



The **2021 Wisconsin**
Manufacturing
Report  TM



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!

Our Sponsor:



Our Partners:



An In-Depth Look At The Opinions Of Wisconsin Manufacturers



RESEARCH METHODOLOGY

- **On behalf of Wisconsin Center for Manufacturing and Productivity, Meeting Street Insights is pleased to present the key findings from a survey and series of focus groups conducted among manufacturing executives in Wisconsin.**
- The quantitative survey was conducted August 16 – September 12 , 2021, among 400 manufacturing executives; it has a margin of error of $\pm 4.9\%$.
- Working with Catalyst, we conducted five focus groups October 5 – 7, 2021. Three of the groups were completed in person in Madison (Oct 5), Brookfield (Oct 6), Green Bay (Oct 7), while two were conducted virtually in Menomonie (Oct 6) and Wausau (Oct 7).
- In both the survey and focus groups, we interviewed owners, CEOs, CFOs, COOs, presidents, vice presidents, and managing officers.

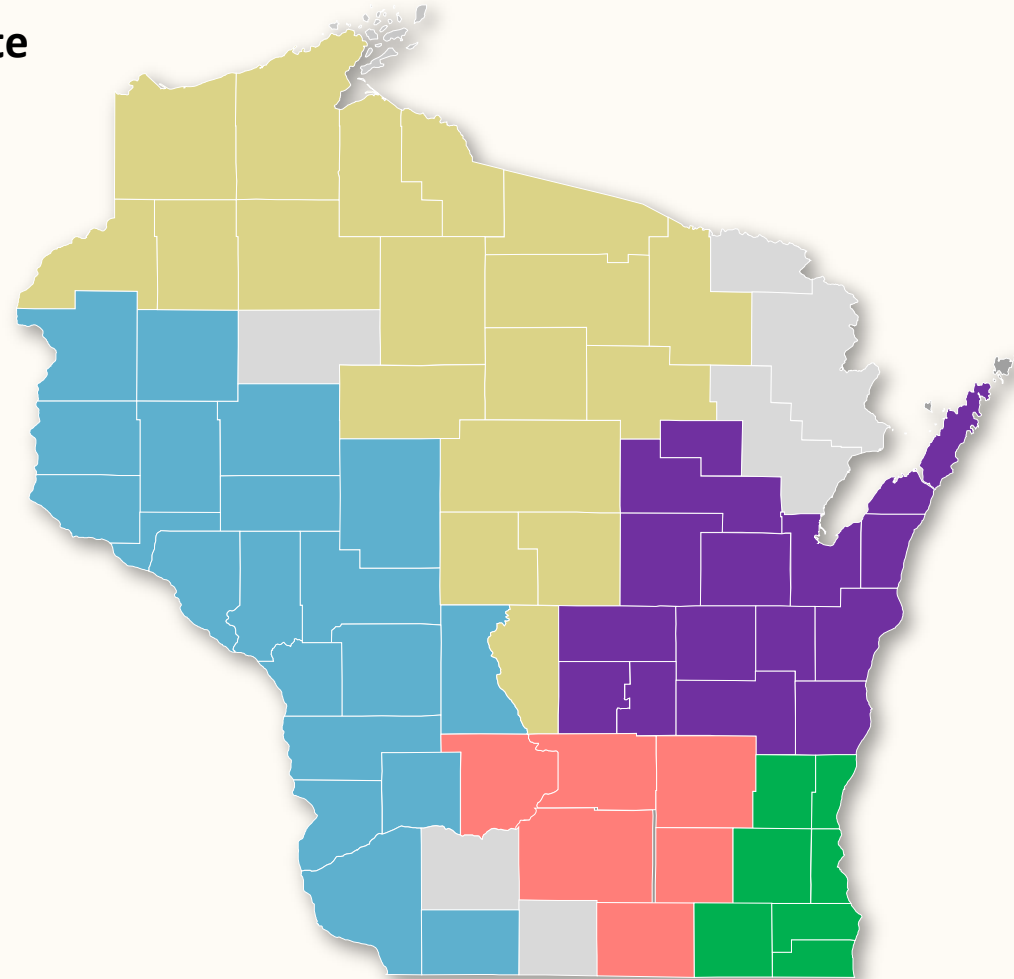
SURVEY SAMPLE COMPOSITION

	This Survey Demographics	Census Statistics (County Business Patterns Survey)
Fewer Than 50 Employees	75%	75%
More Than 50 Employees	25%	25%
Metal Fabrication	21%	24%
Machinery Manufacturing	14%	12%
Printing	10%	8%
Food/Beverage	9%	14%
Paper/Wood Products	8%	13%
Other Type of Manufacturing	19%	20%
Seven Rivers	5%	5%
Centergy	5%	5%
Grow North	4%	4%
Madison Region	16%	14%
Milwaukee	35%	35%
Momentum	9%	9%
Prosperity	3%	3%
The New North	24%	22%
Visions Northwest	3%	3%

SURVEY SAMPLE COMPOSITION

- For reporting purposes, we divided the state into five distinct regions:
 - **Northwest** (12% of the sample)
 - **West** (17%)
 - **Madison** (16%)
 - **Milwaukee** (35%)
 - **New North** (24%)

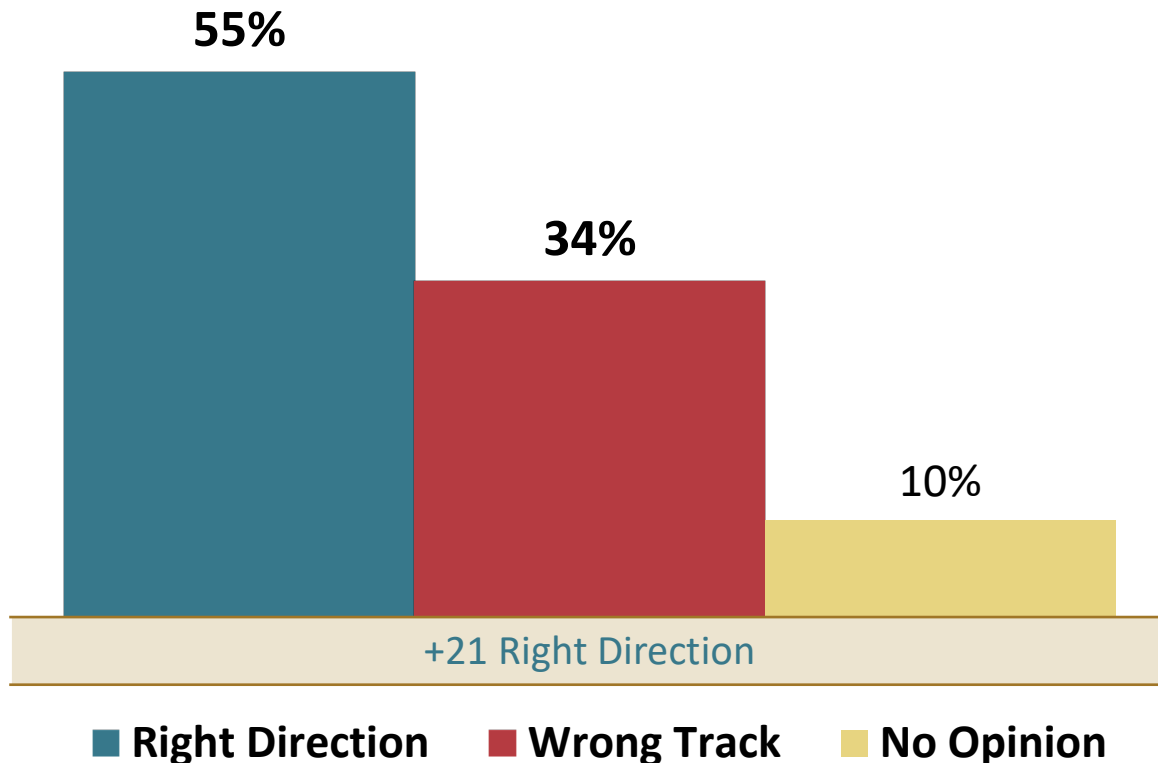
* Shared Counties Are Grey



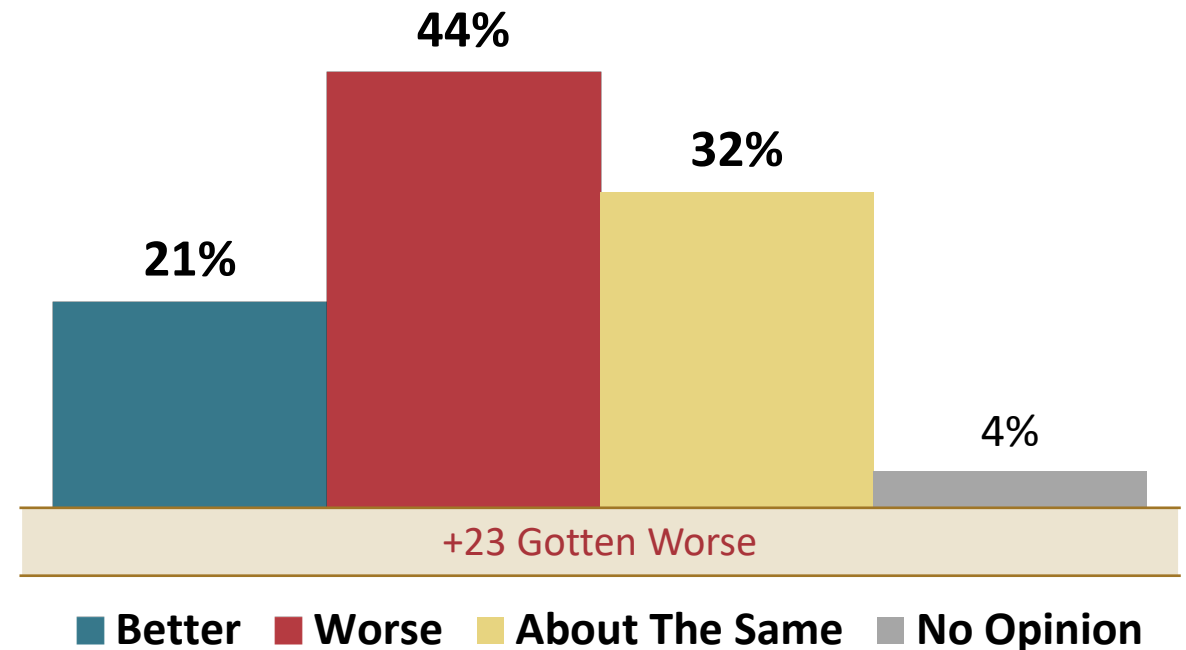
KEY RESEARCH FINDINGS

Wisconsin business executives say the business climate is heading in the right direction, but that it is worse today than it was five years ago.

“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?”

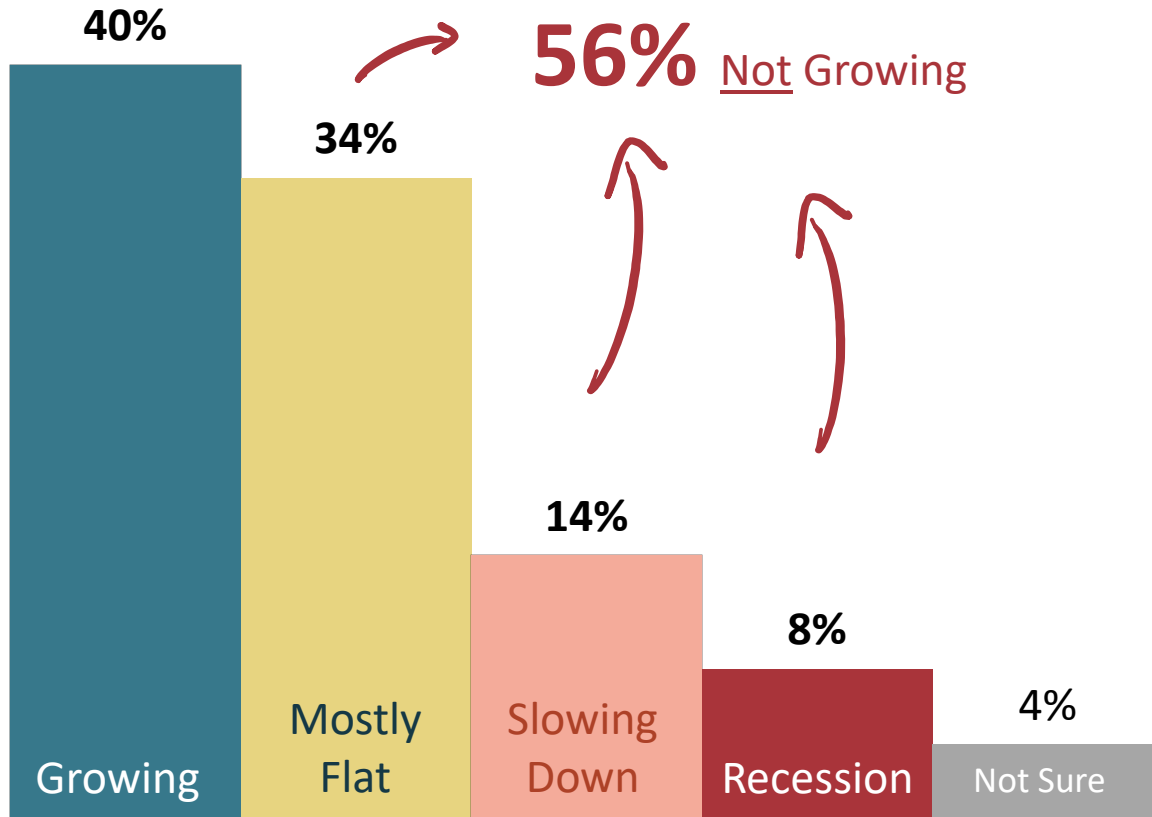


“Compared to say five years ago, would you say the business climate in Wisconsin has gotten better, gotten worse or stayed about the same?”



Over half of manufacturers say the state's economy is not growing, with pessimism running higher among smaller companies.

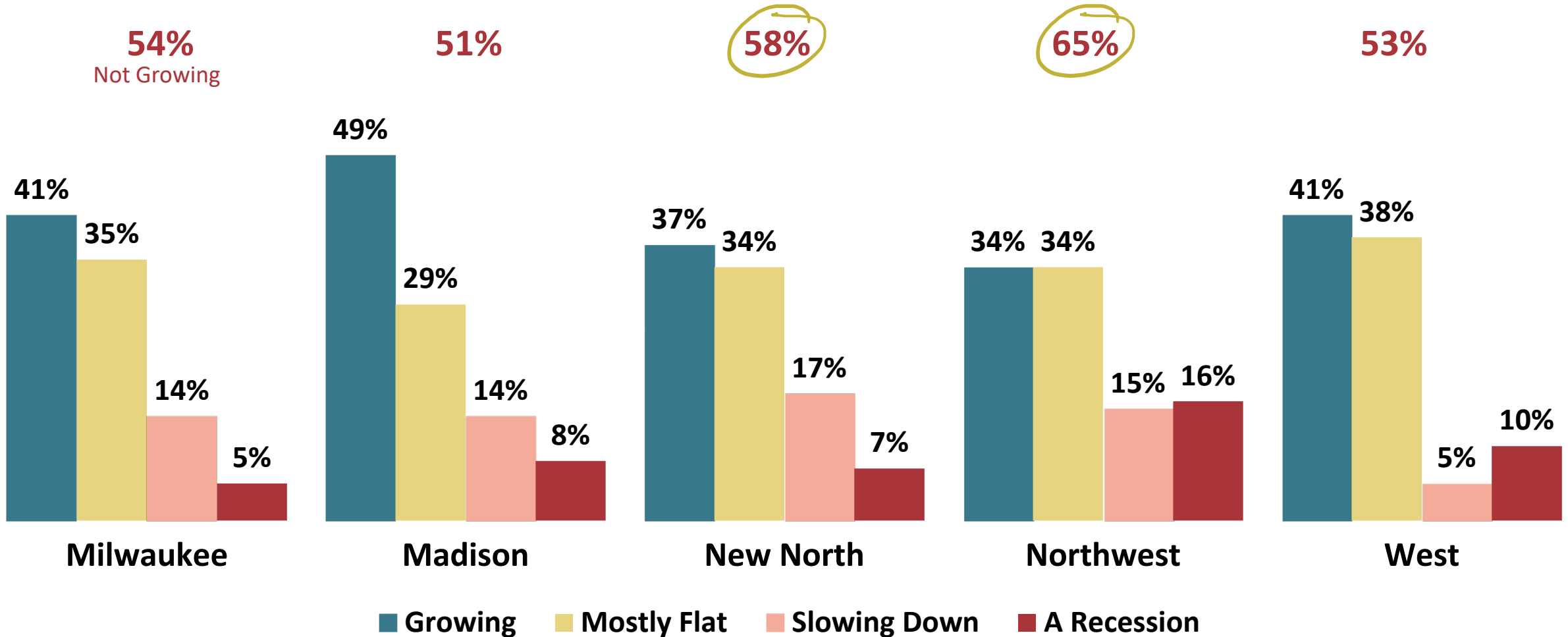
“Overall, right now, do you think Wisconsin's economy is growing, slowing down, mostly flat, or in a recession?”



	Growing	Mostly Flat	Total Down
1-49 Employees	37%	35%	23%
50+ Employees	50%	31%	18%
Revenue Under \$1 Million	36%	31%	26%
Revenue \$1 - \$5 Million	41%	38%	19%
Revenue \$5 Million +	47%	32%	19%
1-15 Years in Operation	38%	31%	23%
16 Years + in Operation	40%	35%	22%

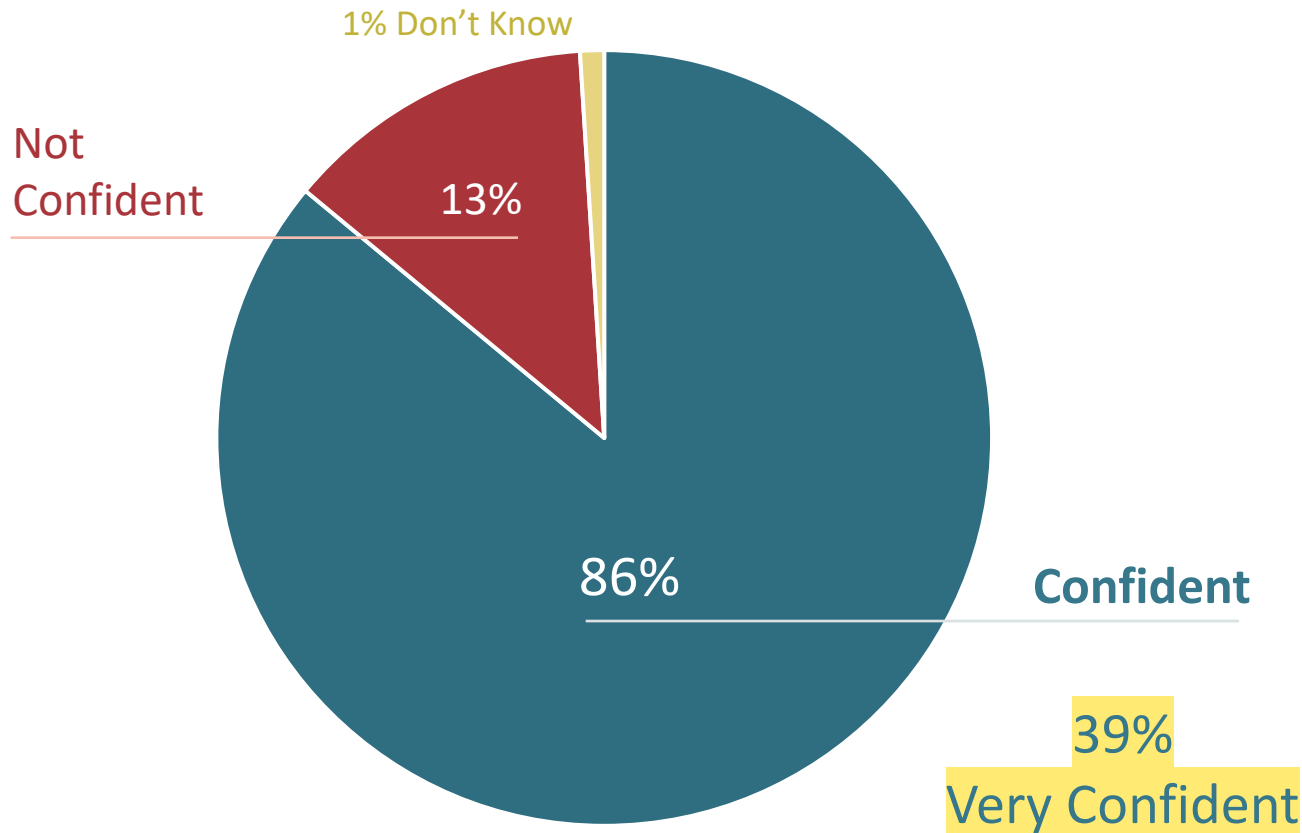
Economic optimism is highest in the Madison area and lowest in the North and Northwest parts of the state.

Wisconsin's Economy Right Now By Region



Wisconsin manufacturing executives are confident about their companies' financial outlook.

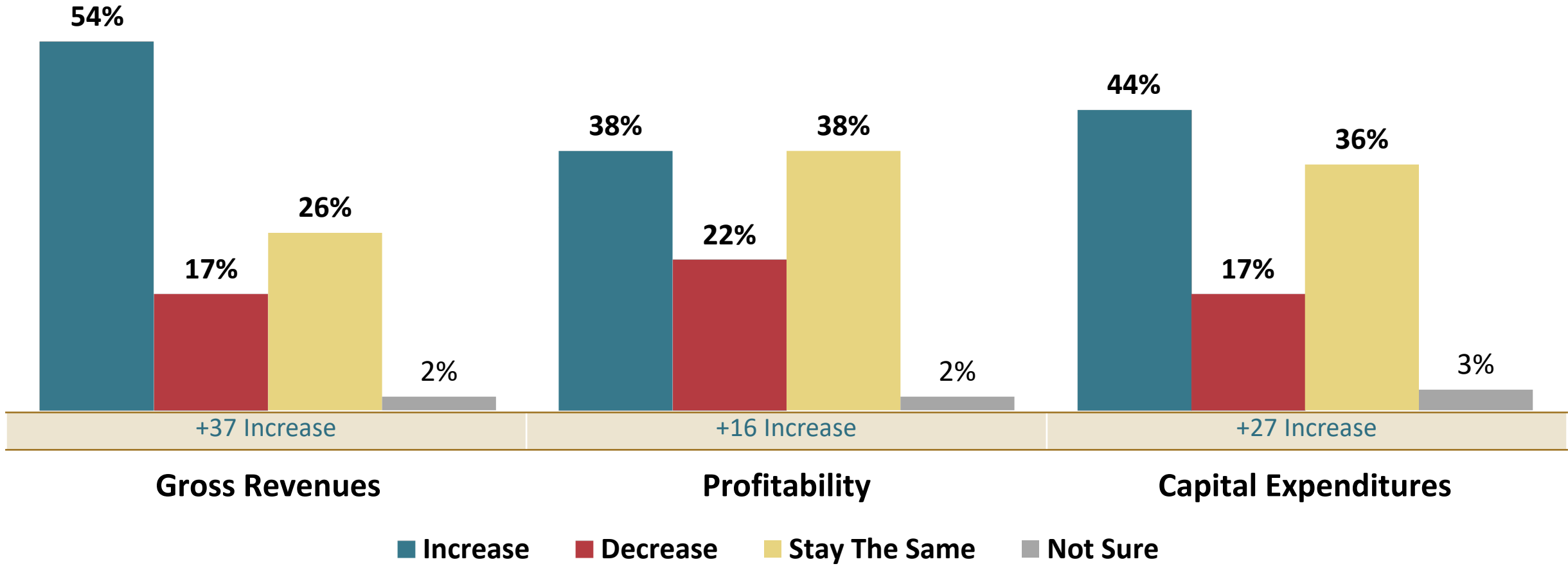
“Let's shift gears for a moment and focus more on your company. From a financial perspective, how do you feel right now about the future for your company?”



	Very Confident	Total Confident
1-49 Employees	39%	84%
50+ Employees	40%	91%
Revenue Under \$1 Million	35%	79%
Revenue \$1 - \$5 Million	39%	90%
Revenue \$5 Million +	43%	91%
1-15 Years in Operation	47%	85%
16 Years + in Operation	36%	86%

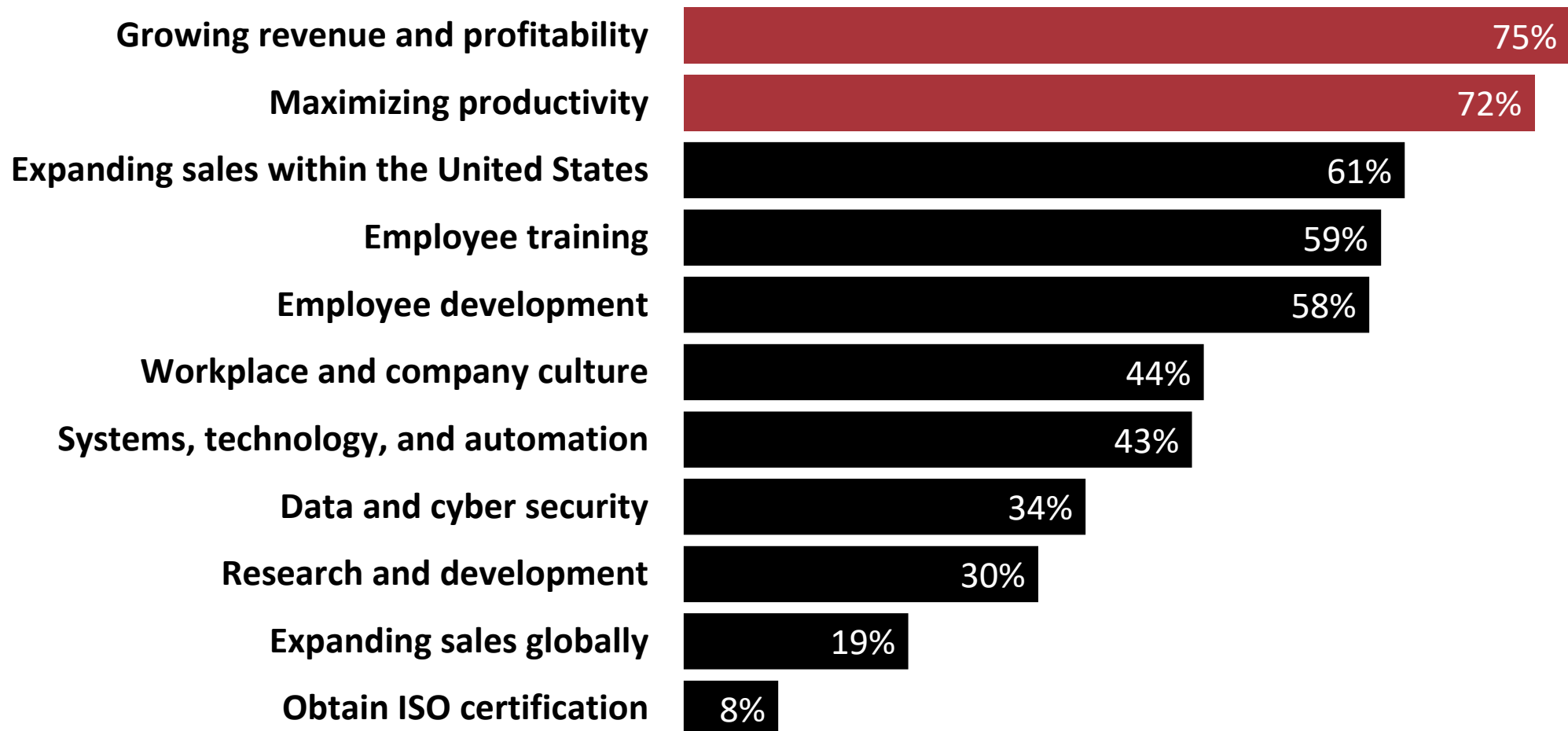
They expect revenues and capital expenditures to increase and profitability to either increase or stay the same.

“As you look to the year-end, do you expect your company’s _____ for 2021 to increase or decrease compared to 2020, or will they probably stay the same?”



Of all the potential areas for increasing investment, growing revenue and profitability and maximizing productivity top the list.

“Overall for the year 2021, do you expect to increase investment in any of the following areas?”



Supply and costs of materials tops the list of issues impacting manufacturers.

“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)



Smaller companies are more concerned about supply chain issues, while larger employers worry more about their workforce.

Top Five Issues (% Very Important 8-10) By Company Size & Revenue (Top Two Issues Overall Shaded)

	1-49 Employees	50+ Employees
#1	Costs of Materials (76%)	Finding & Attracting Employees (90%)
#2	Availability/Supply of Materials (75%)	Keeping Qualified Employees (87%)
#3	Keeping Qualified Employees (65%)	Availability/Supply of Materials (85%)
#4	Finding & Attracting Employees (59%)	Costs of Materials (80%)
#5	Overall Inflation Federal and State Taxes (59%)	Developing Company Managers (68%)

	Under \$1 Million	\$1 – 5 Million	\$5 Million+
#1	Availability/Supply of Materials (74%)	Costs of Materials (77%)	Finding & Attracting Employees (87%)
#2	Costs of Materials (74%)	Availability/Supply of Materials (76%)	Keeping Qualified Employees (86%)
#3	Federal and State Taxes (63%)	Keeping Qualified Employees (75%)	Availability/Supply of Materials (82%)
#4	Overall Inflation (59%)	Finding & Attracting Employees (75%)	Costs of Materials (80%)
#5	Keeping Qualified Employees (54%)	Overall Inflation (62%)	Costs of Employee Salaries and Benefits (67%)

About one in six 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?”

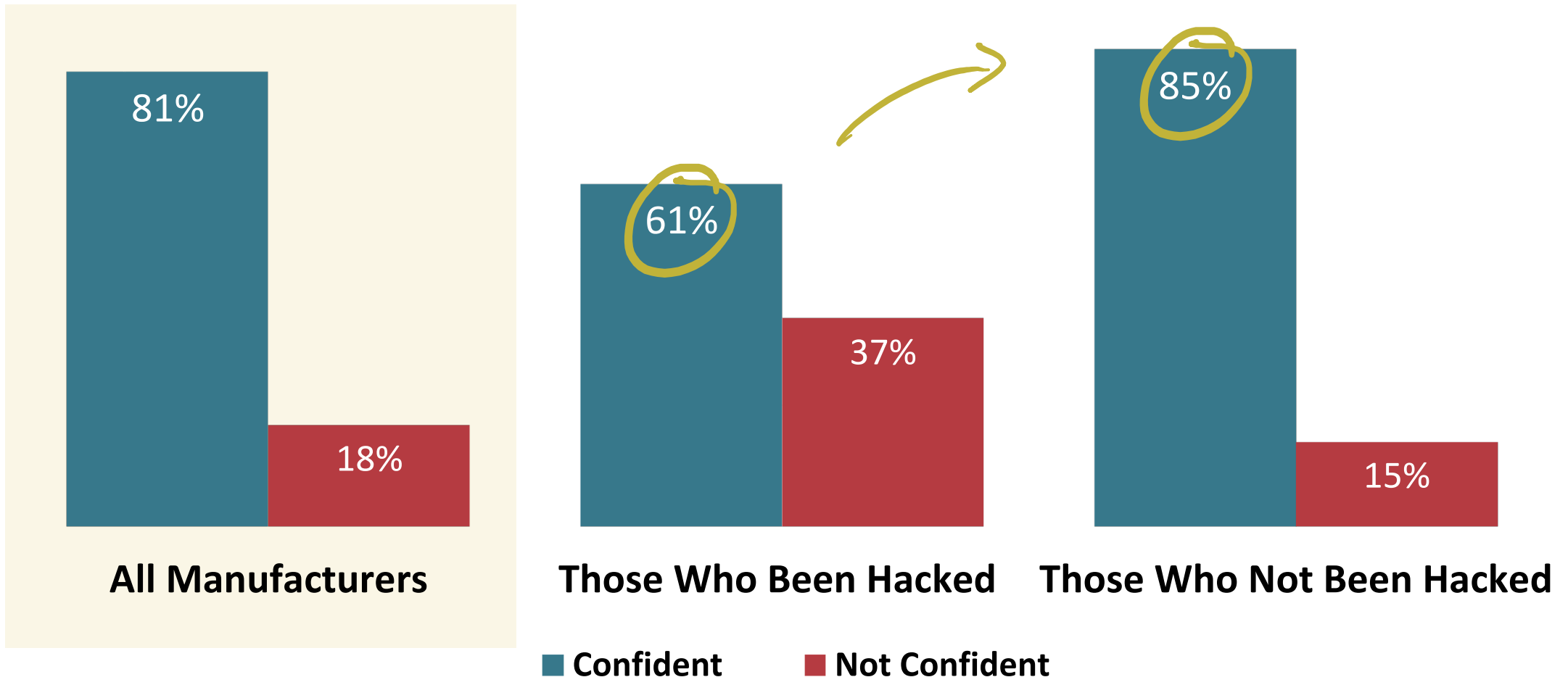
83%
Have Not



16%
Have

About one in six Wisconsin manufacturing companies say they have been hacked or experienced a data breach of some kind.

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



For many of the manufacturing executives in our focus groups, their cybersecurity strategy involves a lot of “hope.”

“How confident are you that your company is protected and secured from hacking or data breaches?”

(FOCUS GROUP REACTIONS)

“We haven’t experienced a hack, but it is still a concern. I trust my IT team to do what they need to do. I’m sure it’ll just be a matter of time, but hopefully it gets caught before it gets to be a disaster.” – Wausau

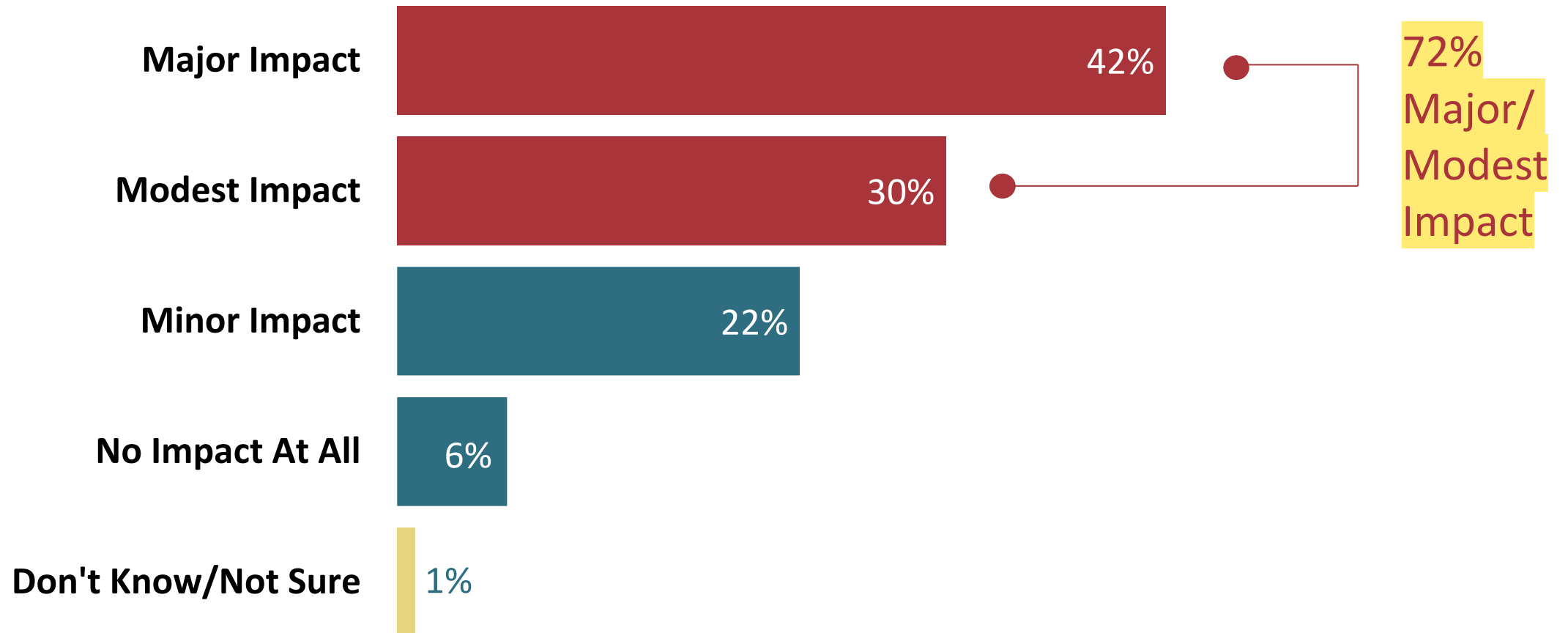
“We have a really strong staff. It’s handling a lot of this stuff right now, but you hope it never happens, but I think it’ll happen. When 90% of all the email that comes in is blocked, something will get through.” – Madison

“We also spent recently about \$80-\$90,000 in both hardware as far as infrastructure here. We’ve spent the money to protect ourselves and just hoping that it does what it’s going to do, what it’s supposed to do.” – Stout

“I’m hopeful that we have controls in place that the impact would even be less than what it was in the past. I’m reasonably certain there wouldn’t be a large security breach. I think we’re actually in a far better spot than we ever have been, even though the risk out there and the attacks are greater than they ever have been.” – Madison

COVID-19 has clearly had a significant impact on most Wisconsin manufacturing businesses.

“Overall, what impact would you say the COVID-19 pandemic has had on your business, if any at all?”



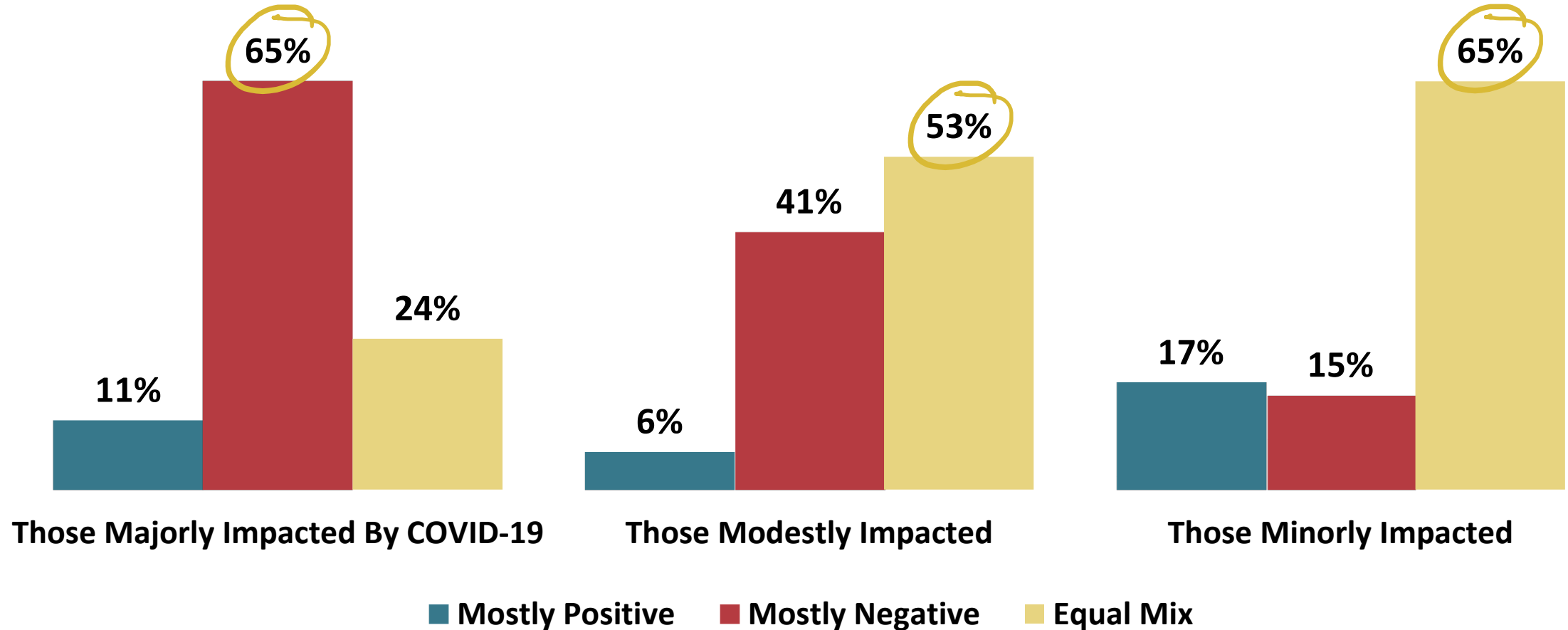
Smaller size and revenue companies, newer companies, and those in the Northwest are more likely to say COVID-19 had a major impact on them.

Impact of COVID By Company Type/Region

	COVID-19 Had A Major Impact On Their Company
1 – 49 Employees	44%
50+ Employees	35%
Revenue Less Than \$1 Million	46%
Revenue \$1 Million – \$5 Million	39%
Revenue \$5 Million +	38%
Less Than 16 Years in Operation	46%
16 Years + Years in Operation	40%
Milwaukee	44%
Madison	43%
New North	37%
Northwest	52%
West	36%

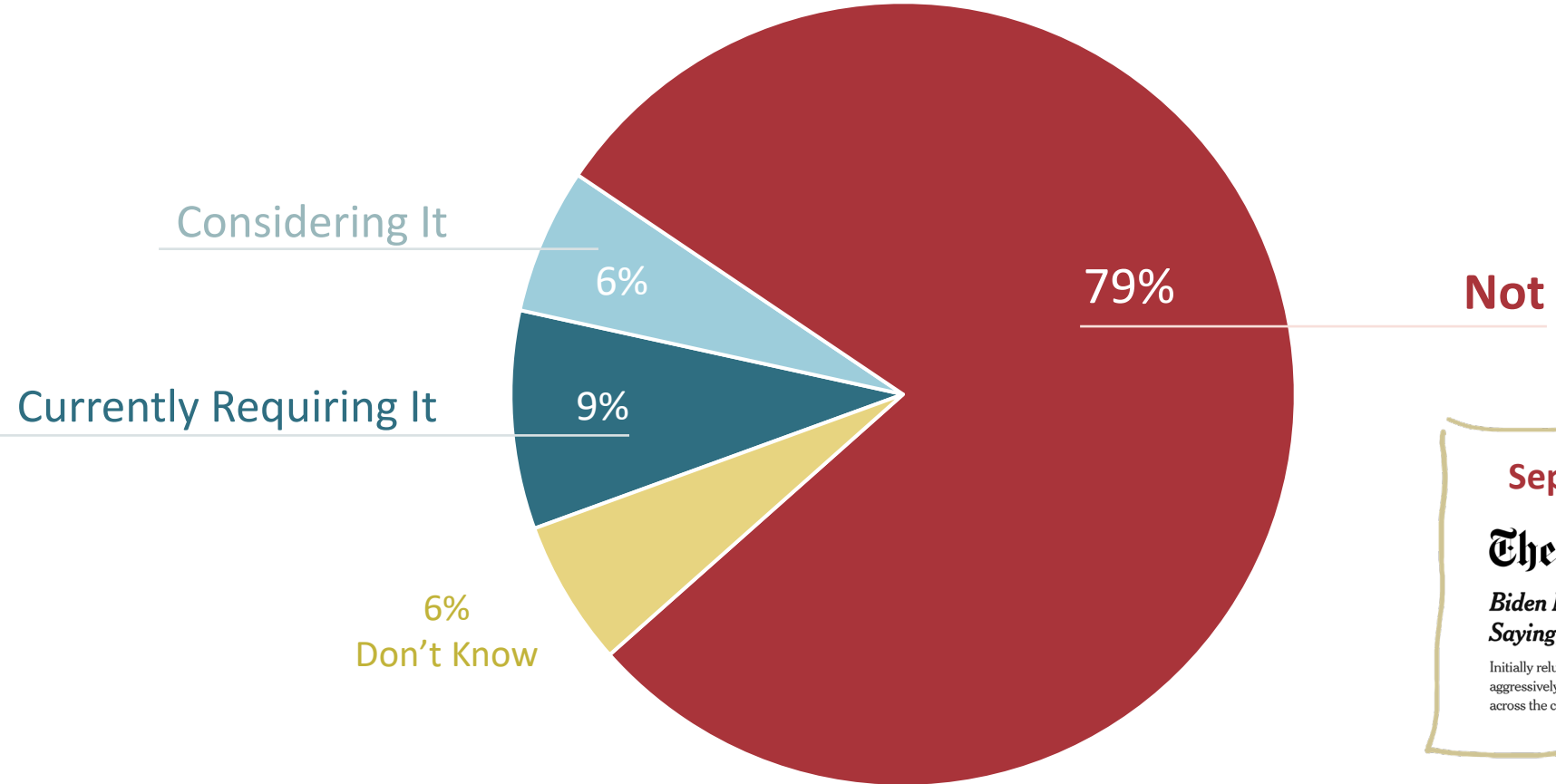
Those majorly impacted say the result has been mostly negative, while those modestly or minorly impacts say the impact has been a mix.

AMONG THOSE IMPACTED: “Overall, did the COVID-19 pandemic have mostly a positive impact on your business, mostly a negative impact, or an equal mix of both?”



Most companies are not considering requiring their employees to get vaccinated in order to return to work in person.

“Are you currently, or are you considering, requiring your company's employees to get the coronavirus vaccine in order to return to work in person?”



September 9, 2021:
The New York Times
Biden Mandates Vaccines for Workers, Saying, 'Our Patience Is Wearing Thin'
 Initially reluctant to enact mandates, the president is now moving aggressively to require vaccination as the Delta variant races across the country.

Executives in our focus groups say vaccines have become more of a workforce issue than a public health issue for their companies.

“We asked manufacturers if they were considering requiring their workers to get vaccinated before the President’s vaccine mandate. Do you think if we asked that question today, would we get a different response?”

(FOCUS GROUP REACTIONS)

“ I will not go over 100 [employees] because the minute I go over 100 and have to mandate the vaccine or testing every week, I'll lose more than half of like more than half of the guys on the floor will leave. They can get jobs anywhere right now. Anywhere, so why would I do that?” – Green Bay

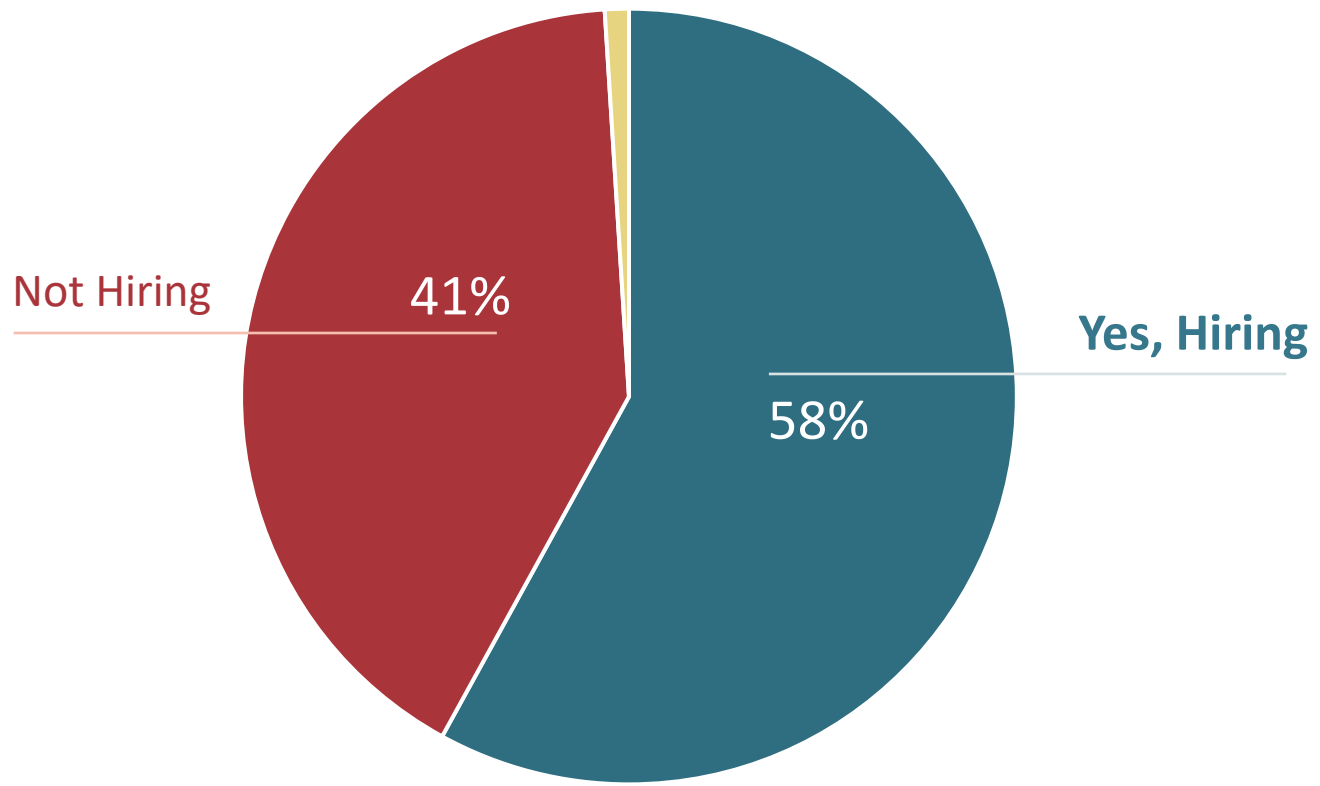
“ Since we're such a small plant, a lot of our employees have been here for 30 or so years, there's a lot of people that already went and got their vaccine. Implementing it here would probably wipe out our younger generation that works here. They'd leave real fast. There's plenty of farms around here and they'll go work on those where there's cash and no mandates.” – Stout

“ No, I've had people tell me they will leave if this comes down...to a tune of probably 40% of our workforce. So, heck no. I'm not going to destroy my business.” – Milwaukee

“ It's going to be very bad for us. We're over 100 and we've already had people come to us, as well, and you know highly trained welders have come to us and said if we have to demand mandated vaccines, they're leaving and they're going to somebody that's under 100 people.” – Green Bay

A majority of executives say they are hiring and about a third of those hiring have six or more open positions they are looking to fill.

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



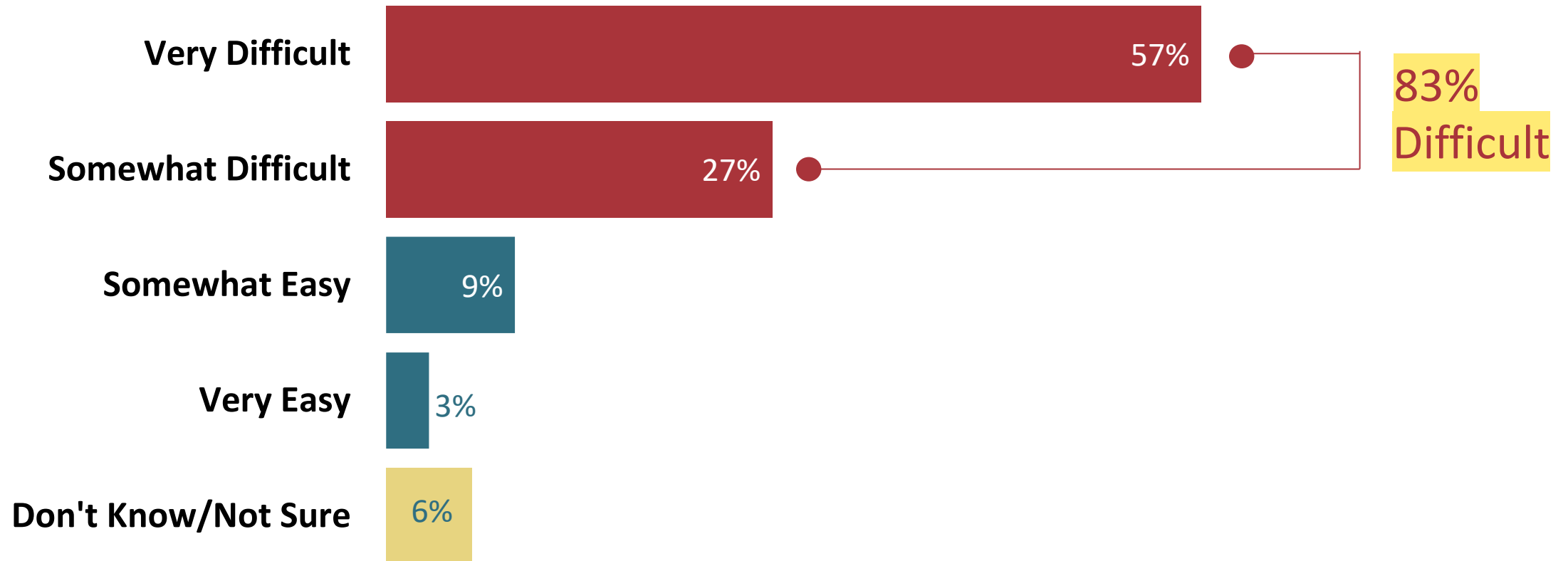
(ASKED AMONG THOSE HIRING) “And, based on your best estimate, how many positions would you say your company has open that you are currently hiring for?”

JOB OPENINGS

Number of Positions	
1–2	31%
3–5	33%
6–10	13%
10+	20%

Very few executives say it is easy to find qualified workers for new or open positions, and a majority 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?”



Larger firms report more difficulty than smaller ones finding qualified workers for new or open positions.

Difficulty In Finding Workers By Company Type

	Very Difficult	Total Difficult
1 – 49 Employees	53%	78%
50+ Employees	68%	99%
Revenue Less Than \$1 Million	46%	70%
Revenue \$1 Million – \$5 Million	60%	87%
Revenue \$5 Million +	65%	95%

Manufacturers describe the challenge as both a worker and skills shortage.

“In the survey, we saw the high percentage of manufacturers who say it’s difficult to find qualified workers for new or open positions at their company. Can you tell me a little bit about why this is so challenging?”

(FOCUS GROUP REACTIONS)

“ I think manufacturing gets doubly hit. It's not only a worker shortage, but also a skill shortage. Where the restaurant industries can bring people up to speed relatively quickly, we can't. I think that's where manufacturing gets double hit with the demand and the worker shortages and skill shortage.” – Green Bay

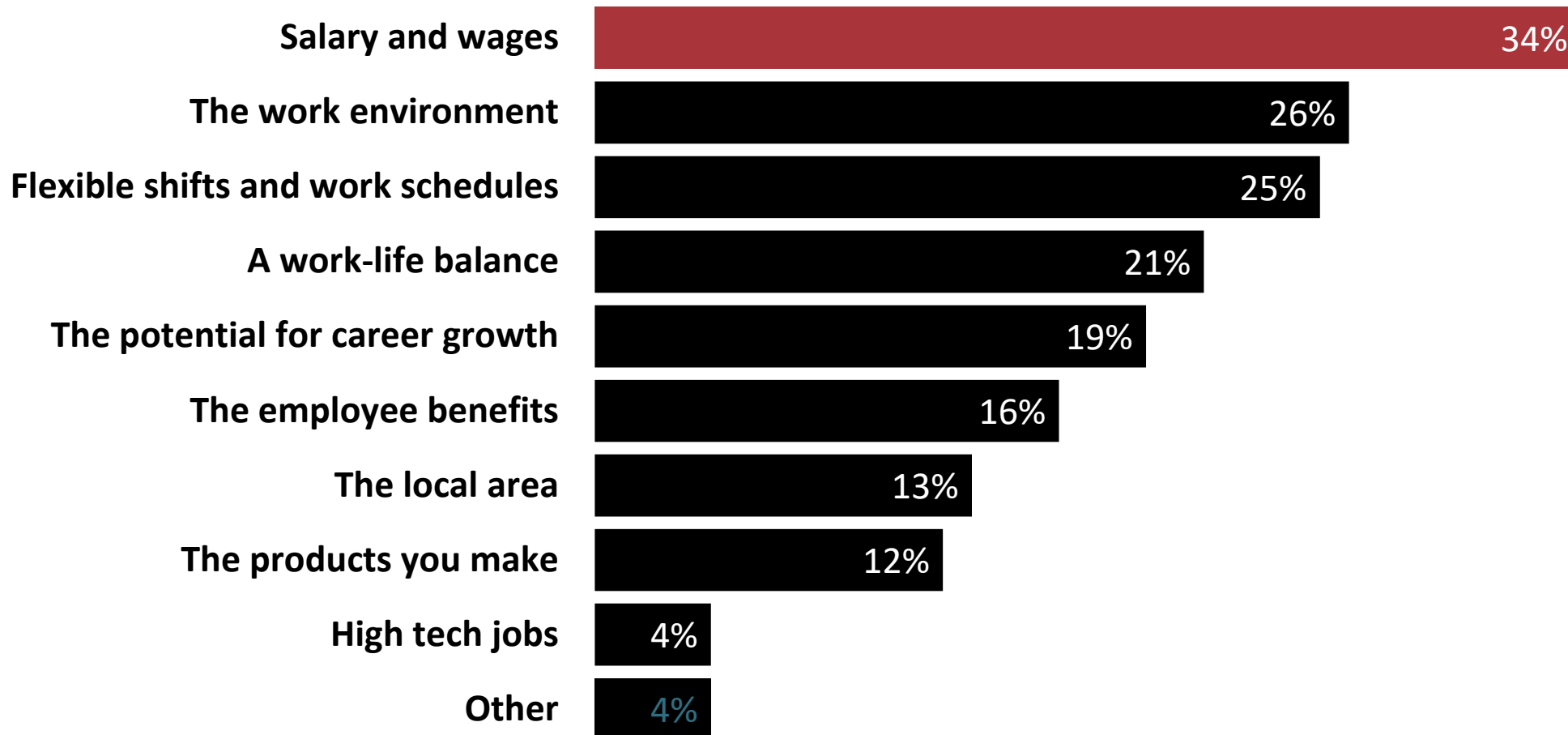
“ We're just short. There just isn't enough people for the amount of jobs right now. Our graduating class here in Merrill, 20 years ago it was 300; now it's 150. Just not enough people. It's a skills gap and a people gap.” – Wausau

“ We've had to turn away millions of dollars' worth of work because we just cannot meet lead times and I can't hire talent fast enough or find.” – Green Bay

“ Some of those smaller places aren't able to keep up and compete with some of the bigger places that are a little bit more modernized. We don't even have HR on site. We're fighting the uphill battle all the time, just trying to keep our employees and increase wages and keep up with the big guys. That's huge for us.” – Stout

Companies see the salaries they offer as their strongest selling point, with the work environment and flexible schedules not far behind.

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



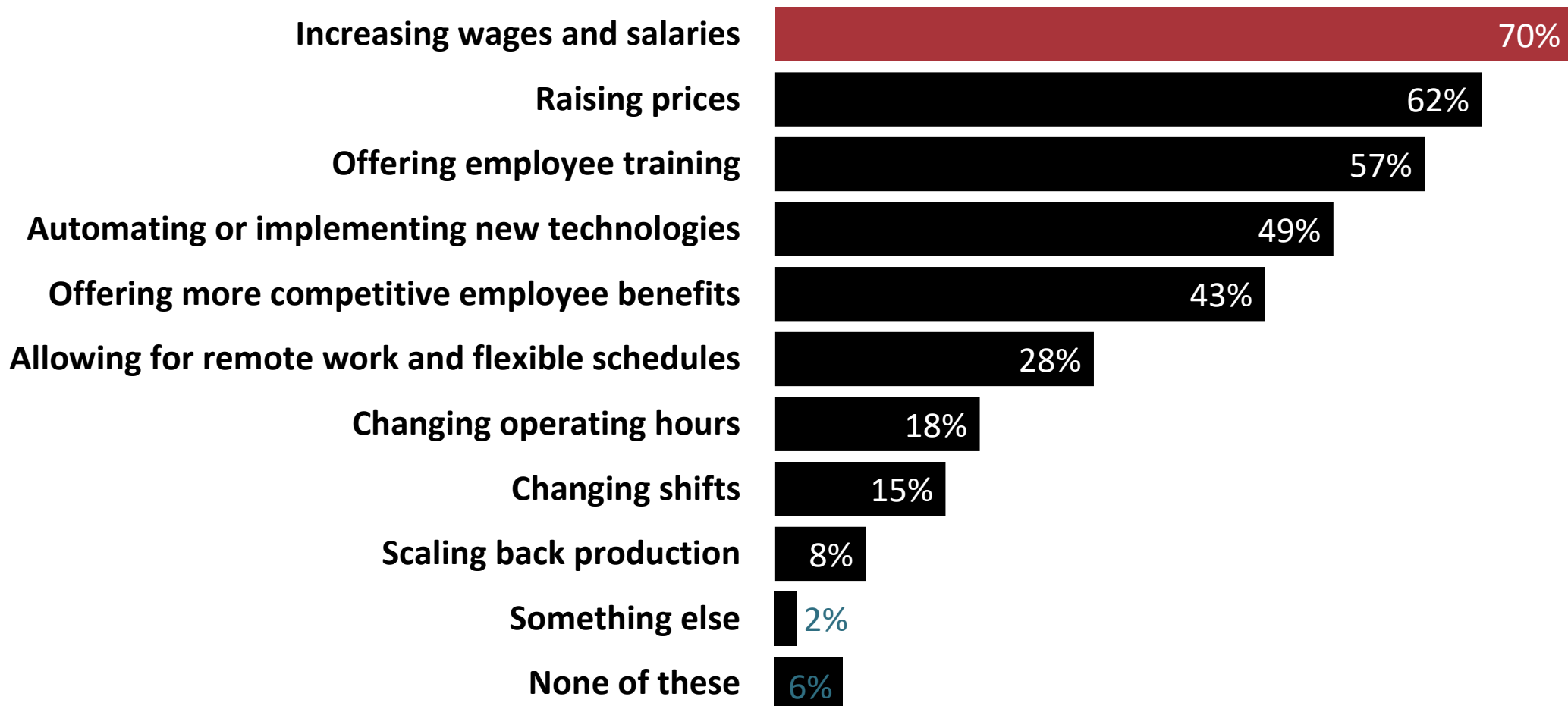
Smaller companies are more likely than larger ones to say their strongest selling point is flexible shifts and work schedules.

Strongest Selling Point By Company Type (Top Three Choices Per Type Shaded)

	Company Size		Revenue		
	1-49 Employees	50+ Employees	Under \$1 Million	\$1 – \$5 Million	\$5 Million+
Salary and wages	32%	44%	32%	32%	40%
The work environment	25%	28%	20%	25%	29%
Flexible shifts and work schedules	29%	12%	27%	38%	13%
A work-life balance	21%	22%	17%	29%	21%
The potential for career growth	17%	27%	17%	15%	28%
The employee benefits	12%	28%	2%	23%	28%
The local area	14%	10%	17%	14%	6%
The products you make	12%	12%	14%	8%	12%
High tech jobs	3%	5%	4%	0%	6%

A majority of manufacturing companies are considering increases wages, raising prices, or offering employee training.

“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 be considering increasing wages and benefits and implementing automation or new technologies.

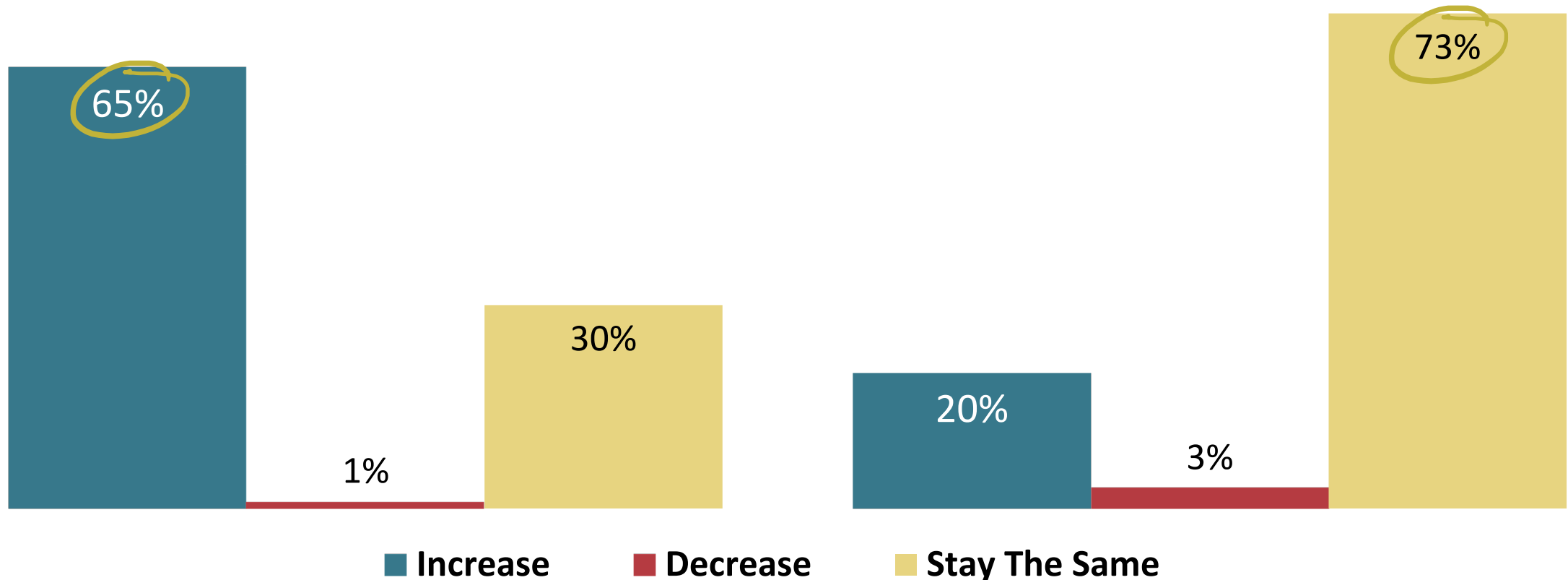
Considering Changes By Company Type (Changes 50%+ Per Type Are Shaded)

	Company Size		Revenue		
	1-49 Employees	50+ Employees	Under \$1 Million	\$1 – \$5 Million	\$5 Million+
Increasing wages and salaries	64%	90%	55%	75%	89%
Raising prices	60%	69%	57%	66%	67%
Offering employee training	51%	78%	44%	59%	73%
Automating or implementing new technologies	40%	77%	32%	49%	73%
Offering more competitive employee benefits	37%	64%	34%	47%	56%
Allowing for remote work and flexible schedules	24%	39%	26%	20%	34%
Changing operating hours	15%	27%	19%	11%	23%
Changing shifts	10%	31%	9%	11%	27%
Scaling back production	9%	5%	12%	8%	3%

About two-thirds of manufacturing executives expect wages to increase, while three-quarters expect benefits to stay about the same.

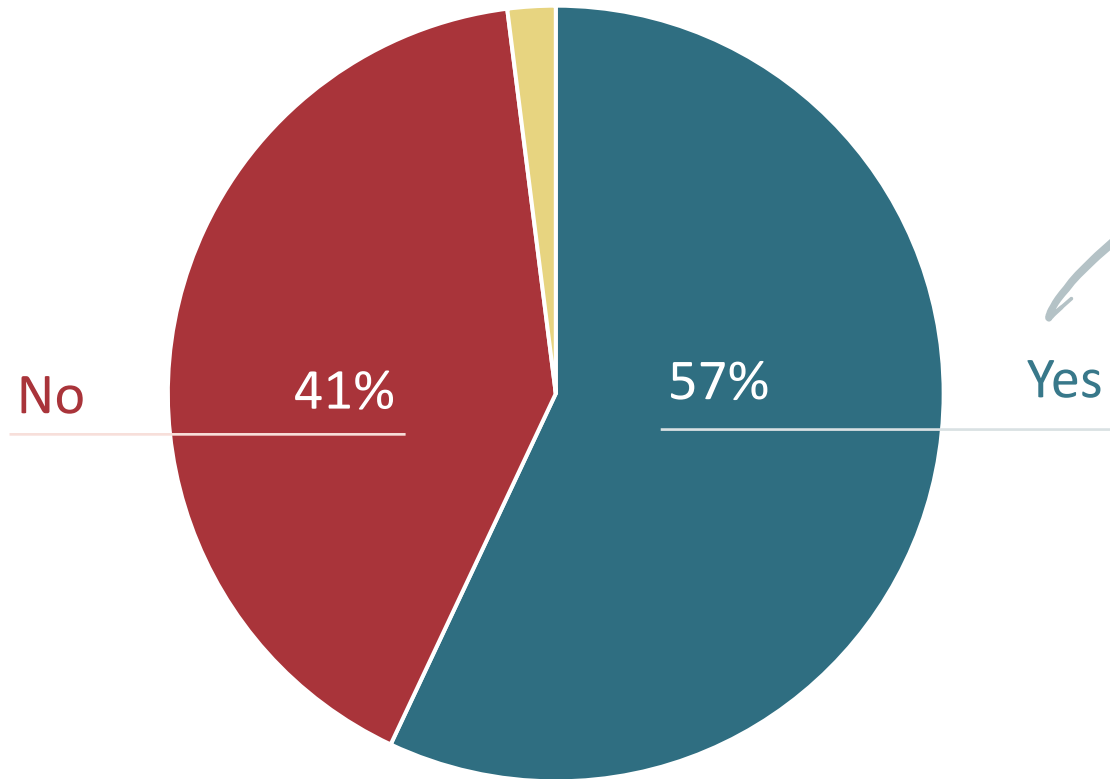
“Overall, do you **expect wages for your employees** will increase, decrease, or stay about the same in 2021?”

“Overall, do you expect the benefits you offer your employees will increase, decrease, or stay about the same in 2021?”

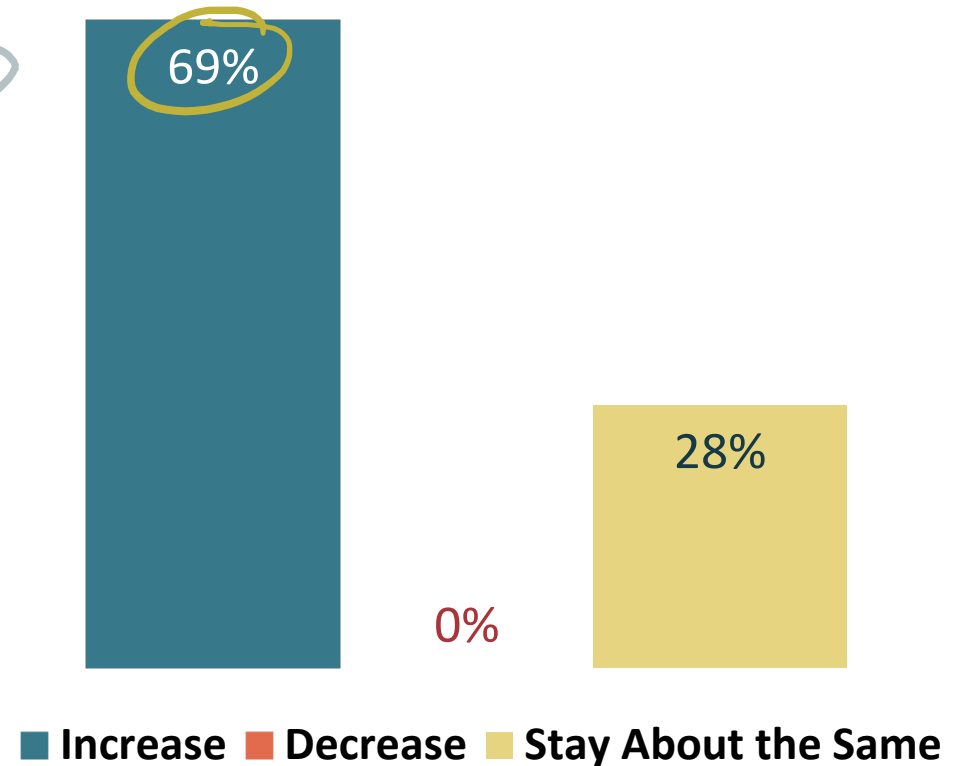


A majority of manufacturing companies provide health insurance to their employees, and two-thirds of those who do expect costs to rise.

“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 2021?”



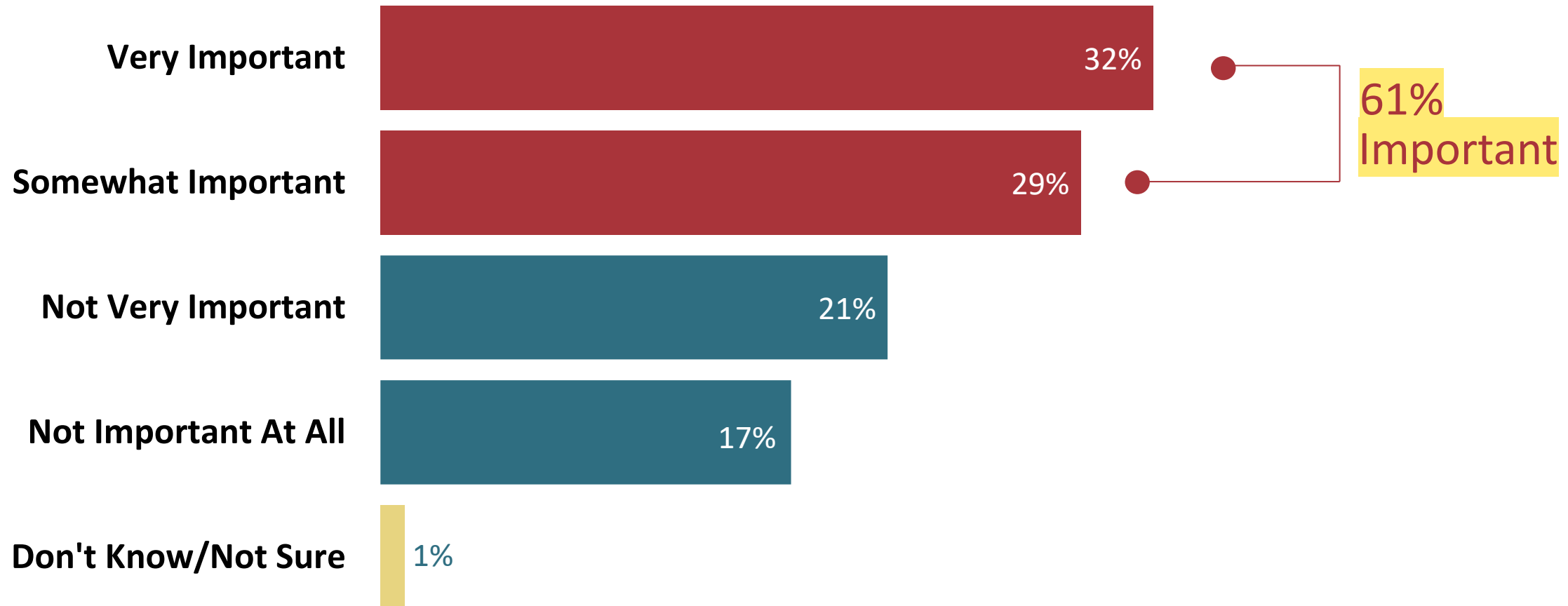
Bigger companies are much more likely than smaller companies to offer their employees health insurance (and most expect the costs to continue to increase).

% Who Provide Health Insurance & % Expecting Health Care Costs To Increase in 2021

	Provide Health Insurance	Expect Health Care Costs to Increase
1 – 49 Employees	44%	70%
50+ Employees	96%	69%
Revenue Less Than \$1 Million	23%	58%
Revenue \$1 Million – \$5 Million	66%	71%
Revenue \$5 Million +	92%	74%
Milwaukee	60%	69%
Madison	65%	77%
New North	60%	57%
Northwest	48%	69%
West	47%	82%

A majority of manufacturing executives see automation as important to their company's future, while about a third say it is *very* important.

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



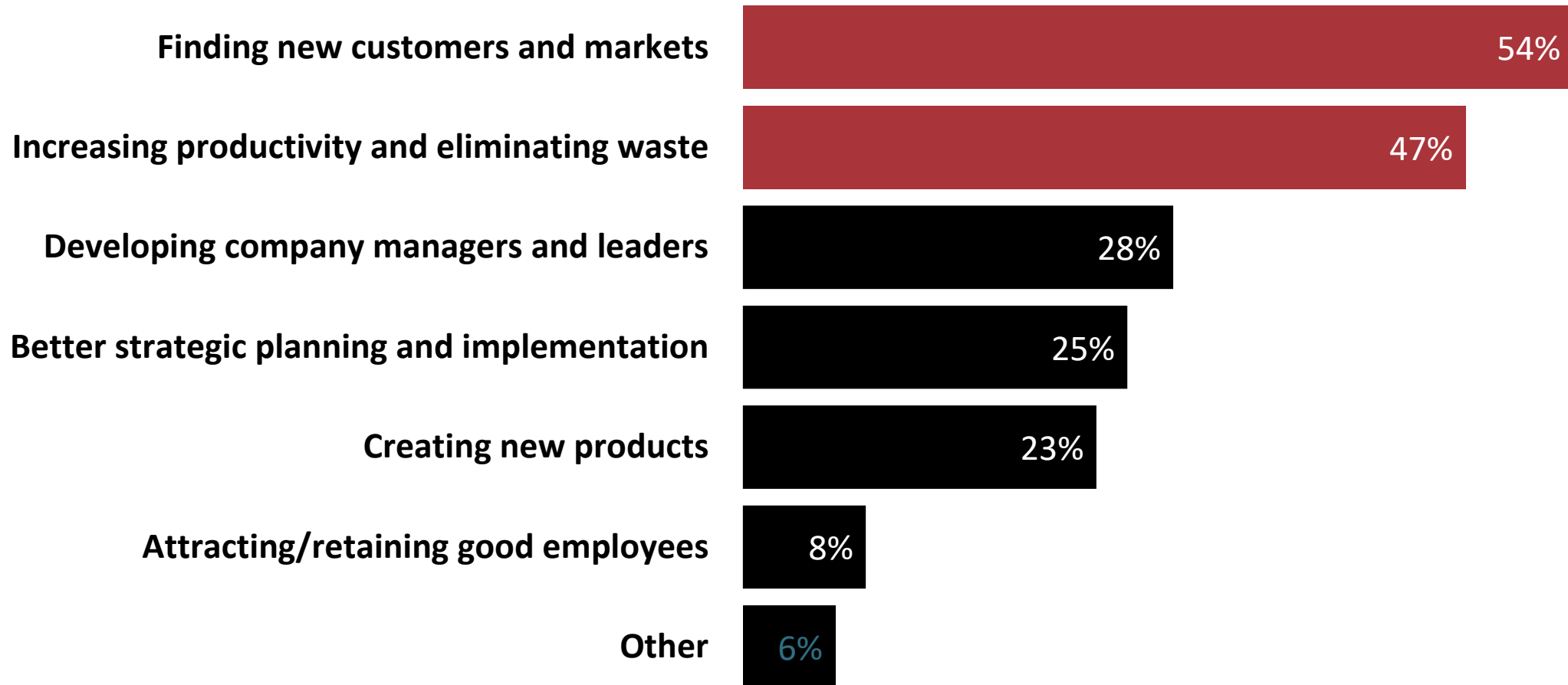
A majority of manufacturing executives see automation as important to their company's future, while about a third say it is *very* important.

Importance of Automation By Type of Company

	Very Important	Total Important
1-49 Employees	26%	53%
50+ Employees	51%	89%
Revenue Under \$1 Million	20%	45%
Revenue \$1 - \$5 Million	29%	59%
Revenue \$5 Million +	51%	87%

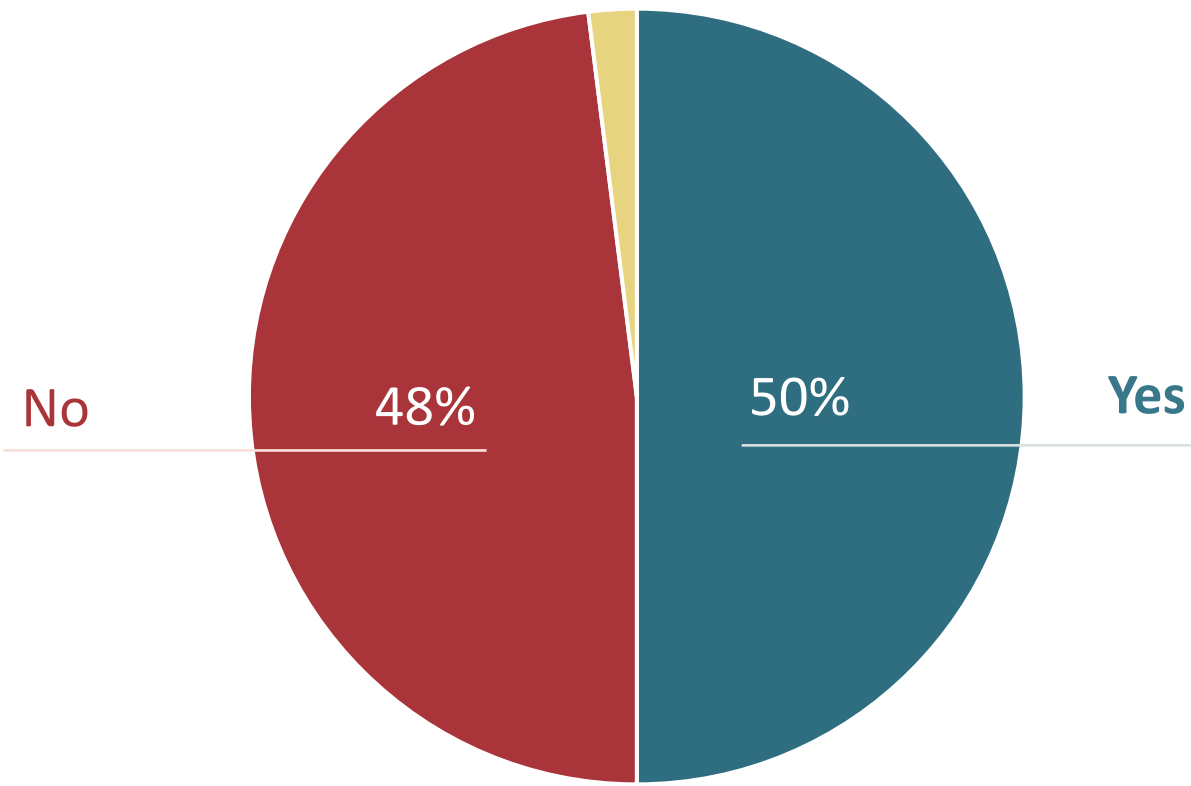
Companies see their growth as lying in finding new customers and markets and in increasing productivity and eliminating waste.

“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?”



Half of Wisconsin manufacturing companies say they have a formal strategic plan for growth, while most smaller companies do not.

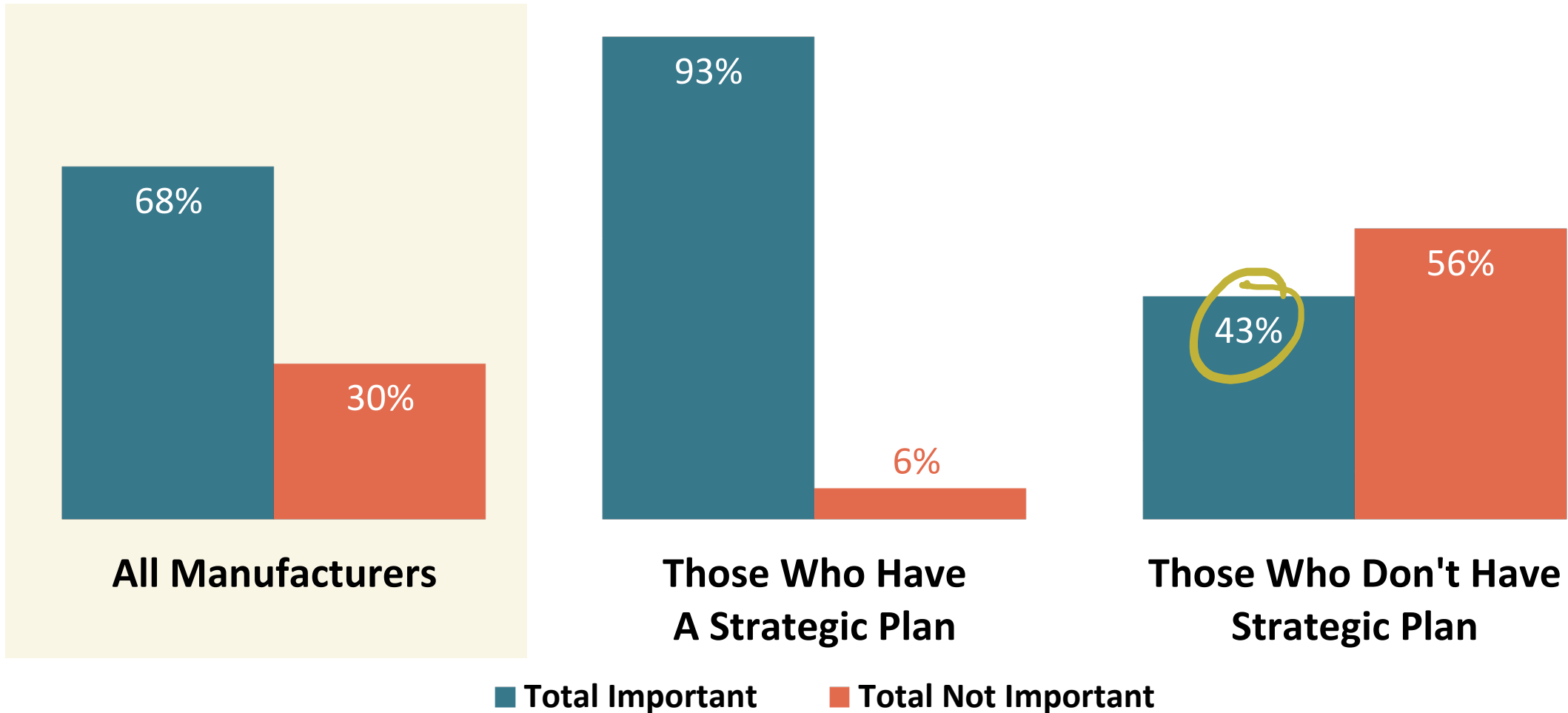
“On a different topic, does your company have a formal strategic plan for profitable growth?”



	Yes, Have A Plan	No, Don't Have A Plan
1-49 Employees	41%	58%
50+ Employees	78%	19%
Revenue Under \$1 Million	34%	66%
Revenue \$1 - \$5 Million	49%	48%
Revenue \$5 Million +	68%	30%
1-15 Years in Operation	48%	51%
16 Years + in Operation	50%	47%

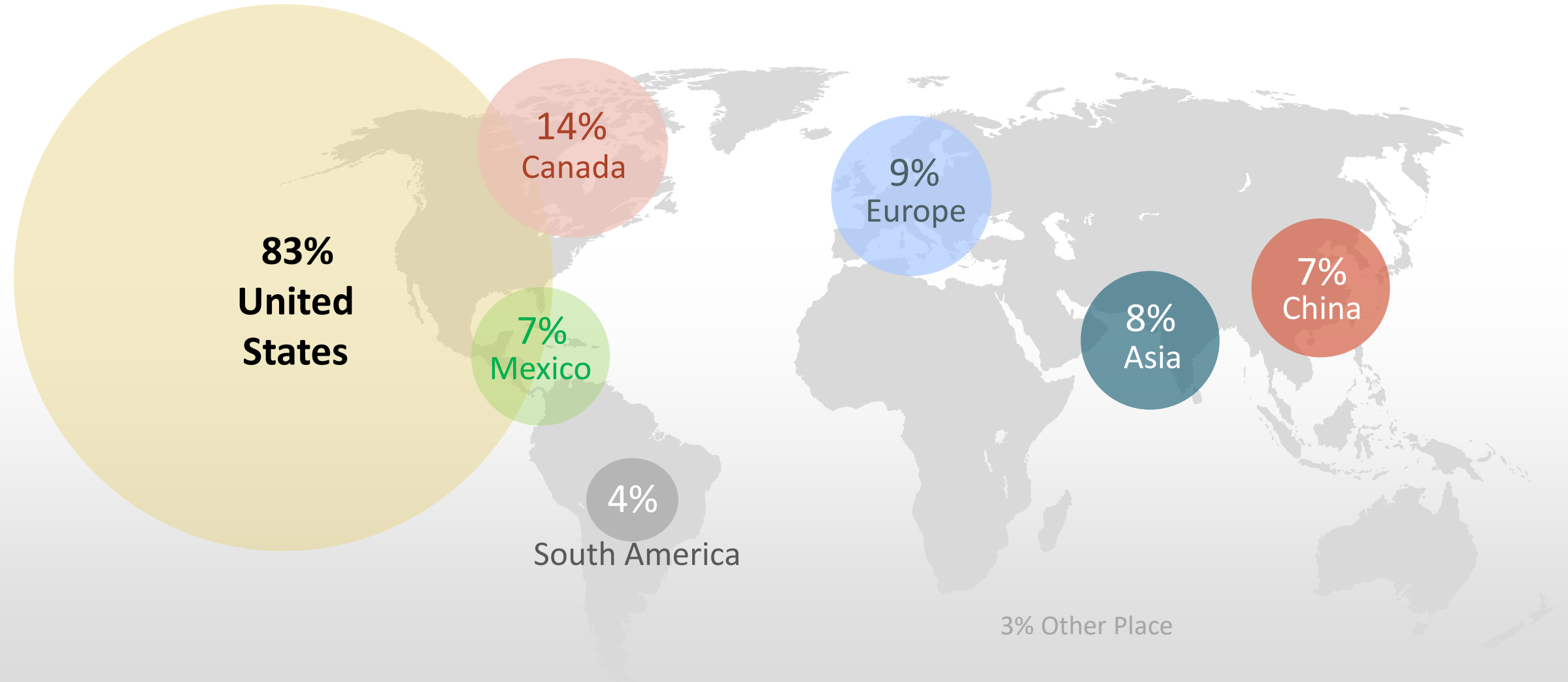
Nearly half of manufacturers who don't have a formal strategic plan say such a plan is important to their company's future growth.

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



Finally, 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

- **The mood of manufacturers is mixed.** On the one hand, most say the state's business climate is heading in the right direction, projections for revenues, profitability, and capital expenditures are on the rise, and nearly nine out of ten are confident about the financial future of their company. On the other hand, compared to five years, more say the economy is getting worse and most say the state's economy isn't growing, and COVID-19 has clearly had a significant impact on the industry.
- **Supply chains – both the availability and cost of materials needed – top the list of issues manufacturing executives are most concerned about.** It's a worry that is both smaller and larger manufacturers share.
- **The workforce challenge is still a challenge.** While larger companies express more concern about the issue, smaller companies are also feeling the effects of this challenge.

THE BOTTOM LINE

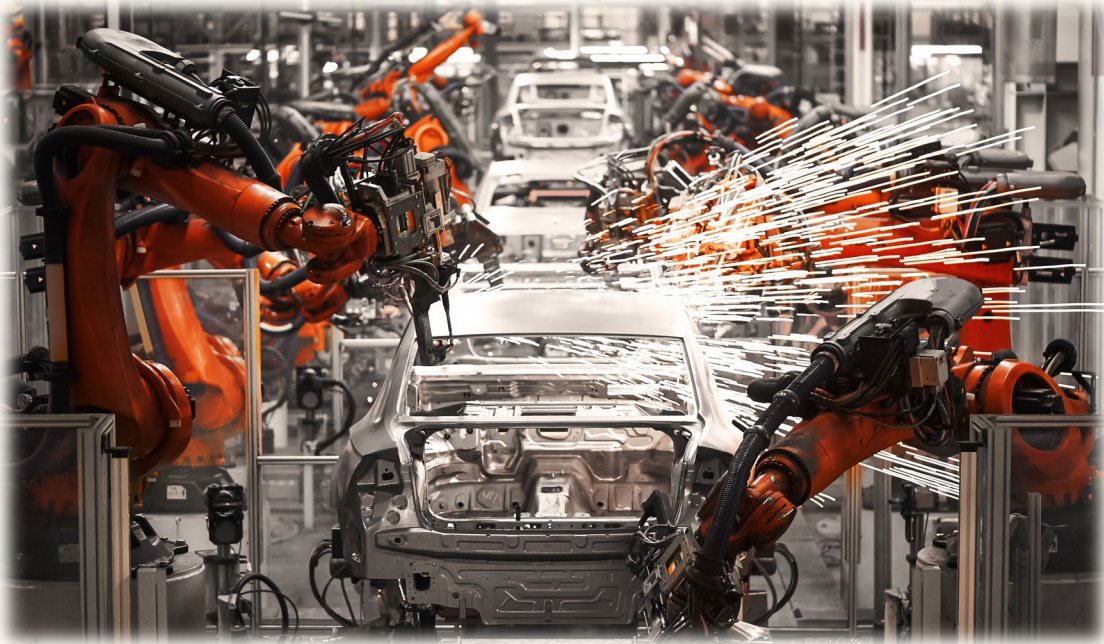
- **Finally, manufacturers tell us that while they are looking to a future beyond the pandemic, COVID-19 has clearly forced several big issues to the surface:**
 - I. It has highlighted the risks of extended supply chains;**
 - II. It has underlined and redefined the need for a safe work environment; and,**
 - III. It has accelerated and exacerbated the manufacturing workforce shortage.**

THREE MANUFACTURER TAKEAWAYS

Manufacturers are overconfident about cybersecurity.



Manufacturers are bifurcating – “get it” or not!!



- ✓ Executing a plan
- ✓ Strong employer brand
- ✓ Resilient – clear-eyed risk approach
- ✓ Investing in the future
- ✓ Growing

Companies that “Get It”



The 2021 Wisconsin
**Manufacturing
Report** 

For more information about this study, contact us:

Buckley Brinkman

Executive Director/CEO

Wisconsin Center for Manufacturing and Productivity

608.729.4160 | brinkman@WiCMP.org

www.wicmp.org/wi-manufacturing-report/

