

# Middle Market Indicator

## Market Dynamics Outlook 2021 Year-End - Manufacturing

In December 2021, Chubb and The National Center for the Middle Market surveyed 1,000 executives of middle market companies for the semi-annual Middle Market Indicator report. Chubb is providing these survey insights to help companies and their insurance partners understand business trends and evolving risks.

### Middle Market Manufacturers Returning to Normal

Some uncertainty returned for middle market manufacturers in the second half of 2021, as survey respondents expressed significantly less confidence in the economy at all levels than in Q2. The concerns and restrictions resulting from the Delta and Omicron variants of COVID-19 likely drove this setback, in combination with ongoing supply chain disruptions.

However, many indicators of business performance and prospects have remained near or above pre-pandemic levels, with about two-thirds of companies saying they are doing better than at year-end 2019, expect revenue to grow in the next year, and are likely to introduce a new product or service and expand into new domestic markets in 2022.

**Middle Market Manufacturers:**

<p><b>Economic Confidence</b></p> <p><b>71%</b> Global Economy -20 vs Q2 2021</p>	<p><b>77%</b> National Economy -19 vs Q2 2021</p>
<p><b>Projected Revenue Growth</b></p> <p><b>69%</b> expect gross revenue to grow</p>	<p><b>Company Performance</b></p> <p><b>64%</b> are doing better than before the pandemic</p>

**In the Next Year, They Are Likely To:**

Introduce a new product or service: **72%**

Expand into new domestic markets: **67%**

### Supply Chain, Employment Concerns Weigh

Supply chain issues moved to the forefront for middle market manufacturers, as nearly three in five experienced supply chain disruption in Q4 2021. To reduce the effects, many of these manufacturers have taken such steps as purchasing from alternative sources or finding suppliers in multiple geographic regions. Explore Chubb's [resources](#) for managing supply chain disruptions.

Meanwhile, middle market manufacturers have also been affected by the labor shortage. More than 80% of these companies are having difficulty hiring employees with the right skills, and many have resorted to actions that could increase risks or hamper growth. Chubb's [risk engineering expertise](#) can help manufacturers control these exposures.

As the use of technology increases in automating the factory floor, most of these companies note that hiring talent with related skills will be important for their success in the next few years.

**Middle Market Manufacturing Companies:**

<b>59%</b>	<b>Of those:</b>	<b>86%</b>
directly impacted by supply chain disruptions/constraints in the second half of 2021		reported a negative impact on their 2022 revenue projections

**Mitigated Supply Chain Disruption By:**

- Purchasing from an alternative source: **38%**
- Securing needed materials from additional sources: **36%**
- Finding suppliers in multiple geographic regions: **34%**
- Moving operations (onshoring, nearshoring): **34%**

## Middle Market Manufacturing Companies:

# 86%

challenged by finding and hiring employees with right skills

### These Firms Experienced:

Employees working longer hours/more shifts:

60%

Having to slow down on productivity/sales:

40%

Having to outsource:

31%

Having to cut back on product lines/offers:

25%

Middle market manufacturers should discuss their evolving operations and challenges with their insurance agent or broker, who can help assess how these changes and external factors may introduce or increase risk and make any necessary updates to risk management strategies as well as insurance coverages and limits.

## Challenges Managing Key Risks Persist

As middle market manufacturers navigate a range of real and potential threats, placing a heightened emphasis on risk management is key.

While these companies are more invested in risk management and the majority have weathered through pandemic, operational, cyber/data and strategic disruptions over the past two years, many remain challenged with containing these risks.

Nearly two years into the pandemic, almost half of middle market manufacturers report that they are still not well prepared to respond to pandemic or supply chain disruptions, and 40% or more of these companies are not ready to manage property-related risks, such as hazardous weather and prolonged power outages. Discover insights and resources to help stay protected from [water damage](#), [hurricanes](#) and [wildfires](#).

For more information on these or other topics, visit [www.chubb.com/us-en/business-insurance/manufacturing.html](http://www.chubb.com/us-en/business-insurance/manufacturing.html)

## Middle Market Manufacturers:

# 70%

experienced non-pandemic business disruptions in the past two years

### Somewhat or Not Prepared to Respond To:

Pandemic disruptions:

47%

Prolonged power outage:

44%

Supply chain disruptions:

47%

Physical damage from water or fire:

32%

Hazardous weather:

40%

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