



2025 DELOITTE MANUFACTURING TRENDS: FROM A WORKDAY LENS

For today's manufacturers, uncertainty may be the only certainty in the year ahead. According to Deloitte's [2025 Manufacturing Industry Outlook](#), while new investment contributed to growth last year, a combination of higher costs, policy changes following the US and global elections, and geopolitical unpredictability is placing greater emphasis on the need for accurate data, accelerated decision making, and the ability to adapt quickly to change. Meanwhile, an even more pressing challenge continues to cause concern: the industry's critical, and ongoing, talent shortage. In fact, nearly 60% of manufacturers in the National Association of Manufacturers outlook survey for the third quarter of 2024 cited the inability to attract and retain employees as their top challenge¹. Meanwhile, a study conducted by Deloitte and The Manufacturing Institute last year showed that 1.9 million manufacturing jobs could go unfilled over the next ten years if talent challenges are not addressed².

The good news is that manufacturers are acting now to surmount this challenge, prioritizing investments in automation and digital technology in an effort to boost innovation, identify and fill workforce gaps, and grow over the long term. Success will require careful workforce planning, as well as strategies for attracting, developing, and keeping the right mix of skilled people. Deploying high quality data will prove vital. Workday, as a unified, seamless platform that includes planning, human capital management, workforce management and embedded AI, is ideally positioned to support manufacturers across the talent life cycle, delivering the insights and advanced analytic capabilities that will be needed in the immediate future.

Workday enables manufacturers to find and onboard the right mix of candidates, employ front line workers most effectively, and retain and upskill those workers over

the long term. Workday's AI-powered tools can even assist in tracking employee sentiment, and in modeling workforce management scenarios. Deloitte, as one of Workday's global, strategic partners, combines unparalleled platform experience, in-depth understanding of talent acquisition, management, and development best practices, and decades of accumulated knowledge of the manufacturing industry, to give business leaders a leg up in achieving their goals.

[Explore the 2025 Manufacturing Industry Outlook report](#) to learn more about the trends impacting manufacturing in 2025, and review this document to discover what sets Workday apart as the leading human capital management solution for today's manufacturers as they navigate the coming year and win the battle for talent over the long term. ➔



01 TALENT

DELOITTE TREND DEFINITION

With demographic, political, and technological shifts coming fast and furious, manufacturers are about to face new talent challenges. An aging population will impact labor participation rates, and increase pressure on the applicant pool. At the same time, the need for workers with higher-level capabilities – a combination of technical manufacturing, digital, and soft skills – is expected to accelerate³. Meanwhile, employee wages and benefits costs rose by 3.8% in 2024⁴ and will likely keep rising in the years ahead.

Fortunately, manufacturers are not without recourse. For example, adoption of AI-powered workforce management tools can help business leaders track employee skill sets, optimize workforce deployment, efficiently plan for upcoming production runs, and even enable tailored upskilling to help prepare employees for future work. Manufacturers can also take action to reduce their labor costs, provided they can reduce employee turnover. After all,

with the average cost to replace a skilled frontline worker ranging from \$10,000 to \$40,000 USD⁵, it clearly makes sense to keep existing people, and that means keeping those people happy.

Yet, for many manufacturers, retention has been a challenge because workers often don't see opportunity, or feel heard, at their jobs. As a result, the focus has shifted, with leaders aiming to improve morale by improving the working experience: offering adjustments to shift patterns, enabling flexible scheduling, addressing workers' access to child care and reliable transportation, and communicating regularly with hourly staff. Again, advanced workforce management software solutions, able to capture employee sentiment and support worker engagement, will prove invaluable. It's no wonder that a recent report by Gartner showed that over 80% of large businesses employing hourly workers will invest in advanced workforce management software solutions in 2025⁶.

WORKDAY DIFFERENTIATORS

Workday is designed to help manufacturers surmount their talent challenges, delivering the power to recruit selectively, hire and onboard efficiently, engage employees effectively, and plan confidently for succession and skills retention. With AI-powered applications including Workday Recruiting Agent and Workday Skills Cloud, employers gain the ability to rapidly generate job profiles, manage and streamline their recruiting process, and quickly review resumés, filtering for and identifying required skills. While this serves to automate the hiring process, it's only the beginning of what the platform enables manufacturers to do. Workday also accelerates the onboarding process, with automated skills validation and regular communication touch points with new hires.

Workday also provides many tools to help manufacturers engage and retain their valuable employees. For example, Workday Peakon Employee Voice facilitates sentiment tracking, and provides a platform for employee feedback. Workday Skills Cloud also proves valuable here, enabling manufacturers to identify and align the skills that are already present internally, while showing employees what new skills their organization is looking for. In fact, Workday enables manufacturers to give their people more control over their own career paths. Enhanced visibility into schedules gives supervisors and employees the ability to swap and arrange shifts when needed, or raise their hand when new opportunities come up. Meanwhile, Workday Gigs highlights upcoming temporary roles that employees can take advantage of as a means to improve their skills or explore new experiences. Finally, Succession Planning in Workday enables manufacturers to track skill sets, and optimize deployment to facilitate the transfer of critical skills to the next generation.

The nature of manufacturing can be cyclical, and often unpredictable. However, Workday enables management of both a full time and a contingent specialized or seasonal workforce simultaneously. VNDLY Workday Vendor Management System facilitates deployment of contingent workers, delivering the flexibility manufacturers need in today's environment.

DELOITTE TREND ANALYSIS

When it comes to AI, it all comes down to data. The better and more unified your data, the better your ability to deploy and hold on to talent, improve the working experience, and identify future talent requirements in time to act. For example, reliable data shows manufacturers how many people and what type of skills are needed to build each product, where gaps exist in their talent pool, where and how to best deploy workers, and who in the workforce has complementary skills and is ready for additional training. That same data, when analyzed with the right tools, can even highlight retention risks. In fact, by 2030, AI-based management of employee skills and workforce deployment will be considered a core capability for manufacturers.

It's no surprise, then, that manufacturers have already made significant investments in AI and Generative AI (GenAI), a trend expected to continue, and even accelerate. In fact, Deloitte's 2024 Future of the Digital Customer Experience survey found that 55% of surveyed industrial product manufacturers are already taking advantage of GenAI tools in their operations, and over 40% plan to increase investment in AI and machine learning over the next three years⁷.

Since a prerequisite for AI adoption is access to quality data, manufacturers are also increasing investments in data life cycle management. In fact, three quarters of respondents in a recent Deloitte survey confirmed they are doing so. Meanwhile, almost 70% of manufacturers indicated that problems with data, including data quality, contextualization, and validation, represent the most significant obstacles to AI implementation⁸. Clearly, manufacturers should prioritize strengthening their data foundation going forward.

02

AI AND GENERATIVE AI

WORKDAY DIFFERENTIATORS

With reliable, unified data at the foundation of its cloud-based architecture, Workday offers a single source of truth, while enabling manufacturers to maximize the value of the insights they can generate. Coupled with built in validation, and security that ensures only the right people can access the right information, Workday provides manufacturers with an unparalleled level of trust in their data, and as a consequence, trust in Workday's AI tools.

Workday's AI strategy is based on several principles. First, the platform's AI-powered applications and agents will augment, not replace, the human. Second, each application and agent is designed

to accelerate processes and enhance decision-making. For example, Workday Job Description Agent quickly and consistently generates job postings based on previous roles and key skills the manufacturer is looking for, streamlining the hiring process. Workday Recruiting Agent speeds up resumé review, automates communication with candidates, and puts the focus on the ones best matched to job profiles. Workday Contract Intelligence Agent facilitates rapid, systematic review of contracts, highlighting factors such as expiry dates or conditions that might need review. Workday Frontline Worker Agent enables responsive schedule adjustments when unexpected factors, such as an absent employee or a supply chain interruption, occur.

A key element of Workday's differentiating philosophy is that its AI agents are built around roles versus simple, single tasks. As a result, Workday agents can deliver greater capability and flexibility, as well as a favorable ROI as manufacturers adapt to an AI-centric reality.



03

SUPPLY CHAIN



DDELOITTE TREND DEFINITION

Manufacturers can expect to face ongoing supply chain risks this year, due to a combination of geopolitical tensions, elevated costs, climate volatility, trade-impeding tariff policies, and labor shortages. For example, transit times increased worldwide last year thanks to multiple factors, from low water levels in the Panama Canal caused by drought, to terrorist attacks in the Red Sea. These risks, among others, could easily reoccur. Meanwhile, a shortage of key frontline workers, such as truck drivers and warehouse employees, continues to contribute to delays and higher costs throughout the value chain. In fact, in a 2024 survey of more than 600 manufacturing professionals, over 80% said that labor turnover had disrupted production⁹.

In response, manufacturers are investing in AI-powered digital tools that enable efficient supply chain planning and optimization, facilitate demand forecasting, and enhance visibility. Fully 78% of manufacturers in a recent survey stated that they either have or are planning to invest in supply chain planning software¹⁰. As manufacturers build these capabilities, they can improve their agility, and gain the ability to deploy their talent pool effectively, with the goal of minimizing disruption as a result of labor shortages.

WORKDAY DIFFERENTIATORS

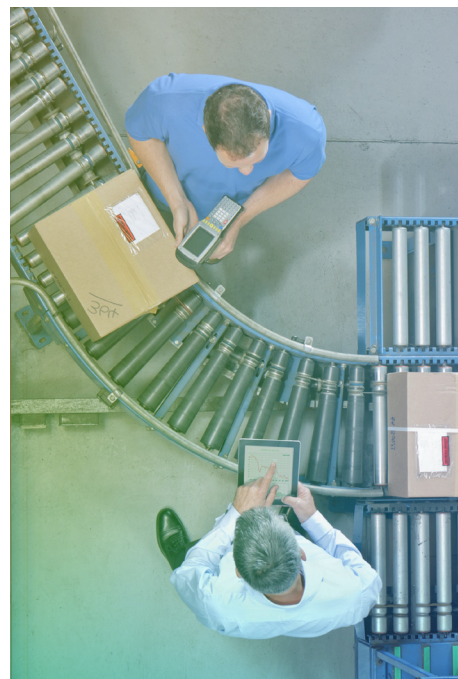
One of Workday's key benefits is the deep visibility it provides manufacturers into the state of their workforce: where employees are, how their skill sets are distributed, and even the level of job satisfaction and absenteeism at various locations. For manufacturers who have distributed – often global – workforces and supply chains, this enhanced visibility is an invaluable asset. Even better, Workday arms manufacturers with the power to act to strengthen their supply chain when needed.

With AI-powered applications such as Skills Cloud, Workday can help business leaders understand their labor costs, optimize the right blend of contingent and direct workers, pinpoint which skills are needed at which points to keep the supply chain operating most effectively, and spot skills gaps in their workforce before they turn into critical bottlenecks.

Additionally, Workday's global workforce planning and visibility tools offer manufacturers a critical advantage in navigating sudden changes. By providing real-time insights into workforce data, Workday enables proactive workforce planning in the face of supply chain disruptions and global policy shifts. Manufacturers can model various scenarios, analyze the impact of potential

changes on their labor needs, and strategically allocate resources to maintain operational efficiency. This visibility allows leaders to quickly identify skill gaps, redeploy talent, adjust hiring plans, and control labor costs, ensuring business continuity and resilience amidst uncertainty.

When supply chain disruptions do, inevitably, occur, the VNDLY Workday Vendor Management System enables businesses to manage the labor effects by bringing on contingent labor, such as during periods of peak demand or when outside factors cause changes to transit routes. Meanwhile, the ability for Workday Gigs to create and staff for short term requirements gives manufacturers additional agility when response times matter.



04

SMART OPERATIONS

DELOITTE TREND DEFINITION

The year ahead may prove challenging for manufacturers, but it comes with a silver lining: rising materials and labor costs, geopolitical disruptions, and the ongoing skills gap have all helped spur investment in advanced technologies aimed at implementing smart operations. In fact, Deloitte's Digital Maturity Index 2023 survey found that fully 98% of surveyed manufacturers had started their digital transformation journey¹¹. Meanwhile, Deloitte's 2024 Future of the Digital Customer Experience study showed that industrial manufacturers are increasingly strengthening the digital connection to their products as a way to gather usage and operational performance data, and to enhance the customer experience¹².

Expect manufacturers to continue to build their digital core and data foundation as a way to generate standardized, reliable data across the business, increase visibility into operations and workforce composition, facilitate demand forecasting, augment human capabilities, retain the knowledge of retirees, enhance training with AI and extended reality, and implement scenario simulation as a way to test proposed assembly line changes, optimize workflows, and inform strategic decision-making. In turn, this will highlight the need for high quality data, and for attracting and developing talent with the skills to make the most of it. Those manufacturers that can successfully balance their technology and talent mix will have a distinct competitive advantage.

WORKDAY DIFFERENTIATORS

Workday is directly suited to support manufacturers as they embark on their journey towards smart operations. The platform's trusted, secure, uniform data foundation provides leaders with visibility across their business: where their workforce is, which skill sets are available to be deployed, and where there are skills gaps that must be addressed in order to harness the power of technology. When gaps are identified, Workday Recruiting Agent and other tools can help manufacturers attract, hire and deploy workers with the right skills in the right place at the right time.

Additionally, Workday Adaptive Planning Cloud delivers greater visibility into the state of the global workforce, allowing manufacturers to simulate multiple business scenarios, identify where

workforce recalibration is needed, and analyze the results of any actions taken. Meanwhile, Workday's ability to automate and streamline tasks and back-office functions can enhance efficiency and help prepare the business for change. New technologies require new skill sets, and here, Workday learning Management Suite can be an invaluable asset when it comes to training and upskilling employees. With it, manufacturers can create a centralized training hub for their people, curate internal and external training content, track usage and success rates, and identify what training their employees are looking for. Employees can compare their existing skills with the requirements for new jobs, and tailor their learning to facilitate advancement. The result: a workforce better prepared to take manufacturers into the future.



AUTOMATE, ACCELERATE, INNOVATE, AND STAND APART

Workday's technology foundation, based on secure, trusted, uniform data, and powered by advanced AI applications, is uniquely able to help manufacturers automate, accelerate, innovate, and stand apart.

With Workday, today's manufacturers can find, attract, retain and upskill the right people, deploy their workforce effectively, manage labor costs, and prepare for the future. And Workday's scalable architecture will grow with the business, always ready to enhance productivity further.

Talk to us today about how we can help you make the most of your Workday investment, and position your business for elevated future success.

Contact us:



Michael Schlotterbeck
Principal, Industrial
Products and
Construction, Deloitte
mschlotterbeck@deloitte.com



Lisa Bretschneider
Consulting Managing
Director, Deloitte
lbretschneider@deloitte.com



Victor Reyes
Managing Director, Human
Capital, Deloitte
vreyes@deloitte.com



David Sweetman
Senior Manager, Industry
Marketing, Workday
d.sweetman@workday.com



John Marth
Manufacturing Industry
Advisor, Workday
john.marth@workday.com



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