

Why Strategic Marketing Will Rise in Importance for B2B Manufacturers



In his compelling presentation about a fourth manufacturing revolution, BCG's Oliver Scalabre makes the case for an inevitable resurgence of manufacturing in developed economies.

The convergence of new technologies such as advanced robotics, 3D printing, big data and the industrial internet will upend manufacturing models based on scale economies and low-cost labor. Those paradigms have fostered global trade flows but have resulted in lower growth and displaced labor due to offshoring. In the

future, companies that are able to harness the potentials for highly flexible manufacturing systems, capable of delivering higher quality goods more rapidly and at lower cost than conventional practices, will be the winners. Why? Because manufacturing activity will reposition so that production is adjacent to demand. This will be true in traditional industries and businesses yet to be imagined.

The implications for fixed assets of manufacturing firms are significant, but the effects on commercial resources will be no less so, particularly for B2B companies. The new environment will place a premium on the ability to sense and correctly interpret the direction of demand.

The past several years of low economic growth combined with low inflation have weakened the Marketing and Sales functions inside many B2B companies. They have often lost influence, even atrophied, because operating plans and strategies have prioritized the elimination of cost and process variation. While the pursuit of manufacturing excellence is important, it can have the unintended consequence of driving a company's culture to be inwardly focused and unable to truly understand customers, markets and avenues to growth if the approach lacks balance. In the coming environment that prizes scale

customization, failure to increase investment in core capabilities for growth and innovation will cause B2B manufacturers to whiff on opportunity if not put their businesses in jeopardy.



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When will the described changes take place and at what rate? While regions, markets, and companies will be affected at differently, change is already afoot. Moreover, after several years of weak fixed investment, many businesses are sitting on aged assets and have pent-up capital requirements. Events could move swiftly in some cases. Manufacturing executives need to be asking themselves whether they will contribute to driving this development or adapting to it. A critical first step will be to assess whether they have the required capabilities in-house to perceive environmental changes and determine the right strategic actions.

Denton/Neely & Co. is in business to help management teams make these assessments, develop solutions and build capabilities to sustain market-driven growth.

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