



KPMG 2024 Industrial Manufacturing and Automotive CEO Outlook

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Foreword

Today's business landscape is fast-moving and unpredictable, characterized by geopolitical tensions, regional conflicts, stuttering economic conditions, and rapid technological change. It's a potent mix of factors that may keep any CEO up at night.

Despite this, the KPMG 2024 Industrial Manufacturing and Automotive CEO Outlook, based on the views of 240 leaders in the sectors, finds that CEOs are generally optimistic, with their eyes turning toward a growth agenda.

Why is this? It's partly because the events of the last few years, including the pandemic and significant spikes in interest rates, inflation and costs, have hardened boardrooms to change and challenge: agility, resilience and determination have long been the order of the day.

It is also because industrial products continue to be a core sector in any economy, with infrastructure and industrial assets key to productivity and GDP. While trading conditions may be challenging, demand for industrial products has continued apace. Further, the industry is at the center of an exciting convergence — as technology becomes more integrated into industrials, and as new forms of energy are integrated into processes as part of the energy transition.

Automotive CEO Outlook is on the cusp of one of the biggest transformations in its history as EVs begin to

hit scale and greater degrees of autonomy are also embedded — bringing huge opportunity to those OEMs that get their proposition right.

As our report explores, new technology including traditional and generative AI holds enormous potential, that could be integrated into Industry 4.0 approaches. Automotive CEO Outlook in particular is in the very vanguard of embracing AI, both for integration into vehicles to transform the customer experience, and for smarter and more automated production processes. Alongside this, there is the ESG agenda which is similarly evolving at pace and becoming ever more critical for organizations to embrace. Here, a major challenge is achieving decarbonization across the supply chain — support for suppliers to help them in the journey, increased collaboration, and a greater focus on circularity could all be key to unlocking progress.

Industrial manufacturing and automotive are dynamic, evolving industries. They make a significant contribution to national economies. They often sit at the heart of local communities, providing employment opportunities in an exciting and varied place to work.

For all these reasons, despite the many pressure points, there is a bold future ahead. CEOs are aware of the hurdles they must negotiate — but they are also confident about the opportunities in front of them.



Jonathon Gill

Global Head of Industrial Manufacturing
KPMG International



Dr. Andreas Ries

Global Head of Automotive
KPMG International



Executive summary

Despite a challenging backdrop, Industrial Manufacturing and Automotive CEOs are confident about driving growth in their businesses and see many opportunities ahead.

Growth is likely to be fuelled both organically as organizations expand, and inorganically with an appetite for mergers and acquisitions as well as partnerships and joint ventures (JVs). Such deals and tie-ups can play an important role in helping organizations adopt new technological capabilities and diversify their supply chains.

CEOs in the sectors also see the exciting potential of new technologies such as artificial intelligence (AI) to be embedded deeper into their businesses — creating smarter manufacturing processes, increasing productivity, and driving up efficiency. They are very cognizant of the risks that need to be managed, particularly around generative AI, including security, data privacy and protection — with strong governance processes needed, and an upskilling of staff to be confident and able to utilize new tools.

Other risks are top of mind, too. Supply chains feature as priority area, with CEOs recognizing the need to strengthen visibility across value chains to bolster resilience and reliability.

Supply chains are a key aspect of another strategic priority — the ESG and decarbonization agenda. Decarbonizing the end-to-end supply chain is seen as the chief challenge on the path to net zero. Nevertheless, CEOs are committed to the ESG journey, with a significant proportion saying that ESG considerations are informing their capital allocation strategy. CEOs are prepared to take a public stand on issues that matter and recognize the importance of engaging with communities and stakeholders.

People are high on the agenda too, with CEOs alive to the importance of supporting staff for the AI revolution and equipping them with the skills they need. They remain committed to driving diversity and inclusion — although acknowledging that there is more to be done — as they strive to create workplaces where all talent can join and thrive.

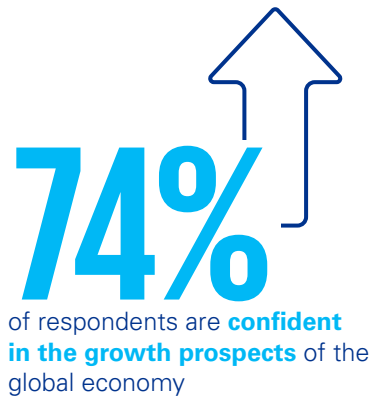
In a world of economic uncertainty, geopolitical tensions and disruptive change, there are plenty of challenges to be negotiated — but CEOs in industrial manufacturing and automotive are confident about navigating their path and building a successful future.



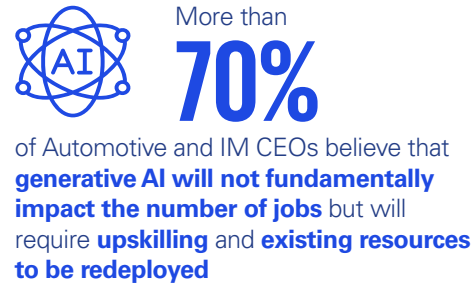
Key findings

Industrial manufacturing (IM) and Automotive CEOs see through global turbulence by betting big on AI

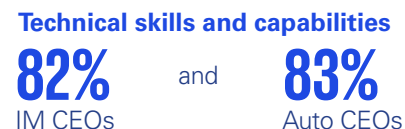
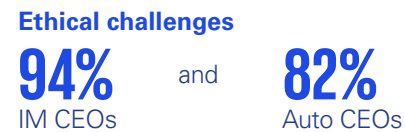
Confidence is up



Technology and AI



Top 3 challenging aspects of AI implementation



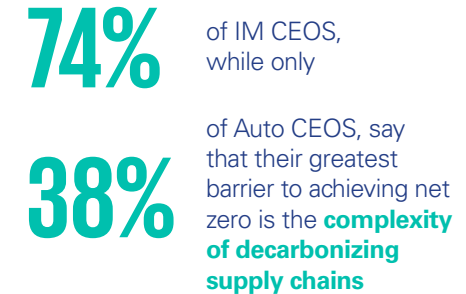
Talent



of CEOs shared that within three years' time they predict a **full return to office**

The number one concern for **Automotive CEOs (30%)** is the **number of employees retiring coupled with a lack of skilled workers** to replace them while for **IM CEOs** the number one concern is the **knowledge transfer between employees (33%)**.

ESG



Navigating shifts in the global boardroom

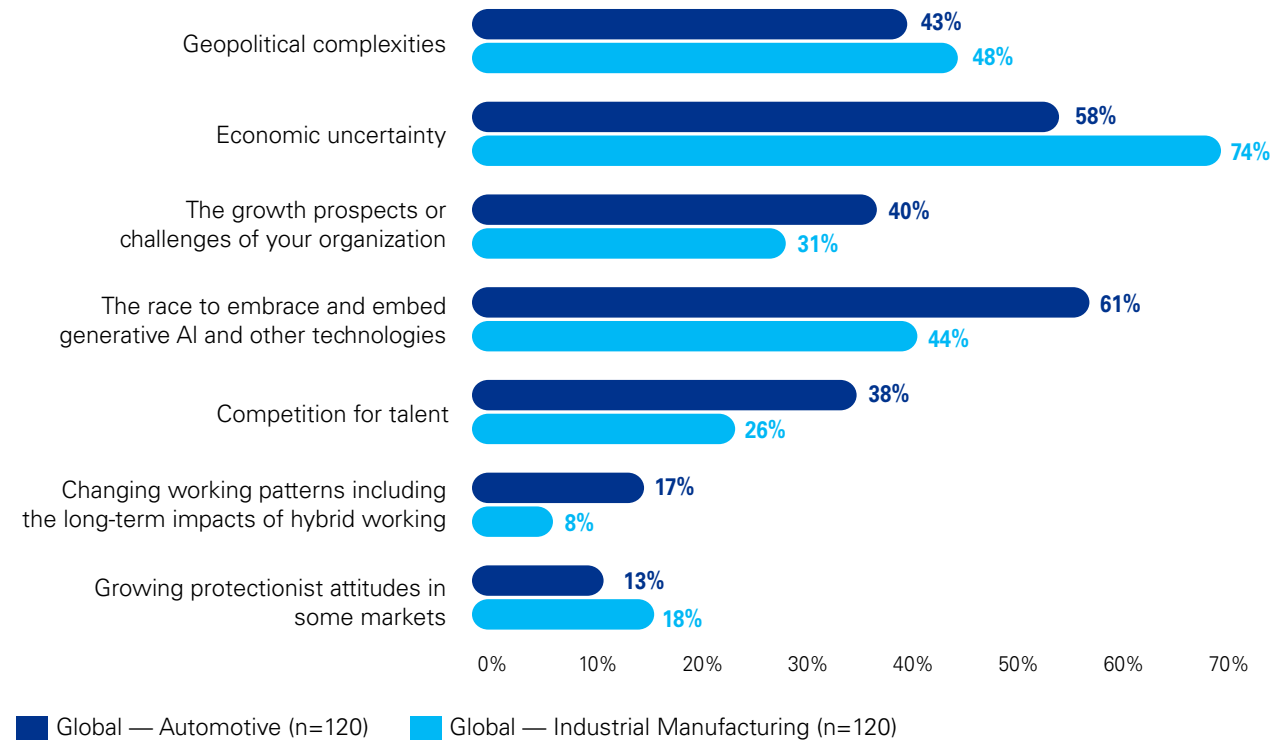
As industrial manufacturing and automotive CEOs look to drive growth in their businesses, they are mindful of many headwinds that could blow them off course. Economic uncertainty is the predominant concern, cited by two thirds of industrial manufacturing and automotive CEOs,¹ while the race to embed generative AI and other technologies (53 percent) and geopolitical complexities (45 percent) are also top of mind.

The significance of economic and geopolitical factors is not hard to see. Healthy economies result in increased demand for industrial products and automotives, while geopolitical factors have supply chain impacts that also dictate changes in cross-border costs, taxes and levies (such as on EVs).

It is interesting that new technology such as AI is viewed as both an opportunity and a challenge. In particular, Gen AI has become a major investment priority — especially for automotive CEOs — but ethical considerations (58 percent), a lack of regulation (55 percent), costs (50 percent) and technical capabilities (46 percent) are seen as hurdles to overcome.

¹ Percentages given reflect the combined scores of both Industrial Manufacturing and Automotive CEOs, unless otherwise stated

Top of mind challenges



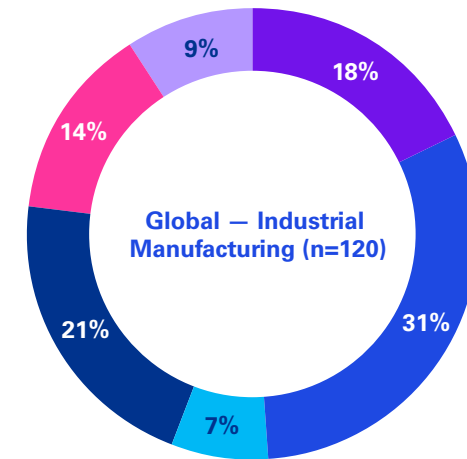
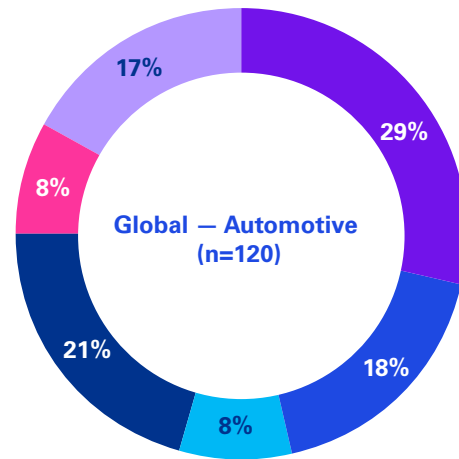
Source: KPMG 2024 CEO Outlook



Amidst so many moving parts, CEOs are not taking a passive stance - two thirds have already adopted and then adapted their strategy to deal with the challenges at hand.

Organic growth and M&A are both on the agenda. However, more automotive CEOs see M&A as a strategically important growth lever for the next three years (29 percent), while for industrial manufacturing inorganic growth is a little more prominent (31 percent). In both cases, strategic alliances are not far behind. The signs are that there could be plenty of deals taking place over the coming years, helping organizations adopt new technological capabilities and diversify their supply chain, both important mechanisms for staying resilient and responsive in the constantly evolving landscape.

Strategies for achieving growth objectives over the next three years



- M&A
- Organic growth
- Joint venture
- Strategic alliances with third parties
- Outsourcing
- Generative AI

Source: KPMG 2024 CEO Outlook



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Optimism tinged with caution sums up the mood amongst industrial manufacturing and automotive CEOs as we enter the latter stages of 2024. Economic conditions have stabilized and costs have reduced: sustained earnings growth is in CEOs' sights. Arguably the biggest concern right now is conflict in the Middle East. How that plays out — including impacts on oil and energy prices — could have a significant bearing on future trading conditions.”

Jonathon Gill

Global Head of Industrial Manufacturing, KPMG International

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I expect to see consolidation and deals in the automotive industry over the coming years, because of some overcapacity in the market but also because original equipment manufacturers (OEMs) need to acquire new capabilities in areas such as micro chips and batteries for EVs. This is likely to spawn growing numbers of partnerships and JVs as well as outright acquisitions. It will be a highly active market with considerable degrees of change.”

Dr. Andreas Ries

Global Head of Automotive, KPMG International

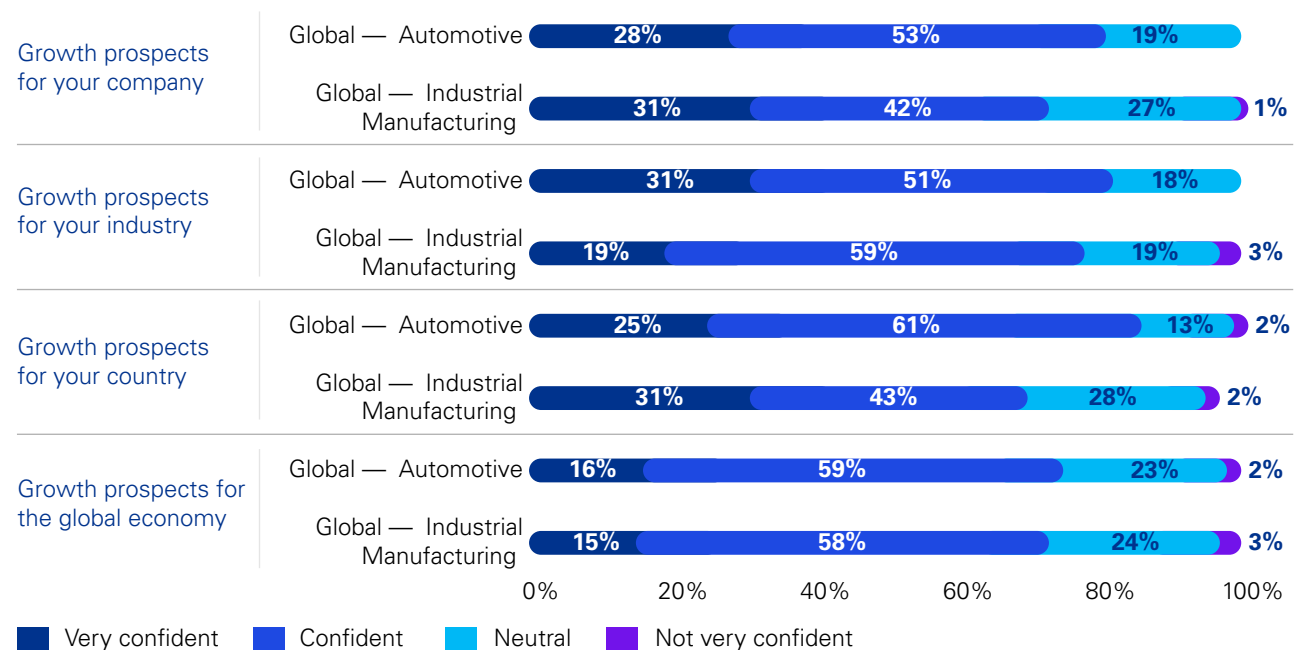
Economic outlook and business confidence

Industrial manufacturing and automotive CEOs report high levels of confidence in their companies' growth prospects — 77 percent being confident, nudging up 2 percentage points compared to the findings of our [2023 report](#). They are similarly optimistic about the outlook for their industry, with 80 percent seeing good growth prospects .

This may have been helped by the general stabilization of interest rates in major economies, and indeed some reductions in key markets. Inflation has also dropped, and input costs are on a downward trajectory.

As a result, CEOs are expecting earnings growth over the next three years. The highest proportion (39 percent) are putting this at up to 2.49 percent, but nearly three in ten are expecting growth between 2.50-4.99 percent and nearly a quarter are more bullish, anticipating growth of between 5 and 10 percent. Overall, automotive CEOs tend to be slightly more upbeat over their growth prospects than their industrial manufacturing counterparts.

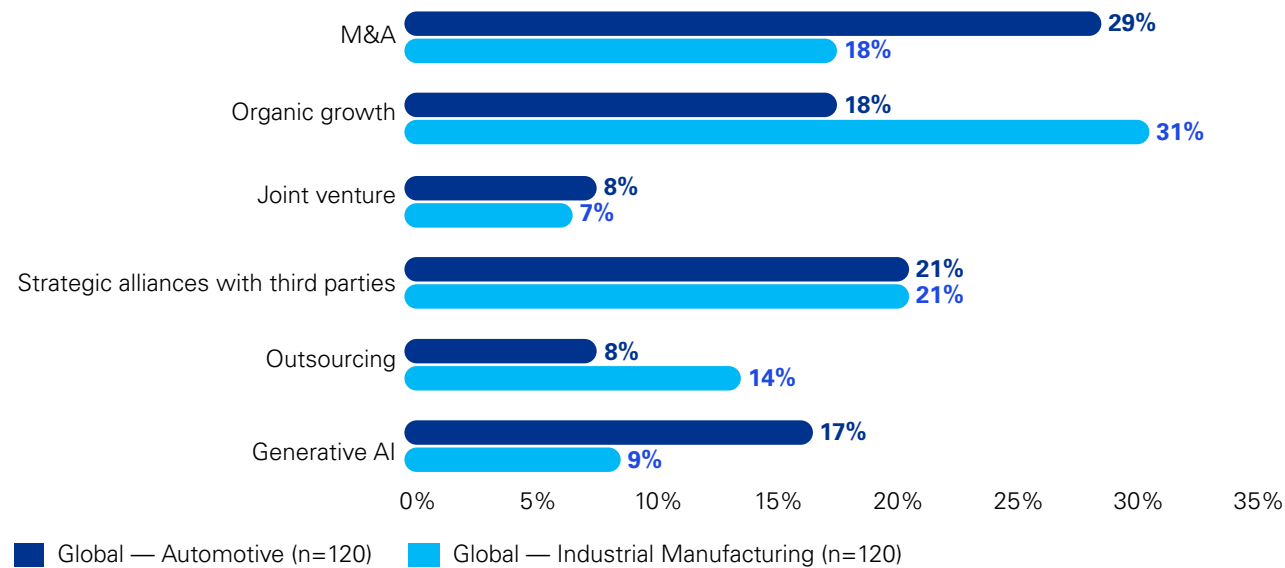
Macroeconomics scenario and impact



Source: KPMG 2024 CEO Outlook

Alongside M&A to drive growth by vertically integrating businesses (with 45 percent of CEOs describing their deals appetite as 'high'), a strong employee value proposition to attract and retain key talent, and advancing digitization and connectivity across the business, are also seen as key levers. For industrial manufacturing CEOs, execution of ESG initiatives is another strong lever, while for automotive Gen AI (and the required upskilling of the workforce) is a key focus.

Strategies to achieve growth objectives



Source: KPMG 2024 CEO Outlook

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The view from the boardroom is relatively upbeat, with hopes that the global economy may have turned a corner. Much still depends on various external outcomes such as the conflicts in the Middle East and Ukraine. However, demand for industrial products, and automotives, is only likely to increase whatever happens — there is a lot of opportunity in the market. We may see increasing levels of M&A as organizations position themselves strategically for the future.”

Tammy Brown
 National Industry Leader
 Industrial Markets
 KPMG in Canada

The risks to this growth are also very clear in CEOs' minds: supply chain dominates the risk list, (overall, 34 percent highlight it), followed by political uncertainty (16 percent) and operational risk (15 percent).

Given the key operational importance of supply chains, it is unsurprising to see it so clearly at the head of the watchlist, and this is particularly the case in industrial manufacturing where over 40 percent of CEOs cite it as their top risk. Factors such as a lack of real-time insights and coordination, complex networks, production vulnerability, the impact of new technologies including the transition to EVs, and cybersecurity threats, all combine to make supply chain a dominant factor in organizations' success.



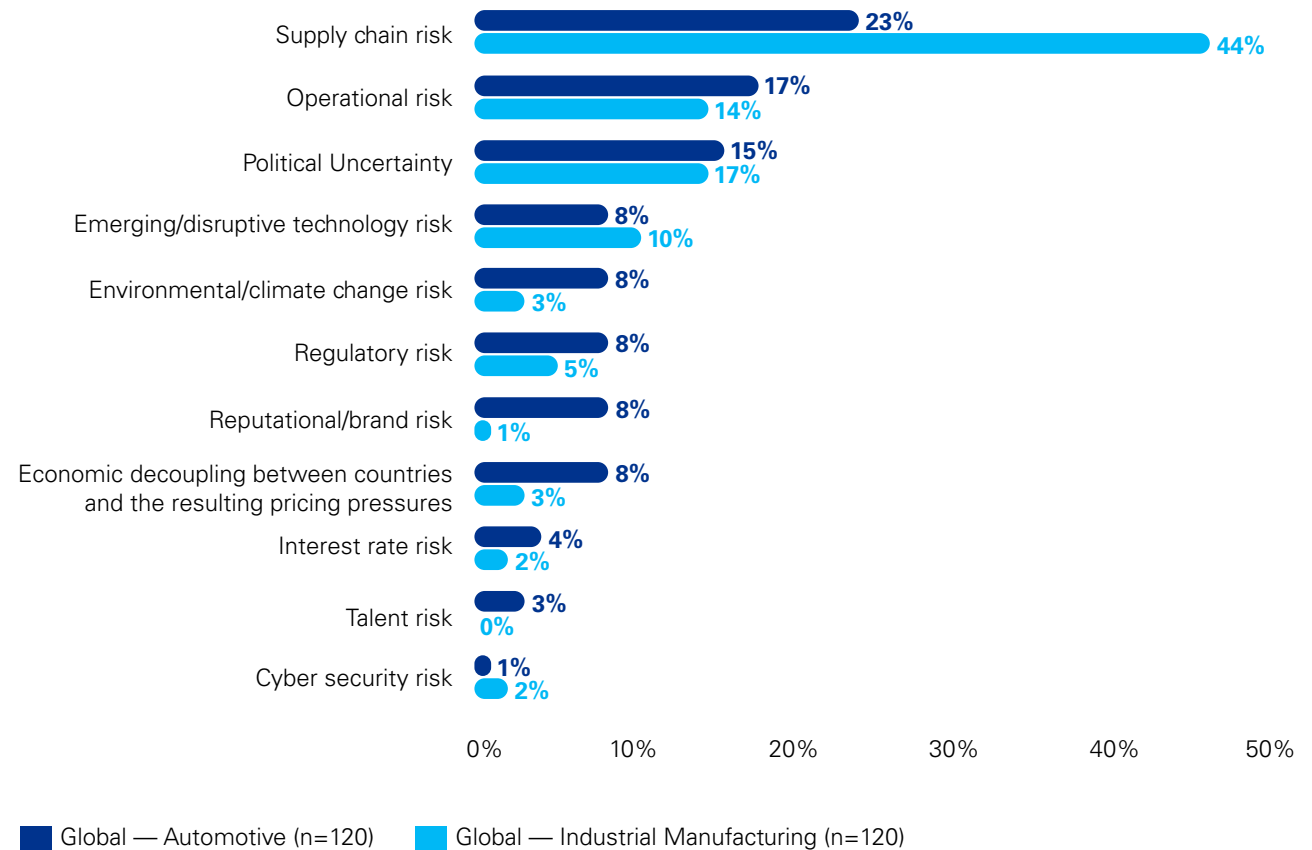
One development we are seeing is that industrial and automotive businesses are localizing their supply chains and making them shorter where they can, procuring materials within country and selling more locally too. Amongst multi-national businesses with operations in China, it is known as the 'China for China' approach."

Norbert Meyring
Industrial Manufacturing Leader
KPMG in China

Political uncertainty is another key factor, linking to trade regulation and regulatory demands which similarly rank as prominent concerns for CEOs. Negotiating the

changing sea of rules, restrictions and additional levies as many countries take a more protectionist stance requires constant vigilance and agility.

Threats to organization's growth over the next three years.



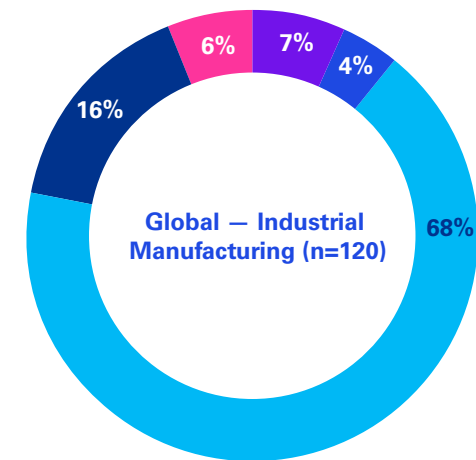
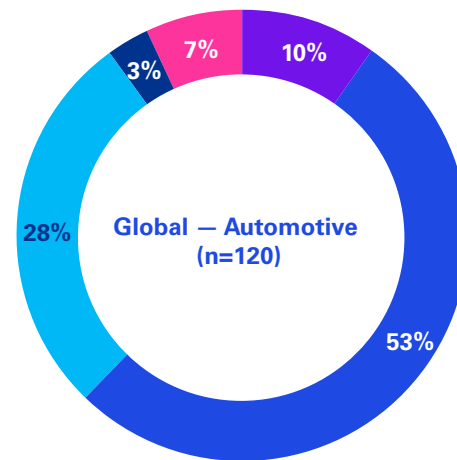
Source: KPMG 2024 CEO Outlook



Accelerating innovation and navigating generative AI

The economic picture may be shadowed by uncertainty — but industrial manufacturing and automotive CEOs are sure that embracing innovative technologies including AI, and embedding them deeper into manufacturing and assembly processes — which are already transforming as [Industry 4.0](#) takes hold — is a path towards future growth and productivity. Indeed, we see an interesting shift when comparing this year’s survey results to 2023, with a higher proportion of CEOs saying they are placing more capital investment in technology and fewer prioritizing investment in workforce skills and capabilities. This is especially the case for industrial manufacturing, with the balance more equal in automotive. Overall, the balance between the two sides of the technology/skills investment equation is 58-42 percent, compared to 55-45 percent in 2023. It will be interesting to see whether this is a trend that continues in future years.

Generative AI is a top investment priority



■ Strongly agree
 ■ Agree
 ■ Disagree
 ■ Strongly disagree
 ■ Neither agree nor disagree

Source: KPMG 2024 CEO Outlook

Nevertheless, there is no doubt that CEOs realize AI can only have a full impact if staff are confident and enabled to use it. Investment in upskilling is therefore a key area — as this is essential for unlocking the increased efficiency and productivity that CEOs anticipate being the biggest benefit of adopting new technologies like Gen AI.

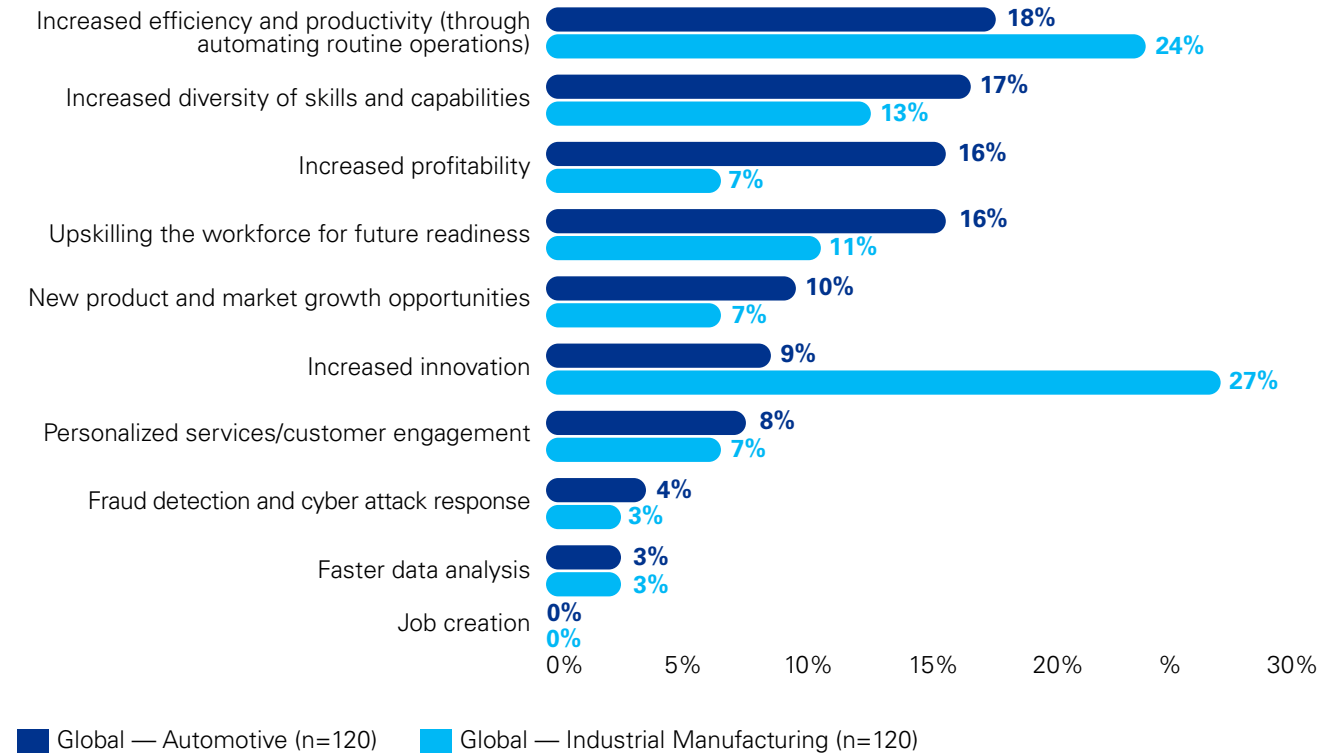
Gen AI has certainly captured widespread boardroom attention across industries and sectors — and within industrial manufacturing and automotive, it is a top investment priority for 37 percent of CEOs.

However, this is an area where we see some divergence between the two sectors, with Gen AI being a much bigger priority investment area for automotive CEOs (63 percent) than in industrial manufacturing where the majority (68 percent) are neutral. In automotive, implementing Gen AI also stands out as an operational priority to help achieve growth objectives over the next three years, much more so than in industrial manufacturing.

However, CEOs are entering into this with their eyes open and not expecting immediate returns — the great majority (65 percent) only expect to see ROI from Gen AI in a 3-5 year timeframe.

They are also very cognizant of the challenges and barriers involved with Gen AI such as ethics, regulation and costs, as referenced earlier. Two thirds of CEOs feel that regulation needs to move quickly to provide clarity, as a slow pace of regulatory progress will be a barrier to their organization’s success. An even bigger proportion (73 percent) believe that the degree of AI regulation should be proportionate, mirroring that for climate commitments.

Impact of generative AI

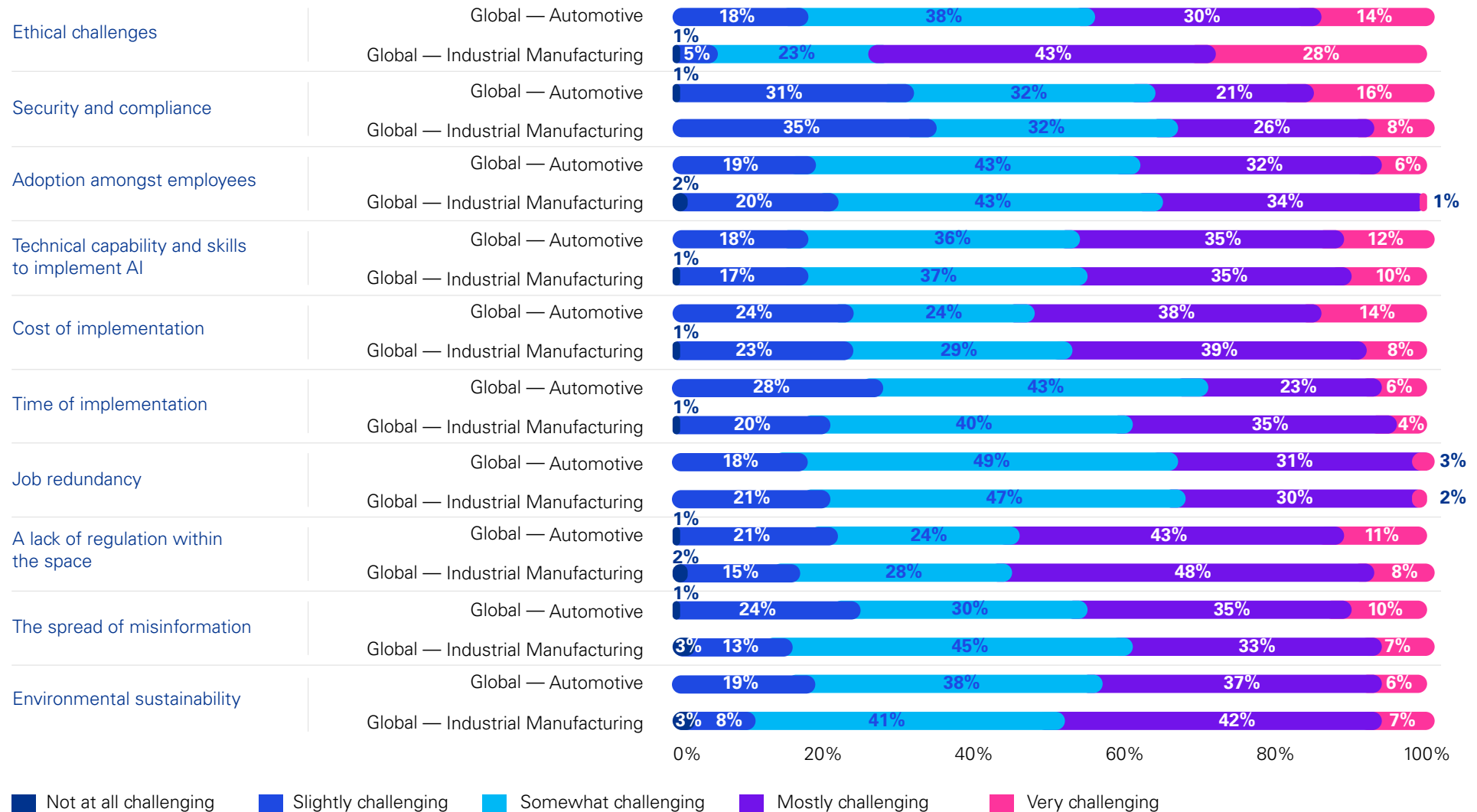


Source: KPMG 2024 CEO Outlook

While in some respects CEOs feel that their organization is primed for AI adoption, in other ways there is much more to do. On the positive side, 76 percent of CEOs agree that leadership has a clear view on how Gen AI will disrupt business models and create opportunities and 77 percent are clear on how it can help them create

competitive advantage. However, only 60 percent say they have robust governance frameworks in place, only 41 percent are confident that their staff have the right skills, and only four in ten say they have their data ready to integrate Gen AI safely and effectively.

Challenges in implementing generative AI



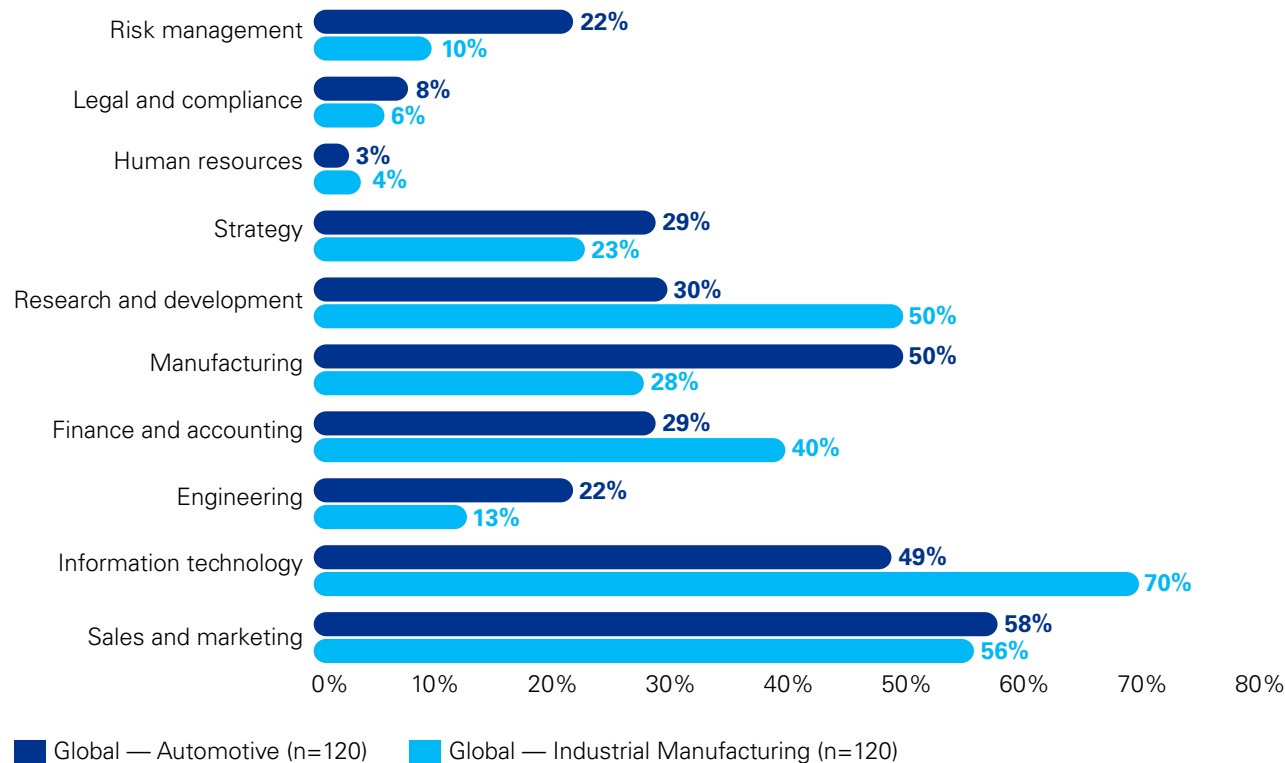
Source: KPMG 2024 CEO Outlook

Could it be time to appoint a Chief AI Officer to help spearhead efforts?

The highest proportion of CEOs (60 percent) flag the IT function as the biggest area in their businesses for Gen AI adoption, but sales & marketing is not far behind (57 percent) while manufacturing is a key area for automotive specifically (50 percent), and research & development is seen as another domain ripe for its use (40 percent) — suggesting a wide range of potential use cases across the enterprise.

Given all of these moving parts, a sound model for AI adoption based on trust, ethics and governance is essential, as set out in KPMG’s [Trusted AI framework](#).

Investing in generative AI within the organization



Source: KPMG 2024 CEO Outlook

“
New technology including AI and Gen AI has huge and exciting potential for automotive — which is why it emerges as such a strategic priority. It is not only that it can be used for smarter production processes, better analytics and predictive maintenance — the technologies emerging can revolutionize the relationship between the OEM and end customer. There is a huge opportunity to initiate greater dialogue with customers, creating new business models and income streams.”

Dr. Andreas Ries
 Global Head of Automotive
 KPMG International



“

To really optimize the use of AI and new technology, industrial manufacturers need to combine what they do best (manufacture physical products) with what digital does best (collect real-time data and embed AI) to differentiate their products and gain a new competitive advantage. It will not be enough to add digital functionality to analog machines — a complete reimagination is needed.”

Carmelo Mariano

Industrial Manufacturing Leader, KPMG in Italy

“

Industrial Manufacturing was early to the game with respect to AI. It has been in the DNA of manufacturers for some time. What’s different now is the surge in advancements in the application of AI. And this is coming at a time when concurrently, manufacturers are grappling with economic uncertainty, talent shortages, cybersecurity threats, and supply chain pressure. Leaders must navigate all these complexities to help unlock the true value of their investments and drive transformative growth.”

Claudia Saran

Industrial Manufacturing Leader, KPMG in the US

Managing cyber risk

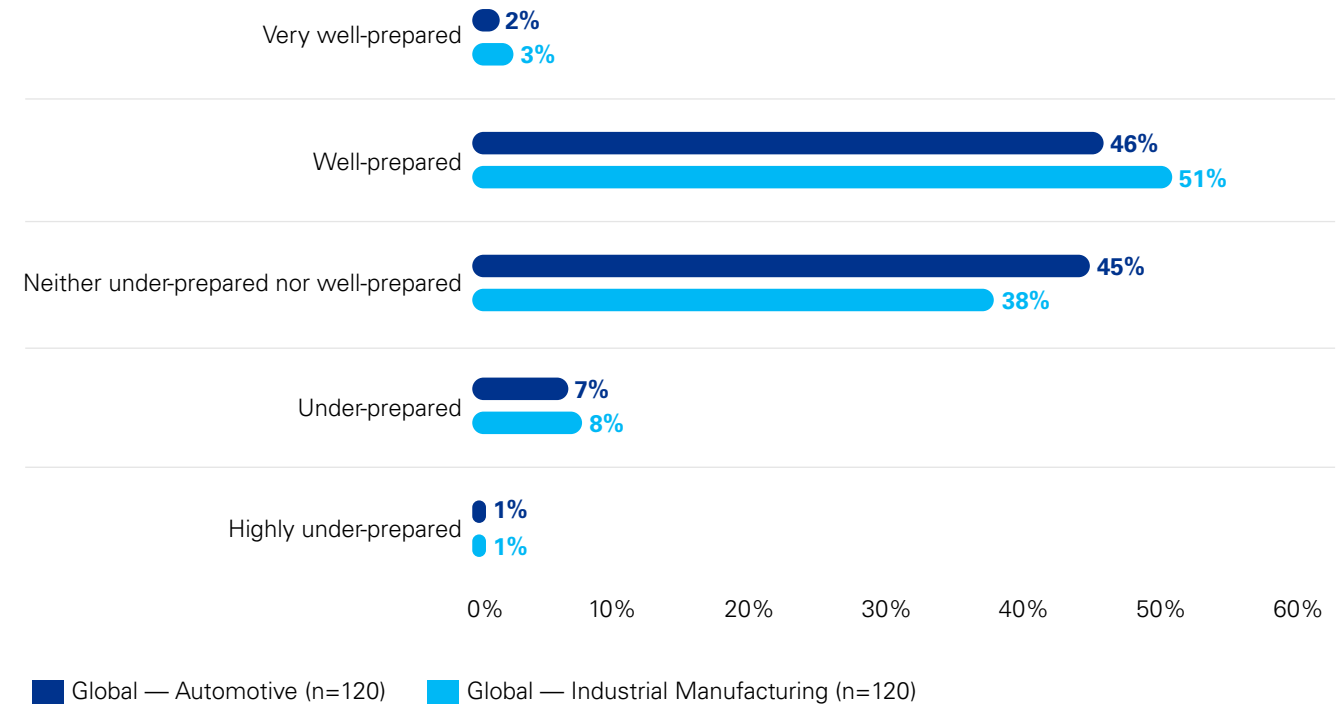
Cybersecurity is a continuing priority for all organizations, and in industrial manufacturing and automotive where cyber incidents can stop production and bring supply chains to a halt, it is a key feature of operations.

This year, we find that CEOs' confidence that they are well-prepared for cyberattacks has nudged slightly up — 55 percent being confident, compared to 51 percent in 2023. The proportion of those saying they are unprepared has also dropped considerably, from 28 percent to just 8 percent now.

However, CEOs are mindful that new dynamics are entering the cyber sphere — not least Gen AI, which could itself be used by bad actors as a potent vector for attacks. Fifty-six percent of CEOs say they are confident that their organization's cybersecurity can keep up with Gen AI advancements — but a telling 40 percent are neutral on the point. However, encouragingly, a big majority (75 percent) say they are increasing their cybersecurity investment to protect their operations and intellectual property from AI.

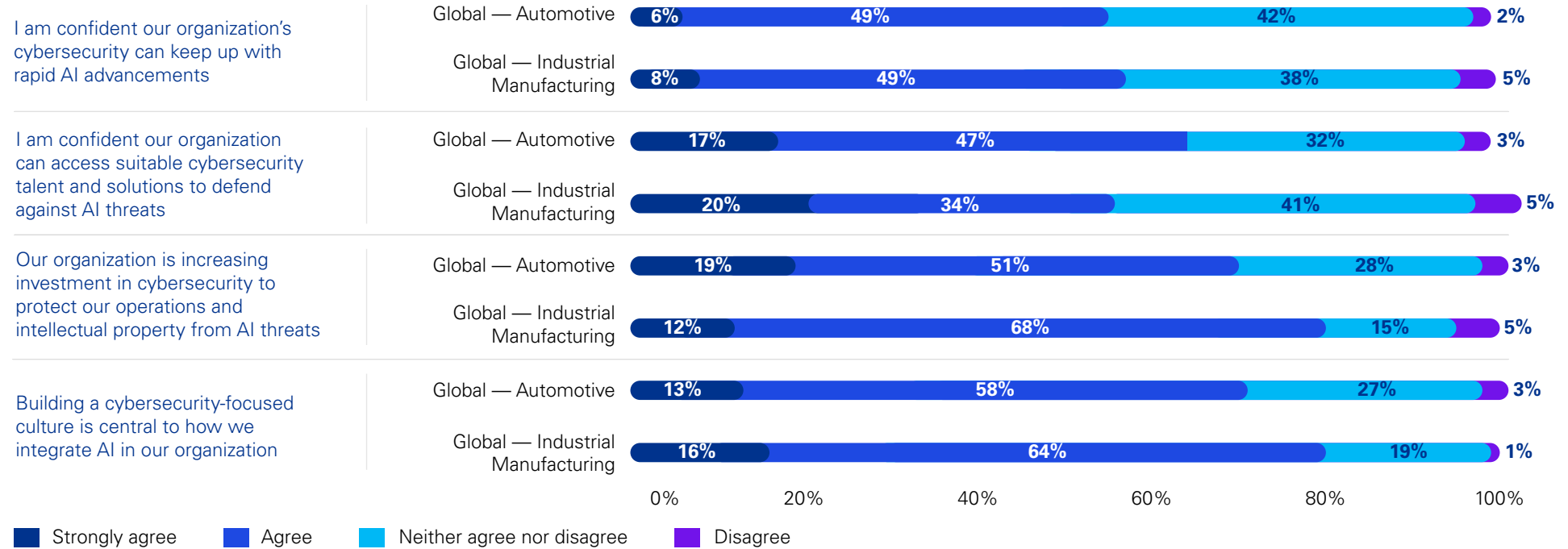
The stage is set for a continuing, rapid evolution of the cybersecurity domain as it increasingly draws on — and defends against — AI-powered capabilities and techniques.

Preparedness for a cyber attack



Source: KPMG 2024 CEO Outlook

Cyber security and Gen AI advancements



Source: KPMG 2024 CEO Outlook



The cyber threat is constantly evolving, and AI tools and techniques are becoming widely available to attackers. For that reason, cyber defences must be agile and adaptable too — playbook approaches will no longer be fit for purpose. Industrial organizations may be attractive targets to some attackers given all the data they sit on and the critical role they play in national economies. Continued vigilance and investment are essential.”

Jonathon Gill, Global Head of Industrial Manufacturing, KPMG International

Future landscape of ESG strategies

No business can afford to neglect the ESG agenda — and for industrial businesses, with their heavy energy and resource consumption, maintaining strong stakeholder and community relations through a manifest commitment to environmental and social good is critically important.

This year's survey shows that building trust is seen as a key priority. Three-quarters of industrial manufacturing and automotive CEOs believe that engaging with communities is important. The same proportion also say they would be willing to divest a profitable part of the business that was damaging the organization's reputation. Over eight in ten say they're willing to take a public stand on issues on behalf of their organization even if they conflict with their personal beliefs.

However, ESG — rather like technology and AI — is fast-moving arena. Six in ten CEOs say that stakeholder expectations around ESG change more quickly than they can adapt their strategy. In response, CEOs are demonstrating agility with 67 percent saying they have changed their communication strategies around ESG.

Despite the increasing number of reporting requirements emerging around ESG, 75 percent of CEOs believe that their organization has the capability and capacity required to meet reporting standards — although over a fifth are neutral on the question.

Confidence on ESG capabilities

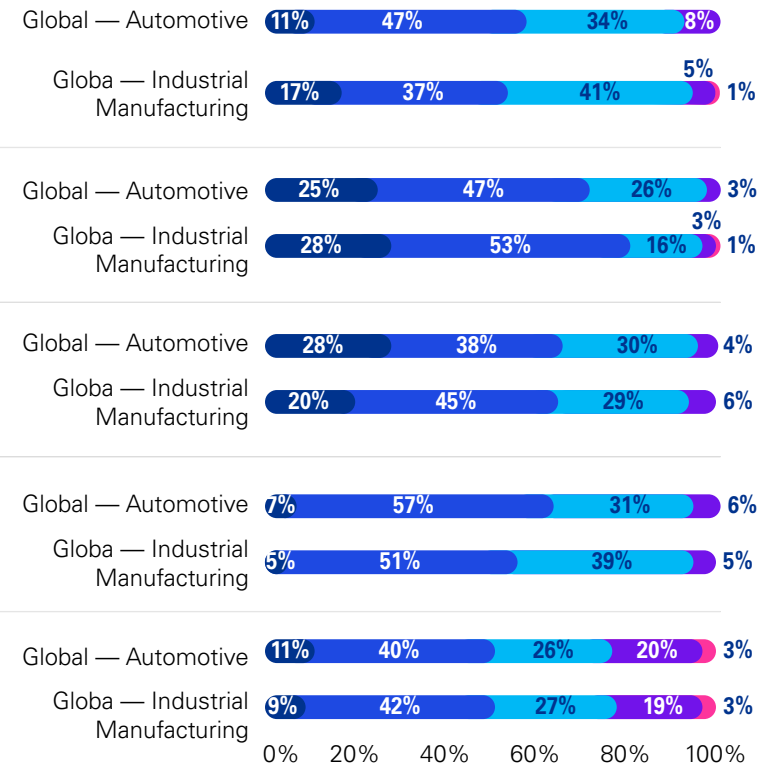
As confidence and trust in governments decline, the public is looking to business to fill the void on societal challenges, such as inclusion, diversity, equity, climate change or social justice

We have the capability and capacity required to meet new reporting standards

We have fully embedded ESG into our business as a means to value creation

Our stakeholders' expectations with regard to ESG change faster than we are able to adapt Our strategy

We are confident we can meet our Net Zero goals by 2030



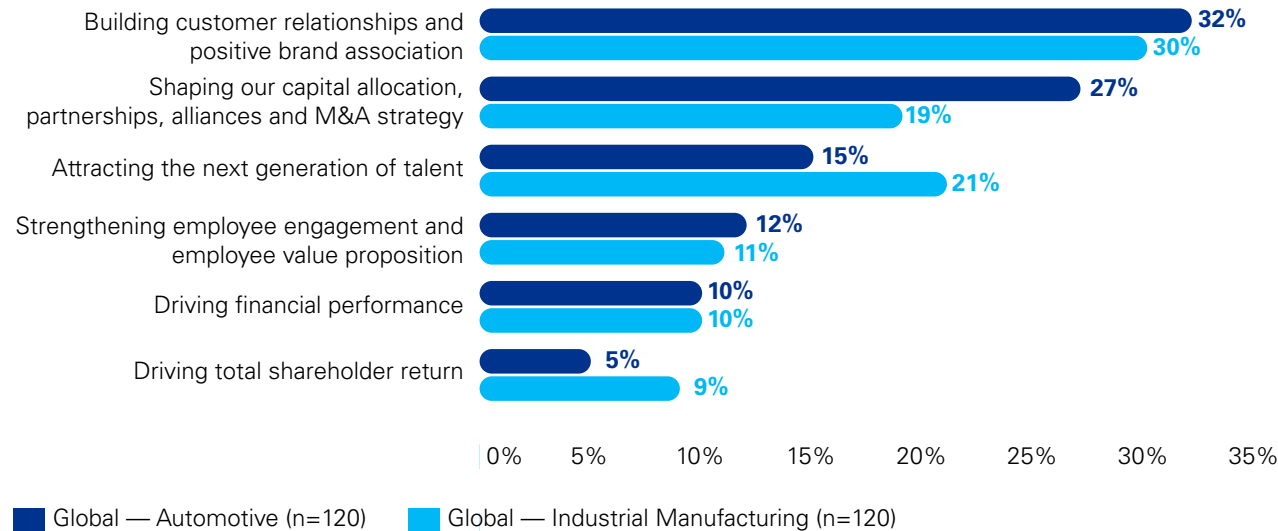
Strongly agree
 Agree
 Neither agree nor disagree
 Disagree
 Strongly disagree

Source: KPMG 2024 CEO Outlook

CEOs believe that the key benefits of a mature ESG strategy are improved customer relations and positive brand association (31 percent), while nearly a quarter say that it will help inform their capital allocation

approach including M&A and alliances. On that front, KPMG’s [Global ESG Due Diligence+ study](#) recently highlighted the increasing priority given to ESG due diligence in deal-making.

Impact of ESG strategy



Source: KPMG 2024 CEO Outlook

“Supply chain decarbonization is a major challenge in reaching net zero for both industrial manufacturing and automotive. But automotive businesses invested heavily in stabilizing and strengthening their supply chains in the wake of disruptions during and after the pandemic — this may have given them more confidence and visibility. For many industrial manufacturing businesses, their chains are more dispersed and fragmented.”

Dr. Andreas Ries
Global Head of Automotive
KPMG International

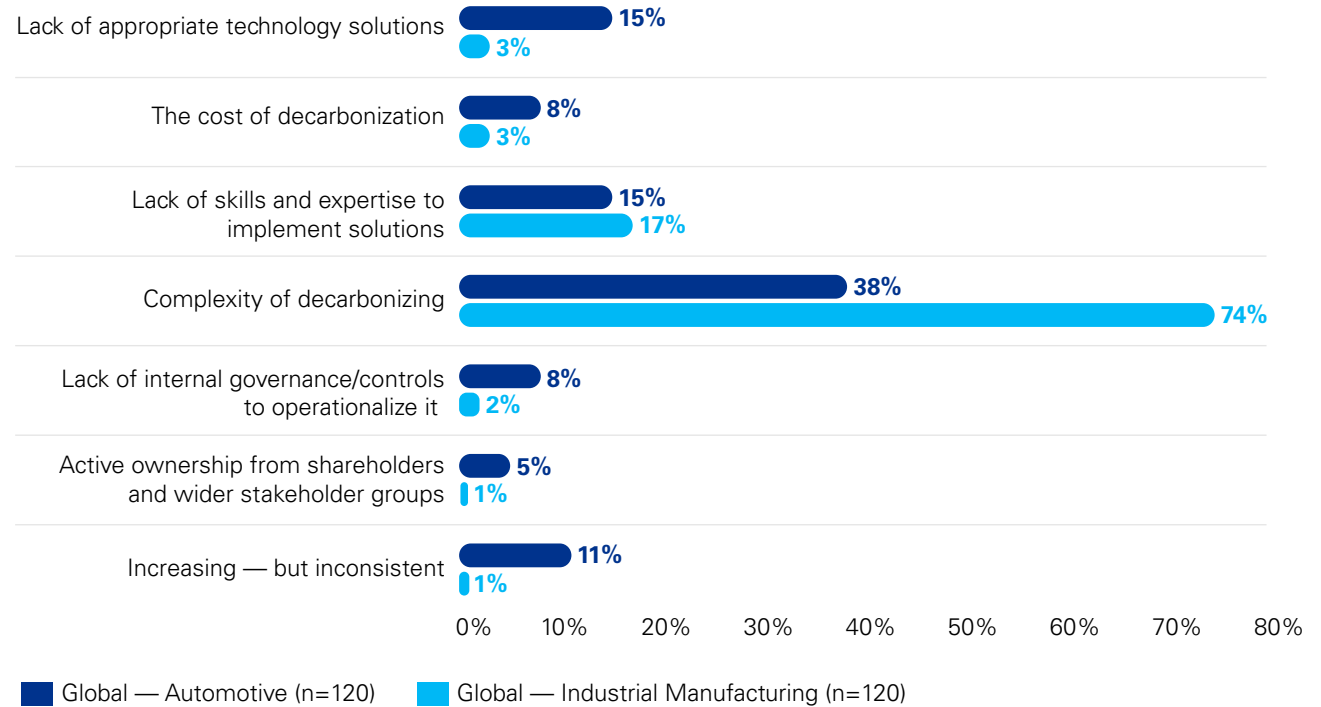
Nevertheless — and again like technology and AI — CEOs believe that return on investment will take a little time to start coming through, with nearly half (48 percent) anticipating a 3–5 year timescale.

Reaching net zero is a critical element in the decarbonization agenda — and by far the biggest barrier to achieving it, according to CEOs, is decarbonizing the supply chain (56 percent). Just as supply chain was a top risk for industrial manufacturing CEOs specifically, so it stands out as by far the biggest barrier for them to achieving net zero (cited by 74 percent of CEOs). This is much higher than for automotive CEOs (38 percent), albeit supply chain is the biggest barrier in automotive too.

Supply chain decarbonization dwarfs the next biggest perceived challenge, which is a lack of skills and expertise to implement solutions (16 percent).

Without doubt, achieving decarbonization across the end-to-end value chain is a significant challenge, more so given the long, complex and cross-border nature of many industrial supply chains. Achieving it will likely be the result of concerted, incremental progress over time, supporting suppliers in the journey to more sustainable ways of working, rather than a ‘flick the switch’ instant transformation.

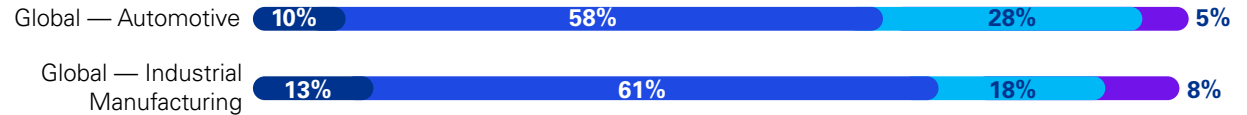
Barriers to achieving net zero or similar ambitions



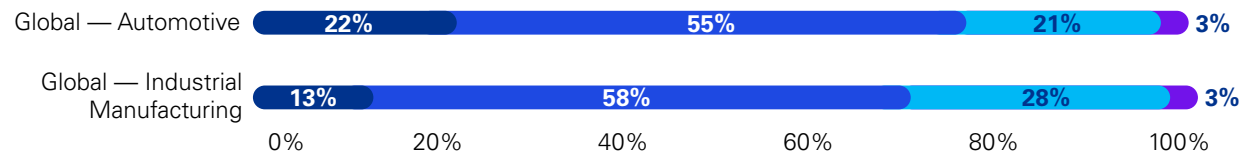
Source: KPMG 2024 CEO Outlook

CEOs demonstrating personal integrity

Take a stand on a politically or socially contentious issue, even if the Board was concerned about the risks of taking a public stance



Divest a profitable part of the business that was damaging our reputation



■ Very willing
 ■ Willing
 ■ Neutral
 ■ Somewhat unwilling

Source: KPMG 2024 CEO Outlook



The fact that so many CEOs are willing to take a public stand on contentious issues is striking — and very encouraging. With public trust in authority falling (as monitored in the Edelman Trust Barometer), business leaders need to step up and fill any vacuum. There is a great opportunity for industrial CEOs who take a stand and tackle the challenges around them with hope and courage.”

Serjoscha Keck

Head of Industrial Manufacturing,
KPMG in Germany

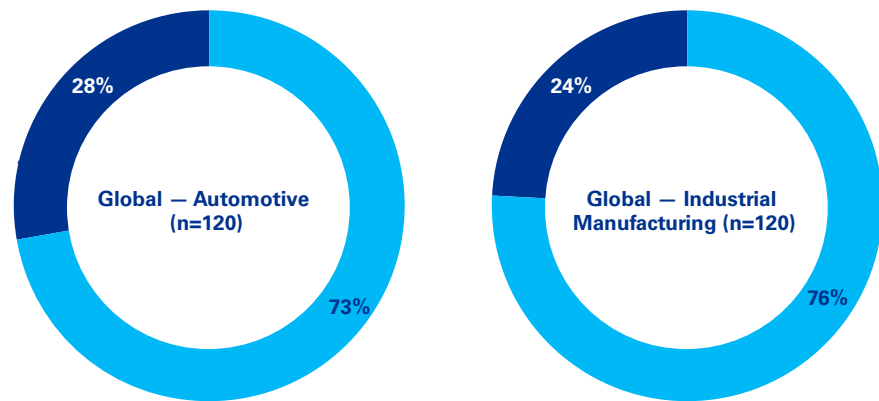
Evolving workforce dynamics

People are key to almost any business — and the industrial manufacturing and automotive sectors are reliant on a whole variety of human skills from manufacturing operations right through to digital back-office capabilities.

Despite the advent of AI and advanced technology, 74 percent of CEOs believe this won't impact the overall number of jobs, even if it does bring with it an upskilling need and the redeployment of some existing resources.

One viewpoint that CEOs are united in is that in-office working, with its potential for collaboration and face-to-face teamwork, is the model for the future. In fact, 95 percent of industrial manufacturing and automotive CEOs give it their backing. This is broadly in line with CEO sentiment across industries.

Impact of Gen AI on jobs

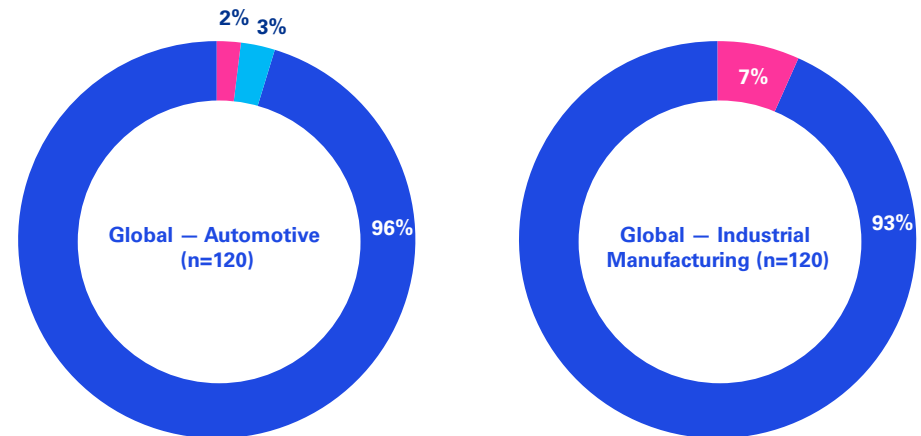


■ It will not fundamentally impact the number of jobs but will require upskilling and existing resources to be redeployed

■ It will create more jobs than it eliminates

Source: KPMG 2024 CEO Outlook

Working environment for corporate employees



■ Fully remote ■ Hybrid ■ In-office ■ Not applicable

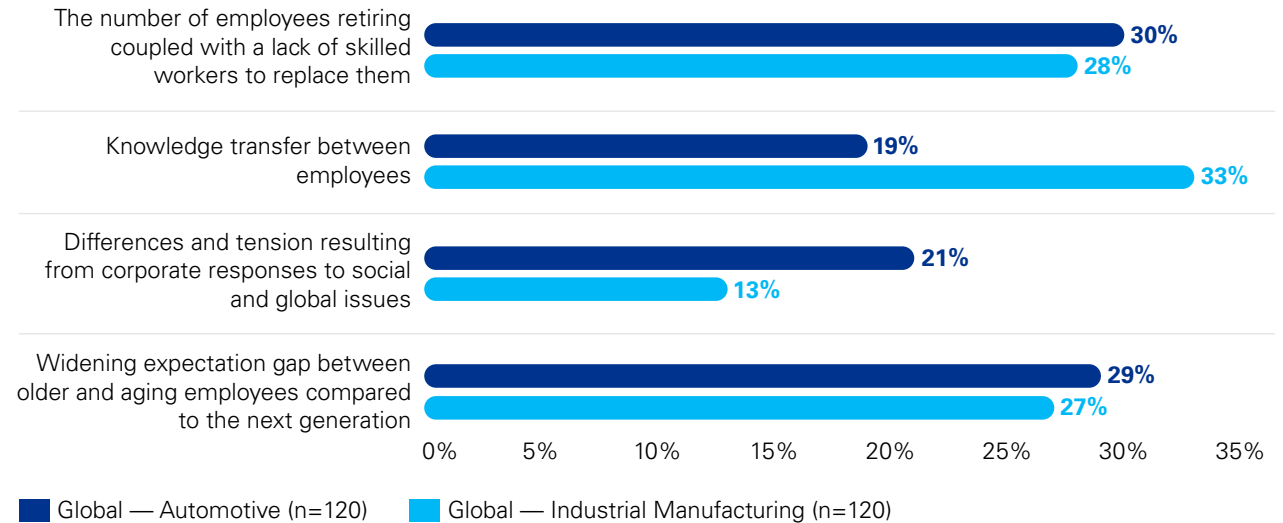
Source: KPMG 2024 CEO Outlook

With talent high on the agenda, CEOs recognize that generational issues could be brewing that require their attention, with this perception being more marked amongst industrial manufacturing CEOs compared to automotive. There is a risk of struggling to replace retirees who have built up years of knowledge and experience if Millennials and the new generation aren't attracted to the industrial manufacturing environment. CEOs recognize the importance of their response to social issues as levers to keep younger staff motivated, engaged and on board.

Diversity and social mobility are high on the agenda — but 55 percent agree progress is too slow. Businesses need to make headway here, as two-thirds of CEOs also expect scrutiny of organizations' diversity performance to continue to increase. Important areas for attention — both receiving the backing of more than 80 percent of CEOs — are to increase gender equity in the C-suite which they believe will help the organization meet growth ambitions, and to drive greater social mobility.

However, it is not simply a question of increasing diversity — it must be about increasing a sense of inclusion too as this is what gives individuals the validation and motivation to really perform in their roles.

Talent factors having the largest impact



Source: KPMG 2024 CEO Outlook

“**CEOs know that when people feel valued, involved and linked to the core purpose of the organization, they bring the best of themselves to work — that’s where the magic can happen.”**

Jonathon Gill, Global Head of Industrial Manufacturing, KPMG International



The way forward

How can industrial manufacturing and automotive businesses leverage all the opportunities they are presented with, whilst also managing the risks? Here are advice points to consider across the key areas of supply chain, Gen AI, ESG and talent:



Supply chain:

- **Engage with the supply chain.** With supply chains recognized as a key risk area, increase your engagement and dialogue with key suppliers through the value chain. Analyze key metrics and performance information to gain greater end-to-end visibility of risks.
- **Embrace data-led intelligence.** Build a data architecture that allows you to gather more data from the supply chain and use it to fast-track decisions and be more responsive to unplanned events (and opportunities) — for example, around inventory levels and the fulfilment of orders. KPMG's publication [The future of supply chain](#) has a deep-dive into key supply chain issues and potential solutions.



Gen AI:

- **Challenge the status quo.** As with all disruptive changes, there is an opportunity to redesign the operating model. The AI transformation represents an opportunity to revise operational processes and integrate them with other key Industry 4.0 technologies such as IoT and robotics, driving smarter processes and unlocking synergies among different parts of your operations.
- **Put people at the core.** Don't overlook the human factor. Human intervention in training Gen AI systems is crucial, as it is humans who provide algorithms with the necessary data and information for machines to learn to create human-like content. Human input into learning processes helps ensure the quality of AI-generated content, appropriate interpretation of the outputs obtained, and social responsibility regarding misleading content.



ESG:

- **Stay attuned to electrification.** Keep assessing the current infrastructure and market readiness for electric and alternative fuel vehicles and manufacturing technologies. Stay abreast of global and trade regulation developments in a fast-moving area.
- **Keep sight of decarbonization goals.** Stay focused on your progress against decarbonization targets on the path to net zero. Maintain efforts to help reduce carbon emissions, raise energy efficiency through smart manufacturing techniques, and increase the use of sustainable materials. Encourage circularity (such as with plastics, explored in this [KPMG report](#) in collaboration with the World Economic Forum) and support your supply chain with centralized, scalable decarbonization solutions that suppliers can effectively implement.



Talent:

- **Take an upskilling lens.** Your people are critical for future success — but they are also faced with considerable change as Gen AI and other new technologies become increasingly embedded. Give them the upskilling and training support they need so that they are confident about how to use new digital tools — and understand that these are an ally, not a threat, helping them to get more done, faster.
- **Bring the strategy together.** The IM and automotive businesses that can communicate a clear strategy across operations, technology and ESG that can drive growth, innovation and values-driven enterprise are expected to be the most attractive places for talent to work. With the generational shifts that we are seeing, bringing this together into a compelling central vision is becoming more important than ever.



Methodology

The KPMG 2024 Industrial Manufacturing and Automotive CEO Outlook is part of the 10th edition of the KPMG CEO Outlook. This report is based on insights gathered from 240 chief executive officers in the Industrial Products sector, with 120 representing Industrial Manufacturing and 120 from the Automotive industry. The research was conducted between 25 July and 29 August 2024, providing unique insight into the mindset, strategies, and planning tactics of CEOs.

All respondents oversee companies with annual revenues over US\$500M, and almost half of the companies surveyed have more than US\$10B in annual revenue. The survey included CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, UK, and US) and 11 key industry sectors, including industrial manufacturing and automotive. Please note that some figures may not add up to 100 percent due to rounding.

In the industrial manufacturing research, the largest sub-sector was engineering (53 percent), and industrial products followed by aerospace and defense (18 percent). The best-represented countries based on organizational headquarters are the US, Germany, China, Japan, the UK, followed by India, Italy, Spain, France, Australia, and Canada.





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Jonathon Gill is the Global Head of Industrial Manufacturing, KPMG International and works across the globe advising teams on alliances, venture capital strategy, and on complex transformation and delivery programs. He keeps track of global trends and is often a trusted advisor to CEOs and other C-suite professionals in reference to their strategic and operational challenges. Having an experience of working with public and private sector clients gives him a deeper and multi-dimensional perspective to challenges, implementable transformations and bold and agile decision making.



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Andreas Ries is the Global Head of Automotive, KPMG International, and leads a network of over 8250 professionals based in KPMG member firms in more than 30 countries and territories, who provide Audit, Assurance, Tax and Advisory services to the automotive industry.

As a trusted advisor, Andreas helps auto leaders - from the largest OEMs to Tier-1-suppliers and mobility startups - to address their transformation challenges, utilizing KPMG professionals multi-disciplinary experience, and enabling auto companies to focus on their performance and regulatory considerations. With his deep experience of over 25 years in the automotive industry, along with his role as Lead Partner for one of Germany's largest OEM, Andreas understands the complex challenges the industry is facing. He has a pragmatic yet dedicated view on the strategies and tools, companies can leverage to become resilient and successful in an ever-changing environment.



How KPMG can help

In an era where transformation is no longer optional but essential, KPMG professionals understand that achieving meaningful change demands the right technology, enhanced processes, and people with deep, broad experience. For decades, KPMG firms have been at the forefront, helping clients unlock the full potential of their people and technology to help drive real-world, sustainable outcomes. Because when people and technology work in harmony, great things can happen.

In alignment with the current landscape, we help industrial manufacturing and automotive companies reimagine their business models, enhance operations for resilience, address risk and regulatory changes for a safer future, and unlock new levels of value creation. Together, we can build businesses that are agile, intelligent, and resilient — prepared to seize opportunities and tackle challenges head-on.

KPMG firms work closely with companies to develop strategies for ESG, digital transformation, electrification, autonomous vehicles, Industry 4.0, and supply chain resilience, talent acquisition, leadership development, and workforce planning, helping ensure they have the skills and capabilities needed to thrive in a rapidly changing industry. This holistic approach helps ensure that companies are not only meeting their current operational needs but are also positioned for long-term success.



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