

The State of Manufacturing in Missouri

A Research Summary Prepared by Habitat Communication & Culture

In Combination with the Missouri Association of Manufacturers



Table of Contents

Introduction	03
Who We Heard From	07
Challenges	14
Feelings About The Future	21
Innovation is Driving Optimism	27
Closing	33





Letter from Executive Director Michael Eaton



To Missouri Manufacturers

As the Executive Director of the Missouri Association of Manufacturers (MAM) for a little over two years now, I set out to redefine the role of the State's manufacturing association, to redefine what being a member of MAM looks like, and to be an active participant in the rebranding of what manufacturing looks like today. Our team at MAM stands committed to bring value to the Manufacturers of Missouri.

Show-Me Missouri Manufacturing

In the mid-1890s, Missouri miners traveled to Colorado during a gold strike. Missouri miners were unfamiliar with Colorado mining methods and required frequent instructions. Pit bosses began saying, "That man is from Missouri. You'll have to show him." Ironically, this aphorism inspired the nickname for Missouri, The "Show-Me State." Nearly 130 years later, this mantra, provided a guiding hand as we planned the future of the Missouri Association of Manufacturers.

With a vision on promoting, preserving, and advancing manufacturing, we stood determined to create an Association our members wanted - with an honest commitment, passionate dedication, and a strong focus on relationships. With a "Show-Me" mindset, we hit the road. Missouri manufacturers welcomed us and "showed us".

In 2022, we toured over 70 manufacturing plants with close to 130 in 18 months. We connected with hundreds of manufacturers, and hosted various events to provide networking, education, and information-sharing opportunities. Our motivation was, and still is, to understand the actual landscape of manufacturing and to connect with the passionate and proud people working in manufacturing today.

Through our plant tours around the state, we couldn't help but notice a disconnect between the reality we experienced and the message the media portrayed. Information and data reports tend to speak about the industry as it relates to less than

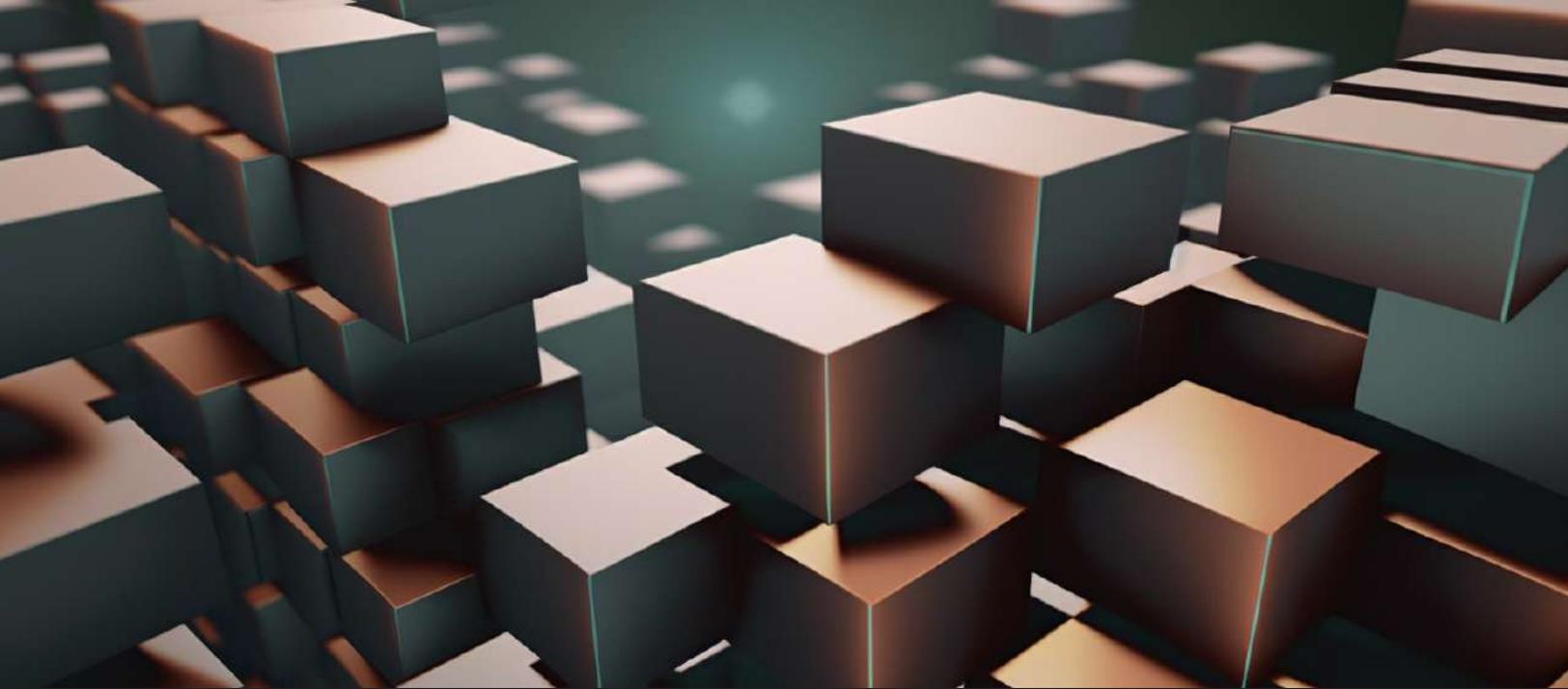
15% of the manufacturing environment – the large manufacturers (employing over 500 employees). According to the U.S. Census Bureau, Statistics of U.S. Businesses, there were 243,687 manufacturing companies in 2019 in the U.S., with 87.7% of those businesses having less than 50 employees.

Partnering with Habitat Communication & Culture, a data-driven strategic partner of MAM, aligning with our vision of Promoting, Preserving and Advancing manufacturing—we set out to generate a unique and accurate State of Manufacturing Report, compiled through surveys, focus groups, tours, and interviews with Missouri Manufacturers. This Report represents the voices of Missouri Manufacturers and data, providing a deeper understanding of the manufacturing sector. It is our hope that this Report becomes a supportive tool and guide as manufacturers navigate unparalleled times.

I can't say enough about working with Habitat Communication & Culture for their attention and focus in compiling this Report - driven by their passion to support and improve teams. Thank you!

With the goal of bringing value to the Manufacturers of Missouri, I can confidently say that the collaborative spirit in working with Habitat Communications & Culture will continue moving forward. This Report did not only "Show-Me" a more accurate perspective surrounding Missouri's manufacturing sector, but will serve to promote, preserve, and advance manufacturing in the State.





The State of Manufacturing

Our Experience

We're Habitat Communication & Culture, an organizational consulting firm located in Springfield, MO, and along with our sister organization, Mostly Serious, we've worked with manufacturers on a variety of organizational challenges. Now, in combination with the Missouri Association of Manufacturers, we're surfacing those challenges to illustrate the shared experiences and radical optimism across the state in the manufacturing industry.

The Research Program

Our research program features a variety of methods, including a 50+ item electronic survey distributed to thousands of potential respondents, four focus groups with manufacturing leaders across Missouri, and the experiences of the Missouri Association of Manufacturers as they toured the state over an 18-month period. Our data reflects perspectives from manufacturers of various tenures, sub-industries, and organizational roles.

Key Learning Objectives

We began this process by defining the key questions we wanted to answer and critical topics to learn more about regarding the experiences of manufacturers in Missouri.



The Landscape. We wanted to know about manufacturers' perspectives on both the current state of their organization, as well as the current state of manufacturing in Missouri and in the United States.



Perspectives on Workforce. Workforce continues to dominate headlines on a national, state, and local level, so we wanted to identify the unique workforce issues challenging manufacturers in Missouri.



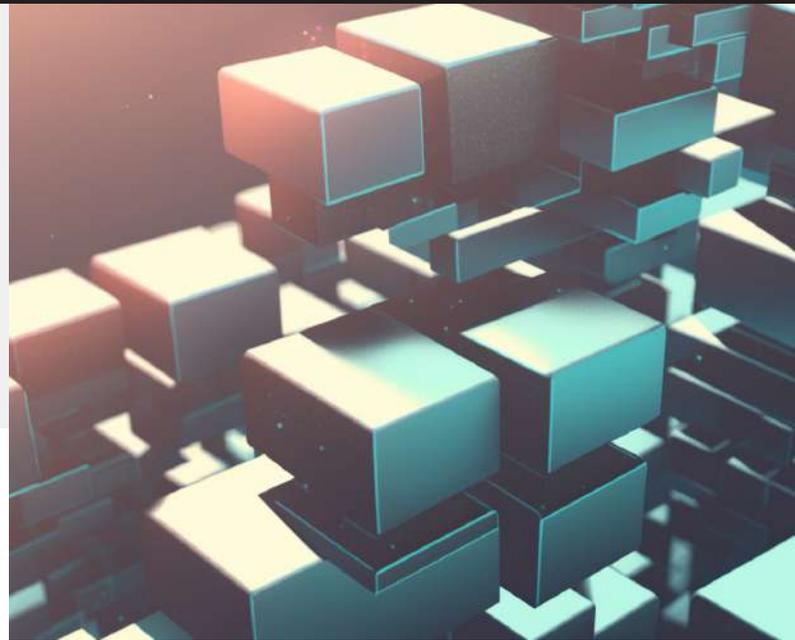
Internal Strategy & Operations. A portion of the research was dedicated to better understanding how manufacturers are using internal strategic and operational initiatives to overcome challenges facing their industry.



Expectations for the Future. We wanted to know how manufacturers feel about the future of their organization, as well as their perspective on the outlook for the industry, more broadly.



Survey & Focus Group Information



Survey

In order to collect feedback from as many members of the Missouri manufacturing industry as possible, we developed a 50+ item electronic survey, featuring both quantitative and qualitative response opportunities, that was distributed via email to a list of contacts provided by the Missouri Association of Manufacturers. This survey asked respondents to provide information on a number of topics, including their perspectives on the future of the industry and their primary challenges, as well as demographic information (e.g., size of organization, length of time in the industry). After the close of this data collection period, we analyzed the results to identify industry-based trends and key insights.

Focus Groups

In addition to our electronic survey, which solicited feedback from employees of various titles and tenures in the industry, we wanted to hear more about the experiences of managers and leaders in manufacturing. Accordingly, and with the help of the Missouri Association of Manufacturers, we conducted four focus groups via Zoom to dig into the experiences of 19 manufacturers. In these sessions, we asked specific questions about organizational challenges, forecasts for the industry, and the most significant opportunities on the horizon. At the conclusion of our final focus group, we combed through the responses to identify frequently occurring themes that broadly reflect the state of the industry.



Who We Heard From

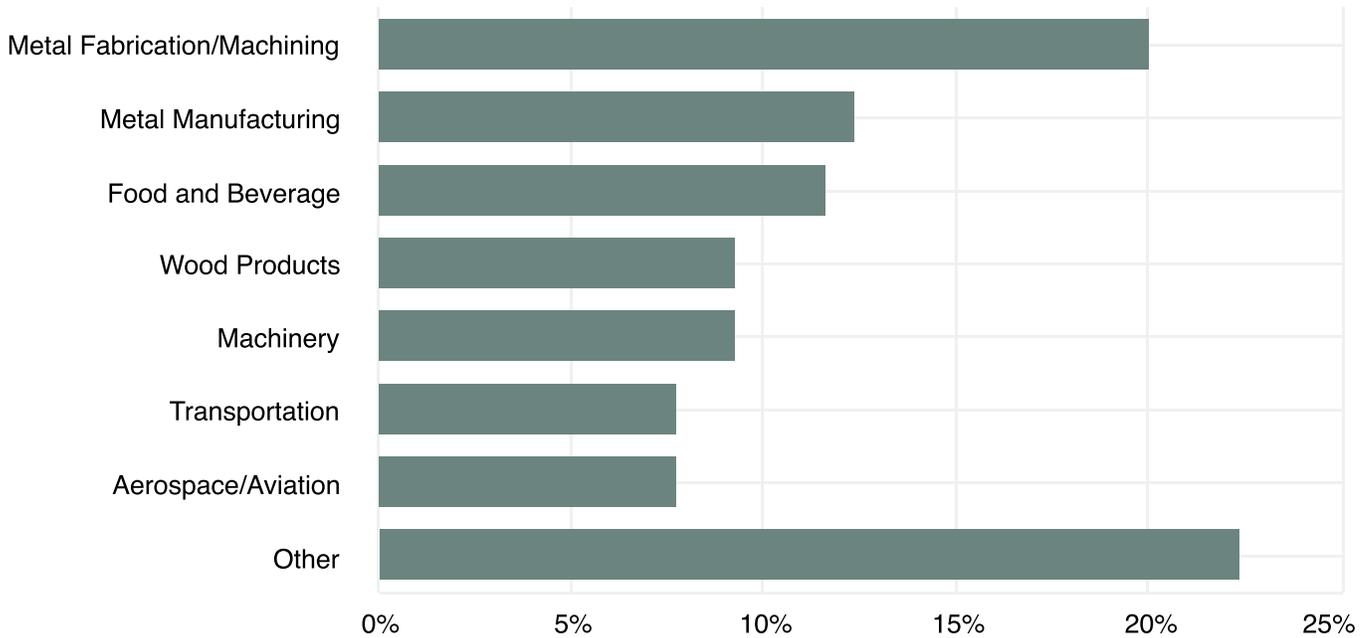
Industry, organization, and respondent information.

In total, we received 152 responses to the electronic survey, with ~85% of respondents answering most questions. Focus group conversations included 19 manufacturing leaders who represent organizations engaged in nearly every type of manufacturing present within the state.

Additional information about survey respondents can be found in the following pages.

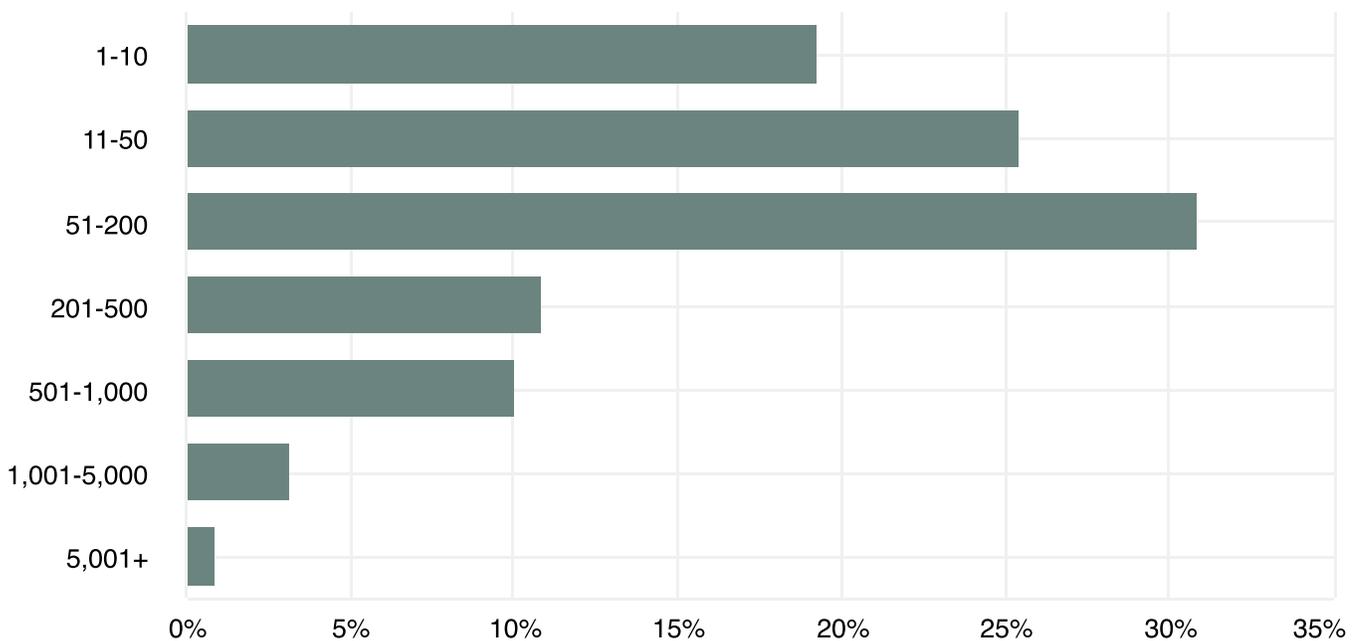
Organizational Characteristics

Industries



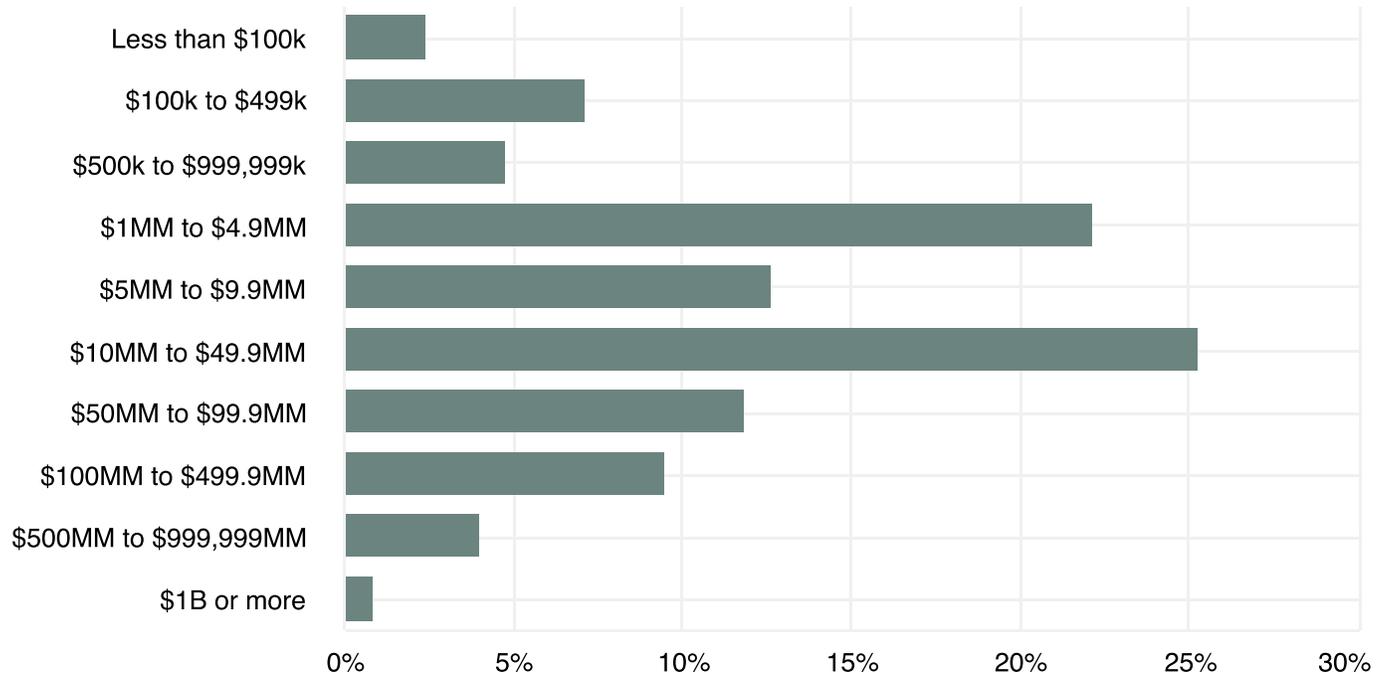
“Other” includes printing, chemical, defense, computer and electronics, plastics and rubber, furniture, agricultural, packaging, HVAC, and paper.

Number of Full-Time Employees

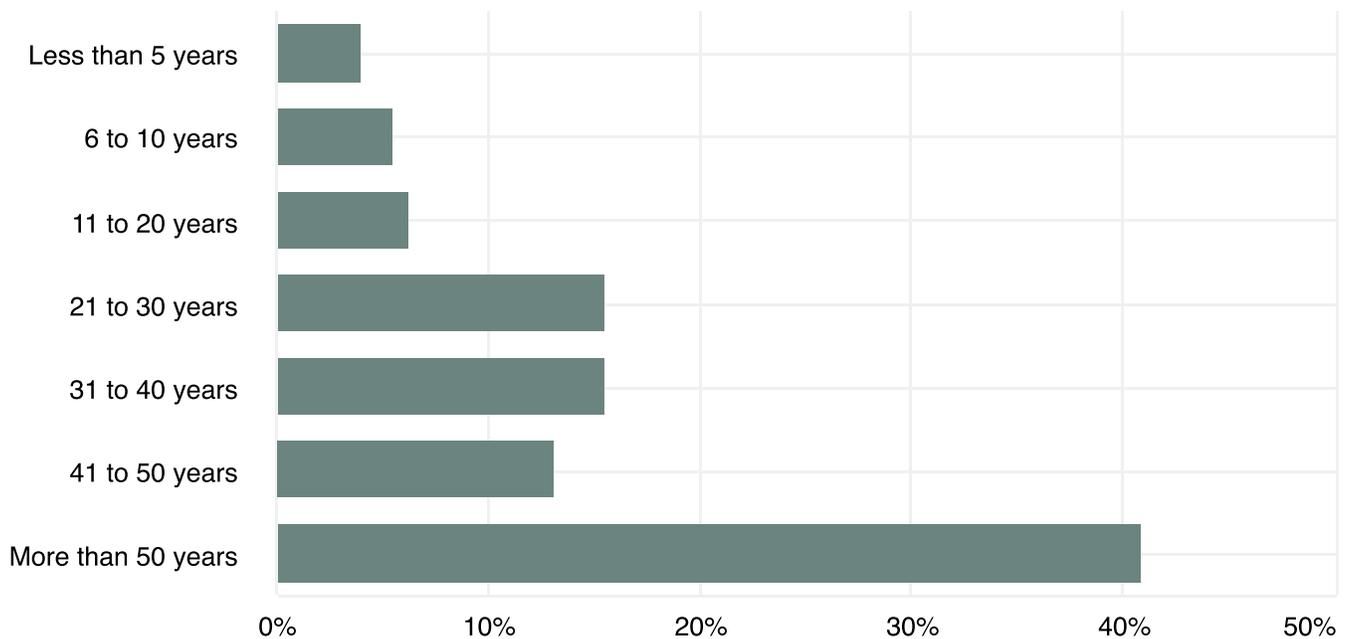


Organizational Characteristics

Annual Revenue



Years In Business



Organizational Tools

We wanted to know how many manufacturers across the state were dedicating internal resources (e.g., time, focus) to developing common operational tools, including strategic plans, marketing plans, standard operating procedures, and the like. This data proved useful as, in later sections, we'll illustrate how optimism is tied to organizations with many of these tools.



Strategic Plan



Marketing Plan



Management Training



Employee Review / Performance Review



Exit Interviews



Standard Operating Procedures



Safety Representative



Automation / Robotics

● Has

● Unknown

● Does Not Have

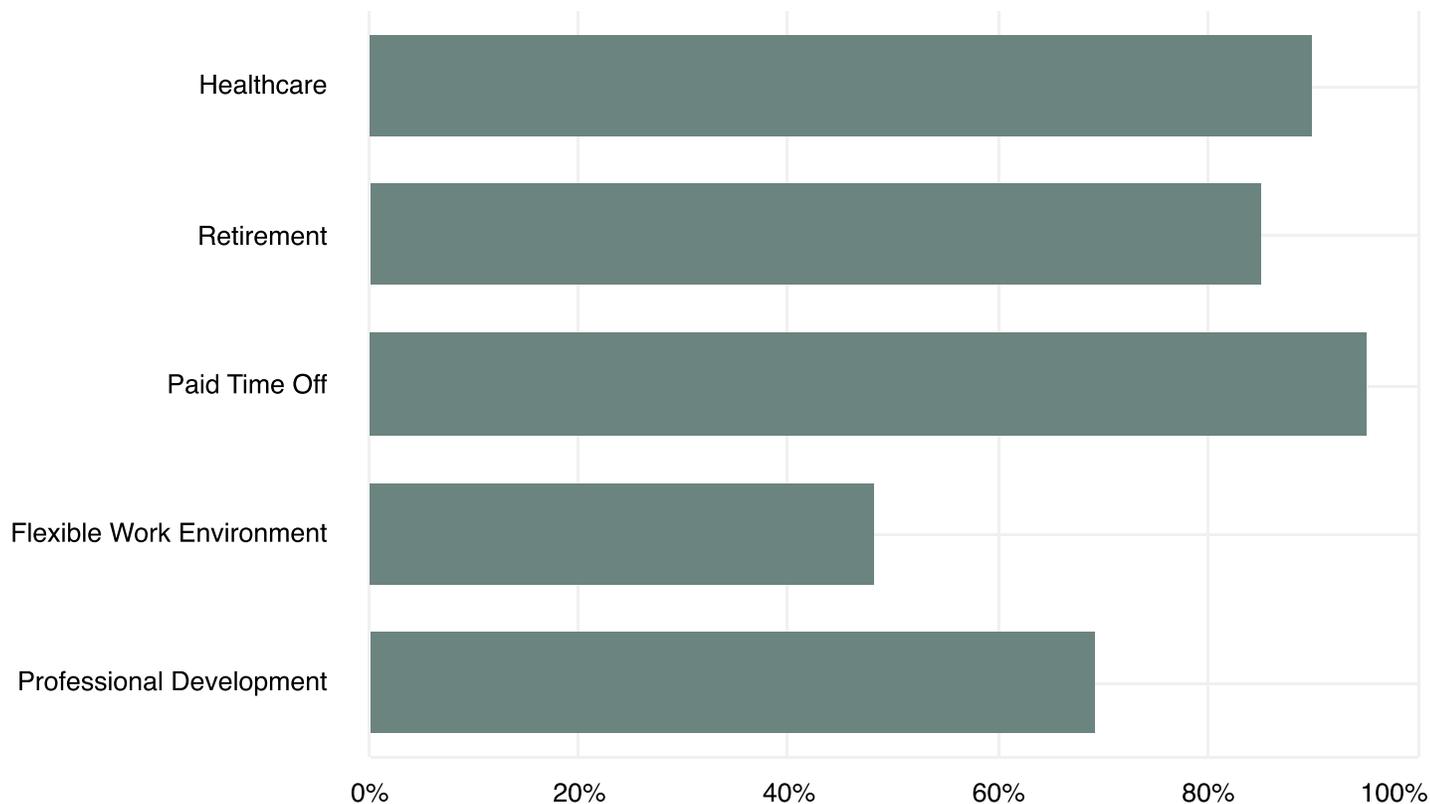


Benefits

As manufacturers attempt to grow and develop their workforce in a difficult market, we wanted to know what kinds of benefits organizations are offering their employees. The data below illustrates both the type(s) of benefits and the percentage of respondent organizations offering that perk to their team members.



Benefits Provided by Missouri Manufactureres



Individual Respondent Demographics

Job Level

Owner/Executive/C-Level	57%
Senior Management	26%
Middle Management	15%
Intermediate	< 1%
Other	2%

Years In Industry

Less Than A Year	4%
1 to 10 Years	16%
11 to 20 Years	26%
21 to 30 years	22%
31+ Years	32%

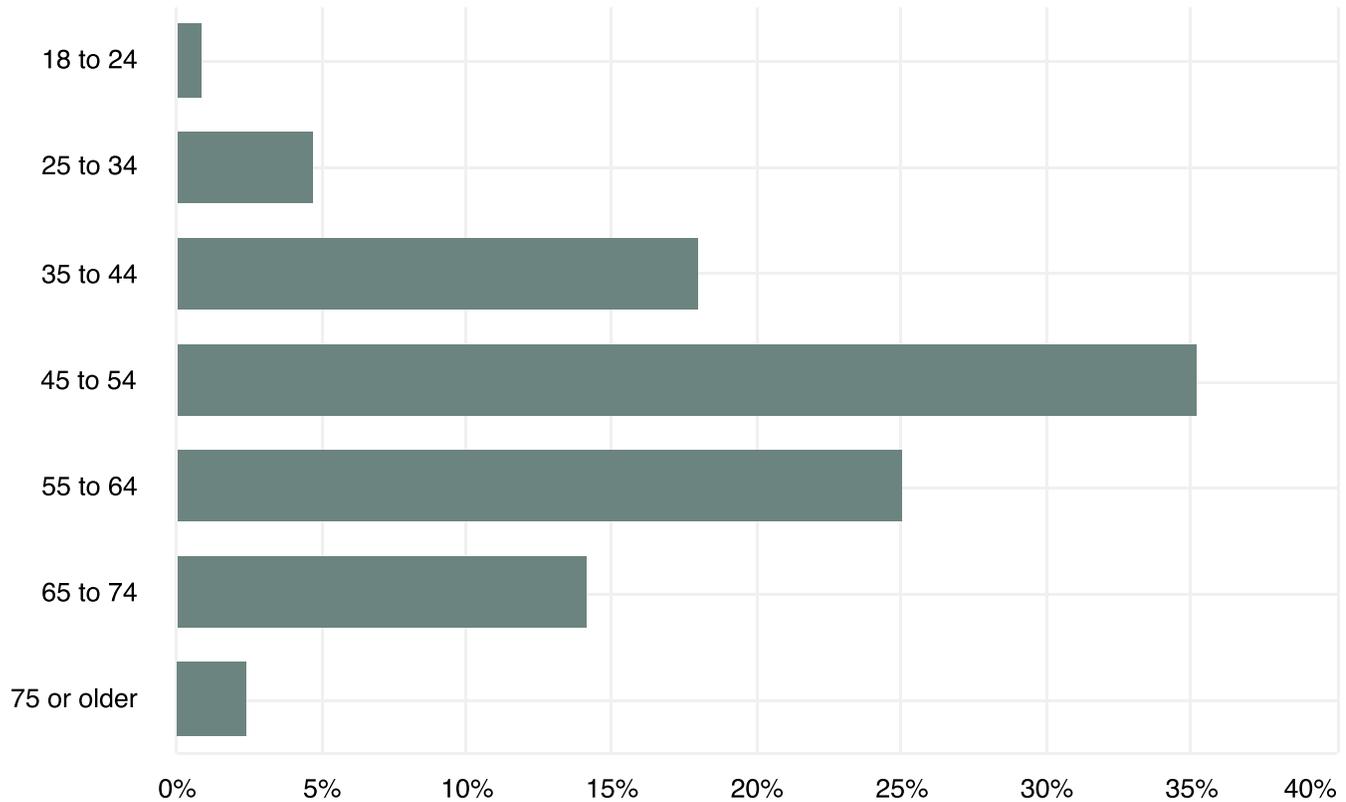
Age & Gender



23% Female



77% Male





SMC Packaging Group



SMC Packaging, a Springfield, Missouri-based company, celebrated its 50th anniversary last year. Founded in 1972 by Charles Bachus and Ross Ausburn, the company has since grown to four locations in four cities, with 600 employees in total. SMC’s mission is to be a problem-solver and not just a packaging provider. They offer a combination of fiber and structure in the most environmentally efficient way possible to meet customer needs.

As the market has evolved, SMC has adapted, going through iterations of growth. The most recent evolution includes the purchase of a 150,000 square foot building, which they added an additional 250,000 square feet onto to support growth.

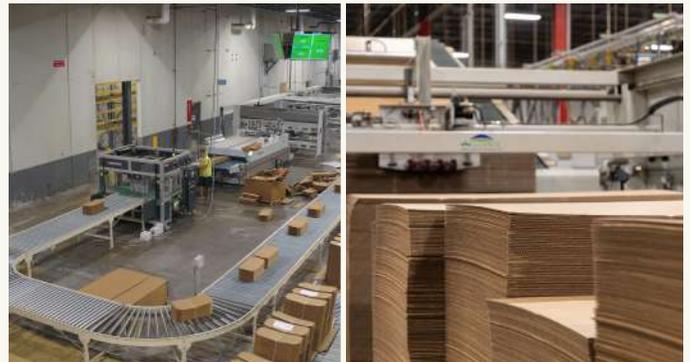
One of the challenges SMC has faced as a manufacturer in Missouri is the recruitment and retention of their workforce. In response to this, they have implemented creative strategies to hire and retain employees. SMC focuses on making employees feel welcome and part of the team from day one, hosting events such as new employee launches, group hiring activities, and lunch with their crew mates.

They have also taken advantage of resources such as Missouri One Start, MAM, and Ozarks Technical Community College (OTC).

“What we’ve endeavored to do throughout our history is to be a problem-solver, first and foremost. We’re not just packaging providers, we are problem solvers.”



— Mark McNay

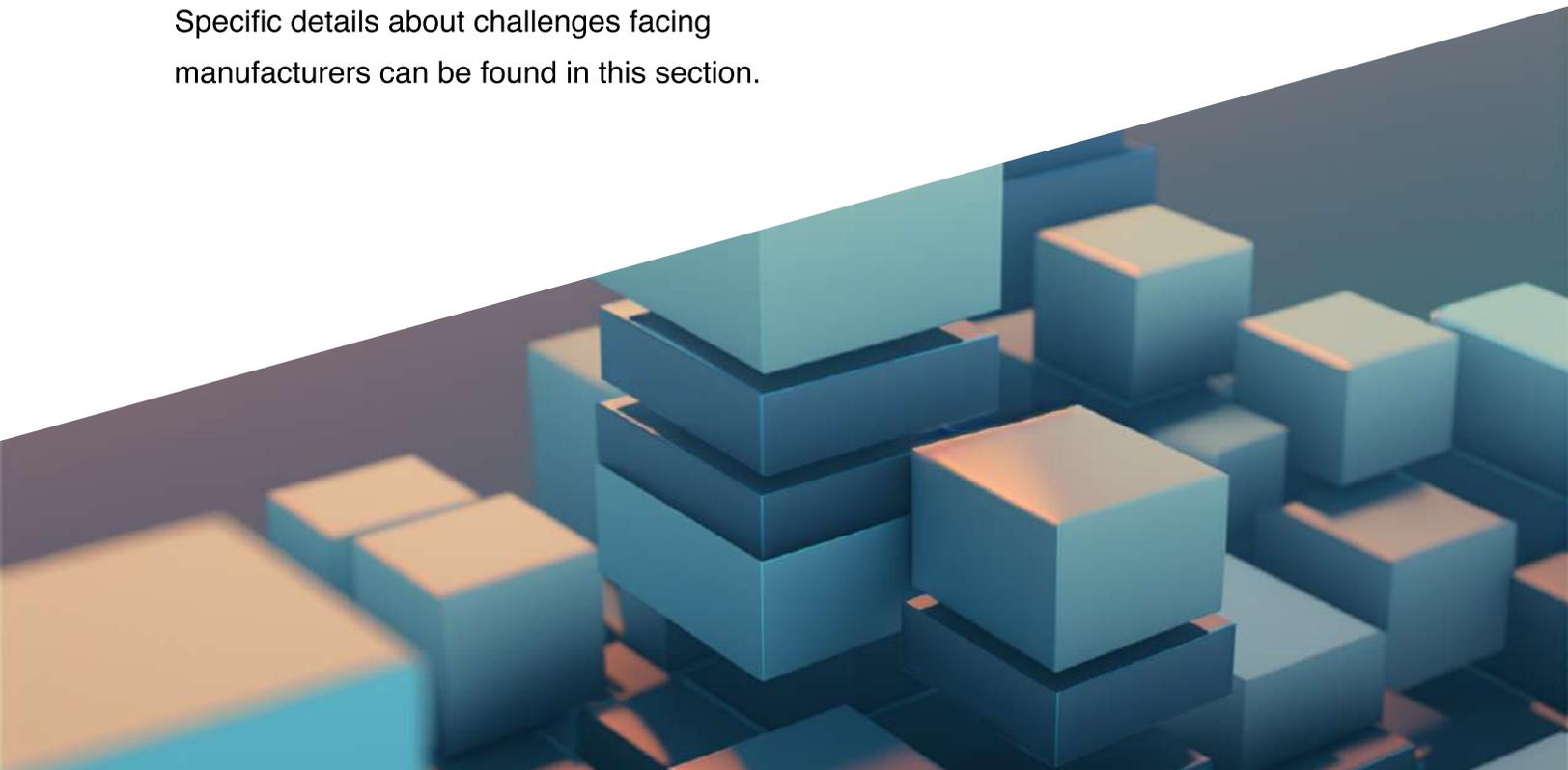


Challenges

Workforce, supply chain, and resources & support.

Missouri's manufacturers are facing a number of challenges, including workforce issues, disruptions in supply chains and increasing material costs, and a general lack of support from partner institutions.

Specific details about challenges facing manufacturers can be found in this section.





93% of respondents have been affected by workforce issues over the last one or two years.

Workforce Issues

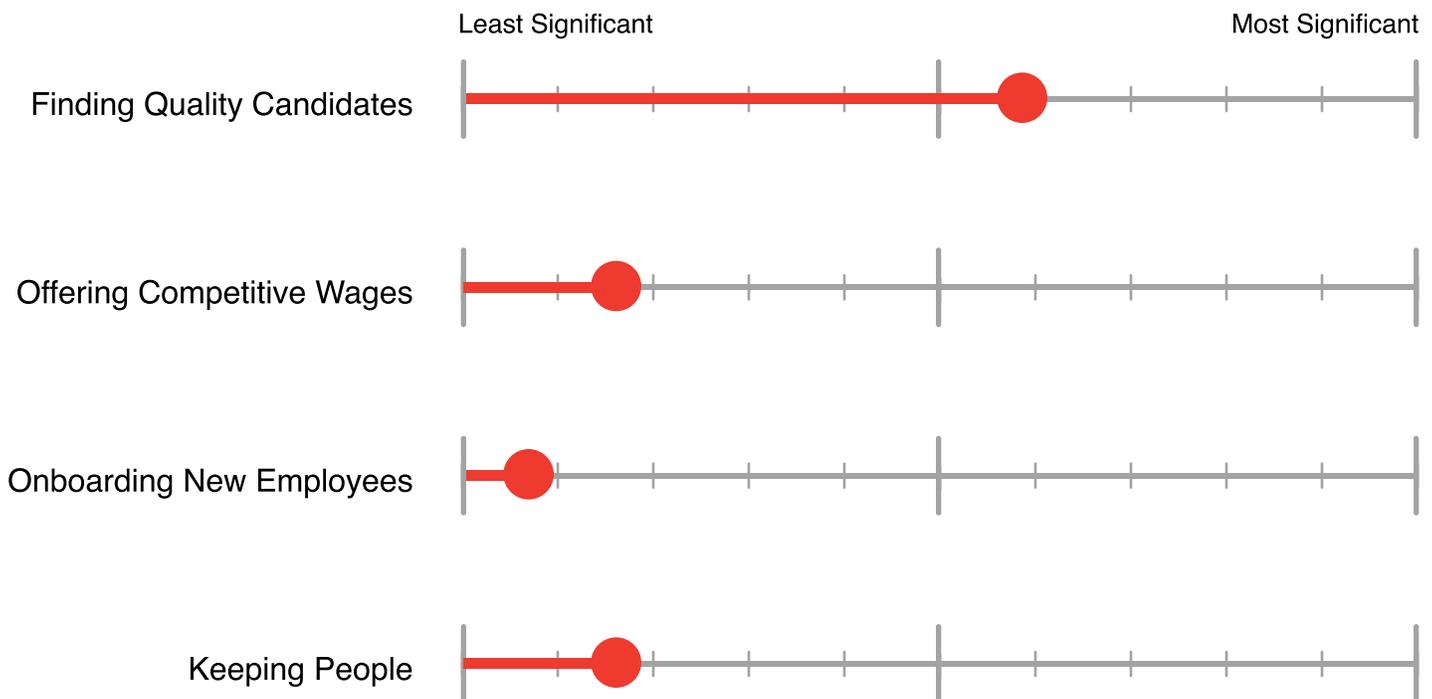
Workforce issues were identified as the primary challenge for the manufacturers in Missouri, with **61% of respondents saying it is the most significant challenge facing the industry.** These findings align with the National Association of Manufacturers' Q4 2022 survey, which found that 75.7% of respondents listed attracting and retaining a quality workforce as being the number one business challenge.

Missouri manufacturers report operating at just 73% of capacity due to workforce shortages.



Workforce Issues

Workforce development contains a number of elements, from talent recruitment and hiring to onboarding and retaining employees. Of the elements that make up workforce development, we asked which of the following has been the most significant challenge for respondents' organizations over the last one to two years.

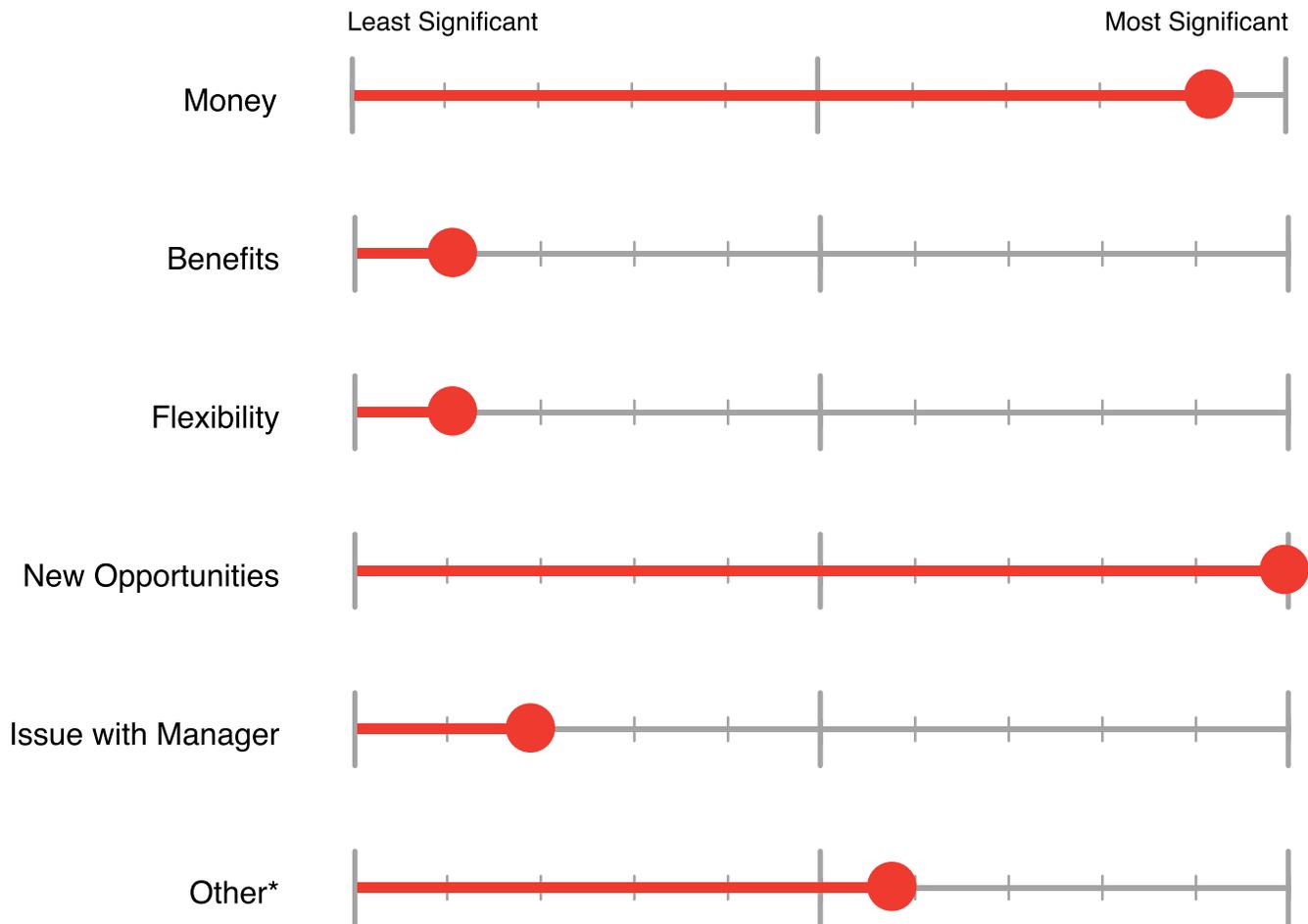


There is a meaningful difference in responses to this item related to organizational size. Respondents in organizations with 11-50 employees were significantly less likely to identify workforce issues as their primary challenge as compared to respondents from organizations with 51-200 employees.



Turnover Struggles

To better understand why manufacturers are struggling with turnover, we asked respondents to identify the primary reason people have left their organization over the last one to two years.



*Common responses listed as “other” were retirement, childcare, transportation, and labor participation reduction.





“We have been ahead of the game in automation, yet still face supply chain challenges when supplementing our workforce.”

Supply Chain Issues

Supply Chain Challenges

97% of respondents expressed agreement that, at some level, supply chain issues have affected their organization over the last one to two years. These findings align with the National Association of Manufacturers’ Q4 2022 survey, which found that 65.7% of respondents listed supply chain as a primary business challenge and expect the issue to linger longer than desired.

Adapting to New Realities

Focus group participants reported that supply chain issues have been mitigated partly due to an increased emphasis on diversifying suppliers. The COVID-19 pandemic appears to have served as a catalyst for manufacturers to become less reliant on single suppliers for parts and products. This approach has enabled manufacturers to reduce the strain on their supply chains and improve their supply chain management.



Resources & Support Issues

48% feel that government agencies aren't doing enough to support manufacturers, generally.

52% of respondents feel that they have received sufficient support from government agencies.

Support from Partner Organizations

Results from the survey indicated a mix of opinions on the role of partner organizations and institutions (i.e., governments). The Missouri Association of Manufacturers was viewed positively by survey respondents, with 71% believing the organization was providing adequate support to manufacturers. By contrast, only 44% of respondents indicated the National Association of Manufacturers was doing enough to support manufacturers.

Education & Perception

Focus group participants suggested that a significant challenge facing the industry is the negative perception of the manufacturing (commonly referred to as “dark, dingy, and dangerous”) by younger generations. Respondents indicated that broad-based, government-driven initiatives to educate current and emerging workforce members on the opportunities available in manufacturing could offset looming talent challenges.

“As we’ve grown, we’re doing as much as we can to shed that image of dirty, dark, and dangerous, that manufacturers have had over the years, to more of a technological opportunity that embraces many career opportunities.”



Summary of Challenges

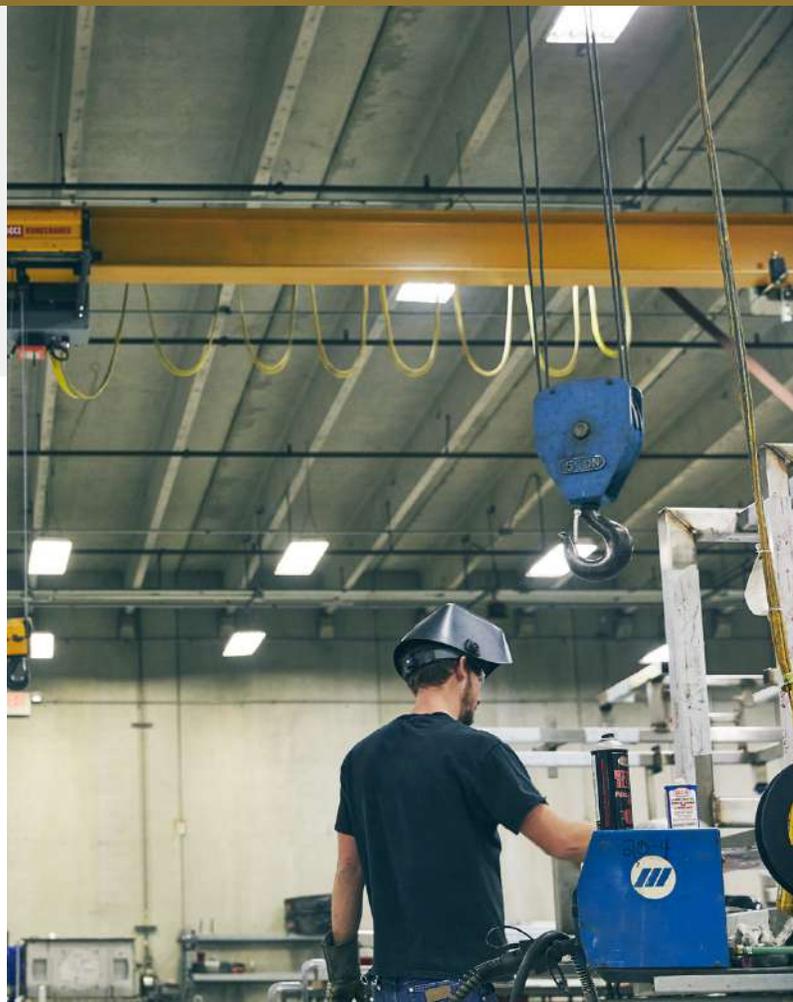
Pain Points Felt Across the State

The greatest challenges faced by Missouri manufacturers today fall squarely into three areas: workforce, supply chain, and resources and support for the industry.

Many manufacturers report operating at least 25% below full capacity because they can't find quality candidates for open positions.

Disruptions to supply chains posed a significant challenge to Missouri's manufacturers in recent years. These challenges are often two-fold: it's difficult to get the materials needed to get items out the door and often just as difficult to get new tools that are needed to increase efficiency and offset the widespread workforce challenges.

As manufacturers grapple with these workforce and supply chain challenges, many organizations also find themselves frustrated with the lack of resources and support from government agencies.



The Top Challenges As Ranked By Missouri Manufacturers

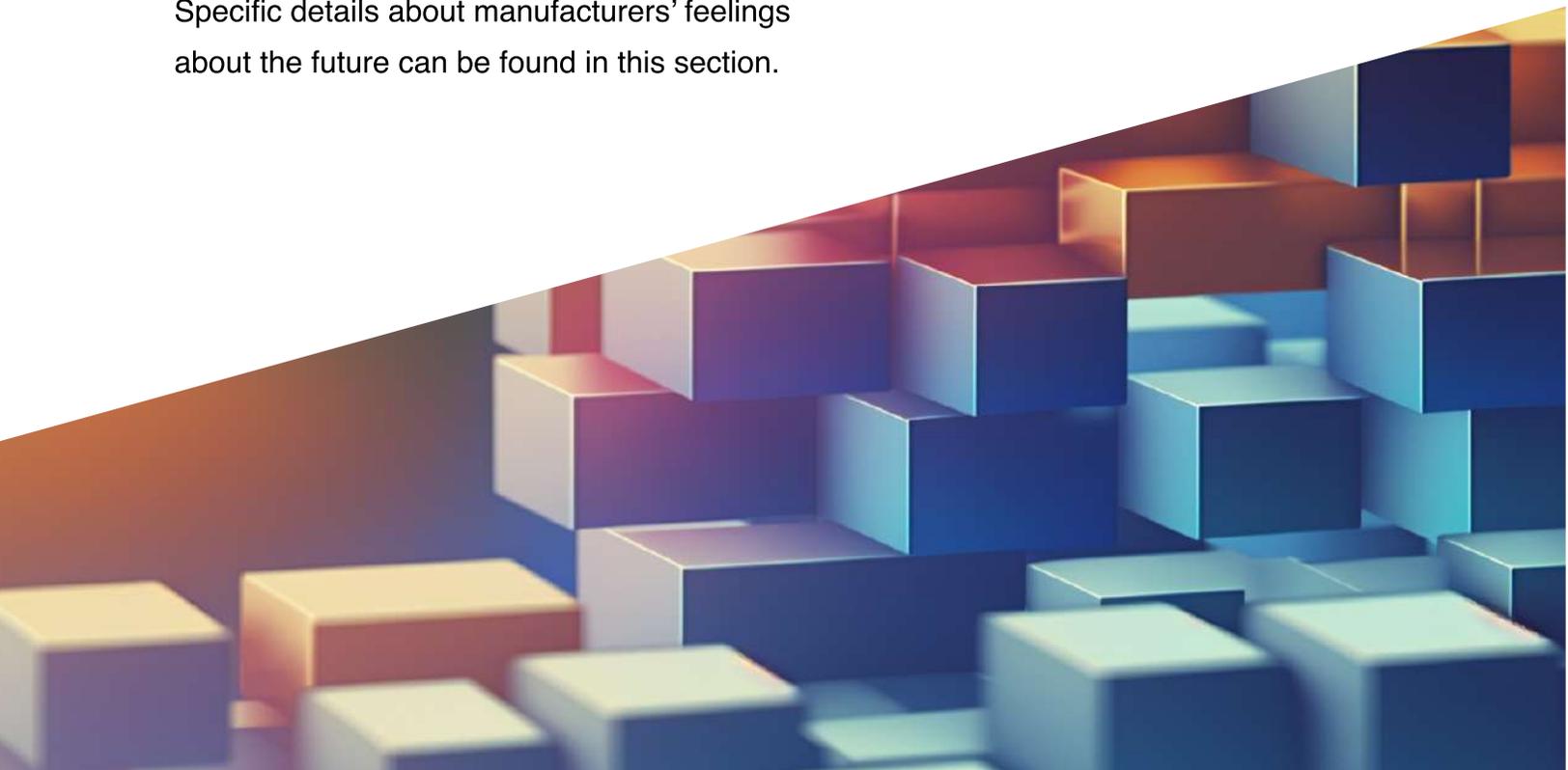


Feelings About The Future

Workforce, supply chain, and optimism.

Manufacturers don't expect workforce or supply chain challenges to go away anytime soon, but they're still feeling optimistic about the future of the industry.

Specific details about manufacturers' feelings about the future can be found in this section.





69% of respondents indicate that workforce issues will remain a concern over the next three to five years.

Workforce Outlook

Concerns About Workforce

The survey and focus groups conducted as part of this research project revealed deep-seated concerns about workforce issues over the next three to five years. Respondents were overwhelmingly worried about the issue, with 69% indicating that workforce issues would continue to be a problem. Manufacturers expressed specific worries about a decrease in workforce participation rate, the labor force leaving the state, and a growing shortage of skilled labor.

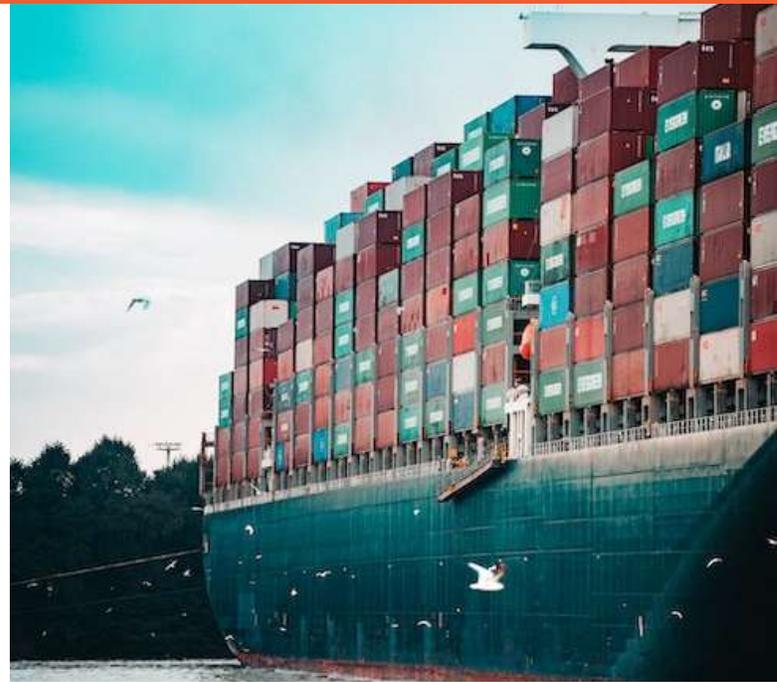
Differing Expectations by Job Title

Our survey results showed that owners/C-Suite Executives were more certain that workforce-related issues would remain an issue for their organizations in the near future when compared to respondents who identified as Senior Managers. This might suggest that owners/C-Suite Executives are seeing a more complete picture of the organization as compared to Senior Managers, who have purview over a single team/division. It might also suggest that owners/C-Suite Executives are more concerned about the long-term effects of workforce issues.

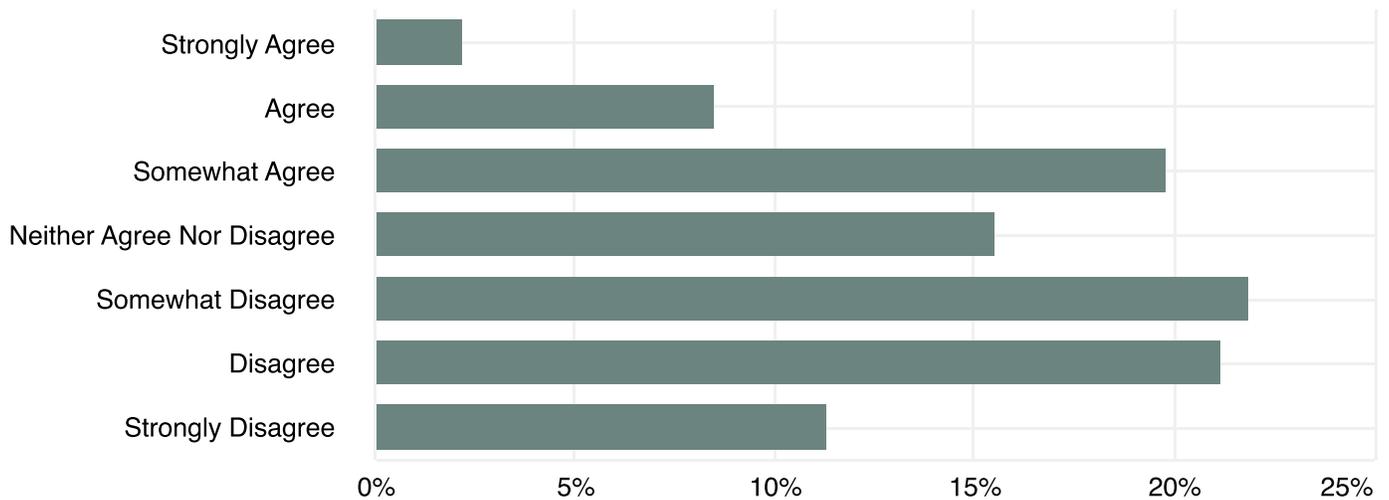


Supply Chain Outlook

~30% of survey respondents believe that supply chain issues will not continue to affect their organizations in the coming years. This suggests that companies are actively finding solutions to their supply chain challenges, including adjusting their operations to offset the long-term effects of supply chain disruptions.



I am optimistic that supply chain issues will not affect my organization in the next three to five years.



Results from the survey indicated a significant difference in sentiment between Owner/C-Suite Executives and Senior Managers regarding the statement “I am optimistic that supply chain issues will not affect my organization in the next three to five years,” with Senior Managers more likely to disagree.



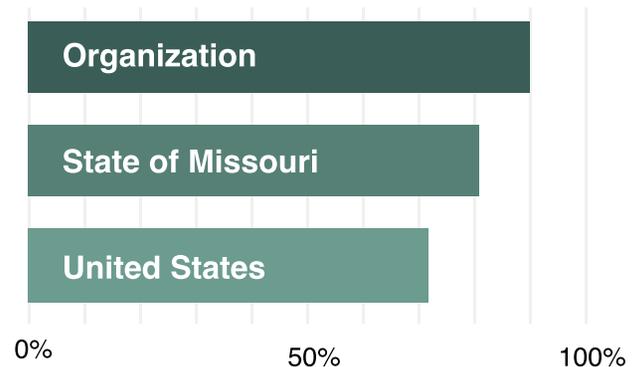


80% of respondents indicate that they are optimistic about manufacturing in Missouri.

Feelings of Optimism

The research reveals that the majority of respondents (**85%**) are optimistic about their organization's growth over the next five years. Furthermore, **80%** of respondents indicated that they were optimistic about the state of Missouri's outlook in manufacturing. While there is still optimism about the current state of manufacturing in the US, respondents were slightly less optimistic than they were about the state. This optimism is likely influenced by, and in turn influences, respondent perspectives that the sector is likely to grow over the next five years.

Respondents' Optimism About the Industry's Future at the Company, State, and National Levels



Summary of Feelings About the Future

A Mix of Issues and Optimism

The next three to five years will, by most estimates, continue to feature workforce challenges. And, as both our focus group participants and survey respondents indicated, much of this issue will revolve around skilled labor. Similarly, our research indicates that manufacturers are concerned about persistent supply chain issues.

Missouri's manufacturers know that these challenges won't disappear overnight. In spite of that, they're feeling optimistic about the future of their organization and the industry.

One reason for such optimism might be the prevalence of sales opportunities, as **participants who identified as the most optimistic were also the least likely to identify sales and marketing as their primary challenge.**



It's reasonable, then, to conclude that manufacturers still have a number of viable opportunities to sell their services and products (perhaps more than they can currently handle, even). And, while staffing, supply, and materials issues have disrupted their workflow in the past, companies are looking at new and innovative solutions to drive their future growth.





Cambridge Air Solutions



Cambridge Air Solutions, a Chesterfield, Missouri-based company, is a family-run business that has provided industrial HVAC solutions for 60 years. Founded by energy-efficient direct gas-fired air heater pioneers, they now also offer evaporative cooling, make-up air, and freeze protection. With the goal of "Enriching Lives," they strive to provide comfortable working conditions for their customers' employees and are intentional about fostering an employee-centric culture.

The company has faced several major challenges in recent years, particularly in the form of labor shortages and supply chain issues. To overcome these issues, Cambridge Air Solutions has adopted a continuous improvement mindset and invested in their employees. The company has also taken advantage of resources such as industry associations to further their efforts.

With 60 years of experience in the industry, Cambridge Air Solutions, recommends investing in people, training leaders, and celebrating accomplishments, both big and small. They urge manufacturers to use structured problem solving to identify where to spend resources to make the most impact. They are proud to be leaders in the industry, providing innovative solutions and enriching their employees' and customers' lives.

“We are a continuous improvement company, meaning that each day we are just looking to be better than the day before.”



— Brittni Walters

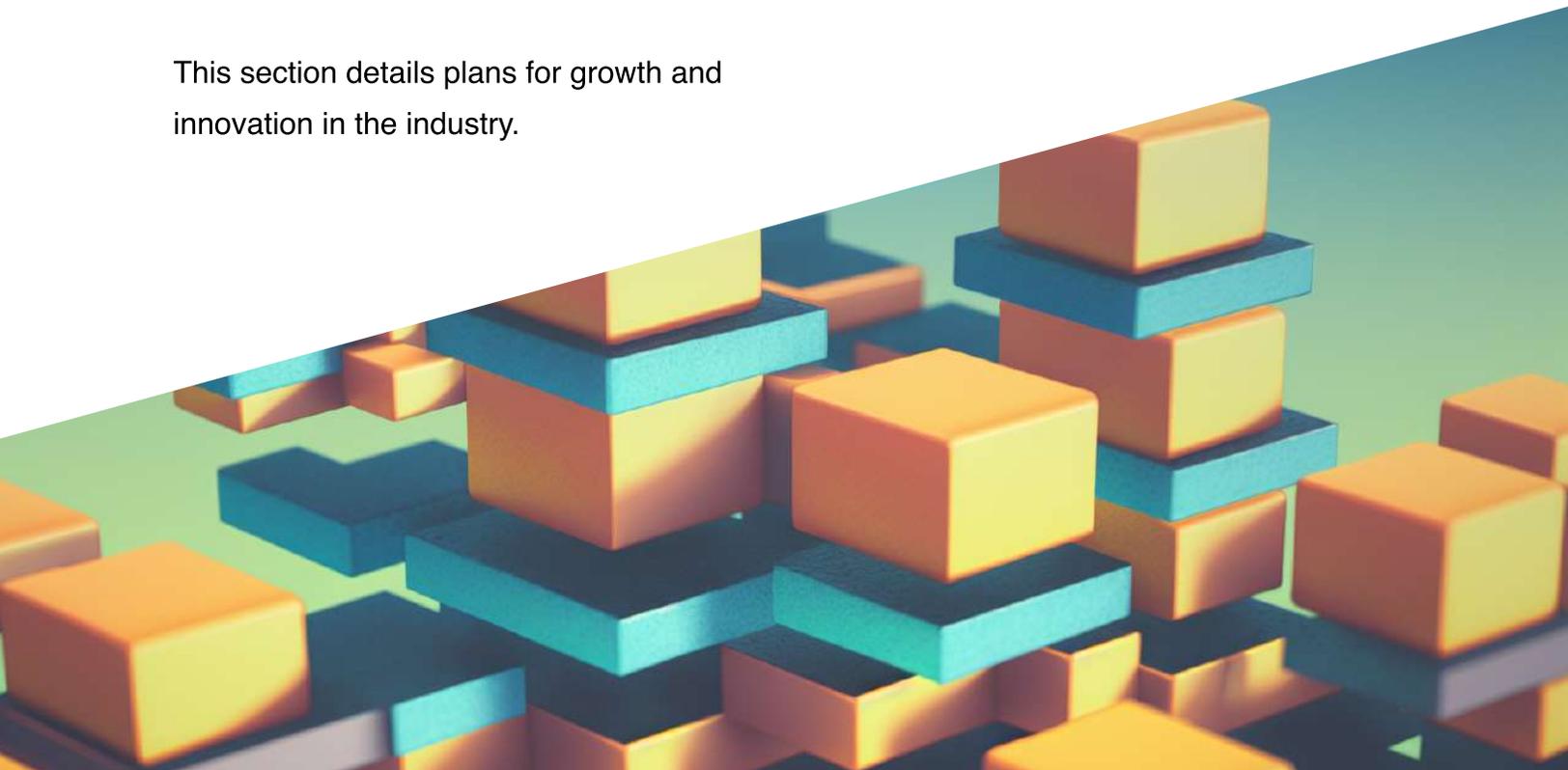


Innovation Is Driving Optimism

Plans for Growth, Workforce Development & Retention, Recruitment, and Industry 4.0.

The most innovative manufacturers are also the most optimistic. Missouri manufacturers are making strategic investments in their workforce, processes, and technology, which is fostering radical hope for the future.

This section details plans for growth and innovation in the industry.

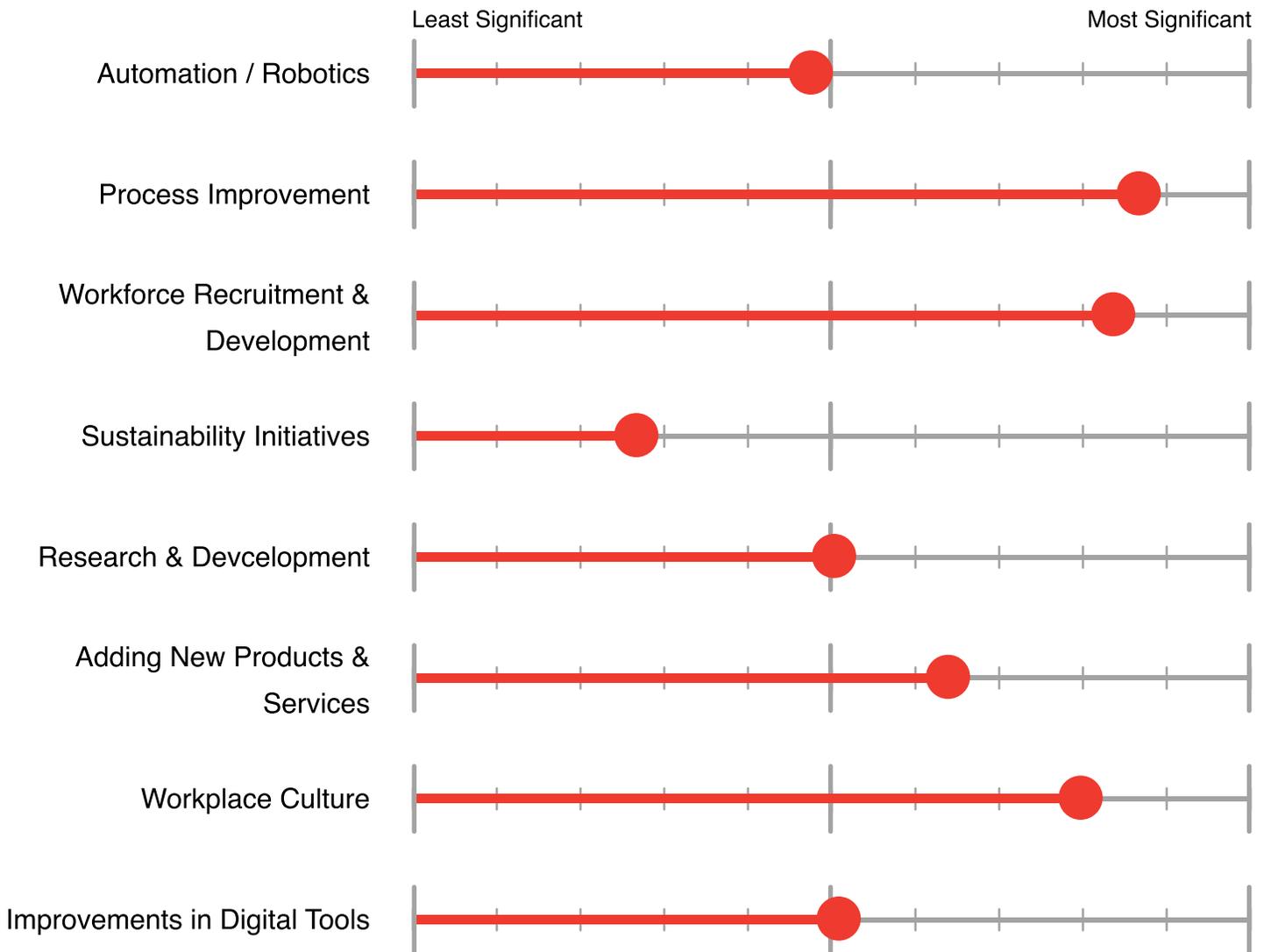


Plans for Growth

In order to further explore the strategies used by organizations to address the issues discussed in the preceding sections, we asked respondents to identify their priorities. The following chart provides a breakdown of the percentage of respondents that listed each item as a priority for their organization.



Organizational Priorities





The most optimistic organizations align on strategic growth intentions.

Plans for Growth

Focus Among Optimists

Respondents who agreed or strongly agreed with the statement “I am optimistic about the state of Manufacturing in Missouri over the next three to five years,” were likely to have strong and similar opinions about strategic organizational priorities.



Optimistic organizations were likely to overwhelmingly identify **process improvement** as a priority for their organization.



Optimistic organizations were likely to identify **workforce recruitment and development** as a priority for their organization.



Workforce Development & Retention

Investment in Workplace Culture

Research suggests that Missouri's manufacturing companies prioritize culture, with 80% identifying it as a priority over the next one or two years. This commitment to culture has led companies to make sacrifices in some areas in order to create a better environment for their employees.

Focus group participants, for example, noted that offering flexibility can be challenging given their production demands, but that the long-term benefit to employees (and, by extension, retention) makes the sacrifice worthwhile. Other leaders are making use of open book management, town halls, employee recognition programs, and stay interviews to build and maintain a positive workplace culture.

80% of respondents consider culture, and recruitment and development to be priorities over the next one to two years.

Recruitment & Employee Development

Manufacturers are attempting to mitigate workforce challenges by engaging with educational institutions at all levels, from K-6th grade to tech schools. To increase their visibility, manufacturers are investing in recruitment and brand recognition, as well as marketing efforts to better communicate their story. These efforts are further attempting to transform public perception of the manufacturing industry from “dark, dingy, and dangerous” to one that is full of diverse, attractive career paths and unique company cultures.





Just under half of respondents identified automation and robotics as a strategic priority.

Industry 4.0

The Future of Business

Focus group responses indicated a consensus that automation is beneficial, with robotics being the way of the future. Importantly, manufacturing leaders are insistent that automation does not lead to job losses, but rather enhances the experiences and productivity of employees while introducing new forms of meaningful work. Additionally, organizations are increasingly using IoT on the factory floor, with tracking metrics shared on large monitors in real-time to increase visibility, efficiency, and production.

Changing Perceptions

Despite the continuing stigma that manufacturing is not a desirable career option, it is essential that the industry, in combination with association and government partners, works to demonstrate the career paths available to its current and prospective employees. In a modern workplace, where culture and environment are becoming increasingly important, manufacturers have to tell a better story about the conditions, skills, and opportunities of manufacturing in the future.



Summary of Innovation Driving Optimism

Charting a Path Forward

Missouri manufacturers are finding new and innovative ways to address their challenges. While many leaders are convinced that today's issues will linger into tomorrow, they appear radically optimistic about their success. The most optimistic leaders are focusing on three key priorities to move their organizations forward: process improvements, workforce recruitment and development, and workplace culture.

Importantly, these initiatives are part of a larger, defined organizational strategy. **Research participants who were the most optimistic were also most likely to indicate that their organizations had a formal strategic plan and marketing plan.**

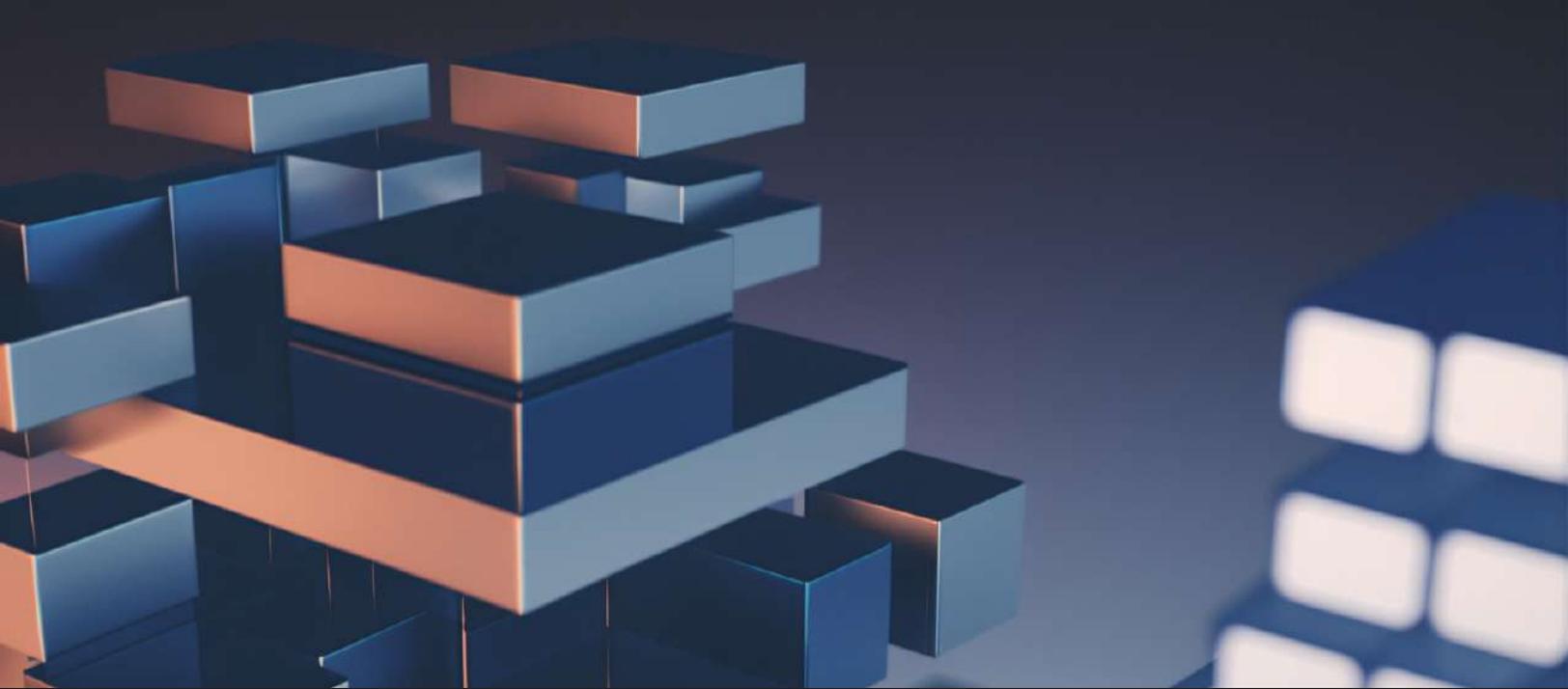
This likely suggests that optimism is an outcome of proactive and intentional planning, which might be a new mode for manufacturers who feel that they've spent the last few years *reacting* to their rapidly changing realities.



Leveraging Technology

Another reason manufacturers report feeling optimistic is because of the increasing role of robotics and automation, which many leaders point to as the future of the industry. These advancements allow for increased efficiency, create new training opportunities for team members, and perhaps most importantly, they signal that manufacturing is an exciting line of work for prospective employees.





The State of Manufacturing

Here's to the Future!

Missouri-based manufacturers have been through a lot. From operating complications caused by COVID-19, to significant and lingering disruptions caused by workforce and supply chain issues, manufacturers have had to navigate a more-than-challenging environment. And yet, despite these difficulties, the people we heard from are enthused and optimistic about the future. Such positivity is likely best described as “resilience,” and the Show-Me state seems to be full of it.

Download This Report Online

Interested in sharing this report with others? A free download of this report summary can be found on Habitat’s website at the link below:



Download this report summary at
www.teamhabitat.com/MAMreport



About Habitat Communication & Culture

Founded in 2020, Habitat Communication & Culture helps organizations adapt, evolve, & thrive. Our research-first, data-driven approach features a robust discovery process and multiple proven systems for improving organizational performance. At Habitat, we collaborate with our clients to build a deep understanding of the issues they face and identify the specific outcomes that will drive their success in the future.

Needs Assessment

We diagnose problems and identify opportunities to ensure the solutions we provide account for the unique complexities of your organization.

Organizational Goals

We create and install proven goal-setting systems that help organizations measure progress and achieve ambitious goals.

Performance Management

Our tools and methods help individuals and groups increase alignment, effectiveness, and consistency in their work and professional development.

Leadership Development

Our training and coaching engagements help leaders and managers improve communication, problem-solving, and decision-making.

About Mostly Serious

For businesses and brands ready to ask the hard questions and discover the right solutions, Mostly Serious is the full-service agency partner that delivers quality business-building solutions from strategy to execution. Our curious, collaborative team uses creative exploration and unmatched technical skill to solve our clients' problems and deliver measurable results.

Brand Strategy

Through interactive workshops and brilliant creative strategy, we deliver brand clarity so you can meet your highest aspirations.

Annual Marketing Plans

We build modern marketing plans that leverage the latest in digital opportunities to deliver real-world results.

SEO & Digital Marketing

Our strategists are experienced in turning data into valuable, action-oriented insights and building powerhouse paid campaigns.

Custom Websites

We blend thoughtful strategy, award-winning creative, and full-stack development to craft purpose-driven sites.