SECURING GEORGIA’S MANUFACTURING FUTURE: THE 2018 GEORGIA MANUFACTURING SURVEY EXECUTIVE SUMMARY

The Georgia Manufacturing Survey (GMS) is a statewide study conducted every 2-3 years by Georgia Tech’s Enterprise Innovation Institute and School of Public Policy to assess the business and technological conditions of Georgia’s manufacturers. The theme of GMS 2018 is securing Georgia’s manufacturing future. The survey identified three main factors essential to securing Georgia’s manufacturing future:

1. “Digital Divide” Between Georgia Manufacturers

Although 83% of Georgia manufacturers use some digital technology, there is a “digital divide” between Georgia manufacturers who use basic digital technologies such as enterprise resource planning and computer aided design, and those who use multiple digital technologies. Examples of these digital technologies include bar code readers, computer integrated manufacturing, sensors, supply chain management systems, digital dashboards, RFID, robots, additive manufacturing, rapid prototyping, and cloud-based design manufacturing. Manufacturers using three or more digital technologies are larger, were established since 2000, engage in product or process innovation, have export sales, and have a more educated workforce. Use of three or more digital technologies is associated with positive sales growth, positive employment growth, and higher profitability.

2. Different Innovation Strategies Have Different Payoffs

Profitability continued at high levels in the 2018 survey as in the 2016 survey. The median manufacturer’s profitability was 9%, while the top 10% of manufacturers had profitability levels of 25% or more and the bottom 10% had 0%. Profitability is associated with the strategies that manufacturers use to compete in the marketplace for sales. More than 60% of Georgia manufacturers compete primarily based on offering high quality, 15% compete primarily based on low price, 14% on customization, 13% on quick delivery, but only 6% compete through being innovative or using new technology. Manufacturers that prioritize innovation have 65% higher profitability than those that prioritize low prices.

3. Leadership in Workforce Upgrading

More than one-third of Georgia manufacturers said they had a problem or need with the technical skills of their workers, while 25% said they had a problem with basic skills such as reading, writing, math, and keyboard skills. Manufacturers that provide bonuses or other incentives to employees for new skills or education acquired were more likely to have higher employment growth and profitability than those not offering these bonuses or incentives. However, only 18% offered such bonuses. Bonus or incentive offerings were found among small as well as large manufacturers and manufacturers in different industry groups. Manufacturers engaged in more digitization and more innovation were more apt to offer bonuses and incentives.

About the Survey
- Mail surveys were sent to more than 3,000 manufacturers with 10 or more employees from January to May 2018. Completed surveys from 479 manufacturers were weighted to reflect employment and industry distributions in the Georgia Department of Labor database. Small manufacturers have 10-49 employees; large manufacturers have 250 or more.  
- Survey results are used to improve manufacturing assistance programs in Georgia.  
- Survey web site: http://www.gms-ei2.org  
- Sponsors: Georgia Manufacturing Extension Partnership, the Georgia Department of Labor, Kennesaw State University, and Aprio.