



MANUFACTURING

## Risk Advisor

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# Key Manufacturing Trends to Watch in 2025

As 2025 begins, manufacturing businesses must be mindful of the trends impacting the industry. Monitoring the latest developments and appropriately adjusting operations and risk management practices in response to them is crucial, as each significantly impacts the success and public perception of a business. Trends to watch in the upcoming year include:

### Talent

Recruiting and retaining talent has been noted as the primary goal of 2025. According to the National Association of Manufacturers' Q4 2024 Outlook survey, 55% of those who took the survey stated recruiting and retaining talent was a significant challenge. Nearly all respondents noted that their companies are currently seeking to fill skilled labor roles. To fill these positions, many companies are focusing on competitive compensation, benefits, training and flexible scheduling and prioritizing diversity, equity and inclusion initiatives to widen their potential talent pools. They are also offering upskilling and reskilling opportunities.

### Supply Chain Issues

Although the challenges have eased from their peak a few years ago, supply chain issues continue to be a concern in 2025. Rising transportation costs, disruptions, bottlenecks and other inefficiencies could all impact manufacturing operations in the coming year. Diversifying suppliers, leveraging technology, improving demand forecasting and proactively managing these risks can help manufacturing businesses address these issues.

### AI and Generative AI

Artificial intelligence (AI) will continue to play a significant role in manufacturing in 2025. According to Deloitte's 2024 Future of the Digital Customer Experience survey, 55% of industrial product manufacturers are leveraging generative AI tools in their operations, and more than 40% plan to increase their investment in AI and machine learning over the following three years. AI and generative AI can improve efficiency and productivity while lowering costs if it is utilized

appropriately. Looking forward, manufacturing business leaders should focus on developing their overall AI and data strategy.

### Smart Ops

The movement toward smart operations, or smart ops, is expected to continue in 2025. Smart ops can improve efficiencies by bridging information technology and operational technology data through AI analytics. Smart ops can also help businesses enhance their operations by providing continuous feedback. This can lead to more resilient supply chains, reduced risks and lower costs.

### Clean Technology Manufacturing

Deloitte recently reported that industrial companies appear to be continuing to maintain their focus on reducing product emissions as 2025 begins. Deloitte noted that investor reports of heavy equipment and engine manufacturers are still making targeted, cautious investments in lower-carbon options, including electric and hydrogen power. Additionally, suppliers to industrial product manufacturers are strategically aligning their portfolios with reduced emissions and electrification trends.

### Data Management and Security

As digital technology continues to be relied upon more heavily in manufacturing, the importance of data management and data security also grows. Data management, which includes defining data ownership, is essential to operational efficiency, and implementing cybersecurity protections (e.g., multifactor authentication, access controls, regular patching) is crucial to prevent breaches. Ensuring adequate cyber insurance is in place can also mitigate risks associated with data security issues.

### Conclusion

By staying on top of industry trends, closely monitoring additional developments and mitigating associated risks, manufacturing business leaders can position their operations to maintain long-term growth and operational success.

Contact us today for additional risk management guidance.