

# The Future of Manufacturing: 2020 and Beyond

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(IW Research Report – Kronos: 7-27-16) This joint research product between *IndustryWeek* Custom Research and Kronos shines a light on manufacturing strategy, management practices and investment priorities over the next five years and beyond.

While U.S. manufacturing employment has declined over the past 25 years, the future outlook is bright. Taken alone, the U.S. manufacturing sector would be the ninth-largest economy in the world, according to the National Association of Manufacturers.

As our research found, *manufacturing leaders are overwhelmingly positive about their business growth prospects*. Nine out of ten expect revenues to grow, and more than half expect revenues to grow 5% or more per year over the next five years.

The top challenges to meeting these strong growth expectations are market volatility, rising material costs, price reduction pressures and increasing labor costs. To thwart such threats, according to our research, manufacturers are pushing hard to improve performance across a range of capabilities, starting with improving production processes, strengthening customer relationships and finding people with the right skills and experience.

To achieve their growth targets, manufacturers are investing in areas that will improve productivity and speed responsiveness. Company leaders also are prioritizing investments that will make it easier to collaborate with customers and suppliers, gather market intelligence and streamline customer communication. Topping the list of specific technology investments are quality management and lean manufacturing systems. To better align labor and production capability with daily demand, they're also budgeting for demand planning/forecasting systems, workforce/labor management systems and performance dashboards.

While innovation is always a strategic priority, a surprisingly large percentage of manufacturers (45%) have not yet set a specific goal for reducing new product development cycle times. Among those working to shorten product development cycles, they're trying to better understand customer and market needs, improve professional labor productivity and

create prototypes faster.

To attract and retain people with the right skills and experience, manufacturers are primarily emphasizing leadership training, performance management and skills training. Not surprisingly, companies that are investing in new systems and equipment also are more likely to be investing in the personal growth and development of their people.

This research report details the leadership priorities and investments that U.S. manufacturers are making in new systems, equipment and people to remain globally competitive through 2020 and beyond.

[Download this research report](#) to learn more details about manufacturers' challenges, strategies, management practices and investment priorities in the foreseeable future.