



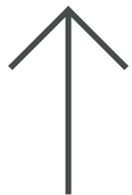
As Uncertainty Mounts, North American  
Manufacturers Remain Optimistic for Growth

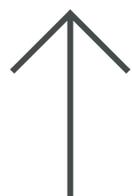
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It would be easy to think manufacturing innovation is losing momentum, given the current conditions impacting North American manufacturers: geopolitical tensions, supply chain disruptions, talent gaps, rising costs, and evolving customer expectations.

Whether you're reading news headlines or catching up around the proverbial water cooler, it's hard to miss the constant chatter about these obstacles. Yet even amid these mounting pressures, **manufacturers are making bold moves to maintain control and secure growth.**

A recent pulse check on North American manufacturing led by Forvis Mazars and Manufacturing Dive's studioID finds the sector's outlook positive, its confidence strong, and all eyes on growth. Of the more than 150 manufacturing C-suite executives surveyed:

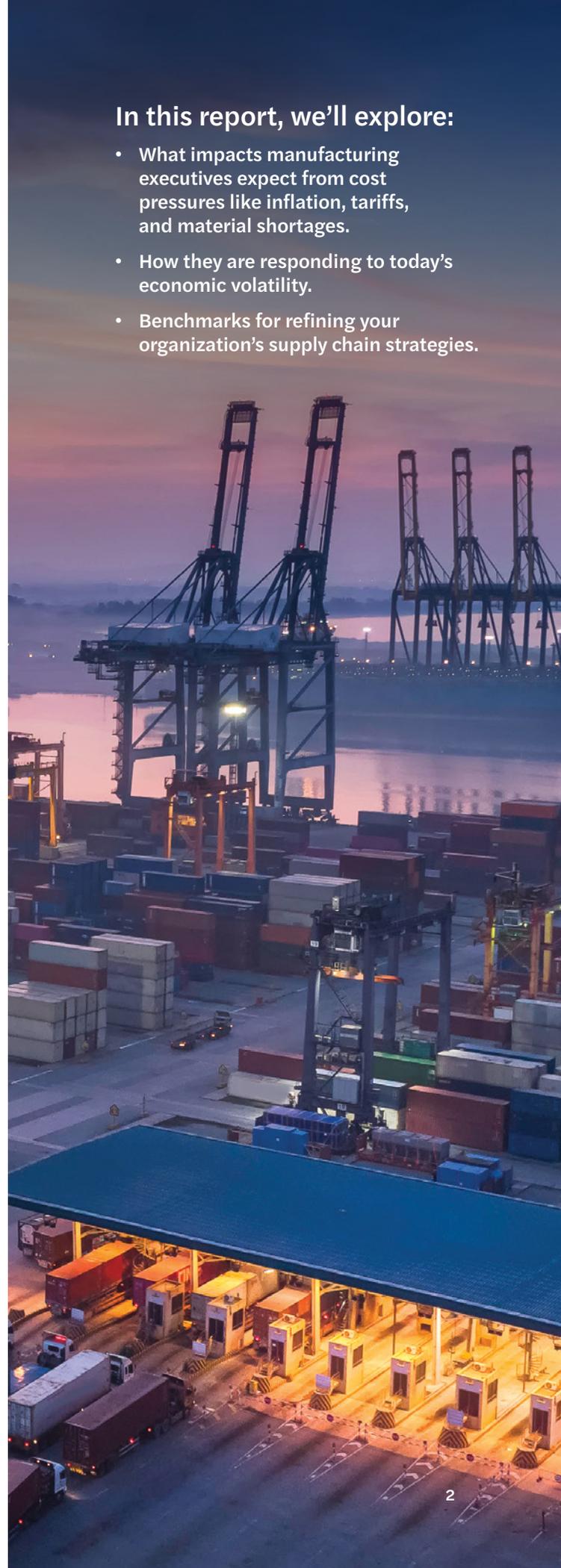
 **86%**  
predict growth for the U.S. manufacturing economy in the next 12 months.

 **98%**  
expect their sales to increase in the next year.

Manufacturers don't seem to be tightening operations in an attempt to ride out uncertainty. Instead, they're pushing forward when and where they see opportunity, making strategic behind-the-scenes pivots that will position them for sustained success.

## In this report, we'll explore:

- What impacts manufacturing executives expect from cost pressures like inflation, tariffs, and material shortages.
- How they are responding to today's economic volatility.
- Benchmarks for refining your organization's supply chain strategies.





## A Positive Manufacturing Forecast Amid Volatility

The manufacturing leaders surveyed for this report are well aware of the turbulent landscape and the potential challenges that await. Here's what they are watching for on the road ahead.



### Supplier price hikes

Supplier pricing has moved into the spotlight, as increases have become widespread. Nearly all surveyed manufacturers (97%) say they've felt the pinch over the past year. Two-thirds (68%) have already absorbed 5% to 15% in price hikes. These increases are expected to hold or even accelerate as tariffs and supply chain disruptions burden costs.



### Interest rate changes

Most manufacturing executives (84%) do not expect significant decreases to interest rates over the next 12 months.

“Current pressures, such as tariffs, global conflicts, and supply chain distribution, are contributing to higher prices and the risk of slower growth,” says Bryan Wright, partner and national manufacturing sector leader at accounting and consulting firm Forvis Mazars. “This makes it challenging for the Fed to determine whether to prioritize inflation reductions or support jobs and growth.”



## Raw material price spikes

Most manufacturers are getting ready for higher raw material costs in the next year, with 83% expecting increases in this area. Within this group of leaders, nearly 60% expect hikes to be only moderate, as factors like shifting trade policies and labor costs continue to pressure input prices.



## Tariff repercussions

Nearly nine in 10 surveyed manufacturers (88%) say the U.S.–Mexico–Canada tariffs in the first half of 2025 have led to higher expenses for their organization. Yet, among these manufacturers, 63% indicated at the time of the survey that cost increases were small so far.



## Unpredictable supply chains

When asked to pinpoint their most significant supply chain challenge, manufacturers cited rising transportation and logistics costs as the biggest issue. In addition, 95% of executives say their organization has experienced at least one significant supply chain disruption in the past 12 months. As a result of this instability, they've most often experienced an increase in production costs (41%), customer delivery delays (38%), and increased reliance on alternative suppliers (36%).

“Pricing is highly dynamic right now, and it’s a multinational issue for most manufacturers. If your products and materials all come from the U.S., then this doesn’t affect you—but that’s rare. For nearly everyone else, import tariffs are having a real impact.”



**Bryan Wright**  
Partner/National  
Manufacturing Sector Leader  
Forvis Mazars





## How Manufacturers Are Responding to Price Pressures & Profitability

Even with the economic reality check they're experiencing, North American manufacturing executives remain confident. Nearly all (98%) forecast sales growth in the next 12 months, and 61% anticipate these sales increases to be between 5% and 10%, showing steady and resilient momentum.

Before manufacturers can chart a course to greater resilience and growth, they must know the parameters around which to shape their strategy.

"That's what makes today's environment especially difficult: We don't know the rules right now," Wright points out. "And just when we think we've learned them, they change." One big wildcard: trade deals with key countries must be finalized to clarify long-term tariffs and their pricing impacts, and that process can be lengthy and winding.

Manufacturers aren't waiting for the economy to improve. Instead, they're taking action to mitigate pressures by investing in production, trying new sourcing strategies, and deploying technology when it makes sense.

"Manufacturers are looking for ways to improve and increase resilience in their supply chains."



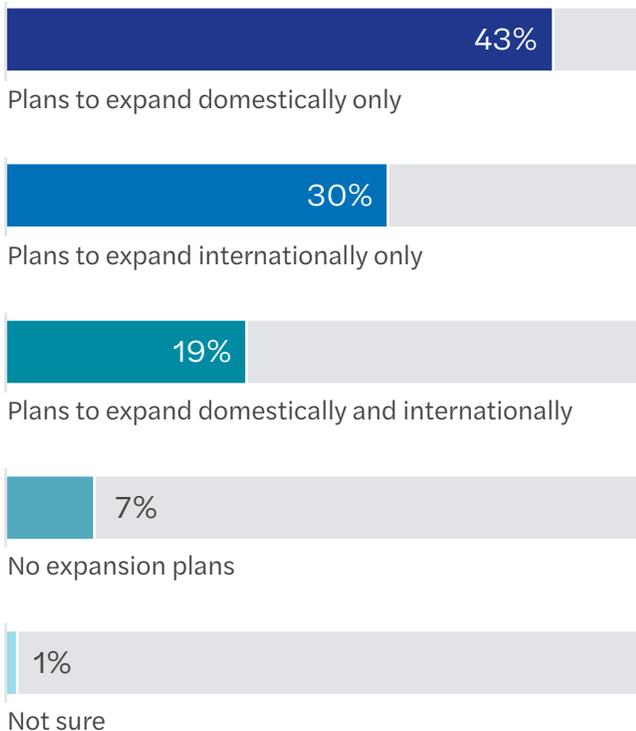
**Bryan Wright**  
Partner/National  
Manufacturing Sector Leader  
Forvis Mazars

# Here are six steps manufacturing leaders are taking to combat rising costs & position their organizations for long-term growth:

## 1. Ramping Up Production

Rising costs don't have to mean reduced output. In fact, 92% of respondents plan to do the opposite by expanding production capabilities in the next 12 months, mostly domestically. This proactive approach will help them react faster to demand fluctuations, new opportunities, and sudden shortages, allowing them to continue meeting customer needs without long delays.

**Does your company plan to expand its production capabilities in the next 12 months?**



## 2. Investing in Forward-Buying

To get ahead of supplier price increases, manufacturers most often choose to mitigate risk by increasing inventory levels (39%), raising customer pricing (37%), and absorbing the hit themselves via lower margins (35%).

“There are mixed emotions about buying forward,” Wright says. “While it hedges against price hikes, it’s a short-lived benefit, and it ties up capital and increases logistics complexity. To get it right, you must analyze

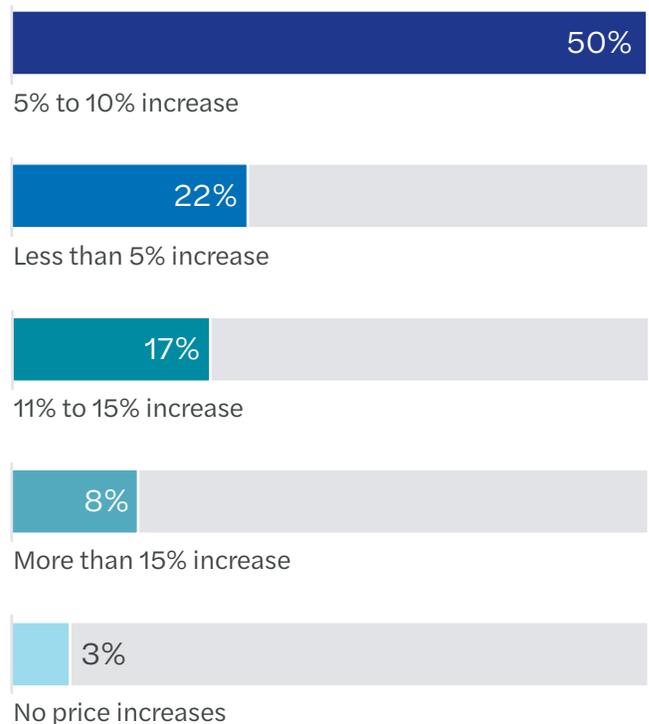
the tradeoffs between financing inventory for an extended period vs. paying the tariff and maybe even passing that cost on to customers. Manufacturers never want to be unwise with the management of their working capital. Interest rates aren’t zero, and money’s not cheap.”

## 3. Passing Costs Along to Customers

Wright advises manufacturers to continue to monitor cost as customer prices are evaluated in light of market conditions. “Companies will need to continue to be smart regarding what level of cost increases can be offset by customer price increases; profit margin compression is not the long-term goal,” he says.

Based on the survey results, manufacturing leaders are following this guidance. With consumer demand still high, manufacturers feel confident in passing cost increases along to customers to maintain financial stability and protect margins. Nearly all manufacturers (97%) say they plan to raise prices within the next 12 months. Within this group, half will raise their prices by 5% to 10%.

**Does your company plan to raise its prices in the next 12 months?**



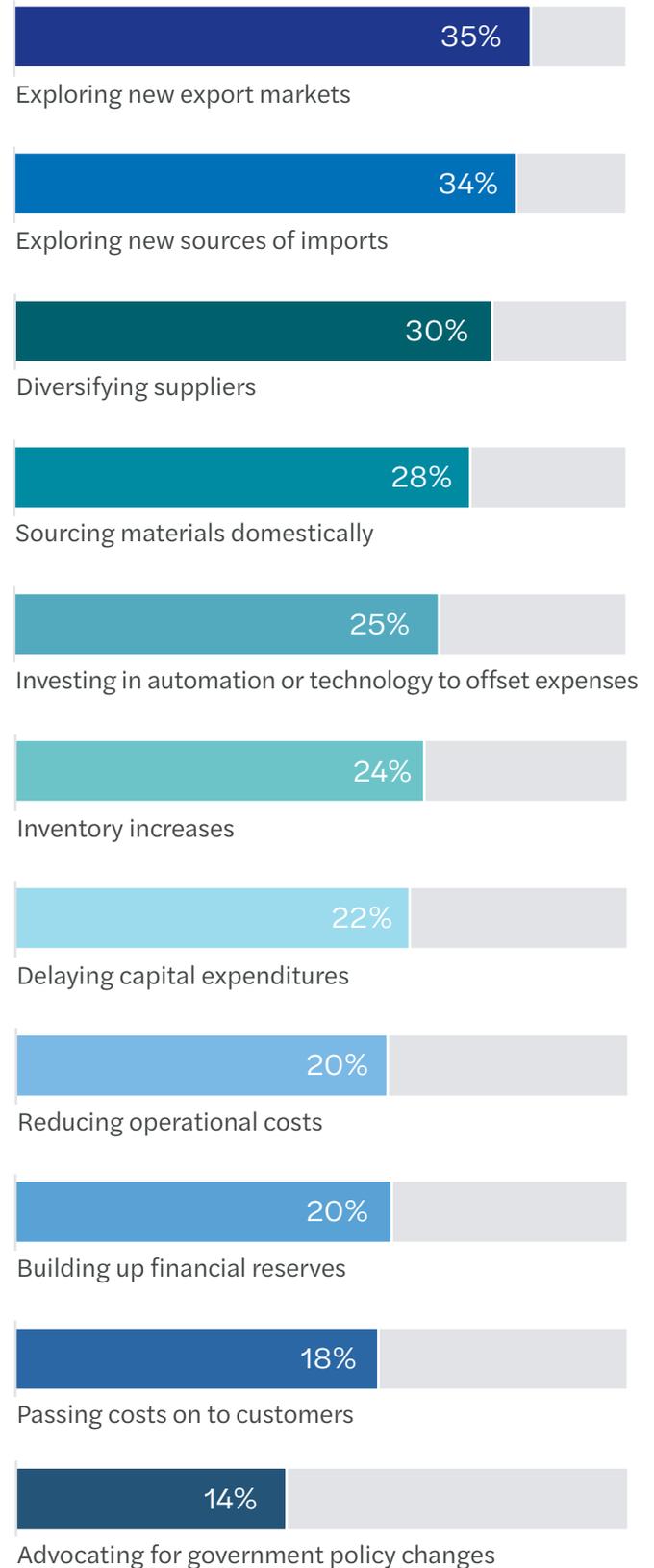
## 4. Rethinking Sourcing

To temper the impact of the U.S.–Mexico–Canada tariffs and maintain profitability and production, manufacturers are prioritizing three strategies:

- **Exploring new export markets** as they actively seek opportunities to reduce their reliance on any single market and offset the impact of North American tariffs.
- **Considering new sources of imports** as they evaluate alternative suppliers from regions not affected by the latest rounds of tariffs to maintain cost-effective sourcing and supply chain stability.
- **Diversifying suppliers** across multiple countries to build flexibility that allows them to quickly adapt to changing trade policies and reduce potential disruptions.



### Which actions has your company prioritized in response to tariffs between the U.S. and Canada and Mexico?\*



\*Respondents could choose up to three answers

## 5. Taking Action to Drive Sales Growth

To increase revenue in the next 12 months, manufacturers are focusing on the following three areas. These strategies are a sign that manufacturers plan to drive sales growth and build resilience against market volatility by reaching the right audiences and giving consumers what they want most.



### Increasing marketing and advertising initiatives

Reach new customers and reinforce brand presence in competitive markets.



### Launching new products and services

Meet evolving market demands and create new revenue streams.



### Strengthening customer relationships

Better understand behavior and needs and foster loyalty.

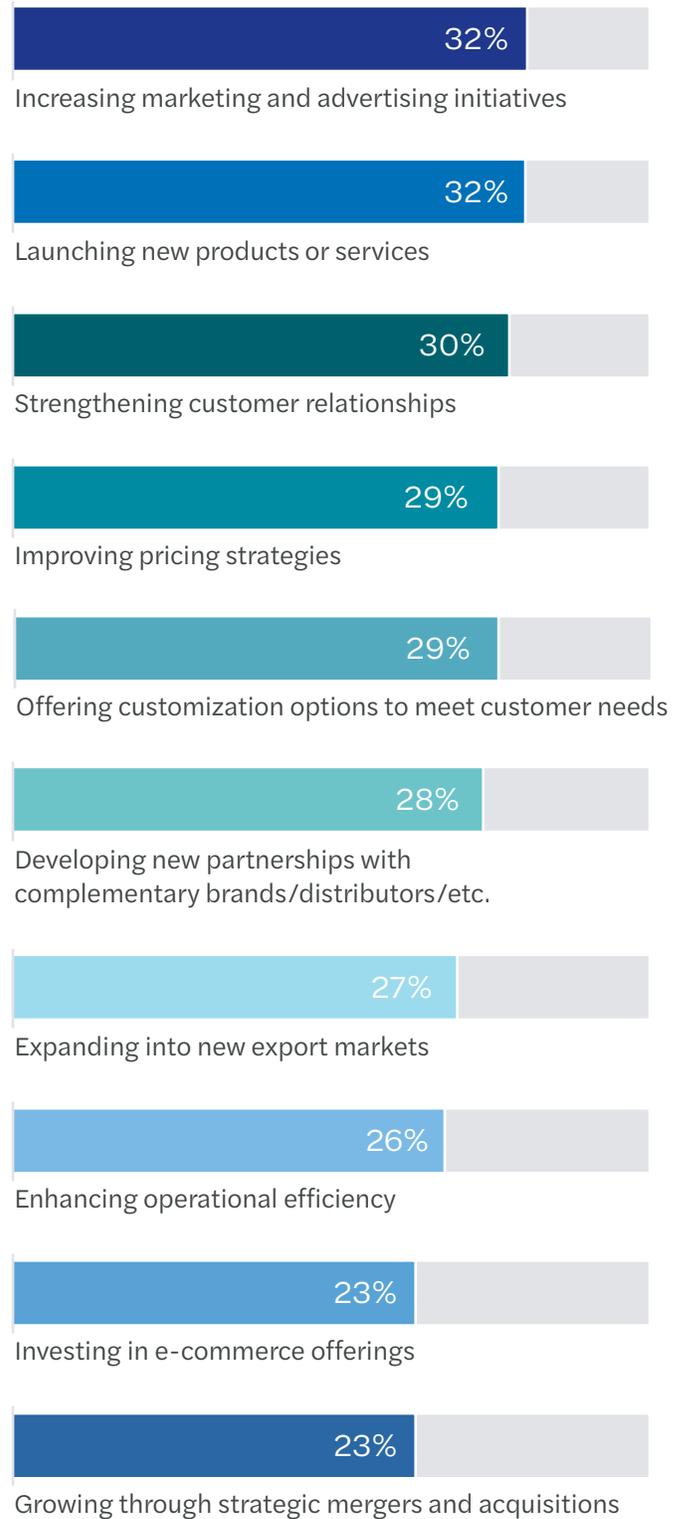
## 6. Incorporating Technology

When asked what steps they will take to improve production efficiency, implementing advanced technology was the top response. Nearly half of leaders are investing in innovations like artificial intelligence (AI), virtual reality, robotics, and automation—technologies that can improve speed, precision, and adaptability in ways traditional processes and workflows can't.

These investments are both a driver of and a potential solution for another challenge emerging from the survey findings: Manufacturers have more qualified labor than required for production demand (66%). However, about half of respondents also said talent attraction will be a top workforce challenge for them in the next 12 months.

This disconnect may represent a shift in priorities: Most manufacturers have enough (or more) labor to meet current demands. Still, those workers may not have the right skills to take on today's tech-driven roles, perform data analysis, or adapt to digital processes. It's also possible manufacturers are concerned about sustaining a talent pipeline as they expand production.

Which strategies will your company rely on most to drive the forecasted sales growth in the next 12 months?\*



\* Respondents could choose up to three answers



## To Keep Pace, Manufacturers Gear Up for Major ERP Upgrades

Our survey findings make it clear that manufacturers are preparing to scale and, as a result, are considering how their existing technology ecosystem will help or hurt those efforts. Nine in 10 are planning major upgrades or changes to their accounting and enterprise resource planning (ERP) systems in the next year, with nearly half of that group planning to do so in the next six months.

A stronger financial and operational infrastructure will help manufacturers:

- Manage complexity
- Control costs and pricing strategies
- Optimize supply chains
- Plan for capacity adjustments
- Make data-driven decisions

ERPs can provide the data-driven visibility and automation needed to mitigate risk and make smart choices. They can also help model different financial scenarios and prepare for cost increases to boost supply chain resiliency.

“Many manufacturers are frustrated with the quality of their data and the information they’re getting from their current ERP environment, which explains why this is such a priority right now,” Wright says. “But it’s a big investment and can be highly disruptive in the short term as processes are reconfigured and employees adapt to new systems.”

He observes that many manufactures will complete an ERP assessment to help define their needs and best identify software solutions before requesting proposals from potential vendors. Careful and targeted scoping can make sure the right solution is deployed.

“Be careful in customization; we have seen manufacturers over-customize their ERP system to ultimately fail. This can be a major risk for the business.”



**Bryan Wright**  
Partner/National  
Manufacturing Sector Leader  
Forvis Mazars

## Turning Headwinds Into Momentum

Rather than pulling back, manufacturers are investing strategically to seize the opportunities present in today’s volatile market. This proactive mindset is the driving force behind the strong confidence levels in sales growth and economic expansion. The future favors organizations that can move forward with intention and agility as they navigate whatever challenges the market presents.

“Best-in-class manufacturers are all about continuous improvement: how to work faster, smarter, leaner, more efficient, and with less waste,” Wright says. “To stay competitive, you must reinvest in your facility. Leaders are investing in innovation and looking for ways to improve operations, whether it’s through people or technology.”

## About Forvis Mazars

Forvis Mazars is a global leader in audit and assurance, tax, advisory, and consulting services. Operating in over 100 countries and territories, its 40,000+ strong team is committed to delivering an **Unmatched Client Experience**<sup>®</sup> that provides clarity and builds confidence.

Its multidisciplinary team works with manufacturers large and small to provide a full range of audit, tax, and advisory services tailored to your specific needs. By establishing your strengths and pain points, Forvis Mazars can offer insight and knowledge to improve day-to-day operations while helping you prepare for what's next.

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