



# Weathering the Storm.... Opportunities for Manufacturers

A Brief Overview. By Emerson Suphal

## **Abstract**

This article will focus and highlight some of the things that manufacturing companies can and should be doing now to navigate through these tough times and take advantage of current opportunities.

As we know, this economic downturn is global in scope and is affecting all industries and market segments in varying degrees. While there will be casualties, well managed companies will survive. This article will focus and highlight some of the things that manufacturing companies can and should be doing now to navigate through these tough times and take advantage of current opportunities.

### **Beyond the obvious cost cutting, some navigational tools include:**

- Staying close to existing customers and move upstream segmenting your market into thin niches to identify and serve unmet needs better than competitors
- Drilling deep into your company to truly understand and leverage core strengths in order to capture opportunities in other industries and market segments
- Making alliances
- Keeping key skill people through cross-training
- Implementing flexible work schedules
- Sharing your employees expertise with other companies and receiving payment to help cover their salaries
- Accessing government programs for funding
- Buying equipment, expanding facilities and making acquisitions, especially at 2 to 3 times cash flow.

Let's take a closer look at each of one of these strategies.

Existing customers continue to provide revenue streams although at reduced flows. Stay close to them. Move upstream in your marketing efforts in an attempt to add value by providing products or services that support their competitive position and profitability.

You no doubt have heard the term 'core strengths'. But what exactly does it mean? While there are many definitions, the one I prefer to apply to manufacturing companies refers to the one or two things you excel at doing on your production floor. For example, high precision machining, welding, tube bending, working with geometrically large products, engineering design and so on. Be brutally honest in determining what you are really, really, good at. What makes up the DNA in your manufacturing capabilities. Look at capabilities, not the products currently manufactured. Understanding your core strengths will allow you to investigate other industries and market segments that fit your capabilities, and this will form the basis for developing marketing and sales strategies to capture new revenues without having to make significant changes or investments to your manufacturing activities.

Skilled people are the foundation to competitive advantage in manufacturing companies. If at possible, try to implement a cross-training matrix to transfer skills among your manufacturing team. The “slower economy” provide a unique opportunity to allocate time for this activity which injects flexibility in the team and gives the company a stronger base to capitalize on the coming economic upturn.

Flexible work schedules in days on/off and weeks on/off allow you to match labor requirements with sales volume. These schedules may apply to both direct and indirect labor and is generally a short term strategy.

Many companies have unfortunately downsized very skilled engineering and financial talent. However they do have a need for skilled people in these areas, although non in a steady and constant flow. The opportunity is to identify these companies through networking and alliances an offer to ‘cover’ them with your employees for a fee. This adds value to both companies.

There are many economic incentive programs and initiatives offered by governments in Canada and the USA. Make an effort to understand all of the programs and application processes that apply to your industry and company and determine that programs. Assign a key person to manage the effort.

Financially fit companies have the distinct advantage to acquire assets such as state –of-the-art equipment, expansion of facilities, hiring displaced skilled talent and buying companies both within and outside their industry to grow their business portfolio. The cost of finance is the lowest in a generation and provide a exceptional opportunity for expansion both in Canada and the USA.

This article is intended to provide basic ‘food for thought ‘ in driving sustainabili for manufacturing companies during our current economic challenges and opportunities.

This storm will also pass.

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