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# Building a High-Performance Leadership Team in Manufacturing

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As manufacturing faces unprecedented workforce challenges, companies must radically rethink how they attract and develop leaders. Understanding shifting demographics and leveraging AI are proving critical in building the high-performance teams needed to drive innovation and growth.

The pace of change the manufacturing industry has seen in the past five years is extraordinary. Every traditional notion of what is possible, of how far the bar can be raised, is being challenged and every aspect of the industry is being reimagined. Every innovation, each shift in the regulatory landscape, every repositioning of a demographic or cultural dynamic, and each disruption in the status quo impacts the labor market and the manufacturing workforce. As such, it is clear that the most critical challenges facing manufacturers today are those related to attracting and retaining talent—and, in particular, identifying and developing tomorrow's industry leaders.

It's not news: workforce challenges have been the [top concern for manufacturers since the fourth quarter of 2017](#). But the breadth and depth of that concern is only increasing. According to the [Deloitte and Manufacturing Institute's 2024 Workforce Study](#), manufacturing is facing a triple threat: high growth plus a skills gap plus a shortage of available talent. The report underscores that, in this rapidly evolving industry with complex global interconnections, professional skills such as critical thinking and problem-solving are as necessary as technical skills. Manufacturers must prioritize leadership skills, digital skills, and people skills to meet the demands of the immediate future.

Meanwhile, the US Center for Advanced Manufacturing's [2024 Report on the State of Manufacturing](#) highlights that access to skilled labor, talent retention, and leadership development is critical to today's manufacturers across the board—from smart manufacturing to cybersecurity to transformation of the supply chain. In today's landscape, manufacturing leaders must spearhead innovation, nurture organization resilience, and scale the organization for sustainable growth. But what does it take to hire, develop, and retain high performing leadership teams that can achieve these objectives?

## Understanding The Impact of Shifting Demographics

By the end of 2024, there will be [more Zoomers than Boomers](#) in the full-time workforce. There are still four cohorts active in the US workforce—Baby Boomers, Gen X, Millennials, and Gen Z—but this increase of younger workers is more than just an interesting statistic. Manufacturers who understand the distinct aspirations, values, and work ethic of Gen Z will

have the competitive edge over those who don't—after all, this generation, the oldest of whom are currently in their late 20s, will be eyeing leadership roles within the next few years.

Gen Z values transparency in everything from salary and compensation structures to conversations around mental health. They balk at the concept of hierarchy for its own sake, but value leadership that is service-oriented and collaborative. They are pragmatic and care deeply about wellness and work-life balance. They were raised in the shadow of the 2008 Recession and the era of mass layoffs it ushered in, which eroded the notion of loyalty for loyalty's sake.

These attributes are neither better nor worse than those of the Boomers before them—just different—and manufacturers seeking to attract and nurture Gen Z into leadership roles need to meet them where they are. That includes addressing and implementing strategies such as salary transparency, processes that promote the inclusion of diverse voices in the workplace, clear career-pathing and professional development programs, tools and technology that support flexibility, and investment in AI that reduces friction in the employee experience. In order to compete for and retain top young talent who can grow into visionary leaders, manufacturers need to recognize that, according to [Deloitte](#), Gen Z “want to be seen for who they authentically are, heard, supported, and given the space and opportunity to thrive as they develop their personal and professional selves.”

## An Unrelenting Focus on Training & Development

One astonishing data point that emerged from the [2024 Deloitte manufacturing study](#) is that “access to training and upskilling” and “personalized career growth opportunities” ranked 3<sup>rd</sup> and 4<sup>th</sup>, **ahead of** “promoting employee health and safety”, as the most impactful strategies to attract and retain manufacturing professionals. That is essentially a “mic drop” when it comes to the discussion on how heavily manufacturing companies should be invested in their training, leadership development, and career-pathing strategies.

While the war for talent goes unabated, companies must not ignore what manufacturing talent is calling for as a top priority. Manufacturers who recognize the importance of upskilling and career pathing are better positioned to equip employees for future leadership roles while simultaneously creating a more agile workforce. Deloitte's research also shows that employees who feel they can gain future-relevant skills are 2.7 times less likely to leave within a year.

What does leadership development look like in today's evolving “Industry 4.0”? It must go

beyond conventional management practices and hone agile skills that can drive proactive decision-making, continuous improvement, strategic planning, and employee empowerment. Training programs that can identify, assess, teach, and refine these skills will be the most impactful. It will also be critical to continually provide opportunities to strengthen these skills within real-world experiences.

## A Human Capital AI Strategy

Manufacturers that create an AI strategy that spans the employee experience from hire-to-retire will have an advantage in leadership development. Leveraging AI to identify and capitalize on automation opportunities can free up employee time to focus on training and development.

Utilizing AI to reduce friction in the employee experience also speaks to the needs and expectations of Gen Z, digital natives [half of whom say they would quit over shoddy technology in the workplace](#). And of course, the low-hanging fruit for AI in a human capital strategy is in the realm of training—leveraging the industrial metaverse to provide enhanced efficiency and effectiveness in training methods.

## Investing in Partnerships

Rising to the challenges presented by both the skills gap and the applicant gap, companies today are taking a more proactive approach to building talent pipelines. One effective strategy that is gaining traction in the manufacturing sector is the creation of partnerships to grow the talent they need. In a [recent study, 94% of manufacturers](#) reported that they have formed at least one partnership as part of their human capital strategy, and on average, they constructed ecosystems for talent development that included four partners.

It comes as no surprise that partnering with educational institutions is a key strategy for building the talent pipeline. Coordination between employers and universities, colleges, as well as trade and technical schools has long been a part of the talent playbook for manufacturers. But companies are finding more innovative ways than ever to leverage that strategy. Many are building alliances within their industries, as well as government bodies and economic development agencies, to create programs for skills development specific to their industry sector or niche.

Outside of educational institutions or community programs, partnering with a trusted executive search firm with industry focus within the manufacturing sector can be

tremendously valuable in building a high performing leadership team. The best partner should be intimately familiar with the challenges and obstacles within the manufacturing landscape and will have deep networks of talent to draw from.

As has long been the case in manufacturing, extraordinary challenges lead to innovation. For executives tasked with finding and developing leadership in the industry, the moment demands a strategic, visionary approach.