



PEOPLE | IDEAS | SOLUTIONS

100 Witmer Road, Suite 350
Horsham, PA 19044
215.441.4600
www.kmco.com

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Melanie L. Vivian, Marketing Manager
215.441.4600 x146
mvivian@kmco.com

KREISCHER MILLER SURVEY FINDS GREATER PHILADELPHIA MANUFACTURERS' PROFITABILITY BEING DRIVEN BY STRENGTHENING ECONOMY, R&D INVESTMENT

GOOD NEWS TEMPERED BY POTENTIAL CYBERSECURITY RISKS

HORSHAM, PA, March 19, 2015—Kreischer Miller, a leading independent accounting, tax, and business advisory firm serving the Greater Philadelphia area since 1975, today announced that its Manufacturing Industry Group has released the results from its third annual Greater Philadelphia Manufacturing Survey. Key areas of the survey included 2015 expectations for the economy, revenue growth, capital investments, and hiring. It also examined trends in research and development, exporting, workforce compensation and training, business improvement initiatives, key operational and production measures, and information security.

According to the survey, middle market manufacturers in Greater Philadelphia are very optimistic about the economic outlook for 2015. Over two-thirds of respondents (68 percent) expressed some level of optimism toward the economy, which may be playing a part in their positive outlook for organizational growth. Over 92 percent of respondents expect revenues to increase in 2015, with 42 percent predicting an increase of greater than 10 percent.

Investment in research and development activities is another driver of manufacturing growth and profitability. When asked about the methods used to increase profitability in 2014, 63 percent cited new product development, with 35 percent stating they invested more than 5 percent of 2014 sales in R&D. In addition, 25 percent indicated they plan to increase spending on development activities in 2015.

“Middle-market manufacturers in the Greater Philadelphia region are very optimistic about their growth outlook for 2015, and with good reason,” said Michael A. Coakley, a director in Kreischer Miller’s Audit & Accounting practice and head of the firm’s Manufacturing Industry Group. “They are coming off a year in which they realized appreciable growth. However, sustaining that momentum will require significant and continuing investments in talent, capital equipment, and innovation.”

One area for concern is the risk for information technology and cybersecurity breaches. Less than half of respondents (46 percent) conduct periodic IT risk assessment and intrusion detection exercises. Given the importance of reliable and secure IT to any manufacturing enterprise, and the impact of recent high-profile security breaches, this should be a focus area for manufacturers in the region.

Other notable findings from this year's survey:

- Over half of respondents (58 percent) plan to increase headcount in 2015.
- Labor turnover in 2014 was relatively low, with 78 percent of respondents experiencing less than 5 percent turnover. A growing number (nearly 30 percent) are partnering with vocational schools, high schools, and community colleges to develop the next generation of skilled laborers.
- While 81 percent of respondents indicated some level of international sales activities (exporting), only 13 percent of their revenues, on average, are generated internationally.

Kreischer Miller distributed electronic surveys to middle market manufacturers in the Greater Philadelphia region, including southeastern Pennsylvania, southern New Jersey, and Delaware. Respondents included companies with annual revenues ranging from less than \$1 million to \$650 million, and averaging \$49 million. Respondents represented a diverse cross section of the manufacturing sector, including companies in aerospace and government, industrial equipment and machinery, machining and metal fabrication, chemicals, food and consumer nondurable packaged goods, pharmaceuticals and biotech, and specialty packaging.

To download a copy of the full survey results, visit

<http://www.kmco.com/industries/manufacturing/greater-philadelphia-manufacturing-survey>.

About Kreischer Miller

Kreischer Miller is a leading independent accounting, tax, and advisory firm, serving the Greater Philadelphia area since 1975. The firm is built to respond to the unique needs of growth-oriented private companies, helping them smoothly transition through growth phases, business cycles, and ownership changes. Kreischer Miller offers a wide range of services, including Audit & Accounting, Tax Strategies, Business Advisory, Human Capital Resources, and Technology Solutions across an array of industries, including manufacturing, distribution, construction, real estate, not-for-profits, media, government contracting, professional services, family-owned businesses, and investment firms. The firm provides insight and creative services to organizations that need to be able to quickly adapt and respond to changing market opportunities and challenges. To learn more, call us at 215.441.4600 or visit www.kmco.com.

#