EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

for the Near- and Long-Term

protiviti®
Global Business Consulting

What separates manufacturing and distribution leaders from laggards?

For manufacturing and distribution leaders, the next several years will test whether their organisations can do more than withstand disruption. The companies best positioned to pull ahead will be those that turn ongoing volatility – in global supply chains, trade policy, labour markets, customer expectations and technology adoption, combined with elevated cyber threats to operational technology (OT) systems – into opportunities to improve performance, resilience and competitiveness.

The manufacturing and distribution industry results from this year's study point to a clear set of priorities. Leaders are investing in supply chain resilience, operational improvements, infrastructure modernisation, workforce skills and practical AI integration. Rather than treating these priorities as separate initiatives, they are connecting them to broader efforts to improve execution, increase agility and create measurable business value.

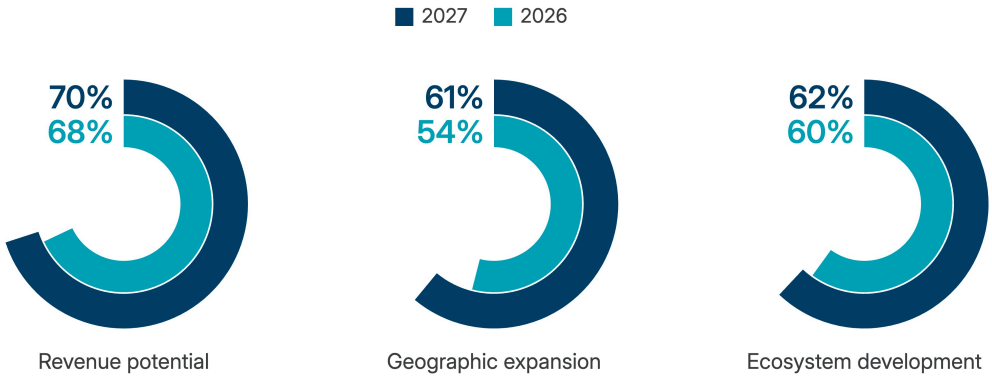
At the same time, long-term advantage will depend on disciplined investment and operational focus. AI matters, but so does the ability to embed it into and enhance existing workflows. Talent matters, but so does developing the skills – human, technical and digital – needed to operate in a more complex environment. Supply chain resilience matters, but so does strengthening the systems, data and processes that enable faster and more effective decisions. These are the capabilities that will separate manufacturing and distribution leaders from laggards.

Where do leaders see the greatest opportunities for their organisation over the next two to three years?

Manufacturing and distribution leaders remain broadly optimistic about their organisations' near-term growth prospects. Confidence levels increased for all three areas of opportunity evaluated in the survey: revenue potential, geographic expansion and ecosystem development.

These leaders believe their organisations can continue identifying opportunities for growth even as they navigate market volatility and other external pressures. These results may also reflect the composition of this year's respondent base, which includes a significant proportion of organisations from the Asia-Pacific region, where perceptions of growth opportunities may differ from those in other markets.

Views about opportunities for growth – Manufacturing and Distribution



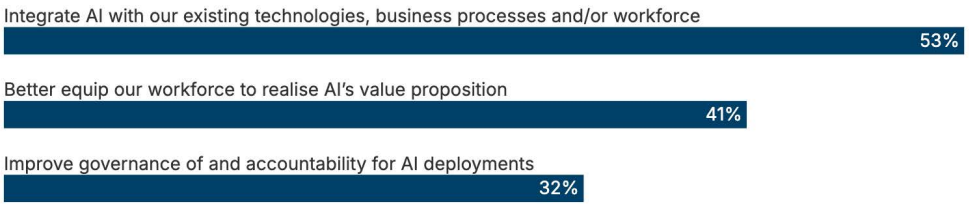
Optimism for ecosystem development reflects continued belief throughout the industry in the value of strategic alliances and partnerships. However, manufacturers and distributors may interpret this opportunity differently than organisations in other industries. Most already operate within extensive supplier, logistics and partner networks and have decades of experience with outsourcing, offshoring and other partnership-based operating models. As a result, they likely see growth through ecosystem development as less about establishing entirely new relationships and more about strengthening existing ones, improving coordination across supply chains and extracting greater value from their established partnerships.

What priorities do leaders see as most important to maximising the value of AI deployments?

Not surprisingly, manufacturing and distribution leaders are approaching AI with a distinctly operational mindset. In regard to the greatest opportunities to maximise the value of AI deployments, their top priority is integrating AI into existing technologies, business processes and the workforce. They also emphasise equipping employees to realise AI's value proposition.

Manufacturing and distribution organisations view AI less as a standalone innovation initiative and more as a practical tool for improving operational performance. In an industry managing supply chain uncertainty, trade volatility, workforce challenges and geopolitical disruption, the focus is on embedding AI into existing workflows in ways that improve efficiency, productivity and execution.

Top AI opportunities – Manufacturing and Distribution



Another noteworthy insight is the emphasis on AI value creation alongside comparatively lower concerns about AI-related risk. These results suggest industry leaders see AI as an important operational catalyst but are approaching adoption through a pragmatic lens focused on execution, workforce enablement and return on investment.

53%

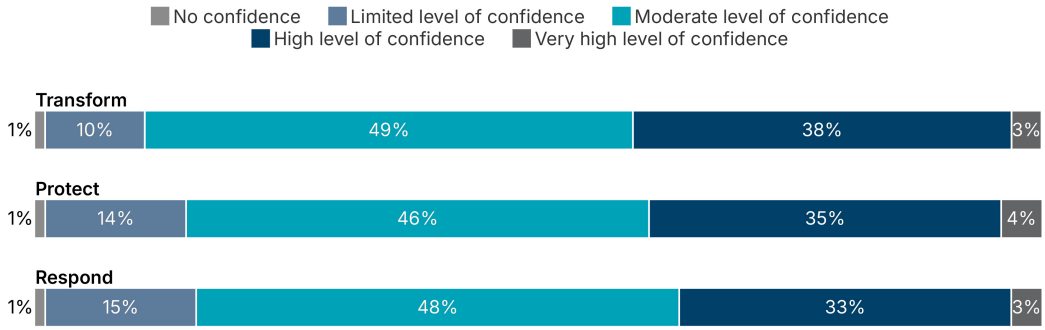
rank integrating AI with existing processes, technologies and the workforce as a top priority to maximise the value of AI deployments.

We asked leaders three specific questions about their views on the organisation's ability to (1) transform the enterprise, (2) protect enterprise value, and (3) respond with agility to market opportunities and risks. What did they tell us?

Industry leaders express higher confidence in their organisations' ability to transform the enterprise and protect enterprise value, while reporting somewhat lower confidence in their ability to respond with agility to emerging opportunities and risks. This suggests leaders perceive an important

distinction between initiatives they can plan and manage proactively versus events that require real-time assessments and adaptation.

Views about the ability to transform, protect and respond – Manufacturing and Distribution



This difference is understandable given the nature of many transformation and protection efforts throughout the industry. Transformation initiatives typically involve deliberate planning, dedicated resources, defined governance structures and longer implementation timelines. Likewise, these organisations continue to prioritise supply chain resilience and operational controls they know strengthen their ability to protect enterprise value.

Responding to market opportunities and risks presents a different challenge. Manufacturing and distribution organisations have navigated a succession of significant disruptions in recent years, including pandemic-related impacts, geopolitical uncertainty, shifting trade policies and other unexpected events that required immediate action. Unlike transformation initiatives, organisations often have limited time to prepare for these developments and must make decisions with incomplete information.

41%

have a high level of confidence in the organisation's ability to transform the enterprise.

What are the most significant near-term concerns and risks on the minds of leaders?

Leaders are confronting a risk landscape defined less by any single threat and more by the accumulation of external uncertainties. Four of the industry's top 10 risks fall into a closely connected cluster reflecting global influences: changes in global markets and trade policies, uncertainty surrounding the core supply chain ecosystem, geopolitical shifts and instability, and heightened regulatory change and fragmentation. All four increased year over year, underscoring that external volatility is becoming more difficult to predict and manage.

Top five near-term risks – Manufacturing and Distribution

Risk description	2027	2026
Changes in global markets and trade policies	3.46	3.32
Talent and labour availability	3.38	3.18
Economic conditions, including inflationary pressures	3.38	3.14
Uncertainty surrounding core supply chain ecosystem	3.38	3.13
Skills and talent acquisition and retention, leadership development and succession challenges	3.38	3.09

Trade policy remains the industry's top-ranked near-term risk for the second consecutive year. Supply chain uncertainty rose into the top tier of risks, while geopolitical instability posted one of the more significant year-over-year increases. Regulatory uncertainty reflects concerns not necessarily about the volume of regulation but about the pace and unpredictability of change. Collectively, industry leaders are managing an expanding set of interrelated external forces that can cascade quickly from policy decisions into operational disruptions, while finding that their traditional planning and compliance cycles are often poorly matched to the pace of change.

Talent is another significant theme emerging from the near-term concerns. Five of the top 12 risks are workforce-related, including talent availability, skills and succession challenges, access to emerging technology skills, labour costs, and multigenerational workforce demands. Importantly, the nature of the challenge appears to be evolving. While labour costs remain a concern, the greater issue now appears to be locating, developing and retaining the skills needed to operate in an increasingly complex global business environment. The emphasis is shifting from labour costs to whether organisations can secure the talent they need.

Interestingly, cyber threats declined in importance for manufacturing and distribution organisations despite remaining the top risk globally. These results do not necessarily suggest complacency. Manufacturers remain attractive ransomware targets for bad actors because legacy OT systems, greater IT/OT connectivity and third-party privileged access can enable production disruptions with substantial downtime costs. Connected products and supply chain dependencies further expand the attack surface, underscoring the importance of security by design, network segmentation

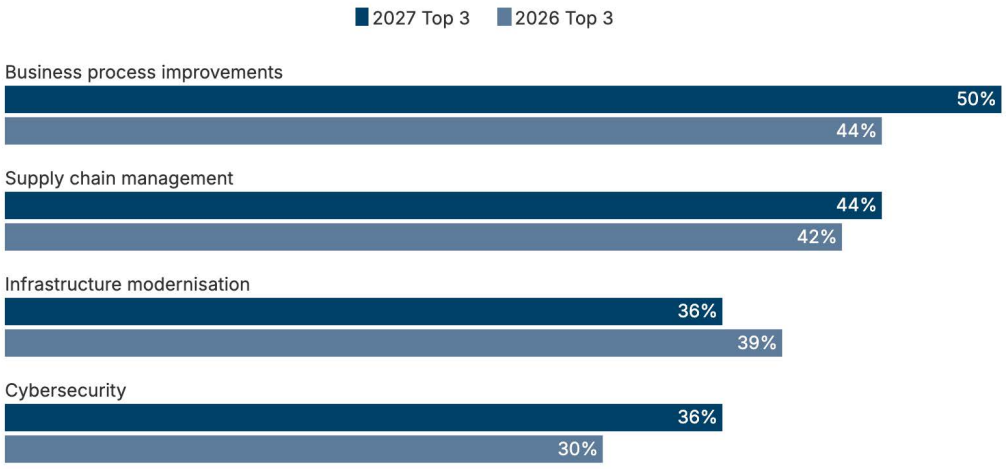


and OT-specific incident response. Thus, cyber risk's lower ranking should not be interpreted as lower exposure; it may reflect its manifestation into risks to production, supply continuity and revenue. Similarly, risks associated with AI and disruptive innovation rank meaningfully lower than in broader cross-industry results, even as manufacturing and distribution organisations continue to pursue AI and technology integration opportunities.

Given these near-term risk issues, where do organisations plan to invest most?

Manufacturing and distribution organisations are directing investment toward the capabilities they believe will have the most immediate impact on operational performance and resilience. Business process improvements remain the leading investment priority and posted one of the largest year-over-year increases in the survey. Supply chain management ranks second, underscoring the greater emphasis industry leaders place on resource allocation. Given that changes in global markets and trade policies rank as the industry's top near-term risk, the emphasis on supply chain investment reflects a direct effort to strengthen resilience against the disruptions leaders expect to face over the next several years.

Top strategic investment priorities – Manufacturing and Distribution



Infrastructure modernisation is another top investment priority, highlighting ongoing efforts to strengthen the technology foundation supporting operations. It's positive to see leaders focused not just on deploying new technologies but also on modernising the systems, processes and data



environments needed to improve productivity, performance and decision-making. In many respects, investments in modernisation serve as an enabler for the higher-ranked priorities of process improvement and supply chain optimisation. Leaders view process improvement as the foundation for addressing many of the operational challenges highlighted elsewhere in the survey, from supply chain resilience and workforce productivity to technology enablement and performance improvement.

While cyber threats rank lower as a near-term risk for manufacturing and distribution organisations than they do globally, cybersecurity remains one of their top investment areas. This suggests that lower near-term risk rankings should not be interpreted as less commitment. These organisations recognise cybersecurity as a foundational requirement for operating in an increasingly connected environment, even as supply chain, trade and workforce challenges command greater attention in the near term.

The results also reveal an interesting tension between AI ambitions and investment priorities. Industry leaders view integrating AI into existing technologies and business processes as their top AI-related priority. Yet advanced data analytics ranks only seventh among planned investment areas. This may reflect the reality that organisations are attempting to pursue AI value while simultaneously addressing a broad range of operational, supply chain and modernisation priorities. The implication is not that AI is being deprioritised. It is that these organisations are balancing AI initiatives against more immediate operational needs.

50%

rank business process improvements as a top strategic investment priority.

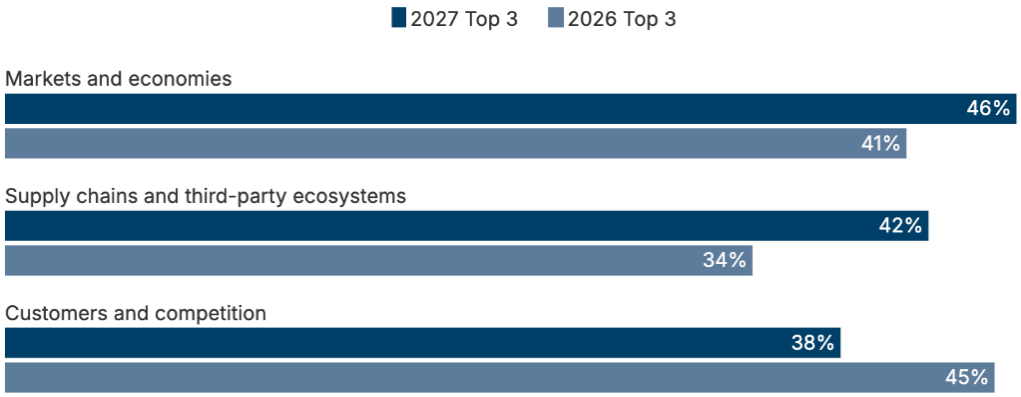
How do leaders view the 10-year risk outlook for their organisation?

Supply chains and third-party ecosystems posted one of the largest year-over-year increases and now rank among the most important long-term considerations. This reinforces a theme that has emerged throughout the survey: Industry leaders view supply chain resilience as a lasting strategic priority rather than a short-term response to recent disruptions. Traditional supply chain models optimised primarily for cost have been tested repeatedly by pandemic-related disruptions, geopolitical instability and shifting trade dynamics. As a result, organisations are focused on building supplier networks that emphasise resiliency, reliability and flexibility alongside efficiency. Notably, respondents may be interpreting third-party ecosystems primarily through a supply chain lens, with trusted supplier

relationships representing a far more significant strategic concern than broader partnership ecosystems.

Customers and competition also rank among the top long-term themes, while AI deployments remain a prominent consideration. Manufacturers recognise the long-term needs around changing customer expectations and the risk of becoming less relevant in rapidly evolving markets.

Top long-term risks – Manufacturing and Distribution



Another noteworthy shift is the year-over-year increase in organisational resilience and culture. While it remains outside the top tier of long-term concerns, the movement is significant and reflects growing recognition that constant disruption can place sustained pressure on organisations and their workforce. After years of navigating successive waves of change, leaders are aware that resilience is not solely an operational capability but also an organisational one.

Calls to action

- **Strengthen** supply chain resilience by diversifying critical suppliers, improving visibility across partner networks, and building greater flexibility into sourcing, production and distribution models.
- **Modernise** core systems, processes and data environments to improve productivity, decision-making and responsiveness to emerging market conditions.
- **Integrate** AI into existing workflows, technologies and workforce routines in ways that deliver measurable improvements in efficiency, execution and customer value.
- **Align** investment priorities with the organisation's most pressing operational risks, especially trade policy uncertainty, supply chain disruption and workforce constraints.
- **Assess** AI investment portfolios rigorously to prioritise practical use cases with clear business value, defined ownership and credible return expectations.
- **Develop** the talent base and workforce skills needed to operate in a more complex, technology-enabled and globally disrupted business environment.
- **Improve** business processes continuously to reduce inefficiencies, strengthen execution and create a more scalable foundation for growth.
- **Maintain** cybersecurity as a foundational investment priority, even when other near-term operational risks appear more urgent.
- **Build** organisational agility by improving access to timely data, scenario planning capabilities and cross-functional decision-making processes.
- **Reinforce** long-term competitiveness by adapting to changing customer expectations, new forms of competition and evolving expectations across supply chains and third-party ecosystems.

About the survey

Our 15th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,330 board members and C-suite executives around the world regarding their views on:

- Ability to transform and protect the enterprise and respond to market opportunities and risks;
- Opportunities for growth considering the current environment;
- Priorities perceived as most critical to maximising the value of AI deployments;
- The top risks on the horizon for the near-term (two to three years ahead) related to 30 specific risks across three dimensions (transform, protect and respond);
- A discussion of their organisations' near-term strategic investment priorities, given the opportunities and the risks they face; and
- The long-term horizon based on 11 risk themes that encompass the 30 near-term risk issues.

Our survey participants shared their views through an online survey conducted in June and July 2026.

About the authors



David Kupinski is a Managing Director and global leader of the firm's Manufacturing and Distribution industry practice. He has over 25 years of experience in delivering tailored business solutions to his clients. Leveraging technology enablement, data analytics and internal controls, he works with finance executives to drive transformation through initiatives such as ERP implementation, shared service centre strategies and finance process optimisation.

Contact David at david.kupinski@protiviti.com.

Protiviti (www.protiviti.com) is a global consulting firm that helps clients transform and protect their businesses, and respond to planned and unexpected events. Through a network of more than 90 offices in over 25 countries, Protiviti and its independent and locally owned member firms deliver deep expertise and tailored capabilities across technology, artificial intelligence, data, operations, finance, legal, compliance, HR, marketing, digital, risk, and internal audit—enabling organisations to accelerate innovation, navigate risks and safeguard what matters most.

Named to the Fortune 100 Best Companies to Work For® list since 2015, Protiviti Inc. has served more than 80 percent of Fortune 100 and nearly 80 percent of Fortune 500 companies. The firm also works with government agencies and smaller, growing companies, including those looking to go public. Protiviti Inc. is a wholly owned subsidiary of Robert Half (NYSE: RHI).

© 2026 Protiviti Inc. An Equal Opportunity Employer M/F/Disability/Veterans.
Protiviti is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services. 1026

protiviti®