

## Why Manufacturing Still Matters

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**Set your 2013 business goals yet? No? Before things get too hectic, set your plan for this year and communicate to all in your business. To do this, you need to know what's happening in the economy.**

Spend a little time ploughing through heavy industry reports, and related commentary, to pick out trends and opportunities for SMEs. Having done this myself, I have decided to share and save you the time! Read on. Importantly, **manufacturing** still matters, more than 500 000 Australians work for small and medium sized manufacturing businesses\*. The good news is that the Australian economy is expected to continue its slow but steady growth. In the September quarter of 2012, manufacturing upped its contribution to GDP by 2.1% (ABS). GDP growth is forecast to be 3.25% in 2012-2013 and 3% in 2013-2014\*\*.

To win a sizeable share of this growth, businesses need to create better, more productive, smarter workplaces. Fascinating is the finding that most Australian manufacturers lack an ambitious, strategic and global mindset\*. So this means opportunity exists for those of us who do!

Before we set goals, let's examine current trends.

Firstly, the challenges faced by SMEs. Some are new but many have existed for years\*:

- The strength of the China economy, which is challenging the USA as the world's largest manufacturing nation
- Accelerating labour costs
- Increases in energy costs
- A strong Australian dollar
- Lack of consumer and business confidence
- Low levels of activity in the residential and commercial construction sectors.

On the other hand, here are the opportunities:

- Growing demand for machinery, equipment and consumables particularly to the mining and construction sectors.
- Existence of niche areas of knowledge-intensive manufacturing including medical and scientific equipment, pharmaceuticals, transport equipment including aerospace and advanced materials, and new markets such as cosmetics and high value fashion.
- Growth in automotive and defence supply chains.

So how does all this translate into what we do everyday in our workplaces? What related smaller-scale goals should we set ourselves?

Here are my Top 10 goals:

1. Value-add and focus on solutions: solve design and manufacturing problems for customers. Be proactive and suggest improvements. This is where, at this point in time, we have the edge over China.
2. Ask where your business can engage in innovation-intensive manufacturing e.g. mining equipment?
3. Exploit the cheaper transport costs vs. importing, use the 'tyranny of distance' to your advantage.
4. Along the same lines, promote the faster delivery vs. importing. Urgent orders can be filled with high quality goods.
5. At the same time investigate exporting.
6. Play on your familiarity with customers – they know you and your level of service as opposed to an anonymous importing service.
7. Get comfortable with social media; it is the future. Use it to enhance your reputation as a smart manufacturer and to share. Some social media is better for B2B than others. Just find one you like and experiment. I like LinkedIn and Twitter. Before you let out one of those how-can-I-do-all-this sighs, it will not take up a lot of time. Retweet or 'like' articles, publish a photo of a new product or process. Just keep at it. Ask a young person to show you how. The best Twitter lesson I ever got was from my local barista!
8. Network and share: join industry bodies such as the [Society of Manufacturing Engineers \(SME\)](#) or [AMTIL](#).
9. Investigate possible public and private partnerships, a bit of a bureaucratic minefield but, depending on your industry, worth following as an additional long-term strategy. Not going to save your bacon in the short term.
10. Build on management, design and marketing skills.

To pursue all 10 this year is rather ambitious. Choose one or two, set some tangible measures, and do let me know how it goes.

\* Prime Ministers Manufacturing Taskforce report of the Non-Government Members August 2012.

\*\* 2012 Statement 2: Economic Forecasts that underlie the Budget estimates.

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