

SUPPLY CHAIN SHORTAGES & ITS IMPACT ON MANUFACTURING

TOP CONTRIBUTING FACTORS THAT LEAD TO SUPPLY CHAIN ISSUES FOR MANUFACTURERS



Increased cost of raw materials



Longer lead times



Product and component shortages



Transportation/logistics issues and elevated costs



Domestic supplier interruptions

- 64.6% of small American manufacturing firms experienced this in July 2021



Rising health care and insurance costs



Trade uncertainties



Dependence on foreign suppliers



Production delays

- 57% of American consumers reported experiencing significant delays when receiving an ordered product in 2021



Issues surrounding labor shortages, employee attraction and retention, etc.

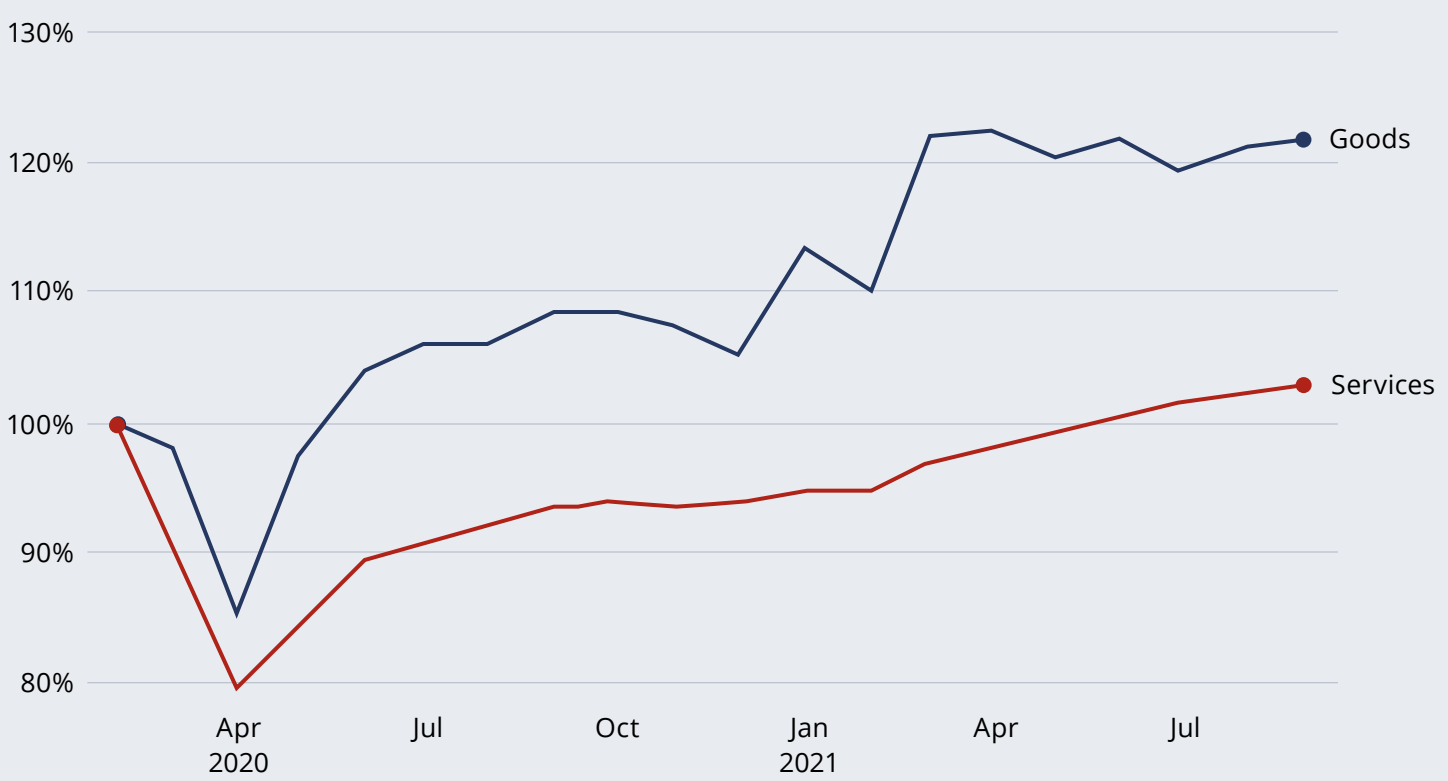
- In 2020, the U.S. manufacturing industry shed 578,000 jobs



Shifts in consumer activity

SUPPLY AND DEMAND FOR GOODS

A line chart demonstrating personal consumption of goods has risen faster than consumption of services since February 2020



Source: U.S. Bureau of Economic Analysis via Federal Reserve Bank of St. Louis.

NOW WHAT?

- Boost customer service and transparency efforts
- Invest time into supplier mapping
- Diversify and localize more of the supply
- Improve communication and relationships with key players
- Utilize advanced operational analytics
- Expand on-going maintenance capabilities to ensure existing challenges are not compounded by preventable equipment breakdowns
- Invest in on-shore manufacturing and supply
- Automate common and undemanding tasks where possible

