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Top Three Trends for Manufacturing in 2015

MANUFACTURING

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2015 Manufacturing Trend #1: "Re-shoring" Manufacturing Operations

"Re-shoring" manufacturing operations will continue to be a trend in 2015; however, I expect it will be less dramatic in 2015 and will continue to propel growth in the U.S. manufacturing industry. For over a decade, offshoring manufacturing operations was in vogue, as companies took advantage of low-cost labor in foreign domiciles. While sub-par foreign manufacturing processes often resulted in production of poor-quality products, the costs to correct quality issues was still much less than the wage differential.

Once quality issues were addressed, the advantages of low-cost foreign labor diminished as wages in developing countries and super economies, like China, began to creep up. Although these wages and the standard of living in many foreign domiciles has improved, the U.S. has experienced very slow growth in wages and manufacturing jobs. The shrinking of this wage gap has caused some companies to re-shore their operations.

But will the trend last? Factors that will slow the roll of re-shoring include the continuing pressure to increase U.S. wages, the slowing of overseas economies, and perhaps the scarcity of skilled labor.

However, lower costs of automation technologies, such as robotics that make production easier, faster and cheaper, in addition to newer additive technologies, such as 3D printing, are changing the way things are manufactured and fueling the trend in re-shoring.

Also, many companies have already made investments in finding skilled labor through partnerships with trade schools or are offering incentives to employees to acquire the necessary skills. That said, it is yet to be determined what impact, if any, legislative policies or Executive Actions of the President will have on the trend to re-shore manufacturing operations.

Tax reform, Immigration actions, opening relations with Cuba, and other wealth redistribution policies could all play a role and have a significant impact on the re-shoring trend.

2015 Manufacturing Trend #2: The Internet of Things (IoT)

Secondly, the Internet of Things (IoT) will continue as a trend in the manufacturing industry. Wireless technology and sensors, which will be able to collect and

produce data, will continue to have an impact on manufacturing operations and the types of investment manufacturers will need to make. Information technology specialists will have an increased role within the industry, as the value of Big Data will be a key contributor in decision-making frameworks all around the world.

2015 Manufacturing Trend #3: Outsourcing Operations to Companies that Invested in Robotics or Additive Technologies

Lastly, we may see more manufacturers look towards outsourcing their manufacturing operations to companies that have already made the investment in robotics or additive technologies. Although the cost of equipment has come down, the ease in which it can be re-programmed and re-tasked could spur manufacturers to look to outsource to other manufacturers to produce their product rather than invest in the equipment themselves. Centers or Hubs of manufacturing may become the trend for 2015 and beyond.

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