



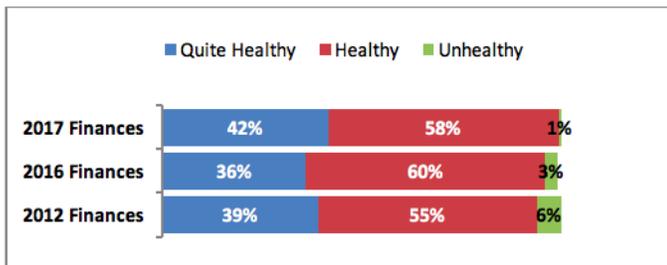
# NORTHEAST WISCONSIN MANUFACTURING ALLIANCE 2017 MANUFACTURING VITALITY INDEX

The NEW Manufacturing Alliance's seventh annual northeast Wisconsin Manufacturing Vitality Index found the manufacturing sector (23 percent of the region's employment base) remained strong over the past year. The survey was administered in October and November 2016 by the University of Wisconsin - Oshkosh's Business Success Center. The sample was drawn from 392 manufacturers in northeast Wisconsin with \$3 million or more in annual revenue and 25 or more employees. 149 companies completed the telephone survey (38 percent response rate). Responses are at 95 percent confidence level.

## FINANCIAL HEALTH & BUSINESS GROWTH

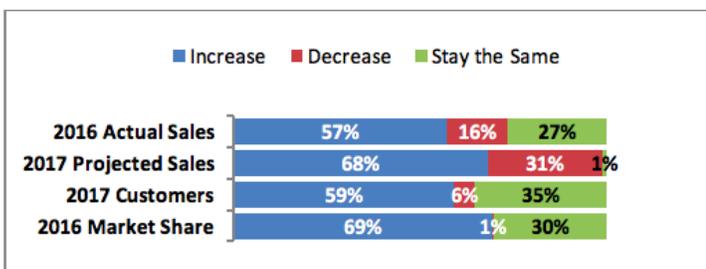
### Financial Health

- Manufacturers' plans in 2017 for sales growth and capital investments remain strong, positive indicators of the vitality of the manufacturing community in The NEW North.
- Almost all respondents said they expect their companies' financial health in the next 6-12 months to be "healthy" or "quite healthy."



### Business Growth

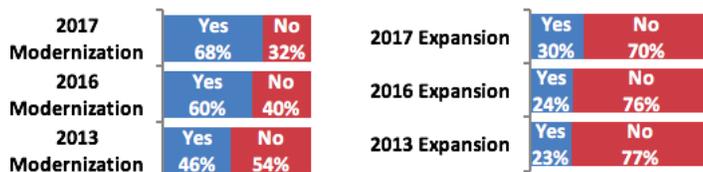
- The survey points to sustained industry growth in 2017 – 57 percent of respondents reported increased sales in 2016.
- Over two-thirds of manufacturers expect increased sales in 2017.



## EXPANSION & PLANT MODERNIZATION

### Plant Expansion & Modernization Planned in 12-24 Months

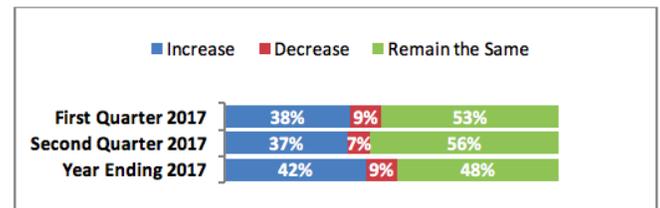
- 2017 plant expansion plans are higher than 2016.
- Interest in plant modernization has increased over the past year compared to 2016 – 68 percent of firms are planning a plant modernization project.



## WORKFORCE RECRUITMENT

### Manufacturing Workforce Hiring Needs

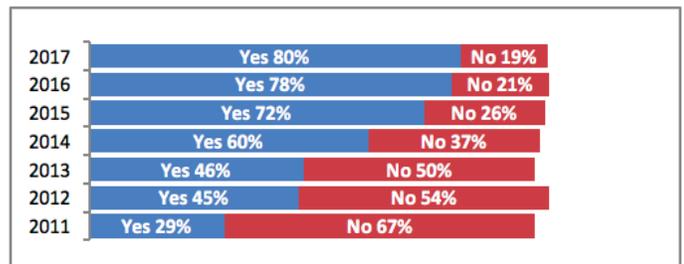
- 38 percent of respondents anticipate hiring new personnel in the first quarter of 2017, 37 percent in the second quarter.
- An additional 42 percent of respondents expect to add staff over the course of the year.
- Slightly more manufacturers anticipate hiring in 2017 than in years past, pointing to increased activity.



## SKILLS SHORTAGE

### Difficulty Finding Talent

- More than three-quarters of companies will experience difficulty finding qualified employees in 2017.
- The skills shortage has increased from 29 percent in 2011 to 80 percent in 2017.



### Most Difficult-To-Fill Occupations

- Companies are having difficulty finding Machinists and CNC Machinists, which has been the most difficult-to-fill position every year the study has asked this question.

Most Difficult-To-Fill Occupations	Avg. Hourly Wage
1. Machinists/CNC Machinists	\$22.99
2. General Labor	\$14.19
3. Welders	\$18.95
4. Engineers	\$34.24
5. Assemblers	\$14.97
6. Electro-Mechanical/Service Technicians	\$23.46
7. Sales Representatives	\$36.72

## Skills Highest in Demand

- Many employers are finding the workforce deficient in “soft skills” – non-technical skills.
- Communication skills and attendance accounted for over half of the responses.
  1. Communication Skills
  2. Attendance
  3. Work Ethic
  4. Math Skills
  5. Teamwork

## RECOMMENDATIONS

For the seventh year in a row, companies responding to the Manufacturing Vitality Index Survey verify the strength of the manufacturing sector in Northeast Wisconsin. More than half the manufacturers surveyed said they plan to modernize their facilities and nearly a quarter of them plan to expand. However, this financial optimism is tempered by another recurring finding – skilled workers are in high demand, but there are not enough qualified candidates to fill numerous job openings.

In the short-term, companies are using a variety of tactics to recruit and retain employees, and some are substituting technology for labor through plant modernization and other capital projects. Long-term, however, more must be done to both interest potential employees in manufacturing careers and prepare them for roles in this high-tech industry.

The NEW Manufacturing Alliance is just one part of the solution, providing a unified voice to advocate for the region’s manufacturing needs and widely communicating that the industry offers many challenging and lucrative career opportunities. However, individual manufacturers can and must also contribute to creating and retaining a dynamic, skilled workforce that will sustain and grow the region’s manufacturing base, today and into the future.

### **Manufacturers can be most effective by building on current partnerships and fostering new relationships with:**

- Retirees: Having acquired a wealth of technical expertise and practical knowledge over their careers, many would help train new workers at their former firms on a part-time basis. As mentors, they could also model proper work behavior to new hires.

- K-12 students, educators and parents: Most are never exposed to today’s high tech manufacturing careers. Communicating to them via plant tours, career days, etc., can help familiarize them with modern manufacturing processes.
- Technical colleges and universities: Since these institutions are training and educating prospective employees, manufacturers can provide input and assistance with items such as curriculum design, instructors, equipment and facilities.
- Elected officials and community leaders: Sharing information and holding conversations about companies’ needs, challenges and economic impact helps produce sound policy.
- Fellow manufacturers: Working together amplifies the industry’s influence and helps it more effectively solve shared problems and identify cooperative opportunities.

By successfully implementing these strategies, Northeast Wisconsin’s manufacturing industry will continue to be a strong and positive economic engine for the state.

*The Alliance would like to thank Jeff Sachse, Senior Economist, Wisconsin Department of Workforce Development, for his expertise in preparing this report.*