Cost Management Barometer 2026

Manufacturing Edition

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Cost Management Barometer 2026 – Manufacturing Edition

CEO and CFO perspectives are critical in shaping strategic direction in the manufacturing sector, amid ongoing uncertainty.

As volatility increases, balancing cost optimization and operational resilience has become the key to growth in 2026.

This sector specific edition of the Cost Management Barometer captures insights from senior decision-makers across manufacturing organizations in EMEA, revealing their top concerns, strategic priorities, and planned actions for the year ahead.

Executive Summary

In a year requiring disciplined cost optimization under persistent uncertainty, the picture for the manufacturing sector is more measured than last year's more positive outlook.

Manufacturers still expect growth, but with tighter guardrails around margin, cash, and execution. Leaders in the sector are not betting on one lever, they are balancing cost optimization, technology upgrades, workforce development, product innovation, sustainability and supply chain resilience, all at the same time.

The winners in 2026 will proceed with cautious confidence, rather than aggressive expansion. They will not simply try to absorb volatility, but utilize smarter procurement, fast decision-making, and stronger operational governance to turn it into an advantage.

Methodology

The 2026 Cost Management Barometer – Manufacturing Edition has been created from the dataset of 1,000 senior decision-makers, isolating the results from a sub-set of 339 manufacturing leaders.

The research was conducted in Q1 2026 and captures the priorities, concerns, and strategic outlook of the manufacturing sector for the year ahead.

Respondent Profile:
The survey targeted executives responsible for financial, operational, and procurement decisions within organizations of various sizes and sub-sectors - including industrial, consumer goods, packaging, automotive, and more.

Geographic Scope:
While global in perspective, this edition places particular emphasis on the EMEA region (Europe, Middle East, and Africa), ensuring insights are relevant across both mature and emerging markets.

Data Collection:
Responses were collected via a structured online questionnaire designed to gather both quantitative benchmarks and qualitative context on sector-specific cost strategies.

Data Integrity:
All data was anonymized and aggregated to protect confidentiality and ensure a reliable, unbiased reflection of prevailing trends across key sectors.

The findings offer a clear view into the realities and ambitions of organizations navigating rising costs, operational complexity, and the growing pressure to transform sustainably and strategically.

Key Findings

- Cautious confidence has replaced all-out expansion. The mood in manufacturing is positive, but also notably measured. Many leaders see stability and controlled progress as more realistic than rapid acceleration. This points to a sector that is moving forward with careful confidence, balancing ambition with clear awareness of continued market pressure and operational constraints.

- Profit confidence rests on internal levers. With 62.8% of manufacturing leaders expecting EBITDA improvement, the outlook appears to be driven more by confidence in cost control, pricing discipline and productivity gains than by any expectation of an easier market.

- The strategic agenda is deliberately diversified. Leaders are taking a more balanced approach to performance, recognizing that long-term resilience depends not just on reducing cost, but on strengthening capability and continuing to innovate. Manufacturers are pursuing efficiency, transformation, talent and growth in parallel.

- Sustainability has moved into the operational core. At 44.2%, sustainability initiatives top the list of planned funding areas, ahead of supply chain optimization, signalling that manufacturing organizations now see sustainability less as a peripheral commitment and more as a driver of operational performance, resilience and future readiness.

- Execution risk still outweighs demand comfort. While many organizations may feel more confident about the outlook for demand, day-to-day performance is still being held back by operational pressures. The challenge for many manufacturing leaders is not simply winning business but delivering consistently and efficiently against it.

- Tariffs are being treated as a strategic variable. With 65.5% expecting a net positive impact and just 7.1% expecting no impact, manufacturers appear to see trade shifts as something that will require action, but also create room to adapt, reposition and compete differently.

What CEOs And CFOs should do next

In 2026, the question for manufacturers is not simply how to grow, but how to do so while protecting margin, strengthening resilience and maintaining operational control. The strongest performers will be those that combine cost discipline, execution strength and targeted investment in future capability.

CEO/CFO takeaways:

• Margin improvement must be earned internally. Prioritize cost control, pricing discipline and productivity over assumptions of market easing.

• Execution risk remains the bigger constraint. Build resilience across supply chain, labour and delivery before accelerating growth plans.

• Invest with balance and intent. Fund technology, workforce capability, innovation and sustainability where they improve long-term competitiveness.

• Plan strategically for tariffs. Treat trade shifts as a factor that can reshape sourcing, pricing and market position, not just add pressure.

Insight 01.

Growth optimism is present, but manufacturers are planning more carefully

The manufacturing sector enters 2026 with cautious confidence, with the majority of organizations forecasting revenue growth. Leaders are still seeing opportunity, but they are not assuming a clean or easy growth story.

Across the EMEA manufacturing industry, survey data shows **46.3%** of organizations expect to grow this year.
However, the statistics show caution:

- **38.9%** expect parity.
- **14.7%** forecast decline.

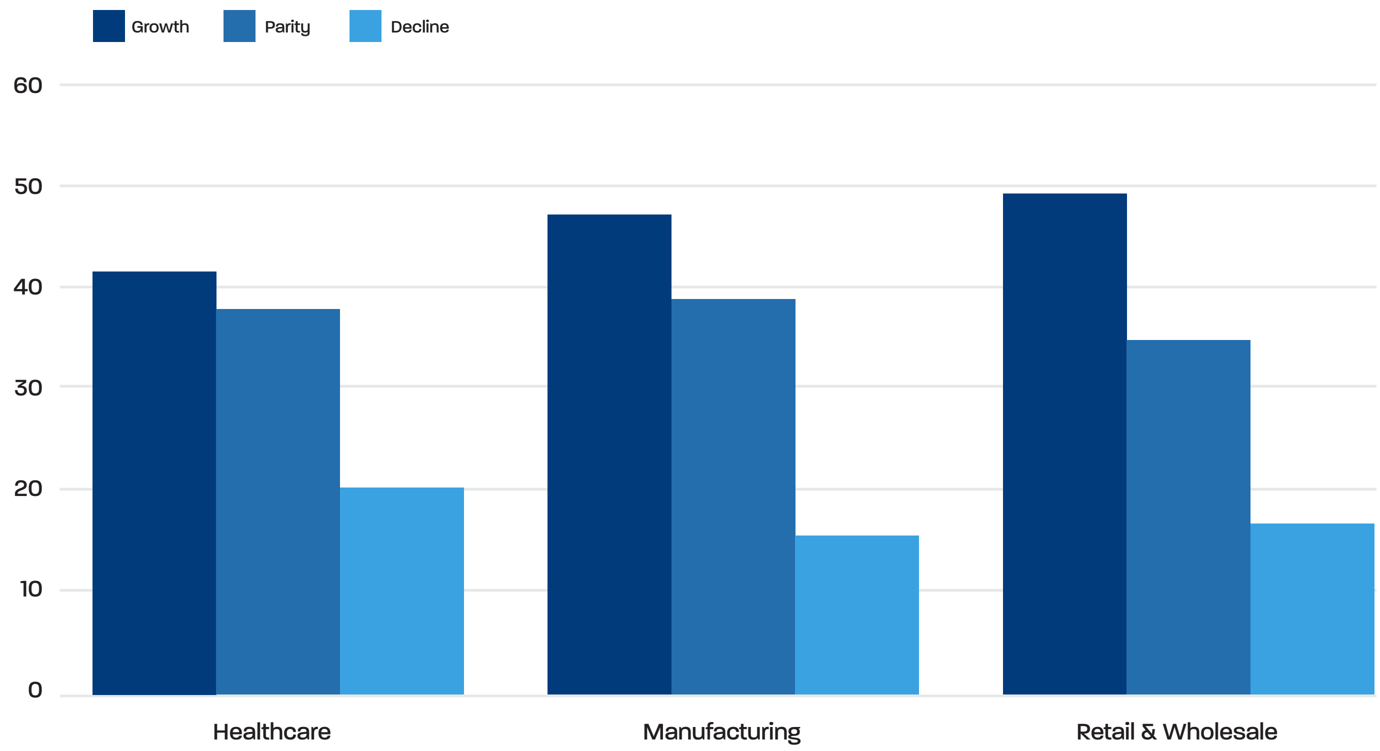
Insight 01. Growth optimism is present, but manufacturers are planning more carefully

What this tells us

While nearly half of businesses forecast revenue growth in 2026, leaders appear to be recognizing that output growth alone will not be enough; growth must come with margin discipline, service reliability, and tighter operational control.

Leaders are placing guardrails around growth plans, stress-testing assumptions, and prioritizing predictability over risk-heavy expansion. Sustainable growth in 2026 will come from smarter cost structures, not aggressive volume chasing.

Q1. What revenue trend is your business forecasting to achieve in 2026 compared to 2025?



CEO/CFO takeaway:

Growth is expected, but plans need to be translated into plant-level and customer-level margin bridges, not just revenue targets.

- Re-forecast quarterly using demand signals, input-cost movements, and order pipeline quality rather than relying on a single annual assumption.
- Focus on profitable volume, service reliability, and working-capital discipline rather than chasing top-line growth at any cost.

Insight 02.

Margin discipline defines manufacturing success

Profit expectations remain resilient in manufacturing, with **62.8%** anticipating EBITDA to improve in 2026.

The data shows cautious optimism:

- Increase slightly **— 38.3%**
- Increase significantly **— 24.5%**
- Stay the same **— 23.9%**
- Decrease (net) **— 13.3%**

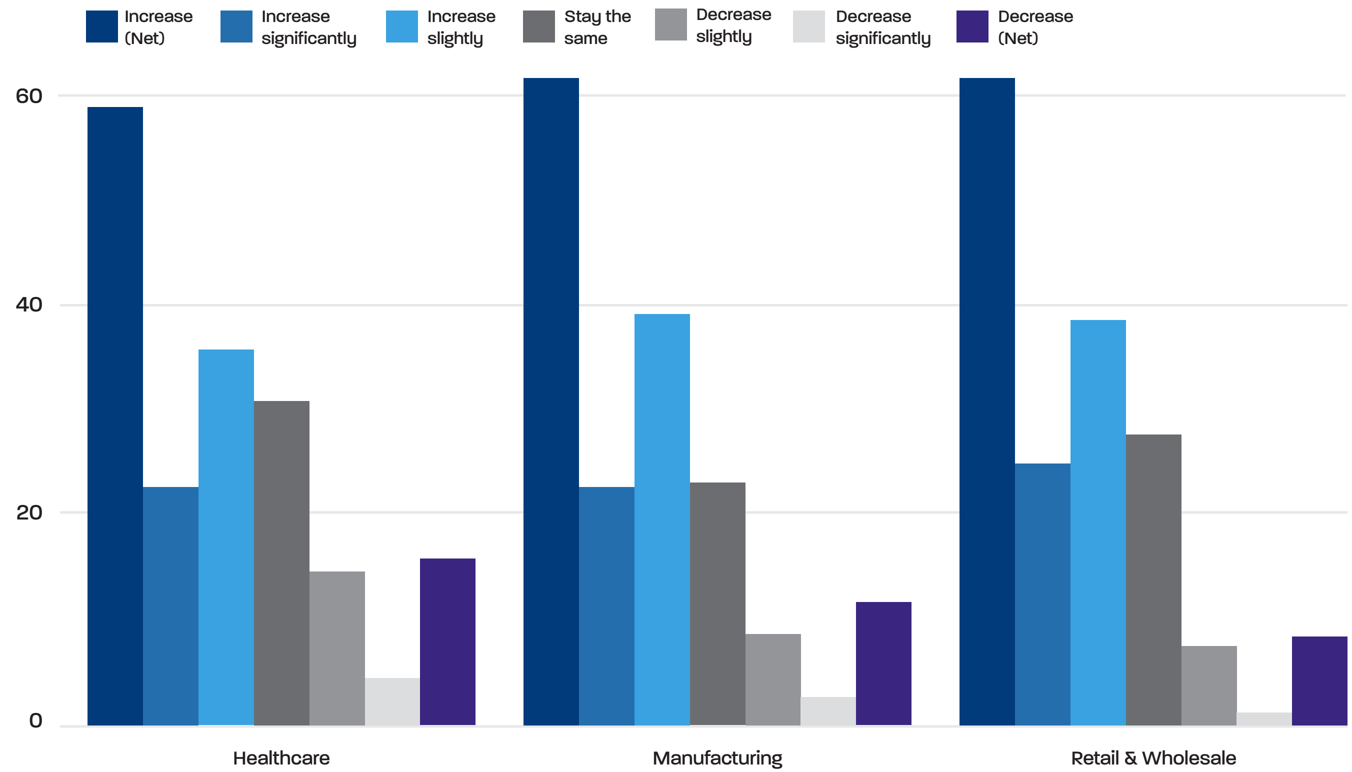
Insight 02. Margin discipline defines manufacturing success

What this tells us

The results are strong by sector standards, but it is telling that the largest portion sits in slight improvement than predicting a significant uplift.

The signal is not exuberance, but control. Manufacturers are expecting margin gains to come from procurement discipline, productivity, energy management, process improvement, and sharper cost-to-serve decisions. In other words, profitability is being engineered internally rather than assumed from better market conditions.

Q2. Are you predicting your EBITDA to increase or decrease in 2026 compared to 2025 (i.e. your business' profit as a net percentage of its revenue)?



CEO/CFO takeaway:

EBITDA confidence is being built through internal levers, with productivity programmes needing to be treated as margin programmes with clear ownership, measurable payback, and fast escalation when delivery slips.

- Lock monthly governance around the cost categories that move margin fastest, including energy, logistics, packaging, indirect spends, and labour-heavy operations.
- Review pricing and rebate structures against true cost-to-serve so low-margin customers or SKUs do not quietly erode EBITDA.

Insight 03.

Manufacturers are diversifying strategic priorities across cost, technology, people, and innovation

The strategic agenda for the manufacturing sector is strikingly balanced. Cost optimization, technology, workforce development and product innovation are all prioritized almost equally, showcasing a balanced concentration across multiple value drivers.

Top manufacturing priorities:

- Cost Optimization: **42.5%**
- Workforce Development: **37.8%**
- Product Innovation: **37.2%**
- Technology Upgrades: **41.3%**
- Market Expansion: **29.8%**

Insight 03. Manufacturers are diversifying strategic priorities across cost, technology, people, and innovation

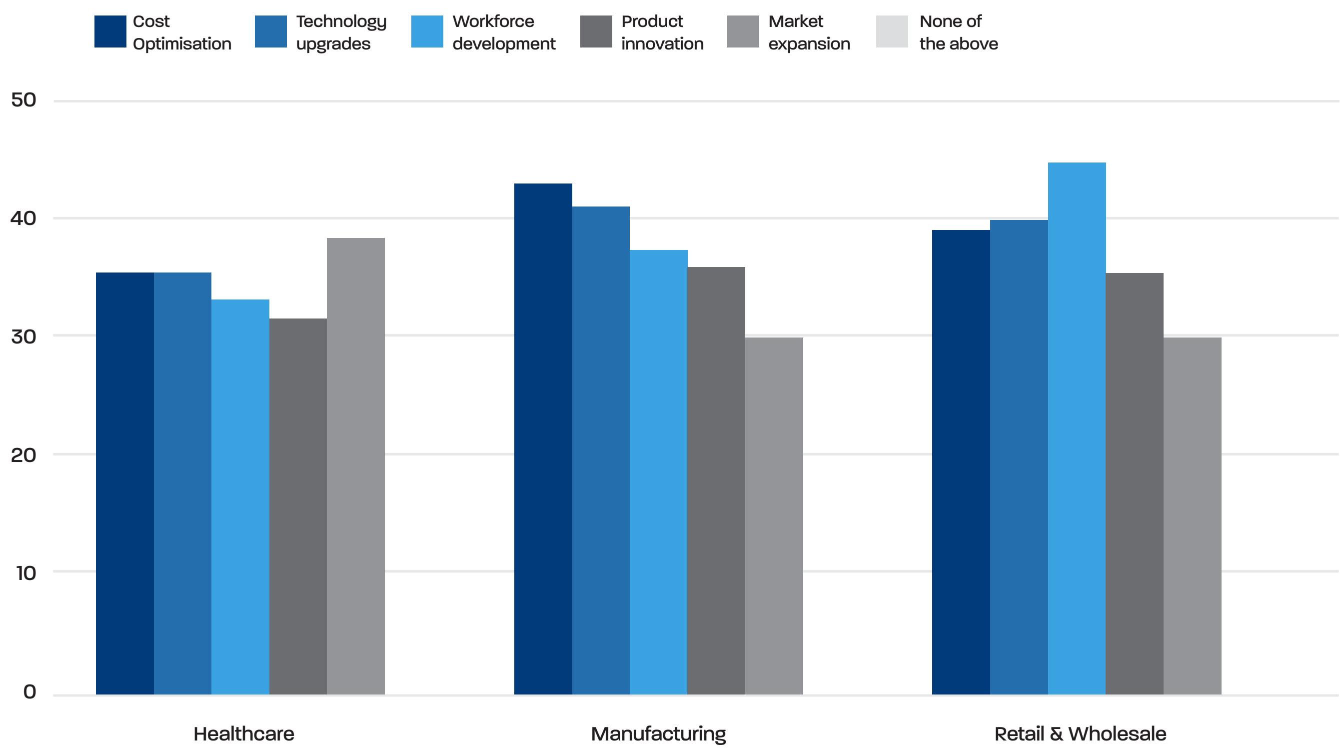
What this tells us

The near-equal weighting across priorities tells us that manufacturers are not treating cost reduction as a stand-alone mission. Leaders are trying to improve efficiency while modernizing operations, protecting skills, and keeping the innovation engine alive.

No single initiative is likely to gain competitive advantage. For example, focusing solely on cost optimization may improve short-term efficiency but risks neglecting innovation and talent development, which are essential for long-term growth.

Ultimately, the data highlights a strategic mindset that values resilience and adaptability over single-minded pursuit. Teams are faced with the demanding challenge of no longer choosing one priority, but sequencing several without spreading capital and management attention too thin.

Q3. Which of the following initiatives, if any, is your business prioritising in 2026? (Select up to 3)



CEO/CFO takeaway:

Senior leaders need to protect production innovation and workforce capability even while tightening costs, because under-investing here can weaken resilience later.

- Prioritize a small number of initiatives with measurable payback and clear links to throughput, waste reduction, service, or decision speed.
- Connect technology upgrades to operational outcomes, not just digital ambition.

Insight 04.

Pricing power still exists, but it is far less automatic

The manufacturing sector still believes pricing can do some the work in 2026 with almost two-thirds of respondents expecting to raise prices. However, one-third remain neutral, which shows a downshift from 2025, pointing to a market where price recovery is possible, but increasingly conditional.

The data shows the conditional confidence:

- Likely (net): **59.3%**
- Neutral: **32.7%**
- Highly likely: **23.3%**
- Unlikely (net): **8%**
- Somewhat likely: **36%**

Insight 04. Pricing power still exists, but it is far less automatic

What this tells us

Pricing remains a viable but increasingly conditional lever. Neutrality is rising and compared to the far stronger confidence seen in the 2025 Manufacturing edition of the Cost Management Barometer, this is a notable shift.

Manufacturing leaders are more aware of customer resistance, competitive pressure, and uneven value perception across segments. The implication is clear: price rises need to be earned with evidence, segment logic, and commercial discipline.

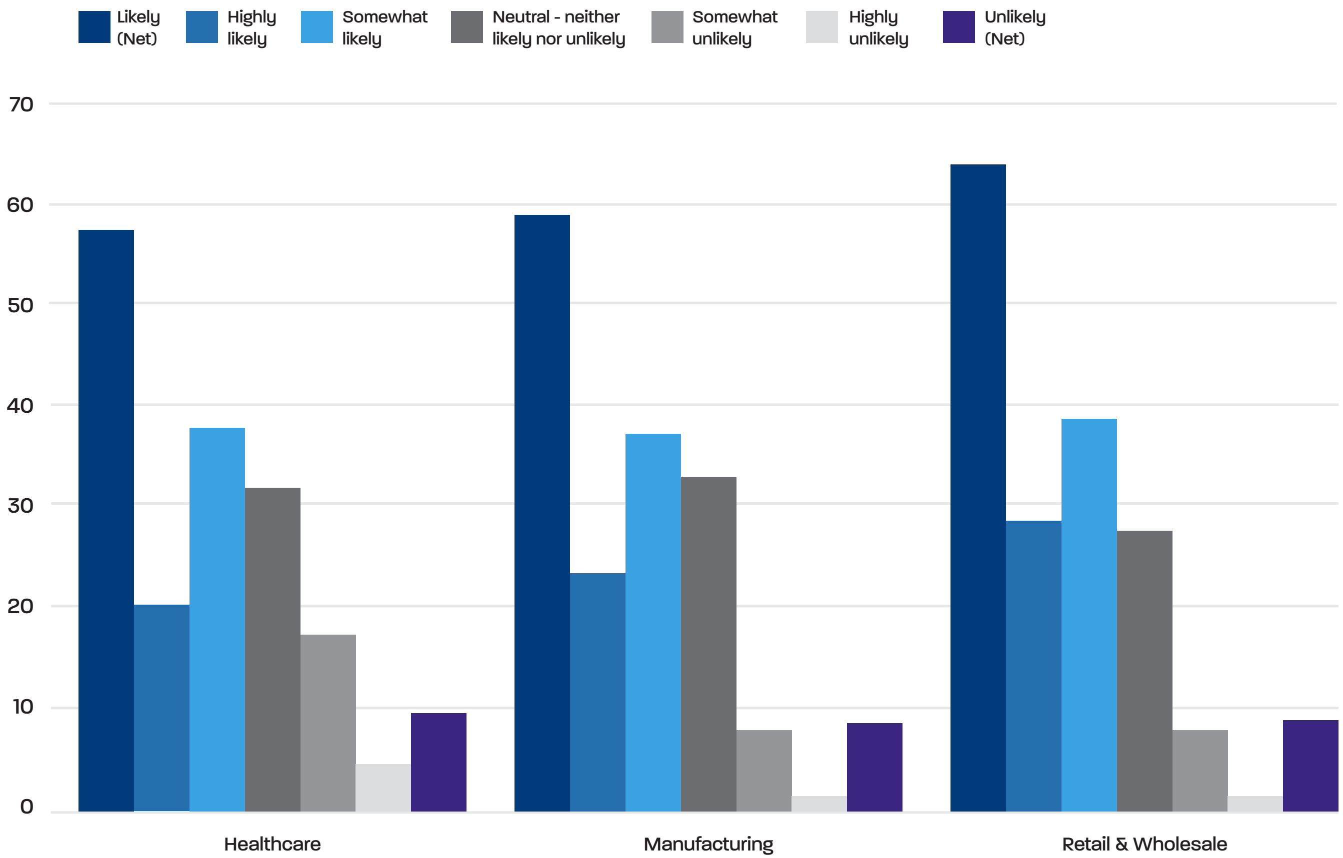
CEO/CFO takeaway:

Pricing remains viable, but only when underpinned with clear value, competitive awareness and cost control.

• Run elasticity and competitor checks by channel, account type, and product family before moving price.

• Use value messaging, service evidence, and input-cost transparency to support price conversations.

Q4. How likely or unlikely do you expect the ability to pass on any cost increases to your customers through your pricing to be in the next 12 months?



Insight 05.

Strategic focus is balanced, but supply chain remains the anchor

Similarly to 2025, there is no single dominant strategic theme in manufacturing this year. Instead, priorities are broadly balanced across supply chain optimization, sustainable objectives, growth or expansion, revenue management, improved technology and cost management.

- Supply chain optimization: **39.5%**
- Sustainable objectives: **36.6%**
- Growth or expansion: **36.3%**
- Revenue management: **35.1%**
- Improved technology: **34.8%**
- Cost management: **33.9%**

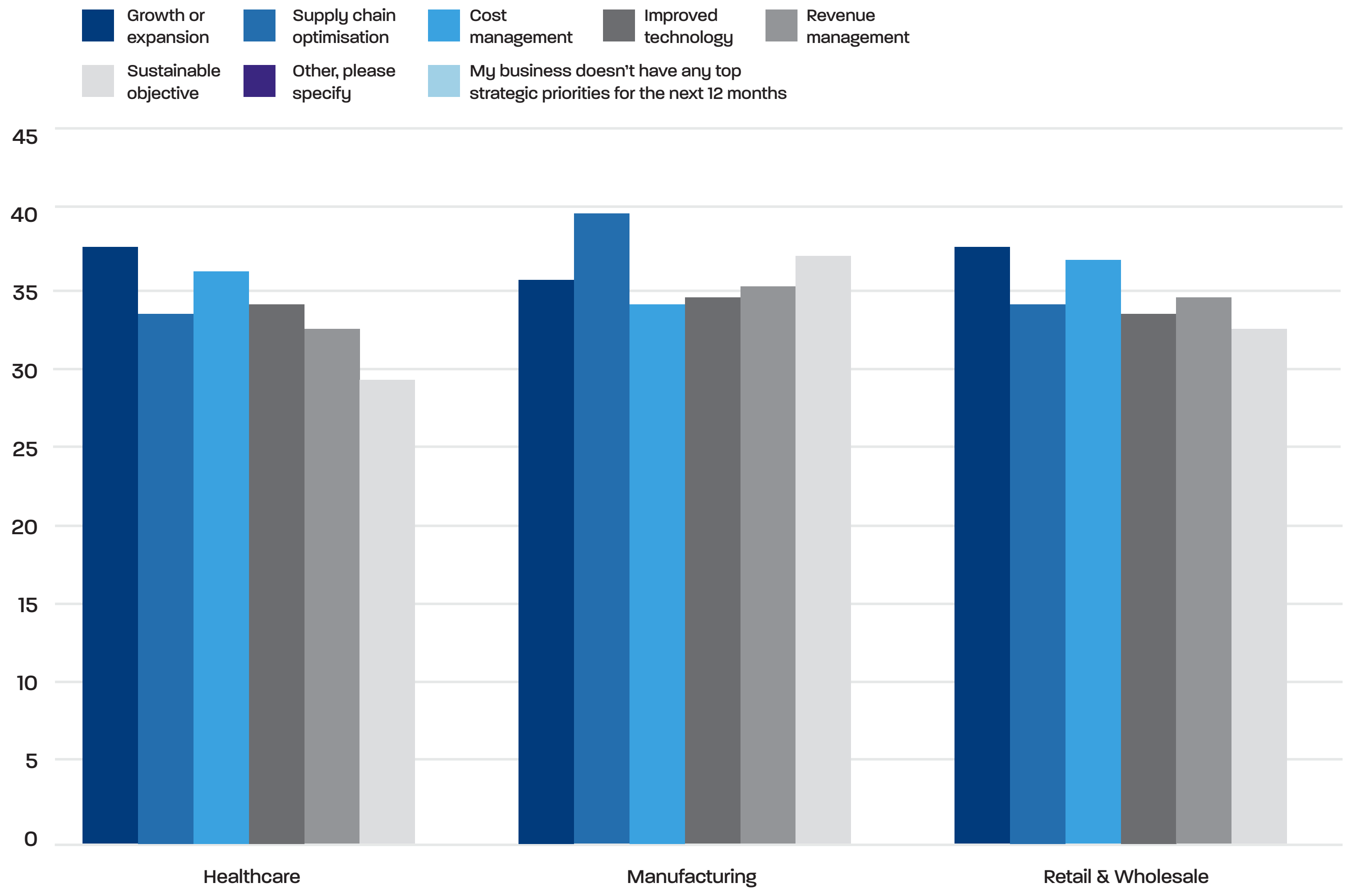
Insight 05. Strategic focus is balanced, but supply chain remains the anchor

What this tells us

The tightly clustered results suggest manufacturing leaders no long see efficiency, growth, sustainability, technology, and commercial performance as competing priorities. Instead, they are increasingly trying to make them work together.

In practice, this only works when the operating model is clear and the senior team know which trade-offs they are prepared to make first. If they get this right, manufacturing organizations are learning to run on all cylinders at once. Cost management frees capital from inefficiency, supply chains are sharpened for agility, and growth initiatives are powered by these efficiencies. Strategic balance isn't a compromise; it's a new competitive advantage.

Q5. What, if anything, are your top strategic priorities for the next 12 months? (select up to 3)



CEO/CFO takeaway:

With many strategic priorities, ensure you are surrounded by expertise needed to impact change.

- Treat supply chain, cost, revenue, and sustainability as linked decisions rather than separate workstreams.
- Create a small enterprise priority set with clear owners, milestones, and cross-functional decision rights.

Insight 06.

Sustainability funding has become operational, not symbolic

Manufacturing's top funding priority in 2026 is sustainability initiatives, closely followed by supply chain optimization.

However, all initiatives attracted meaningful attention:

- Sustainability initiatives: **44.2%**
- Supply chain optimization: **38.1%**
- Sales and marketing: **33.9%**
- AI and automation: **31.6%**
- Vertical integration: **31.0%**
- Acquisition: **25.4%**

Insight 06. Sustainability funding has become operational, not symbolic

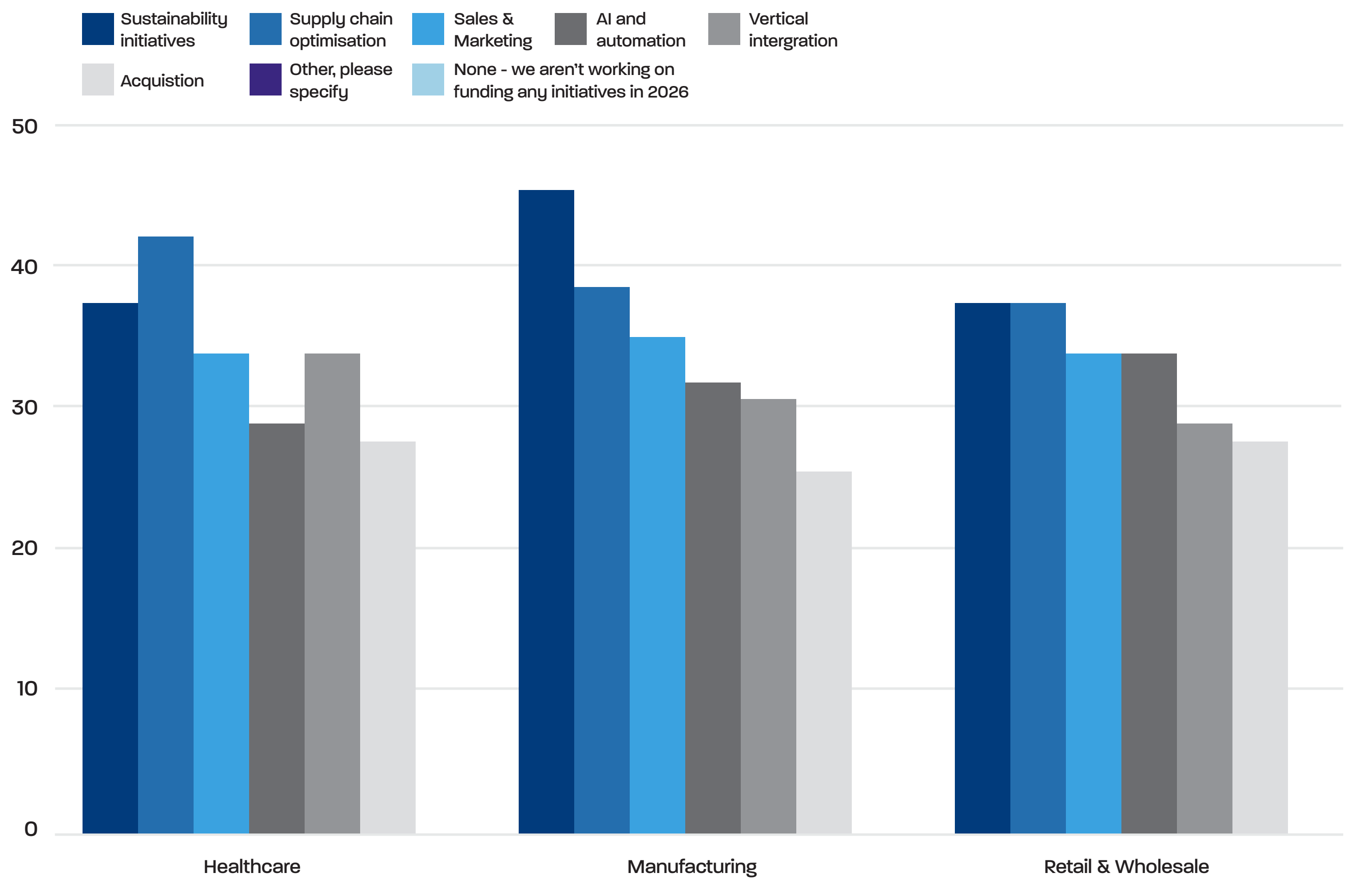
What this tells us

Sustainability becoming a forefront initiative is an important shift. No longer sat off to the side as a reporting or reputation issue, sustainability is now being funded in manufacturing as part of the operating model. It's an initiative tied to energy, waste, resilience, compliance, and long-term cost efficiency.

The results show us that leaders are increasingly seeing ESG-related spend as commercially relevant, especially when it can be self-funded through smarter procurement and operational savings.

However, funding intentions are not limited to sustainability initiatives alone. While sustainability and supply chain optimization lead, planned investments are quite evenly distributed across all initiatives, showing us that organizations are continuing their balancing act by funding multiple priorities at once.

Q6. What initiatives, if any, are you working on funding in 2026? (select all that apply)



CEO/CFO takeaway:

Sustainability projects can be built around risk, compliance, energy efficiency, waste and supply resilience. Not just brand value.

- Use cost optimization to unlock internal funding for priority initiatives with clear payback.
- Keep transformation portfolios disciplined: fewer projects, stronger ROI logic, tighter delivery.

Insight 07.

Supply chain pressure and labour gaps are still the defining obstacles

The manufacturing sector remains blocked by the operational obstacles of supply chain issues and labour shortages for the second year.

Although other obstacles stay close behind:

- Supply chain issues: **38.6%**
- Lack of skilled workforce: **38.3%**
- Rising costs: **35.7%**
- Technology limitations: **35.1%**
- Market demand: **32.4%**
- Competition: **23.6%**

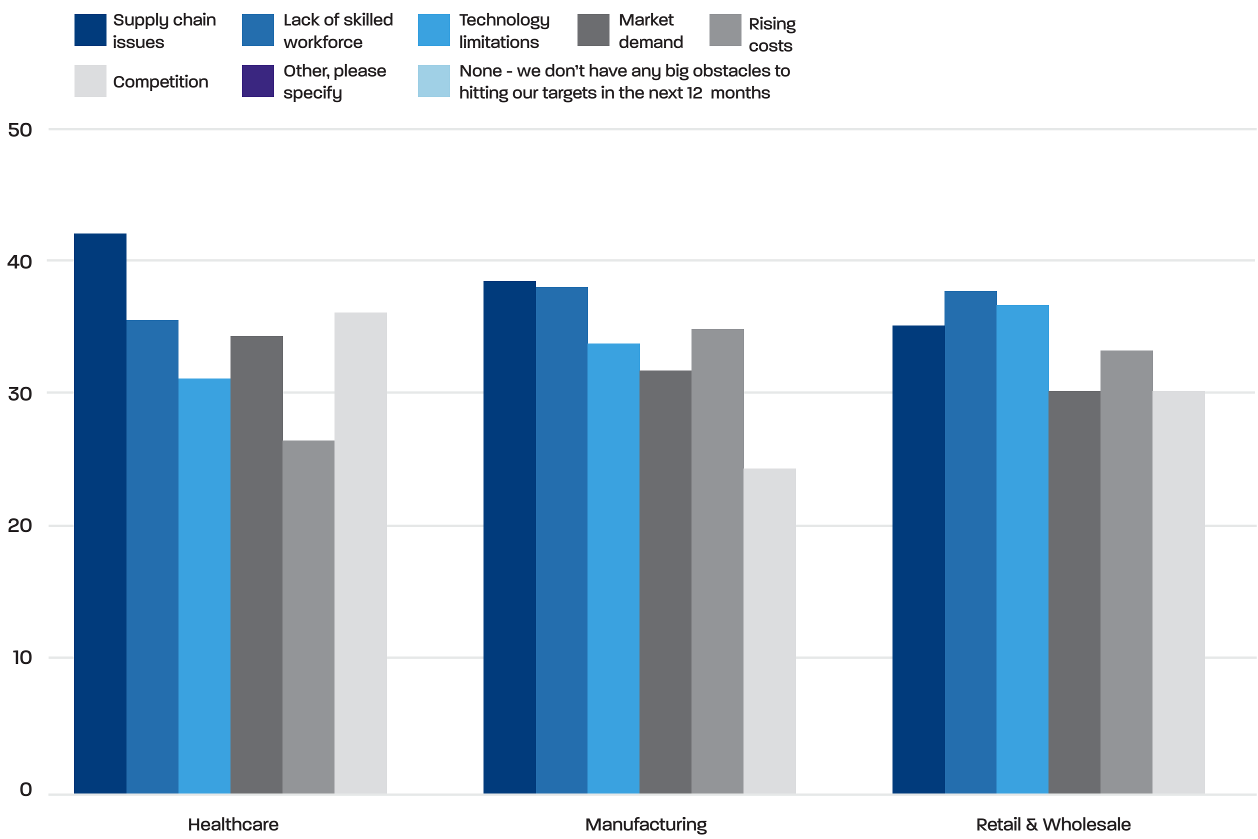
Insight 07. Supply chain pressure and labour gaps are still the defining obstacles

What this tells us

Organizations in 2026 are navigating a landscape defined by persistent pressure rather than isolated issues. Leaders in manufacturing are not only wrestling with cost levels; they are wrestling with the reliability of production, labour availability, digital readiness, and service delivery all at once. When several of those pressures land together, hitting commercial targets becomes less about strategy on paper and more about how quickly the organization can remove bottlenecks.

Those best positioned to thrive will be those that can turn disruption into advantage: simplifying processes, reallocating resources strategically, and strengthening internal flexibility to respond quickly to whatever challenges arise next, whether operational, competitive, or strategic.

Q7. What , if any, are your company's biggest obstacles to hitting it's target in the next 12 months? (select up to 3)



CEO/CFO takeaway:

Execution risk is still the dominant threat for manufacturers.

- Map critical supplier, site, and labour dependencies so the most disruptive bottlenecks are visible early.
- Address workforce gaps with a mix of retention, targeted capability building, and practical automation.
- Tackle technology limitations where they slow planning, visibility, maintenance, or cross-functional response.

Insight 08.

Unexpected cost pressure is broad-based and increasingly systemic

The cost challenges that disrupted manufacturing performance over the past year were not concentrated in one area. Infrastructure costs, supply chain costs and technological costs led, although no single issue dominated.

The unexpected cost challenges of 2025:

- Infrastructure costs: **33.3%**
- Supply chain costs: **31.3%**
- Technological costs: **30.7%**
- Energy costs: **28%**
- Service costs: **27.4%**
- Labour costs: **26.8%**
- Material costs: **25.4%**

Insight 08. Unexpected cost pressure is broad-based and increasingly systemic

What this tells us

The spread of unexpected costs reinforces a bigger point: volatility is now systemic. Manufacturers can no longer rely on one annual budget cycle and assume the real pressure will show up in only one or two categories.

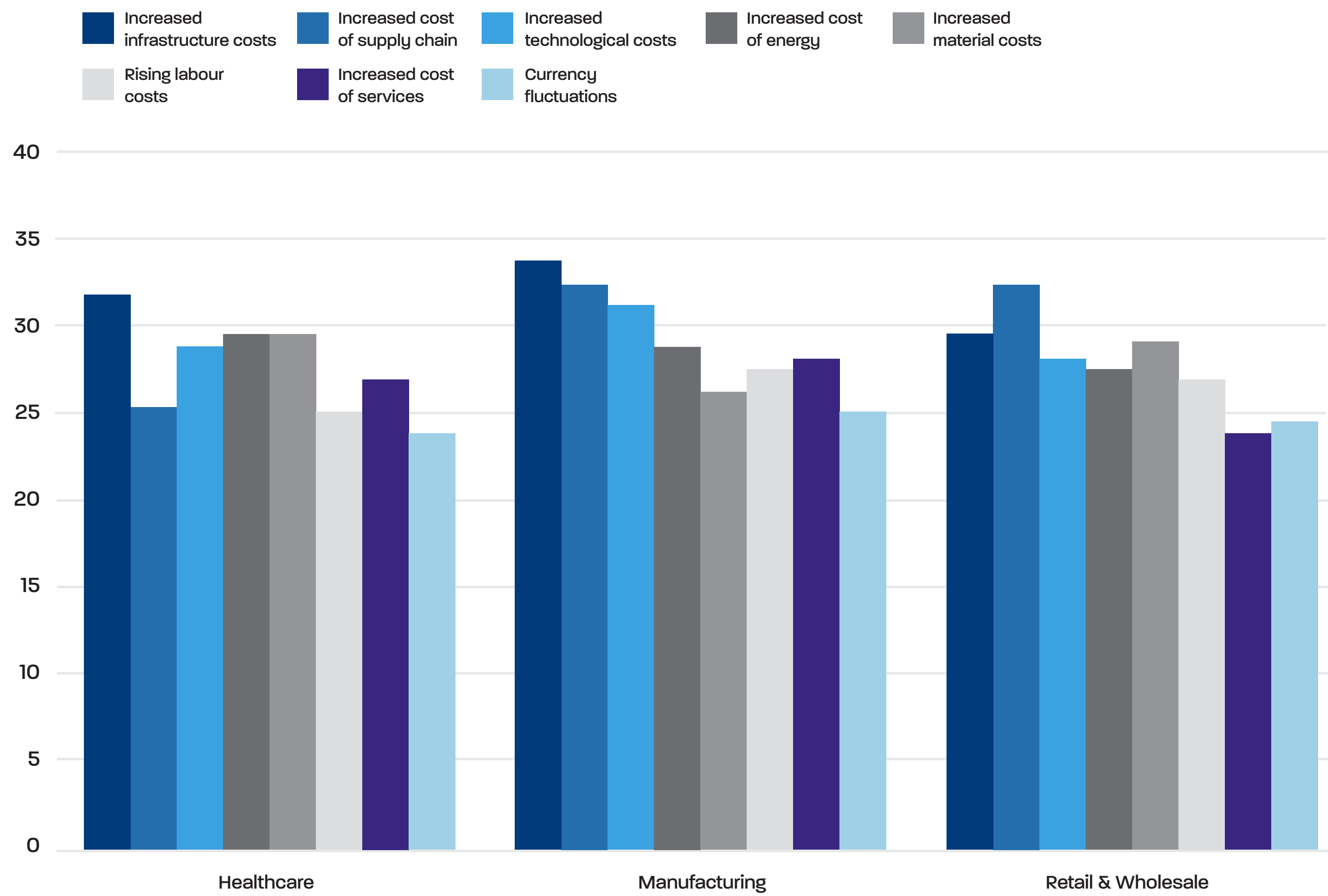
Cost resilience now depends on continuous visibility, faster intervention, and better cross-functional coordination between finance, procurement, operations, and technology. Put simply, cost resilience has become a core organizational capability, rather than a tactical afterthought.

CEO/CFO takeaway:

Volatile cost categories need more management.

- Build stronger visibility into indirect and infrastructure-related spend, not just core direct materials.
- Use contract design, supplier reviews and scenario planning to absorb shocks earlier and more intelligently.

Q8. What unexpected cost challenges, if any, have your company from achieving its intended results in the past 12 months? (select all that apply)



Insight 09.

Business anxiety shifts over time from people and capability to resilience and profitability

The pattern of concern in manufacturing changes across the horizon. Over the next 12 months, workforce is the biggest issue. Over the next two years, workforce still leads narrowly, but other concerns are looming in the periphery. By the three-year horizon, supply chain becomes the top concern.

The data tells all:

Top concern over next 12 months: Workforce **22.1%**

Next 12 months runners-up: Technology: **(18.6%)**, Supply Chain: **(18.3%)**, Sustainability: **(18.4%)**

Top concern over next 2 years: Workforce **20.1%**

Next 2 year's runners-up: Profitability **19.8%**

Top concern over next 3 years: Supply Chain **(20.4%)**

Next 3 year's runners-up: Profitability **(18.9%)**

Insight 09. Business anxiety shifts over time from people and capability to resilience and profitability

What this tells us

Anxiety in business never disappears, it just evolves.

In the short term, manufacturing leaders are concerned with their workforce, technology and sustainability. When the view shifts to long-term, attention goes to supply chains and profitability. This is a useful strategic signal.

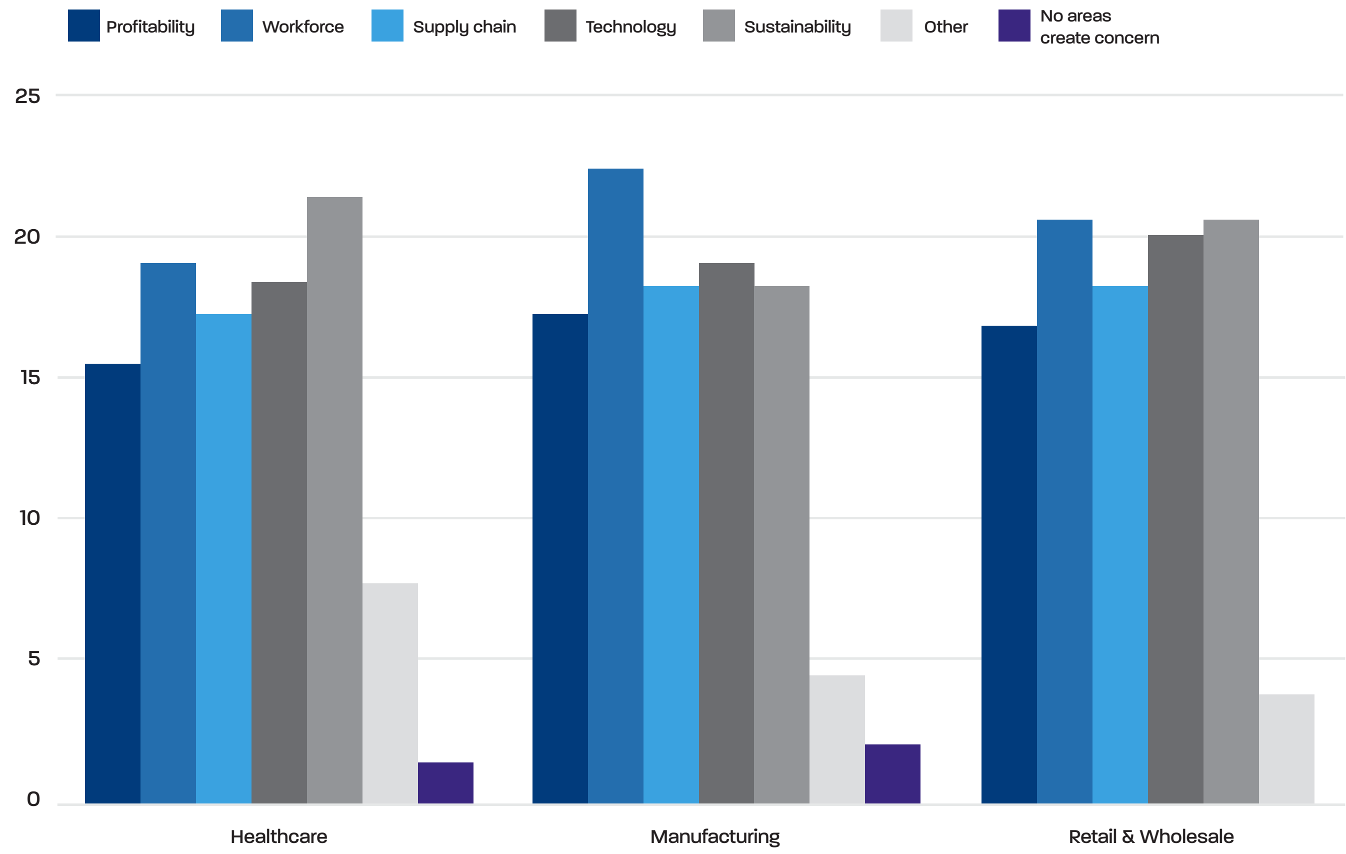
Right now, manufacturers are focused on capability and execution. Over time, those concerns evolve into resilience, margin quality, and the structural strength of the supply base. Leaders need to think long and act smart by connecting short-term workforce and technology decisions to longer-term supply chain durability and profitability. Success comes from balancing investment across concerns, rather than chasing a single fix.

CEO/CFO takeaway:

Keep longer-term, structural concerns in mind so business resilience can be planned in advance.

- Run 12-, 24-and 36-month scenario planning to ground capital, talent, and supply decisions in the same set of assumptions.
- Use the mid- and long-term concern profile to guide automation, network, sourcing, and margin strategy.

Q9. What area of your company, if any, creates the most concern over the following time frames? Over the next 1 years



Insight 10.

Tariffs are being treated as a strategic issue, not just a cost line

Despite the prevailing narrative that tariffs are a headwind, two-thirds of manufacturers see the tariffs as manageable or event advantageous.

Anticipated overall impact of tariffs on business:

- Positive impact (NET): **65.5%**

o Significant: **20.9%**

o Moderate: **44.5%**

- No impact: **7.1%**

- Negative impact (NET): **27.4%**

o Significant: **2.9%**

o Moderate: **24.5%**

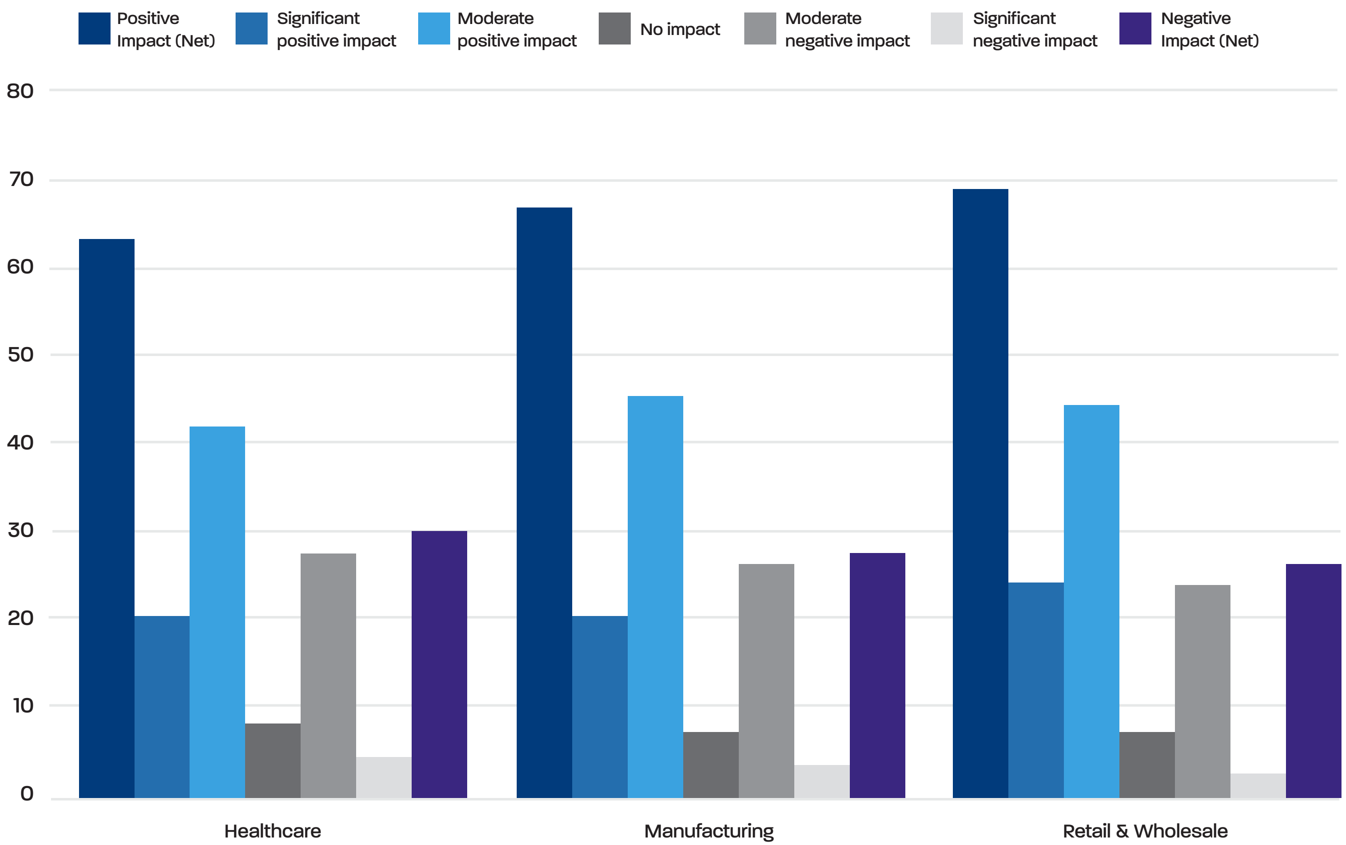
Insight 10. Tariffs are being treated as a strategic issue, not just a cost line

What this tells us

Tariffs are less a cost issue and more a test of strategic positioning. The confidence among manufacturers reflects the reality that tariffs rarely hit competitors evenly, and those with stronger supply chains or pricing power can gain, not lose.

This does not mean tariffs are harmless. It means many manufacturers believe relative positioning matters more than the headline cost impact. Businesses with stronger sourcing options, better pricing discipline, regional flexibility, or more resilient supplier relationships may see disruption create opportunity. The real risk sits with organizations that have not mapped their exposure or modelled how competitive dynamics may change.they help, and how quickly competitive dynamics can change.

Q10. What overall impact, if any, do you expect tariffs to have on your business in 2026?



CEO/CFO takeaway:

Tariff planning should be treated as part of a broader procurement and commercial strategy, not as a one-off trade issue.

- Model tariff exposure by lane, supplier, component, and customer segment.
- Identify re-routing, renegotiation, dual-source, or regional sourcing options before pressure escalates.

Final Observations

This 2026 Manufacturing edition points to a sector that is still confident, but much less carefree than it was a year ago. Growth is still on the table. Margin improvement is still expected. Investment is still happening. But manufacturers are now approaching all three with more scrutiny, more operational realism, and more emphasis on self-funded discipline.

The insight from this year's Manufacturing Edition of the Cost Management Barometer is clear:

- **Strategic cost leadership is replacing reactive cost cutting:** In 2026, the strongest manufacturers will not treat cost optimization as a defensive exercise, but as a means to protect margin, release cash, and fund the capabilities that matter most, from technology and workforce development to sustainability and supply chain resilience.
- **Growth will belong to manufacturers that balance priorities with discipline:** Confidence remains in the sector, but it is measured. Manufacturers are not relying on a single lever for performance; they are managing cost, innovation, technology, people, and commercial performance in parallel. Success will come from prioritizing the right investments, sequencing them well, and linking them to clear operational and financial payback.
- **Execution strength will be the defining competitive advantage:** Supply chain pressure, labour shortages, rising costs, technology limitations, and broader cost volatility continue to shape the manufacturing landscape. The manufacturers that outperform will be those that simplify complexity, improve visibility, and respond faster under pressure, turning disruption into resilience and advantage.

Final Observations

In short, 2026 is not a year for retrenchment in manufacturing, but for disciplined, intelligence-led leadership that turns cost control into capability, resilience, and competitive strength.

ERA Group combine cost intelligence, market insight and strategic procurement expertise to support leadership teams in:

- Funding growth and transformation through disciplined, self-financed cost optimization
- Strengthening operational and supply chain resilience in a volatile cost environment
- Protecting margins while balancing investment across technology, talent, and sustainability

In a year defined by strategic trade-offs rather than singular bets, traditional cost reduction is no longer enough. ERA Group delivers value through insight, helping organizations convert control into capability, navigate uncertainty with confidence, and lead decisively through 2026 and beyond.

Want to know more?
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