



**2024 ▶ VOL 1**

**KEEP YOUR  
FINGER ON THE  
PULSE**

**OF THE MANUFACTURING  
+ DISTRIBUTION INDUSTRY**

*Access real-time competitive intel  
to apply to your business strategy*

 **SIKICH**<sup>®</sup>

## **2024 ▶ VOL 1**

### **MANUFACTURING & DISTRIBUTION PULSE SURVEY RESULTS**

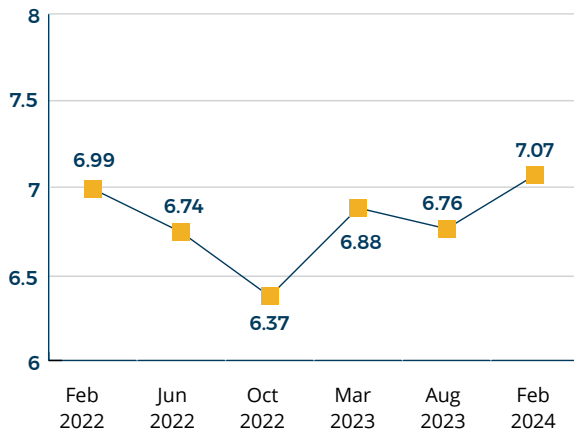
The Sikich Industry Pulse surveys manufacturing and distribution executives from across sectors and the nation multiple times throughout the year, highlighting and responding to top trends as they arise. The Pulse results provide readers with real-time competitive intel to apply to their business strategies.

In February 2024, Sikich surveyed more than 100 manufacturing and distribution executives on their optimism, business challenges, and strategies for growth and operational efficiency.

# INDUSTRY OUTLOOK

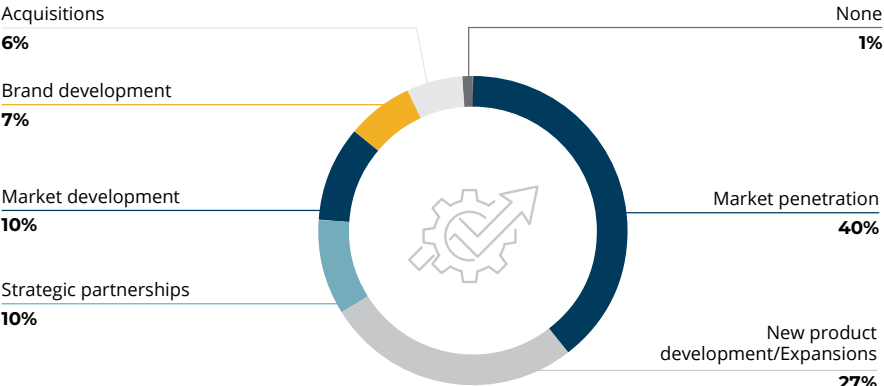
Manufacturing executives' outlook on future business prospects improved in Q1 2024 when asked to rank their optimism 1-10. The average score (**7.07**) increased 4.6% compared to August 2023. Consistent/increasing customer demand (**51%**), supply chain improvements (**30%**), and favorable economic conditions (**29%**) were the leading factors contributing to the increased optimism.

## EXECUTIVE OPTIMISM TRENDS

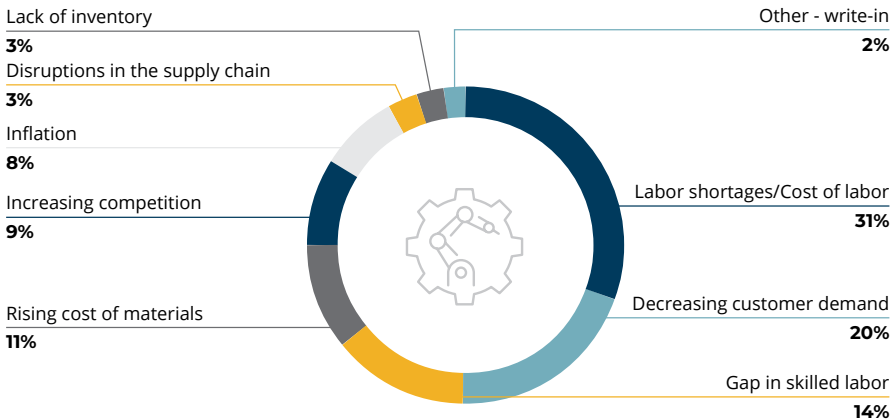


Executives were asked to determine which factors represent the greatest challenges to their business in the upcoming year. Labor shortages/increased labor costs (**31%**) continue to be a top issue for manufacturers. Despite these challenges, business leaders are still prioritizing growth but are doing so conservatively. Executives are focused on existing products in current markets, with market penetration (**40%**) being their primary growth strategy.

# CURRENT PRIMARY GROWTH STRATEGY



# TOP CHALLENGE FOR 2024



“The optimism results from manufacturers are encouraging to see after the slight dip last August. Only 8% of executives listed inflation as their top challenge for the year ahead, and as we’ve seen in prior results, concerns of having the labor to meet customer demand is a much greater challenge. Less than 10% of manufacturers are planning a reduction in their workforce over the next 12 months, so I urge executives to capitalize on this momentum and consider implementing business transformation projects and other operational efficiency methods throughout 2024.”

**-JERRY MURPHY**

Partner and Manufacturing & Distribution Vertical Leader

# OPERATIONAL EFFICIENCY SINCE 2021

**Seventy-six percent** of manufacturing companies implemented one or more operational efficiency projects in the past three years with over half of these projects resulting in cost savings.

- **Nineteen percent** of companies that went through a reduction in force saw financial savings of over \$1 million
- More than **one in 10** manufacturers moved to a lower cost location, and, of these companies, **90%** saw a cost savings greater than \$100,000

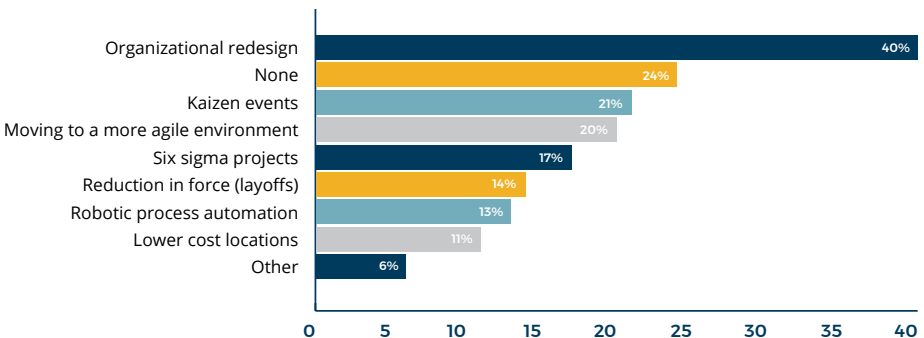
Executives reaped a number of other benefits including smoother processes, better ability to measure results and an elimination of wasted work steps.

**Forty percent** of companies went through an organizational redesign during the past three years. Of the companies that experienced redesign or a reduction in force, **over half** stated the production line was the affected department.

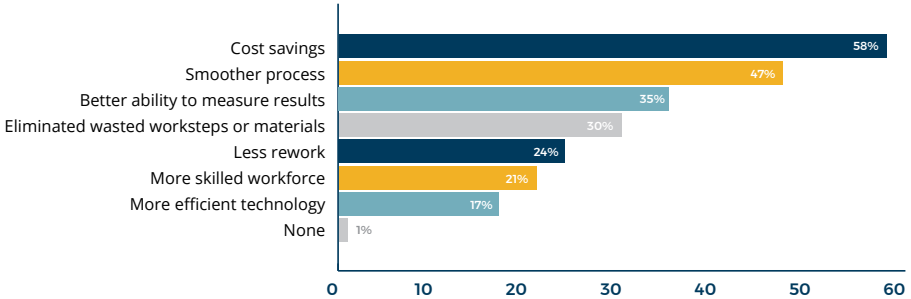
While smoother processes are a common result, implementing operational efficiency projects remains challenging for manufacturers.

**Fifty-six percent** of executives surveyed said change management and people issues are the biggest challenges in implementing initiatives that increase productivity.

## OPERATIONAL EFFICIENCY PROJECTS SINCE 2021\*



## OPERATIONAL EFFICIENCY PROJECTS' EFFECT ON MANUFACTURERS\*

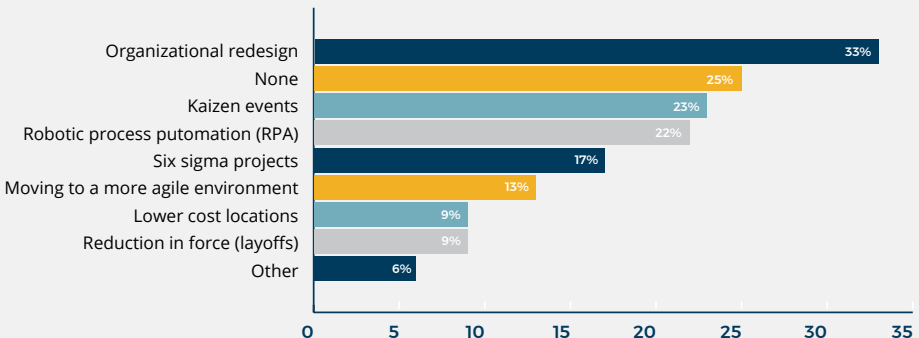


## OPERATIONAL EFFICIENCY FOR 2024

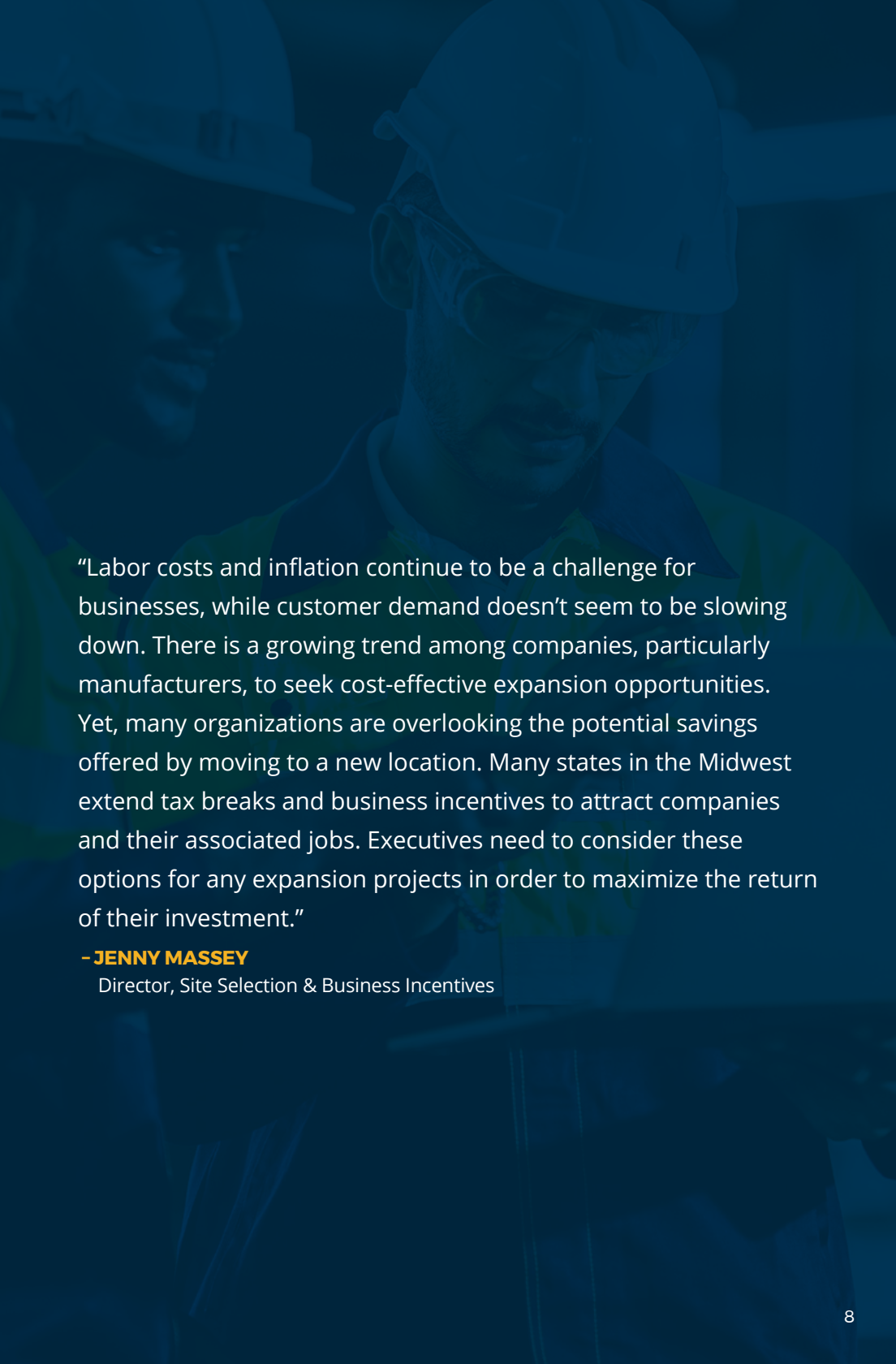
With **nearly 1/3** of manufacturers citing labor shortages/cost of labor as their biggest challenge for the year ahead, how will manufacturers remain efficient in the near future, as labor costs continue to climb?

**Three out of four manufacturers** plan to implement one or more operational efficiency projects in the next 12 months. **One-third** of manufacturing executives are planning an organizational redesign, and **9%** are planning a reduction in force. This number is up **3%** from March 2023, when **6%** of manufacturers had plans to reduce headcount.

## OPERATIONAL EFFICIENCY PROJECTS FOR 2024\*



\* Results do not equal 100% because respondents could select more than on option



“Labor costs and inflation continue to be a challenge for businesses, while customer demand doesn’t seem to be slowing down. There is a growing trend among companies, particularly manufacturers, to seek cost-effective expansion opportunities. Yet, many organizations are overlooking the potential savings offered by moving to a new location. Many states in the Midwest extend tax breaks and business incentives to attract companies and their associated jobs. Executives need to consider these options for any expansion projects in order to maximize the return of their investment.”

**- JENNY MASSEY**

Director, Site Selection & Business Incentives

A yellow industrial robotic arm is the central focus, extending from the left side of the frame towards the right. It is positioned in a modern, brightly lit factory or industrial facility. The background shows various pieces of machinery, conveyor belts, and structural elements of the building, all in a clean, organized environment. The lighting is bright and even, highlighting the metallic surfaces of the robot and the surrounding equipment.

## ABOUT SIKICH LLP

Sikich LLP is a global company specializing in technology-enabled professional services. With more than 1,900 employees, Sikich draws on a diverse portfolio of technology solutions to deliver transformative digital strategies and ranks as one of the largest CPA firms in the United States. From corporations and not-for-profits to state and local governments, Sikich clients utilize a broad spectrum of services\* and products to help them improve performance and achieve long-term, strategic goals.

*\*Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC. Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.*

