Like the majority of Canadian CEOs in KPMG’s 2019 Canadian CEO Outlook, leaders in the manufacturing space face unprecedented change. Similar to their industry peers, manufacturing CEOs are increasingly anxious over mounting cyber risks, their ability to remain agile, and their capacity for attracting talent that will enable them to embrace change and stay relevant in the global economy.

Fortunately, manufacturing CEOs also align with 73 percent of Canadian CEOs who feel confident in their ability to compete. They also share the opinion of those who see speed-bumps in their path as motivators to disrupt. The next challenge is turning good intentions into sustainable success.

The human factor

A lot has been said about the ‘rise of the machines’ and obsoleting human talent thanks to artificial intelligence, robotic process automation, or any number of digital innovations. While it is true manufacturers are investing in such tools and equipment to keep pace, the net outcome is less dire for workers as these headlines suggest.

Manufacturing floors and back-offices may be transforming at record speeds, but new technologies are also creating demand for individuals that can extract full value from the new tools and equipment at their disposal. These are the tech specialists, data analysts, and maintenance professionals both within an organization and throughout the supply chain, who can operationalize data and keep the engines humming. Moreover, manufacturing organizations still require people who can think outside the box, connect with customers, and lead workforces in ways that machines simply cannot.

Do not think of it as the end of the human worker, but the emergence of a new breed of talent.

The talent war

Manufacturing companies are competing for skilled workers against a growing number of tech competitors. They are in the race for talent alongside other industries who are also undergoing massive digital transformations. As a result, Canadian employers are losing the individuals they need to the likes of Google, Amazon, and Boeing. Also, international regions are offering higher salaries, more innovative eco-systems, and more career advancement opportunities.

The competition is fierce, but the industry can adapt. It requires creating employer brands that appeal to modern candidates – ones that support innovative thinking, career development, and work/life preferences. It means forging deeper inroads with Canadian students through scholarships, in-school campaigns, and work placement opportunities. Perhaps more importantly, it means engaging more women in the industry and tapping into underutilized demographics (e.g., Indigenous communities, new arrivals, etc.).

KPMG’s 2019 Canadian CEO Outlook shows that Canadians are making significant gains along their digital transformation journey. It also indicates that the majority of CEOs are intent on upskilling their workforce or pursuing data scientists and tech specialists from outside sources to fill the gaps. These are all promising developments, yet Canada’s manufacturing sector must do more to attract and retain the talent it needs, or risk losing ground to its competitors.

Digital defenses

With every new shop technology or back-office upgrade, manufacturers are exposing themselves to new and emerging cyber risks. It is no surprise industry leaders are among the 60 percent of all Canadian CEOs who recognize their growing cyber vulnerabilities and the inevitability of an attack.
Still, the sector cannot afford to let these risks slow it down. Embracing the latest technologies and systems is part and parcel of differentiating oneself in the manufacturing space. Therefore, CEOs are challenged to become better versed in cyber risks and threat factors, invest in the proper controls and workforce training, and embed cyber security into their overall risk management strategy.

In an industry increasingly reliant on innovation and data, technology must be viewed as an asset, not as a liability to avoid.

Forging alliances

KPMG’s 2019 Canadian CEO Outlook reinforces the value of strategic partnerships. Nearly a third of Canadian CEOs see such alliances as the most appealing course of action given today’s market uncertainties – even more than joint ventures, organic growth, and mergers and acquisitions (M&A).

Even still, M&A activity is alive and well in the manufacturing sector; particularly in the automotive and aerospace industry.

The appetite for partnerships will only intensify as industry players accelerate efforts to embed new operational technologies (e.g., RPA, automation, AI), breach or expand markets, and meet their growth objectives without incurring the costs, logistics, and upskilling required to do so internally.

However, effective partnerships are not always guaranteed, and alliances of any kind introduce elements of third-party risk. Manufacturing CEOs who are successful in these arrangements are those who vet their partners thoroughly, clarify expectations, monitor their progress, and address vulnerabilities.

The innovation drive

Disruption is not coming; it is already in our backyard. The good news is that Canada’s manufacturing sector has proven adept at adopting new technologies, materials and techniques to stay ahead of customer trends and market shifts. We have the momentum, but now we need the right people, partnerships, and unwavering focus on cyber security to avoid fizzling out.