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METHODOLOGY

On behalf of Enterprise Minnesota, Meeting Street Insights is pleased to present the key findings from the 17th annual survey of manufacturing executives in Minnesota.

The survey was conducted August 20 through September 15, 2025, among 400 manufacturing executives; it has a margin of error of +4.9%. Respondent titles included owners, CEOs, CFOs, COOs, presidents, vice presidents, and managing officers.

Rob Autry is the founder of Meeting Street Insights, a public opinion research firm, and has been the lead researcher for all 17 surveys.


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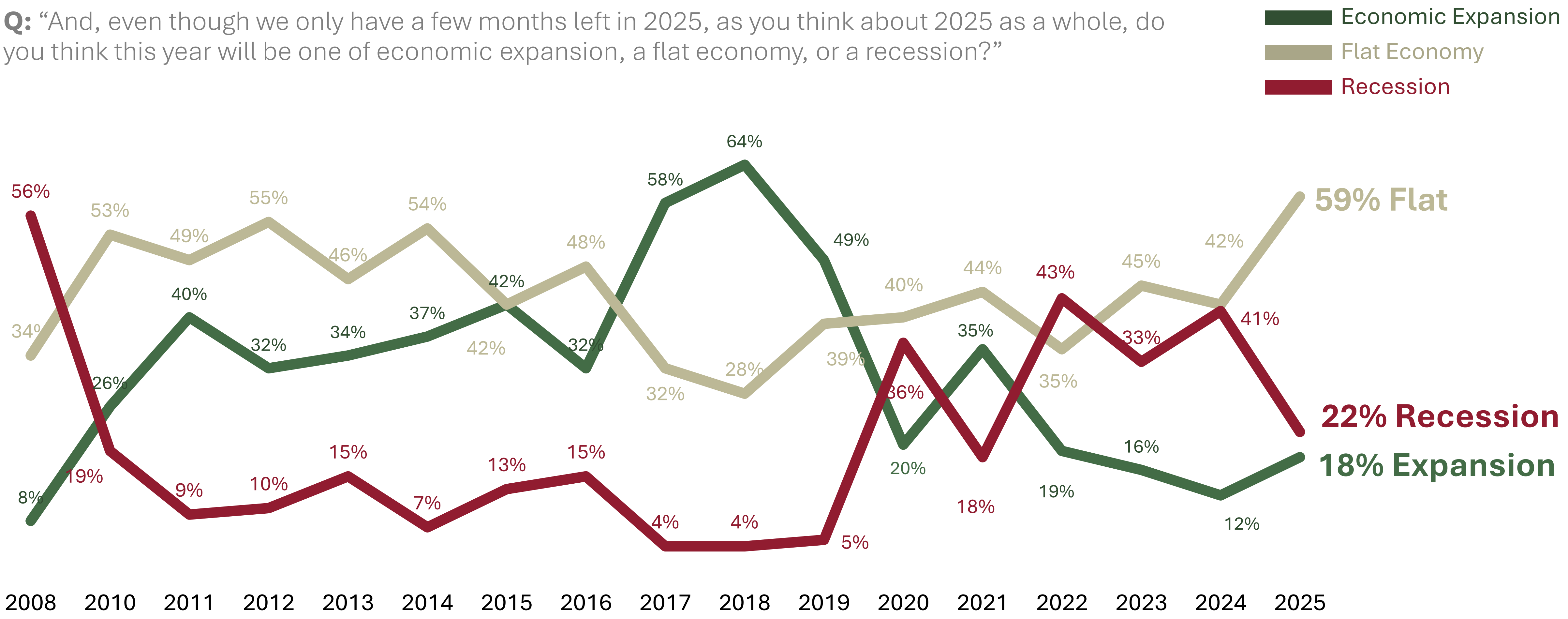
Key Fall 2025 Findings

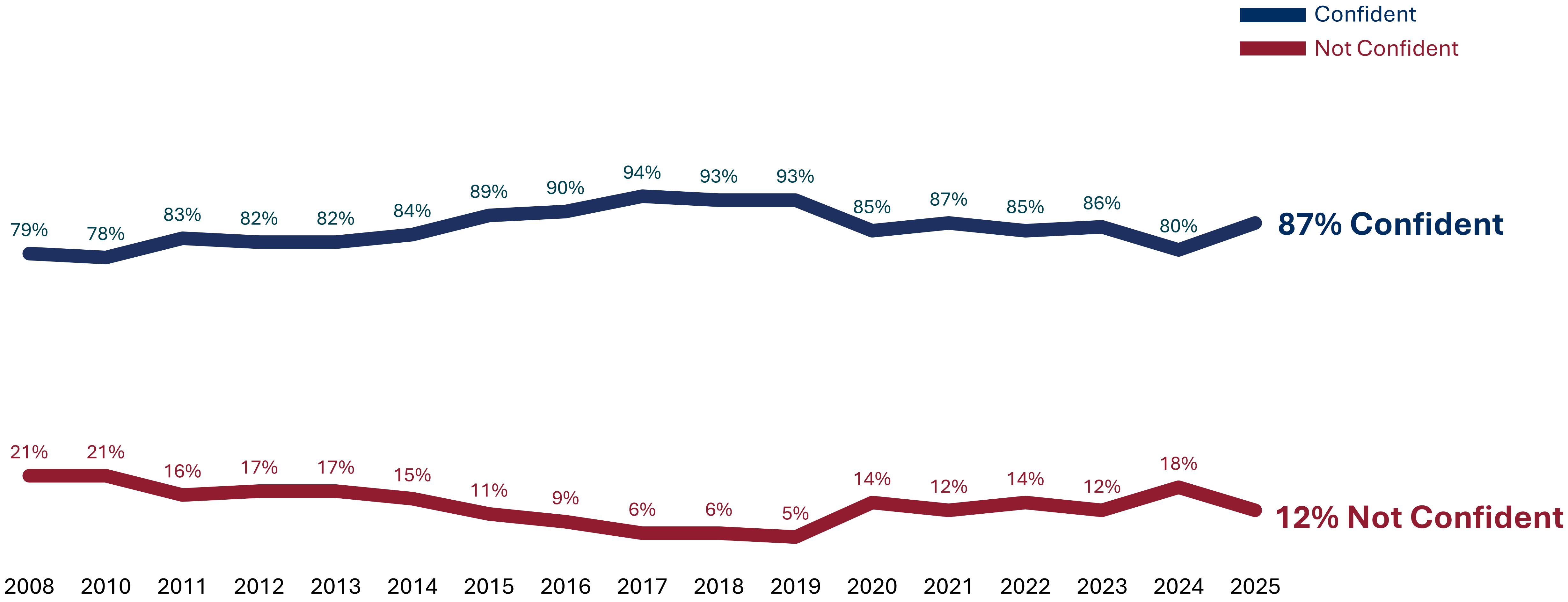
A record number now say we're in a flat economy, even as recessionary fears subside.

Q: "And, even though we only have a few months left in 2025, as you think about 2025 as a whole, do you think this year will be one of economic expansion, a flat economy, or a recession?"



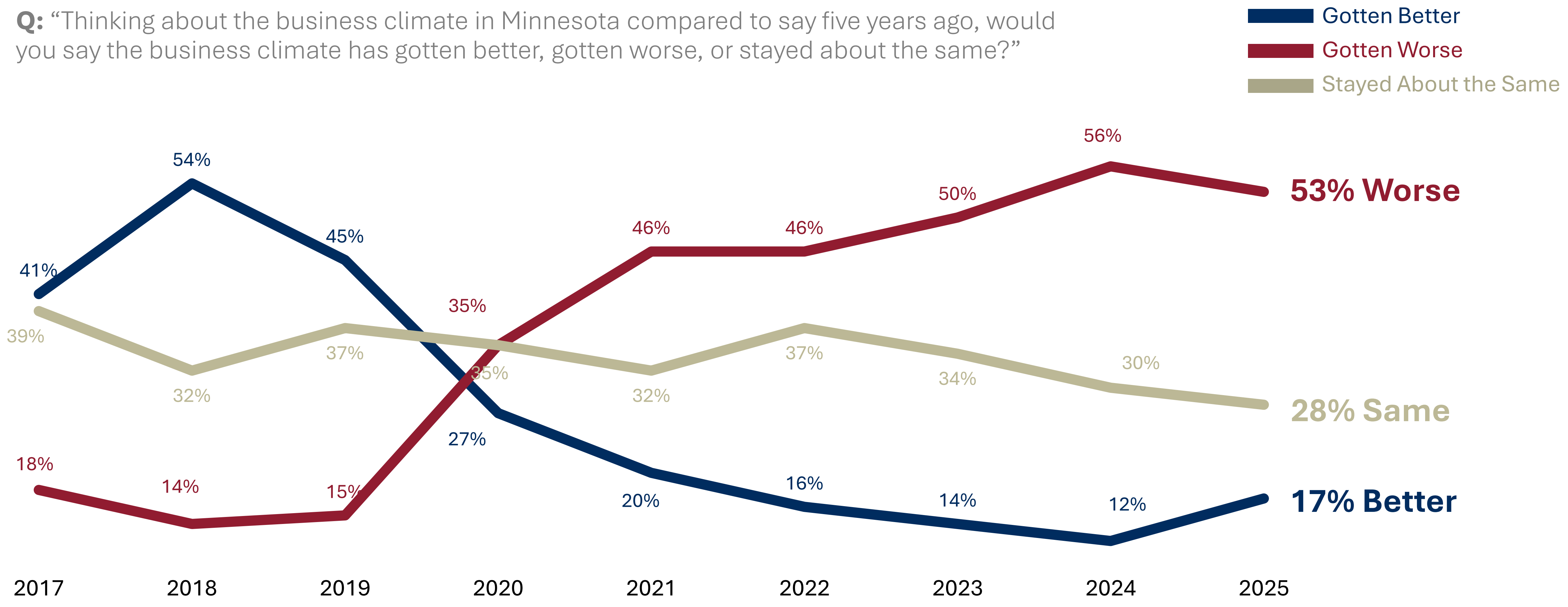
Manufacturer confidence levels have rebounded from 2024 levels.

Q: "From a financial perspective, how do you feel right now about the future for your company?"



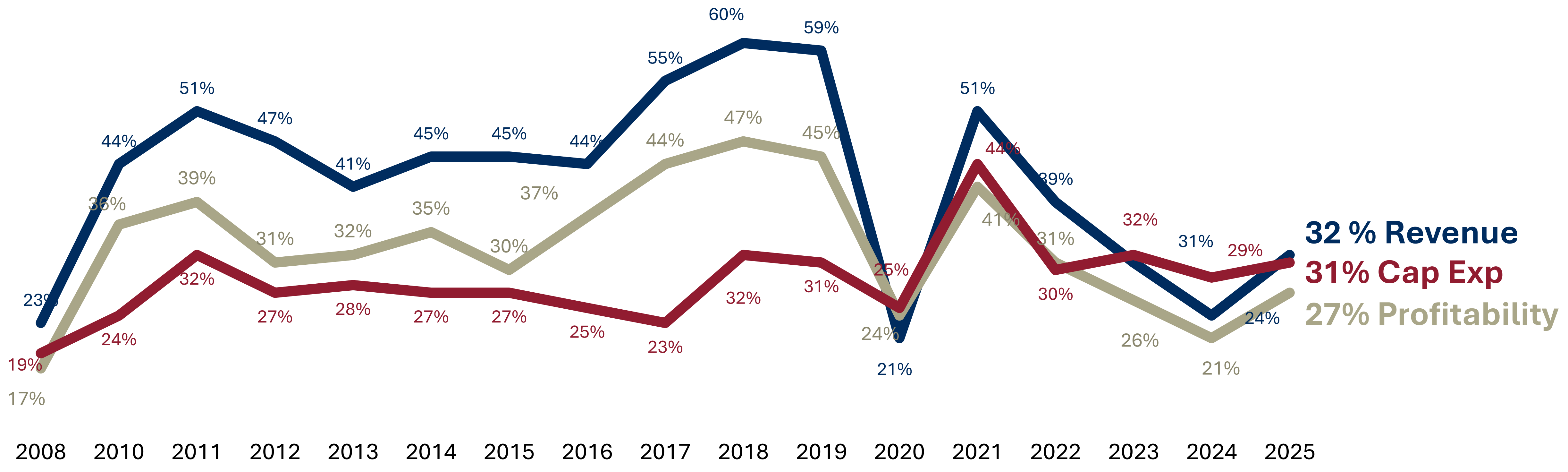
Still, the percentage who say the business climate in Minnesota has gotten worse remains high.

Q: "Thinking about the business climate in Minnesota compared to say five years ago, would you say the business climate has gotten better, gotten worse, or stayed about the same?"

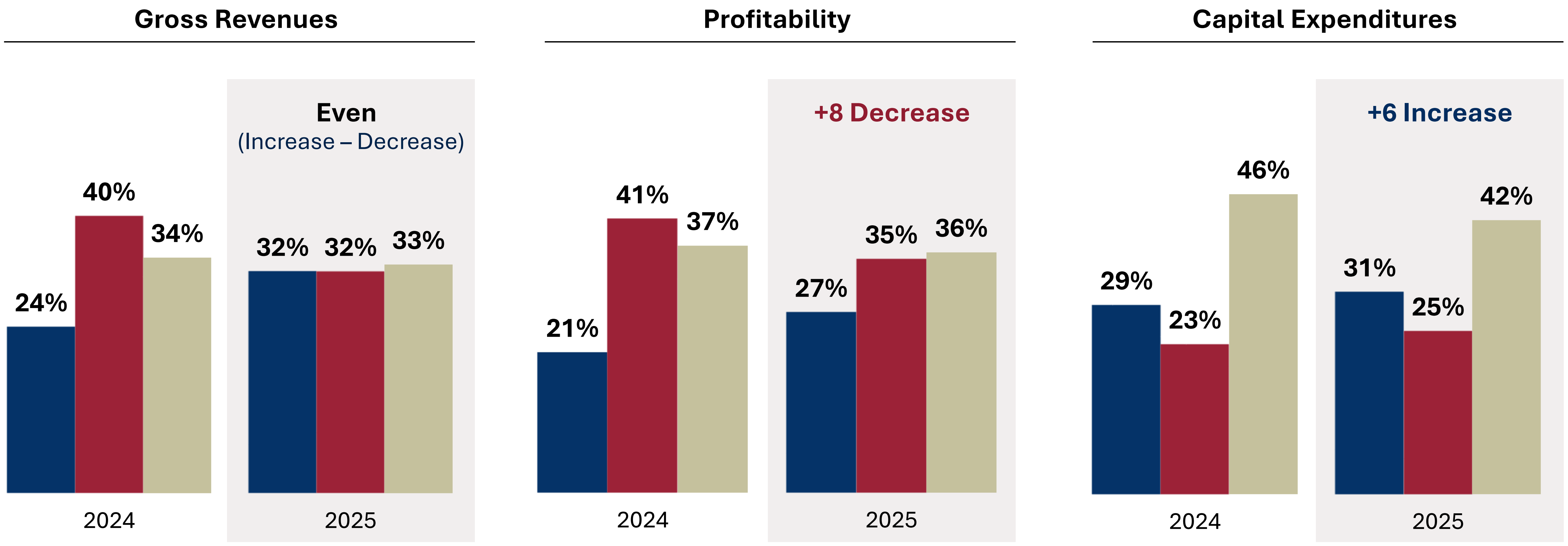


Increase projections for gross revenues and profitability are up this year, while capital expenditures are mostly stagnant.

Percent of Manufacturers Expecting Increases in 2025 for...

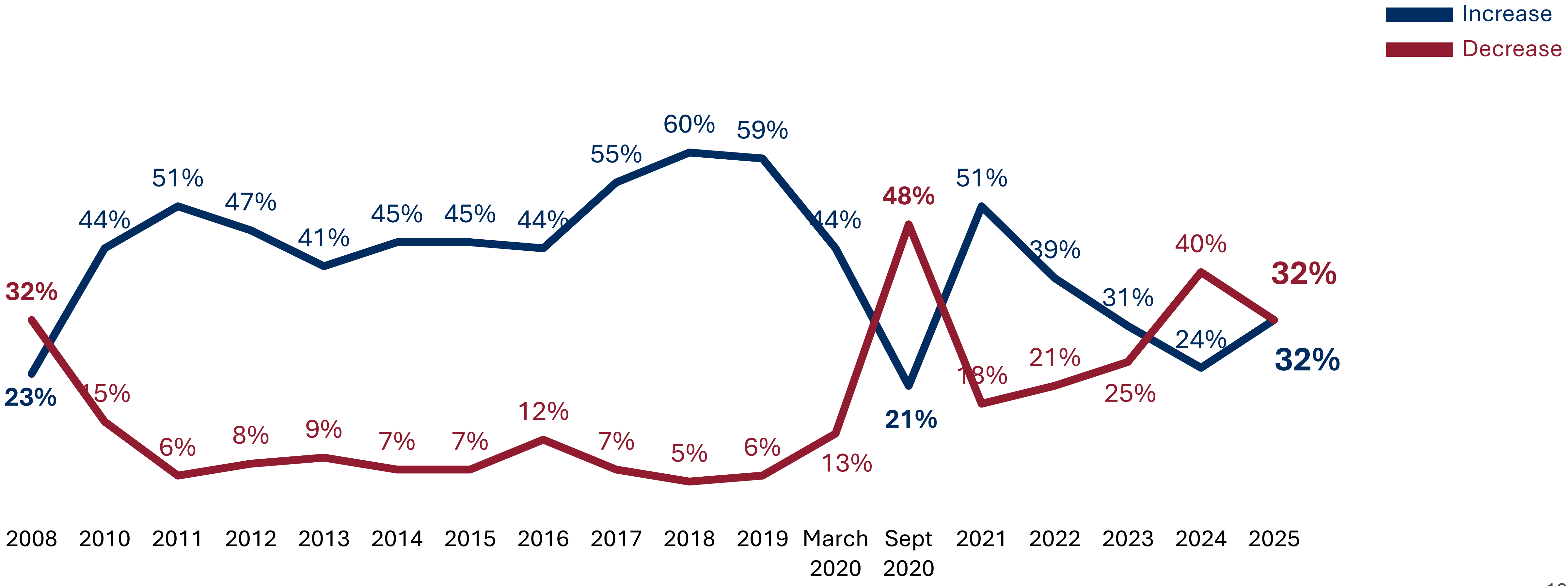


While projected increases are higher this year, there are more manufacturers who are expecting profitability to decrease in 2025.



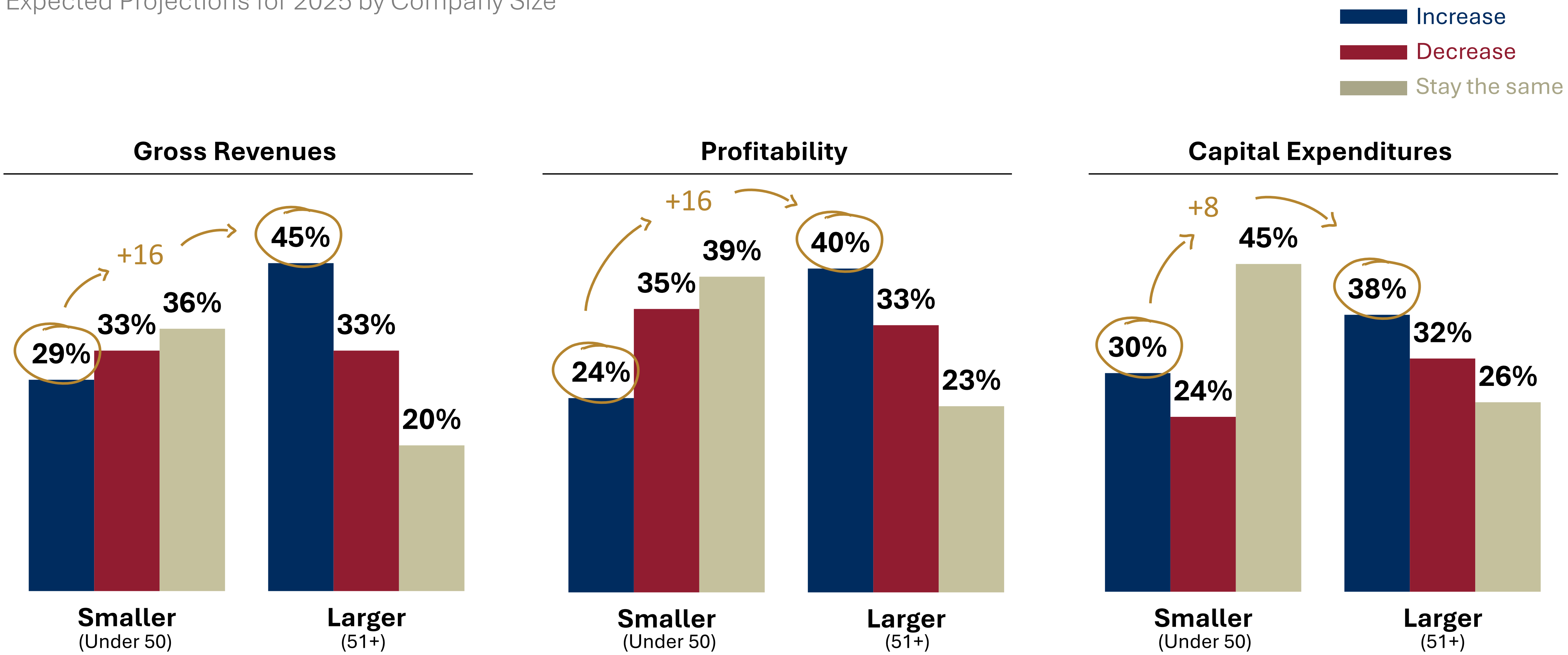
While the expected decreases in gross revenues are down from last year, they remain historically high – at the same level as during 2008.

Gross Revenue Projections Since 2008



Smaller manufacturers are more pessimistic about 2025 projections.

Expected Projections for 2025 by Company Size



Government regulations, taxes, and tariffs rank as the highest concerns. Inflation concerns have really fallen off this year.

Concerns Ranked by % Concern (8-10)

Concern	% Concern (8-10)	Change Since 2024
Government policies and regulation	**53%**	
Taxes	**44%**	
Tariffs	**42%**	
Attracting qualified workers	40%	**-1**
Costs of employee salaries and benefits	39%	**-1**
Economic and global uncertainty	38%	
Overall inflation	30%	**-23**
Recession	29%	
Retaining qualified workers	28%	**-6**
Incoming and outgoing supply chain issues	25%	
Developing future leaders	23%	**-5**

Government policies is of great concern in Greater Minnesota.

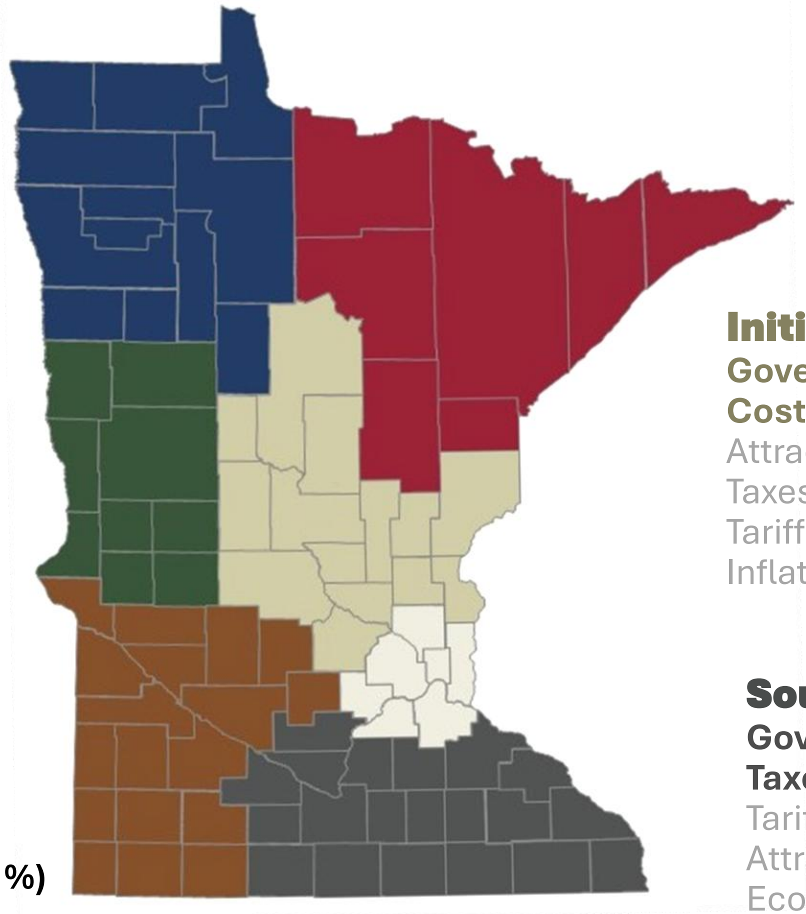
Top Five Concerns by Initiative Foundation (% 8-10 Concern)

Northwest Minnesota Foundation
Taxes (66%)
Government Policies (50%)
Attracting Workers (47%)
Costs of Salaries (47%)
Developing Future Leaders (44%)

West Central Initiative
Government Policies (57%)
Tariffs (49%)
Attracting Workers (46%)
Economic Uncertainty (46%)
Taxes (43%)
Costs of Salaries (43%)

Southwest Initiative Foundation
Government Policies (59%)
Taxes (43%)
Attracting Workers (43%)
Costs of Salaries (41%)
Retaining Workers (37%)
Tariffs (37%)

Twin Cities
Government Policies (51%)
Tariffs (46%)
Taxes (42%)
Economic Uncertainty (42%)
Attracting Workers (41%)



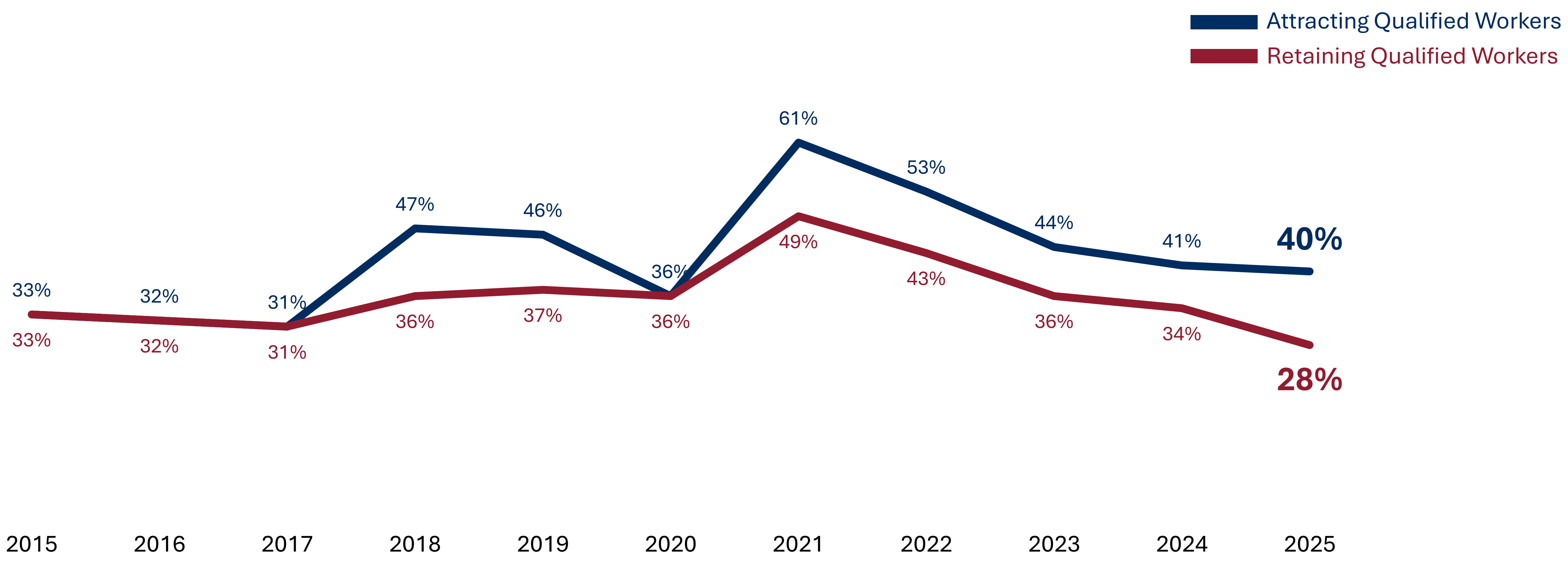
Northland Foundation
Government Policies (60%)
Taxes (54%)
Attracting Workers (49%)
Tariffs (40%)
Economic Uncertainty (40%)

Initiative Foundation
Government Policies (55%)
Costs of Salaries (55%)
Attracting Workers (44%)
Taxes (44%)
Tariffs (41%)
Inflation (41%)

Southern Minnesota Initiative Foundation
Government Policies (48%)
Taxes (47%)
Tariffs (35%)
Attracting Workers (32%)
Economic Uncertainty (29%)

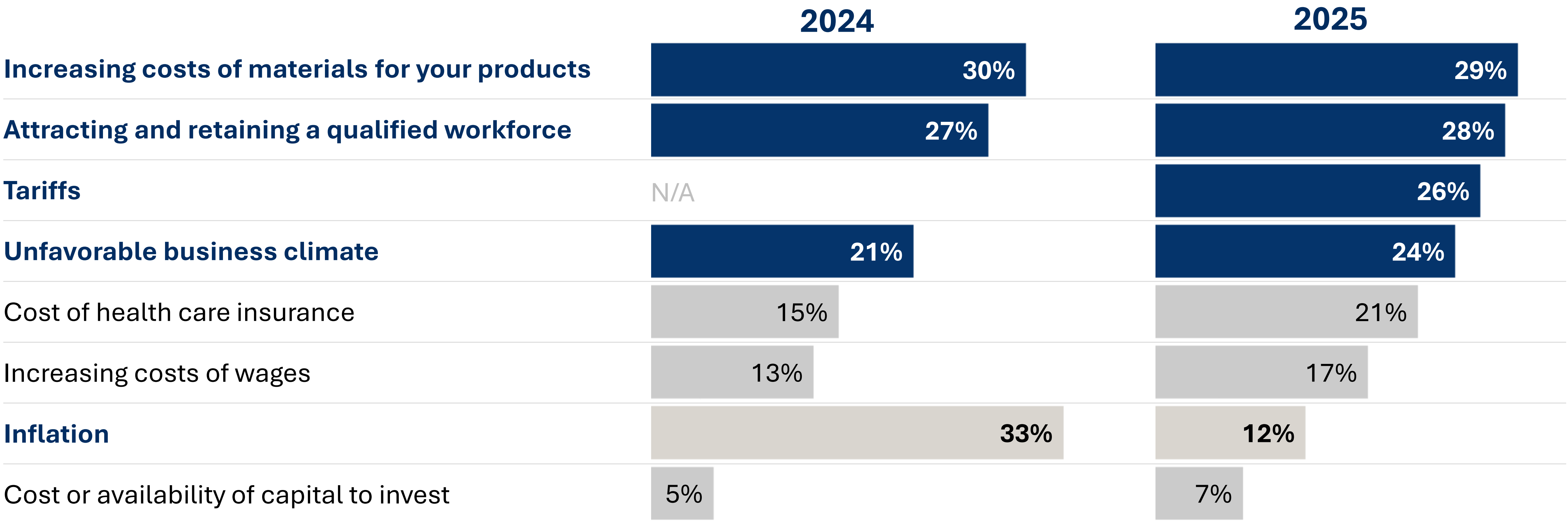
Workforce concerns have moderated to pre-Covid levels.

8-10 Concern Trend



Costs, workforce, tariffs, and business climate are seen as the biggest challenges to growth, with inflation dropping the most this year.

Q: "What would you say are the one or two biggest challenges your company is facing that might negatively impact future growth?"



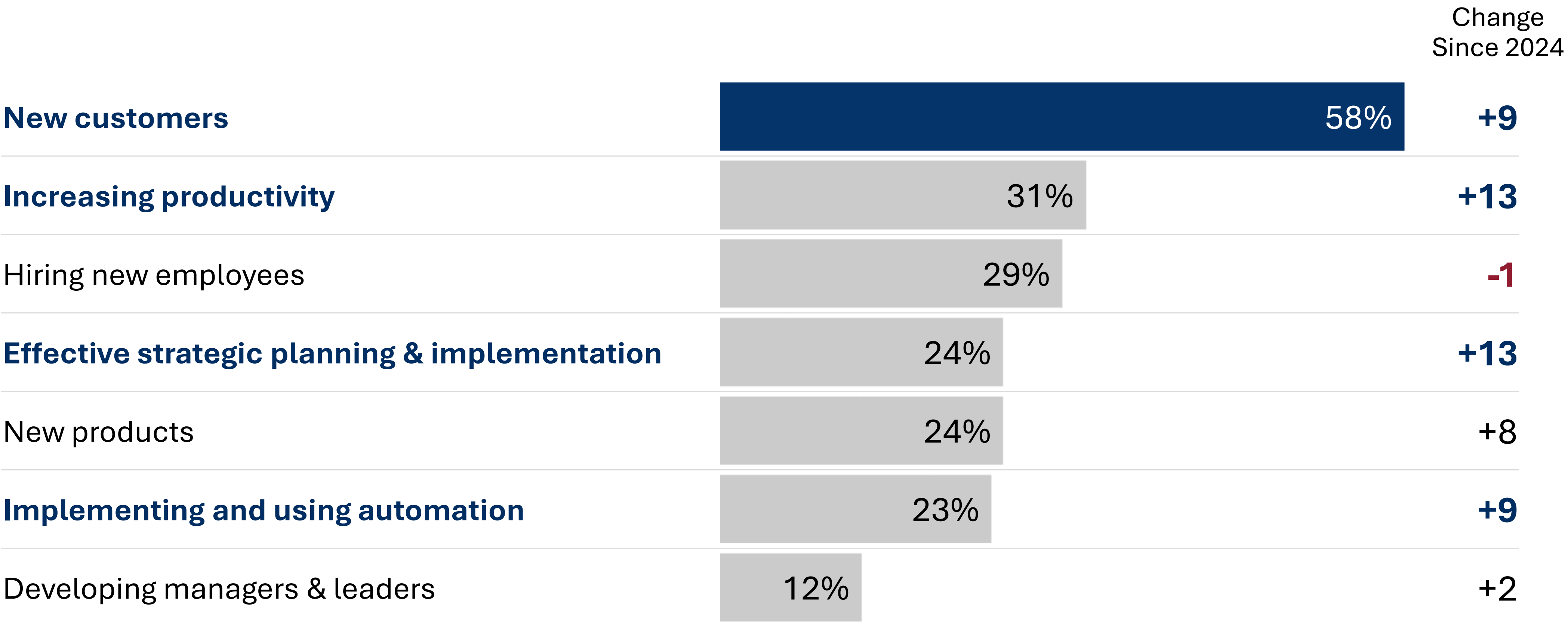
Higher costs are the biggest challenge for smaller companies. Workforce, tariffs, and an unfavorable business climate concern larger companies more.

Q: "What would you say are the one or two biggest challenges your company is facing that might negatively impact future growth?"

	Less than $1 Million Revenue	Between $1-$5 Million Revenue	Over $5 Million Revenue
Increasing costs of materials for your products	**32%**	**33%**	19%
Attracting and retaining a qualified workforce	21%	28%	**34%**
Tariffs	18%	28%	**32%**
Unfavorable business climate	14%	24%	**32%**
Cost of health care insurance	17%	24%	22%
Increasing costs of wages	15%	20%	16%
Inflation	17%	9%	11%
Cost or availability of capital to invest	12%	5%	8%

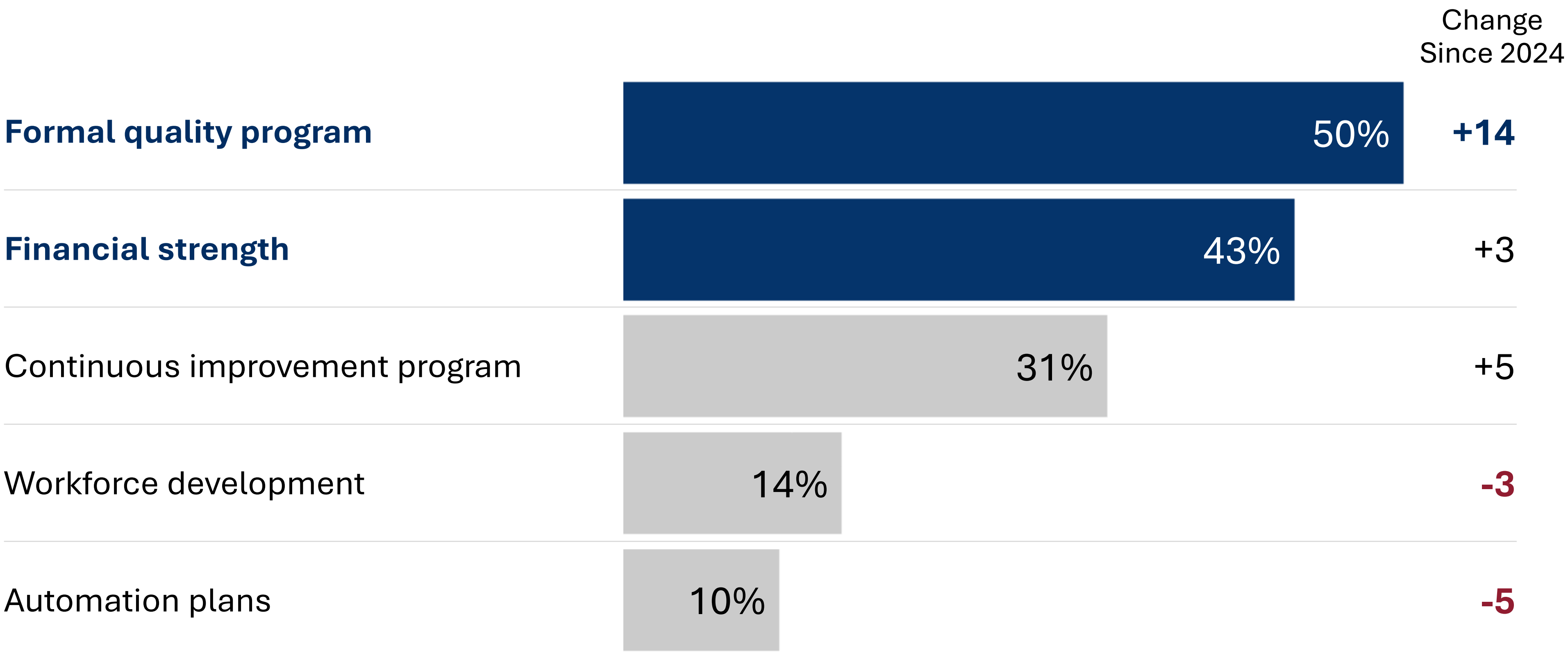
New customers are seen as the most important driver of growth.

Q: "Thinking ahead, what would you say are the two or three most important drivers of your company's future growth?"



Manufacturers say it's important to them that suppliers have a formal quality program and financial strength.

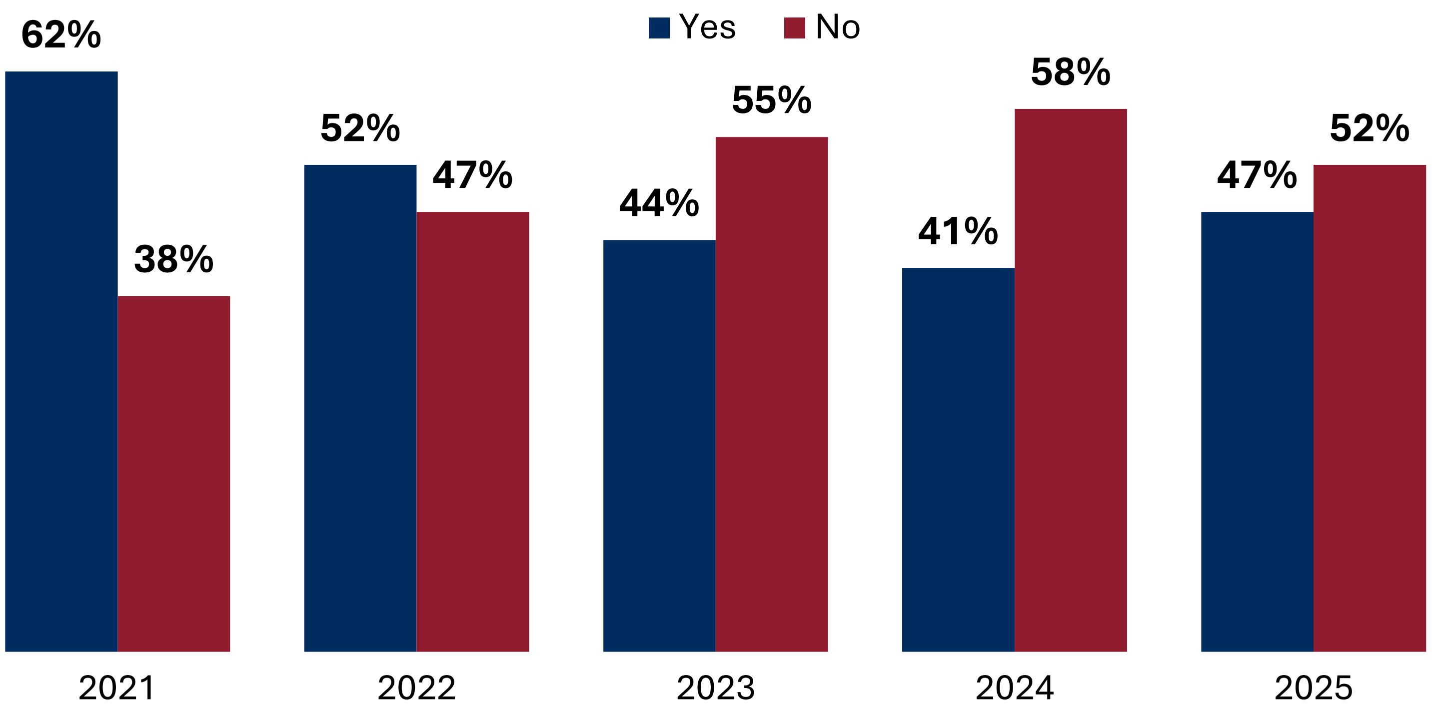
Q: "When you look for suppliers, what criteria are you looking for from them?



Please rate the importance of the following criteria on a scale from 1 to 10, where one means that it is NOT AT ALL IMPORTANT to you in a supplier and where ten means it is VERY IMPORTANT to you." (% 8-10 Important)

Hiring numbers are up a bit since last year's low, but those with open positions don't have many of them.

Q: "Does your company currently have positions that are open and are hiring?"

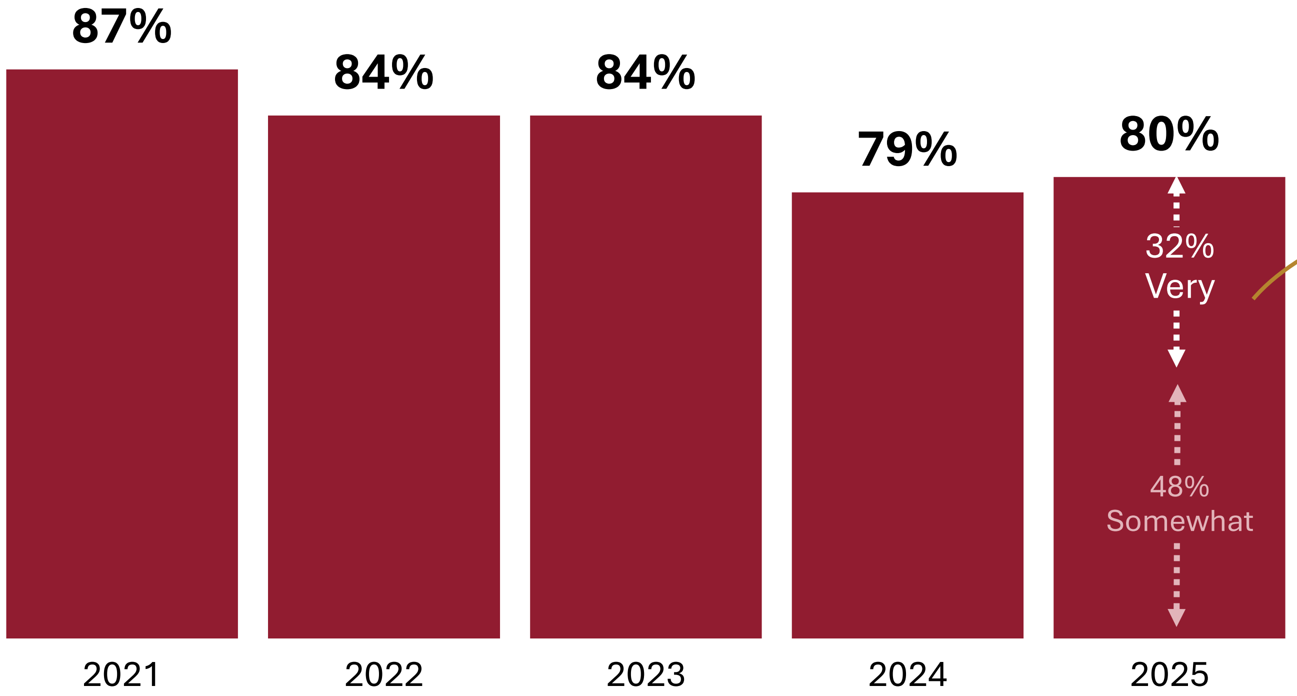


Q: "And what percentage of positions are currently open?"

1-5% Positions Open	**29%**
6-10%	10%
10-20%	5%
More Than 20%	3%

Overall difficulty in finding qualified workers remains high, but the percentage who say it's very difficult continues to decline.

Q: "Overall, how difficult do you think it is to attract qualified candidates to manufacturers like you?"



% **Very Difficult** to Attract Qualified Candidates

2021	**55%**
2022	48%
2023	41%
2024	39%
2025	**32%**

* Down 23 points since 2021

Nearly seven in ten larger manufacturers say they are hiring and are challenged to find the workers they need.

% Hiring & % Difficult Attracting Qualified Candidates

	Hiring	Difficult
Metro companies	48%	75%
Greater Minnesota companies	45%	86%
Less than $1 million in revenue	21%	81%
$1-5 million in revenue	43%	80%
Over $5 million in revenue	72%	82%
50 or fewer employees	39%	79%
Over 50 employees	85%	81%

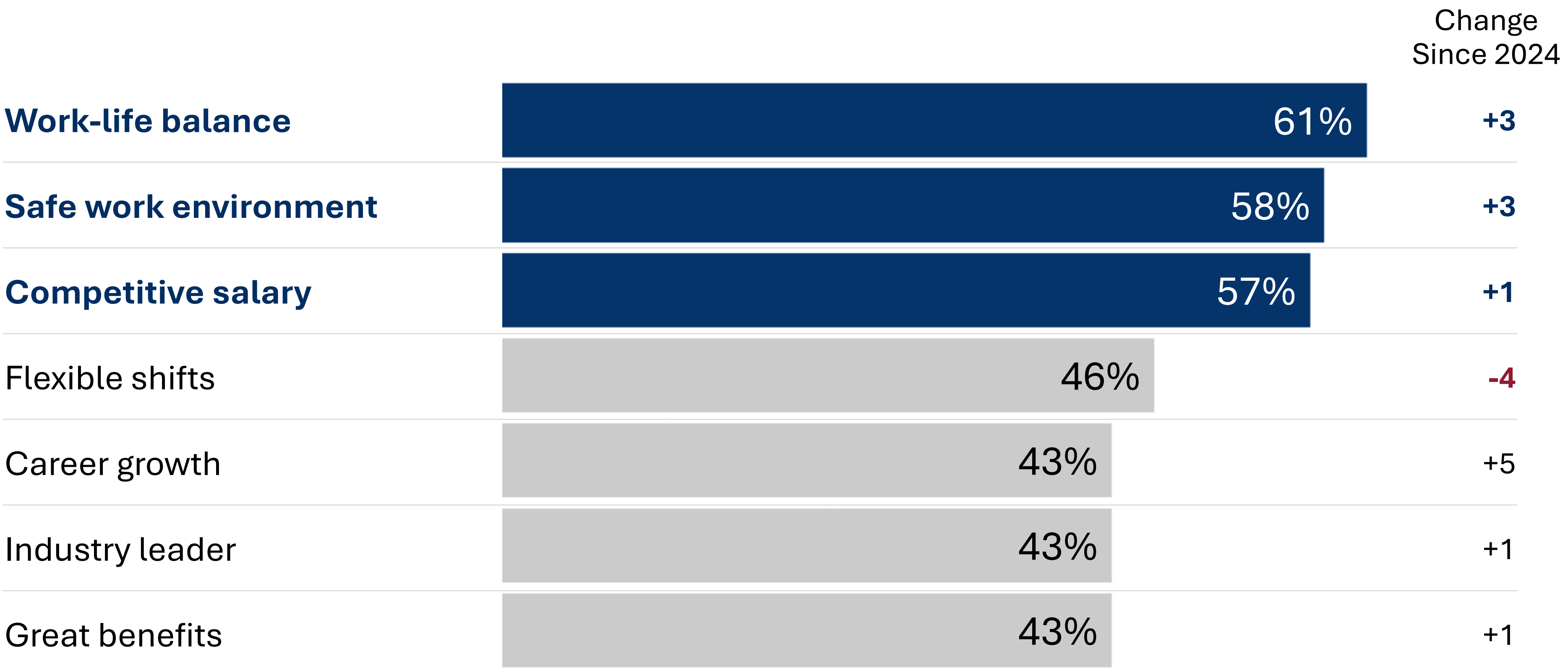
% Who Are Hiring AND Find It Difficult:

35%

69%

There are three areas where most manufacturers want to be known for…

Q: “When thinking about attracting and hiring new employees, what does your company want to be known for?”



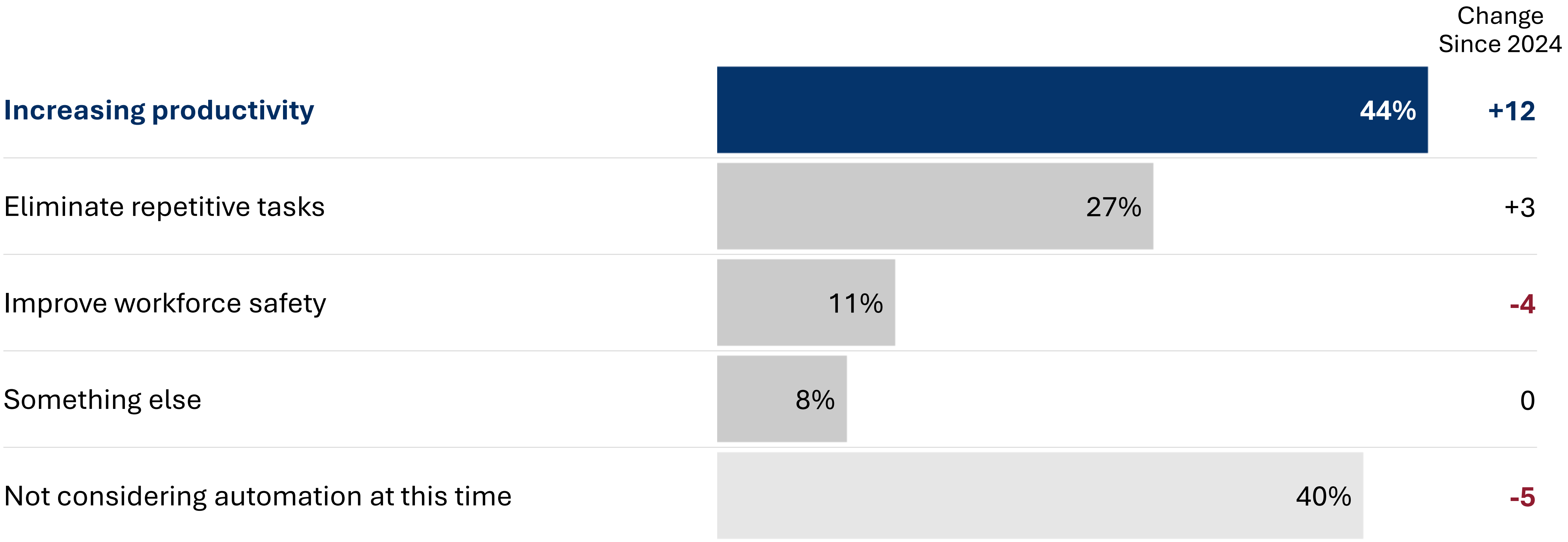
Smaller manufacturers are more focused on work-life balance, a safe work environment, and competitive salary. Larger companies are more of an "all of the above" type deal.

What Your Company Wants to Be Known For – By Company Size (50%+ Items Highlighted)

	50 or Fewer Employees	Over 50 Employees
Work-life balance	**63%**	**53%**
Safe work environment	**58%**	**59%**
Competitive salary	**57%**	**60%**
Flexible shifts	48%	38%
Industry leader	39%	**62%**
Great benefits	41%	**51%**
Career growth	40%	**54%**

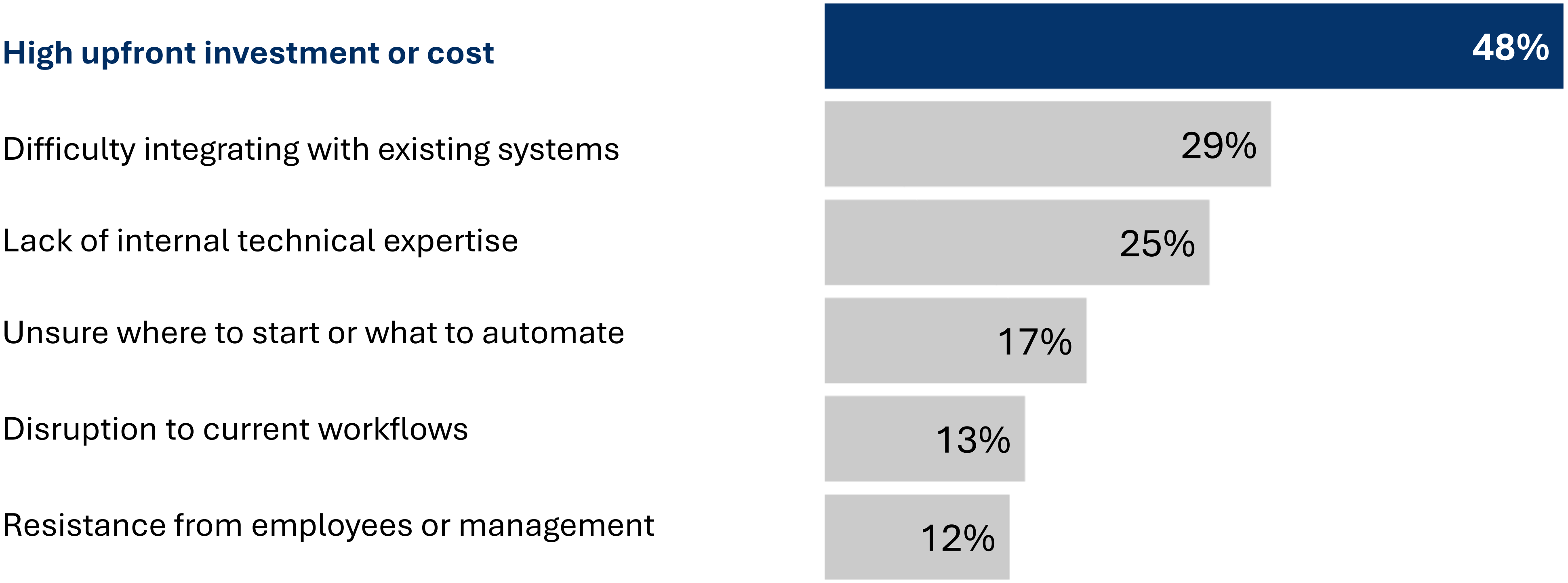
Manufacturers are using automation to help increase productivity and eliminate repetitive tasks.

Q: “As you look for applications in your business that can be automated, what are some of the reasons you are exploring or considering exploring automation?”



The upfront investment or cost is seen as the biggest challenge to implementing automation, followed by system integration and lack of expertise.

Q: “What challenges or obstacles have you faced, if any, when trying to implement automation in your operations?”

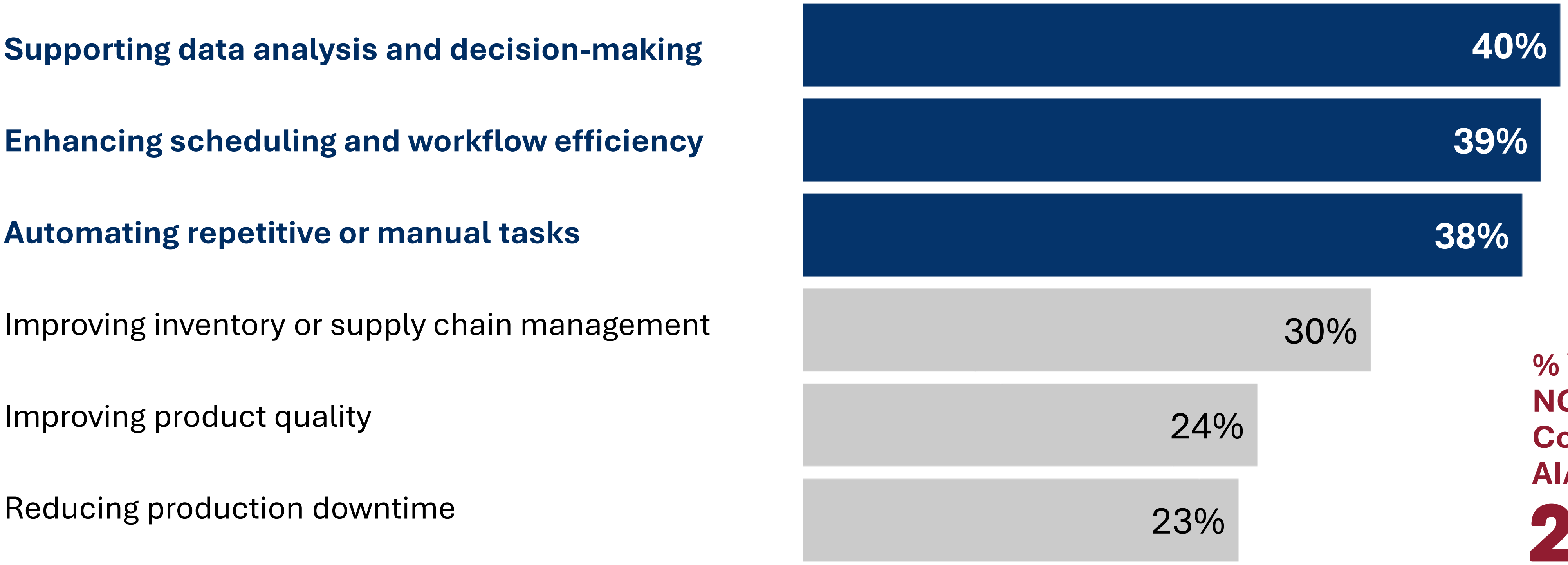


% Who Say They Have NOT Faced Challenges:

27%

Those considering automation and AI believe their business would benefit most from data analysis, enhanced efficiency, and automating tasks.

Q: "From the following list, which area or areas of your business do you believe AI and automation would have the most positive impact?"



% Who Say They Are NOT Currently Considering AI/Automation:

29%

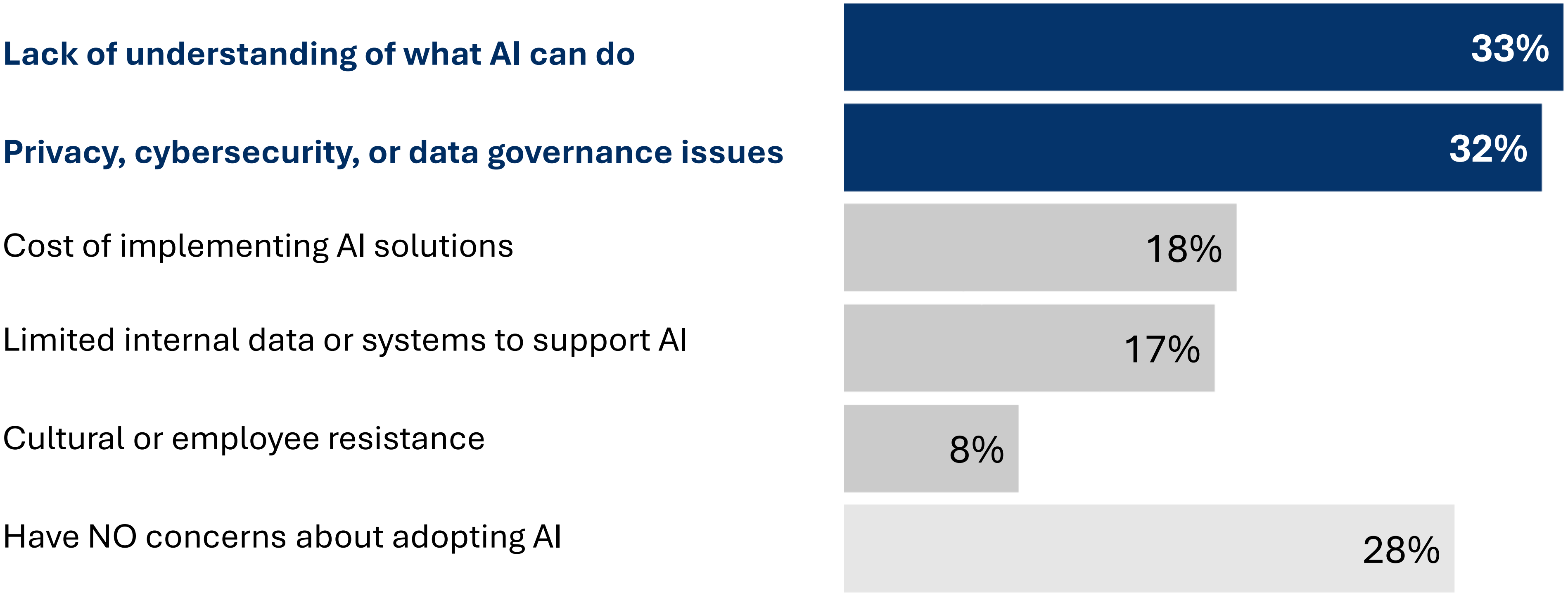
Larger companies see more positives using AI and automation.

AI/Automation Positive Impact Areas by Company Size

	50 or Fewer Employees	Over 50 Employees
Supporting data analysis and decision-making	35%	65%
Enhancing scheduling and workflow efficiency	34%	60%
Automating repetitive or manual tasks	34%	53%
Improving inventory or supply chain management	27%	46%
Improving product quality	21%	38%
Total Have Concerns	**63%**	**93%**

Manufacturers are concerned about understanding all that AI can do as well as data and cybersecurity issues.

Q: "What are your biggest concerns, if any, about adopting AI in your business?"



% Who Say They Have Concerns About Adopting AI:

69%

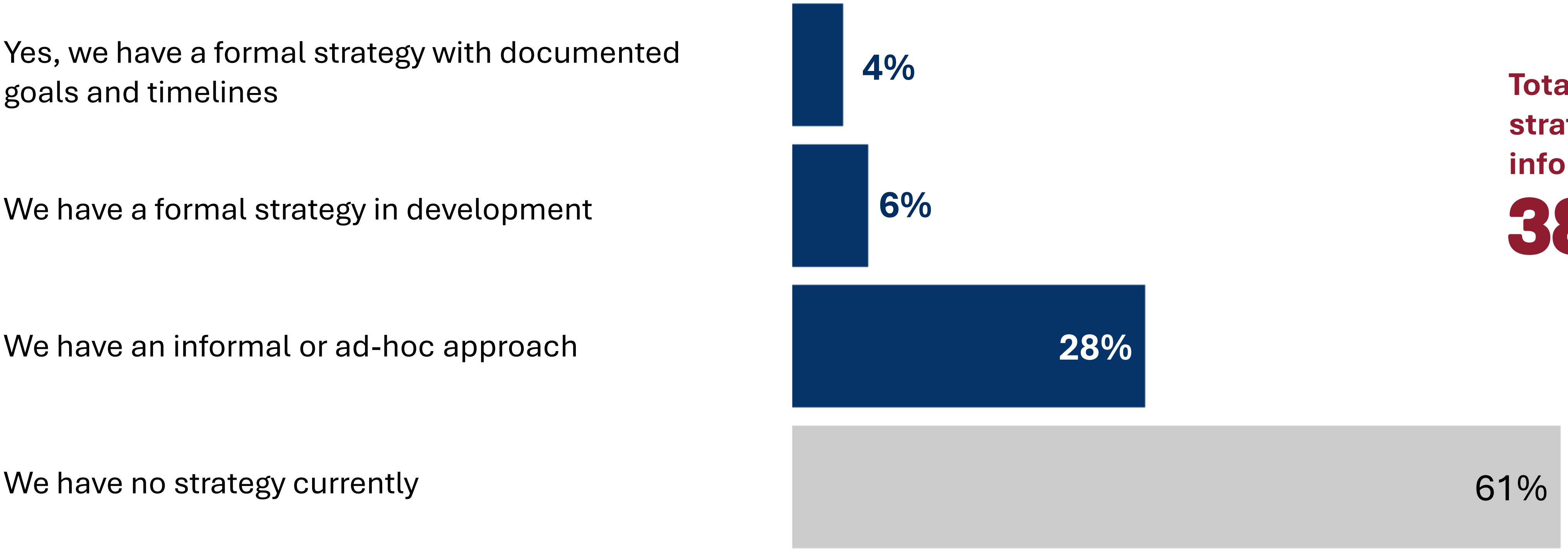
Larger manufacturers tend to have more concerns and challenges when it comes to adopting and implementing AI.

AI Concerns by Company Size

	50 or Fewer Employees	Over 50 Employees
Lack of understanding of what AI can do	30%	46%
Privacy, cybersecurity, or data governance issues	29%	47%
Cost of implementing AI solutions	19%	13%
Limited internal data or systems to support AI	16%	21%
Cultural or employee resistance	8%	7%
Total Have Concerns	**66%**	**80%**

Only ten percent of manufacturers say they have a strategy for adopting automation and/or AI.

Q: "Does your company have a formal strategy for adopting automation and/or AI? Which of the following statements comes closest to your company's current status?"

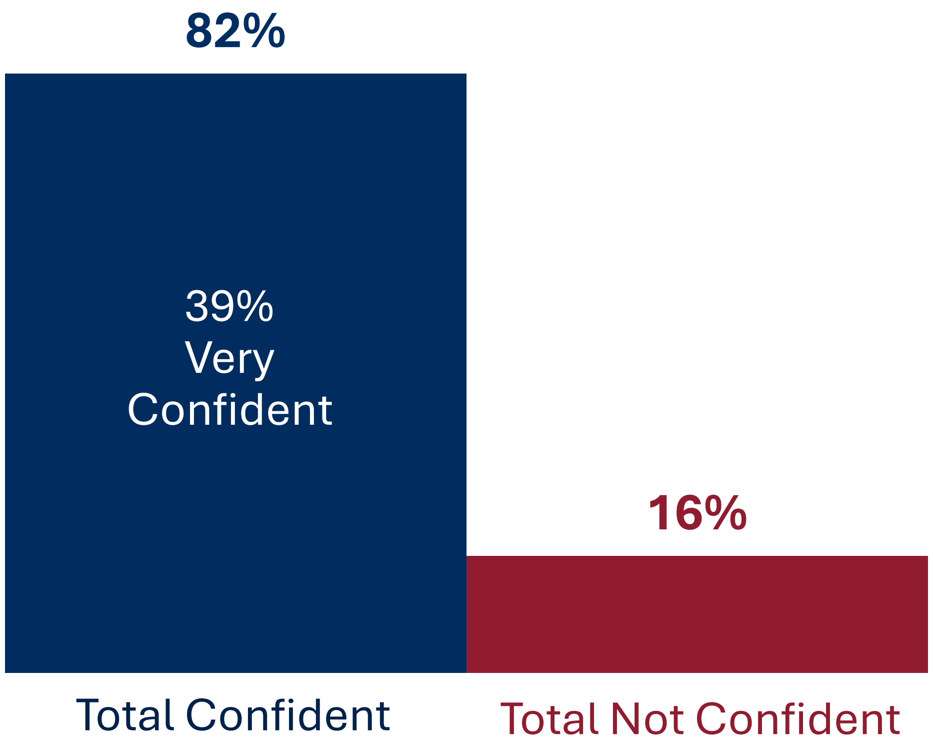


Total % have a strategy or informal approach

38%

Manufacturers – regardless of size – feel pretty confident about their ability to navigate the current tariff and trade environment.

Q: "Next, let's turn our attention to tariffs. How confident are you that your company can successfully navigate the current tariff and trade environment?"



	Total Confident
Metro companies	84%
Greater Minnesota companies	81%
Less than $1 million in revenue	80%
$1-5 million in revenue	84%
Over $5 million in revenue	85%
50 or fewer employees	**82%**
Over 50 employees	**84%**

Almost half of manufacturers say they are passing costs along to their customers and increasing onshoring and US suppliers.

Q: "For each of the following actions, please tell me if your company has already done, are you currently doing, or are you considering doing any of the following because of the current tariff and trade environment?"

	Already Done / Currently Doing	Considering Doing
Passing tariff-related costs on to your customers	**49%**	23%
Increasing sourcing from US suppliers	**47%**	20%
Adjusting financial forecasts and budgets	**38%**	19%
Stockpiling key materials	**32%**	11%
Pausing new hiring	19%	9%
Re-evaluating your product offerings	18%	12%
Moving operations and sourcing out of China/high-tariffed country	15%	9%
Pausing or revisiting pending deals	15%	10%
Reducing workforce	9%	8%

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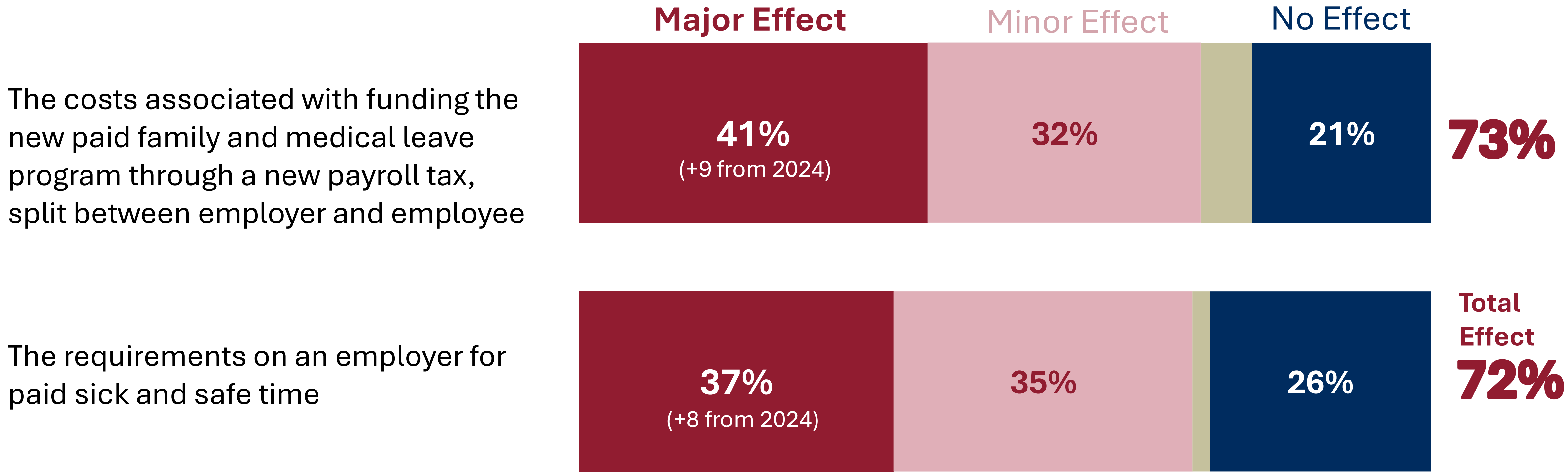
Larger companies are doing more to counter the tariffs.

Top Four Tariff-Induced Actions by Company Size

	Under 50 Employees		Over 50 Employees	
	Done / Doing	Considering Doing	Done / Doing	Considering Doing
Passing tariff-related costs on to your customers	47%	24%	**55%**	23%
Increasing sourcing from US suppliers	47%	20%	**51%**	24%
Adjusting financial forecasts and budgets	35%	19%	**56%**	20%
Stockpiling key materials	33%	10%	30%	19%

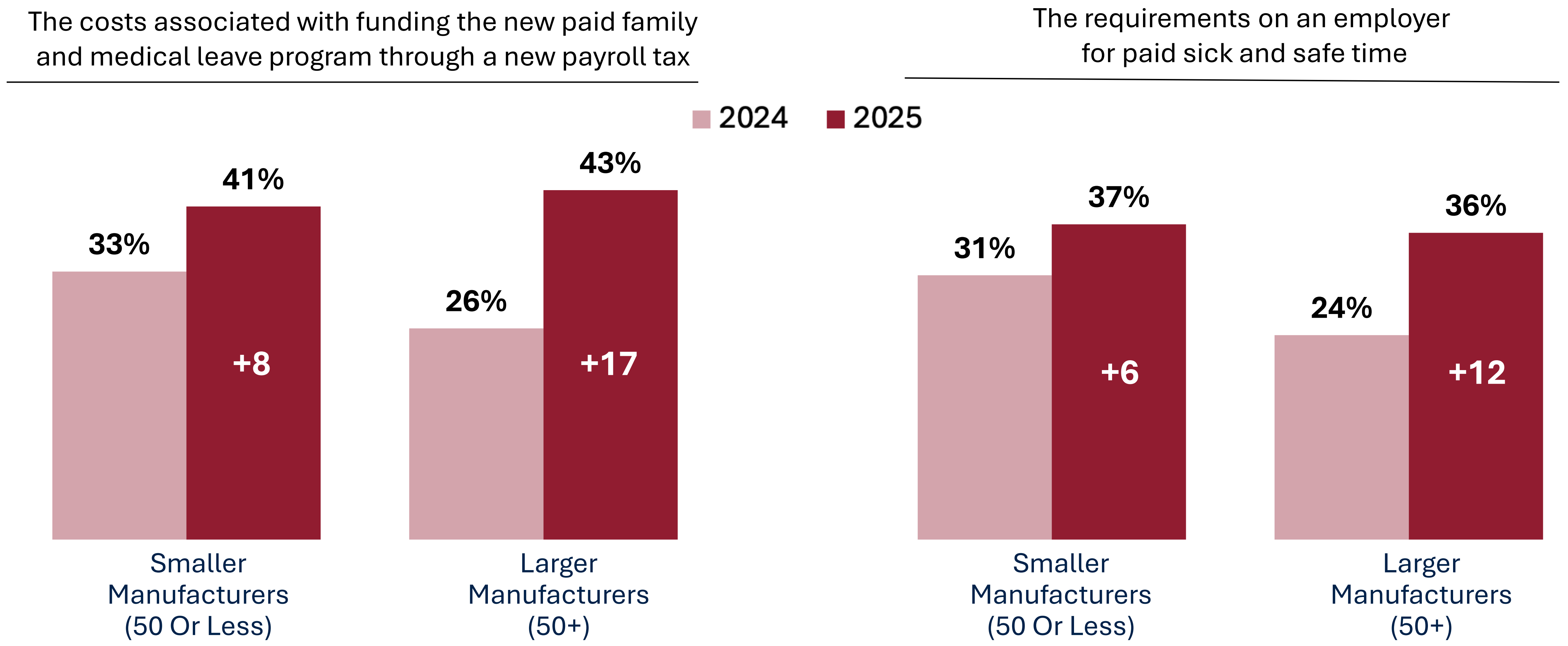
Three out of four manufacturers say paid leave mandates are having a negative impact on their companies.

Q: "I will read you a couple short descriptions of developments coming out of last year's legislative session, and I want to know whether it affected your business, and if so, how much. Would you say it had a major effect, minor effect, or no effect on your business?"



Concerns about these mandates having a major impact rise with all manufacturers, but especially so with larger companies.

Major Effect by Company Size



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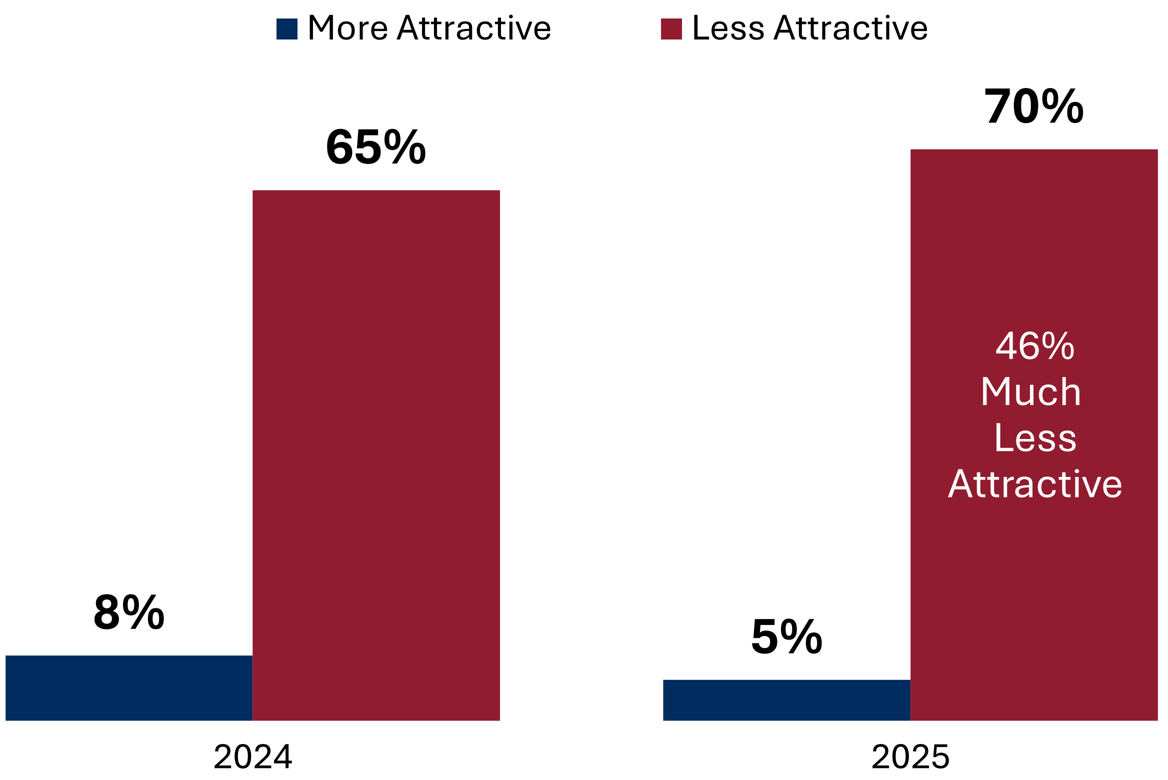
All manufacturers are impacted by these new legislative mandates, but larger companies report slightly more of an impact.

Total Impacted by Revenue

	Less than $1 Million Revenue	Between $1-$5 Million Revenue	Over $5 Million Revenue
The costs associated with funding the new paid family and medical leave program through a new payroll tax, split between employer and employee	68%	75%	**81%**
The requirements on an employer for paid sick and safe time	68%	69%	**81%**

The vast majority of manufacturers think these legislative mandates have made the state less attractive for businesses.

Q: "Do you think these legislative developments have made Minnesota more attractive or less attractive for businesses, or does it have no real effect one way or the other?"



	% Less Attractive
Metro companies	69%
Greater Minnesota companies	71%
Less than $1 million in revenue	63%
$1-5 million in revenue	71%
Over $5 million in revenue	78%
50 or fewer employees	**69%**
Over 50 employees	**75%**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The Bottom Line

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FEELING BETTER, NOT BULLISH

While confidence among manufacturers has improved from 2024 and fears about a recession are down, few see the state's economy as expanding, and most say Minnesota's business climate is worse today than it was five years ago.

Expectations for gross revenues and profitability have improved modestly from last year's downturn, but smaller manufacturers remain more pessimistic.

FACING NEW HEADWINDS

While workforce challenges remain, their intensity has declined to the lowest levels since the pandemic. Inflation concerns have also fallen sharply, replaced by worries over government policies, taxes, and tariffs, now the top three concerns among manufacturers.

Smaller companies continue to cite cost pressures, while larger manufacturers are more focused on regulatory burdens and what they see as an unfavorable business climate in the state.

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NOT THE "MINNESOTA MIRACLE"

Concerns about paid leave and paid sick and safe time requirements have intensified among manufacturing executives.

Seven in ten manufacturers say these policies have made Minnesota a less attractive place to do business, up from our survey in 2024.

Larger manufacturers are more likely to say these legislative actions are having a major impact on their company.

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AI GOES TO WORK

Adoption of automation and AI is accelerating. Those implementing technology are focused on increasing productivity and eliminating repetitive tasks, though cost and system integration remain barriers.

Manufacturers see the biggest upside in data analysis and decision-making, workflow efficiency, and automating repetitive tasks.

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HOPE ON A SHORT LEASH

The overall tone in 2025 appears to be one of measured optimism. Economic confidence is back, inflation fears have cooled, and companies are cautiously re-engaging in planning and investment.

However, uncertainty regarding the state's legislative and regulatory environment continues to serve as a drag on long-term confidence.