

AMERICA'S NEW INDUSTRIAL BLUEPRINT

Insights from Men and
Women on the Frontlines

2 0 2 6



SUSTAINMENT

x



[1]

Executive Summary

The story of American manufacturing in 2025 is one of resilience, cautious optimism, and determination. On the whole, American manufacturing is experiencing a resurgence, with companies actively investing in domestic production and advanced technologies while navigating workforce and capital constraints that require strategic support.

Manufacturing momentum is building across the sector.

The American industrial base is growing, with nearly 60% of surveyed manufacturers reporting revenue expansion over recent years. Companies are backing this growth with action. Over 70% plan to increase spending with U.S. suppliers in 2025. This domestic tilt reflects both practical lessons from supply chain disruptions and a renewed commitment to American production, with roughly 80% of manufacturers either fully U.S.-sourced or actively pursuing reshoring opportunities.

Technology adoption is transforming the factory floor.

Half of manufacturers have already implemented robotics and automation, while significant numbers are deploying AI, strengthening cybersecurity, and utilizing additive manufacturing. These investments are driven by clear business needs: productivity gains, quality improvements, and competitive differentiation. Yet adoption faces headwinds; uncertain ROI and limited technical expertise constrain broader deployment, particularly for smaller firms.

Critical transitions demand immediate attention.

The sector faces a generational changing of the guard, with half of owner-operators planning to transition their businesses within five years. While most have succession plans, a third remain unprepared. Simultaneously, manufacturers struggle with workforce availability, their top expansion constraint, particularly for skilled technical positions. Most companies rely on self-funding for growth, with high interest rates and unfavorable loan terms limiting expansion potential.

Policy environment creates both opportunities and obstacles

Tariffs have produced mixed results, adding operational risk for manufacturers while benefiting others who compete with imports. Procurement and contracting complexities create significant barriers, especially for smaller firms navigating government business. The data points toward clear policy opportunities: reducing compliance costs, subsidizing automation investments, and streamlining procurement processes could unlock substantial growth potential.

+ + +
+ + +

American manufacturers are broadly optimistic, growing revenues, investing in new technologies, and deepening their commitment to U.S.-based production. They simultaneously face challenges in finding skilled workers, navigating policy, and securing affordable capital.

[2]

Context & Purpose

After decades of globalization, the United States is experiencing a manufacturing resurgence, driven by supply-chain disruptions, geopolitical shifts, and a national imperative for economic and defense resilience. Policy initiatives have underscored this commitment.

This report is inspired by Alexander Hamilton's 1791 *Report on Manufactures*, which recognized manufacturing as key to economic independence. While technology has evolved, the core questions remain: What does American manufacturing need to thrive, and how can it drive prosperity? This report is a modern snapshot, surveying the people at the heart of the industry today. We are not prescribing specific policies; rather, we present a factual overview of what manufacturers are experiencing in 2025 to inform policymakers, investors, and industry leaders.

Our focus is on small and medium-sized manufacturers (SMEs), the "unsung backbone" of the American supply chain. These firms are the critical links in industries from aerospace and defense to electronics and machinery. This survey taps into how the "fourth industrial revolution" is unfolding on their factory floors.

By compiling insights from 100 manufacturing leaders, we aim to highlight the sector's momentum and critical needs, encouraging investment, innovation, and supportive policies. The goal is to show that American manufacturing is strong, investing in new technology, and ready to accelerate its revival with targeted support.

[3]

About This Survey

(Methods & Caveats)

This study was jointly conducted by the [New American Industrial Alliance \(NAIA\)](#) and [Sustainment](#).

[NAIA](#) convenes senior leaders from critical American industrial organizations to shape reindustrialization policy and drive coordinated action across the sector.

[Sustainment](#) provides the technology infrastructure that connects commercial and defense supply chains, helping manufacturers collaborate, compete, and build a more resilient national industrial base with tools for sourcing, procurement, supplier management, and discovery.

The joint Sustainment and NAIA team gathered survey responses from 100 manufacturing leaders, primarily representing SMEs with roughly \$10 million to \$500 million in annual revenue. The sample spans subsectors that include aerospace and defense (A&D), industrial machinery, electronics, metals, and plastics.

The majority of participants are C-suite executives or owners (CEOs, COOs, founders), ensuring a high-level strategic perspective. The survey was conducted in the summer and early fall of 2025.

Given the sample size of 100 manufacturers and the recruitment method, these figures should be considered indicative of trends among forward-leaning manufacturers, not statistically significant analysis of the entire sector. The data was not weighted. All responses were anonymized. This report is meant to spark discussion, not serve as the sole source for policy or investment decisions.

[4]

Who We Heard From

Respondents are predominantly small to mid-sized enterprises that form the backbone of American industry, with revenues in the tens to low hundreds of millions. They are the tier-1, tier-2, and tier-3 suppliers crucial for innovation and supply chain resilience.

Industries Represented

The largest single group comes from Aerospace & Defense (A&D), producing critical components for national security.

Other significant sectors include industrial machinery and equipment, electronics and semiconductors, metals and advanced materials (fabricators, composites), and plastics and polymers.

Chart 4.1: Revenue Distribution

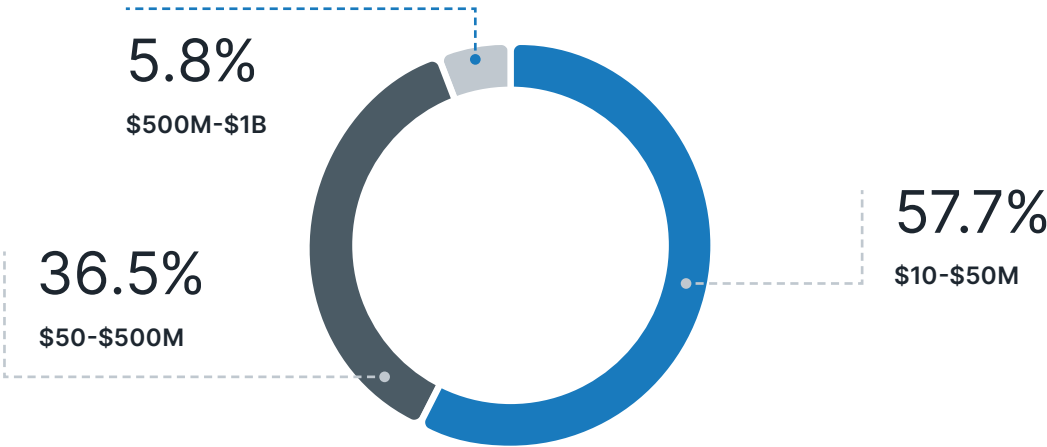
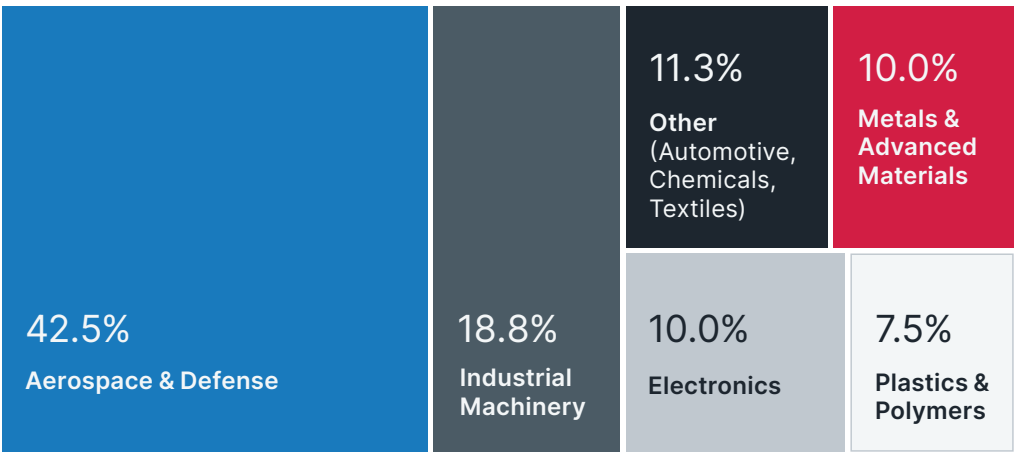


Chart 4.2: Industry Subsector Mix

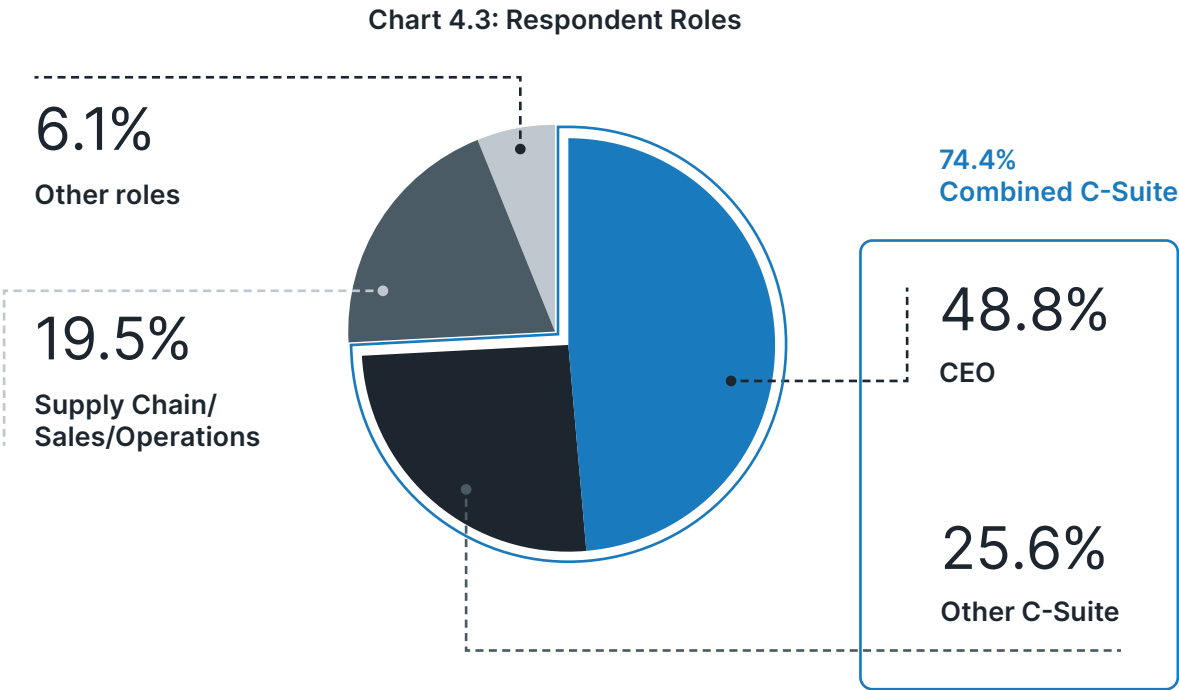


[4] Who We Heard From

Roles of Respondents

The voices captured are largely those running the business.

- Over 70% identified as CEO, President, Owner, or Founder.
- Another significant portion are C-suite or VP-level (COOs, CTOs, VPs of Operations).
- This leadership-heavy sample means the data reflects high-level strategic priorities like capital investment, technology adoption, and workforce planning.



Geography

Respondents are based in the United States, spanning traditional industrial heartlands and emerging manufacturing clusters. Specifically, the data highlights a strong presence in the West (27%) and Southwest (19%), driven largely by aerospace and defense hubs in states such as California and Texas. The traditional industrial heartland remains vital, however, with the Midwest (21%) and Northeast (17%) accounting for a combined 38% of the manufacturing base, particularly in machining and fabrication strongholds like Ohio and Massachusetts.

+ + +
+ + +

Collectively, these respondents represent the sentiment of the modern American industrial base. As suppliers to larger corporations and government projects, their ability to thrive affects national objectives like defense readiness, economic security, and infrastructure buildout.

[5]

Signals of Momentum

Survey results reveal clear signs of momentum among American manufacturers, particularly in revenue growth and financial self-reliance.

[5.1]

Growth & Demand Trends

One of the most encouraging signals is broad-based revenue growth.

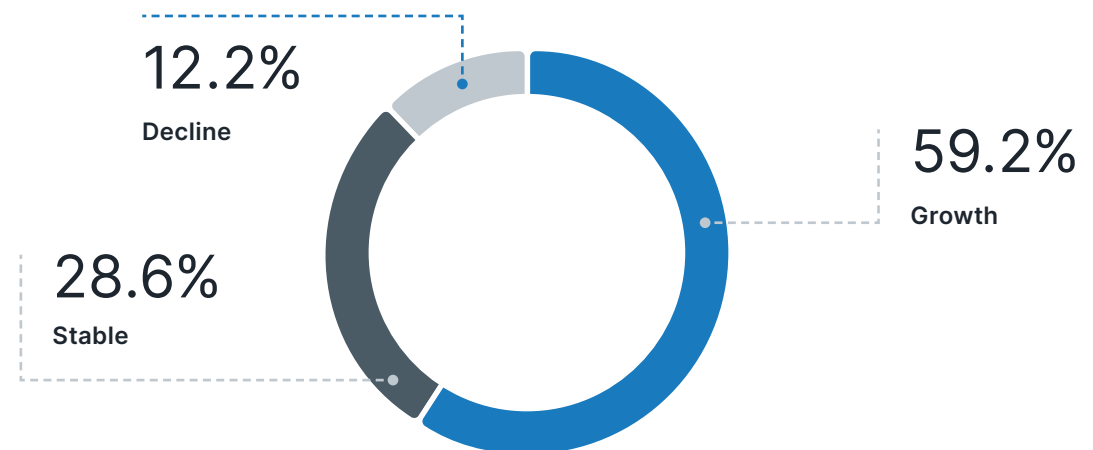
59% of manufacturers indicated their revenue has grown over the past three to five years.

29% reported stable revenues.

12% experienced a decline.

Growing Momentum and Optimism Among U.S. Manufacturers

Chart 5.1: 3-5 Year Revenue Trajectory



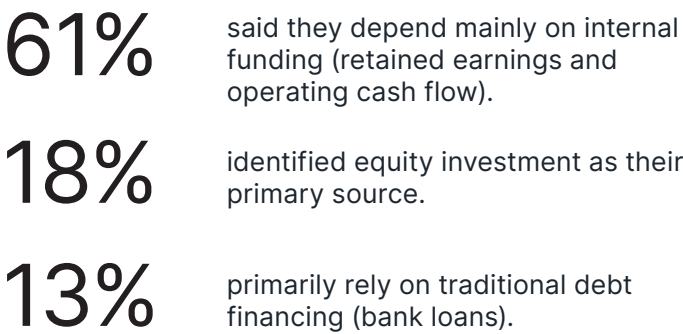
This means almost nine out of ten respondents (approximately 88%) are at least maintaining their business scale, with over half expanding. This growth is notable given the economic swings of the past few years. Looking ahead, many expressed cautious optimism, tempered by potential headwinds like a slowing global economy or higher interest rates.

[5.2]

Capitalization & Cash Engines

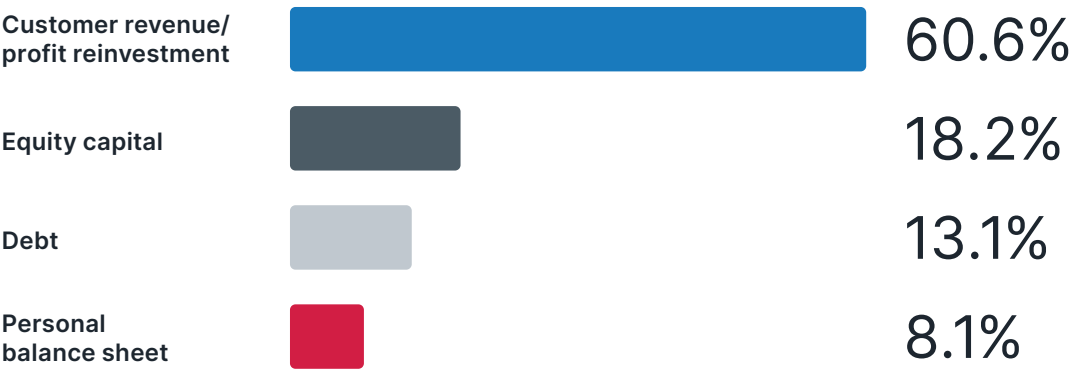
Growth requires investment, and the survey shows a prevailing model of self-reliance.

When asked about their primary source of funding, approximately



Ways Manufacturers are Financing Operations

Chart 5.2: Primary Financing Sources



This heavy reliance on self-funding indicates financial discipline and independence. However, it also reflects a cautious capital environment or limited access to it.

When probed on financial pain points, the cost of capital emerged as a top concern. High interest rates and tough loan terms were the most frequently cited financing challenge, with roughly 28% of respondents ranking it as their number one issue. This sensitivity to capital costs means rising interest rates can directly delay expansion plans, such as new factory extensions or machinery purchases.

America's SME manufacturers are largely funding themselves, but greater access to affordable capital could accelerate growth.

[6]

Supply Chains & Reshoring

The push towards strengthening domestic supply chains is well underway among the new industrial base. Manufacturers are actively planning to reduce dependence on overseas suppliers.

[6.1]

Intent and Action on Reshoring

The data shows a clear intent to rebalance supply chains toward U.S. suppliers.

■ A notable 71% of respondents said they plan to increase the amount they spend with U.S.-based suppliers in 2025.

Chart 6.1: 2025 U.S. Supplier Spend Intentions

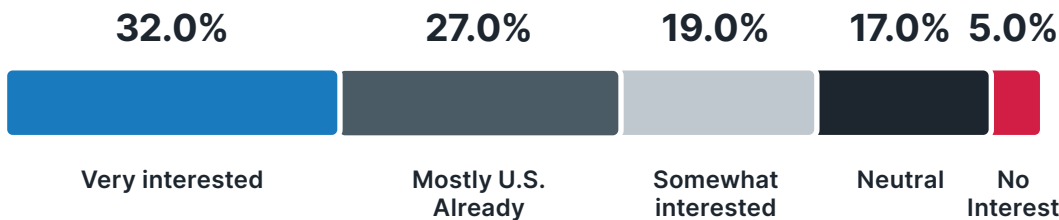


This reflects a push for the stability of local sourcing, prompted by recent supply chain shocks. When asked about their stance on reshoring production activities:

■ 32% described themselves as “very interested” in reshoring. ■ 27% said they are already mostly U.S.-sourced in their manufacturing. ■ 19% are “somewhat interested” in reshoring.

Manufacturer Sentiment on Reshoring

Chart 6.2: Reshoring Interest Segmentation



Combining these figures, roughly 80% of the sample is either entirely U.S.-based or open to increasing their U.S. manufacturing footprint. This aligns with a national trend driven by a desire for shorter supply chains, reduced geopolitical risk, and customer preferences for “Made in America” products.

[6.2]

Constraints and Considerations

Reshoring is not without challenges. Respondents highlighted several practical constraints:

Workforce limitations

Even with the desire to scale up domestically, finding enough skilled labor (e.g., CNC machinists, quality technicians) is difficult and can act as a bottleneck.

Higher costs

Cost competitiveness remains crucial. Some components are still significantly cheaper to import due to lower labor costs or scaled efficiencies abroad.

Lack of U.S. suppliers in certain niches

For specific materials, like advanced electronics or specialty chemicals, there may be few or no domestic suppliers.

Regulatory and certification hurdles

In industries like aerospace, defense, or medical devices, qualifying a new domestic supplier can be a time-consuming, bureaucratic process.

[6.3]

Domestic vs. Global Supply Chains

Most respondents currently have a mixed supplier footprint, often sourcing inputs domestically. However, nearly all have at least one or two critical inputs that come from foreign suppliers, such as specialized electronic components or raw materials. This means even U.S.-focused manufacturers feel the effects of global supply issues.

The pendulum has clearly swung from a default of “global when cheap” to a new mindset of “local where feasible”. Manufacturers are actively seeking U.S. alternatives, driven by a desire for resilience and proximity.

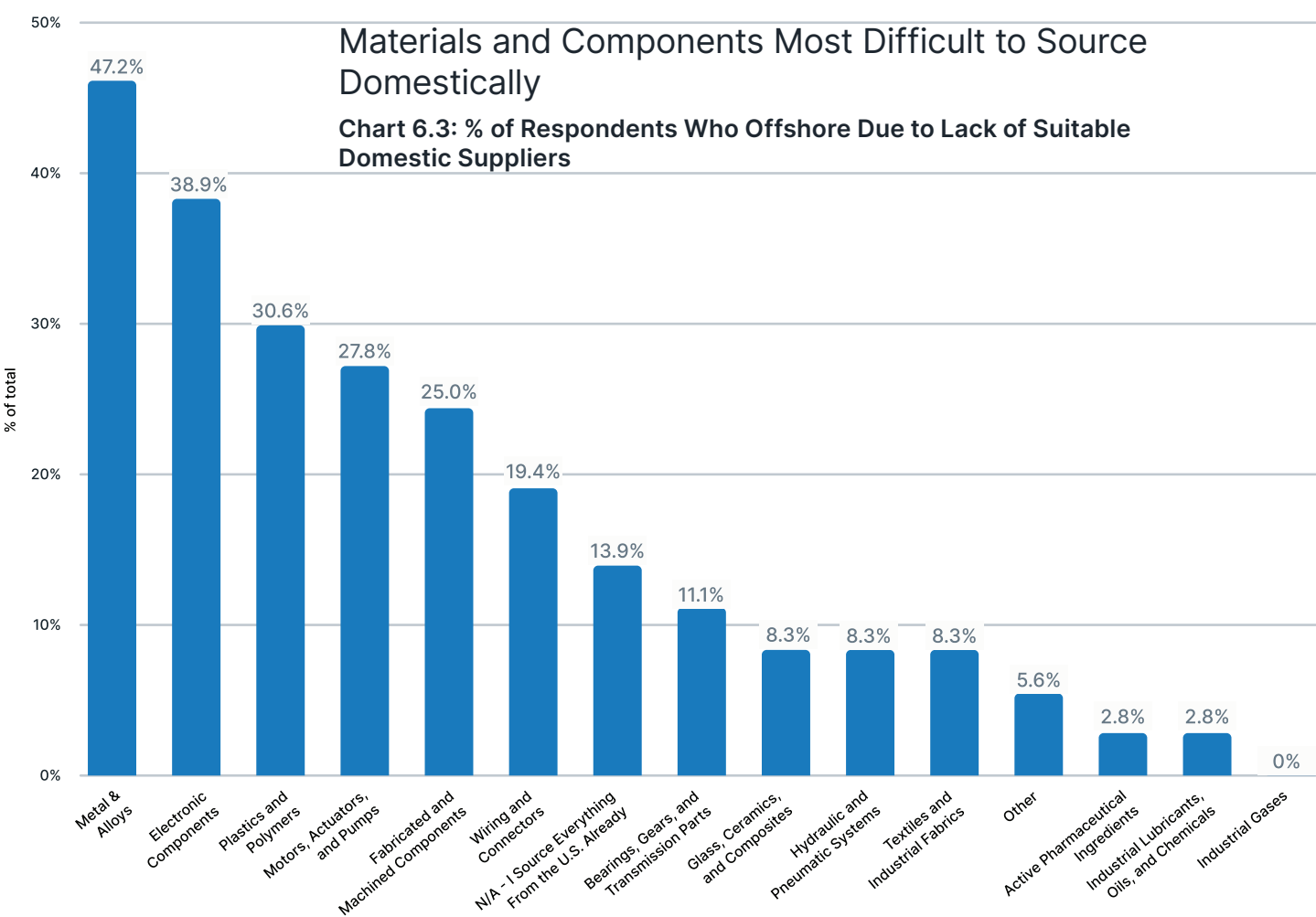
[6.3]

Domestic vs. Global Supply Chains (cont.)

The reality of the American manufacturing supply chain is that many goods, materials, and processes are already almost entirely offshore. Bringing them back to U.S. soil will require significant time, investment, and coordination.

When asked about their ability to source domestically, only one in ten respondents said they could rely entirely on U.S.-based suppliers if they chose to do so. The remaining 90% reported that full domestic sourcing is either nearly impossible or not financially viable, even if they wanted to pursue it.

The chart below highlights the most common categories that respondents say are most difficult to source domestically. These constraints represent a clear challenge for reshoring efforts, but also point to targeted opportunities for investment and capacity building



[7]

Workforce & Succession

Workforce concerns are not new, but the survey highlights the immediacy of succession and retirement challenges for smaller manufacturers.

[7.1]

Generational Transition on the Horizon

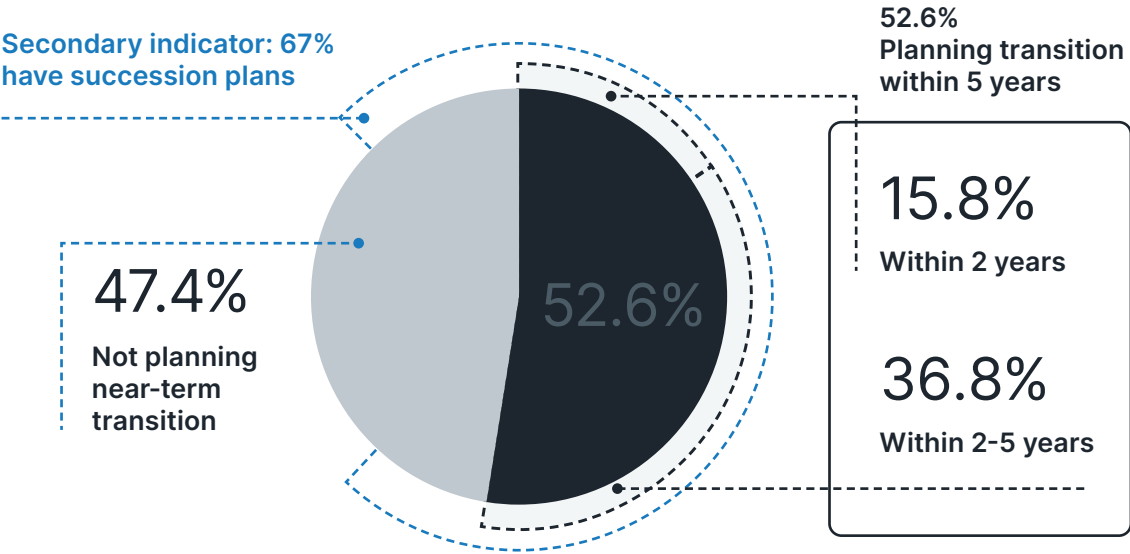
(The Payoff)

One of the most eye-opening findings from the survey is the prevalence of planned ownership transitions.

- Among owner/CEO respondents, 53% indicated they aim to transition ownership of their company within the next five years.
- This signals a significant generational shift as many long-time owners near retirement.
- The good news:** 67% of those anticipating a transition reported having a formal succession plan in place.
- The bad news:** This leaves one-third without a clear plan, which could jeopardize company continuity.

Half of Owners Plan to Exit by 2030

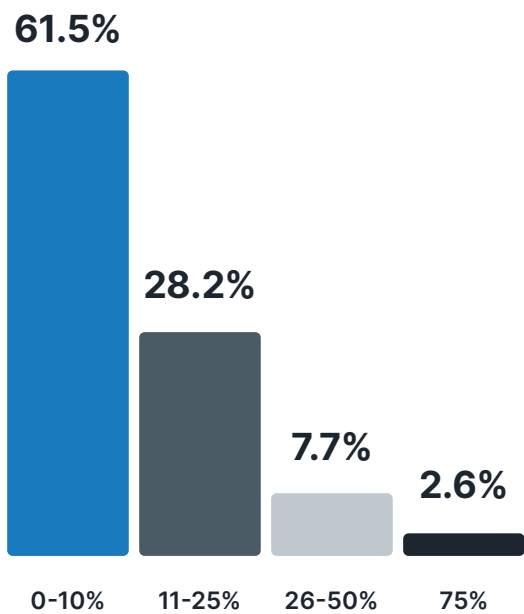
Chart 7.1: Ownership Transition Timeline



[7] Workforce & Succession

Anticipated Workforce Retirement Rates

Chart 7.2: Expected Retirement Rates



This impending wave of retirements represents both a risk (loss of capability, potential closures) and an opportunity (new investment, new leadership).

[7.2]

Workforce
Stability and
Skills Gaps

Turning to the broader workforce, the survey found:

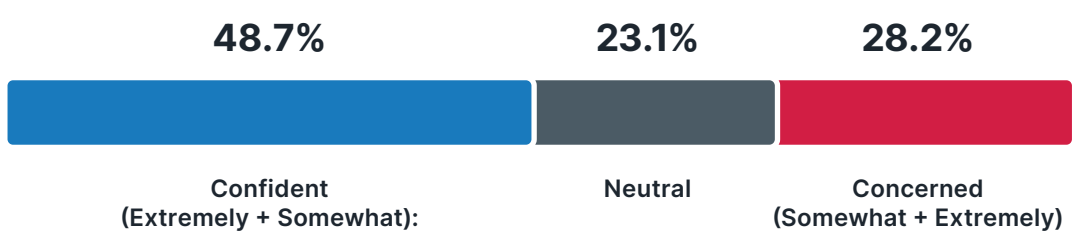
- Retirement rates:** Most manufacturers are not expecting a massive wave of retirements among their general workforce; the most common answer range was “0–10%” of workers retiring in the next five years.
- Confidence in backfilling:** Confidence in finding suitable replacements is mixed. 49% expressed confidence, while 28% are concerned or not confident.

[7] Workforce & Succession

- The skills gap:** The hardest roles to fill are skilled technical positions on the factory floor. 69% pointed to technical manufacturing positions (machinists, welders, CNC programmers, technicians) as their primary hiring challenge.
- Training strategies:** To combat this, the majority (54%) rely mostly on internal, on-the-job training programs, such as apprenticeships and mentoring. 28% use a combination of internal and external training.

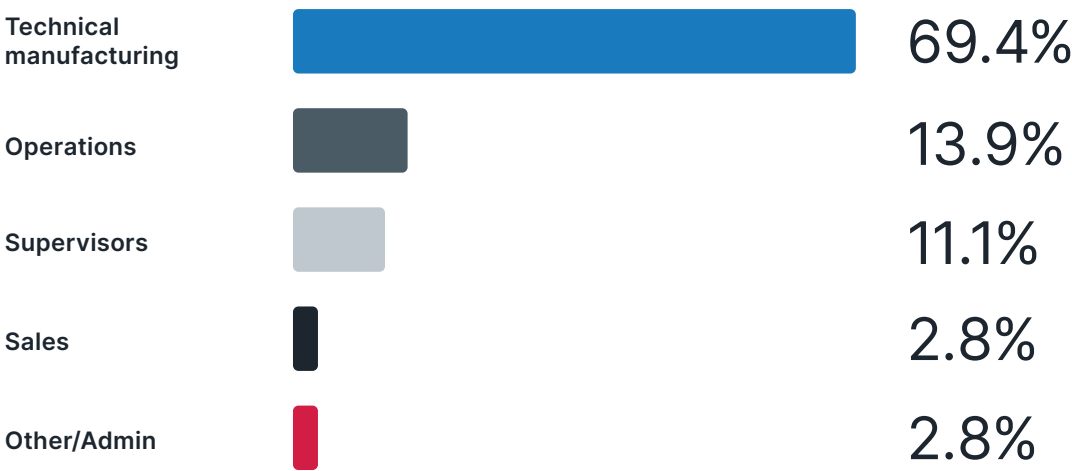
Manufacturers Split on Ability to Replace Talent

Chart 7.3: Confidence in Backfilling Roles



Technical Roles Remain the Hardest to Fill

Chart 7.4: Difficult to Fill Roles



[7] Workforce & Succession

[7.3]

Implications
for Workforce
Development

The survey findings suggest several implications:

Knowledge transfer is urgent.

With veteran owners and workers retiring, companies must formalize mentorship and document processes, potentially using digital tools.

Apprenticeships and partnerships are vital.

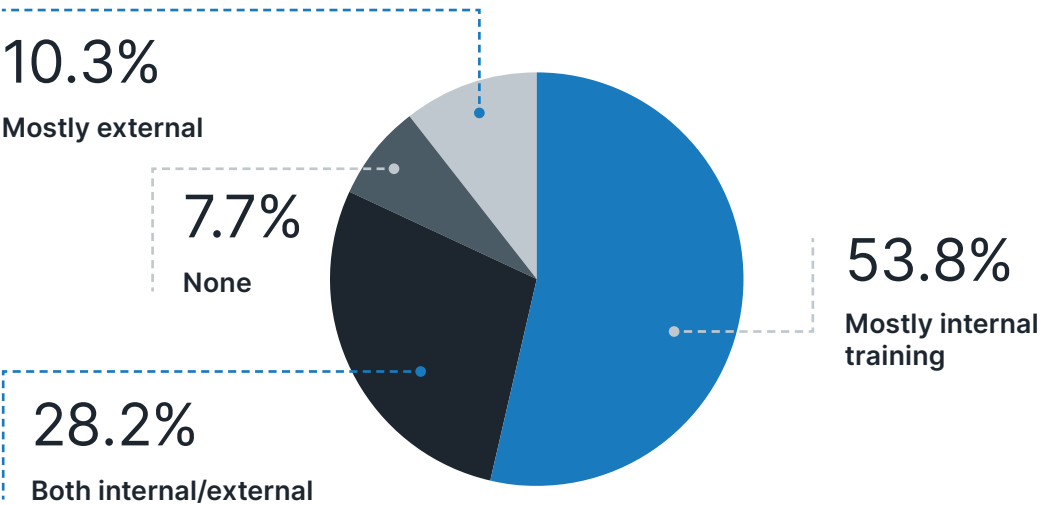
Companies and industry groups need to expand partnerships with trade schools and community colleges.

Workforce stability is a strength.

Many small manufacturers have loyal workforces with low attrition. Doubling down on retention and upskilling may yield better returns than chasing new hires.

Manufacturers Lean Heavily on Internal Training

Chart 7.5: Training Approach



[8]

Technology & AI Adoption

Manufacturers are adopting advanced technologies, but unevenly. Some tools have made deep inroads, while others are just beginning.

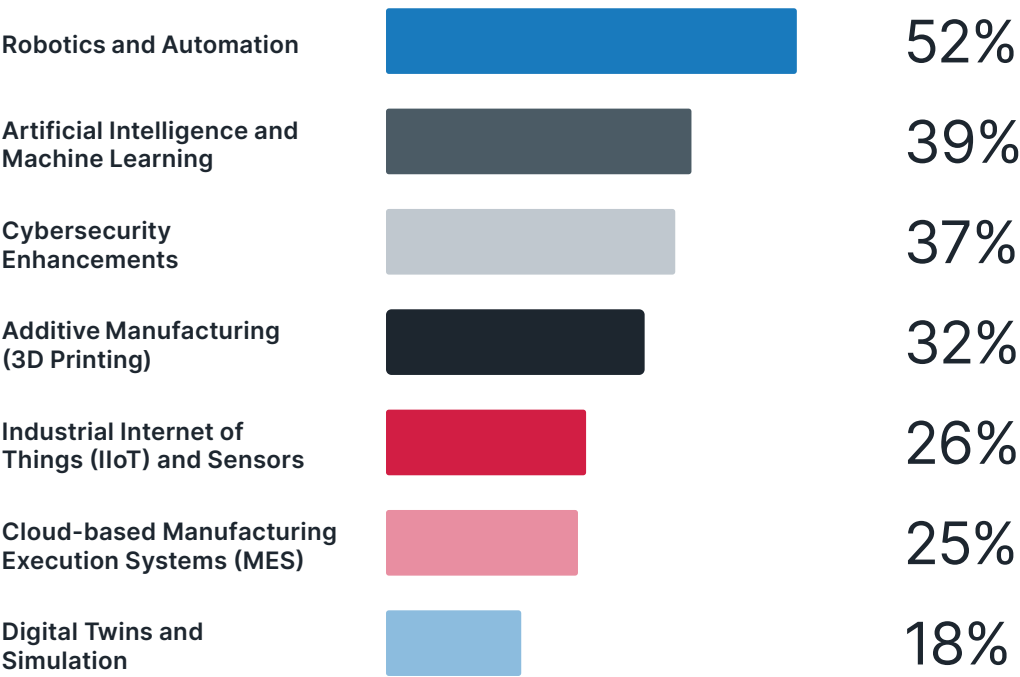
[8.1]

What's Being Adopted Now

We asked which advanced technologies have been implemented. The most common were:

Adoption Rates of Advanced Technologies

Chart 8.1: Current Technology Adoption



The tools of “the next industrial revolution” are making their way into SMEs. There is a clear recognition that technology is essential to stay competitive, especially with rising labor costs.

[8] Technology & AI Adoption

[8.2]

Why Adopt Technology?

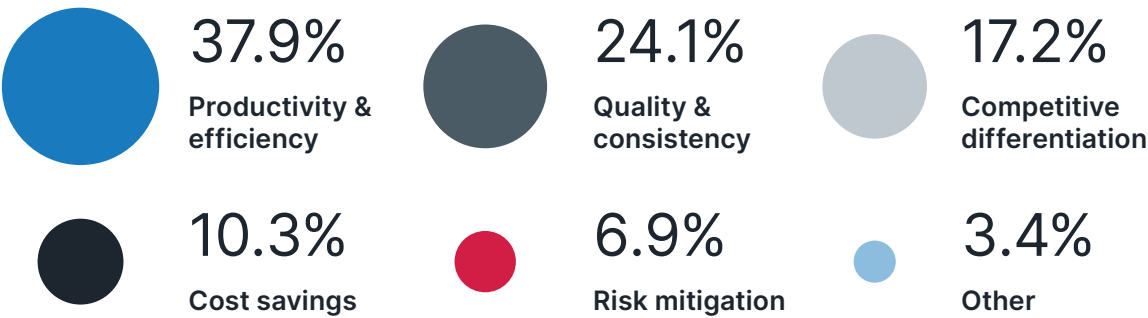
(The Payoff)

Manufacturers are pragmatic; they invest in tech that tangibly improves the business. When asked to rank the biggest benefits:

-  **Productivity & Efficiency Gains** was the top benefit (38% ranked this first). Tech allows companies to produce more with fewer resources, amplifying the effectiveness of their existing teams.
-  **Improved Quality & Consistency** was second (24% ranked this first). Automated systems reduce human error and data analytics can catch defects earlier.
-  **Competitive Differentiation** was third (17% ranked this first). Advanced capabilities, like rapid prototyping with 3D printing, can be a selling point to win business.

Efficiency Gains Drive Technology Investment

Chart 8.2: Top Benefits of Technology



[8] Technology & AI Adoption

[8.3]

What's Holding Technology Back?

(Barriers to Adoption)

If the benefits are clear, why isn't adoption universal?

For technology adoption in general, the top barriers were:

■ Uncertain Return on Investment (ROI)

28% cited this as their primary barrier. Manufacturers are wary of expensive systems without a clear, quick payback.

■ Lack of Technical Expertise

20% noted not having the right in-house skills to implement and maintain complex systems.

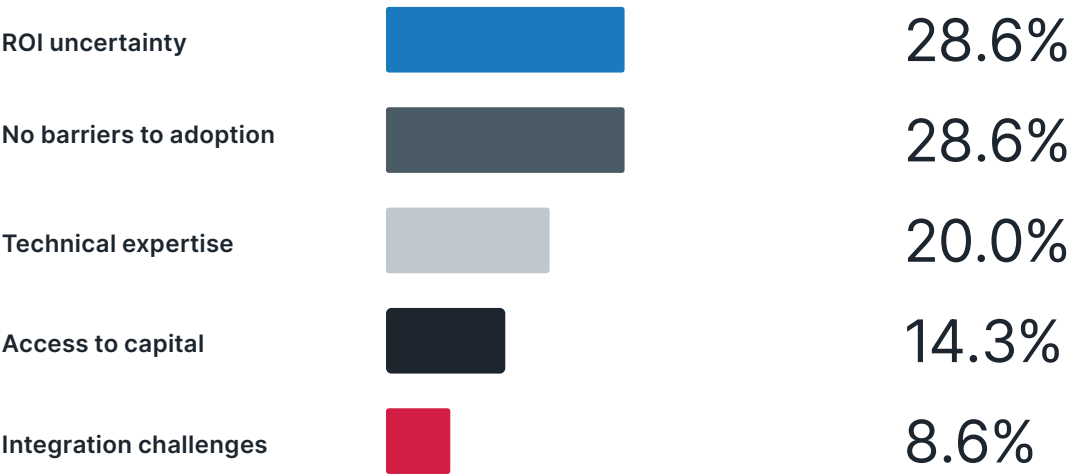
■ Access to Capital

15% pointed to limited capital availability, tying back to the 59% who self-fund.

Notably, 28% reported "no major barriers" to tech adoption.

ROI Uncertainty and Expertise Gaps Slow Technology Deployment

Chart 8.3: General Tech Barriers



[8] Technology & AI Adoption

When focusing specifically on AI adoption, the barriers were:

Data and Security Concerns

36% cited this as the top barrier. This includes a lack of quality data to train models and fears about IP security.

Uncertain ROI for AI Projects

33% ranked this as a key barrier.

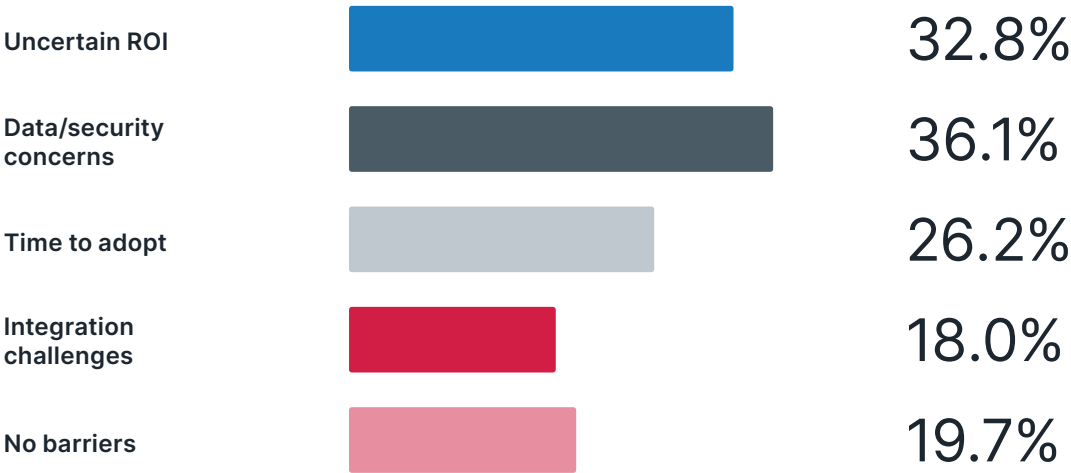
Time and Complexity to Implement

26% pointed to the lengthy process of training models and integrating them with existing workflows.

Primary Obstacles to AI Implementation

Chart 8.4: AI-Specific Barriers

**Note: Based on text analysis of multi-select responses, actual percentages may vary*



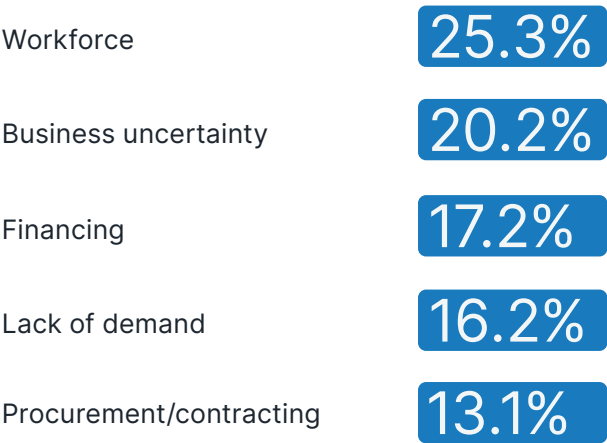
[9]

Policy & Market Environment

Manufacturers operate within a complex web of policies, regulations, and market conditions that significantly shape their growth trajectories. The survey reveals a nuanced picture of both opportunities and friction points.

Top Structural Obstacles to Business Growth

Chart 9.1: Growth Obstacles



[9.1]

Business Uncertainty as a Growth Inhibitor

Beyond specific policy measures, general business uncertainty emerged as a major concern.

- 20% of respondents identified business uncertainty as their single greatest obstacle to expansion, making it the second-largest barrier after workforce availability.
- This uncertainty spans multiple dimensions:** shifting trade policies, evolving regulatory requirements, interest rate volatility, and questions about future government priorities.
- Manufacturers expressed a strong desire for policy stability and predictability, which would enable more confident long-term planning and capital investment.

[9] Policy & Market Environment

[9.2]

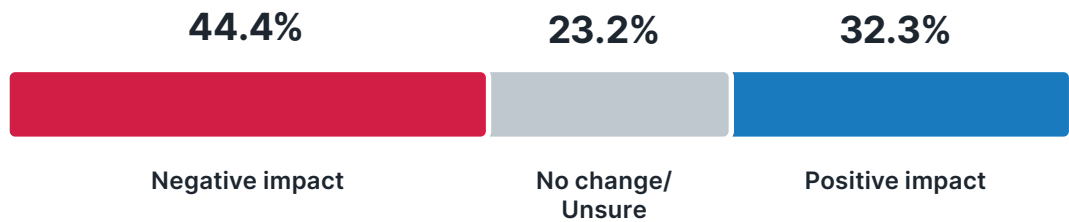
Tariffs and Trade Policy

The effect of recent tariffs is mixed.

- 44% of respondents said tariffs have added risk to their business, citing higher costs for imported materials or retaliatory tariffs on exports.
- 32% reported a positive impact, typically those who compete with imports and saw increased demand for domestic sources.
- 23% noticed no significant change or were unsure.

Reported Business Impact of Tariffs

Chart 9.2: Tariff Impact Perception



+ + +
+ + +

The key takeaway is that tariffs have uneven effects. Many small firms feel the pinch of higher input costs, as they have less pricing power. What manufacturers desire most is stability and predictability in trade policy.

[9] Policy & Market Environment

[9.3]

Procurement and Contracting Hurdles

Procurement and contracting hurdles also emerged as a significant structural challenge.

- 13% of respondents singled out procurement/contracting processes as the single biggest obstacle to their growth.
- Manufacturers in defense or infrastructure sectors must navigate lengthy, complicated bidding processes, strict compliance, and slow award timelines.
- Smaller firms often lack the dedicated staff to manage this bureaucracy, putting them at a disadvantage.

[9.4]

Cybersecurity and Compliance

The survey reveals cybersecurity has evolved from an IT concern to a major business constraint:

The Hidden Cost of Doing Business

- 37% have implemented cybersecurity enhancements for their manufacturing networks, recognizing both the threat landscape and customer requirements.
- 17% are actively using specialized compliance tools, with many specifically mentioning CMMC (Cybersecurity Maturity Model Certification) requirements for defense work.
- The compliance burden extends beyond cybersecurity: environmental regulations, safety standards (OSHA), export controls (ITAR/EAR), and quality certifications create a complex web of requirements.

[9] Policy & Market Environment

[9.5]

Access to Capital

Regulatory Barriers
Beyond Interest Rates

While 28% cited high interest rates as their top financing challenge, deeper regulatory issues compound the problem:

- Stringent eligibility requirements for traditional loans often exclude manufacturers, who have significant assets tied up in specialized equipment with limited collateral value.
- Personal guarantee requirements deter many owners from seeking growth capital, especially given the business uncertainty mentioned earlier.
- Complex application processes for both private and public funding sources mean smaller firms often lack the expertise or resources to successfully navigate them.

[9.6]

The Policy
Environment's
Multiplier Effect

The survey data suggests that policy and regulatory challenges don't operate in isolation, they compound each other:

- A manufacturer facing government or defense contractor procurement complexity may also struggle with CMMC compliance costs, making defense contracts doubly challenging.
- Tariff uncertainty combines with business uncertainty to freeze investment decisions.
- Regulatory compliance costs reduce available capital for technology adoption, while financing regulations limit access to external funding.

+ + +
+ + +

These interconnected challenges suggest that policy interventions need to be holistic rather than piecemeal. Manufacturers are resilient and adaptable, but they're asking for a more navigable and stable regulatory environment that allows them to focus on what they do best: **making things**.

The survey suggests manufacturers aren't asking for a regulation-free environment; they understand the need for safety, security, and quality standards. Rather, these organizations seek streamlined, predictable, and proportionate regulation that recognizes the unique challenges facing small and medium manufacturers. Specifically, small and medium-sized manufacturers want to compete on innovation and quality, not on their ability to navigate bureaucracy.

[10]

What It Means:

Opportunities for Action

The survey findings have implications for all stakeholders in the manufacturing ecosystem.

For Manufacturing Companies (Operators)

■ Double down on workforce development

Given the tight labor market, invest now in training, apprenticeships, and partnerships with vocational schools. Focus on capturing veteran workers' knowledge before they retire.

■ Plan for leadership succession

With 52% of owners planning to exit, every leader should have a plan. Identify successors (family, internal, external) sell the business to an Employee Stock Ownership Plan (ESOP), or prepare the business for a clean sale.

■ Embrace tech with a clear ROI roadmap

Address the 28% "uncertain ROI" barrier by starting with small pilot projects to prove value before scaling. Prioritize tech that solves specific pain points.

■ Leverage "Made in USA" as a strength

With 71% of peers increasing U.S. supplier spend, market your company as a reliable local partner, highlighting shorter lead times and resilience.

For Investors and Capital Providers

■ Recognize the financing gap

With 59% of companies self-funding, there is a large, underserved market. Tailored loan products or machinery leasing programs could help the industry grow.

■ Seize the succession opportunity

The 51% of owners looking to retire creates a major opportunity for investment capital, employee ownership, and "entrepreneurship through acquisition". Investors can provide owners with a fair exit and inject growth capital into solid businesses.

[10] What It Means: Opportunities for Action

■ Offer innovative financing models

To overcome ROI fears, consider models like revenue-based financing or pay-per-use equipment financing that align costs with benefits.

■ Provide support and patience

Manufacturing growth is often steady, not exponential. Investors who bring industry connections and operational guidance, not just money, will be most welcome.

For Manufacturing Ecosystem Partners (i.e. Support Organizations)

■ Streamline supplier onboarding

Heed the message from the 13% who cited procurement as a top barrier. Large commercial companies and government agencies should simplify the process to qualify and do business with smaller firms.

■ Support technology diffusion

Trade associations and Manufacturing Support Organizations are crucial. They can lower the barrier to entry by creating shared resources, training centers, and demonstration projects.

■ Address capability gaps

The survey revealed gaps in the domestic supply base (e.g., casting, specialty materials). This is a call for collective action, such as public-private partnerships to establish new facilities or incentivize startups in these niches.

■ Enhance workforce pipelines collectively

The skills shortage is a shared problem needing a shared solution. Large manufacturers and industry groups must join forces with education systems to scale up apprenticeships and co-develop curriculum.

■ Advocate for sensible policy

Use these findings to advocate for what matters. Data on financing hurdles can support arguments for small manufacturing loan programs; succession data can shape programs to facilitate business transitions. Cybersecurity policies should protect manufacturers without becoming too expensive or cumbersome to implement and maintain.

[11]

Conclusion

The story of American manufacturing in 2025 is one of resilience, cautious optimism, and determination.

The survey dispels old notions of a sector in decline. Instead, it reveals a sector that is growing, adapting, and investing in technology and domestic production.

This success, however, requires us to collectively navigate critical challenges. Workforce renewal and skills development, as well as leadership succession, are bottlenecks that must be addressed. Securing capital and proving the ROI on new technologies are also ongoing tests.

The foundation is strong. Manufacturers have demonstrated they can innovate and adapt. With more support in the form of skilled talent, smart capital, and enabling policy, the current revival can become a sustained renaissance.

This report is both a celebration of progress and a call to action. Just as Hamilton's 1791 report highlighted manufacturing's strategic value, these 2025 insights should remind us of the continued value of our industrial base. The leaders of these companies are building the future. If we act on their needs and amplify their successes, we can look forward to an industrial base that is not only revitalized, but reimagined for the 21st century.



About NAIA

The New American Industrial Alliance (NAIA) is a multi-sector trade association dedicated to ensuring America is the techno-industrial leader of the world. We are builders, investors, and policymakers united in our commitment to steer America toward the policies, partnerships, and institutions that will unlock the full potential of our innovation engine and capital markets. America's techno-industrial prowess is key to restoring manufacturing capacity, bolstering national security, rebuilding trust between citizens and their institutions, and ushering in a new era of prosperity for Americans of all economic classes. It is our duty to Reindustrialize.

PR Contact **Micah Murphy**
SVP of Partnerships

micah@newindustrials.org
847.767.2385

www.newindustrials.org



SUSTAINMENT

About Sustainment

Sustainment is transforming the way U.S. manufacturers connect, collaborate, and grow through modern software and AI. Designed specifically for manufacturing supply chains, Sustainment's dual-use technology platform helps commercial and DoD teams streamline sourcing, procurement, and supplier management by organizing key data, automating key workflows, and providing real-time visibility into supplier performance. Our mission is to strengthen American manufacturing by making it easier for manufacturers to work together, compete effectively, and build resilient supply chains.

PR Contact **Spencer Traver**
Marketing & Revenue Operations

spencer.traver@sustainment.com
833.412.1962

www.sustainment.com