



WEST MICHIGAN'S LAKESHORE REGION | 2023 INDUSTRY TRENDS REPORT | *A Spotlight on Smart Manufacturing*

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Smart manufacturing is the fuel for competitive business and the driver of good jobs for current and future generations.

Methodology

Lakeshore Advantage interviews over 120 local executives each year to understand growth opportunities and obstacles to growth in Allegan and Ottawa counties. This report includes the analysis of interview

responses collected during June 2022 through May 2023. Additional data shows key points about the economic health of area employers and the region as a place to do business.

Report Analysis



**LAKESHORE
ADVANTAGE**

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Lakeshore Advantage Industry Trends Report

Primary employers export goods and services out of the region, returning wealth and creating good jobs in the community. Lakeshore Advantage interviews over 120 of the region's primary employer executives each year to understand opportunities and obstacles to growth in Allegan and Ottawa counties. This report is a summary of interview responses from June 2022 – May 2023 and an analysis in the context of additional research.

These interviews inform the work we do to grow a vibrant economy where current and future generations want to live and work. The interviews themselves, and the culminating analysis of the data collected from them, informs us—in real time—of the business needs in the region.

For our communities to prosper, employers must remain competitive in a global market, and we must set them up for success. This type of regional success takes cooperation among state and local units of government; utilities and transportation planners and providers; K-12, skilled trades and higher education institutions and healthcare systems. Together, we help our businesses thrive and adapt in an ever-evolving global economy. The region's businesses must be prepared to innovate and adopt cutting-edge technologies.

Smart Manufacturing

DRIVING GROWTH, PROSPERITY, AND JOB ENHANCEMENT

Smart manufacturing, or Industry 4.0, represents a paradigm shift in the way products are manufactured. Businesses leveraging advanced technologies such as the Internet of Things (IoT), artificial intelligence (AI), robotics, and data analytics are staying competitive. While concerns about job

displacement have been raised, a comprehensive analysis reveals that smart manufacturing not only preserves jobs but also significantly contributes to raising Gross Regional Product (GRP) and fostering prosperity.

Smart manufacturing optimizes production processes by minimizing downtime, reducing waste, and improving resource allocation. This efficiency enhancement enables manufacturers to increase production without significant increases in labor, leading to higher GRP growth.

Adopting smart manufacturing into operations requires a skilled workforce and creates good jobs in the region. Skilled labor is needed to design, operate, and maintain complex systems. As technologies evolve, demand for highly skilled workers in fields like data analysis, AI programming, and robotics engineering grows. This demand creates new job opportunities and drives investments in education and skill development. While automation may replace some routine tasks, it also creates new roles that require creativity, problem solving, and decision making skills. For example, technicians are needed to maintain and troubleshoot automated systems, and data analysts interpret the vast amounts of data generated by these systems.

Smart manufacturing encourages innovation by enabling companies to develop new products and services with improved features and functionalities. This leads to the creation of new markets, expanding the economy and providing opportunities for entrepreneurship. Places that invest in smart manufacturing gain a competitive edge in the global market. Improved quality, shorter lead times, and customization options that attract customers and boost exports positively impacts the region's growth.



“Lakeshore Advantage focuses every day on this region, pushing the envelope, thinking outside the boundaries, enhancing the opportunity for businesses to thrive.”

ANN HARTEN, VICE PRESIDENT GLOBAL
HUMAN RESOURCES, HAWORTH

Lakeshore Region Economic Update

Expansion plans, on average, are expected to



**Generate
\$ 3.5 Million
Investment**



**Add 13
New Jobs**



**Add
26K sq. ft.**

Growth & Sales Trends 2018-2023

	2018	2022	2023
Increasing or stable total company sales	92%	> 91%	> 91%
Increasing or stable market share	99%	> 97%	> 98%
Introducing new products/services/capabilities	100%	> 82%	> 86%
Planning to expand in the next three years	69%	> 60%	> 52%

Strides Forward



Lakeshore Advantage is supporting efforts to overcome identified economic challenges. Here is a look at some key strides forward.

Workforce Housing



Housing Next has led efforts to raise **\$37.5 million** in public funds, invested to leverage **\$125 million** across West Michigan for workforce housing.

Childcare



The Outdoor Discovery Center received **\$7.5 million** in Ottawa County American Rescue Plan Act (ARPA) funding to increase childcare capacity in Ottawa County by **1,000 spots** over the next three years. Construction is underway for a new childcare center at Gentex for up to **250 children**.

Access to Broadband



Allegan County has committed **\$17.7 million** of ARPA dollars toward expanding broadband in the County. These dollars are being matched by an investment of **\$17.7 million** by provider 123Net® and supplemented by **\$30 million** in Michigan ROBIN grant funding.

Disruptions & Barriers to Growth



Supply Chain



76% of respondents are reporting supply chain disruptions

Most disrupted industries

- Automotive Manufacturing
- Furniture & Related Product Manufacturing
- Consumer Goods Producer
- Transportation Equipment Manufacturing

Most disrupted items

- Raw Material (steel and plastics)
- Components (electrical and chips)

65% of respondents reported recruitment problems

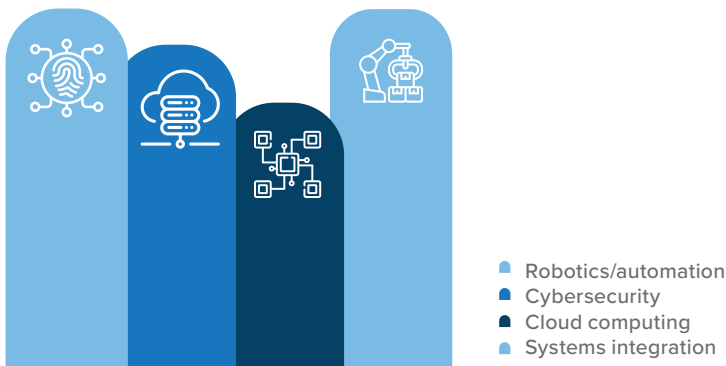
The most common positions or skills needed are **Skilled** (e.g. engineers) & **Unskilled** (production)

The Competitive Edge Smart Manufacturing

2023 **Largest Manufacturing Employers** in the Lakeshore Region:

- | | |
|--|----------------------------------|
| 1. Gentex Corporation | 9. LG Energy Solution |
| 2. MillerKnoll | 10. Tyson Foods |
| 3. Perrigo | 11. JR Automation |
| 4. Magna International (Mirrors and Glass) | 12. PADNOS |
| 5. Haworth | 13. Royal Technologies |
| 6. JBS USA, LLC | 14. Tiara Yachts |
| 7. Shape Corp. | 15. Yanfeng Automotive Interiors |
| 8. Request Foods | |

Top **4** technologies adopted: robotics/automation, cybersecurity, cloud computing, and systems integration



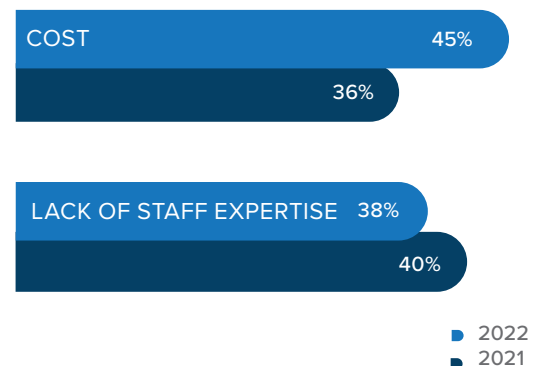
Adopting Technology

63%

of companies reported being very or somewhat prepared to adopt smart manufacturing technologies.

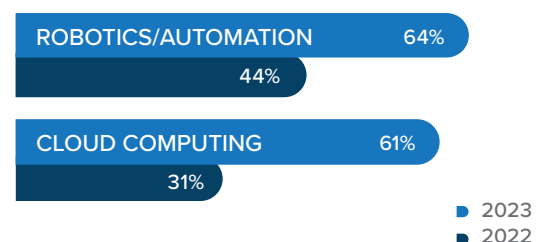
Barriers for Smart Manufacturing Implementation

Cost is the number one barrier to begin implementing smart manufacturing into current manufacturing, and second is the **lack of staff expertise**.



Insights Summary

Companies are nimble and overcoming talent shortages with automation. A majority of employers report adopting key technologies like **cybersecurity and robotics/automation**. However, rapid advancements in technology may be contributing to the downward trend of employers feeling prepared to adopt smart manufacturing technologies.

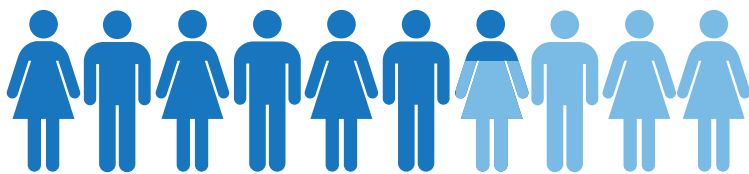


Smart Manufacturing Expertise in West Michigan's Lakeshore Region

Manufacturers of all sizes in West Michigan have implemented Industry 4.0 technology solutions to increase their profitability, efficiency, and improve employee safety. These technologies will help our region's employers be better positioned for the future of manufacturing.

Over **50 companies** in our region within the smart manufacturing supply chain make up nearly **3,500 jobs**.

The lakeshore region's smart manufacturing supply chain which includes custom technology and automation solutions manufacturers, consumer goods manufacturers and bulk material handling solutions manufacturers serves nearly **40 industries**.



68%

of respondents rated worker productivity as good or great, regardless of level of preparedness to adopt smart manufacturing.

62%

of those companies who indicated a high level of satisfaction with worker productivity identified themselves as either prepared or somewhat prepared to implement smart manufacturing.

SO WHAT? TALENT.

Lakeshore Region Snapshot

70% of companies reported tuition reimbursement offerings, compared to a national average of 48%.

(Source: SHRM 2023 Employee Benefits Survey)

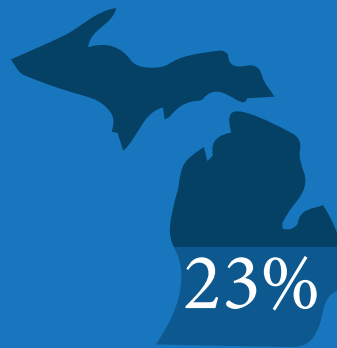
Businesses that reported an increasing number of open positions previously reported a decline in open positions.

This year, more businesses reported operating at regular hours in comparison to operating at overtime or with decreased hours of operation.



West Michigan's Labor Market

A presentation by the Michigan Center for Data & Analytics, *West Michigan's In-Demand Occupations*, reveals key findings about the region's labor market:



23% of West Michigan's economy is manufacturing-based, compared to 16% for the state.

Jobs in smart manufacturing with more than **20%** growth rate include:

- CNC Programmers
- Industrial Mechanics
- Industrial Engineers
- Logisticians
- Software Developers

The number of automation engineers in the region has increased by **40%** over the last five years.

- The occupation is projected to grow an additional **15%** in the next five years (Source: Lightcast)
- Job openings for automation engineers in West Michigan are **2X** the number found in comparable regions (Source: Lightcast)
- The West Michigan region graduate pipeline produced **202** completions, indicating a sufficient supply of qualified individuals to fill open for automation engineers positions.

(Source: Lightcast)

Relocation Factors

Development Counsellors International (DCI), a marketing agency specializing in economic development, released their annual Talent Wars white paper based on interviews with 1,000 people, ages 21-65, who relocated in the past year. The report reveals insights related to how people choose where to live and work.

The **talent pipeline** is as important as ever. The acute talent shortage may have leveled off, but the demand for skilled labor persists. The West Michigan region has an exciting opportunity due to its abundance of automation manufacturers and a talent pipeline that supports the growing automation job market.

Jobs continue to drive most relocation. Salary and work-life balance are reported as the most important factors in selecting a job while other top factors continue to be cost of living, housing availability, and housing cost.

65%

65% of surveyed tech workers reported that recent layoffs increased the likelihood that they'll relocate to a new state

14%

14% of respondents said they selected their location after visiting the area for a trip/tourism

Successfully adopting new technologies isn't only a matter of financial resources, it also requires intentionality around workplace culture. Empathy and transparency need to be woven into the process. Additionally, consulting and including the employees closest to the work or the problems is a key part of the resolution to solving it.



Conclusion

Smart manufacturing is key to economic growth, job creation, and staying competitive. Embracing technological advancements and investing in continuous improvements unlocks new opportunities and positions our businesses and the West Michigan lakeshore region for success.

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