

STEADY UNDER PRESSURE

The State of Ohio Manufacturing
in 2025

THE **BIG** PICTURE

**Manufacturing in Ohio
is holding steady under strain.**

Growth is slowing, innovation is shifting inward, and economic uncertainty is a major concern.

But manufacturers remain doggedly optimistic.



MAGNET

PRESSURE IS HIGH. SO IS RESOLVE.

Findings from
MAGNET's 2025
Ohio Manufacturing
Survey of almost **300
manufacturing
leaders**, representing
more than **30,000 jobs**.

Manufacturers are absorbing pressure while continuing to invest, hire, and adapt.

The Strain



43%

Say economic uncertainty is hampering growth

The Slowdown



48%

Saw revenue growth in the past year, down 17 points from 2023

The Optimism



70%

Expect headcount growth in 2026

The Culture Bet



82%

Are actively investing in improving workplace culture

The Forward Motion



39%

Are testing simple AI tools today

The Early Signal



9%

Have reshored production to the U.S.

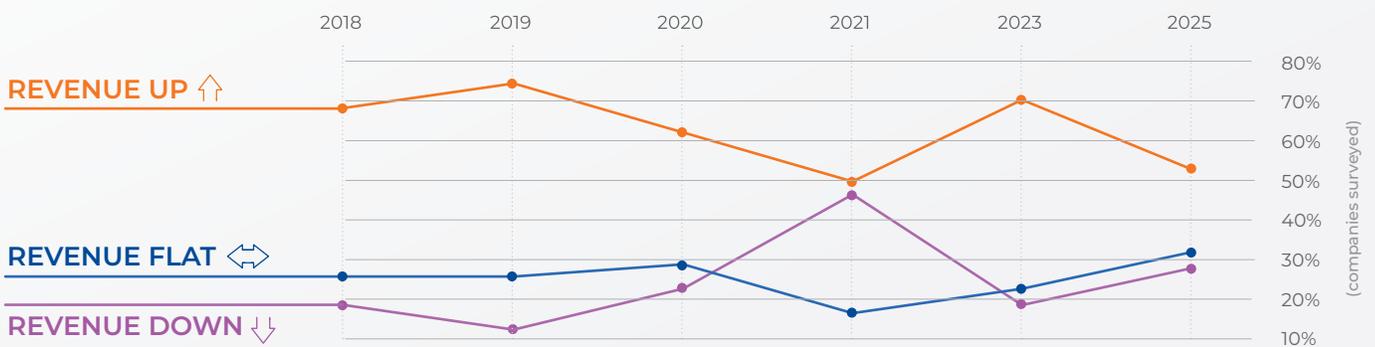
KEY INSIGHTS

1.

Revenue Growth Has Hit A Low Point But Hiring Plans Signal Optimism.

Revenue momentum has flipped. Only 48% of companies saw any revenue growth in the past year, one of the weakest results since 2021. That's down from 65% in 2023. At the same time, the share reporting revenue losses jumped to 24%, a 60% increase in just two years.

How were your company's revenues compared to last year?



While 51% of manufacturers reported flat headcount in 2025, a full 70% expect headcount to grow in 2026. More than half anticipating a 5–10% increase, signaling confidence that revenue is going to increase in the year ahead.

The top reason manufacturers say they have growth optimism: improving sales to existing customers (60%), not new ones.

IMPLICATION: Manufacturers are betting on the future despite soft recent performance which raises the stakes for execution if expected demand doesn't materialize.

KEY INSIGHTS

2.

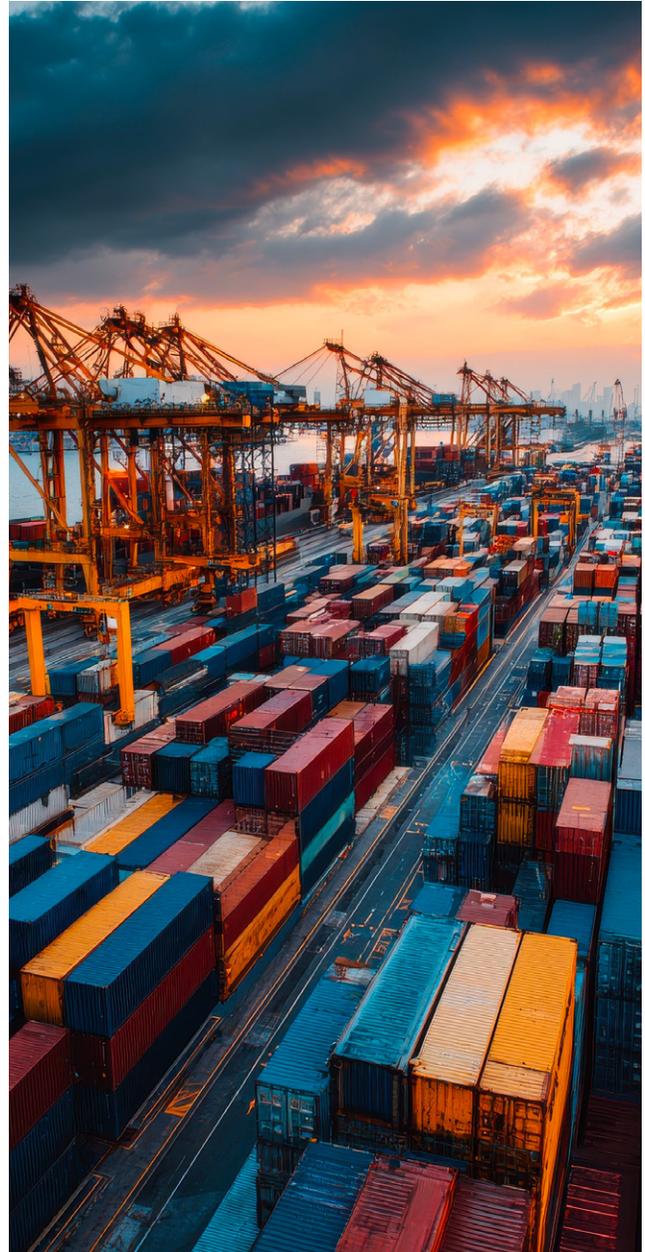
Uncertainty Is Now the Biggest Drag on Growth.

Economic uncertainty has emerged as a major constraint on Ohio manufacturers. Forty-three percent say it is hampering growth, up 10 points since 2023. More telling, 20% now report that uncertainty is significantly hampering their business, nearly three times the rate seen in 2023.

Political uncertainty is also rising quickly. Thirty percent of manufacturers cite it as a growth constraint, a 43% increase since 2023. Concerns span elections, trade policy, and the durability of federal and state programs.

The impact is showing up in more risk-averse behavior. Faced with volatile demand, input costs, and shifting policy signals, manufacturers are pulling back on discretionary investment, narrowing innovation efforts, and prioritizing operational resilience over expansion. Capital is flowing toward automation, process improvements, and cybersecurity rather than new product launches or aggressive hiring.

Manufacturers are reacting to uncertainty itself and the difficulty of making long-term commitments when market and policy conditions feel increasingly unpredictable.



IMPLICATION: Uncertainty has moved from background noise to an active constraint, shaping investment behavior more than labor or demand.

KEY INSIGHTS

3.

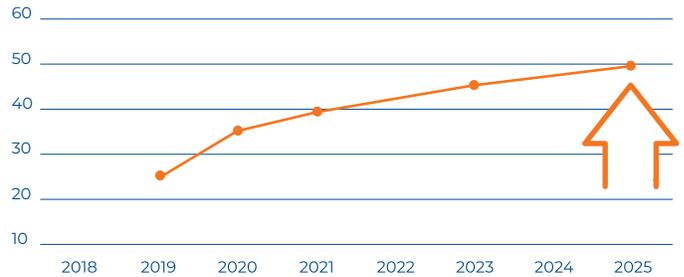
Technology Adoption Is Advancing Steadily, Not Rapidly.

More Ohio manufacturers are *attempting* Industry 4.0—but fewer are fully implementing it. The share not testing any advanced technologies fell from 72% in 2023 to 65% in 2025, meaning roughly 10% more companies are now experimenting with Industry 4.0.

Actual adoption, however, remains slow. MAGNET's Industry 4.0 Index rose from 45 to 50—matching the same linear pace seen from 2021 to 2023 and well below the acceleration seen earlier in the decade.



Industry 4.0 Index



AI is driving most of the forward motion. Thirty-nine percent of companies are testing simple AI tools, with a smaller share already seeing ROI. Twenty-five percent are testing more complex AI applications like predictive analytics, though it's too early for most to see benefits.

Other technologies have stalled. Basic 3D printing adoption remains flat at around 25%, and the integration of collaborative robots is stuck at 10%—suggesting friction, not saturation.

Cybersecurity stands apart. Preparedness is rising sharply, with large increases in employee training, third-party partnerships, and simulated breach testing—though only half of companies regularly test defenses.

The barrier isn't interest. It's execution. Manufacturers consistently point to financial incentives, training, and peer examples as the factors most likely to accelerate adoption—signaling that the next gains will depend less on awareness and more on funding and hands-on implementation support whether from private consultants or government programs.

IMPLICATION: The next phase of technology progress will mainly be limited by execution capacity, funding, and hands-on expert support.

KEY INSIGHTS

4.

Innovation Is Narrowing Toward Process And Production Technology.

Ohio manufacturers are pulling back from product innovation and redirecting investment toward operational improvements.

Just 45% of manufacturers launched a new product in 2025; the lowest rate since 2019, and a 13 point drop from 2023 (58%).

Given that only 29% rank new product development among their top three priorities for 2026, the lowest level since 2020, signs don't point to a significant upsurge in product innovation in the near term.

Instead, innovation activity is concentrating closer to the shop floor:

- Production process improvements (74%)
- Production technology upgrades (72%)
- Enhancement of existing products (63%)

How is your company investing in innovation?

Production process innovation (e.g. Improving procurement, manufacturing, assembly, and/or delivery methods)

74%

Production technology innovation (e.g. adopting new or upgraded manufacturing capabilities)

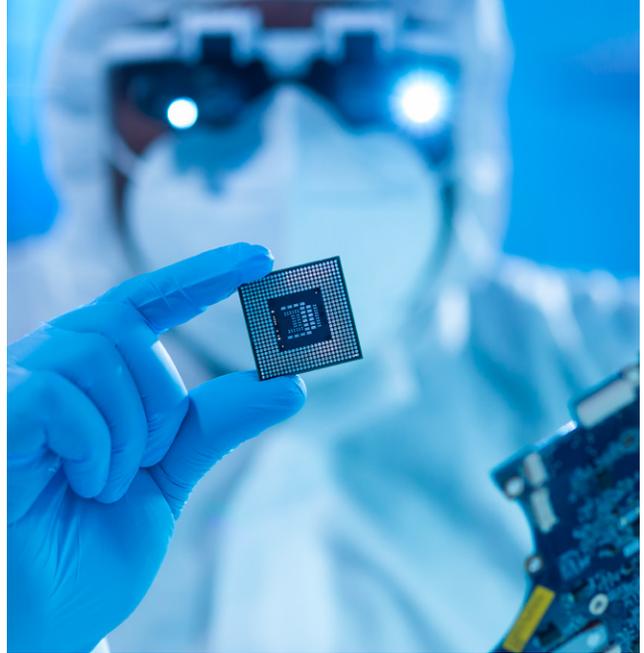
72%

Existing product or service innovation (e.g. making significant improvements to current product/service lines)

63%

New product innovation (e.g. developing new products or services)

60%



For the first time, cost has overtaken time and talent as the leading barrier to innovation. Sixty-seven percent cite lack of funding as the primary constraint, reflecting tighter margins, higher input costs, and greater uncertainty.

The pattern is clear: manufacturers are prioritizing efficiency, reliability, and cost control over expanding product portfolios. This shift supports short-term resilience but narrows pathways for future growth, particularly for firms that rely on product differentiation to compete.

IMPLICATION: Short-term resilience is improving, but long-term competitive advantage is at risk as product innovation slows.

KEY INSIGHTS

5.

Reshoring And Tariffs Are Reshaping Supply Chains But Unevenly And Slowly.

Reshoring is happening, but at the margins. Only 9% of Ohio manufacturers have brought production back to the U.S. That's about double 2021 levels, with most of that work returning from China (60%). Notably, none of the manufacturers list reshoring as a top strategic priority for 2026. More evidence that while the shift is real, it's largely reactive and unplanned. Tariffs are producing mixed and asymmetrical outcomes.

One-third of manufacturers report tariffs impacting sales. Of those, 15% saw gains, 18% saw losses, 24% expect future gains, and 43% report no material impact. But the downside is much sharper than the upside: average losses (-16%) are nearly twice the size of average gains (+9%).

Tariffs are not a universal tailwind or headwind. They are amplifying differences between firms—rewarding those with pricing power, operational flexibility, or domestic alternatives, while disproportionately penalizing those forced to absorb higher costs. The result is a slow sorting process, not a sudden reshoring wave.

IMPLICATION: Tariffs aren't affecting all manufacturers the same way. They're gradually separating the firms that can adapt from those that can't.

Read MAGNET's full special report about the impact of tariffs on Ohio manufacturing here: [Tariffs and Turbulence: How Ohio Manufacturers Are Navigating a Shifting Trade Landscape.](#)



TREND TO WATCH

Rising Material Costs: The Pressure Beneath The Surface

Raw material costs remain one of the most persistent constraints facing Ohio manufacturers. Roughly 40% say rising input costs are holding back growth and that figure has stayed largely unchanged in recent years. What has shifted is severity.

The share of manufacturers reporting that material costs are significantly hampering growth rose from 7.7% in 2023 to 10.9% in 2025. That substantial increase signals growing financial strain among a smaller, but more exposed, group of firms.

This marks a break from the post-pandemic recovery pattern. After peaking in 2021, cost pressure had been easing toward pre-COVID levels. That improvement has now stalled. Tariffs and continued supply-chain volatility appear to be interrupting the return to more predictable input pricing.

The bottom line is that costs aren't rising for everyone but for the companies hit hardest, they're already limiting pricing and investment.

KEY INSIGHTS

6.

The Talent Crunch Is Easing But There's A New Problem.

The immediate labor shortage facing Ohio manufacturers has eased meaningfully. The share of companies saying worker shortages are hampering growth has dropped from 70% in 2023 to 53% in 2025, a 24% decrease.

This improvement is visible in job openings as well. Estimated perennially unfilled manufacturing roles across Northeast Ohio have declined from 10,000 in 2019 to 7,500 today. In Cuyahoga County, the number has fallen from 3,000 to under 1,000, reflecting several years of sustained workforce efforts.

But the challenge has not disappeared, it's shifting. Manufacturers aren't struggling to find entry level workers in the same way they were three years ago. They're struggling to find *capability*. In open-ended responses, leaders consistently pointed to two gaps that now cut across nearly every role:

- **Soft skills and people management.** The ability to lead teams, communicate clearly, and adapt on the floor has become as critical as technical know-how.
- **Technological fluency, including AI-adjacent skills.** This is increasingly expected at every level, in almost every role, not just in engineering or IT.

The core talent challenge is shifting from quantity to quality.



IMPLICATION: The labor crisis is no longer just about headcount. It's about readiness. And that shift raises the stakes for training, upskilling, and leadership development in the years ahead.

KEY INSIGHTS

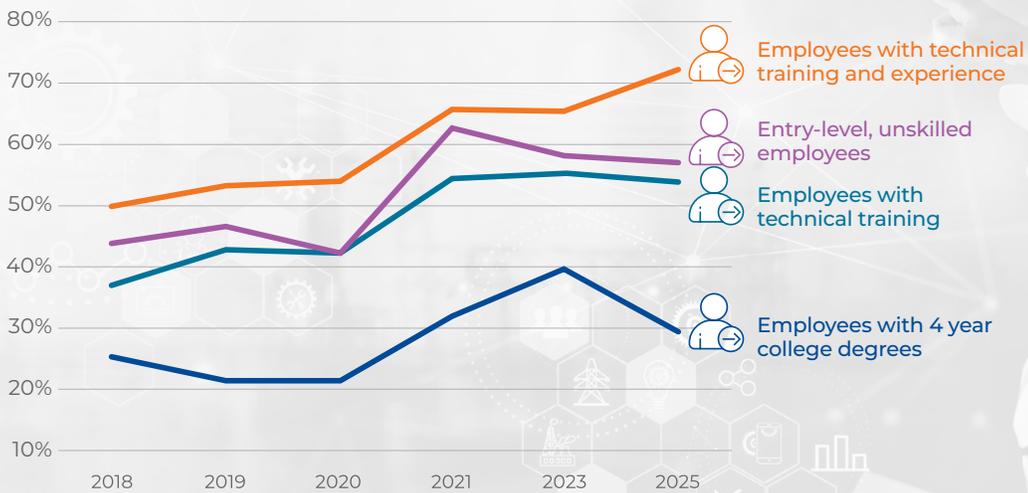
7.

Demand Is Shifting Up The Skills Ladder.

As overall hiring pressure eases, manufacturers are becoming more selective about who they hire. Interest in recruiting college degree graduates at all levels has declined over the past two years. Demand for workers with

technical training and experience has risen steadily, reaching a seven-year high. And fewer companies are looking for entry-level, unskilled workers.

The Skills Sought By Manufacturers Are Changing



This shift aligns with broader trends in automation, process improvement, and reshoring readiness—where technical capability matters more than headcount alone.

IMPLICATION: Technicians, not entry-level workers, are becoming the hardest roles to fill and the major constraint on growth.

KEY INSIGHTS

8.

Retention Is The New Recruitment.

Instead of expanding external hiring efforts, manufacturers are shoring up the talent system they already control. These actions are at record highs in the survey:

- **82%** are actively improving workplace culture
- **70%** are transferring knowledge from retiring workers to younger employees
- **56%** are engaging with high schools and vocational programs through tours, internships, and partnerships

By contrast, active recruitment of specific populations has declined. Fewer companies are targeting high school graduates, returning citizens, college students, veterans, women, refugees, or workers with disabilities, down 5–20% across categories.

This does not reflect disengagement. It reflects strategy.

As labor pressure eases, manufacturers are prioritizing retention, succession, and internal capability-building over broad-based recruitment campaigns.

IMPLICATION: Retention is becoming the primary workforce strategy. Recruitment is becoming more targeted and more selective by skillset.



TREND TO WATCH

Wages Are Rising And Diverging

Manufacturing wages in Ohio continue to rise. Average entry-level pay is now \$18.25/hour, and mid-skill wages average \$22.67/hour—up 12% and 8% over the past two years, respectively.

Wage distributions have also widened, with some manufacturers paying meaningfully more and others holding the line. That gap is now impacting hiring outcomes.

Companies paying more than \$18/hour have three times fewer entry level openings per 100 employees than those paying below that. Firms paying under \$18/hour report nearly double the number of unfilled entry-level roles.

This means higher starting wages are becoming a measurable hiring and retention advantage.

KEY INSIGHTS

TREND TO WATCH

The Next Talent Risk: Trades And Reshoring

Looking ahead, manufacturers anticipate modest workforce replacement needs: 43% expect to replace 0–5% of their workforce over the next three years, while 37% expect to replace 6–15% due to retirements.

The hardest roles to fill remain CNC machinists, maintenance technicians, and tool-and-die makers—the same skills required if reshoring accelerates.

Across open-ended responses, manufacturers emphasized that large-scale reshoring would require rebuilding the skilled trades pipeline and restoring the status of the trades as viable, respected careers.

Today's labor pressure may be easing but tomorrow's risk is structural and urgent.



OHIO MANUFACTURING IS RECALIBRATING, NOT RETREATING.

Ohio manufacturing is absorbing immense pressure without standing still. Growth has slowed. Uncertainty has risen. Innovation has turned inward. And yet optimism remains strong.

What's emerging is not a pause or a retreat, but a recalibration. Manufacturers across Ohio are tightening operations, investing in people, and making disciplined bets on technology and capability. The focus has shifted toward execution, durability, and choices that can hold up under real-world constraints.

This does not mean abandoning ambition. It means being more deliberate about where and how to place big bets. Leadership in smart manufacturing is no longer defined by speed alone, but by the ability to integrate advanced

technologies, build skilled teams, and scale what works in volatile conditions.

At a moment when America's stated ambition is to reignite manufacturing as an engine of economic strength, Ohio's experience offers a clear lesson. Progress is not powered by declarations alone. It is earned through execution—decision by decision—by manufacturers and by the systems that support them.

The confidence and strategic choices emerging across Ohio manufacturing show a sector doing its part. Sustaining that momentum will require an ecosystem that does the same—workforce partners, educators, funders, and policymakers aligned around turning ambition into lasting industrial strength. That's what will ensure American manufacturing is built to last.



“Ohio manufacturers aren’t panicking, they’re pivoting. They’re adapting quietly to global headwinds, automating where they can, investing where they must, and betting on their people. That combination of pragmatism and resilience is what will define the next chapter of American manufacturing.”

*Ethan Karp, President & CEO,
MAGNET*



About The Survey

MAGNET's Ohio Manufacturing Survey is the state's most comprehensive snapshot of the manufacturing economy, conducted every two years. The 2025 Manufacturing Survey was conducted August – September of 2025. MAGNET reviewed historical data and examined trends year over year to reduce margins of error. Individual responses are confidential, and data is reported in the aggregate. The survey has an estimated margin of error of $\pm 4\%$.

Who Participated

- 266 manufacturing leaders representing 31,000 employees in Ohio
- The majority were CEOs, Presidents, or Owners
- Companies ranged from pre-revenue startups to billion-dollar firms, with most reporting under \$50 million in annual revenue
- Respondents span every major subsector of Ohio manufacturing from metals and machinery to plastics, food, and electronics

Together, these insights provide a detailed pulse on the state's industrial backbone and show how Ohio's manufacturers are adapting, investing, and competing in a volatile global market.



Learn more: manufacturingsuccess.org/2025survey