Global Manufacturers Focused On Innovation & Supply Chain To Drive Growth

Global manufacturing companies are now adopting collaborative innovation models with suppliers and customers. The lack of flexibility and responsiveness is the biggest challenge in managing their supply chains.

Manufacturers are operating in an environment of disruptive complexity. Factors such as intense competition, pricing pressures and new technologies are forcing companies to evaluate their business models and growth strategies. Company executives are investing in R&D for new technologies as a means of survival and long-term growth.

According to a 2015 survey, 42 percent of global manufacturers say they will allocate more than 20 percent of their total technology spend on manufacturing, engineering and supply chain systems. An even greater amount of respondents from the U.S. (62 percent) indicated their willingness to extend their R&D budgets beyond their global competitors.

Companies failing to embrace the new reality of the accelerating innovation cycle will quickly be left behind. Investing more in R&D is certainly helpful, but manufacturers need to also focus on continuously enhancing and adapting their innovation models if they hope to survive.

Collaborative innovation models

In order to improve speed-to-market and lower innovation costs, the survey found that manufacturers are increasingly looking to, and collaborating with, suppliers, customers and third party research organizations. Indeed, 81 percent of global respondents (78 percent in the U.S.) are adopting more collaborative business models to improve the value of their innovation investments. This is up from 68 percent in 2014.

The focus on new product development, collaborative innovation and speed-to-market all require new strategies and business models. If manufacturers hope to grow by driving new innovations to market, they need to focus on improving the agility and integration of their supply chain models.

Looking into supply chains, almost half of all survey respondents cite lowering costs and working capital levels as their top strategic priorities. When asked to rate their top supply chain challenges, the survey indicates that a lack of flexibility and responsiveness to changes in demand or product mix is the most frequent issue. Beyond these top priorities, the survey cites supplier performance, including reliability, quality and sufficient capacity to meet demand and supporting new product launches as the major contributors to disruption in their supply chain.

According to the survey, eight percent of U.S. respondents state they have complete visibility into their supply chain. In fact, U.S. respondents indicate their suppliers are not technologically sophisticated and their data is not reliable for a higher level of integration.

Senior manufacturing executives report they are addressing these challenges and investing in new supply chain technologies that offer lower costs, better planning and improved enterprise collaboration. More than a third of respondents say they will place significant investment into improving their procurement systems and will allocate significant supply chain technology spend on Integrated Business Planning systems.

Key to winning this battle will be the ability to identify supply chain weaknesses faster than the competition. Strategically, companies need to determine how to best integrate suppliers into their models as the pace of product innovation continues to accelerate. Supplier performance issues should not prevent this integration.

No matter what the business strategy is, supply chain weaknesses will prevent a company from meeting its objectives. TPS is a leader in assisting companies to integrate business strategy with their supply chain initiatives. To drive operational excellence in supply chain and manufacturing operations, TPS has deep industry experience encompassing strategic sourcing, commodity/supplier management, inventory strategy, manufacturing operations and distribution network optimization. We employ programmatic approaches, leverage analytic capabilities, and offer managed services that can help improve top-line growth, lower costs, reduce response times and increase productivity. Contact TPS today for more information.

This article is based upon a 2015 survey conducted with global manufacturing executives by Deloitte Touche Tohmatsu Limited's Global Manufacturing Industry Group and the U.S. Council on Competitiveness.

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The Ultimate Goal Of Repeat Business

Members of the Association for Consultancy and Engineering generate more than half of their revenues from repeat business, according to a survey carried out in 2015. This is great news for the advisory firms and is a figure that professional services companies of all types would be delighted to emulate. Generating new business absorbs a lot of time, money and human capital so if advisory firms can secure repeat business from existing clients it removes the effort of finding the next piece of work, requiring significantly less up-front investment and thus offering the potential for a higher return.

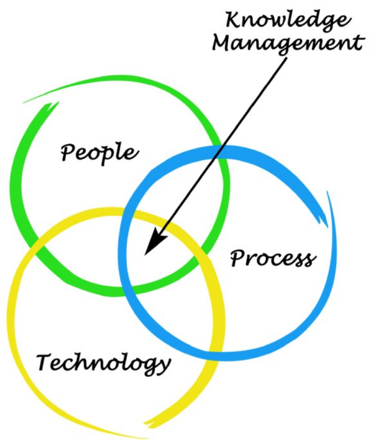
TPS clients coming back time and time again can be seen as the reward for doing a good job - delivering the project on time and to budget. But more than that, it is the return from our investment in talented consultants with the experience and knowledge to add value to our clients' business. People buy from people – and there is no doubt that recurring contracts are a result of TPS hiring high-quality, professional individuals. However, nice as it is to get a piece of repeat business, it is not necessarily easy to secure, and it does come with risks. TPS needs to be confident that it can deliver work to a consistent standard again and again.

Where does technology fit in?

TPS generates a great percentage of business from existing clients. But it isn't always easy – how can we tell what makes one client come back to TPS and another turn to one of our competitors? And how can we stack the odds in our favor?

TPS may have the best consultants and methodologies in place, but securing repeat business is still down to comprehensive self-examination. TPS needs to assess the way in which it does business, the value that it adds and the way that this is communicated to its clients throughout the project. Effective documentation takes time. It means going back to basics and understanding how things went in previous projects, what service the client received and what can be applied in new cases.

Technology by itself does not win new business, or even secure a repeat contract, but it can supply the appropriate foundations to support those people that do. The truth is that TPS cannot compete effectively, let alone pick up repeat business, unless our people and processes are underpinned by the right technology that enables us to improve reporting and information visibility.



Technology also enhances communication, both internally and between the client and TPS. The client is given access to records and materials allowing transparency throughout the project and a thorough understanding of the final results.

TPS secures business on the quality of intellectual capital and the experience of our people; however, the fact remains that even the most gifted consultants will be hard pressed to deliver a successful project if they do not have the appropriate technology structure in support.

Management technology enhances TPS' ability to secure repeat business and deliver a consistent level of service to our clients. However, the real benefit is that the influence of technology assists TPS in transforming its product offerings. When used effectively, these tools provide an intellectual database in which to draw upon and refine for future client needs. In other words, technology is TPS' route to transforming its business, extending its range and offering a branded product.

Technology enables TPS to build the infrastructure necessary to grow the business. The right tools deliver complete visibility over how projects are running, the state of the company overall and provide the foundations on which repeat business is secured.

When should an executive use Statistical Engineering?

Technical Problem Solutions has been a leader in providing qualified resources that can offer cost effective solutions to companies with either special or common cause problems that affect their bottom line. As we all know, first time quality, warranty, reworks and scrap all impact a company's return on investment and in the end become customer dissatisfaction issues that could ultimately impact future business opportunities.

TPS prides itself by employing Statistical Engineering Masters that can assist a client in reducing the cost drivers that decrease a company's bottom line. By breaking down complex problems to the simplest level and implementing controls that ensure the problem does not reoccur, our SE Masters provide an invaluable service to many of our clients.

So when should an executive decide to use Statistical Engineering? The decision is clearly an economic one and requires a thoughtful review of the key indicators documented from the shop floor. The indicators already described provide the focused areas for an executive to drive first time quality within manufacturing. Often, however, the source of the failures or problems is difficult to identify. Statistical Engineering is an ideal tool to utilize in these situations. Our SE Masters use an array of techniques and methods to understand and resolve complex technical problems. Further, Statistical Engineering is appropriate when engineering changes are cost prohibitive or conventional problem solving has not corrected the problem.

So give us a call and we can provide this same level of service to your company and in the end you will find this to be a cost effective tool to increase your first time quality and customer satisfaction.

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