

FUTURESCAPE

Crafting Tomorrow's Supply Chain Today



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INTRODUCTION

LMA Consulting Group works with manufacturers and distributors on strategy and end-to-end supply chain transformation to maximize the customer experience and enable profitable, scalable, dramatic business growth.

We take pride in providing value to our customers, colleagues and industry. Each year, we reach out to colleagues who are experts in industries that touch the supply chain to find out how they see the future of supply chains unfolding.

We are pleased to provide this mid-year Special Report, “FutureScape – Crafting Tomorrow’s Supply Chain Today,” which offers insights from many points of view. We hope this report provides value to you and sheds light on how supply chains are being affected and transformed by the many external forces at play today.

We welcome your comments and feedback through our social media channels or by emailing me at: LAnderson@LMA-ConsultingGroup.com.



A handwritten signature in white ink, reading "Lisa Anderson".

Lisa Anderson, President
LMA Consulting Group
LAnderson@LMA-ConsultingGroup.com

OVERVIEW OF THE CURRENT ECONOMIC & BUSINESS ENVIRONMENT

VOLATILITY AND INFLATION

The current economic environment is characterized by VUCA (volatility, uncertainty, complexity, and ambiguity). Inflation has surged by 20% in the last three years, with some raw materials doubling or tripling in price. Businesses have passed on partial price increases, leading to internal challenges in offsetting these costs. Additionally, rising interest rates, higher employee wages, and regulatory burdens have further complicated the ability to fund growth and meet objectives.

TALENT SHORTAGE

The labor market has not returned to pre-pandemic levels, and the labor participation rate remains lower. High-skilled talent is scarce, leaving executives frustrated with paying premium wages for average talent. Companies are automating low-skilled roles, resulting in a skills mismatch.

CUSTOMER DEMAND AND VOLATILITY

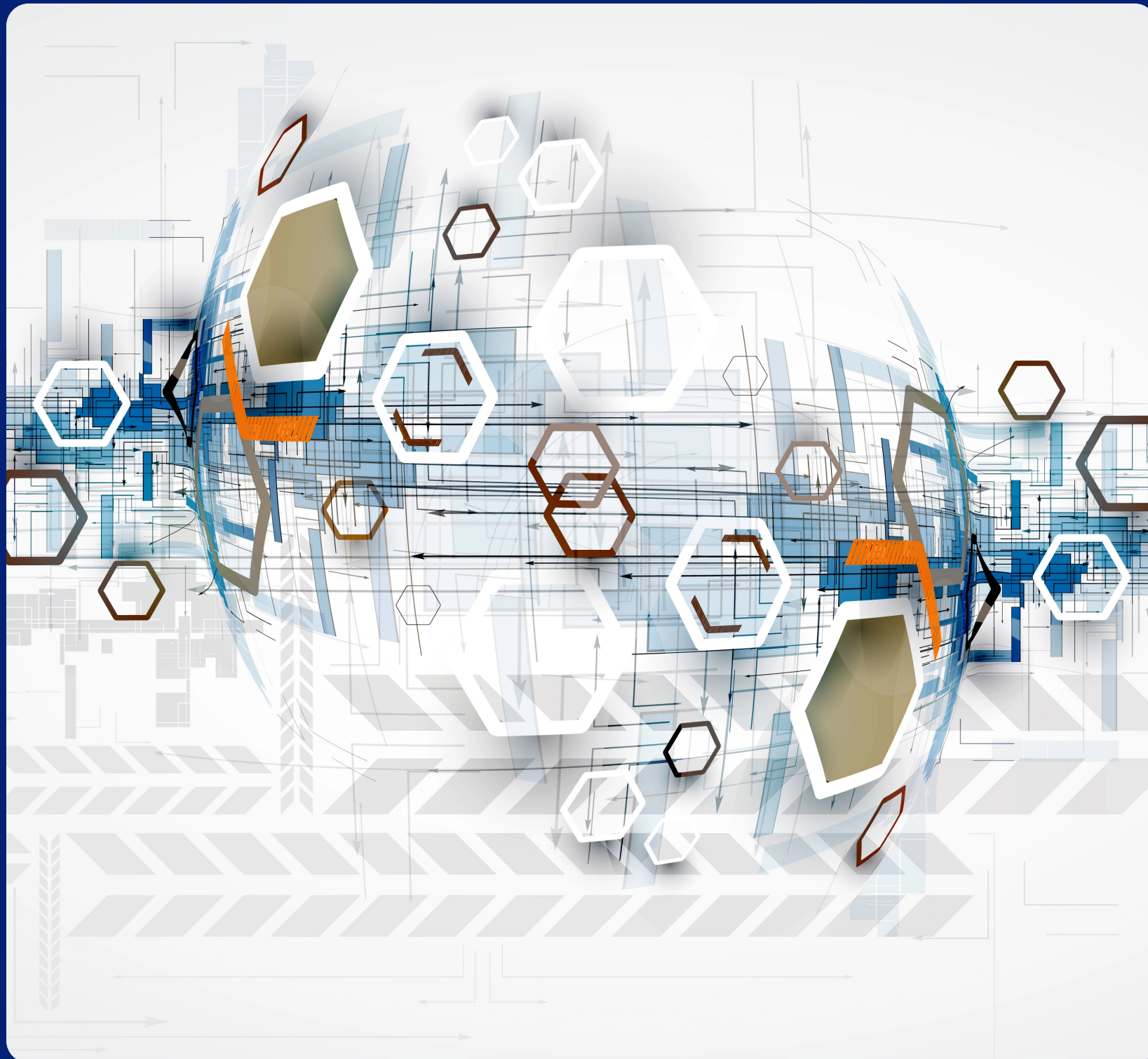
Despite the challenges, customer demand has remained relatively robust, though clients are concerned about pushouts, delays and gaps in forecasted demand. Customers expect immediate, Amazon-like service but often delay orders, leading executives to prioritize strategic and profitable customers while extending lead times and increasing prices for volatile, low-profit customers.

BUSINESS AND TECHNOLOGICAL RISKS

Geopolitical risks and cybersecurity threats are at an all-time high, prompting companies to reassess their strategies to navigate these complexities. Technological change is unprecedented, with AI driving markets and businesses leveraging these advances to counter the turbulent economic and geopolitical landscape. Only the strong will thrive in this VUCA environment, leaving their competition behind.



KEY STRATEGIC SHIFTS & INNOVATIONS



FUTURE-SCAPING FOR SUCCESS

Thriving in the future requires more than just navigating the current business environment. Companies that focus on dramatic strategic shifts will position themselves as disruptors rather than the disrupted. They will craft tomorrow's supply chain today.

STRATEGIC SHIFT #1: SUPPLY CHAIN RESILIENCE

Global supply chain disruptions are accelerating due to geopolitical, economic and control strategies. In response, companies are moving away from JIT (just-in-time) inventory strategies towards supply chain resilience strategies, focusing on increasing profitability despite heightened risks and costs.

STRATEGIC SHIFT #2: TALENT SHORTAGE

The shortage of high-skilled talent is worsening, exacerbated by the retirement of the Baby Boomer generation and a lower labor participation rate. The pandemic disrupted training and transitions, leading to increased automation of low-skill jobs through AI and robotics.

STRATEGIC SHIFT #3: TECHNOLOGICAL TRANSFORMATION

Technology is transforming customer expectations and organizational needs. Advanced technologies, including smart robots and GenAI models, are revolutionizing supply chain tasks and key performance metrics. Successful companies will have leaders who can balance detailed and big-picture thinking with strong judgment and systems thinking.

STRATEGIC SHIFT #4: RECONFIGURED SUPPLY CHAINS

Supply chains are shifting in response to geopolitical risks, elevated customer expectations and the adoption of advanced technologies. Regional supply chains utilizing reshoring, nearshoring, vertical integration and strategic partnerships will control their future success. Industries are reconfiguring, disrupting global supplies and prices while emphasizing sustainability. Logistics will realign to serve customers economically, leveraging advanced technologies and potentially relocating to areas with lower regulatory burdens.

01

**AUTOMATION,
TECHNOLOGY &
DATA MANAGEMENT**

ZACH DODDS

Professor
Harvey Mudd College



“Transparency and coordination in the supply chain are essential for success, requiring a balanced investment in both human resources and technology.”

AI & HUMAN COORDINATION IN SUPPLY CHAIN

The primary shift across the supply-chain landscape is the expectation that all logistics efforts create a reliable, legally enforceable and auditable record. While the details of this visibility will be challenging, the sector’s immovable force—the end consumer—will demand it. Firms that do not deliver by choice or by ability will fade. Firms that do deliver will thrive—or at least will be in the running.

The primary challenge will be, first, coordinating the humans who oversee the process and, second, coordinating the technologies those humans will employ. The touch-points that matter are not in the backroom, boardroom or server room—they are in the world, subject to all the uncertainties material movement entails. Successful managers will invest in their human resources first and technology second, making each dependent on the other. Managers who invest in AI to ‘smooth out’ the sapiens-in-their-system will enrich only the AI companies, not their own.

Companies will be seeking partnerships that attend to the important neurons—not the networks that are easily commoditized—but the employees and allies whose judgment and energy will distinguish one firm from another. Employee-and-partner education will be central to this effort, and focused, strategic collaborations with educational institutions will benefit both sectors.

My vision is for employees who are comfortable enough with the systems they’re using that they are the authors and owners of the audit trail rather than the implements by which the trail is written. For companies to achieve this, they will benefit from either in-house employee education and/or strategic, focused partnerships with educational institutions.



BRUCE HOFFMAN

CEO & Founder
Optimizepros.ai



“AI-driven predictive maintenance and robotics are set to revolutionize manufacturing while managing supply chain risks will require innovative technologies and cross-sector collaboration.”

AI-DRIVEN PREDICTIVE MAINTENANCE & ROBOTICS

I foresee two pivotal strategic shifts in the next decade. First, the integration of AI-driven predictive maintenance systems will significantly reduce downtime and maintenance costs. AI's ability to analyze massive real-time data will enable manufacturers to predict asset failures more accurately and intervene proactively. Second, the adoption of AI-powered robotics for enhanced precision and efficiency in manufacturing processes will drive significant improvements in productivity and quality.

A primary challenge will be managing the complexities of supply chain risk, including geopolitical tensions and cyber threats. Innovative strategies like blockchain for transparent and secure transactions and AI for real-time risk assessment can provide robust solutions. Blockchain can enhance traceability and authenticity across the entire supply chain, not just in container shipping but also in various other sectors.

Cross-sector collaboration will evolve with increased data sharing and integrated platforms. This will enhance supply chain resilience, improve efficiency and elevate customer experience through seamless and transparent operations. By leveraging these integrated platforms, companies can better manage supply chain risks and adapt to changing market conditions.”



HANK ACKERMAN

Vice President
Strategy & Business Consulting
Argano



AI FORECASTING & SUPPLY CHAIN EFFICIENCY

There is a wide variance in the adoption of new technologies, but as technology and data improve, implementation costs decrease, making investments more justifiable.

With many of these technologies being cloud-based, their functionality continuously improves with more implementations. Leading-edge AI forecasting technologies are pushing followers like SAP and Microsoft to catch up, although SAP has strong market leadership in SOP and inventory optimization. Oracle, however, is ahead in terms of functionality compared to Dynamics 365, with more implementations and extensive experience in supply chain planning.

The two main drivers of this transition to advanced tools are supply chain complexity and talent scarcity. Companies often struggle to simplify their product portfolios, complicating their systems and supply chains. Additionally, there is a shortage of planners who understand both supply chain dynamics and data science. AI forecasting will significantly enhance the efficiency and reduce the number of demand planners needed, addressing the current talent gap.

“The integration of advanced AI forecasting technologies is revolutionizing supply chain management, driving companies towards more efficient and data-driven strategies.”



BANSREE PARIKH

President
Bank Of America Inland Empire



“Automation and sustainability are driving significant changes in the industry, while addressing talent gaps and enhancing supply chain resilience remain critical for success.”

AUTOMATION & SUSTAINABILITY INITIATIVES

Automation will continue to be a business imperative, offering efficiency gains that save time and costs, and potentially leading to higher wage jobs for workers. Another key dynamic is sustainability. Regardless of personal beliefs, the industry is moving towards requiring sustainability components in contracts. Our bankers understand the complexities of automation and sustainability initiatives and regularly work with business clients and their CPAs on strategies and resources, such as government subsidies and tax credits, to implement these programs.

Our clients face a significant talent gap, both in skilled workers and specialists with advanced degrees. One approach to bridging this gap is for private sector companies to partner with trade schools, colleges and universities to create specialized career pipelines and subsidize skilled learning. We help our business clients attract skilled and advanced degree specialists by assisting them in offering competitive benefits packages that go beyond traditional 401K and retirement plans to include home-buying assistance and banking and investment support.

In terms of supply chain resilience, geographic diversity is crucial. Having sources based in different areas limits vulnerability to supply chain risks. Technology and digital tools further enhance resilience by enabling businesses to monitor and track inventory inputs to ensure optimal levels and project depletion risks. When supply chain challenges occur, having a strong relationship with your banker is vital, as they can provide guidance, introductions and financing to bridge the cost of pivoting your supply source. The benefit of working with a global financial institution like Bank of America is our expert line of sight into the global economy, helping clients forecast and anticipate needs.”

PETER O'SULLIVAN

CEO
HighBeam Analytics



“While executives are overwhelmed with data, leveraging AI effectively can transform organizational complexity into actionable insights.”

LEVERAGING AI FOR DATA MANAGEMENT & OPERATIONAL EFFICIENCY

Executives are Overwhelmed with Data;

Despite the wave of products and technologies designed to help executives cope, a survey by Deloitte found that 77% of C-suite executives reported being overwhelmed.

AI to the Rescue? The big thing right now is AI. ChatGPT reached 100 million users in just 60 days. It took the internet over 3 years to reach 100 million users. The amount of press and interest in the technology feels ubiquitous. Is this the next big breakthrough that will allow us all to manage the complexity in our organizations? Or is it a false savior? The answer – it depends on you.

Scott Galloway has it about right: “AI isn’t going to put people out of work, not learning to use it will.” And that includes Executives. AI is also not just another technology business shift. This is an “order of magnitude” change that executives must learn how to leverage to lead into the future.

Following the Crowd is Not Always in Your Best Interest: There is a significant, understated flaw in our non-technical conversations about AI. Machine Learning uses a data model and learns from it. It learns how to be more precise. Generative AI does the same, but with a profound difference – it seeks to provide novel insights based on a much more complex process. Here is the rub. When you are looking to reduce variations to a specific, known process – you want a tool that reduces novel outcomes, not creates them. In manufacturing and distribution environments, making one process more effective but breaking another can result in a catastrophic outcome. So, while Generative AI has its place in many business areas – often in very controlled and defined environments, it is exactly the wrong tool.

The counter-intuitive reality: Data Analytics – when done right – greatly reduces complexity. It does the work so the leaders can focus on results. It simplifies and improves decision-making. Learning how to create reports in an ERP might be a high learning curve. Reading a well-designed visual analysis takes seconds to understand. The key is to define your most urgent and important “Use Case” and put resources in place to solve it. If you want to simplify your workload – creating a Data Analytics capability is one of the best investments in time and resources an executive can make.

TIM HARRIS

Chief Strategy Officer
Argano



PREDICTIVE ANALYTICS IN SUPPLY CHAIN MANAGEMENT

Predictive analytics is revolutionizing supply chain management by enabling more accurate demand forecasting and inventory management. By analyzing vast datasets, companies can uncover patterns and trends that inform better decision-making. Integrating third-party data, such as weather, provides more accurate results. For example, if you're selling BBQs and a wet summer is projected in the Northeast, you may reduce demand expectations with your retailers.

SAP has integrated AI capabilities into solutions for financial planning, sales forecasting, inventory and supply chain optimization, and predictive equipment maintenance, partnering with Microsoft CoPilot for full integration. D365 has advanced AI-powered demand forecasting and planning, critical for optimizing inventory levels and ensuring products are available where and when needed.

AI is transforming supply chains by automating repetitive tasks, providing intelligent insights and enhancing customer engagement. Gartner predicts that by 2028, 25% of KPI reporting will be powered by GenAI models, and smart robots will outnumber frontline workers in manufacturing, retail and logistics. The ability to Q&A against your supply chain data and get quick insights is powerful compared to creating complex reports. D365's AI-driven insights help identify customers at risk of churn and develop targeted marketing to retain them.

“Predictive analytics and AI
are revolutionizing supply chain
management by enhancing demand
forecasting, inventory optimization
and operational efficiency.”

CASE STUDIES

Demand Forecasting: Leading apparel retailer used predictive analytics to forecast product demand, resulting in a 20% reduction in stockouts & 15% increase in sales.

Inventory Optimization: Electronics manufacturer optimized their inventory levels across multiple warehouses, leading to a 30% decrease in carrying costs & 25% service level improvement.

Risk Mitigation: Food and beverage company applied predictive analytics to anticipate supply chain disruptions, avoiding \$2 million in potential losses.

Supply Chain Visibility: Pharmaceutical company used predictive analytics to identify bottlenecks early improving supply chain responsiveness by 18%.

02

GLOBAL TRADE

RUBEN NIZARD

North American Economist
Coface



“The global economic slowdown, coupled with geopolitical tensions and inflationary pressures, present significant challenges and opportunities for the transport and logistics industry.”

GLOBAL ECONOMIC SLOWDOWN & SUPPLY CHAIN CHALLENGES

The global economy has witnessed a marked deceleration in both world trade and output, influenced by tighter monetary policies in key economies like the United States and the European Union. The aftermath of the conflict in Ukraine, unrest in the Middle East, and the ongoing impact of the COVID-19 pandemic further cloud the trade outlook for 2024. The slowdown is evident across various countries and sectors, including iron, steel, office equipment and textiles, driven by inflationary pressures, currency fluctuations and geopolitical tensions. While risks are tilted towards downside scenarios, the potential for growth remains, contingent on factors such as inflation moderation and geopolitical stability.

In 2024, the transport and logistics industry is poised to encounter significant hurdles amid the notable slowdown in global trade and output. Rising oil prices increase transportation costs, potentially raising prices for goods. The decision by OPEC+ to reduce output anticipates the imminent economic deceleration. Given the high likelihood of a recession, the outlook for oil prices in 2024 leans more towards downside potential.

Despite these challenges, advancements in AI and machine learning are driving efficiencies in the industry. Real-time data-fed route optimizations and IoT predictive maintenance systems are transforming supply chain optimization across different regions and sectors. Road freight faces challenges due to high prices and low economic growth, while rail transport, with its relatively low CO2 emissions, emerges as a potential winner. Rail companies are expected to benefit from substantial public investments in infrastructure development in advanced economies.

Passenger transport is on the road to full recovery, while freight faces mounting challenges due to a global slowdown in goods demand. The economic deceleration and trade slowdown are impacting the financials of freight companies across all modes of transportation—road, rail, air and sea. While global trade volumes are expected to pick up in 2024, the outlook remains highly uncertain.

Energy costs remain relatively elevated for transport and logistics companies, further exacerbating financial pressures. The imperative for fleet renewal, driven by environmental regulations and the push for cleaner transport solutions, adds to these challenges. Despite being among the hardest-hit sectors by pandemic-related travel restrictions, air transport has almost fully rebounded, led by North American airlines.

Note: Facts and insights referenced are included in Coface Transportation Logistics Industry Risks and Opportunities 2024 [white paper] found at www.biz.coface.com.

JOHN TULAC, ESQ

International Business Attorney



“The world in 2024 is fraught with challenges and uncertainties, but strategic foresight and adaptability can help businesses navigate these turbulent times.”

GLOBAL RISKS & ECONOMIC CONCERNS

Global Risks

The world remains a dangerous place, with China posing a significant risk through the Thucydides Trap. This concept suggests that rising powers, like China, could lead to heightened tensions and potential conflict with established powers, such as the U.S. The escalating economic and military competition between these nations is a cause of concern.

The Russia-Ukraine war shows no sign of ending, with Ukraine struggling due to delayed support and limitations of attack weapons. Time favors Russia under current conditions, but internal issues like low morale among Russian troops could prolong the conflict. Yet, strategic missteps could lead to a sudden shift in the war's dynamics.

Nuclear risks are at an all-time high, with potential threats from Russia, Iran and North Korea. The situation with Iran is particularly concerning as it accelerates its nuclear program and engages in regional conflicts. The possibility of a terrorist group acquiring a nuclear weapon remains a grave threat.

China and the U.S.

China's internal problems, such as pollution, water scarcity, and economic weaknesses, are significant. However, Premier Xi's authoritarian approach and military ambitions, including the harassment of Taiwan, pose external risks. The U.S. needs to engage in strategic talks to avoid falling into the Thucydides Trap.

Economic and Energy Concerns

Inflation, regulatory challenges and the growing national debt in the U.S. are pressing issues. The energy market remains stable, but the increasing demand for electricity due to AI and server farms presents new challenges. The U.S. must invest in upgrading its electricity grid and protecting it from cyberattacks and EMP threats.

Conclusion

The U.S. has abundant resources and has been fortunate in its development and security. However, sound policies and political are essential to sustain this prosperity. The next four years are critical, and strategic foresight will be key to navigating these turbulent times.

JUAN FELIPE SANCHEZ

General Counsel
Grupo Consultor EFE™



“Nearshoring and regionalization are reshaping supply chain strategies, driving resilience and efficiency through closer production and strategic collaborations.”

NEARSHORING & REGIONALIZATION

Two pivotal strategic shifts that can substantially change supply chain management are nearshoring and regionalization. Geopolitical tensions and the COVID-19 pandemic are prompting companies to relocate production closer to primary markets, particularly benefiting regions like Mexico due to its proximity to the U.S. and stable logistics costs. Regionalization balances cost efficiency with logistical simplicity and resilience, addressing vulnerabilities exposed by global disruptions.

The main challenge in the coming years will be improving infrastructure and resource management in regions like Mexico to fully capitalize on nearshoring. Potential constraints in water and electricity supplies could limit new investments. Innovative strategies include public/private partnerships for sustainable infrastructure projects, government incentives for renewable energy investment and policies ensuring resource availability. Enhancing political and economic stability, public safety and institutional frameworks will be crucial for building investor confidence and maintaining Mexico's attractiveness as a nearshoring destination.

Cross-sector collaboration will evolve into strategic and integrated partnerships, enhancing supply chain resilience, efficiency and the customer experience. Shared investments in infrastructure, such as transportation networks and energy systems, will support nearshoring activities. Collaborations between government agencies and private companies can create dedicated industrial zones with reliable access to resources. These alliances will improve operational efficiency, reduce logistics costs, and enhance the customer experience by ensuring timely and reliable product availability.

Collective efforts to create a robust and supportive ecosystem will be key to transforming supply chains and sustaining competitive advantages in a regionalized world.

FRED LATUPERISSA

President
ExIm20/20 Group, LLC



“Small businesses are pivotal in shaping the future of global trade through innovation, collaboration and resilience.”

ROLE OF SMALL BUSINESSES IN GLOBAL TRADE

Small businesses from the U.S. and other countries are increasingly vital in global trade. Challenges like finding workers, adopting new technologies and managing shipment issues are critical for their long-term sustainability and success. My experience in transforming shipping processes has shown the importance of strengthening, streamlining and improving customer satisfaction through cross-industry collaboration.

In 2024, a significant event highlighted the impact of small businesses on global trade. It featured discussions between government entities like the USDOC and private businesses such as the Cabazon Band of Cahuilla Mission Indians, which underscored how collaboration can enhance trade relationships.

Enhancing future shipping involves making it more resilient, efficient and customer-centric through industry collaboration. Small businesses and shipping companies need to work together to overcome challenges and improve trade. And collaboration between government and private businesses is crucial for small business success in global trade to foster innovation.

The prosperity of small businesses globally is integral to the future of trade. By solving problems, implementing new ideas and working together, companies can thrive in a dynamic world.



IAN FLETCHER

Advisory Board Member
Coalition for a Prosperous America



“Free trade is no longer the guiding principle of U.S. economic policy, as strategic shifts towards managed trade and industrial policy gain momentum.”

ROLE OF SMALL BUSINESSES IN GLOBAL TRADE

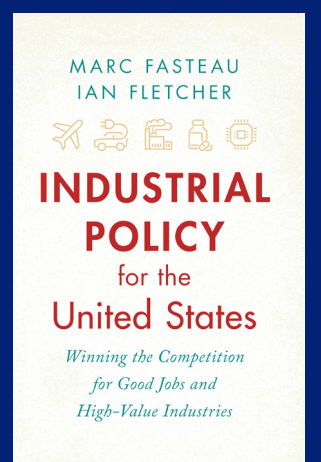
Free trade is not coming back. After Trump proclaimed, ‘the emperor has no clothes,’ the American economic and political establishment found it was unable to produce rational arguments for returning to the policy. The U.S. embraced free trade for political reasons during the Cold War, but America’s economic rivals from Germany to South Korea had been eschewing free trade while thriving and taking industries from the U.S. When Trump imposed tariffs, many predicted inflation, an out-of-control trade war and a loss of geopolitical support, but none of these occurred. As a result, Biden retained most of Trump’s tariffs and has even doubled down with recent tariffs on Chinese electric cars.

Biden understands that free trade with China would lead to a second ‘China shock,’ causing significant economic and social damage. The U.S. is under increasing pressure to disentangle its economy from China due to the sharpening geopolitical rivalry. The early hopes that free trade would lead to a rising middle class in China demanding democracy have not materialized.

Instead, the U.S. faces a new Cold War with an adversary openly aiming to displace America as the dominant global power. Instead of free trade, we are likely to see further trade barriers against China, the evolution of a managed-trade regime with friendly nations, more industrial-policy initiatives like the CHIPS Act to protect America’s positions in key industries and possibly controls on international capital flows into the U.S. to bring down the value of the dollar.

‘Coming Soon’

Ian Fletcher is the coauthor, with Marc Fasteau, of the book *Industrial Policy for the United States: Winning the Competition for Good Jobs and High-Value Industries*, which will be published in September 2024.



03

**INSURANCE &
RISK MANAGEMENT**

KENDALL KASPER

Vice President, Southwest Region
Acrisure



“The hardening Marine Cargo insurance market necessitates strategic adjustments to mitigate increasing risks and ensure the safe transit of goods.”

HARDENING MARINE CARGO INSURANCE MARKET

Marine Cargo insurance covers the loss or damage to goods in transit and can extend to goods held in storage at warehouses. For many years leading up to 2020, the Marine Cargo insurance market was considered a soft market, with extremely competitive rates and multiple carriers vying for client business. However, over the past three and a half years, this market has hardened due to carriers facing heavy losses on goods in transit.

The types of losses affecting carriers include theft, catastrophic losses from earthquakes and weather events exacerbated by climate change. Additionally, the size of losses has increased due to the larger size of modern containerships and incidents such as the Baltimore bridge collision.

Supply chain disruptions persist post-pandemic, with issues like the 2023 warehouse space shortage causing backups at rail yards, leading to refrigerated units running out of fuel. The current piracy situation in the Red Sea is causing significant delays as ships reroute around Africa, resulting in further cargo losses.

Shippers should consider contracting with logistics suppliers who have contingency plans for catastrophic events, such as backup generators and prearranged trucking contracts to quickly move goods to alternate locations. Avoiding facilities in high-risk catastrophe-prone areas like Miami, New Orleans, Japan and Taiwan can also help mitigate risks.



CHUCK TAPERT

President & CEO
StoneTapert Insurance Services



INNOVATIVE BENEFITS STRATEGIES FOR ATTRACTING & RETAINING TALENT

Manufacturers and distributors are looking for innovative ways to attract and retain talent. From a benefits perspective, employees are looking for enhanced benefits with less out-of-pocket costs, and employers are tired of the ever-increasing cost of health-care on their budget. Employers are looking for ways to demonstrate they understand their employees' needs. And, top of mind is cost.

Employers are now offering plans that eliminate co-pays and deductibles, providing employees with first-dollar coverage. These plans are not typically offered by competitors, giving companies a competitive advantage in recruiting and retaining employees. The good news is that these plans generally do not cost more for employers and can help offset future increases.

The Medical Expense Reimbursement Plan (MERP) may very well be the future of healthcare. With minimum wages increasing in many states, offering innovative benefit plans can be a significant differentiator. MERP plans offer better benefits for employees and typically save money for employers without additional risk. We are seeing more and more employers embracing this innovation in healthcare.

“Innovative benefits strategies are key for manufacturers and distributors to attract and retain top talent in a competitive market.”



04

**MARKET &
ECONOMIC INSIGHTS**

ALAN DUNN

President
GDI Consulting



STRATEGIC SHIFTS IN GLOBAL SUPPLY CHAINS

Global supply chain disruptions will likely accelerate due to economic and political factors, shifting focus from Just-In-Time (JIT) to supply chain resiliency strategies. Companies will adopt inventory buffer management tools and generative AI for contingency planning, leading to a rethinking of inventory metrics and a potential increase in inventory on balance sheets.

The shortage of supply chain management (SCM) talent is a critical issue, driving the adoption of AI-enabled systems to handle basic tasks, while advanced AI provides scenario planning for high-value decisions. This could lead to a surplus of lower-level planners and a shortage of effective SCM leaders. Additionally, there will likely be a strategic shift in the geographic sourcing of components and subassemblies, with significant reshoring activities in sectors like semiconductors and pharmaceuticals due to geopolitical changes.

Managing global supply chains will involve adapting tools and processes to new enterprise models and addressing the skills gap. Key challenges:

- Adapting to rapid changes in product robustness, pricing strategies and lead time compression
- Enhancing flexibility and reliability in products and processes
- Differentiating products and services to meet diverse market demands
- Innovating employee management and reward systems focused on supply chain outcomes
- Overcoming functional thinking and prioritizing systems thinking

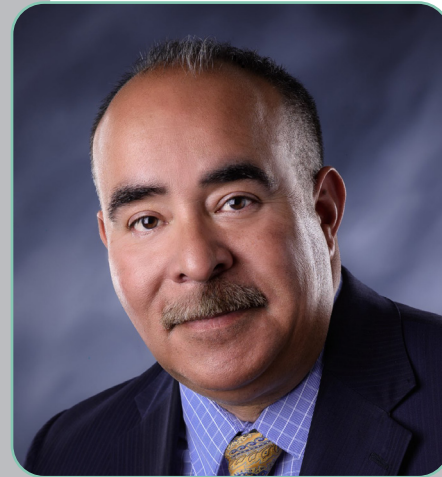
To overcome these challenges, SCM leaders must embrace advanced information technology, human intelligence and judgment to effectively manage complex supply chains.

Increasing complexities in global trade will necessitate genuine partnerships, joint ventures and vertical acquisitions to secure supply channels and enhance resiliency. These collaborations will go beyond superficial alliances, requiring structured joint ventures and legal partnerships to formalize relationships. Larger companies will have an advantage due to their ability to scale and invest in collaborative structures, making scale a crucial factor in global supply chains.

“Strategic shifts in supply chain management are driven by the need for resilience, technological integration and talent development.”

PAUL GRANILLO

President & CEO
Inland Empire Economic Partnership



“Rapid technological advancements are transforming business planning and workforce development, demanding swift and ethical decision-making.”

TECHNOLOGICAL ADVANCEMENTS & WORKFORCE DEVELOPMENT

Agreeing with Yogi Berra's observation, 'The future ain't what it used to be,' is easy for today's employers who face new and changing forces requiring quick, significant decisions. The traditional five-year business plan is becoming obsolete due to advancements in data analysis and technology. These advancements aim to eliminate laborious or dangerous tasks while enhancing human capacity for creation and thought.

In regions like the Inland Empire, it's crucial for employers and educators to collaborate to ensure our workforce is trained to build and use future technologies. However, as innovation propels us forward, we must continue to think independently and make ethical decisions. Just because we can do something does not mean we should. Emphasizing ethical decision-making is more critical than ever for our economic future.

As President Lincoln said, 'You cannot escape the responsibility of tomorrow by evading it today.'



05

**MARKETING &
CUSTOMER
ENGAGEMENT**

KATHLEEN MCENTEE

President
Kathleen McEntee & Associates, Ltd.



“AI is enabling better, faster and more creative communication so that manufacturers and distributors can be proactive, strategic and efficient with customer and supplier engagement.”

IMPACT OF AI ON MARKETING & SUPPLY CHAIN COMMUNICATION

AI has revolutionized communication across organizations, impacting how, what, when and where we communicate. In today's environment, both internal and external customers are crucial to an organization's success, and AI is paving the way for more targeted and efficient interactions.

Collaboration between departments is critical for leveraging internal talent to support regular and consistent messaging. Manufacturers and distributors can now reach customers with unique brand stories, videos and other creative tactics. The good news is that every company, large or small, can utilize these tools to create professional content that stands out.

AI significantly supports the execution of strategies, freeing up time to analyze data, develop strategies and messages and create content that resonates with audiences. Companies can now effectively reach customers, referral sources, vendors and employees with meaningful messages.

Reputation is everything, which is why monitoring online reviews, social media and websites is crucial. A static website is no longer practical; it should be an interactive, dynamic platform that engages customers and drives business. Content management systems and advanced SEO tools optimize these efforts, ensuring an engaging and effective online presence.

One of the most significant advantages of AI in marketing is the ability to engage with customers more regularly and effectively. AI-driven chatbots and CRM systems enable companies to be more interactive and responsive, handling general inquiries while reserving personal interactions for specific situations. Leveraging AI and advanced marketing technologies is not just an option but a necessity for manufacturers and distributors to compete, adapt and thrive in today's market.

06

REAL ESTATE &
INFRASTRUCTURE

FRAN INMAN

Senior Vice President
Majestic Realty Co.



“Navigating the complexities of the supply chain requires a deep understanding of interdependencies and a commitment to sustainable growth and competitive advantage.”

SUPPLY CHAIN INFRASTRUCTURE & SUSTAINABLE GROWTH

As a company that develops and owns a portfolio of industrial space across the nation, we are actively engaged with our partners in the greater ‘system of systems’ that make up our supply chain. We strive to understand the complexity and co-dependency of all our partners. Whether it’s on the macro level in the geopolitical arena or in our alternative fuel journey, dealing with the lack of available infrastructure to power that journey, we all need to lean in to find our most efficient and effective path forward.

Our region has been the nation’s gateway, supporting thousands of direct and indirect jobs in the greater supply chain sector. I like to describe our supply chain as the nation’s endocrine system.

Key areas we need to collectively work on include finding our path to a truly sustainable (economically and environmentally) supply chain, ensuring we have a robust and relevant workforce and restoring the competitive advantage of our region.

We have seen tremendous growth in our surrounding markets of Arizona, Nevada and Utah—states that benefit from California’s stringent policies. Additionally, Texas continues to be a growth area for us as well as Georgia and Pennsylvania. On the horizon, the proposed Barstow International Gateway, a significant private-sector investment, has the ability to be a game changer in our region.



07

REGULATORY & LEGAL COMPLIANCE

SHANTAE HANSEN

Senior Account Executive
VC3



“Effective cybersecurity for manufacturers extends beyond mere compliance, requiring a comprehensive approach to safeguard every aspect of operations.”

COMPLIANCE & CYBERSECURITY IN MANUFACTURING

Effective security strategies encompass more than data protection; they defend every aspect of manufacturing and supply chain operations from evolving threats. By safeguarding processes, technologies and personnel, manufacturers can build a genuinely secure environment.

Manufacturers that need to meet Cybersecurity Maturity Model Certification (CMMC) requirements face a daunting challenge. Many companies oversimplify compliance and label it as ‘security,’ thereby overlooking other critical risks. Meeting CMMC standards is often viewed as merely ticking boxes to fulfill regulatory demands, which can dangerously impact overall cyber risk management.

The key to resolving this challenge lies in viewing CMMC compliance as the starting point rather than the ultimate goal of cybersecurity. Managed IT service providers play a crucial role in guiding manufacturers beyond basic compliance toward comprehensive cybersecurity strategies that are proactive and adaptive. This approach ensures manufacturers not only maintain their role as secure, dependable links in the supply chain but also enhance their competitive edge in the marketplace.



OLGA PENA

Attorney
Ballard Rosenberg Golper & Savitt



ENSURING COMPLIANCE IN A STRINGENT REGULATORY ENVIRONMENT

Complying with California labor laws in 2024 is crucial for employers to maintain legal compliance and operational efficiency. California is known for its stringent labor regulations and continues to impose severe penalties on businesses that fail to meet these standards. Noncompliance can lead to substantial fines, litigation costs and damage to a company's reputation, making adherence a top priority for avoiding financial setbacks and legal entanglements.

By adhering to California labor laws, employers ensure they meet minimum wage requirements, properly compensate for overtime and provide mandated meal and rest breaks. This not only mitigates the risk of costly lawsuits but also fosters a productive workplace environment by maintaining employee morale and reducing turnover.

Moreover, compliance with these regulations demonstrates ethical leadership and social responsibility. It shows a commitment to treating employees fairly and prioritizing their wellbeing, which enhances the company's reputation among stakeholders, including customers and investors who value ethical business practices.

In a competitive business landscape, compliance with labor laws gives employers a strategic advantage. It fosters a stable and compliant workforce, which is essential for operational continuity and growth. By staying ahead of regulatory changes and adapting swiftly to new requirements, employers can navigate the evolving legal landscape effectively and ensure longterm business success in California's dynamic economy."

“Adherence to California labor laws is essential for employers to avoid legal pitfalls and ensure operational efficiency.”

CINDY FLYNN

Attorney
Hackler Flynn & Associates



NAVIGATING CALIFORNIA LABOR LAWS

California's labor market is currently experiencing an unemployment rate of 5.3%, higher than the national rate of 3.9%. The state also has the highest percentage of fully remote workers at 17% and has seen the most layoffs, primarily in the technology, retail and healthcare sectors.

These layoffs are attributed to over-hiring during COVID-19 and technological advancements such as AI. Recent job losses in April 2024 have also affected the manufacturing and IT industries.

There has been an increase in PAGA (Private Attorneys General Act) actions, which are often abused. Seventy-two percent of California voters support reforming PAGA, and potential solutions include the proposed AB 2288 and the Fair Pay and Employer Accountability Act. These initiatives aim to streamline the PAGA process, reduce unnecessary lawsuits and ensure compliance and fair treatment of California employees. Employers in California should stay informed and prepare for potential changes in labor law enforcement.

“California’s labor market is facing unique challenges and opportunities, with significant impacts from layoffs, remote work and evolving labor laws.”



08

**STRATEGIC
LEADERSHIP &
SUCCESSION
PLANNING**

GARY L. SAENGER

Founder & CEO
Saenger Associates



“Navigating the complexities of global supply chains, succession planning and workforce dynamics is essential for sustaining growth and resilience in today’s business environment.”

C-LEVEL SUCCESSION & STRATEGIC LEADERSHIP

The risk in the global supply chain continues to ripple from the Covid-19 outbreak in 2019 forward. Issues like the boat bandits make the risk of products coming from Asia larger, and transportation costs rise. Dependency on core products from China, especially in light of its alignment with Russia, should be re-evaluated.

The U.S.-Mexico border is a significant concern, particularly in California, Texas and Arizona, where the costs of security and healthcare are disproportionately high. This issue cannot be overstated. Additionally, the growing national debt, increasing by a trillion dollars every 90 days, is a terrible burden for the country, especially for future generations.

Succession planning is at the core of our C-level and senior management retained searches. Whether it’s preparing for a direct backup for the subject position, providing general management support or identifying potential owners, succession planning is crucial. This must be “Owned” by top management throughout all levels to be effective.

For example, we recently initiated two C-level searches:

- CFO for a \$600M non-profit: This role must support the entire Finance and Accounting departments and be a potential backup for the President, COO, and especially the CEO.
- CEO for a small/medium-sized contract manufacturing and engineering company: The primary goal is to back up the owner and grow the company for an exit or strategic alliance, and/or to become an owner.

Most companies in the manufacturing, distribution and supply chain sectors require employees to be in the office or plant most of the time. While virtual and hybrid work arrangements have become more common, these industries still rely heavily on in-person presence to maintain operations.

DR. KAREN WILSON-STARKS

President & CEO
TRANSLEADERSHIP, INC.®



“Strategic leadership transitions, technological advancements and proactive succession planning are key to thriving in a dynamic business environment.”

LEADERSHIP TRANSITIONS & SUCCESSION PLANNING

In the next few years, we can anticipate a strategic shift in company leadership due to the next wave of Baby Boomer corporate retirements and the next generation of entrepreneurial family business members who choose not to continue in the family business. Many entrepreneurial business leaders will look for exits through mergers and acquisitions, and many acquirers will lack expertise in the core business of their acquired companies.

To remain relevant and innovative, businesses will become more technologically savvy and incorporate the right Artificial Intelligence (AI) to increase speed to market and quality of delivery. Beyond the financial aspects of mergers and acquisitions, companies must consider succession, culture and partnerships. Here are some key recommendations:

Succession Planning

- Hire for future company needs, not for past needs or in the image of current leadership.
- Transfer knowledge from outgoing leadership to incoming leadership as a foundation to build upon.
- Mentor and coach the next level of leadership.
- Champion and reward change and new thinking.

Culture Development

- Create a culture that attracts and retains the right people for current and future needs.
- Hire for agility, resilience, and change readiness.
- Build on strengths and add to capabilities.
- Create a learning culture, as new learning will be necessary for success.

Collaboration and Transformation

- Recognize the benefits of partners and collaborators for creative advantage.
- Cultivate relationships that are mutually beneficial.
- Share labor, responsibilities, and financial/other benefits.
- Speed time to market with the right partners and products/services for your clients.
- Retain outside consultants to extend your reach, learning, and abilities.

DIANE GARCIA

Senior Associate
LMA Consulting Group



“Advanced technologies are revolutionizing supply chains, but success hinges on the synergy between technology and skilled talent.”

TALENT MANAGEMENT & TECHNOLOGICAL COMPETENCE

Advanced technologies are undeniably shaping our present and future, offering more power at our fingertips than ever before. However, investing in technology alone won't propel your organization if your teams don't understand how it works or how to apply it to support best practices. To build this competency, think of two different types of people: the Designers and the Doers.

The Designers understand supply chain basics, can spot and repair faulty foundations and ensure results. The Doers passionately implement the plans created by the Designers and execute them succinctly. Your organization needs both types of talent to scale and achieve the intended results. Retaining this talent is paramount; without it, you'll face poor service issues, rising inventory levels, and longer lead times.

The key to supply chain optimization and ensuring future success includes focusing on these five areas: a strong SIOP (Sales, Inventory & Operations Planning) process, advances in inventory management and metrics, ERP improvements and significant investments in planning strategies.

- SIOP (Sales, Inventory & Operations Planning)
- Inventory Management & Metrics (Intelligent Projections, Days of Supply, Levels, etc.)
- ERP Improvements (Enterprise Resource Planning)
- Planning Strategies (MRP, Intercompany Processes, Demand Planning, Capacity Planning, Scheduling, etc.)

By directing your Designers and Doers to focus on these key areas, you can prepare your supply chain to harness upcoming innovations.

09

SUPPLY CHAIN & LOGISTICS

BRYAN DOW

Vice President
Dow Hydraulic Systems



“Navigating the complexities of the aerospace industry requires strategic integration of technology and collaborative relationships to meet increasing demands.”

AI INTEGRATION & SUPPLY CHAIN OPTIMIZATION

In the aerospace industry, we’ve experienced many ups and downs, often managing the valleys with a mix of commercial and military aerospace work. Diversifying into other industries has proven challenging due to our specialized certifications and integrated processes, which can price us out of other markets. Recently, we’ve seen many machine shops sell to larger players, enhancing their expertise and technological investment. Some businesses, lacking a cash-out strategy, sell to equity buyers who often prioritize margins over continuing aerospace work.

There is a strong push to get things done faster and cheaper, with quality always being a given. Key technologies include AI integration, automation and additive machining. Suppliers successfully integrating these technologies gain a margin and growth advantage. However, as more firms adopt these technologies, we must share savings with customers to stay competitive, driving continuous improvement initiatives (CI). By identifying and implementing design improvements, suppliers can split the savings with customers.

The aerospace industry’s outlook remains strong, despite current challenges like inflation mitigation. Top-tier customers push for savings, and manufacturers must pass these demands down to processing houses facing steady price increases and additional quality requirements.

To navigate these challenges, we develop relationships with friendly competitors and nonrelated manufacturing houses to collaborate on meeting new requirements.

Overall, it’s a complex juggling act, but by working closely with customers and suppliers, we can successfully meet the increasing demand expected in the coming years.

B.J. PATTERSON

President & CEO
Pacific Mountain Logistics, LLC



GEOGRAPHIC SHIFTS & AI IN LOGISTICS

The current environment in California is making it difficult for decision-makers. A quote from a Fortune 500 executive encapsulates the sentiment: 'It is not what is happening today that worries us, it's what's next.' Southern California, particularly the Inland Empire, still boasts the world's best workforce and infrastructure for world-wide distribution. However, this has not stopped a shift to areas such as Phoenix, Las Vegas and Salt Lake City. For direct-to-consumer shipping, these locations make sense economically.

A trend we are seeing is fewer locations, not more, for shippers. With inflationary pressure on the cost of goods, holding inventory in too many locations becomes a competitive issue, and you lose the advantages of scale. Many shippers are now employing AI-focused technologies to improve the forecasting and placement of goods with algorithms that predict flow based on buyer habits. This allows for better space and labor planning, providing more productivity gains than traditional automation. With these advancements, you will see a move back to main population centers like the LA Basin, Chicago area and Mid-Atlantic, as they offer nearly one-day shipping to most of the country and reduced inbound costs. However, LA may lose some of this to neighboring states.

Nearshoring is another trend to watch as Mexico continues to grow with large investments by China and the rail movement of products from interior Mexico and Mexican ports. This shift makes the Midwest attractive to shippers as rail shipments to areas like Kansas City and Memphis become more viable. The new BNSF Barstow project further boosts the Midwest and challenges logistics providers in the LA basin who rely on the transload business.

Unless California addresses the intense regulatory environment, shippers will become even more aggressive in diverting discretionary freight away from the region.

“California’s challenging regulatory environment is prompting logistics decision-makers to consider alternative regions, balancing cost, efficiency and strategic advantages.”

DAVID PORTER

Partner, Executive Recruiter
Orion Solutions Group



“The logistics industry is undergoing a transformative shift, with high-skilled jobs on the rise while low-skilled positions face decline over the long term due to technological advancements.”

IMPACT OF ECONOMIC CHANGES ON LOGISTICS TALENT

The global logistics network continues to be impacted by the Covid-era shipping boom, which was fueled by massive government stimulus and consumer spending on goods rather than services. This surge led to unprecedented shipping rates and a significant increase in capacity as service providers expanded their fleets and infrastructure to capitalize on high-priced freight.

However, as volumes have normalized, the market now faces an imbalance with too much capacity chasing too little freight, resulting in drastically reduced rates compared to the COVID era highs.

In the current logistics job market, there is generally an ample supply of operational personnel to handle current volumes, leading to minimal demand for operational and support staff. However, there are exceptions, and opportunities exist for strong candidates. The highest demand is for revenue-producing sales and marketing specialists, both on the front line and in leadership.

Candidates are well-served by staying current with the latest TMS, WMS, CRM and advanced Excel competencies. AI, electrification and autonomy are set to significantly impact the job market. There are massive implications for drivers, especially long-haul drivers, as autonomy gains traction, potentially reducing costs for carriers and private fleets by up to 50%. This shift is expected to gradually ease driver shortages rather than cause massive displacement. Continuous education and staying updated with the latest software and technology are crucial for all workers within logistics.

The adoption of AI-powered autonomy and robotics will drastically change the employment landscape in the next decade. Costs will decrease for companies utilizing robotic ‘workers’ that operate 24/7, don’t file lawsuits, don’t join unions, and require only maintenance rather than vacations or lunch breaks. While new jobs will be created, many of today’s front-line positions that don’t require advanced education will be eliminated or significantly reduced. This shift poses a substantial challenge for society, as it will impact job opportunities for those without advanced training. Addressing this challenge will be one of the biggest issues we face as a country.

MONISHA COELHO

Attorney
Alvarado Smith



“India’s robust growth and strategic investments position it as a key player in the evolving supply chain ecosystem of global manufacturing.”

INDIA’S ROLE IN GLOBAL SUPPLY CHAINS

Bloomberg projects India’s growth at 6%, making it one of the fastest-growing economies globally. With significant investments in infrastructure and a strong focus on improving the legal and regulatory framework to promote efficiency, India is well-positioned to compete with China in the manufacturing of a wide range of goods. India’s manufacturing sector is vast in an expansive array of industries, from castings and ball bearings to aerospace to renewable energy to consumer and luxury goods.

India’s status as the largest democracy in the world makes it a much more business-friendly environment compared to China. Progressive security and regulatory strategies are another attractive aspect of doing business in India. These strategies encompass protection of intellectual property, data and privacy protection laws, sound corporate governance and investments laws and permissive import-export policies. Enforcement of the rule of law defends every aspect of manufacturing and supply chain operations from evolving threats, including safeguarding processes, technologies, investments and personnel. By implementing proactive and adaptive security measures, manufacturers in India are well-positioned to protect their operations, enhance their competitive edge and ensure long-term resilience in the global marketplace.

The need to diversify supply chains away from China, especially after the Covid experience, is driving a big manufacturing shift to India. India is now attracting significant inbound investment and expanding its manufacturing footprint in all sectors, including 5G, infrastructure and defense. As companies look to reduce their reliance on China, India, along with Mexico and the U.S., are emerging as key destinations for manufacturing.



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**TALENT &
WORKFORCE
MANAGEMENT**

PATRICK MCKENNY

President
Pacific Group



“Adapting to a rapidly changing workforce landscape requires strategic flexibility, innovative recruitment and collaboration with workforce solutions providers.”

ADAPTING TO WORKFORCE DEMOGRAPHIC CHANGES

Gen Z, born after 1996, will outnumber Baby Boomers in the workplace as early as this year. Younger candidates hear about job opportunities on technology-based job boards, search engines and increasingly, social media. Flexibility, along with compensation and job security, are top priorities for young employees, both professional and non-professional, driving their engagement.

The current landscape presents several challenges:

- Elevated inflation and interest rates have increased compensation demands from workers.
- Higher immigration rates paired with higher wages will boost labor force participation.
- Keeping abreast of new laws and workplace compliance.
- Staying current with trends in candidate preferences and behavior.

Senior executives are facing significant issues:

- 54% say poor workforce planning is impeding business growth.
- 42% feel they are not unlocking the full potential of their workforce.
- 47% believe they are missing business opportunities due to a lack of talent.

Front-line workers attribute this to their employers, citing a lack of skills development and career progression.

Executives identify key best practices for workforce resilience:

- Partnering with workforce solutions providers.
- Building and managing more agile and capable teams.
- Providing flexible work arrangements.

Being proactive about employee well-being improves performance. Productivity growth driven by new technology leads to higher wages and higher GDP. A hybrid recruitment model, where internal talent acquisition teams and staffing services share technology platforms, helps attract and retain talent. Companies benefit from a more borderless and collaborative effort with workforce solutions providers to manage talent, talent costs and compliance. This approach streamlines operations and focuses on a holistic approach to talent acquisition and retention.

KATHY DAWSON

President
DAWSON & DAWSON



“In a competitive market, attracting and retaining talent requires strategic innovation and a strong focus on company culture.”

ADDRESSING THE SKILLS GAP & WORKFORCE DIVERSITY

Talent acquisition is increasingly challenging in a market with low unemployment rates. The latest unemployment numbers released are: 4.10% nationally, 5.2% in California, 5.30% in Los Angeles and 3.2% in Orange County. Fewer qualified candidates are available leaving companies no choice but to get creative in locating, identifying and onboarding top talent. Many companies are finding it helpful to hire search and staffing firms who have a better pulse on the employment climate. Partnering with a trusted firm will allow them to dive deeper to secure the talent they need. The focus is shifting from just offering competitive salaries to also creating a hopeful future, meaningful work and long-term commitment. As part of the plan to make an immediate impact on hiring, it is essential for companies to embrace and invest in mentoring and coaching less skilled individuals who are motivated with internal and external experts.

Labor shortage and rising wages are cutting into profits. Automation has eased the process of delivering products to customers and robots are becoming more common. Although automation holds promise, it comes with its own set of challenges and costs.

To attract talent, companies should invest in comprehensive employee value propositions that include career development and work-life balance. Despite the investment in higher education, many do not see manufacturing as a viable long-term career. This trend creates an urgency for companies to highlight the value of their roles and offer robust career paths to attract and retain employees.

Manufacturers face several challenges that must be addressed to ensure a steady supply of skilled labor with innovation and strategies solutions.

CHALLENGES

- Skills Gap
- Aging Workforce
- Changing Demographics
- Negative Industry Image
- Competition for Talent
- Automation
- Employee Expectations:
- Training and Development

STRATEGIC SOLUTIONS

- Hiring: Focus on team fit and future potential.
- Automation: Balance automation with employee engagement and career development.
- Social Media: Maintain positive online reviews and respond to feedback.
- Trade Shows: Attend events to stay updated on industry innovations.
- Education Partnerships: Engage with schools and trade programs to attract young talent.
- AI in Hiring: Utilize AI for efficiency but maintain the human aspect.
- Industry Partnerships: Build relationships with industry advisors.
- Company Culture: Regularly assess and improve based on employee feedback.
- Growth Paths: Develop clear career advancement opportunities.
- Referral Incentives: Offer incentives for employee referrals.
- Vision and Benefits: Ensure competitive benefits and unique company offerings.

MELISSA ARAYA

Recruiting Manager
Ethos Human Capital Solutions



“Addressing the evolving demands of the manufacturing and distribution workforce requires strategic adaptation to technological advancements and changing demographics.”

ATTRACTING & RETAINING TALENT IN MANUFACTURING & DISTRIBUTION

The growth projected for the manufacturing and distribution industries will intensify the competition for talent. While salary plays a crucial role in attracting candidates, two major challenges must be addressed to attract and retain a skilled workforce: technological advancements and changing workforce demographics.

As industries evolve, so do the required skills, necessitating a workforce adept at new technologies and processes. Additionally, the evolving age demographics bring different priorities and expectations, requiring employers to adapt their strategies beyond just offering competitive pay.

To attract and retain Millennials and Gen Z, who will constitute a majority of the workforce, companies must develop a compelling Employee Value Proposition (EVP). An EVP goes beyond a list of perks; it's a comprehensive promise of what a company offers regarding culture, benefits and professional growth. It should address key values like choice and control, recognition and appreciation, security and value, and growth and development. Highlighting these values in job recruitment ads, interviews and management practices is essential.

Retaining talent also requires evolving company cultures and employment practices, including employee recognition programs, regular feedback mechanisms, work-life balance initiatives, an inclusive workplace culture and career development opportunities. Upskilling employees is a powerful strategy to meet the evolving skill requirements while enhancing retention. Employees are more likely to stay with a company that invests in their future through training, mentorship and opportunities to take on new challenges.

NICHOLLE TRUGMAN

Assistant Vice President
OneDigital



“Empowering employees through continuous development and upskilling isn’t just an investment in their future; it is a strategic imperative that will drive innovation, success and efficiency.”

EMPLOYEE DEVELOPMENT & UPSKILLING

The transformation of the talent landscape in manufacturing and distribution parallels the pivotal strategic shifts driven by the adoption of automation and advanced technologies. Artificial intelligence (AI), the Internet of Things (IoT) and data analytics are cutting-edge innovations that streamline operations, enhance efficiency, enable predictive maintenance and support data-driven decision-making. This has significantly impacted the talent market and workforce requirements in these industries.

One of the main challenges for manufacturers and distributors now and in the next few years is the shortage of skilled labor and the difficulty in attracting and retaining top talent. Factors contributing to this challenge include an aging workforce, the retirement of experienced workers and a skills gap between the available workforce and the evolving technological requirements of these industries.

Redefining Workforce and Talent Needs - The widespread adoption of technology, such as increased automation of manual and repetitive tasks, has reduced the demand for low-skilled labor in certain areas while creating a greater need for workers with technical skills in areas such as robotics, programming, data analytics and cybersecurity. This shift towards advanced technologies has led to the emergence of new job roles and the evolution of traditional roles.

Manufacturers and distributors now seek talent who can operate, maintain and troubleshoot advanced automated systems and leverage data analytics and digital tools for decision-making and process optimization. Companies are also exploring new approaches to workforce management, including remote monitoring, virtual collaboration and flexible work arrangements to attract and retain top talent.

Employee Development and Upskilling - Manufacturers and distributors can invest in comprehensive employee development and upskilling programs rather than solely relying on external hiring. By offering continuous learning and development opportunities, companies can enhance employee engagement, retention and overall workforce agility. Overcoming the labor shortage and talent acquisition challenges will require a multi-faceted approach that combines technological innovation and workforce development strategies. This could involve initiatives such as offering competitive compensation packages, providing opportunities for professional development, fostering a positive company culture and promoting work-life balance.

JOE VAN TASSELL

Founder & CEO
Integress



“Recruiting talent has become a complex challenge, with inflation and market uncertainty impacting both candidates and companies.”

IMPACT OF AI ON RECRUITMENT & TALENT MANAGEMENT

Recruiting talent continues to be an obstacle for companies both locally and nationwide. However, the challenge is different than in years past. Companies were quick to pull the trigger on candidates available in the market and pay whatever it took to get them onboard. Currently, we’re seeing resistance from both candidates and companies, creating tension and uncertainty.

Inflation has impacted the market on both sides of the recruiting fence. Candidates are demanding more money than ever due to rising everyday expenses, forcing companies to increase their offers, which in turn challenges their internal equity with existing employees.

Companies aren’t as flush with money as in years past, leading them to lengthen the interview process by adding more steps to double and triple-check their decisions. Many companies simply aren’t making decisions at all because they aren’t finding the perfect candidate that satisfies all stakeholder needs. Additionally, fewer candidates are willing to make a move given the market’s unpredictability, wanting to avoid the ‘last one in, first one out’ scenario if the market takes a turn for the worse.

The technical talent market is constantly evolving with new technologies such as AI in manufacturing and distribution. Many companies aren’t finding the technical profile that is a ‘plug and play’ for their needs.

The companies having the most success are those investing in training and mentorship programs. This approach allows them to focus on culture and teach their unique way of doing things, encouraging internal promotion and providing candidates with a pathway to new careers and long-term growth within the organization.

From a company perspective, this strategy reduces the pressure of hiring high-profile positions externally and instead cultivates talent internally. Management often has backup plans with employees who already know the process and culture, making internal hires a more seamless fit. This is a great way to approach the talent market right now, given its current challenges.

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CONCLUSION

SUMMARY OF KEY INSIGHTS

NAVIGATING A VUCA LANDSCAPE

Businesses face a volatile, uncertain, complex and ambiguous landscape, dealing with unprecedented risks, information overload and rapid change. This environment demands resilience as companies grapple with rising costs, minimum wage increases and regulatory challenges. To survive, investing and upgrading is crucial, driving an increase in owner-operator sales. Scale is essential for modernizing technologies, investing in talent, reconfiguring supply chains and fostering a culture of innovation. Consequently, large and forward-thinking companies will thrive.

TECHNOLOGICAL REVOLUTION

AI has transformed the technology landscape. Success now depends on modern ERP systems focused on automation, digitization and scalability. Technologies like artificial intelligence, predictive analytics, robotics and digital twins are essential for proactive business management in today’s volatile environment. Although adoption requires substantial investment, it is the only way to maintain customer value, profitable growth, and working capital objectives.



TRANSFORMING TALENT AND WORKFORCE PLANNING

Rapid technological advancements are reshaping talent and workforce planning. With high-skill talent scarce and demographic changes ongoing, companies must build talent rather than solely acquiring it. Smart companies invest in comprehensive employee value propositions, including career development, work-life balance and flexible work arrangements. Upskilling programs help workers acquire new skills to adapt to technological changes and evolving job roles.

RESILIENT AND ADAPTIVE SUPPLY CHAINS

Supply chains will become more resilient, adaptive, sustainable and regionally focused to meet customer expectations while mitigating risks. Companies will reduce dependence on high-risk countries like China and reconfigure their supply chains for better control over risks, quality and cost changes. Those who move quickly and consider end-to-end supply chain impacts will be well-positioned to serve customers when their competition cannot.

FUTURE OUTLOOK & RECOMMENDATIONS

FUTURESCAPING

Fast-forward five years, and the companies thriving amidst turbulence will have focused on the basics: defining their future value proposition and crafting tomorrow's supply chain today. To achieve this, they will prioritize talent, upgrade business processes, leverage advanced technologies and reconfigure their supply chains.

TALENT

Successful companies will view talent as their top asset. Retaining, upskilling, and using creative strategies for talent will separate the strong from the weak. Succession planning and developing future talent are crucial. Creating a culture that attracts and retains the best people and fosters collaboration is essential.

SIOP

Sales, Inventory, and Operations Planning (SIOP) processes will be key to driving strategic and tactical decisions, ensuring profitable growth and maximum customer value. For more on SIOP, refer to our ebook, "SIOP: Creating Predictable Revenue & EBITDA Growth."

SUPPLY CHAIN OPTIMIZATION

Supply chain optimization strategies support customer value and profitable growth. Forward-thinking leaders focus on automating processes, leveraging "what if" capabilities, providing intelligent insights and enhancing customer value.

ADVANCED TECHNOLOGIES

Modern ERP and advanced supply chain technologies drive process improvements and bottom-line results. A continuous improvement approach to ERP upgrades is no longer sufficient. A modern ERP system, supported by business intelligence, predictive analytics, e-commerce, customer portals and supply chain control tower visibility, is essential.

BOLD LEADERSHIP

In these times of volatility, uncertainty, complexity and ambiguity, strong leaders who look at the big picture, make tough decisions and invest wisely will outpace their competition.



For more insights and information on supply chain transformation,
please refer to the following ebooks from LMA Consulting:
SIOF Creating Predictable Revenue and EBITDA Growth
The Road Ahead – Business, Supply Chain & The World Order

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