

# **Revitalizing Manufacturing Sales: Strategies for Thriving in an Uncertain Economy**





# Introduction

We recently asked leaders in manufacturing how an uncertain economic outlook is impacting their digital transformation efforts with 74% of them at or above the managerial level.

**74% of the respondents view digital transformation as either important or extremely important to their 2023 goals.** This is telling as many companies are searching for new ways to better serve customers while maintaining healthy revenue streams.

The forecasts that will be outlined shortly have led manufacturers to begin investing in strategic areas to withstand an uncertain 2023. In all areas of manufacturing companies are trying to optimize and automate processes from sales to the supply chain.

These investments will define how manufacturers work during the upcoming years. Leveraging the right solutions will be critical to succeeding with less demand and more options than ever for customers.

Let's take a deeper look at how manufacturers can prepare for a recession, then look where they are putting their resources and investments to deal with these challenges.



# How can manufacturing executives prepare?

The possibility of an economic recession is always looming, and manufacturers must be prepared to weather any economic storm that comes their way. In times of economic hardship, leaders that fail to prepare and adjust accordingly risk significant losses

and even bankruptcy. However, there are steps that manufacturers can take to prepare for a recession and maintain their operations, regardless of the state of the economy.

## Build up cash reserves

In times of economic uncertainty, it's important for manufacturers to have a strong cash position to weather the storm. Building up cash reserves by reducing expenses and increasing revenue can help manufacturers to stay afloat during a recession.

## Diversify their customer base

Depending on a small number of customers can be risky during a recession. By diversifying their customer base, manufacturers can spread their risk and reduce their exposure to any single industry or customer.

## Develop contingency plans

Manufacturers should develop contingency plans to prepare for a recession. These plans should outline how the company will respond to different scenarios, such as a drop in demand or a decrease in revenue.

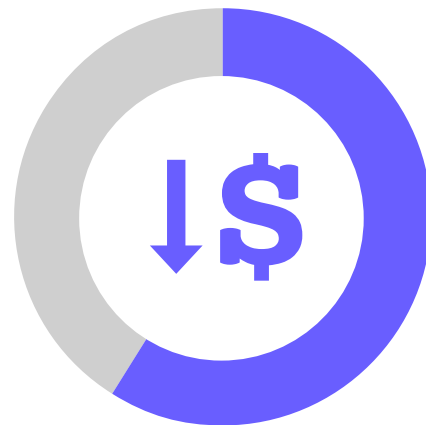
## Cut costs

In a recession, it's important to keep costs under control. Manufacturers can cut costs by renegotiating contracts with suppliers, reducing labor costs, and cutting back on non-essential expenses.

With these preparations in mind, leading manufacturers are still looking to invest in strategic areas to withstand a difficult economic environment. Investing now can create positive results if the right solutions are found.

## Reduce inventory

In a recession, it can be difficult to move inventory, especially if demand for products decreases. Manufacturers can prepare for a recession by reducing their inventory levels to avoid being stuck with excess inventory.



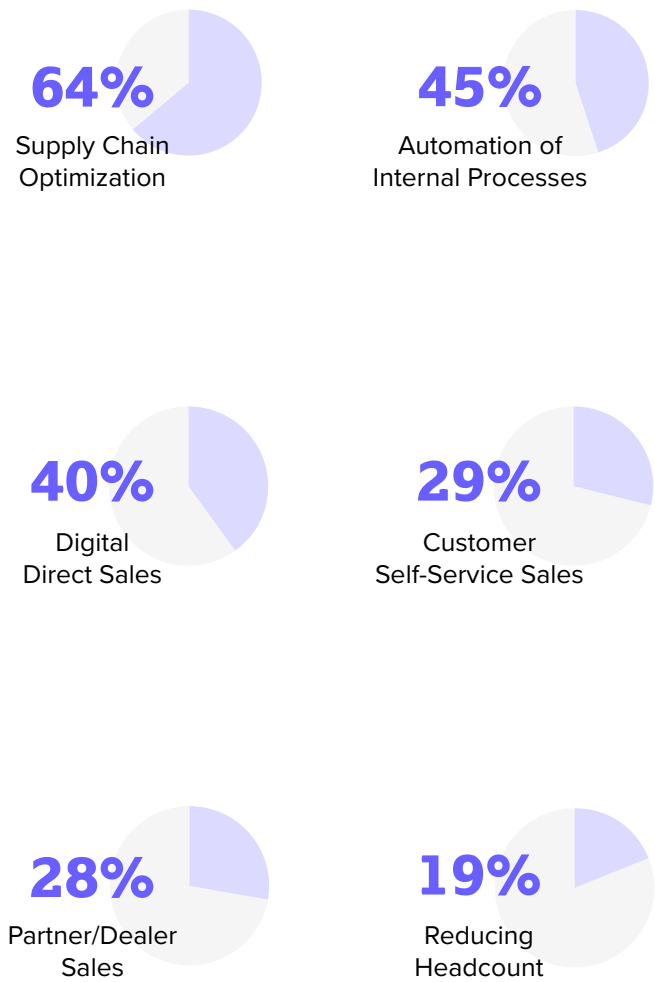
59% of manufacturers we surveyed noted that reducing costs was considered most important to remain competitive and bolster growth in 2023.

# What are manufacturers investing in?

Manufacturers can make strategic investments in a variety of areas to improve their operations, increase efficiency and stay competitive in the market. Below are a few key investment areas respondents of our survey pointed to.

Which key investment initiatives do you consider most important during current economic uncertainty?

Which strategic areas do you consider most important to remain competitive and bolster growth in the coming year?



# Supply Chain

The COVID-19 pandemic highlighted just how fragile supply chains can be for manufacturers. Lead time has been greatly affected by a lack of predictability, resource scarcity and staff availability have all created challenges. These challenges delay delivery dates and leave customers looking for companies who can deliver what they want with speed and accuracy.

Manufacturers can invest in their supply chain to improve efficiency and reduce costs. This can involve using data analytics to optimize logistics and inventory management, developing closer relationships with suppliers, and investing in sustainable and ethical sourcing practices.

An optimized supply chain enables manufacturers to respond quickly to changes in demand, supply, or other market conditions, allowing them to stay ahead of the competition.

**The 2022 Gartner Globalization Survey on Trends in Designing Supply Chains found that almost three-quarters (74%) of respondents had made changes to the size of, and the number of locations within, their global supply chain networks in the previous two years.<sup>1</sup>**

## Increasing Product Quality

Product quality plays a key role in the overall buying experience and brand loyalty for a customer. It is especially important in manufactured goods that are customized and have long lead times and installation such as capital equipment and machinery. When manufacturers are thinking about product quality it's important for them to consider the following factors:

1. Reducing order entry errors so product orders are accurately built and delivered to the customer specifications. Higher product quality leads to greater customer satisfaction. When customers are happy with the quality of a product, they are more likely to make repeat purchases and become loyal customers.
2. Developing modularization and standardized product offerings for custom orders to reduce errors in production.

3. Increasing product quality can create a competitive advantage for manufacturers. By consistently delivering high-quality products, manufacturers can gain an edge over their rivals.
4. Investing in product quality can lead to cost savings in the long run. When products are of higher quality, they are less likely to fail, require repairs, or generate customer complaints.
5. This drive for quality improvement can lead to technological advancements, innovative features, and unique selling points that differentiate the manufacturer from its competitors.

By considering these additional factors, manufactures can improve product quality, reduce errors, and enhance customer satisfaction when dealing with customized and long lead time products such as capital equipment and machinery.

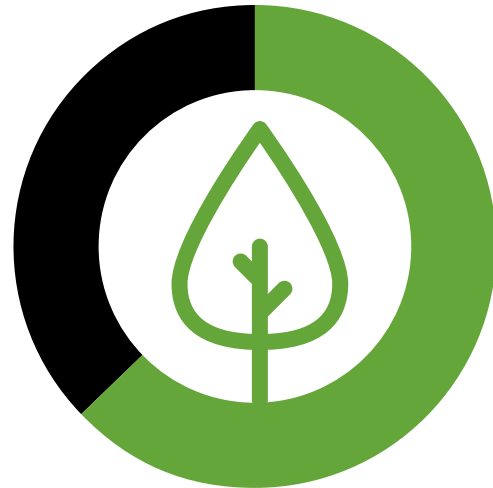
<sup>1</sup>Gartner, *Globalization Survey on Trends in Designing Supply Chains* found that almost three-quarters (74%) of respondents had made changes to the size of, and the number of locations within, their global supply chain networks in the previous two years, 19 December 2022. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

# Sustainability

Manufacturers can invest in sustainable practices to reduce their environmental impact and appeal to consumers who value sustainability. This can involve investing in renewable energy, implementing circular economy practices, and reducing waste and emissions. It's clear manufacturers are taking sustainability seriously, 63% think it's very or extremely important to their goals in 2023.

Many governments around the world are introducing regulations that require manufacturers to reduce their environmental impact. Manufacturers that invest in sustainability can ensure compliance with regulations and standards related to environmental protection, health and safety, and labor practices.

In addition to adhering to regulations, manufacturers can impress their customers by offering detailed reports about how their products impact the climate. This is because consumers and stakeholders increasingly value sustainability and environmental responsibility, and manufacturers that invest in sustainability initiatives can improve their reputation and brand image.



**63% of respondents think sustainability is very or extremely important to their goals in 2023.**

# Technology

Technology can help manufacturers navigate the challenges of a recession by enabling them to increase efficiency, reduce costs, and respond quickly to changes in demand. By leveraging the power of technology, manufacturers can not only survive but thrive during a recession.

Finding a solution that helps manufacturers deal with high-variance products and high demands from customers will be integral to their success in 2023. That's why manufacturers are turning to Tacton Configure, Price, Quote (CPQ).

Tacton CPQ is an industry leading configuration solution that enables your entire organization to define a company shared product definition, capable of generating millions of valid and profitable product variants, all while including an easy user interface for your sales team.

## We asked manufacturers:

Which key investment initiatives do you consider most important during current economic uncertainty?

Digitalization	SCM Optimization	Digital Direct Sales
45%	64%	40%



# How can CPQ help create disruption-proof operations?

## Faster and accurate quoting:

With a CPQ solution in place, manufacturers can generate quotes much faster and with instant and accurate price and margin calculations after every configuration selection. This can help to win business, increase revenue and keep customers engaged and happy, even in a recession.

## Streamlined sales processes:

CPQ can streamline sales processes by automating the configuration and pricing of complex products. With the help of CPQ, manufacturers can express millions of profitable product variants with easy maintenance. This can help to reduce errors and improve the efficiency of sales teams, allowing them to focus on selling more products.

**Gartner predicts that by 2024 organizations providing a total customer experience will outperform competitors by 25% in satisfaction with both customers and employee experience<sup>2</sup>.**

<sup>2</sup> Gartner, Infographic: Future State of Manufacturing Industries. Refreshed July 1, 2022.

## Enhanced analytics:

CPQ solutions can provide valuable insights into customer behavior and preferences, which can help manufacturers to identify trends and adjust their product offerings accordingly. This can be especially valuable during a recession when it is essential to stay agile and responsive to changing market conditions.

## Improved pricing strategies:

A recession often means that customers are more price-sensitive, so it is essential to have an effective pricing strategy. CPQ can help manufacturers to implement dynamic pricing, which can adjust prices in real-time based on market demand and other factors.

## Better customer experience:

CPQ can provide a better customer experience by enabling customers to configure and price products themselves. This can help to reduce the time and effort required to create quotes, which can be a major advantage during a recession when customers are looking for ways to save time and money. With additional features such as visual configuration customers can see just how their product will look in their real-life environments using augmented reality.

# In Closing:

In today's ever-changing economic landscape, businesses must prepare themselves for any disruption that may come their way. The key to success lies in creating operations that are resilient and adaptable to change. We have explored the strategies and tactics that can help businesses thrive in uncertain times.

From leveraging technology to building a strong supply chain, there are a range of investments that can help businesses create operations that are robust and disruption-proof. By implementing these strategies, businesses can not only survive but also thrive in the face of uncertainty.

The path to creating disruption-proof operations is not an easy one, but it is essential for businesses that want to stay competitive and succeed in today's economy. By taking the time to understand the challenges and opportunities that lie ahead and implementing the strategies outlined here, businesses can navigate uncertainty with confidence and create operations that are ready for whatever the future may hold.



Tacton is a leading SaaS company trusted by global manufacturers. Tacton Trusted Configuration simplifies sales for manufacturers of complex products. Tacton's Configure Price Quote software is named a Leader by Gartner in the Magic Quadrant for CPQ Application Suites and is recognized for its advanced product configuration and visualization capabilities. Tacton's founders pioneered computer-based product configuration which today powers Tacton CPQ and CAD Design Automation. Since 1998, Tacton is trusted by global customers such as ABB, Daimler, MAN, Scania, Siemens, Xylem, and Yaskawa. It is co-headquartered in Chicago and Stockholm, with regional offices in Karlsruhe, Warsaw, and Tokyo.

[Tacton Systems AB](#) / [Info@Tacton.com](mailto:Info@Tacton.com) / [Tacton.com](https://Tacton.com)