Manufacturers Losing Confidence In U.S. Economy

U.S. manufacturing leaders are extremely pessimistic about the U.S. economy, according to Grant Thornton LLP's most recent Business Optimism Index, a quarterly survey of U.S. manufacturing business leaders. Only 13 percent believe the U.S. economy will improve in the next six months, down significantly from 40 percent in May. At the same time, 40 percent believe the U.S. economy will get worse, up from 26 percent. In addition, only 21 percent of manufacturers say they will increase hiring and 35 percent say they plan layoffs.

"Manufacturing has been one of the few bright spots in the economy since the end of the recession, generating more than 300,000 new jobs since December 2009, according to the National Association of Manufacturers," said Wally Gruenes, Manufacturing Practice Leader at Grant Thornton LLP and a member of NAM's Board of Directors. "Strong export growth in 2010 and the first half of 2011 helped increase revenues and create jobs. However, the slowing global economy coupled with a lack of confidence in domestic and global economic policy has caused senior manufacturing executives to turn cautious as these are matters over which they have very little direct control."

The manufacturers that Gruenes speaks to regularly say they are focused on matters that they can control, with their top three priorities being:

1. Reducing costs by improving their manufacturing processes, utilizing techniques such as Lean Manufacturing and Six Sigma.
2. Upgrading their production equipment and IT systems to enhance their

efficiency.
3. Re-enforcing quality and customer satisfaction.

	2/2011	5/2011	8/2011
Believe U.S. economy will improve	60%	40%	13%
Believe U.S. economy will get worse	3%	26%	40%
Very or somewhat optimistic about own business	91%	80%	53%
Very or somewhat pessimistic about own business	9%	20%	47%
Plan to increase staff	44%	44%	21%
Plan to decrease staff	6%	16%	35%

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