2016 MANUFACTURING

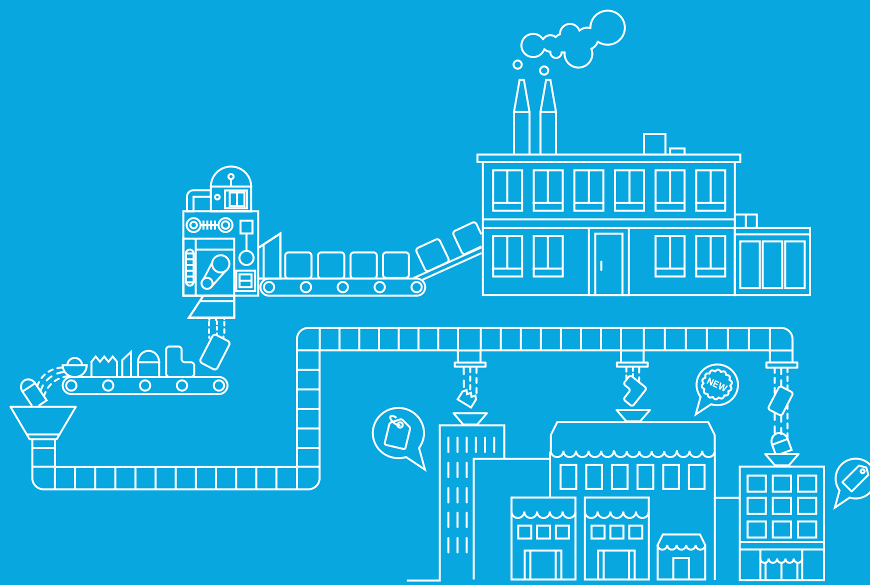
MONITOR

INSIGHTS INTO TRENDS AND CHANGES IN MANUFACTURING

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

EXECUTIVE SUMMARY



With expectations of rising revenue, profits and employment, middle-market manufacturers appear optimistic about prospects for the industry and their companies. According to the 2016 RSM Manufacturing Monitor survey results, nearly 70 percent of manufacturers in the United States and around the world are anticipating an increase in operating profits—this comes after a year in which the average profit (as a percentage of revenue) was 17 percent. More than half of the companies surveyed expect to increase their workforce; three-quarters expect to increase revenues, many by more than 10 percent.

Some sectors—particularly automotive, aerospace and construction materials—have had a record-breaking year. But economics are cyclical, and other sectors—energy, agriculture and general industrial manufacturing, among them—are experiencing a decrease in demand, limiting their profitability and growth. Many of these companies are experiencing flat or declining revenues.

For companies to break out of a cycle of diminishing revenues—and for others to achieve their ambitious expectations for growth—a number of areas should be considered:

- **Growth:** Optimism may be driving increased spending, but manufacturers must rigorously analyze potential investments to ensure a realistic return on investments.
- **Global:** U.S. companies, many of which are focusing primarily on domestic markets, may be missing out on global opportunities and are letting non-U.S. manufacturers take more initiative. Going global is not easy, so an analysis of the opportunities and challenges is critical.
- **Technology:** Addressing the needs of a company through technology takes rigorous planning and management. The stronger companies continue to invest in and leverage technology to drive revenues and profits.
- **Margins:** Many companies plan to increase their investments in process improvements, but identifying and prioritizing improvements is critical to controlling profitability. Pricing pressure from customers is the mode today and companies must be laser focused on their profitability.
- **Risk:** Every firm—regardless of size or status—needs a risk management plan to protect revenues, employees, executives and owners.

The perspectives of C-level decision-makers provide a unique insight into the industry. The analysis provided here is designed to spark discussions that can help drive individual companies and the manufacturing industry forward in the months and years to come.

PROFILE OF PARTICIPANTS

1,174 Total survey participants

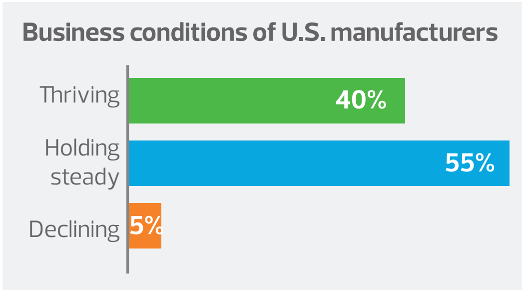
41% Respondents' titles are chairman, CEO, president, managing director, partner or owner

65% Respondents between $10 and $1 billion in revenue

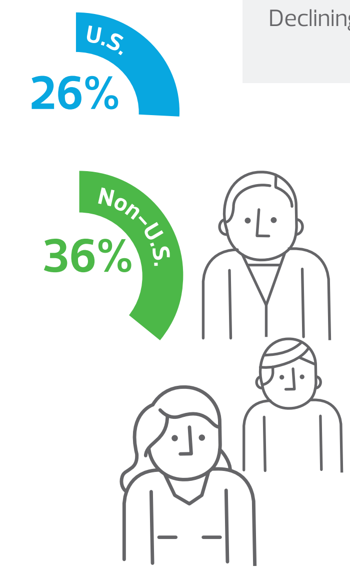
44% Respondent's company is a privately or closely held business

475 Median number of full-time employees per company

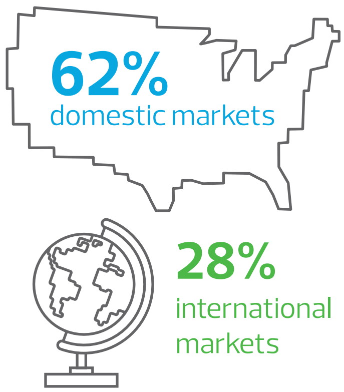
Growth



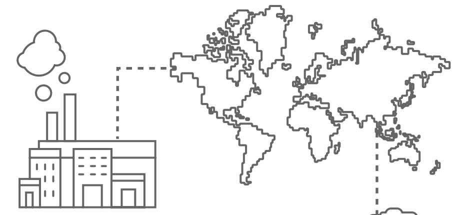
Manufacturers **increasing workforce** by 6% or more



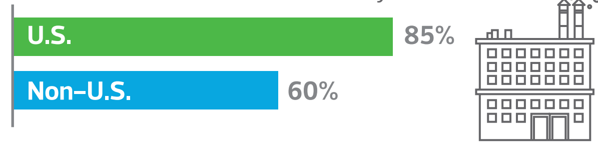
U.S. manufacturers **expanding presence**



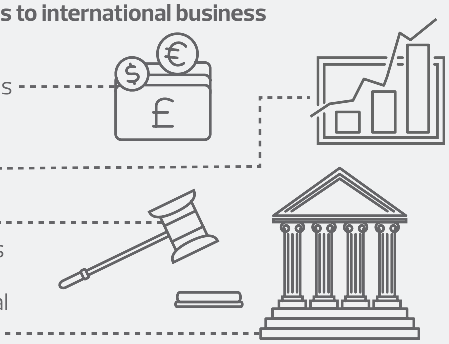
Global



Good and services sold domestically

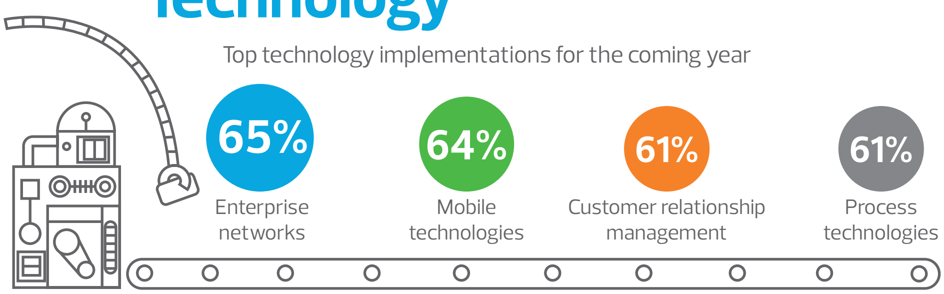


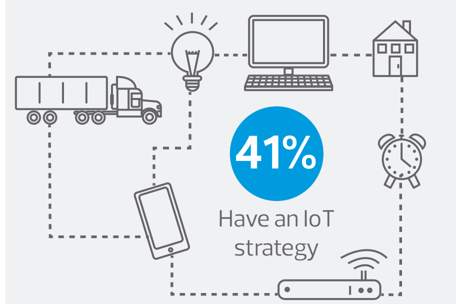
Top barriers to international business



Technology

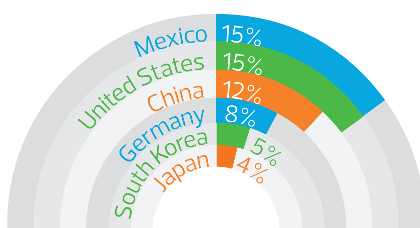
Top technology implementations for the coming year



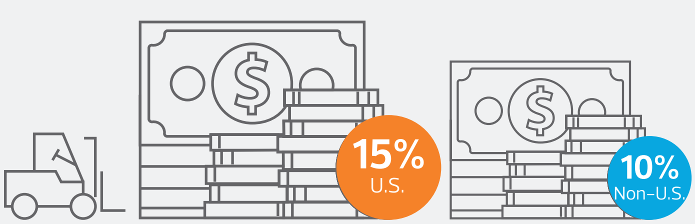


Margins

Operating profit before interest and taxes by headquarters country

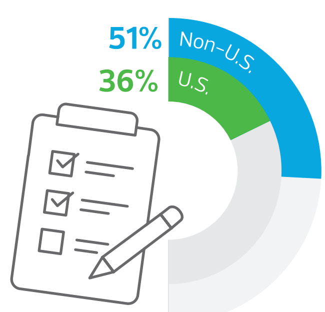


Operating profit before interest and taxes



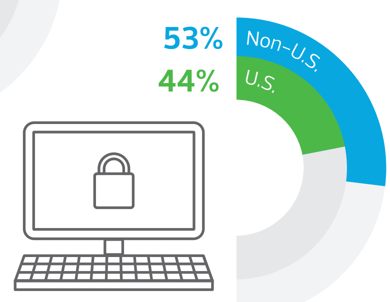
Risk

Manufacturers likely to plan major mitigation initiaitves



BUSINESS RISK

CYBERSECURITY RISK

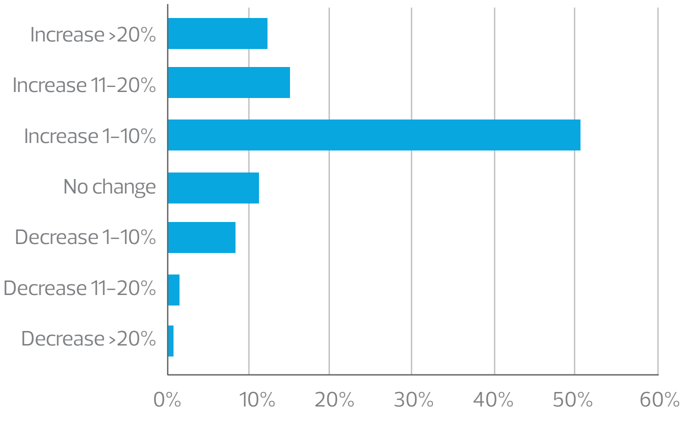


GROWTH

NEW MARKETS, INVESTMENTS AND STRATEGIES FOR GROWTH

The rise in the percentage of thriving companies and the expectations of increased revenue is driving the optimism felt by a majority of manufacturers. Growth projections, however, are much lower now than they have been in the past 12 months or more, according to the National Association of Manufacturers.[1] Buffeted by the headwinds of a strong U.S. dollar, sluggish global growth, weak economies in Europe and other regions, geopolitical uncertainty, and still-low commodity prices, manufacturers' output has essentially been stagnant since May 2015 and capacity utilization has also declined over that time frame to its lowest level since February 2014. The going may be choppy at times for certain sectors; nevertheless, manufacturers overall are moving forward.

FIGURE 1. Expectations of revenue growth in next 12 months (U.S. manufacturers)



New markets

How are manufacturers planning to realize their growth expectations for sales and profitability? U.S. companies are focused primarily on domestic markets, with a small number exploring the potential rebound in emerging markets. Non-U.S. companies are leading the way in entering or expanding into international markets, particularly in the United States. Nearly twice as many thriving U.S. companies plan to enter new domestic markets than declining companies.

Increased investments

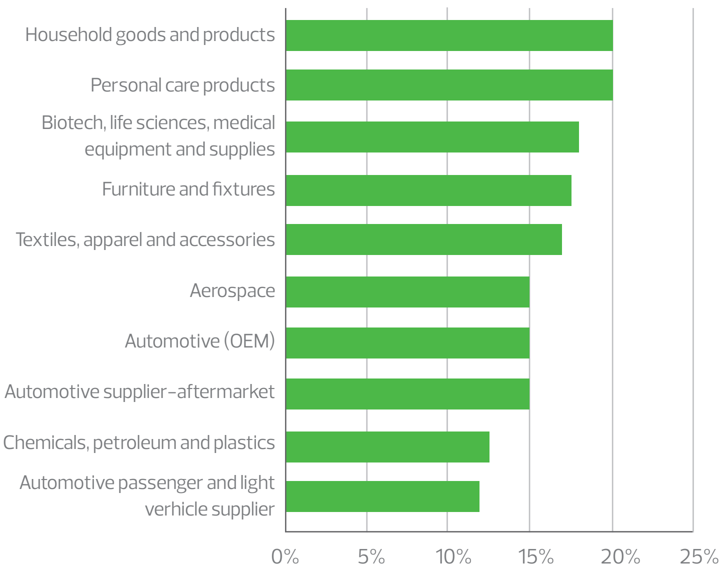
Process improvement programs, however, continue to be investment targets for many companies. Most thriving companies plan to increase their investments in equipment and—with many companies focusing on employee training and workforce development initiatives—operational improvements such as lean manufacturing, cost rationalization, talent management, financial strategies and process innovation also are increasing.

Sales growth is expected to be driven at most companies by the introduction of new products; nearly half of the manufacturers surveyed are planning major initiatives in product development and innovation. But it is not clear if the markets can absorb these new products. In a sector-driven economy—where growth or decline is variable—manufacturers would be well-advised to take a portfolio approach to their lines of business. Information technology investments are most likely to see large increases in the next 12 months, supporting a focus on selling more products to stronger customers who earn better margins. In the United States, the continued consumer appetite for spending could dictate whether these strategies ultimately drive sales growth.

Overall, few companies are likely to acquire or merge with another company or business unit—or establish a joint venture—in the coming months. But a closer look by sector, however, shows that nearly 20 percent of manufacturers in the industrial and commercial machinery space are likely to do so. The primary drivers of merger and acquisition activity are to keep up with competitors and drive cost synergies in a low-growth economy.

1 Learn more at www.rsmus.com/monitor

FIGURE 2. Median operating profit before interest and taxes (as a % of revenues) for most recent fiscal year



The need for a strategy

Companies need to assess their performances, resources and opportunities. Growth plans require a rigorous review of a company's current strengths and weaknesses, and often benefit from an outsider's perspective. Yet few manufacturers are examining the competitive landscape by increasing their use of business intelligence. An honest assessment of where and how to grow should be followed by the development of a detailed plan that addresses how to get there and how much investment is required.

Companies need to grow from a position of strength. Unless they are operating effectively and costs are under control, it will be difficult to invest in new products or enter new markets.

ESTABLISHING A GROWTH STRATEGY

Manufacturers are increasing their investments in a number of areas in order to grow. But to be successful, plans need to be clear and well-articulated.

- **Define the strategy:** Ultimately, a successful strategy incorporates assessing where the company is, identifying where it needs to go, developing a plan to get there and funding required investments. The plan needs to hold individuals and teams accountable for its execution.
- **Identify the right process improvements:** To drive growth as well as customer retention and expansion, companies need to prioritize and invest in the improvements that need to be made, and use specific performance measures to monitor success.
- **Get an outside perspective:** Often, a third party can be helpful in identifying weaknesses within the company as well as in finding opportunities for revenue and profitability growth.
- **Explore if M&A is a viable strategy:** The importance of due diligence should not be underestimated for both buyers and sellers.
- **Consider private equity capitalization and partnership:** There is a great deal of private equity capital looking to be invested and the middle market continues to be attractive. Companies need to be well-managed and have a good story to tell (with data to back it up). Sometimes, the resources of and accountability required by investors can lead to long-term success. Depending on the arrangement for obtaining capital to fund growth, private equity investments can allow owners varying degrees of control of the company.

GLOBAL

THE OPPORTUNITIES AND CHALLENGES OF INTERNATIONAL ACTIVITY

At what point do companies need to start thinking internationally? Many manufacturers based in the United States are more likely to turn to domestic markets to source raw material, sell goods and locate production. More activity is returning to the United States, yet operating globally should still be an option. Failure to consider international options can put U.S. companies at a competitive and strategic disadvantage.

Non-U.S. manufacturers generate nearly half of their sales outside of their home countries. These companies also have substantial production capacity—on average, more than 60 percent—located outside of their home countries. As noted in previous Monitor reports, non-U.S. companies are more active than U.S. companies when it comes to expanding their presence in existing international markets or entering new ones.

Strategies for expansion

While some U.S. manufacturers plan to increase the volume of their international business, a significant majority of U.S. companies—particularly those that are thriving—plan to grow sales by expanding their presence in existing domestic markets. But, given the attractiveness of the U.S. economy, U.S. manufacturers will continue to find more competition for domestic market share coming from offshore.

U.S. manufacturers should start thinking internationally. Some have noted that with foreign competitors entering the U.S. market, the best defense is a good offense. Many companies, for example, set up operations in the home countries of the competition. Monitor surveys have shown a strong correlation between companies that are exporting and those that are thriving and growing. While the challenges that companies face when they export are formidable—from transaction barriers to strategic issues, foreign currency exchange rates and competition to market acceptability—the long-term risk of focusing primarily on the domestic market must be understood.

Identifying where to grow

Knowing where to go takes analysis and planning. Reactionary exporting—following your existing customers as they expand globally—can be a safe approach but could cause companies to miss out on markets that might present greater opportunities. It can also lead companies to invest in markets that present difficult operating constraints or that have little upside potential beyond their existing customers. When developing a global strategy, management needs to determine if its products will be acceptable in an overseas marketplace and how the company matches up in that market's competitive landscape. Identifying risks, costs and regulations pertaining to a given foreign market is critical to prioritizing overseas investments.

Acquisitions, joint ventures or temporary partnerships are options to consider to enter a new market and come with their own challenges—but they may serve as strategic necessities for distribution channels or for opening up access to new markets. A direct entry via a company's own brown-field or green-field operation might be just as easy, with the right approach.

Barriers to global growth

There are, however, a number of barriers holding middle-market companies back from international growth, many out of the direct control of management. Among them, global economic and currency fluctuations figure prominently, as do foreign regulations, corruption and fraud. Data security and intellectual property rights (or the lack thereof) in international markets must also be considered as well. Managing risk, talent and product quality may be within a company's ability to manage but these overseas constraints require specialty skills and additional resources.

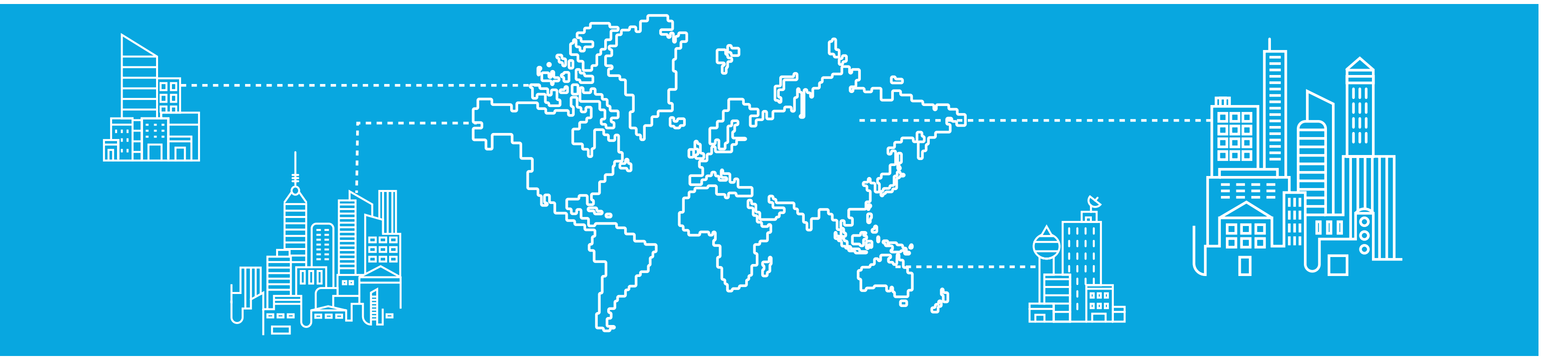
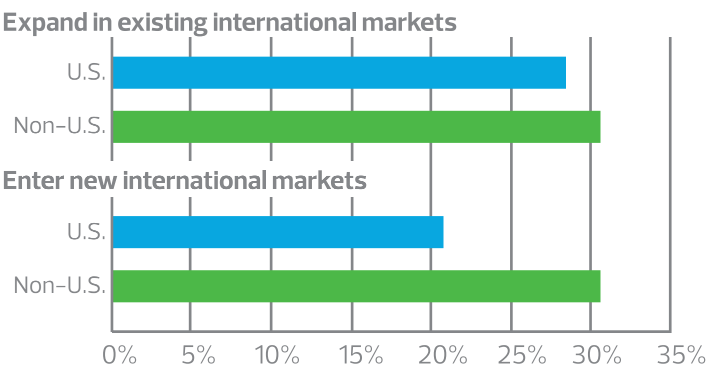


FIGURE 3. Plans for expanding or entering in international markets in the next 12 months



Despite all the capital investment, planning and resources put into going international, there is still no guarantee of success. International acquisition may be a better strategy, but this requires solid due diligence—financial, operational and strategic—as well as a careful post-acquisition integration and business planning.

It may take some time before the company sees a profitable return on its investment due to the learning curve associated with operating in a foreign environment. In the end, this may be why middle-market manufacturers stay close to home

GOING **GLOBAL**

Entering a new market can give rise to fears that the company's product might not be successful or that its bottom line will suffer, especially when that market is overseas.

- **Understand the markets and the opportunities for your product:** Learning the tariffs, duties, customs clearance issues, intellectual property rights for you, your suppliers and customers, and transaction taxes can be difficult. It is critical that companies establish a compliance policy to mitigate the risk of violating legislation both in the United States and abroad.
- **Choose the best option:** In the absence of overseas networks, foreign market expansions typically start with establishing foreign sales representation. Some manufacturers choose to set up their own production facility; others may partner with an overseas entity. Alternatively, companies aligned with private equity groups use the experience and network of these groups to tap into new markets, and drive growth and value in their company. It all depends on the company's strategic goals and what will work in a specific location.
- **Identify the resources you need:** It helps to get a deep understanding of U.S. free trade agreements and U.S. government trade advocacy programs. It is critical to research local rules, business customs and compliance requirements to identify key differences with a company's current environment; these can have an impact on all aspects of a business, from labor to the manufacturing process to accounting and financial reporting. Arranging visits with potential business associates and key foreign officials with direct support from U.S. officials stationed overseas can help identify those key differences and pitfalls. Global advisors in accounting, tax and legal matters should be consulted to determine the incremental resources needed as well as to help the company manage its expansion process more effectively.
- **Investigate tax and other relevant incentives:** It's not uncommon for companies that are beginning to implement their export strategies to overlook the many tax incentives and credits that may be available to them. Yet these incentives could have a significant impact on their plans, let alone their bottom lines. By taking advantage of these incentives, many manufacturers could be saving a great deal of money and enhance the return on investment.
- **Structure is important:** Taxes are a crucial part of any international strategy. There are movements in many countries to make international taxation more equitable. But until that happens, having the right structure can save a company money and facilitate future transactions. Planning is critical, structuring is required and execution is just as important.

TECHNOLOGY

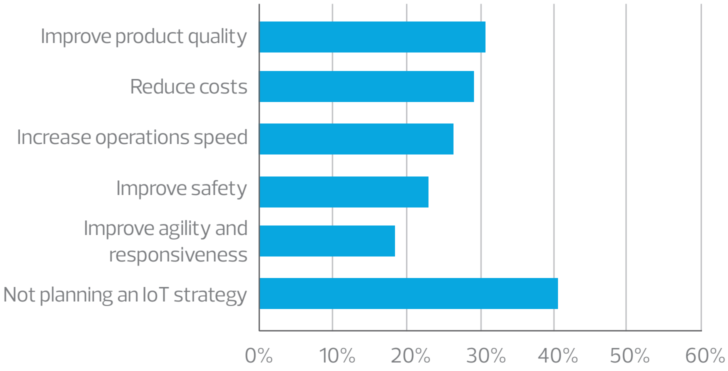
IMPROVING PERFORMANCE THROUGH STRATEGIC INVESTMENTS

Increasingly, companies are using information technology to enhance corporate performance. Customer relationship management systems, mobile technologies and supply chain tracking, for example, are receiving the most attention among U.S. manufacturers. Nearly 60 percent of Monitor participants expect to increase their investments in technology in the coming year; half of that cohort anticipate increases upwards of 6 percent or more.

Manufacturers are looking to the internet of things (IoT) technology—loosely defined as a network of interconnected devices that can collect and transmit data—to support initiatives to improve product quality, reduce costs and improve operations. Investments are growing in this area and companies need to evaluate if and how they participate.

THE MEASURED PACE OF ECONOMIC GROWTH IN THE UNITED STATES AND ELSEWHERE HAS COMPANIES INVESTING CAUTIOUSLY.

FIGURE 4. Top 5 reasons U.S. manufacturers are deploying IoT technology



Cautious investing

But not every company can install new technologies into shop floor machinery. More than one-third of U.S.-based survey participants are not planning an IoT strategy. The costs of retrofitting performance-tracking sensors into decades-old machinery, for example, can be prohibitively expensive for companies operating on the thinnest of margins; never mind installing new machines with built-in sensors. Nearly one-third of declining manufacturers, in fact, expect to decrease IT expenditures.

The measured pace of economic growth in the United States and elsewhere has CEOs investing cautiously. In the aftermath of the recession, many companies have already made long-overdue investments in new technologies to replace legacy systems, provide better data and improve customer relationships. When the global economic crisis intensified during the summer of 2015, many companies pulled back on equipment and software investments associated with productivity; this continued into 2016.

Election-year uncertainties may also factor into investment decisions. Executives may be waiting to dedicate money for innovation until after the U.S. presidential election, when they expect to get a better idea of what tax and economic policies, incentives or penalties may come their way. Manufacturers should not, however, let tax policy dictate their business strategies. Investments should be evaluated on their strategic merits; the impact of investments should be considered with and without potential tax savings.

Many middle-market companies are slow to embrace new technologies for reasons that have little to do with costs or policies. For some, moving to cloud technologies—whether it is

software, platform or infrastructure as a service—implies a loss of control. If the resources are off-site or offshore, it can make managing talent and contracts more complex. The Monitor survey found that smaller manufacturers are less likely to have recently implemented or have made plans to implement cloud technology.

Yet the percentage of thriving companies that have implemented IoT technologies in the past 12 months is nearly twice that of companies that are holding steady. Overall, thriving companies are leading in investments in the "third platform" IT environment—an amalgam of IoT as well as an integration of mobile, social media, cloud and business analytics technology.

From enhancing customer service with personalized solutions to increasing efficiencies in production and distribution, companies are using third platform technologies in a wide range of products, services and functions.

HOW MANUFACTURERS SHOULD **APPROACH TECHNOLOGY**

Certain industry sectors are moving forward quickly, and some manufacturers are committed to having all of their products connect to the internet by 2025. The goal is to make every product a "smart" product that provides greater insight and functionality as well as gathers information that can help management make better organizational decisions, improve customer service and increase revenue. Even if this is not a company's tact, there still are many other considerations that must be addressed.

- **Identify the company's digital readiness:** A case will have to be made to support the return on IT investments. Middle-market leaders first need to understand how they currently spend money on IT. Ideally, IT leaders should be spending 50 percent of their IT budgets on maintenance and 50 percent on strategic technology initiatives. To take advantage of third platform opportunities, budgets may need to increase or priorities to shift.
- **Establish a data strategy:** The various components of IoT, however sophisticated, are simply data-capture mechanisms. What is important is identifying what data is needed, how it can be captured and, most critically, what is done with the data. Armed with a data collection and usage strategy, management can take advantage of these technologies to anticipate and address issues before they become problems for operational efficiency, product maintenance or customer service.
- **Understand the business needs:** With proper due diligence, analysis and review, organizations can ensure that IT resources are aligned with business requirements; identify where and how money for various functions is being spent from year to year; and assess opportunities for cost savings and greater efficiencies.
- **Plan the move to technology:** The success of moving to new or enhanced technology is dependent on a methodical approach to implementation. Management must organize a committee that is composed of representatives from affected business areas, and then develop a structured methodology to better understand the use of technology within the company and its associated risks, including areas such as data access and security.

With any technology project, strong project management and effective communication are vital from beginning to the end.

MARGINS

MANAGING AND MEASURING OPERATIONS TO IMPROVE PROFITS

Despite reports of soft growth in manufacturing, the industry in the United States is doing fairly well. According to the Monitor, operating profit before interest and taxes for the most-recent fiscal year was an average 15 percent of revenues. Itemized by industry sector, suppliers serving the automotive industry—either for original equipment manufacturers or the aftermarket—are coming off a record-setting year at 15 percent. Other sectors such as furniture and fixtures earned above-average profits.

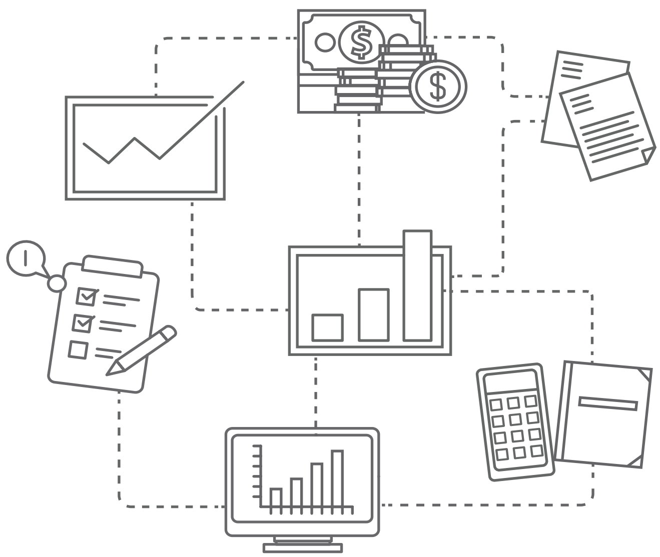
Overall, manufacturers in Mexico and the United States saw their profits outperform their peers in China, Germany, South Korea and Japan.

Planning for improvements

Not surprisingly, nearly half of Monitor survey participants around the globe are focused on operational improvements to reduce costs and improve or maintain margins. Yet these improvements are often not well-defined and, for smaller or struggling companies, financial support for such initiatives may be minimal.

Manufacturers who are anticipating profit growth of 10 percent or more in the coming year are planning to do so by implementing new corporate strategies (such as entering new markets or new locations), leveraging technology and making operational improvements to reduce costs. As such, more than half of them are investing heavily in equipment and machinery; and many are increasing their investments in IT, process improvement programs, and training by 6 percent or more.

To manage the risk to profit margins, manufacturers need to have a laser focus on three primary components of product costs: materials, labor and overhead. Some are effectively hedging



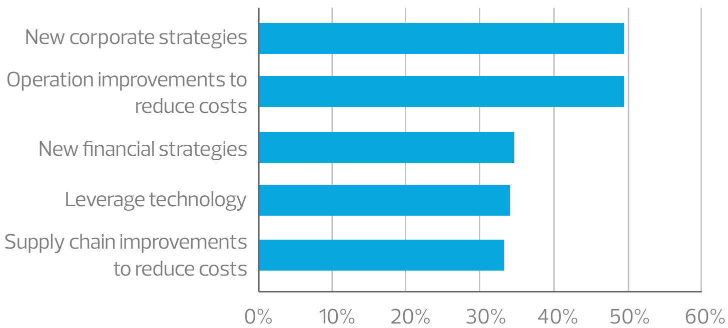
key materials in order to mitigate price fluctuations while others are investing in robotics and other equipment to produce products more quickly and efficiently. In addition, manufacturers must balance the continuous challenge of attracting and retaining skilled labor with the implementation of newer technologies to manage labor costs and automate functions formerly provided by skilled workers.

THE SUCCESS OF ANY INITIATIVE TO BOOST PROFITS IS DEPENDENT ON **ROBUST PLANNING AND THE APPROPRIATE METRICS.**

A comprehensive approach to profitability

Business conditions clearly factor into the decisions management makes to manage profitability. Declining companies tend to focus on reducing labor costs, discontinuing product lines and closing underperforming facilities. These steps can be crucial, but thriving companies understand that you cannot simply save your way to profitability. Any strategic approach to improving

FIGURE 5. Top 5 areas of operational improvement to increase profits for thriving U.S. manufacturers



profitability requires consideration of revenue streams and growth as well. These companies enter new markets and new locations, implement new financial strategies and lean techniques, and leverage technology to increase profits.

The success of any initiative to boost profits is dependent on robust planning, appropriate metrics to gauge the returns on investment and patience. Understanding the company's current state, identifying where it needs to go and establishing a measurable path toward that goal—all are critical to achieving a successful outcome. Simply saying you are implementing lean initiatives does not lead to increased profits. Manufacturers with limited resources should consider pragmatic, low-cost solutions first—such as cloud and outsourcing solutions—before turning their attention toward more comprehensive investments and strategies.

DEVELOPING A PLAN THAT WORKS

Margin management remains a top priority for all manufacturers due to increases in manufacturing costs and a volatile business environment.

- **Understand the company's current state:** To evaluate where your company stands, you must know the true condition of your systems, team and processes. It's important to get an unbiased view of these areas as it is easy to overestimate the viability of systems, people and processes.
- **Build a strategy to get to the desired state:** Recognize that such a strategy rarely ever happens as a one-time event. It is an iterative process that starts with the planning for incremental innovation, budgeting for technology, processes, training and people that are required. Engaging an organization's entire team in the profit improvement process usually leads to realized improvements.
- **Establish baseline metrics to measure progress:** The axiom "You can't manage what you don't measure" still holds true. Set the appropriate measures to track. Review the progress of projects frequently to ensure strategic alignment with the vision and to keep the team focused and moving forward.
- **Explore "pragmatic innovation":** New technology is going to keep coming, and a pragmatic innovation approach can help an organization make incremental changes that are easier to absorb—as well as help with implementing the right applications at the right time. The key to this approach is to incorporate services gradually through a strategy that doesn't involve large expenditures, long implementation time frames and added support personnel.

RISK

MITIGATING THE POTENTIAL FOR DAMAGE AND LOSS

When it comes to running a business, there will always be risks. From supply chains to technology, human resources to customer relations, political issues to macroeconomic conditions, the factors that could put a company in jeopardy will always be there. But it is what the company does to manage and mitigate those risks that can be the key to long-term success.

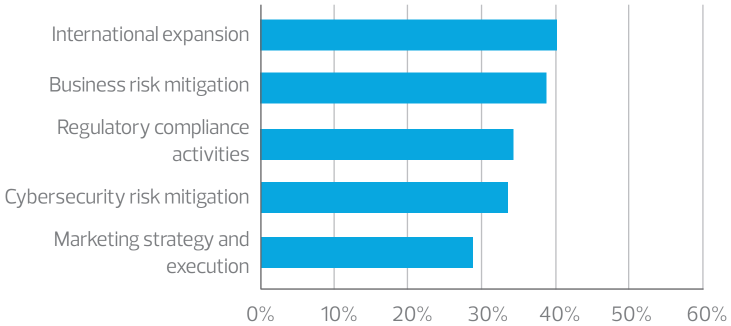
Investing in risk mitigation

Many manufacturers, however, are ignoring common strategic initiatives designed to address significant business and cybersecurity risks. One-third of U.S. manufacturers have no plans to address product liability or employee fraud issues. As the Association of Certified Fraud Examiners (ACFE) has reported[2], employee corruption accounts for nearly half of the fraud schemes taking place in manufacturing—an industry among the top sectors targeted for fraud. According to the report, smaller organizations are less likely to have implemented any anti-fraud controls, yet the median losses they incur are often just as high as those suffered at large organizations and therefore, can be more damaging.

As companies expand internationally, compliance with the Foreign Corrupt Practices Act has received more attention due in part to concerns pertaining to foreign third parties' compliance measures. Additionally, several countries have passed anti-bribery laws that are equally, if not more, stringent. These laws create a somewhat complicated latticework of legal jurisdictional issues should a company be subject to an investigation.

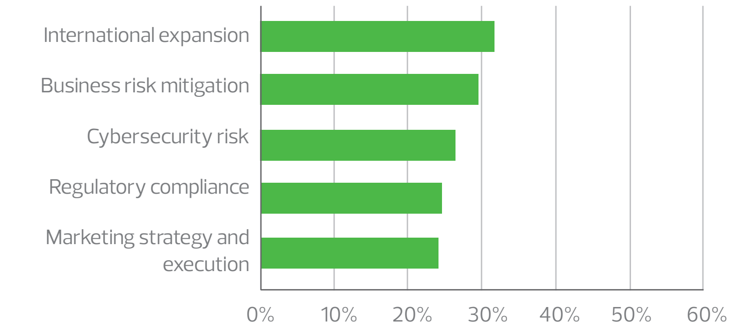
Business conditions clearly factor into the decision of whether or not to invest in risk mitigation initiatives. Thriving companies are nearly twice as likely as companies holding steady to plan major business risk mitigation activities; nearly half of thriving companies plan to invest in cybersecurity risk mitigation compared to less than one-third of companies holding steady. In both areas, the percentage of declining companies planning to invest in such activities is in the low single digits.

FIGURE 6. Top 5 areas U.S. companies are unlikely to undergo major strategic initiative*



* Percentage where major initiative is unlikely (rated 1 or 2 on scale of 1-5 where 1=Not likely)

FIGURE 7. Top 5 areas non-U.S. companies are unlikely to undergo major strategic initiative*



* Percentage where major initiative is unlikely (rated 1 or 2 on scale of 1-5 where 1=Not likely)

The potential damage

Risks may be found in customer relationships, reliance on certain vendors, production challenges, material pricing fluctuations, foreign currency; the list is long. Addressing risks only when they become problems is too late. A company must make an assessment of their potential risks and implement strategies to manage them.

The impact of fraud and data security breaches can be profound at small and midsize companies. Leaders may be too busy with daily operations and new business development to consider how inconsistent performance or not managing key risks can have an impact on their bottom line. According to the ACFE, a typical organization loses 5 percent of its revenues in a given year as a result of fraud. The NetDiligence® 2015 Cyber Claims Study notes that nano-revenue companies (less than $50 million) experienced the majority of data breach incidents, followed by small-revenue companies ($300 million–$2 billion). The damage doesn't end with the fraud or cyberattack: The cost of crisis services such as forensics, notification and legal guidance averages nearly half a million dollars. The costs to a company's reputation can be even greater.

Third-party relationships can create efficiencies that drive growth, but they can also give rise to a wide range of new risk issues, including liabilities stemming from nonperformance by vendors, data security issues created by connections between company and vendor systems, and reputational risks due to the failings of third parties.

With such high stakes, middle-market manufacturers need cost-effective strategies for risk mitigation that expand as a company grows. Third-party controls and monitoring strategies must evolve, not only to ensure that third parties are performing effectively and in compliance with agreements, but also to secure proprietary information and protect the company from brand reputational damage or inadvertently violating laws.

PROTECTING **THE COMPANY**

Manufacturers should take proactive steps to minimize their risks in order to mitigate any potential financial losses and compromised reputations.

- **Take a systematic approach:** A risk management program can help identify, prioritize and monitor risks both inside and outside an organization. Steps in such a program include:
  - Establish a formal, disciplined framework and governance strategy
  - Formalize the process to identify all key risks within the organization, including their likelihood and impact
  - Develop quantitative and qualitative measures
  - Quantify risks, examine risk treatment and determine risk gaps
  - Establish risk monitoring processes and continuous improvement activities
- **Control third-party risks:** Management should know where contracts are located and if they are stored electronically. Contracts should be updated as necessary and tracked to make sure obligations are being fulfilled. Maintain insurance to cover potential losses through data breaches or lack of contractual compliance.
- **Audit for compliance:** Third-party agreements should have a right-to-audit clause. Perform periodic third-party audits to ensure the terms of the contract are being met, making sure the third party is aligned to management's interpretation of the agreement and inducing future compliance.
- **Establish a comprehensive data security plan:** To prepare for cyberattacks, companies should have three layers of cybersecurity controls—preventative controls that make the company a hard target, detective controls for timely identification of any breach, and corrective controls that let management respond quickly and appropriately to intrusions.

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Survey methodology

The RSM Manufacturing Monitor survey was conducted by an independent research firm, The MPI Group, Inc., on behalf of RSM US LLP and its affiliated international firms. The information provided is confidential and accessible only by RSM and The MPI Group. Monitor data will be shared with third parties only in aggregate form, through RSM articles, white papers and presentations.

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