

## Five Equipment Manufacturing Trends to Watch in 2023

Written by: Association of Equipment Manufacturers (AEM) Staff Writers

### CHALLENGES AND OPPORTUNITIES TO KEEP IN MIND THIS YEAR

With 2022 firmly in the rearview mirror and the new year now underway, it's clear many of the opportunities and challenges impacting equipment manufacturers today are poised to remain as relevant as ever in the weeks and months ahead. While it's a fool's errand to try and predict exactly how 2023 will unfold for the industry, equipment manufacturers would be wise to pay close attention to a number of trends and how they may evolve in the near term. With that in mind, the Association of Equipment Manufacturers (AEM) caught up with several staff leaders to hear which ones, specifically, are top-of-mind for them at the moment.

#### 1. THE INDUSTRYWIDE EMPHASIS ON ORGANIZATIONAL CULTURE

*Written by: Jaime Vos, Senior Director of Revenue Development & Cultural Innovation, AEM*

With so much change taking place in 2022, organizations in many industries, including equipment manufacturing, are being forced to respond by reexamining their business models. Supply chain issues, increased competition, technology advancements, and economic uncertainty have all placed pressure on companies to adapt, innovate, and rethink how they do business.

In addition to these challenges, leadership will also need to address the morale of their workforce this year. What many



have called the “great resignation” has affected organizations of all sizes and made employee retention the single most important issue of 2023. After struggling through the COVID-19 pandemic, people are now reevaluating their role in the workplace. Many have placed a stronger value on their health and have chosen to accept other opportunities better aligned with their personal well-being.

Taking this into account, organizations will need to create a shared vision that supports the following areas for its employees:

- » Employee values
- » Work-life balance
- » Creativity and collaboration
- » Mental health awareness and support

- » Hybrid telecommuting models
- » Opportunities for career growth

Studies show that employees who feel recognized, respected, and supported do more than what is expected. If organizations want to strengthen employee retention, leaders will need to communicate openly with workers, listen to their concerns, address issues in real time, and provide opportunities that empower a healthy culture.

Employees want to feel valued in their roles. Organizations that create a shared vision of well-being for their staff will see their culture empowered, inspired, and committed to a prosperous new year.

## 2. THE NEW NORMAL OF EMPLOYEE TRAINING & DEVELOPMENT

*Written by: Julie Davis, Senior Director of Workforce & Industry Initiatives, AEM*

Workforce issues remain so prevalent today, that it's simply not enough to foster a strong organizational culture in order to meet workforce demand.

Fewer people working, coupled with more jobs, more diversity in available jobs, and more competition across industries make workforce arguably the most pressing issue as 2023 gets underway. Because of these challenges, employee training and development should be a top priority for equipment manufacturers in 2023 and beyond. While employee training and development may be a budgetary afterthought for some equipment manufacturers, it's becoming increasingly clear upskilling, re-skilling, and new-skilling employees on an ongoing basis is becoming the new normal, and here's why.

Consider someone who has an engine spread out in a garage, is wiring his or her friend's hunting cabin, or is the neighborhood handyman and, based on his or her hobbies, interests and personal aptitude, the person would be a good fit to work in the skilled trades. Imagine being able to cast an organizational hiring net to consider people based on the skills, talents, and interests that would make working in the skilled trades good fit instead of hiring someone based on skills used in a job a person could get as a 20-year-old. (Let's face it, none of us were working in the job we wanted at that point – we were working in the job we could get.)

This is exactly how skills-based hiring works, and it results in having a wider talent pool from which to recruit. The catch is employers must be able to assess individual skills and then train them to competency. (This can be done either by partnering actively with education, possessing trainers, or a combination of the two.)

The government funded the Apprenticeship Building America grant program to the tune of \$121.7 million dollars in 2022. Why? Because apprenticeship and work-based learning programs done right continue to be a proven way to train, attract and retain workers. Can't set one up? Think again. Partners like Apprenticeship Works, JFF, and GPS Education can guide organizations through the process both efficiently and effectively.

The workforce is aging, and employees at every level with critical masses of knowledge are walking out the door every day. What questions are asked before they leave, and how is their knowledge being captured and transferred to the person who will be taking their place? Four years ago, before the surge of retirements that came with COVID-19, Forbes shared the following responses from surveyed baby boomers:

- » 57% have shared half or less of the knowledge needed to perform their job responsibilities with those who will assume them after they retire
- » 21% have shared none of their knowledge
- » 18% have shared all their knowledge

Transferring knowledge is poised to work best when training and development is already normalized within a company's culture. Trainers and educators are taxed to keep pace with technological advancements, yet new skill sets are needed every day.

There is no automation to offset workforce shortages without upskilling or new-skilling workers to use advancing equipment. Ready or not, partnering, internal training, and ongoing learning is here to stay.

## 3. THE ONGOING IMPACT OF SUPPLY CHAIN ISSUES

*Written by: Kip Eideberg, Senior Vice President of Government & Industry Relations, AEM*

It has been an issue for several years, and unfortunately we will continue to hear about it for a while: the supply chain.

There is no denying the 2020 COVID-19 pandemic turned the world on its head, but it was tough to predict just how long the supply chain would be impacted. A recent AEM survey of 179 equipment manufacturers revealed that 98% of equipment manufacturers are still battling with an unreliable supply chain – and more than half (58%) are experiencing worsening conditions.

AEM confirmed that the two driving factors of these supply chain woes stem from workforce shortages and access to intermediate components for production. These things coupled together paint a stark picture, but there are reasons to be optimistic that supply chain challenges will start to abate over the course of this year.

AEM continues to survey its member company executives to better understand how they are impacted by continued high inflation, strained supply chains, and global instability, and to provide elected officials with the data points they need to move legislation that will revitalize U.S. manufacturing and bolster U.S. global competitiveness.

#### 4. THE RISE OF ALTERNATIVE POWER

*Written by: Jason Malcore, Senior Director Safety & Product Leadership, AEM*

Governmental agencies and nongovernmental organizations throughout Europe and across North America and Asia continue to look for new opportunities to transition their automotive and equipment fleets toward new decarbonized technologies. These pressures and motivations reveal themselves in the form of new rules and regulations on internal combustion engine emissions and incentive programs for zero-emissions equipment purchases.

In addition, increasing customer demands for hybrid and zero-emissions vehicles also highlight the industry's evolution and direction in this space. Some examples of anticipated industry pressures in 2023 are as follows:

- » California Air Resources Board's (CARB) continued rule-making and public workshops regarding the next stage of California's engine emissions regulations.
- » The implementation of the Inflation Reduction Act's tax incentives for the electrification of light duty, commercial, and heavy-duty vehicles.

- » Federal and state executive announcements to decarbonize the U.S. economy.
- » Zero-emissions requirements for small engines under 25 horsepower.

Diesel fuel is the primary power source for the nonroad equipment industry, and it will likely continue to be for the foreseeable future. However, if one thing's for certain, it's this year will spotlight the many alternative power challenges and opportunities facing the nonroad equipment industry and represent an inflection point for new power sources over the coming decade.


#### 5. THE ACCELERATION OF COMMUNICATION & CONNECTION

*Written by: Kate Huskin, Senior Director of Communications, AEM*

The key to driving change in an organization is rooted in an organization's ability to communicate effectively and build lasting connections with important stakeholders. In 2023, communications will take on a leading role in helping organizations address challenges, identify opportunities, and drive success.

Effective communication happens from the inside out, and a renewed focus on internal communications will be needed to help organizations establish and “walk the talk” of their culture, putting actions behind the words on their websites and internalizing how they wanted to be viewed and accepted by their employees, prospective employees, customers, partners, and the marketplace at large.

During the pandemic, communications leaders across the globe were faced with unprecedented communication challenges that required a new playbook for sharing up-to-the-minute information. This has forever changed the way we look at crisis communications, and communications and public relations teams are in a new normal.

The equipment manufacturing trends listed above, from organizational change and employee training and development, to supply chain challenges and the rise of alternative power, are challenges that will be driven by communications and an organization's ability to connect and support its internal and external stakeholders. 



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## About the Article

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