



# Manufacturing Ireland

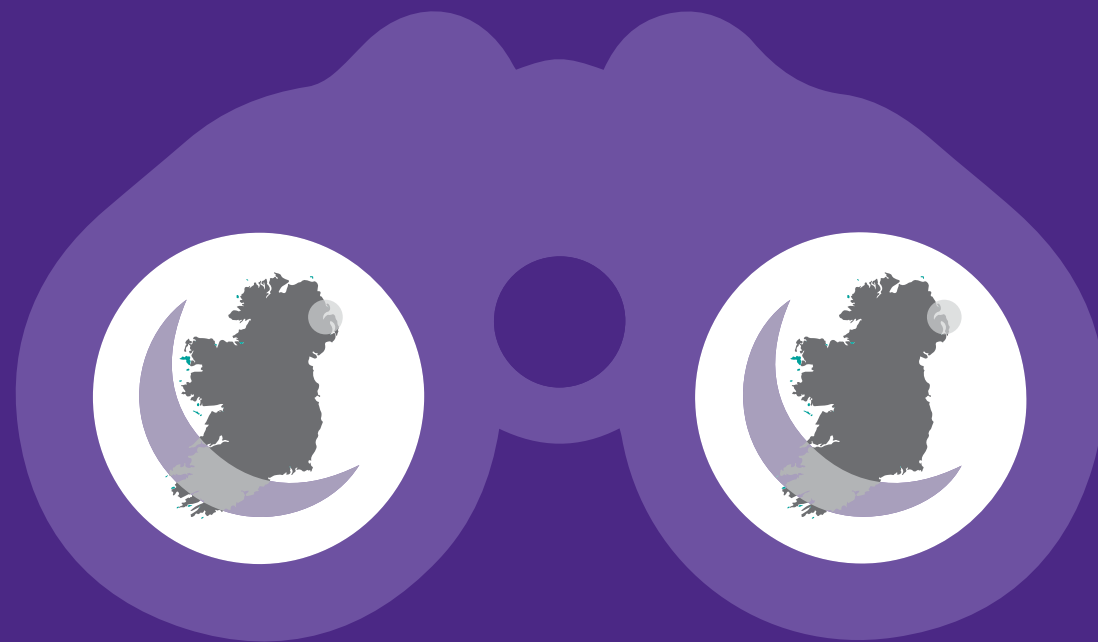
# Manufacturing a renaissance



# Our vision

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**Ibec's vision is for Ireland to have an international reputation for manufacturing and be a world leader in manufacturing technology, operational excellence and cross sector collaboration.**



# Foreword

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**Ireland's manufacturing story has evolved from traditional to modern manufacturing over the years and has remained a key driver of the economy.**

Recognising the importance of this sector, Ibec brought together business leaders from the Ibec trade associations to discuss the challenges now and into the future and to develop an environment to allow the sector reach its full potential.

The Manufacturing Ireland Campaign, which will be driven by Ibec's Irish Manufacturers Association, highlights the policy areas that need to be addressed to further encourage innovation, create jobs and promote economic growth.

There are over 4,000 manufacturers throughout Ireland, 82% are based outside the Dublin region and with over 159,000 employed manufacturing is the second largest employer.

Our ambition is for Ireland to have an international reputation for manufacturing across all key sectors. We believe this can be achieved through sharing best practice, developing deeper cross sectoral collaboration, choosing policies that strengthen our workforce and addressing business costs.

For Ireland to deliver on this ambition and compete on a world stage, we must address what we believe are four key areas for the sector:

- 1 Manufacturing for competitiveness**
- 2 Partnering for future growth**
- 3 Skills for the 21st century workforce**
- 4 Factory of the future**

We are asking all Ibec industry sectors and members to support this campaign.



**Danny McCoy**  
Ibec, CEO

# The manufacturing sector at a glance

**4,000**  manufacturing enterprises in Ireland

**159,000**  
people employed

**2<sup>nd</sup>**  
Second largest employer in Ireland

**82%**  
of manufacturing employment is region based

**24%**  
Manufacturing contributes 24% of total economic output

**€12bn**    
Manufacturing firms purchase over €12 bn from Irish suppliers

**€3.4bn**   
Manufacturing firms invest over €3.4bn in the Irish economy

**€6.5bn**  **€7.8bn**   
Manufacturing firms pay €6.5bn in wages and €7.8bn in labour costs

**60%**



Indigenous manufacturers account for 60% of manufacturing



**36%**  
have a turnover in excess of €20m



**79%**  
of those surveyed employ under 250 staff while 21% employ in excess of 250 staff



**62%**  
state their turnover has increased in 2015

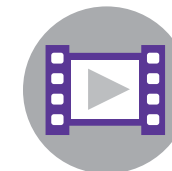


**71%** of all manufacturers export

## Top three investment initiatives (over next 3 years)



**88%**  
Investing in new technology and equipment



**77%**  
Launching new products/services



**71%**  
Exporting overseas

*(All statistics on this page are from the Ibec AIB National Manufacturing Survey which was conducted in 2015).*

## 1

# Manufacturing for competitiveness

A productive manufacturing sector is a critical component of a growing economy. The viability and future success of Irish manufacturing, and the thousands of jobs this sector supports and can create, rely on productivity and cost competitiveness.

“Smart tax policies help manufacturers invest, produce and compete both at home and internationally.”

## Research & innovation

Innovation is not just about bright ideas: it comes from a science base, a technology transfer system and an exceptionally skilled workforce.

### Ibec Recommends:

- As a small open economy it is vital that Ireland remains an attractive place to conduct R & D as well as supporting and encouraging innovation in SMEs.
- Prioritise research in manufacturing in the next phase of the national research prioritisation exercise 2017-2022.
- Allow more SMEs to conduct R & D by introducing a new three tiered innovation voucher scheme to develop ideas for products and services in collaboration with academia.
- Increase investment in process and product R & D.
- Administrative changes to the R & D tax credit.

## Better regulation

While regulation is necessary, we must ensure the regulations justify their costs to manufacturers, without creating bureaucracy or raising structural costs unnecessarily. We need smarter regulations that minimise unnecessary burdens.

In creating an enabling regulatory environment it will enhance our reputation and drive growth.

### Ibec Recommends:

- Cut red tape by €1bn by 2020.
- Adopt a “think small first” approach and consider the impact that new legislation will have on SME manufacturers.
- Elimination of unnecessary regulation and administrative costs through mandatory regulatory impact assessments for all proposed legislation.

## Utility costs

A dynamic and growing manufacturing sector requires an affordable, stable and dependable energy and water supply.

### Ibec Recommends:

- Introduce a support scheme to protect energy intensive industries from uncompetitive electricity costs.
- Provide direct financial support to encourage energy efficiency investment in the industrial and commercial sector.

## Encourage funding and investment

Irish SMEs has an over reliance on bank funding and particularly funding of a short term nature. Reform of investment taxes and schemes and the need for a more flexible funding environment that incentivises ambition, would make it easier for SMEs to invest, and achieve growth and scale.

### Ibec Recommends:

- New funding options for SME manufacturers looking for an alternative to bank lending who need capital to achieve real growth and scale.
- Reform capital gains tax to bring it closer in line with our competitors.
- Introduce a new Seed Enterprise Investment Scheme (SEIS) to encourage investment by offering tax efficient benefits to investors.
- Improve tax supports for small businesses by reducing their complexity. Key schemes include the Employment Investment Incentive Scheme and the R & D Tax Credit.



**A productive manufacturing sector is a critical component of a growing economy.”**

## Regional development

82% of manufacturing employment is based in the regions and there are particularly acute infrastructure needs of manufacturing, especially in relation to the growing need for high levels of reliable, high-bandwidth connectivity across more of the country and particularly on our major transport routes.

The smart city agenda and town development is essential as Irish cities compete on a global level for investment. Better functioning, sustainable and vibrant cities will ensure economic and social growth.

### Ibec Recommends:

- Commit to spending an additional €10 billion on infrastructure projects by 2020.
- Rapid completion of the roll out of National Broadband plan.

## Extending Ireland's global reach

Strong trade agreements, based on high standards, will support economic growth and job creation.

### Ibec Recommends:

- Ireland plays a leading role in completing EU agreements with the US, Asia and other countries to support trade and investment opportunities.



**The viability and future success of Irish manufacturing, and the thousands of jobs this sector supports and can create, rely on productivity and competitiveness.**



## 2

# Partnering for future growth

Collaboration is a competitive tool that firms can use to improve business performance. It allows strategic partnerships be established with suppliers and trading partners in order to set beneficial goals and share business processes and information.

“**Collaboration is a competitive tool that firms can use to improve business performance.**”

## Partnering for collaboration

The value in developing cross sector dialogue and effective collaboration is greater than ever in manufacturing. It contributes to knowledge sharing, innovation, shortening time-to-market, developing skilled talent, improving operational efficiency and supply-chain agility.

### Ibec Recommends:

- **Establish an industry led national manufacturing research institute, which will be a centre of excellence for research into cross sectoral manufacturing. Focused on application oriented solutions, the institute will better connect industry to best in class knowledge and expertise, including that within existing academic research centres. The institute will enable business to business partnership, build scale within the existing Irish research base and develop international partnerships.**
- **Establishing a mentoring programme for manufacturing, which allows firms to access expertise from their own and other manufacturing sectors.**
- **Produce a competitiveness ranking specifically for the manufacturing sector, highlighting the performance of Ireland's manufacturing and looking at the factors driving change. This will allow firms benchmark against the global market.**
- **Building greater linkages between sub supply chains and industry.**

## Lean manufacturing

Operational excellence enables business agility to effect change, and to stay ahead of the competition and market dynamics, through continuously improving all areas of performance, including decision-making, ongoing investment, profitability, customer and partner services and human resources capabilities. There must be greater engagement within manufacturers, especially SMEs, in this discipline and to encourage greater use of lean principles to allow businesses develop new approaches appropriate to the scale and capability of the firm.

### Ibec Recommends:

- **Ensure adequate funding for upskilling in manufacturing and lean manufacturing principles and approaches to problem solving specific to the manufacturing sector.**
- **Promote models devised by industry to assist businesses measure themselves in areas of lean manufacturing in order to progress on the lean journey.**
- **Establish national manufacturing awards for operational excellence in manufacturing.**



# 3

## Skills for the 21st century workforce

There are 159,000 people employed in manufacturing, making it Ireland's second largest employer.

World class manufacturing demands world class talent. It is vital that the sector attracts and retains workers at all skill levels. We need to encourage more young people, especially women to the high quality career options within manufacturing. It is critical that the future talent pool is trained to adapt to a rapidly changing manufacturing business model.

“**There are 159,000 people employed in manufacturing, making it Ireland's second largest employer.**”

### Education, training and funding for tomorrow

World class manufacturing demands world class talent.

Ibec Recommends:

- Adequate funding for upskilling in manufacturing and to support the development of new apprenticeships, specifically for the manufacturing and advanced manufacturing sector.
- Promoting STEM to students, especially women at the earliest opportunity and actively promote STEM subjects and the availability of high quality career paths in manufacturing.
- We must embed entrepreneurial thinking throughout the education system. By developing key skills such as, critical thinking, intelligent risk-taking and collaboration, we will maximise the potential of young people to develop the next generation of innovative products, adapt to the challenges they may encounter and become more opportunity orientated.
- Ensure 3rd level colleges have sufficient up to date equipment, technologies and practices to support training the work force for today's manufacturing environment.
- To provide opportunities for students to pursue in-depth ICT study in the Senior Cycle, including the feasibility of providing an in-depth course of study in ICT as part of the Leaving Certificate.
- Conduct an up to date future skills needs analysis for the advanced manufacturing sector being mindful of the changing business model.
- Establish a national manufacturing competition and exhibition for schools.



## 4

# Factory of the future

One of the biggest changes to the factory of the future will come from technology. The advances in robotics, technology and the digital marketplace makes automation more flexible and offers transformational benefits in a variety of functional areas.

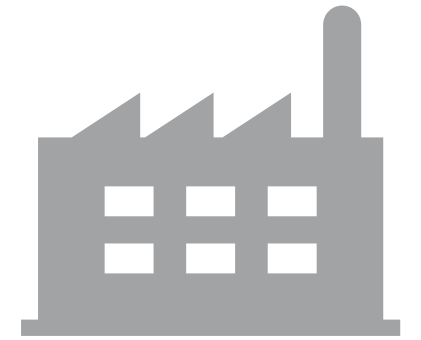
“**The maintenance and protection of Ireland’s cyber infrastructure is critical to manufacturers, as internet based threats can disrupt business and pose a threat to security.**”

## Technology and security

Advances in technology and the uses of data are already transforming the way we work. However, threats can also arise and the maintenance and protection of Ireland’s cyber infrastructure is critical to manufacturers. All businesses must take full advantage of the opportunities offered by the digital economy.

### Ibec Recommends:

- Work with EU partners to complete the Digital Single Market and ensure that enterprise and regulatory agencies are capable of supporting companies to take advantage of new business opportunities. It will incentivise technology adoption and prioritise areas where competitive advantages can still be reaped, such as Industry 4.0.
- Establish a national cyber security programme to prioritise cyber security research, protect and enhance Ireland’s position in cyber space.
- Facilitate information sharing between the private and public sectors without creating an unnecessary regulatory burden. Industry driven best practice should guide the formation of broader cyber security policy.
- Development of knowledge networks for manufacturing and the ICT sector.
- Special initiatives for SMEs to improve awareness of cyber security and boost their resilience, as they often lack the resources and knowledge to reduce their vulnerability to attacks.





# About Ibec

Ibec is the national voice of business in Ireland. The organisation and its sector associations, work with government and policy makers nationally and internationally, to shape business conditions and drive economic growth.

From the dynamic, modern manufacturing of the high-tech, life sciences and food sectors to the vanguard of quality services provision, including financial, software, retail and tourism; from companies operating in small villages to those serving a global customer base, and those doing both at the same time; from those managing 5 employees, to those managing 50,000. Ibec's strength lies in our diversity.

We offer our members a range of professional services and training on human resource management, occupational health and safety, employee relations and employment law.



# Irish Manufacturers Association (IMA)

The Irish Manufacturers Association (IMA) is an umbrella association drawing from Ibec's Food and Drink, Pharmaceutical, Medical Technology, ICT, Software, Plastics and Engineering sectors to engage with industry and government to ensure the manufacturing sector reaches its full potential.

Manufacturing Ireland will be driven by the newly established Irish Manufacturers Association.

The campaign will act as the platform for critical policy areas that impact on manufacturing in Ireland and will focus on advancing policy solutions that encourage innovation, create jobs and promote growth in the manufacturing sector.



**This is a very exciting campaign for the manufacturing sector as it supports our ambition for the industry and job creation. Manufacturing is the heartbeat of the economy – it stimulates innovation and research, acts as a driver of technological advances and is constantly evolving to meet new global drivers and trends.”**



**Jim Rice,**  
Chair of Irish Manufacturers Association

# The manufacturing sector at a glance

## Top 3 opportunities among exporting manufacturers



Increased demand in the overseas market



New products / improved efficiency/operational excellence



Development of new products

## Top 3 opportunities among non-exporting manufacturers



Increased demand in the domestic market



Increased output



Development of new products

## Top 3 business environment issues



Regulatory compliance requirement  
**47%**



Local government changes  
**41%**



More innovation & Tech Support  
**40%**

*(All statistics on this page are from the Ibec AIB National Manufacturing Survey which was conducted in 2015).*



Business has a vision where everyone has the opportunity to progress and prosper. A country with a world-class education system and infrastructure. A country that unlocks talent and innovation and where work is rewarded.”



**Danny McCoy,**  
Ibec, CEO

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