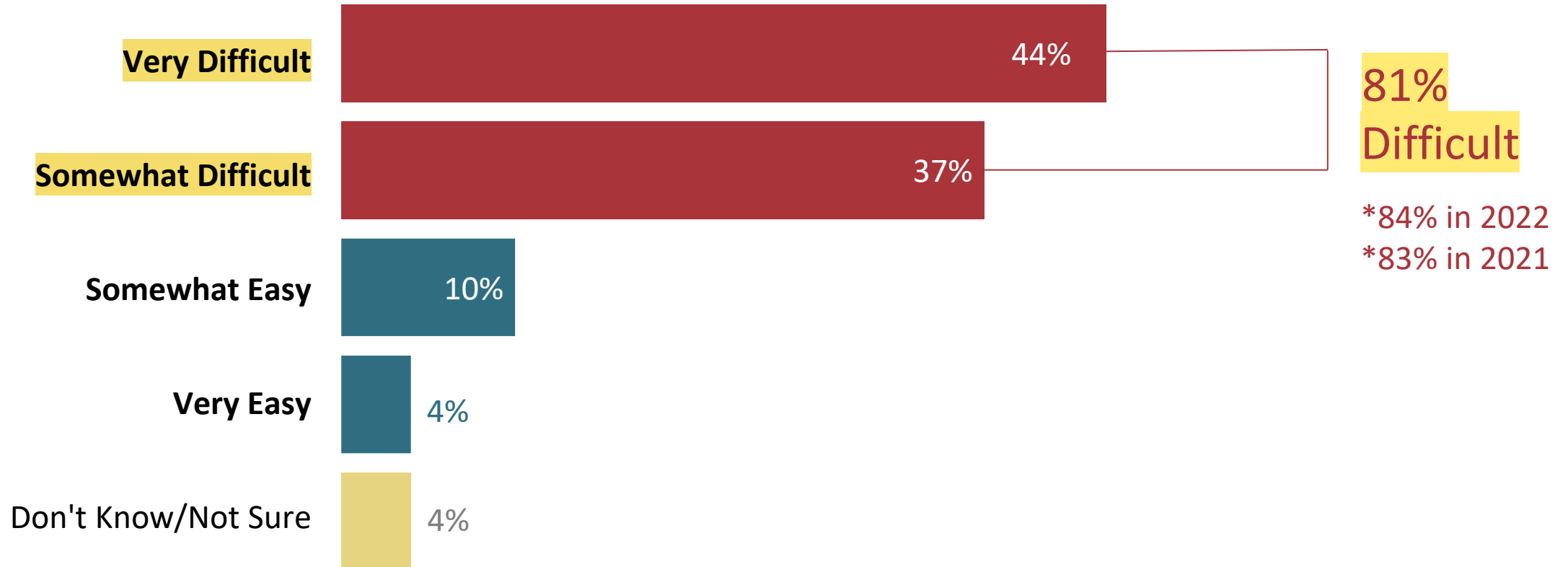
(ASKED AMONG THOSE HIRING) “And, based on your best estimate, how many positions would you say your company has open that you are currently hiring for?”



Number of Positions	
1–2 Positions	44%
3–5 Positions	30%
6+ Positions	24%

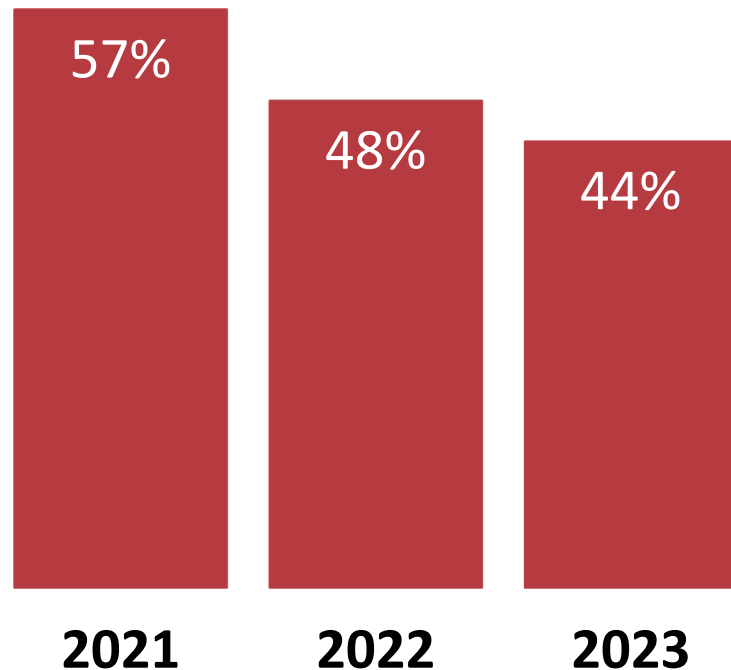
Very few executives say it is easy to find qualified workers for new or open positions, and nearly half say it is *very* difficult.

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



The percentage who say it's very difficult to find the workers they need has declined for the second year in a row, especially with larger companies.

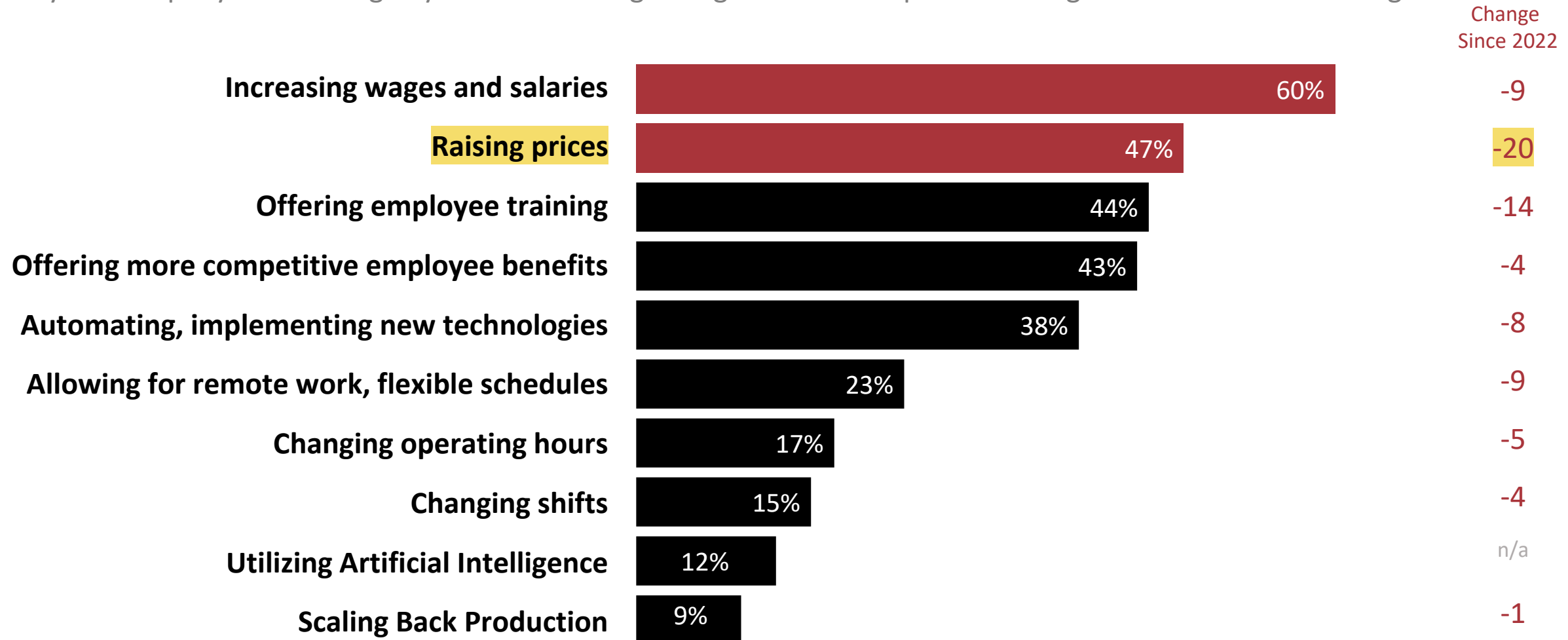
% Very Difficult To Find Workers (Overall & By Company Type)



	2021	2022	2023
1 – 49 Employees	53%	44%	44%
50+ Employees	68%	58%	43%
Revenue Less Than \$1M	46%	35%	36%
Revenue \$1 – \$5M	60%	57%	53%
Revenue \$5M +	65%	56%	47%

Increasing wages and raising prices are still the top two changes companies are considering, though the numbers have dropped off a bit.

“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 wages and benefits and implementing automation or new technologies.

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

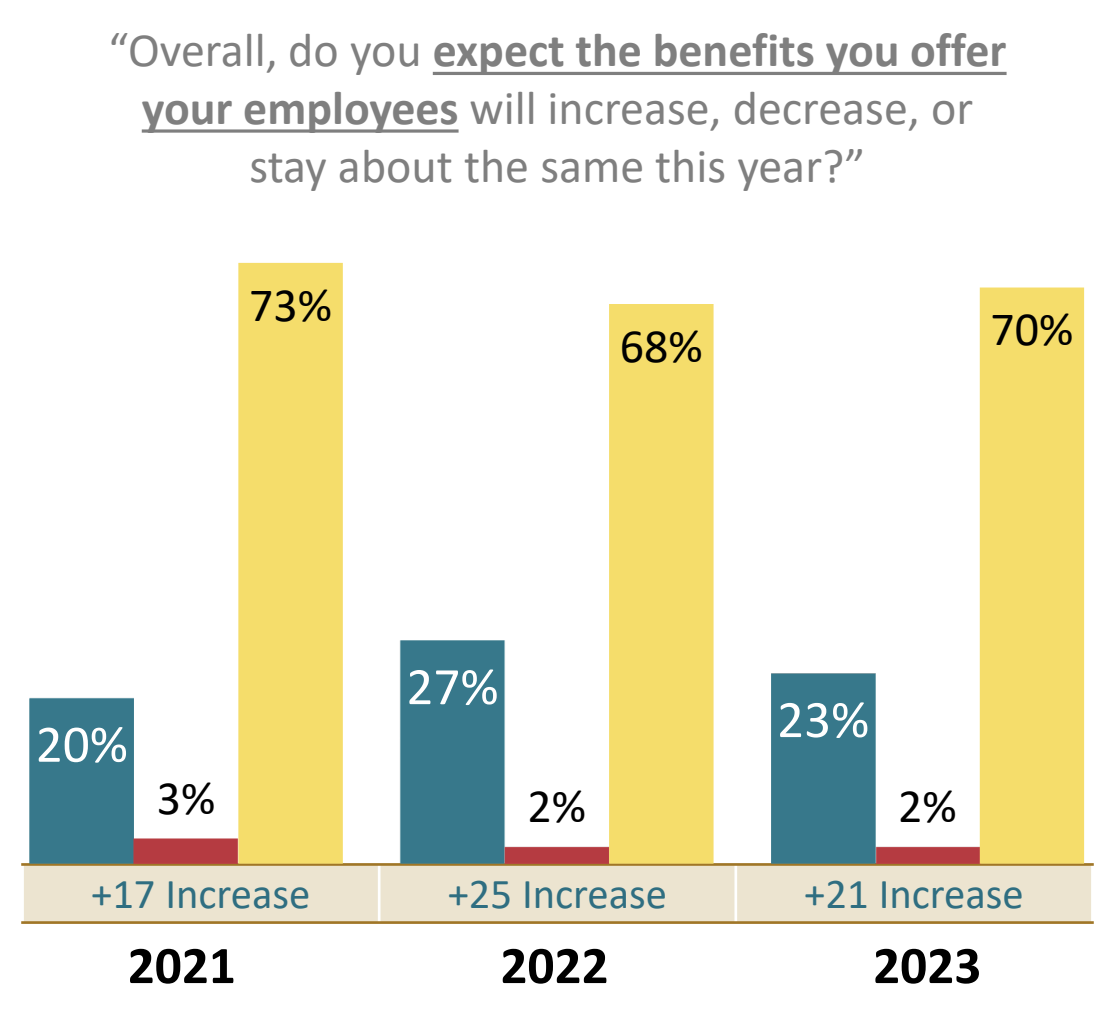
	Company Size		Revenue		
	1-49 Employees	50+ Employees	Under \$1 Million	\$1- \$5 Million	\$5 Million+
Increasing wages and salaries	58%	70%	46%	66%	77%
Raising prices	45%	52%	45%	44%	53%
Offering employee training	41%	53%	33%	51%	53%
Offering more competitive employee benefits	38%	59%	27%	48%	57%
Automating or implementing new technologies	32%	59%	24%	38%	56%
Allowing for remote work and flexible schedules	20%	32%	15%	26%	31%
Changing operating hours	16%	20%	14%	14%	24%
Changing shifts	10%	32%	6%	14%	26%
Utilizing Artificial Intelligence	9%	19%	7%	10%	18%
Scaling back production	9%	6%	10%	8%	8%

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?”



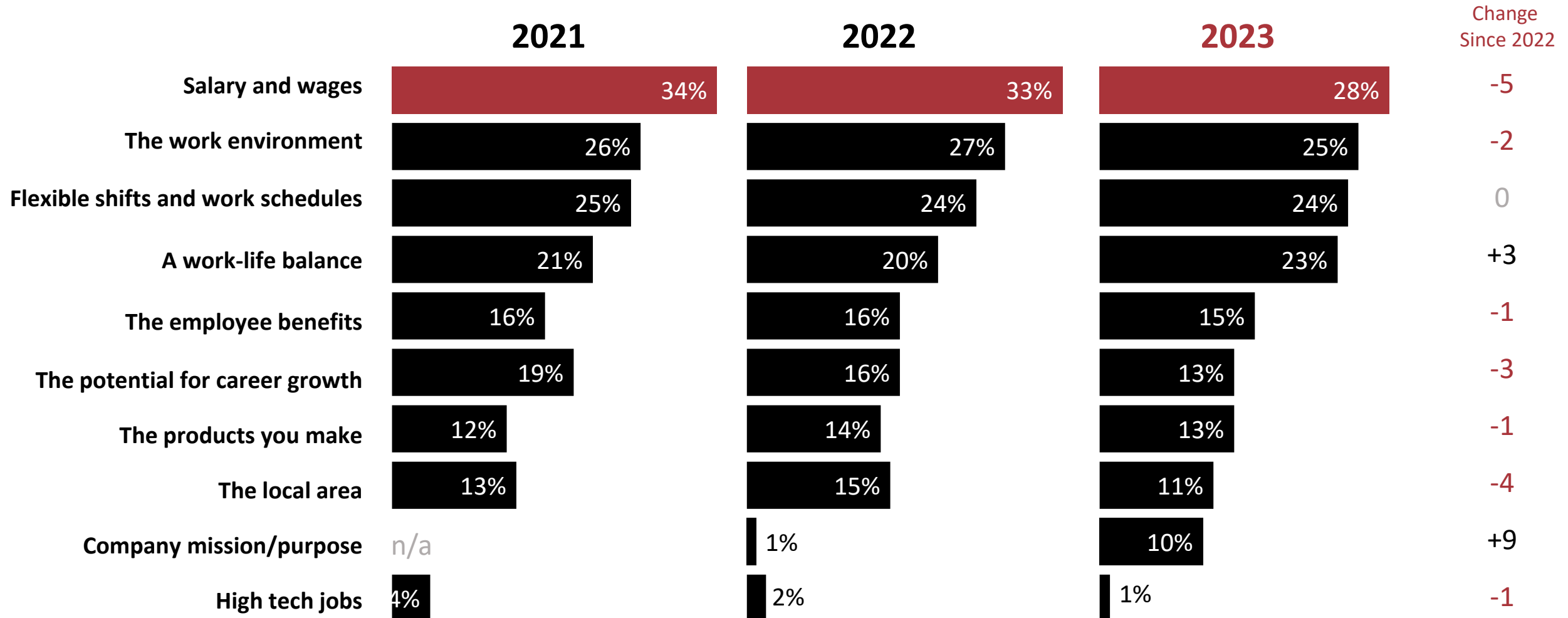
“Overall, do you expect the benefits you offer your employees will increase, decrease, or stay about the same this year?”



■ Increase ■ Decrease ■ Stay The Same

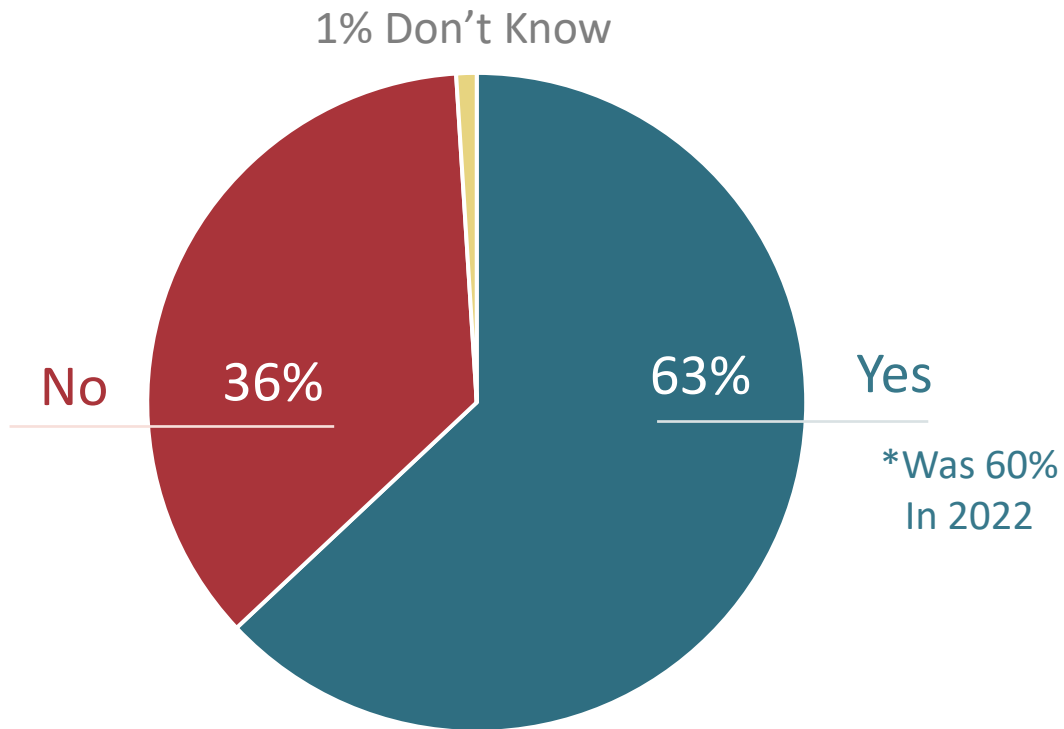
Compensation continues to be the strongest selling point for businesses.

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

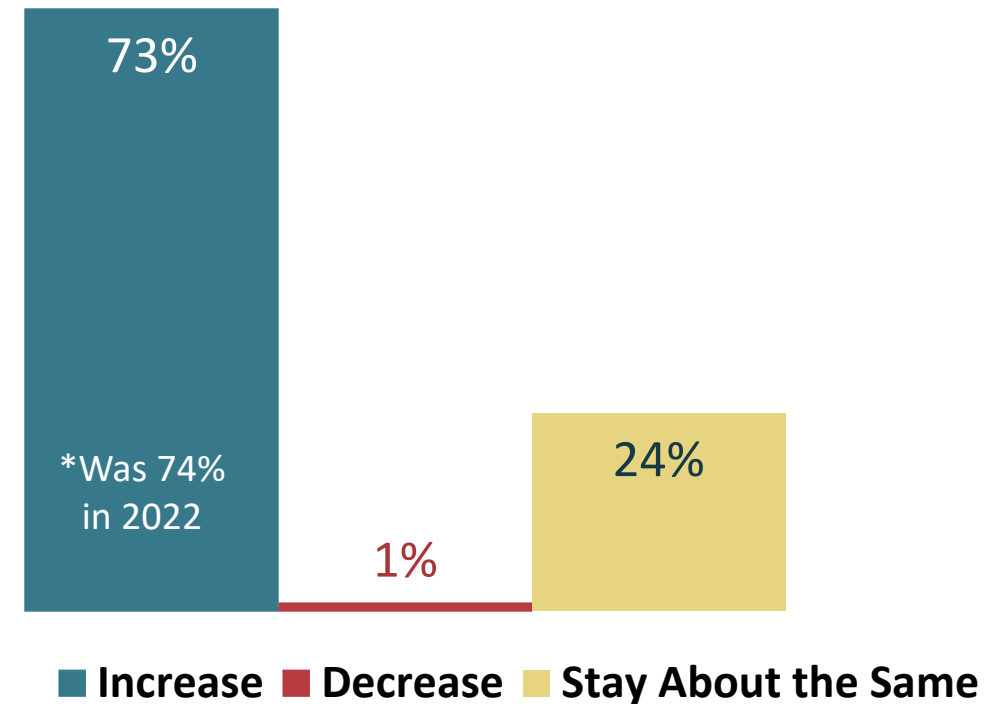


Most manufacturing companies provide health insurance to their employees, and nearly three quarters of those who do say they expect costs to rise.

“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 2022?”



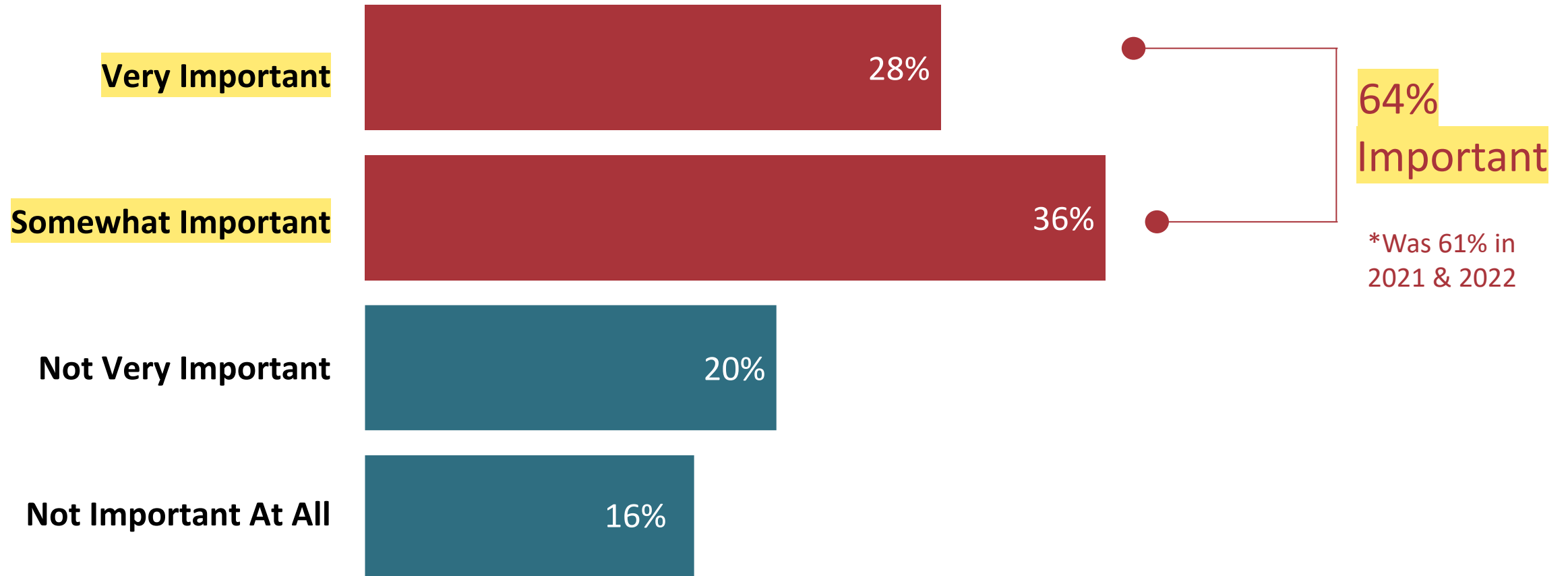
Growing revenue and profitability still tops the list of potential areas for increasing investment, followed by expanding sales and maximizing productivity.

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

	2021	2022	2023	Change Since 2022
Growing revenue and profitability	75%	73%	61%	-12
Expanding sales within the United States	61%	60%	56%	-4
Maximizing Productivity	72%	69%	56%	-13
Employee training	59%	57%	50%	-7
Employee development	58%	56%	50%	-6
Workplace and company culture	44%	46%	37%	-9
Systems, technology, and automation	43%	48%	36%	-12
Research and development	30%	32%	30%	-2
Data and cyber security	34%	33%	27%	-6
Expanding sales globally	19%	18%	19%	+1
ESG Issues and Sustainability	n/a	n/a	14%	n/a
Obtain ISO certification	8%	11%	8%	-3

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?"



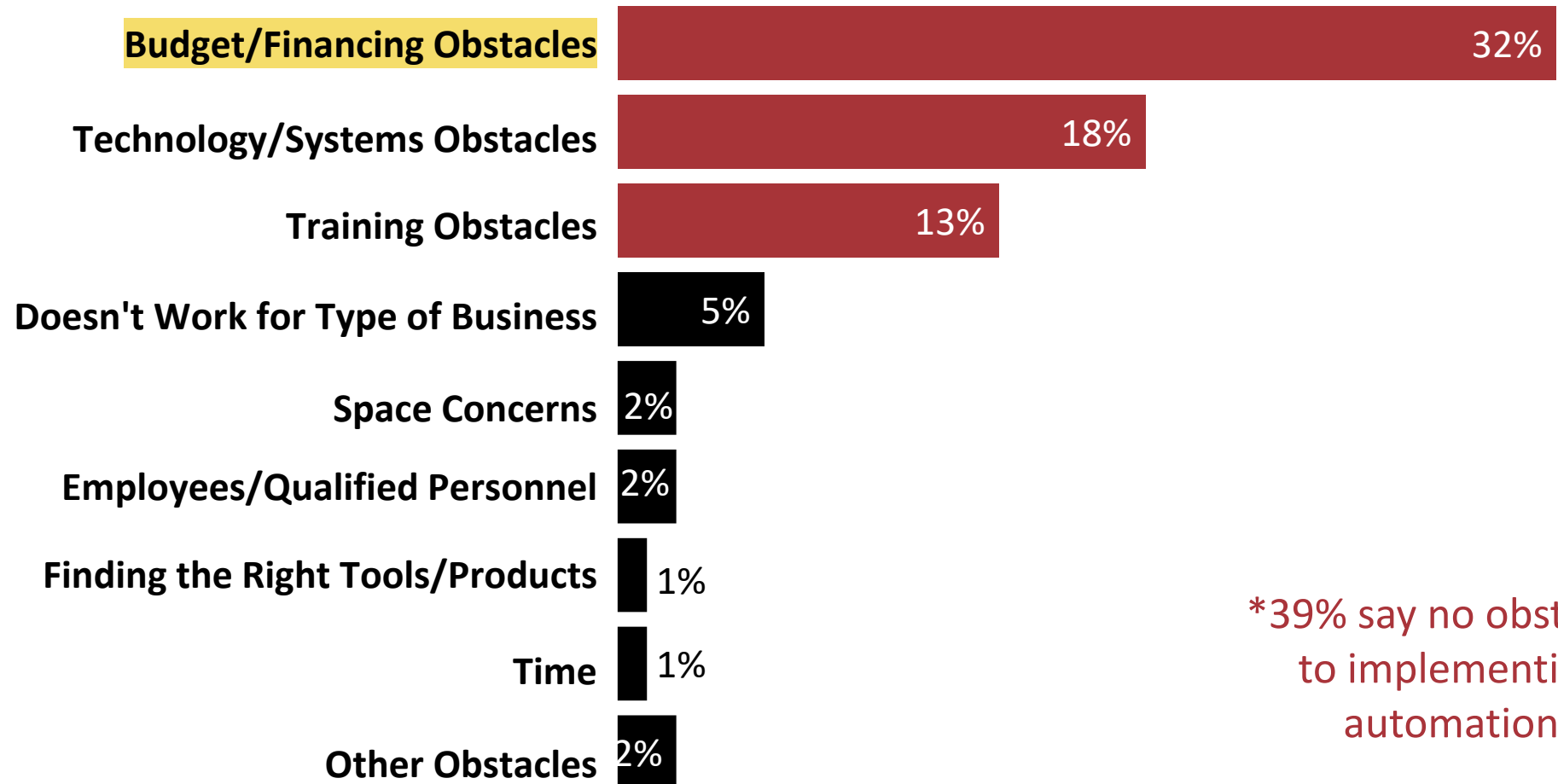
Automation is clearly more important for larger companies, but we have seen an increase among smaller manufacturers since 2021.

Importance of Automation By Type of Company

	Very Important	Total Important	Total Important In 2021
1-49 Employees	23%	59%	53%
50+ Employees	48%	82%	89%
Revenue Under \$1 Million	17%	47%	
Revenue \$1 - \$5 Million	26%	66%	
Revenue \$5 Million +	45%	84%	

Of those who say there are obstacles to implementing automation, financing is clearly the top concern they have.

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

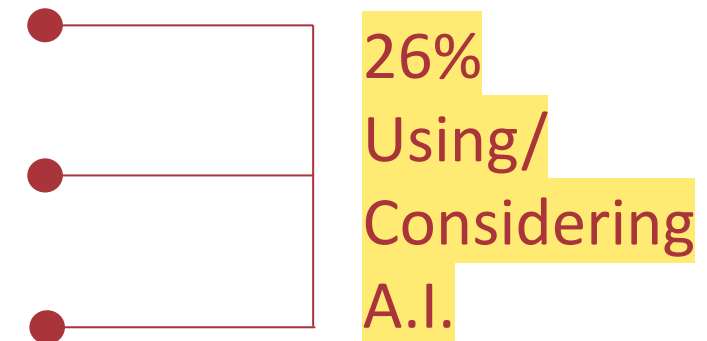


*39% say no obstacles to implementing automation

About a quarter of manufacturers say they are using or considering using A.I. within the next five years.

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

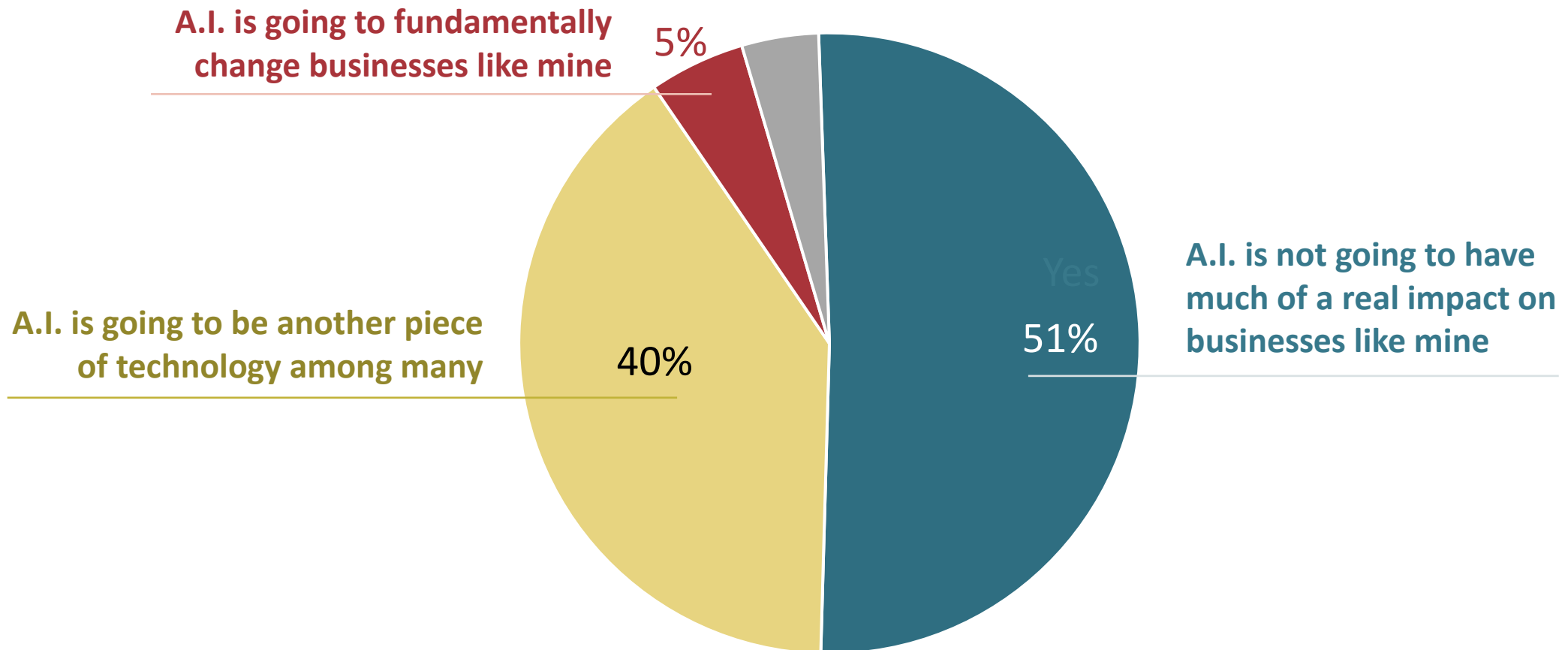
	%
Currently Using A.I.	10%
Considering Using A.I. Within Next Year	7%
Considering Using A.I. Within Next 2-5 Years	9%
No, Have Never Used and Have No Plans to Use A.I.	72%



3% Don't Know/Not Sure

Most manufacturers in Wisconsin say they don't expect A.I. to impact 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?”



Twenty-two percent of 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?”



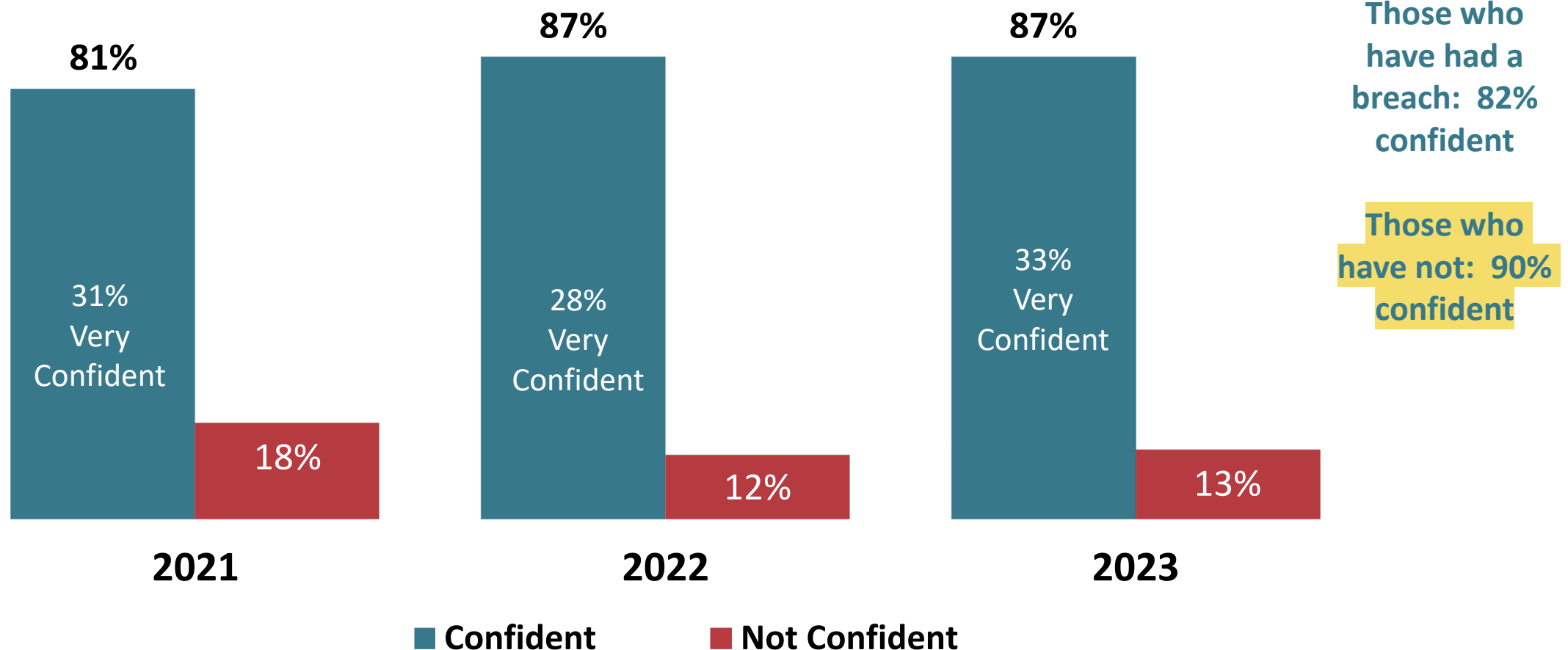
The larger employee-sized and higher revenue manufacturers are the ones being increasingly impacted by data breaches.

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

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

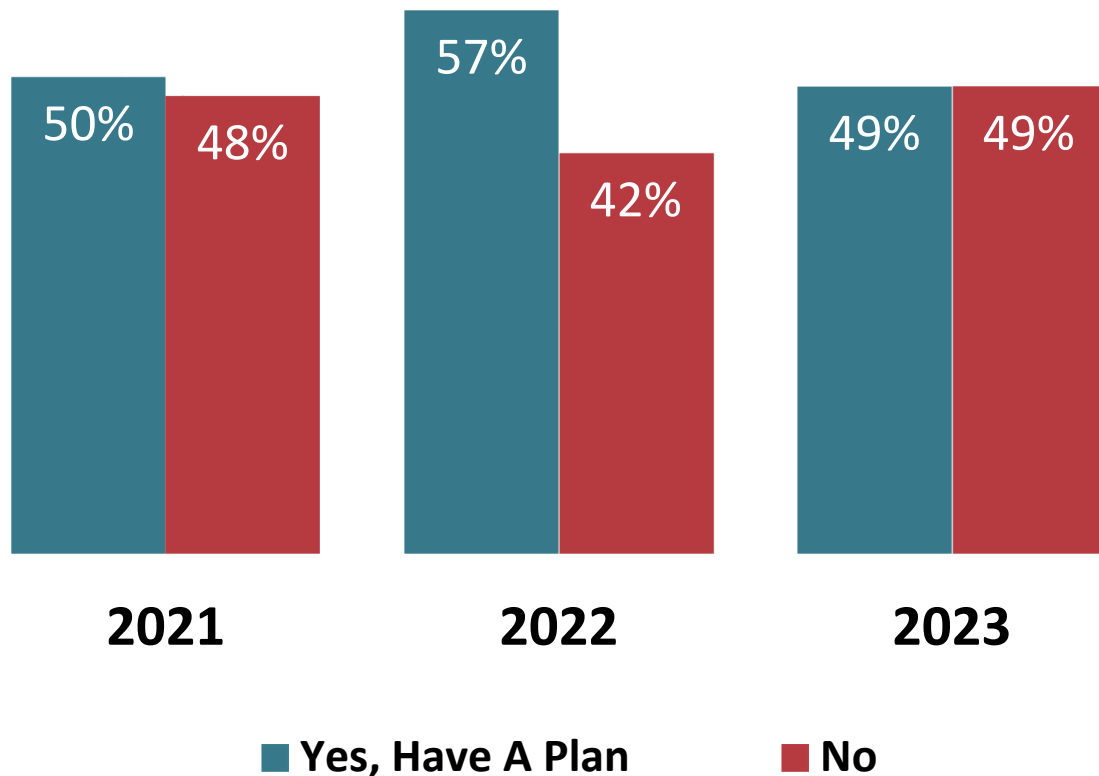
Manufacturer confidence in their cybersecurity continues to be high.

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



About half of manufacturers say they have a formal strategic plan, with smaller companies continuing to be less likely to have a plan.

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

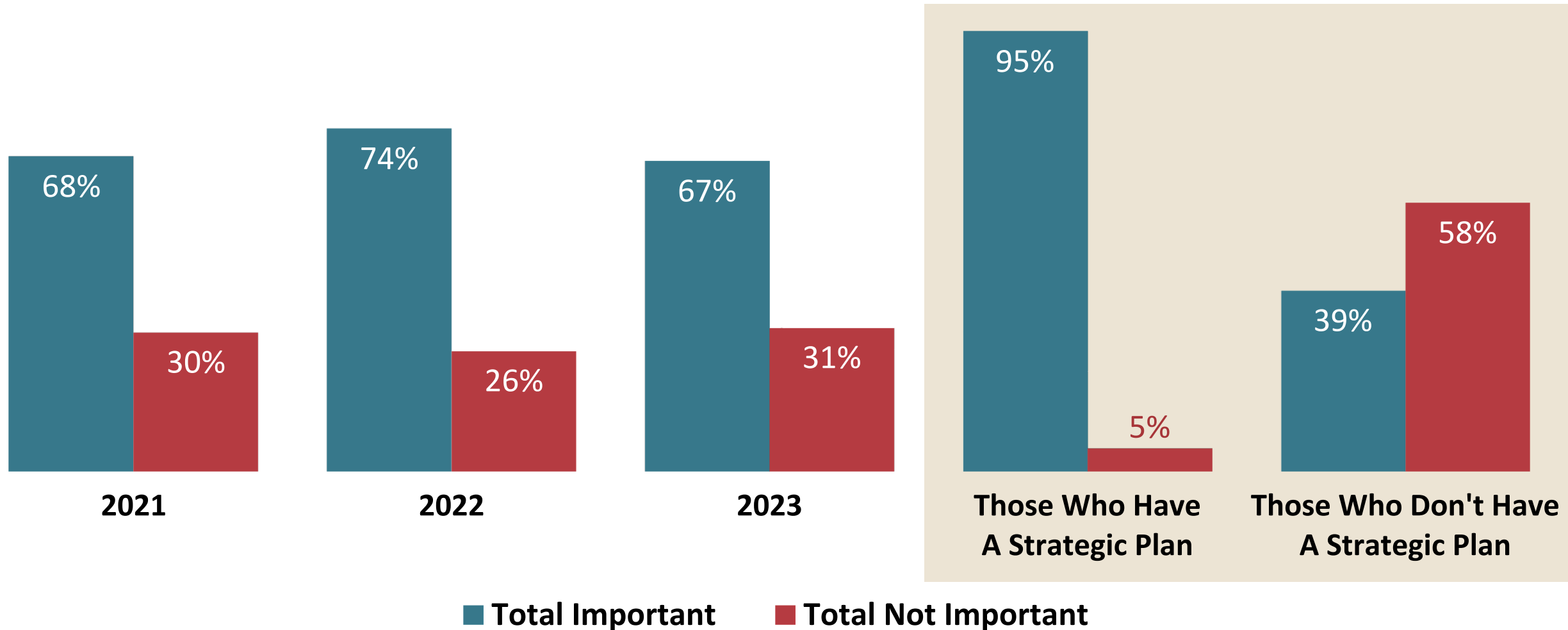


% Yes, Have A Plan

	2021	2022	2022
1-49 Employees	41%	51%	43%
50+ Employees	78%	78%	71%
Revenue Under \$1 Million	34%	47%	34%
Revenue \$1 - \$5 Million	49%	45%	47%
Revenue \$5 Million +	68%	78%	67%

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

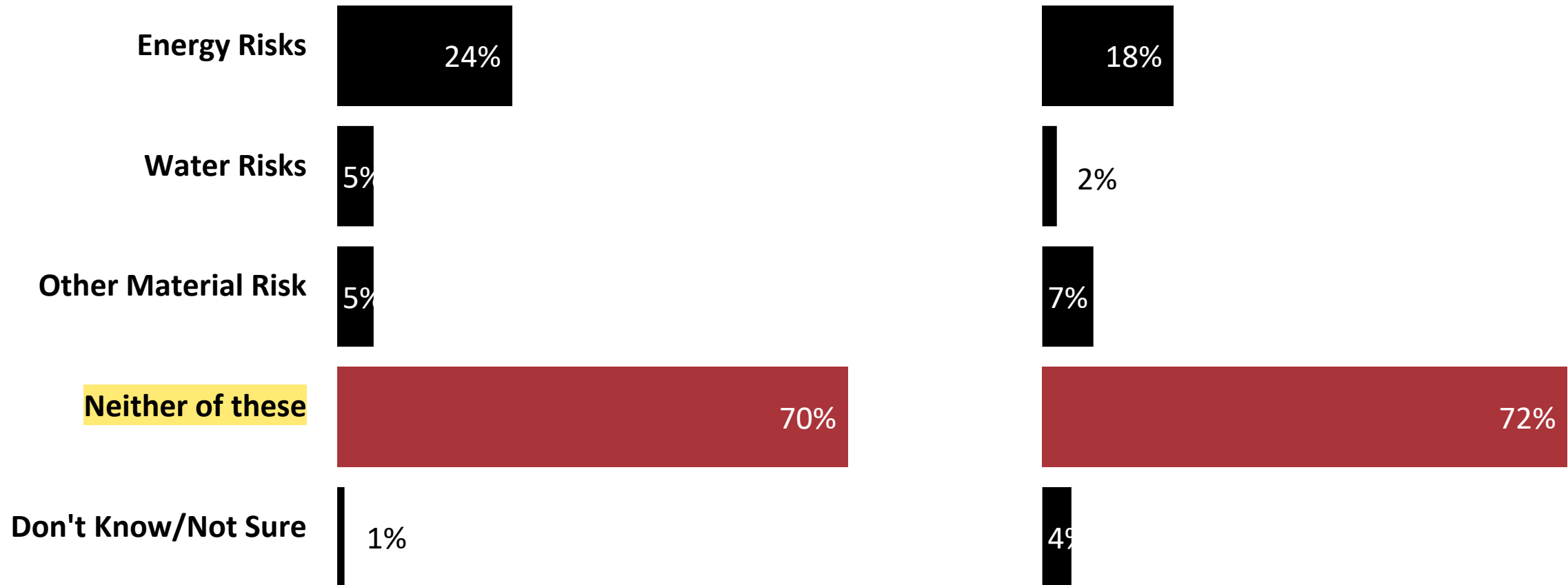
“How important is having a formal strategic plan to your company's future growth?”



Businesses are more likely to say they expect energy risks, but overall, most are not too concerned about sustainability issues.

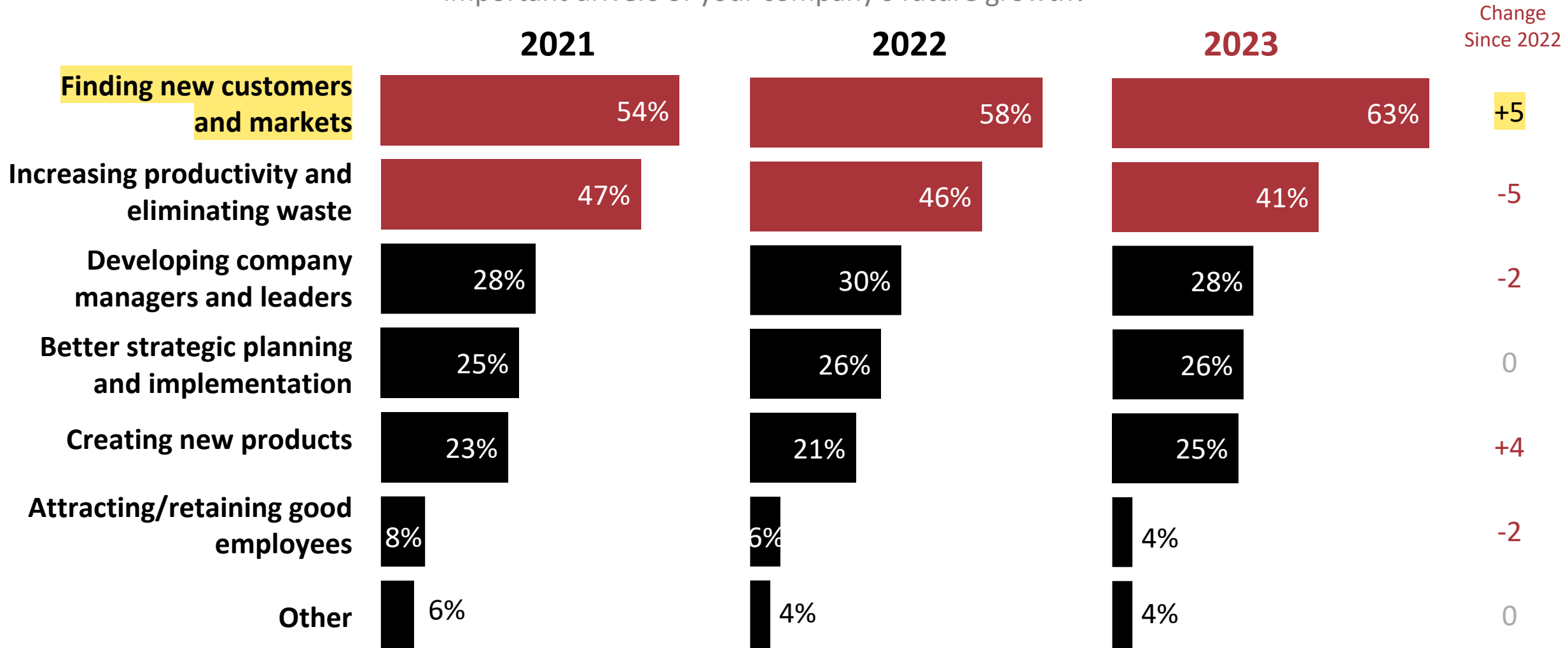
“Is your company facing material risk within your own operations in Wisconsin related to the following issues?”

“Is your company facing material risk within your supply chain related to the following issues?”



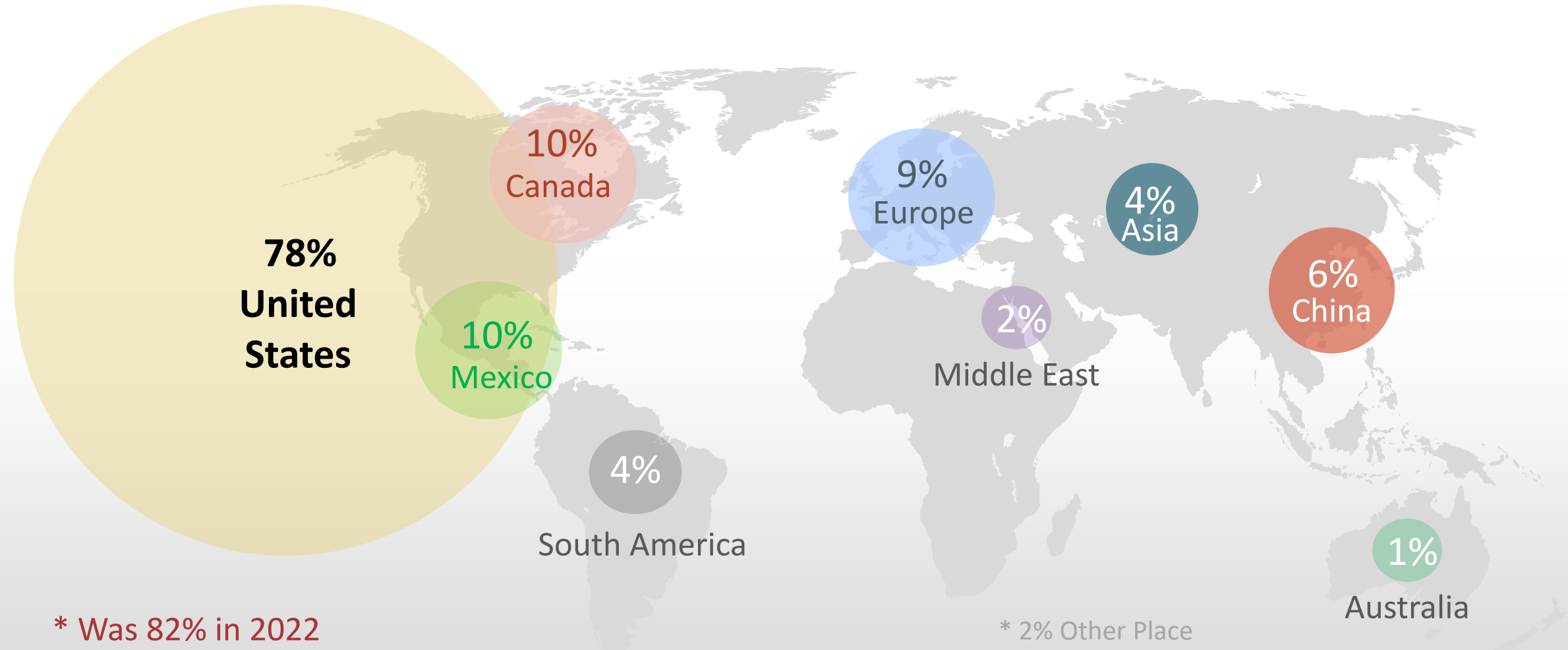
Companies see their main source of growth in finding new customers and markets.

“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?”



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?”



* Was 82% in 2022

* 2% Other Place

THE BOTTOM LINE

THE BOTTOM LINE

1

Manufacturers are less pessimistic about the state's economy, but this is more about economic stagnation than expansion. Most say the state's business climate is heading in the right direction, but most executives also say the economy is either slowing down or mostly flat.

2

While still confident about the future of their companies, we do see a downward trend in key business metrics. Projected increases in gross revenues and capital expenditures are down for the second year in a row, while profitability increases are unchanged from a year ago. The state's larger manufacturers are noticeably less bullish than in years past.

3

Concerns about overall inflation, material costs, and availability and supply worries have declined in this year's survey. Health care costs and finding new customers and markets have seen a rise in importance.

THE BOTTOM LINE

4

Workforce issues also continue to be cited as the most important issue impacting manufacturers' future success. And, while we continue to see manufacturers struggle with hiring qualified workers, larger manufacturers are saying it's not as bad as it was two years ago.

5

Most say automation will be important to their future, but the percentage who say they are increasing investment in automation this year is down. Manufacturers say financing continues to be the biggest obstacles to implementing automation at their company, followed by technology and system changes and training.

6

Nearly a quarter of all manufacturers have been hacked or experienced a data breach of some kind, an increase for the second year in a row. Larger companies continue to be much more impacted by this issue.

7

One out of five say they are using or considering using A.I. in the very near future. Most tell us that A.I. is not really going to impact their business, while most larger manufacturers say A.I. is another piece of their technology portfolio.

FOUR MANUFACTURER TAKEAWAYS

#1 / Chronic Workforce Shortage Is Transforming Manufacturing



**HELP
WANTED**
Now!



#2 / Significant Number of Manufacturers at Risk



Supporting Data:

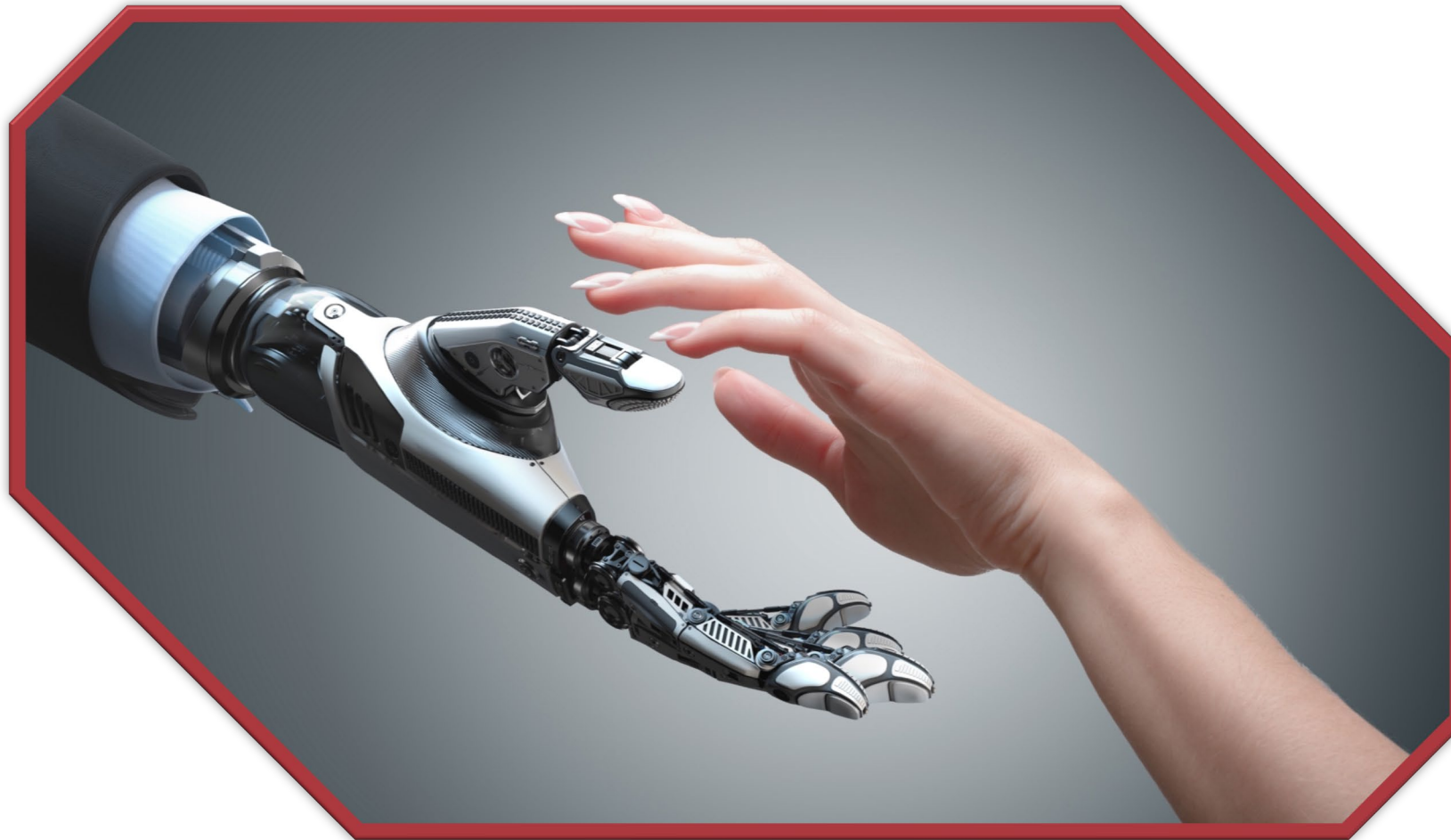
- ↓ Recession (12%)
- ↓ Not Confident in Own Business (13%)
- ↓ Revenues Down (25%)
- ↓ Profitability Down (31%)
- ↓ Capital Expenditures Down (21%)

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

#3 / New Workforce Economics

- **Manufacturers holding onto workers – even during slowdowns.**
- On-site upskilling becoming more important as technology changes workers' roles and skill needs.
- Worker retention keeping unemployment rates low making a recession less likely.
- Manufacturers investing in multiple initiatives to develop, retain, and make employees more effective.

#4 / AI Will Transform Manufacturers



Actions for Manufacturers

- ✔ **Embrace the changing workforce marketplace**
 - Establish an employment brand
 - Create lateral as well as vertical development paths

- ✔ **Lean into technology**
 - Establish a roadmap and stay safe (!!)

- ✔ **Engage the Wisconsin MEP Network as guides**



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