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Manufacturers' Forecast Reveals Continued Optimism

Cleveland, Ohio, Wednesday, June 1, 2011 –WIRE-Net's 2nd quarter 2011 manufacturing outlook survey shows that manufacturers are sustaining their optimism about the year ahead.

WIRE-Net's second Manufacturing Outlook survey of 2011 echoes the optimism expressed at the beginning of 2011, when over half projected adding new employees in 2011. In the second quarter, 60% report adding to their workforce, and 57% project continued employment growth in the balance of 2011. 71% are now projecting sales growth of 5% or better, up slightly from 66% in January. WIRE-Net surveyed 2577 manufacturing executives and got responses from 136 manufacturing firms.

However, the number of firms projecting a more profitable 2011 slipped from January's 66% to just over 56% now. This may be a reflection of increased raw material costs that small firms find it difficult to recoup. The number of firms who state that these costs are their top concern more than doubled from 11% in January to 23% in May. Colm said that 73% of the firms had sales below \$11 million.

"As the manufacturing economy bounces back, executives' concerns broaden from 'sales growth' to other issues," noted John Colm, WIRE-Net's president and executive director. "Sales are still the top issue, but as the top issue it has come down from a high of 68% in 2009, and 42% in 2010, to just 27% currently. The top three issues are, in order, Sales, Raw Materials Costs, and Talent," Colm said.

"The small-firm segment of our economy is critical to job creation," Colm said. "The challenges they face in securing stable raw materials pricing and identifying talent can hamstring their ability to produce at competitive prices." The only other issue to break into double digits as the top issue was international competition at 11%.

WIRE-Net responded to the concern about sales by launching its New Markets Initiative, which is based on the organization's work in the wind industry. "Working with our colleagues at MAGNET, we developed the New Markets Initiative in 2010 to help companies find pathways to new markets," Colm said. "We are talking now to customers in the medical manufacturing and aerospace markets to identify opportunities for domestic manufacturers," he said.

About WIRE-Net:

WIRE-Net is a membership based, non-profit economic development organization that provides services to manufacturing leaders to strengthen their businesses, create healthy communities and fuel economic growth. For information, visit www.wire-net.org

Several survey respondents are willing to speak with reporters about their perspective on the 2011 economy. For information, contact Julie King at the number above.

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