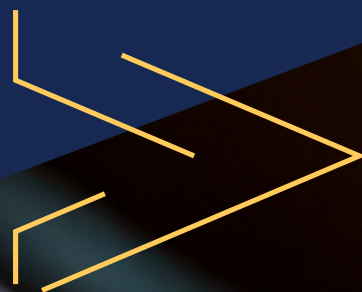
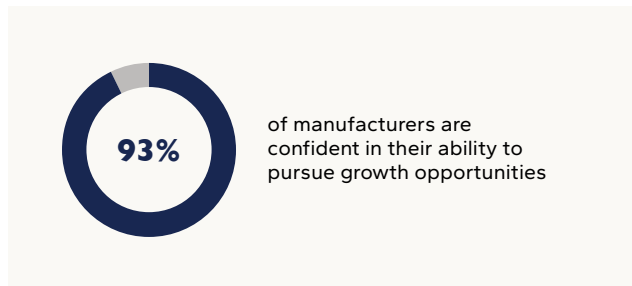




2025 Mid-Market Manufacturing Outlook



Heading into 2025, the U.S. manufacturing sector is resilient, ready to tackle emerging challenges and explore new opportunities. Amid persistent challenges and evolving trends, nearly all manufacturers that responded to our 2025 outlook survey are confident in their organizations' ability to pursue business growth opportunities.

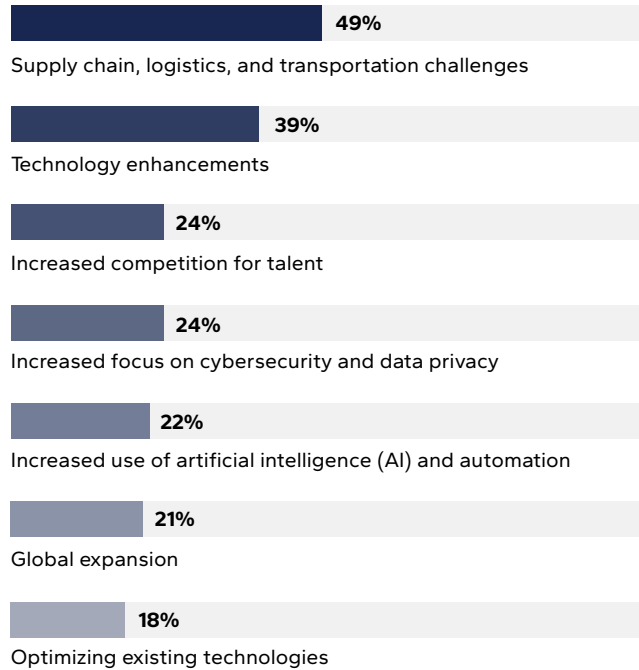


These organizations face challenges like:

-  rising business costs
-  supplier issues
-  limited supply chain transparency
-  transportation/logistics disruptions
-  talent acquisition and retention

To meet these issues head-on, manufacturers are optimizing their supply chain networks, adding new products or product lines, targeting niche markets, and updating their digital technologies.

What are the top trends affecting your company's business in 2024?*



*Each respondent selected up to three answer options.

Rising costs, supply chain disruptions, logistical challenges, and increased competition for talent are plaguing manufacturers. As many leaders face increased cyberattacks, labor shortages, economic uncertainty, high interest rates, and inflation, they are also under pressure to digitize operations, improve data privacy, focus more on quality and meet evolving customer demands.

This research report, conducted by Eide Bailly in collaboration with Manufacturing Dive's studioID, explores the key findings and insights from a survey of 300 U.S.-based manufacturers and distributors. This proprietary data highlights the challenges manufacturers face, how they approach business growth, their technology investments, and the workforce trends impacting their operations.

Supply Chain, Logistics, and Transportation Challenges



While the sector's current pain points aren't exactly new, the issues are constantly evolving. For example, just as one supply chain challenge is put to rest (e.g., the widespread semiconductor shortage that took hold during the COVID-19 pandemic), another quickly pops up (e.g., the rail and dock worker strikes that made headlines in 2024).

These trends and concerns align with Eide Bailly's feedback from the manufacturing sector, says Dave Glennon, partner and manufacturing industry leader at Eide Bailly. "Manufacturers have a particular knack for solving problems and recognizing potential issues before they boil over into larger challenges," Glennon adds.

More manufacturers are turning to technology to help manage these and other uncertainties. They're also honing their inventory management strategies, logistics, and transportation operations to ensure the smooth delivery of goods from the point of origin to the final destination.



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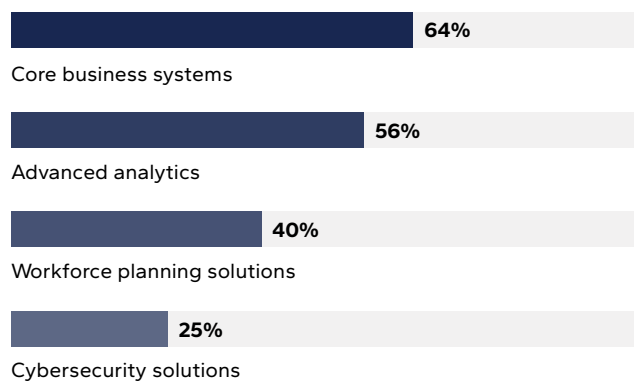
Dave Glennon, Partner and Manufacturing Industry Leader | Eide Bailly

Optimizing Existing Technologies and Implementing New Enhancements



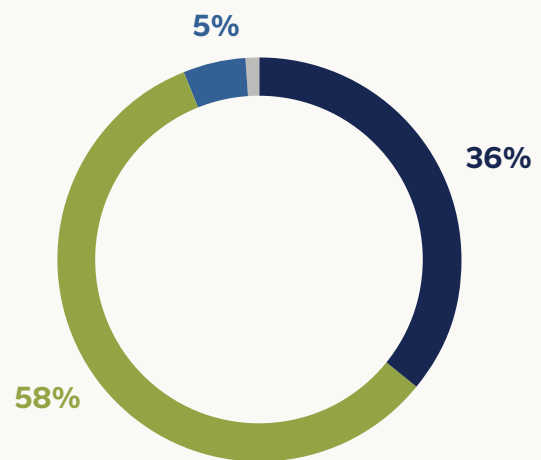
This year, respondents say their organizations are focused on maximizing the potential of current technologies while exploring innovative upgrades to improve efficiency. They're using more automation, for example, and investing in solutions that help them streamline and reduce friction in their supply chains.

Nearly all (94%) companies surveyed are either considerably or somewhat increasing their investments in technology and automation over the next three years. Most of that investment will be allocated to:



**Each respondent selected up to three answer options.*

How would you describe your company's plans to invest in technology and automation for its operations over the next three years?*



- We plan to increase our investment considerably
- We plan to increase our investment somewhat
- We plan to keep our investments flat

**Each respondent selected one answer option.*

“Manufacturers clearly realize that if they’re not investing in technology, they’re falling behind,” Glennon says. “They also know that equipping their team with the necessary digital solutions can make them more productive, efficient, and engaged. Many organizations want to be able to take the technologies we’re all using in our personal lives and use them in the business world. Technology is everywhere, and manufacturers recognize that.”

Manufacturers’ level of enthusiasm for technology varies by sector, he adds, with verticals like medical devices and electronics being “somewhat more cutting edge” than manufacturing sectors that have remained largely unchanged for decades.

Across the board, Eide Bailly [finds](#) that most of these organizations recognize the value of leveraging data. The massive amounts of data collected every day — from equipment performance to production data to customer reviews — can be used to qualify suppliers, improve production processes, monitor equipment, and increase customer satisfaction. When measured and leveraged effectively, those insights can help optimize operations, reduce risk, and drive better business decisions — ultimately enhancing overall business performance.



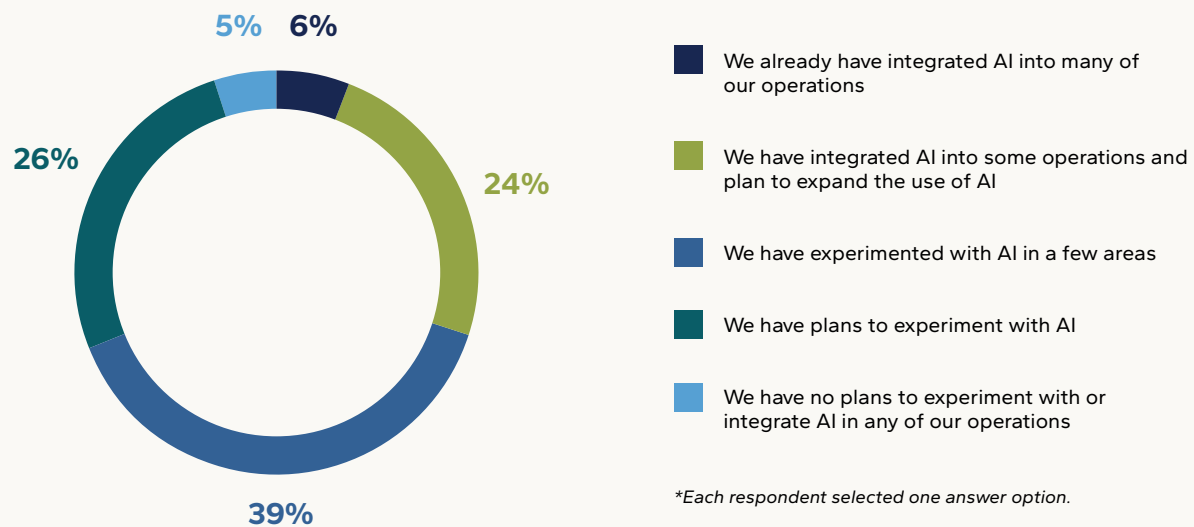
Artificial Intelligence Readiness



Manufacturing organizations are prioritizing data rationalization to fully leverage artificial intelligence (AI) capabilities, therefore paying closer attention to cybersecurity and data privacy issues. The survey found that manufacturers plan to invest in AI, industrial automation and robotics, digital platforms, and smart machines.

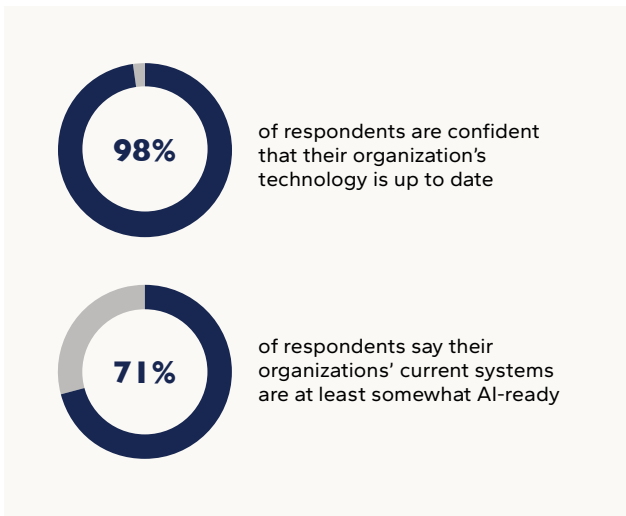
When asked about the level of AI in their current operations, 65% of survey respondents say they're either experimenting with it or have plans to do so. Twenty-four percent are using AI and planning to expand its use within their operations and 6% have already integrated AI into much of their operations.

How would you describe the state of your company's implementation of artificial intelligence into its operations?*





The majority of manufacturers (71%) say their organizations' current systems are at least somewhat AI-ready, while nearly all respondents (98%) are confident that their technology is up to date. Most respondents also say their organizations are making good technology investments, embracing smart manufacturing, and upskilling/reskilling employees on the latest technology tools and applications.



According to Glennon, most of the manufacturing firms that Eide Bailly interacts with recognize the need to put an effective data management strategy in place. "A good AI strategy is a good data strategy.

Data is one of the key building blocks for using AI and other advanced tools, so you really have to get your data house in order first," he explains. "Again, they know they have to move now or risk falling behind their competitors."

Getting your data house in order starts with a consistent methodology for core processes like recording transactions, sending customer invoices, and tracking inventory. The intelligence of algorithms is wholly dependent on their ability to be trained on large amounts of organization-specific data from numerous sources, such as transactional systems, customer interactions, and sensors. For any AI initiative to succeed, organizations must practice good data hygiene, unify their data, and have a strategy for data governance.

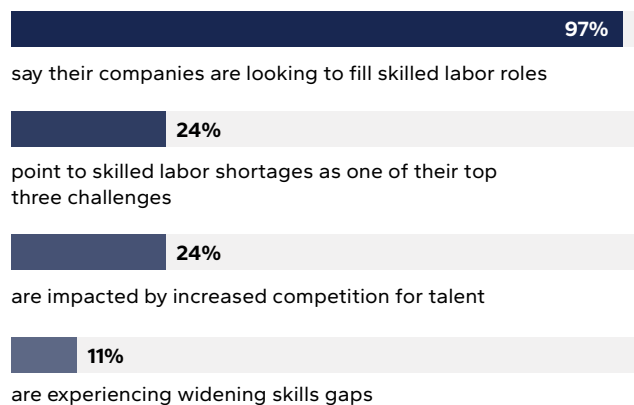
"Mid-market manufacturers have spent the last five to ten years ensuring that they have the right data to build upon," Glennon says. "This is a smart move because you'd never set up a wall on a building without laying down the foundation first; the same rules apply with data and technology like AI."

Talent Acquisition and Retention



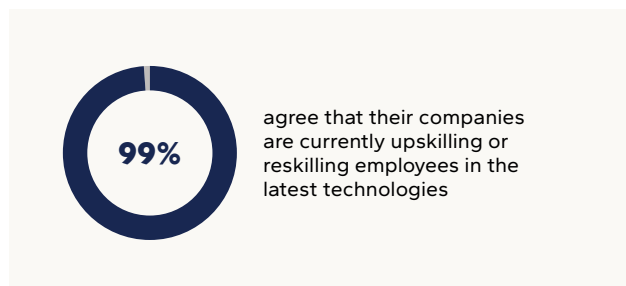
Like most industry sectors right now, manufacturers face increasing competition for skilled workers, leading to a greater emphasis on wages and benefits packages, workforce training, and diversity, equity, and inclusion (DEI) initiatives in the workplace.

Manufacturers are taking an increasingly future-forward approach to their workforces, with widespread investment in upskilling or reskilling initiatives.



Challenges aside, 98% of manufacturers feel that their talent strategies are up to date and that their organizations are making good hiring and staffing investments. Upskilling current workforces, filling skilled and unskilled roles, and engaging employees are other top priorities that most manufacturers say they're handling well.

Glennon says the retiring workforce combined with Gen Zers' expectations of what "work" looks like are pushing manufacturers to rethink how they hire, train, and retain their valuable labor forces. For example, many are placing a bigger emphasis on DEI initiatives that widen their potential labor pools and help create a more inclusive, engaging work environment across the enterprise.



“We’re at a point where some middle-market manufacturers are saying, ‘Hey, we’re just happy when a new employee comes back for a second week of work,’” Glennon says. “That’s just the reality they’re facing right now.” To buck the trend, more organizations are offering reskilling and upskilling opportunities that give manufacturers more time to cultivate team members, expose them to their company’s culture, and experience different job roles.

Manufacturers also want to get employees more comfortable with the idea of working side-by-side with co-bots and other automated/semi-automated equipment that can handle daily, repetitive tasks. They’re investing in team members who want to learn how to operate and maintain the automated and robotic equipment being installed and used on the factory floor.

“Organizations can’t just bring in this new technology — be it co-bots or an automated packaging line — and not have the right people to run it,” Glennon says. “This is one key reason why more manufacturers are reskilling and upskilling their existing labor forces right now.”

Automation also helps manufacturers reallocate valuable employees’ time and energy toward more strategic projects versus repetitive, mundane tasks. One side benefit of this strategy is that employees — who can be difficult to recruit and retain in today’s current environment — may feel more valued and engaged when tasked with higher-value work. This, in turn, can help improve employee retention and position your business as an employer of choice.



Emerging Trend: Sustainability and ESG



As governments, customers, investors, and other stakeholders increase their focus on environmental, social, and governance (ESG) reporting, middle-market manufacturers will likely invest more in this space in the coming years. In fact, ESG was identified as both a trend and a challenge point for many of the companies that were surveyed for this report.

“For most of the middle-market manufacturers we work with, ESG is often treated like a ‘wait and see’ issue that’s been slowly developing,” Glennon says. Business leaders want to make prudent, calculated investments with their sometimes limited resources, and Glennon suspects that might drive some hesitation to invest heavily in ESG.

“It’s been a little bit slower on the uptake, and we’re definitely seeing a sense of caution in this sector, where manufacturers are clearly investing in technology and their workforces,” Glennon says. “This may change going forward, but for now, ESG is still slightly lower than those initiatives on the priority list.”



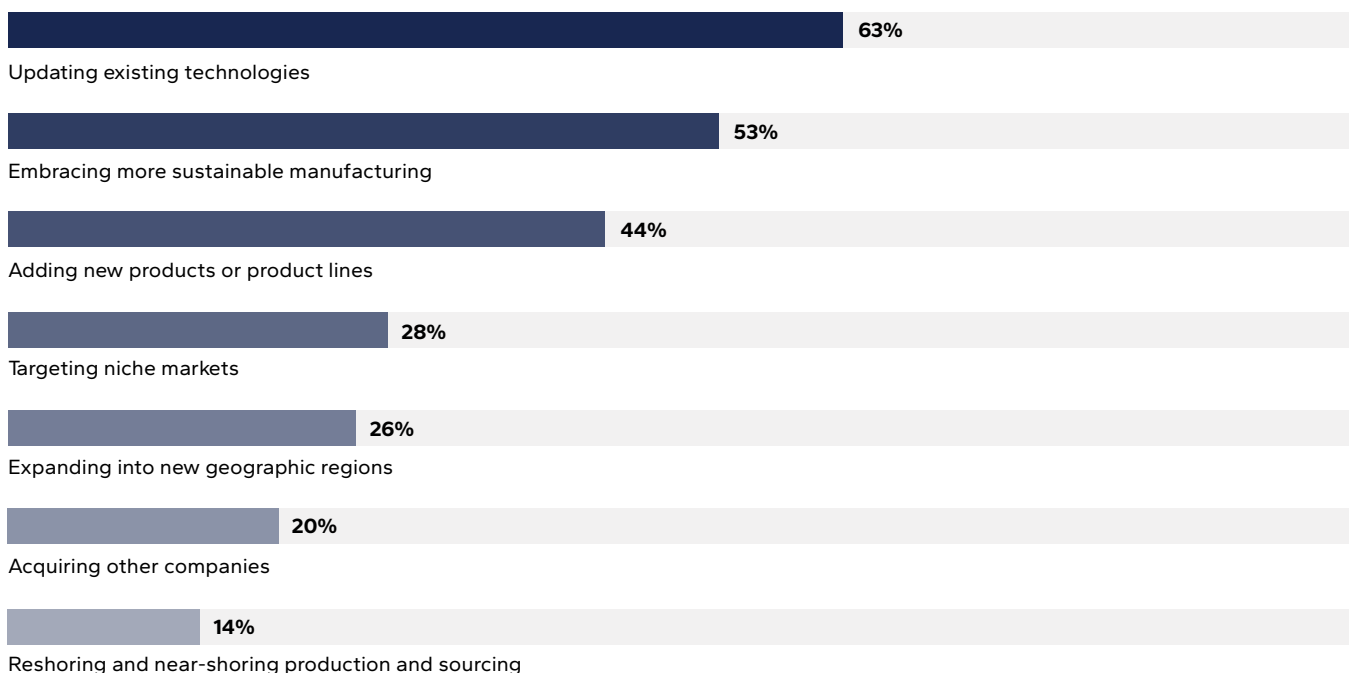
What's the outlook?



Manufacturers and distributors are optimistic about growth, investing in new product lines, anticipating a more active mergers and acquisitions (M&A) space, and exploring new markets. Right now, all survey respondents are either extremely, very or somewhat confident in their organization's ability to pursue growth opportunities.

When asked how their companies plan to grow over the next three years, respondents point to updating existing technologies (64%), embracing more sustainable manufacturing processes (53%), adding new products and product lines (44%) and targeting niche markets (28%) as some of the top ways their companies plan to grow over the next three years.

What are the biggest growth opportunities for your company over the next three years?*

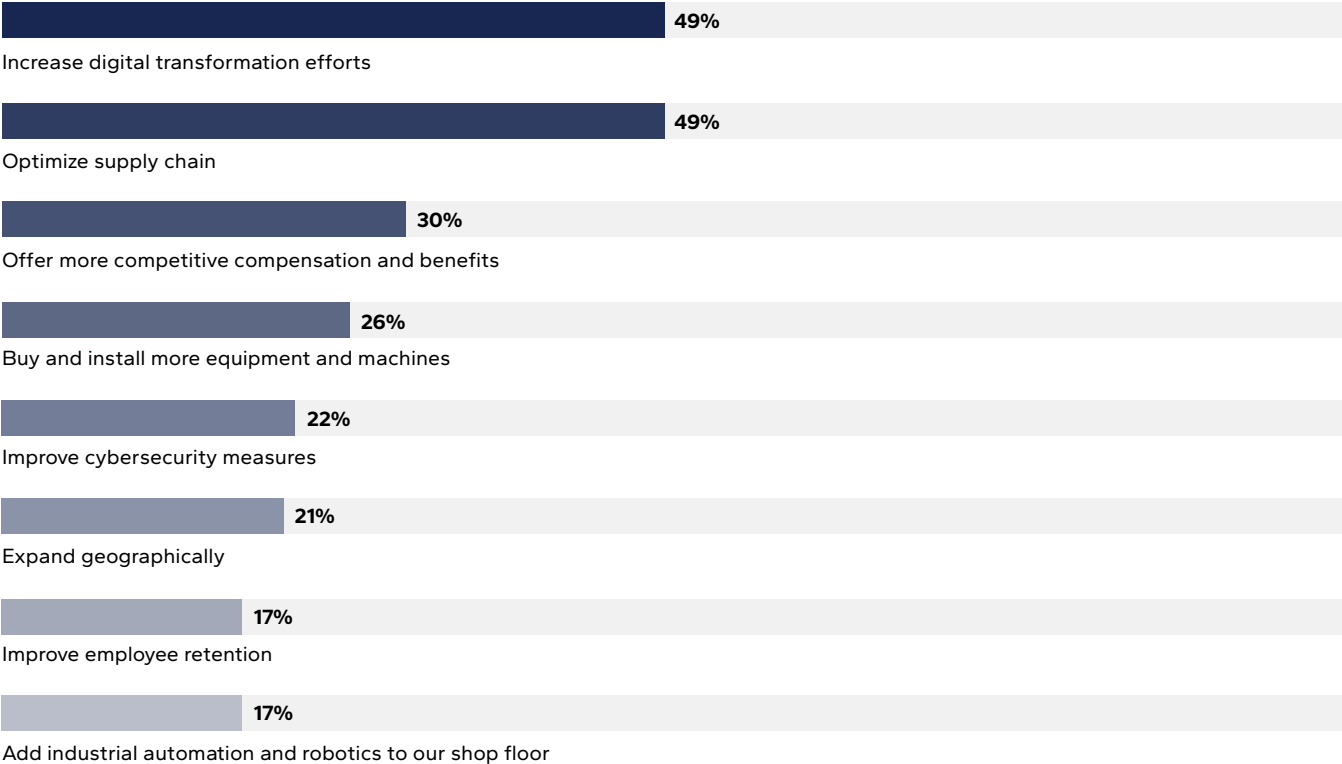


*Each respondent selected up to three answer options.

Meeting these goals will be essential for sustainable business growth in today's competitive environment. Amid ongoing supply chain disruptions and a heightening race to digitize and automate operations, manufacturers will allocate more budget toward new and improved technologies, equipment and machinery. And as their businesses grow, so will their geographic footprints and the need for improved cybersecurity measures.

Initiatives to upskill employees in the latest technologies will also be key to achieving these goals. In order to recruit and retain employees in a constrained skilled labor pool, many manufacturers will look to their compensation and benefits packages to help their businesses stand out from competitors.

What are your company's top three business goals over the next three years?*



**Each respondent selected up to three answer options.*

Manufacturers are bullish on production volume over the next 12 months, with 85% of respondents expecting increases and 15% saying that volumes will stay the same. No respondents anticipate that production volume will decrease in the coming year. This paints a picture of a very optimistic, hopeful U.S. manufacturing sector prepared to face evolving challenges (e.g., 89% expect business costs to continue rising) and embrace new growth.

Middle-market manufacturers have embraced technology as a tool that helps them grow the businesses with their current workforces in an environment where you can't just go out and hire 100 new people.

Dave Glennon, Partner and Manufacturing Industry Leader | Eide Bailly

Through it all, manufacturers and their distribution networks continue to grow, explore new markets, make new products, and respond to their end customers' needs. Technology will continue to play a key role in helping companies achieve those goals and future-proof their operations. "Middle-market manufacturers have embraced technology as a tool that helps them grow the businesses with their current workforces," Glennon concludes, "in an environment where you can't just go out and hire 100 new people."

Rely on the trusted expertise of manufacturing advisors to help you build and execute your strategic vision today and prepare for tomorrow. [Learn more.](#)





Eide Bailly is a nationally recognized certified public accounting and business advisory firm committed to empowering leaders of all levels with solutions to address their most pressing business challenges. With a team of over 3,500 talented professionals, the firm brings specialized knowledge and industry depth to help clients achieve greater efficiency and support their continued growth.

[Learn more](#)

About the survey:

Respondents to the 2025 Mid-Market Manufacturing Outlook work for U.S.-based companies with \$50 million to \$1 billion in annual revenue. The majority (97%) are manufacturing firms, and 3% are distributors operating in the food, metal machine and product, high-tech, and chemical sectors. Respondents were either VPs, senior VPs and EVPs (61%) or C-suite executives (39%).

