

**MADE IN GEORGIA: MANUFACTURING & LOGISTICS**
**VIEWPOINT**

# Call to action for Georgia manufacturers

Georgia's manufacturing industry is at a crossroad.

For decades, Georgia has attracted manufacturing investment dollars from across the globe thanks to a large workforce, affordable real estate and robust logistics infrastructure.

That favorable climate has attracted billions of dollars of investment from TOTO, Southwire, KIA and hundreds of other companies whose manufacturing facilities have created thousands of jobs in the Peach State.

For all that our state has to offer, too few Georgia manufacturers are making meaningful investments in digitization, workforce training and long-term, strategic innovation. This is according to the 2018 Georgia Manufacturing Survey, "Securing Georgia's Economic Future," sponsored by Aprio and Georgia Manufacturing Extension Partnership (GaMEP). More than 450 Georgia manufacturers participated in this year's survey, which was conducted in early 2018 and was sponsored by Aprio, GaMEP at the Georgia Institute of Technology, the Georgia Department of Labor and Kennesaw State University.

The survey began nearly a quarter of a century ago and is held every two to three years to benchmark advances in manufacturing technology, practices and techniques.

Given the extraordinary pace of change, Georgia manufacturers have an unprecedented opportunity to lead or get left behind.

## Manufacturers must embrace Industry 4.0

We are in the throes of a fourth industrial revolution. As with every revolution, there will be winners and losers. No sector of manufacturing will be immune. Even manufacturers in ostensibly "low-tech" sectors will eventually find themselves on the front lines of this digital revolution.

Our survey shows that larger manufacturers are making bold investments


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in digitization, while others are hanging back. Only 38 percent of small manufacturers in Georgia have implemented progressive digital technologies such as robots and RFID, compared with 71 percent of medium-sized and 84 percent of large manufacturers.

Digitization is the most disruptive force in manufacturing today, and it will be a determinant of long-term success or failure. From blockchain to AI to data analytics, ROI-enhancing digital tools are increasingly within reach. Manufacturing executives must strike a balance between spending for today and investing in game-changing initiatives that position them for the future. The rewards for decisive action today are increased profitability, expanded opportunities and a competitive edge tomorrow.

### Take ownership of the skills gap

The drive for digitization is inextricably linked to workforce development. An educated, skilled labor market is a requirement for manufacturers making the transition to Industry 4.0, but

it's also an area where Georgia manufacturers continue to struggle. Already, digitization is creating workforce shortages in areas such as data science, in addition to more traditional manufacturing skill sets.

If Georgia manufacturers are unable to fill pre-Industry 4.0 jobs, the skills gap will only widen in the coming decades. More than a third of manufacturers we surveyed cite a lack of technically skilled workers, such as those with electrical and machining expertise. Historically, Georgia manufacturers spend minimal resources on training. In fact, 25 percent had made no investments in training, according to our survey.

A near-record low unemployment rate of 3.9 percent and a strong economy may be lulling manufacturers into complacency. Georgia manufacturers must take control of their workforce destiny. As the need for highly skilled workers increases, the talent war will only become more fierce.

Forward-thinking organizations must take a more proactive role in

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creating an upwardly mobile workforce. That includes offering tuition reimbursement programs, bonuses and raises for those who seek additional training, as well as apprenticeships and cross-training opportunities. In a tight labor market, employers of choice know that a positive, supportive workplace culture is key to recruitment and retention. Job satisfaction and employee retention is about more than just money.

Only 18 percent of manufacturers in our survey offer training incentives now, whereas 40 percent pay bonuses for productivity increases. This is evidence of a shortsighted focus on today at the expense of investing in the future.

## Secure Georgia's manufacturing future

Revolutions only come around so often. This is an exciting time for anyone in the business of making things. Likewise, anyone holding onto "the way things have always been done" is on the wrong side of history.

Bold action starts with taking first steps. Manufacturing decisionmakers can begin by mapping a long-term strategy that balances today's bottom line with the need for future investments.

Not sure where to start? A full report of findings from the 2018 Georgia Manufacturing Survey, along with key insights from industry leaders, will be available at the end of September.