

Manufacturing 2024 top issues

Transcript

NARRATOR: Welcome to the Industry Podcast series, where Grant Thornton shares information through an industry specific lens about the most important business issues of the day.

ROBERT HERSH: In manufacturing, the year 2024 is set up to be a very important year. There are a number of issues out there, including regulation, the need for talent, the effect of AI and other digitalization technologies that can affect the industry as well as manufacturing companies individually.

Hi, my name is Robert Hersh. I'm the National Managing Principal for Manufacturing at Grant Thornton, and here are the topics that all manufacturers should have top of mind as we enter 2024.

The first topic of interest going into 2024 for manufacturers is regulation. The current regulatory environment is very onerous for manufacturers, including environmental and social regulations. The typical manufacturer spends anywhere between 2,000 to over 10,000 hours complying with those regulations and that sort of environment is affecting US manufacturing competitiveness. So, there are a number of different initiatives, led by a number of industry groups that are trying to go after those regulations and make them more reasonable or easier to comply. I think those types of things, going into '24, are going to be front and center and manufacturers are going to really pay attention to what's happening with those regulatory agencies, to make sure that you stay compliant.

So, workforce is the next issue that I think is going to be very important for manufacturers going into '24. There is in the neighborhood of around 600,000 open positions in manufacturing as of today, and those positions are up and down the food chain. They range from the shop floor up through the C-Suite, and range from tool and die and machinist type of skill sets, to analytics and data scientists, up to project management, engineering and executive-level management. So, the key for manufacturers going into '24 is how you attract the right talent across a diverse population and then present that population with the right career path and the right incentives to get the skills on board — but also retain them going forward and make them long term employees, but also develop the right talent to compete in the global market.

Now, that lack of talent leads to another thing: It's hard to fill that many open positions, and one way to start alleviating the need for those open jobs is to apply automation technology to improve productivity across the board. And that's where automation, digitization, true business transformation, and process improvement come in. There's going to be a need to consistently and constantly innovate your processes, apply the right technology, with the available workforce to improve productivity, improve throughput and improve your cost profile as you deliver goods into the supply chain.

The next issue is the macroeconomic issue and I think the way the Fed deals with interest rates is going to be key going forward. Now, there's debate on both sides of this equation. Is the Fed done with interest rate hikes, and are they actually going to start decreasing interest rates in 2024, or are we still in a very inflationary environment where interest rates are either going to stay where they are now or increase to wring more inflation out of the economy?

Now we're seeing some alleviation of these inflationary pressures in manufacturing. However, it's something that needs to really be top of mind at the C-level in terms of hiring, of capital investment and how you're dealing with your supply chain.

So, that's how I see the manufacturing industry shaping up in 2024. There's plenty of opportunity to make real progress, but as is always the case in manufacturing, it's about throughput of goods, making sure you've got the right talent and making sure you've got your eye on the economy — so that you don't get any surprises as the year progresses.

NARRATOR: Thanks for listening. Find out how Grant Thornton goes beyond expectations at [gt.com](https://www.gt.com).