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Tech-Clarity Insight: Innovating Through an Economic Downturn

***A PLM Action Plan
for Small to Mid-Size Manufacturers
Facing Difficult Times***



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Executive Summary

Manufacturers today are facing significantly stalled markets as a result of the current, global economic downturn. Many companies are experiencing weak demand and lower sales, and reacting with budget cuts and other efforts to reduce cost. This can have a particularly large impact on small to mid-size manufacturers that have to make difficult trade-offs between product innovation and cost control. During this time, it is important to recognize that despite the reality of reduced budgets, companies that continue to invest in innovation will fare better during the economic downturn and beyond. This paper is aimed at helping companies develop an action plan that both recognizes the difficult reality that most manufacturers face today, and allows them to continue to invest in the future. Keeping these two priorities in mind will help these smaller manufacturers weather the current economic storm but also be prepared to capitalize on emerging markets during the eventual recovery.

This paper is aimed at helping companies develop an action plan that both recognizes the difficult reality that most manufacturers face today, and allows them to continue to invest in the future.

Manufacturers with limited budgets and resources have turned to product innovation, product development and engineering process improvement to support this dual strategy and get the most out of existing resources. These leading companies have adopted a strategy that includes a combination of elements, including:

- Product (and Market) Innovation
- Reductive Innovation (innovation to reduce cost)
- Process Innovation

These improvements are the result of thoughtful innovation strategies implemented with enabling Product Lifecycle Management (PLM) technology. Perhaps surprising to some, two of the manufacturers interviewed for this report chose to invest in these technologies during downturns in their business. They used the technology to help drive their recovery and are reaping the rewards today. The conclusions and recommendations of this report highlight practical techniques for other manufacturers to adopt these strategies and technologies, including the importance of adopting a step-by-step approach to improve product innovation performance. This approach, the “PLM Program,” is made up of a series of small, self-sustaining projects – all with positive ROI and rapid payback – that in combination contribute to a broader PLM vision. For mid-sized companies in particular, this incremental approach should allow them to gain the efficiencies and productivity gains they need to make it through the downturn, but also prepare them to respond rapidly to new opportunities that will arise in the recovering economy.

About the Author

Jim Brown is the President and founder of Tech-Clarity, an independent research and consulting firm that specializes in exposing the true business value of software technology and services. Jim has over 20 years of experience in application software for the manufacturing industries, with a broad background including roles in industry, management consulting, the software industry and research spanning enterprise applications such as PLM, ERP, SCM and others.

Jim is an experienced researcher, author and public speaker and enjoys the opportunity to speak at conferences or anywhere that he can engage with people that are passionate about improving business performance through software technology.

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