

A U.S. Manufacturing Renaissance



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A renaissance – marked by an era of transformation and growth - is presenting a real opportunity for the US manufacturing industry to regain its position as the prime driver of the economy. But only those firms who adopt a new way of looking at their world will succeed.

Introduction

The current global manufacturing environment, with its rapidly changing landscape - evolving customer priorities, an expanding marketplace, and competition from new and unexpected places – is so markedly different post-recession that US firms are finding that their ‘business as usual’ approach is insufficient to re-establish their leadership position in the economy.

Yet, this volatility in the business climate is what is feeding the need for a renaissance in US manufacturing. Shifts in customer demand, advances in materials and technology, and new methods of production/operations are behind the rise in new revenue opportunities. In addition, the lowering of cost differentials - along with rising complexity and risk in the supply chain - have US manufacturers evaluating re-shoring as an option.

The renaissance is about a transformation - adopting a new approach to doing business and embracing a new manufacturing mantra - “Profitable Growth”. And the transformation begins with how manufacturers view the market.

Two viewpoints

Firms who approach the market by looking to ‘acquire new’ or ‘keep existing’ customers thru manipulation of some element of their current products/services portfolio can be referred to as looking thru an “adjustment lens” at the market. While this has been the predominant model for most manufacturing firms, the primary drawback is the tendency for this approach to ‘produce’ price sensitive customers – leading to flat or diminishing revenues and/or margins.

Manufacturers whose go-to-market strategy is based on developing new and/or reinventing existing products and services with the objective of exponentially improving their customers’ performance, can be referred to as looking thru an “impact lens” at the market. This approach requires abilities in innovation and collaboration, but the reward is significant – a customer-base that is solutions-conscious – leading to increased revenues and margins.

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Mindset transition

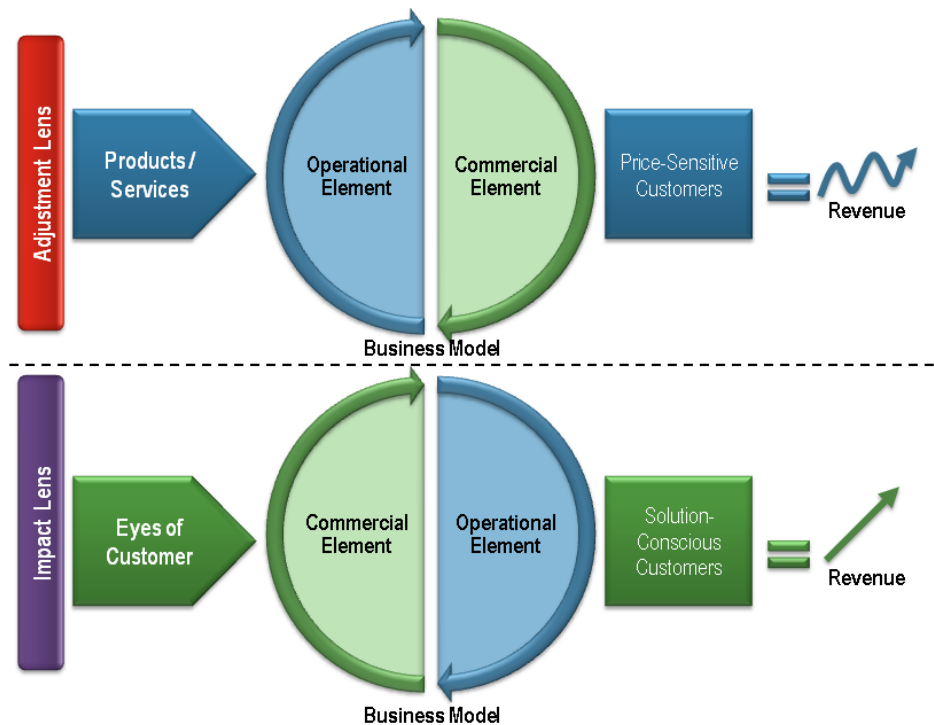
To execute from this new perspective, manufacturers need to make some modifications to their business model. There needs to be a mindset shift - from a 'survive' mentality to a 'grow' mentality – that will transition the emphasis for manufacturers...

FROM: →

- cutting costs
- gaining efficiencies
- avoiding risk

TO:

- making investments
- being effective
- managing risk



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Framework

A new framework - a flexible model that can adapt quickly to market shifts - is necessary in order for firms to successfully transition from 'business as usual'. Built upon a foundation of transparency and insight - into customers, the value chain, and the marketplace as a whole - it will enable manufacturers to better control costs while growing revenues and increasing their footprint in the market. The pillars of the framework call for:

- leadership proficient in continually evaluating and adapting direction and strategies in response to evolving market pressures and customer demands
- expertise in understanding customers and collaborating with them to deliver valued solutions
- the skills, competencies, and know-how to move quickly, execute well, and win in the marketplace

And, the framework must address the need for manufacturers to 'keep the lights on' – meeting current and near-term business and customer commitments - as they move thru this transformation.

Endeavor refers to their framework as SMART Growth. (see link) Utilizing SMART Growth manufacturers can more effectively balance pursuing opportunities with managing risks.

New endgames

Manufacturers in the renaissance era will be looking at a myriad of strategies in their quest to capture revenue opportunities and market share. Proactive companies will be looking at:

- Extending share of wallet with each existing account
- Entering new markets more rapidly
- Improving the effectiveness of the value-chain
- Managing a portfolio of initiatives for quicker ROI

Summary

Top performing US manufacturers must first shift their emphasis - to "growing" vs. "squeezing". While shrewd cost management will always be near the top of the agenda, thriving manufacturers have come to realize that top- & bottom-line growth objectives can only be met with market leading products and related services.

Renaissance-era manufacturers must build the capacity to expect the unexpected and to continuously reinvent business models and strategies as circumstances change. Shifting focus to market issues, they will become stronger 'industrial marketers' – characterized by:

- Renewed focus on product AND process innovation

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- Unprecedented collaboration across the value chain
- Competitive cost structures – business model aligned w/changing market dynamics

A danger of looking thru an “adjustment-lens” is missed opportunity, especially for those manufacturers that have been particularly successful, because those firms may fail to see major shifts in the market overall, or to take the time to identify all competitors. Moving to view the market thru an “impactr-lens” enables manufacturers to adapt quickly to market shifts – allowing them to uncover emerging demand for a new solution or set of benefits and even to identify new (more valuable, profitable) ways to meet current customer demand.

Detailed insight into markets, customers, and the supply chain; as well as transparency into the financial and other metrics required to understand operational performance; will be required to provide the confidence to place the bets necessary to exploit emerging markets, enhance performance and manage growing complexity.

Finally, manufacturers who continue ‘business as usual’ and are slow or fail entirely to make this transition will be at a tremendous disadvantage in the marketplace.

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About Endeavor

Endeavor Management, is an international management consulting firm that collaboratively works with their clients to achieve greater value from their transformational business initiatives. Endeavor serves as a catalyst by providing pragmatic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership.

Our clients include those responsible for:

- Business Strategy
- Marketing and Brand Strategy
- Operations
- Technology Deployment
- Strategic Human Capital
- Corporate Finance

The firm's 40 year heritage has produced a substantial portfolio of proven methodologies, deep operational insight and broad industry experience. This experience enables our team to quickly understand the dynamics of client companies and markets. Endeavor's clients span the globe and are typically leaders in their industry.

Gelb Consulting Group, a wholly owned subsidiary, monitors organizational performance and designs winning marketing strategies. Gelb helps organizations focus their marketing initiatives by fully understanding customer needs through proven strategic frameworks to guide marketing strategies, build trusted brands, deliver exceptional experiences and launch new products.

Our websites:

www.endeavormgmt.com

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