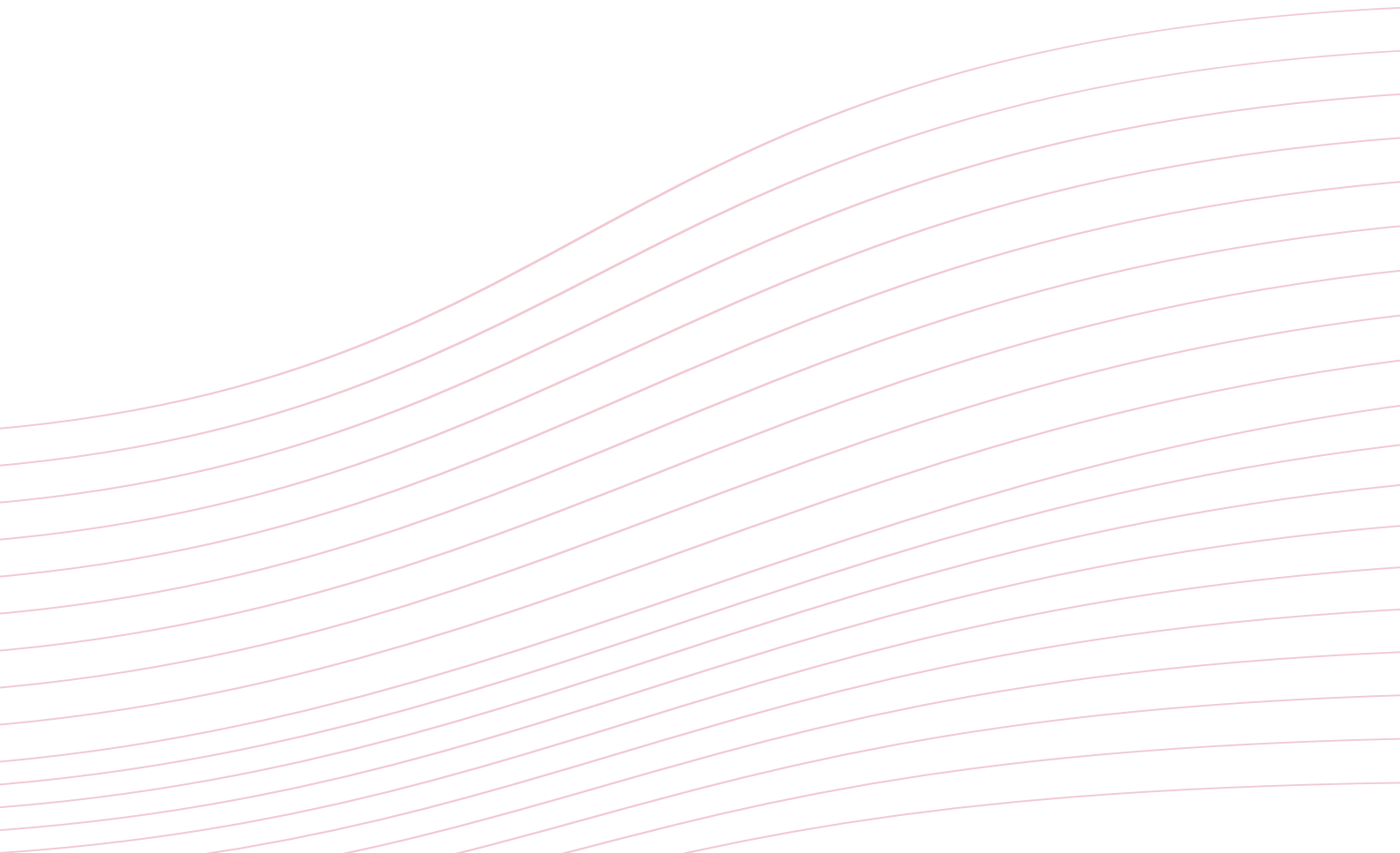


Addressing the Cooling Economy

How Manufacturing Companies
Can Do More With Less



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ACKNOWLEDGEMENT:

Learning to thrive in the face of economic adversity

The warning signs of an economic slowdown are hard to overlook. The unexpected growth that buoyed many businesses at the height of the pandemic has come to a screeching halt. Inflation, supply chain challenges, and interest rate hikes have caused prices to soar and consumer confidence to fall. Businesses have responded by tightening their belts, including through layoffs. The tech sector has been hit particularly hard, with an estimated **93,000 tech jobs lost** in the first six weeks of 2023 alone, according to an analysis by Crunchbase. More layoffs are expected to hit other sectors—everything from hospitality and travel to manufacturing. And most recently, Silicon Valley Bank, one of the largest banks in the country, collapsed without a moment's notice.

The reality is that the economy is cooling, and it's not expected to get better anytime soon. Both business leaders and economists are sounding the alarm that tougher economic conditions lie ahead. In fact, a majority of small and midsize US business leaders **expect a recession in 2023**, according to a recent 2023 survey from JPMorgan Chase. Meanwhile, **nearly two-thirds of economists** surveyed by the World Economic Forum are expecting a recession by year's end.

Underlying many companies' dismal outlook is a recognition that the risks of doing business have dramatically increased. Inflation has caused the Federal Reserve to raise interest rates at such a rapid pace that it represents the **most aggressive monetary tightening** in four decades. Russia's war in Ukraine, meanwhile, is continuing to send shock waves through the global economy as financial markets respond to the increased risks of economic disruptions. For many businesses, the decision is not if they should hit their reset button, but when.

Individual businesses will never be able to reverse macroeconomic trends, but that doesn't mean they should bury their head in the sand—or, worse, make knee-jerk, reactionary decisions. On the contrary, it's more important than ever that companies work proactively to understand how the cooling economy translates to specific consequences for their industry and their business. Just as importantly, companies need to understand and prioritize making decisions and strategic investments in areas that they can control—and that they need to control to survive and thrive.

The purpose of this eBook is to help manufacturing companies relate to macroeconomic trends and develop an informed strategy for how to respond. Chapter 1 provides summaries of what the cooling economy means for your business. Chapter 2 makes the case that despite the economic headwinds, businesses need to continue innovating and transforming their operations in a strategic, disciplined manner—because standing still is essentially the equivalent of falling behind. Chapter 3 provides specific, actionable guidance on how to move forward strategically, with a focus on applying digital transformation principles to operate more cost-efficiently and to future-proof the organization for long-term resilience. Infused throughout this eBook are real-life stories of transformational change that ordinary businesses have achieved by working smarter and learning how to do more with less.

We hope this eBook leaves you feeling hopeful, inspired, and confident about moving boldly into the future—no matter how uncertain the future may look. Please feel free to **reach out** to our digital transformation experts at Simplus at any point along your journey; we'll be glad to answer questions and discuss everything your business has the potential to achieve.



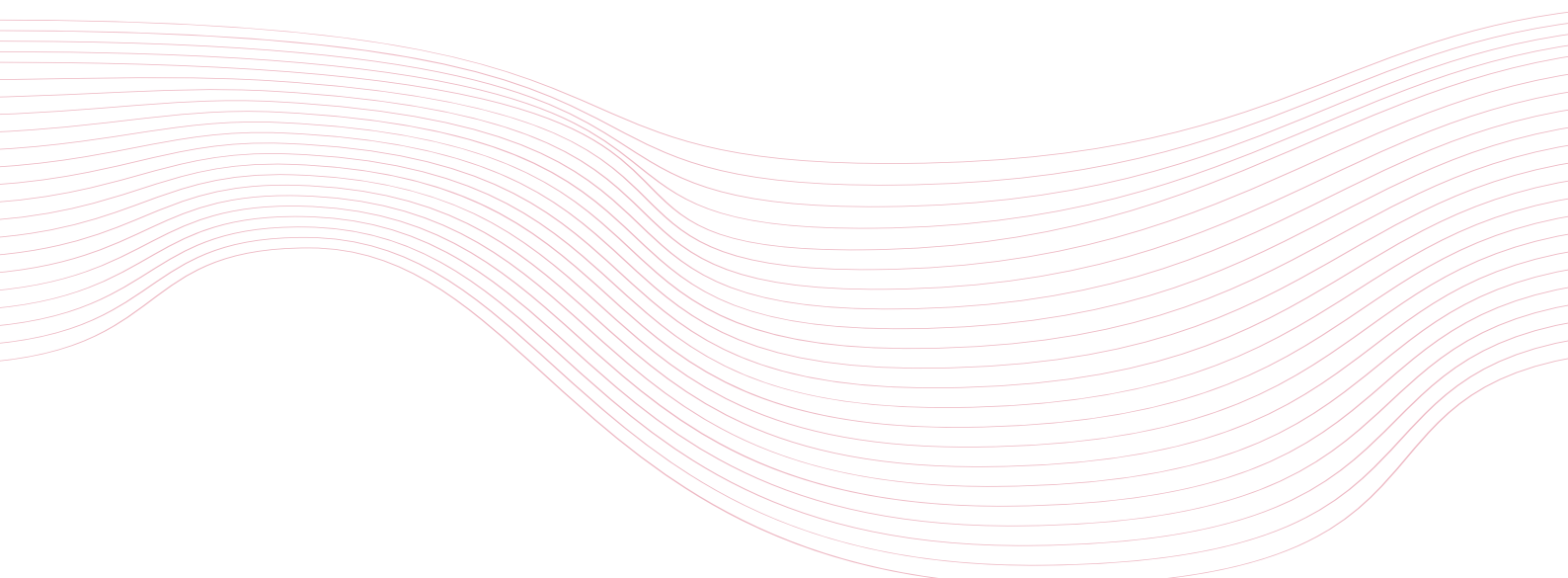
CHAPTER 1

Sector-specific impacts of a cooling economy

No business wants to hear that the economy is cooling. Although a slumping economy affects every individual business in a different way to a different degree, a cooling economy is ultimately a bad thing for the business community as a whole. That's because every business needs stability and predictability in the marketplace where it's operating. Specifically, every business needs confidence that trends, opportunities, and risks within its marketplace aren't going to unexpectedly change. When businesses feel confident they can predict the future, they're able to move decisively into this future—especially by making the strategic investments necessary to ensure their long-term stability and prosperity.

By contrast, economic downturns inevitably cause businesses to lose confidence in their future. They begin to second-guess every decision they make and instinctively pull back from making any major investments. Essentially, they hunker down and wait for conditions to improve—and for their confidence to return. This downward spiral has profound consequences: at exactly the moment that businesses need to be making bold and unwavering decisions about their future, they become timid and indecisive in the face of economic adversity.

To effectively fight this downward spiral, the first thing businesses need to do is recognize that it exists and that it's easy to inadvertently get sucked into it. In this chapter, we will lay out the sector-specific forces that cause many manufacturing organizations to lose confidence in themselves and their future. In reading about these challenges, we hope you will recognize that the instinctive way that your organization may respond to these challenges could be counterproductive and dangerous.



Manufacturing sector-specific forces

When the economy starts cooling, the manufacturing industry starts faltering. The underlying problem is that as profits drop, manufacturing companies respond by cutting prices and trying to make up the difference by playing the “volumes” game. When these Band-Aid fixes stop working, companies begin looking for opportunities to slash overhead costs—even as they ramp up some labor hours to keep supply closely aligned with demand.

Manufacturing companies have multiple ways they can dig themselves out of this unsustainable cycle. First, they can look for specific, targeted investments in new and emerging technologies that have the potential to change the trajectory of their existing operations. Second, manufacturing companies can consider mergers and acquisitions—a route that can be particularly appealing because companies’ valuations tend to be lower during economic downturns.

Finally, and most importantly, economic downturns are a prime opportunity for manufacturing companies to pursue or renew their commitment to digital transformation initiatives. The core reason to greenlight digital transformation during an economic downturn is to reinvent how customers experience and interact with the company’s products and/or brand—at a time when the company is at risk of losing these customers altogether. Also as part of these digital transformation initiatives, companies should be looking at how to streamline and simplify their tech stack—not just to lower costs, but also to better support the teams that rely on this tech stack to do their jobs efficiently and effectively.

Final thoughts

Every industry is affected in some way by a cooling economy. Beyond the tangible, immediate financial impacts, economic downturns cause businesses to lose confidence in themselves and their future. The first step to combatting this downward spiral is to recognize that it exists and that multiple factors are combining synergistically to drive its impacts.

In the next chapter, we’re going to examine the importance of not hunkering down and standing still in the face of an economic downturn. Instead, to survive and thrive in a cooling economy, businesses need to make strategic investments in innovating and transforming their operations.



CHAPTER 2

Innovation is important during an economic downturn. Here's why.

Our business climate has navigated a variety of challenges over the past three years. The rapidly-emerging effects of the global pandemic forced businesses to either rethink their business models and branding with innovative solutions and offerings or struggle while they hoped for relief from a stalled economy.

What surfaced for companies across all industries were initiatives that maintained customer relationships with digital platforms, helped navigate supply chain challenges with automated, CPQ, and CRM systems, and introduced virtual workforce infrastructures that remain largely intact post-pandemic.

During the height of the pandemic, **three out of four business executives** recognized that despite COVID-19 challenges, the environment still offered growth opportunities. Embracing innovation was effective during the pandemic, and digital-based innovation will arm businesses with the tools necessary not just to survive but to thrive amid a cooling economy.

Here are four ways we've seen innovative strategies bolster businesses in spite of a cooling economy:

Strengthen company infrastructure to stay competitive

When the economy is in a downturn, businesses may face increased competition and decreased demand for their products or services—a double whammy if you will. That’s where innovation comes in. Innovation can help businesses stay competitive by finding new ways to offer value to customers without increasing overhead costs.

“We know that keeping costs low is critically important to the profitability of businesses,” says **Andreas Sulejewski**, a Forbes Technology Council member. However, with an economic downturn looming, business leaders should focus on their customer base, including their internal customers. And, whether your sales numbers are hardy or heart-wrenching, it’s always important to have smoothly running IT systems in place to maintain business productivity.

“Businesses would do well to remember lessons learned from the weight of the pandemic on the global economy—strengthening digital infrastructures might help not just weather the coming storm but thrive despite it,” Sulejewski added.

Create efficient, cost-saving workflow processes

Although digital transformation during these uncertain times feels risky, investing in a digital system during quieter times can help businesses find new, more efficient ways of operating. Investments like that can lead to cost savings and increased profitability when the economy picks up.

For instance, partnering with an experienced strategic managed services team provides more than optimizing workflow processes and removing technical debt. “Many companies are still proceeding with some of their initiatives—just at a slower pace,” explained Grant Acosta, Director of Customer Success at Simplus. “Hiring an advisory and strategic managed services team can keep companies on track during uncertain times without taking on all of the risk.”

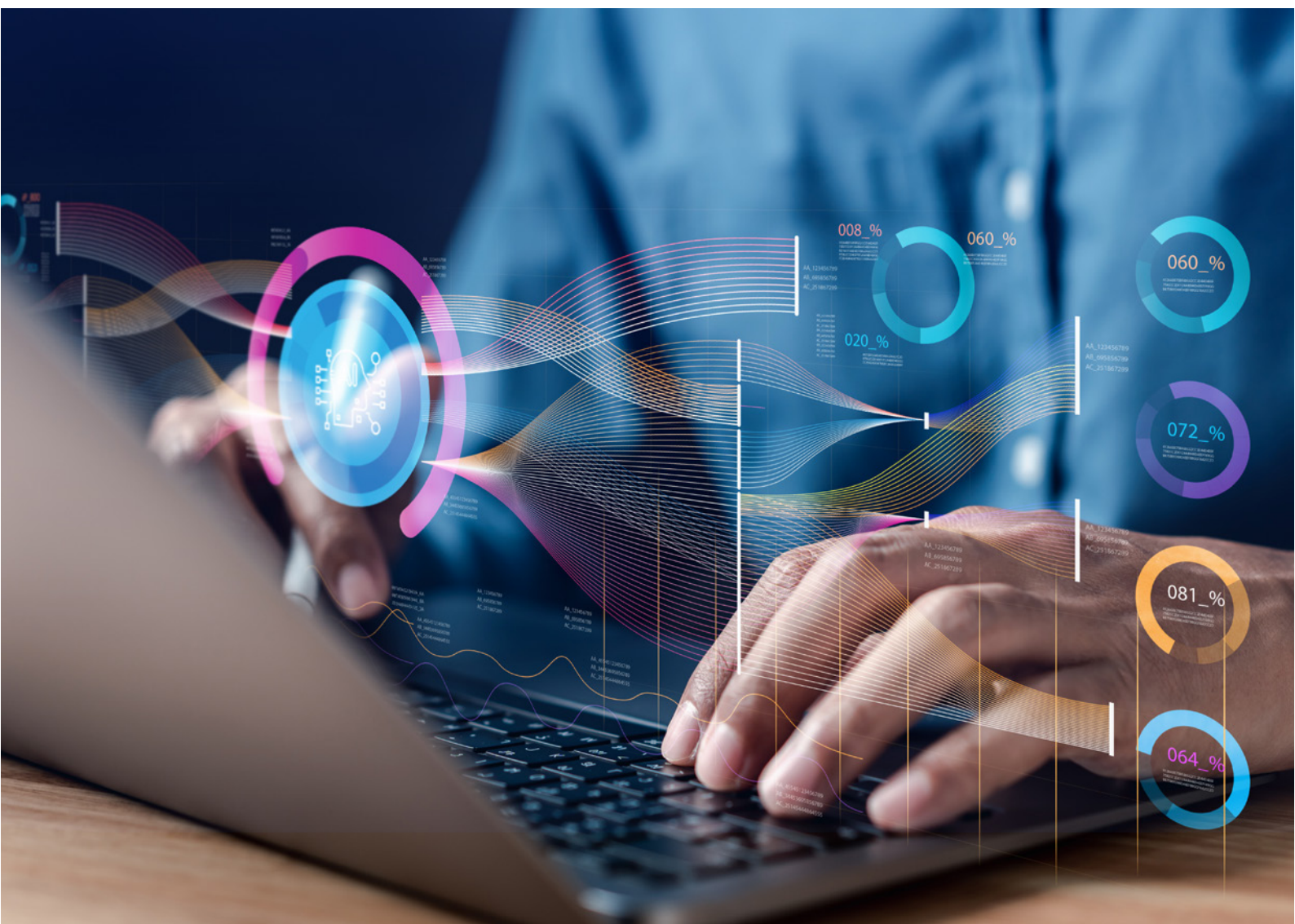
Leveraging their industry and systems expertise, a qualified team can customize an implementation schedule that aligns with your company’s adjusted timeline while they design a system that helps your business make data-based decisions on infrastructure, streamlines processes optimizing how you utilize limited staff, automates CRM and sales tasks to empower your sales teams, and adds value to collected data.

Foster more agility for changing market conditions

Companies must adapt to stay relevant. That means adjusting the business infrastructure and product or service offerings and shifting day-to-day operations to connect with the changing focus of your customers. Remember, commerce isn't stopping—it's just moving at a slower pace. When you understand what your customers want through better data, quick customer-centric adjustments can make a huge impact.

“As we have seen in the past, an economic downturn can be an opportunity instead of a threat. After all, companies like Microsoft, Instagram, and Airbnb were formed during or just after a recession,” said experts at **International Data Corporation**. “Companies that will win in this climate are the ones who diligently use data to maintain and improve their strategies and services, and who master the balance between cutting costs to survive today and investing in growing tomorrow.”

Economic downturns often bring about changes in consumer behavior and preferences. Innovation can help businesses adapt to these changes and remain relevant.



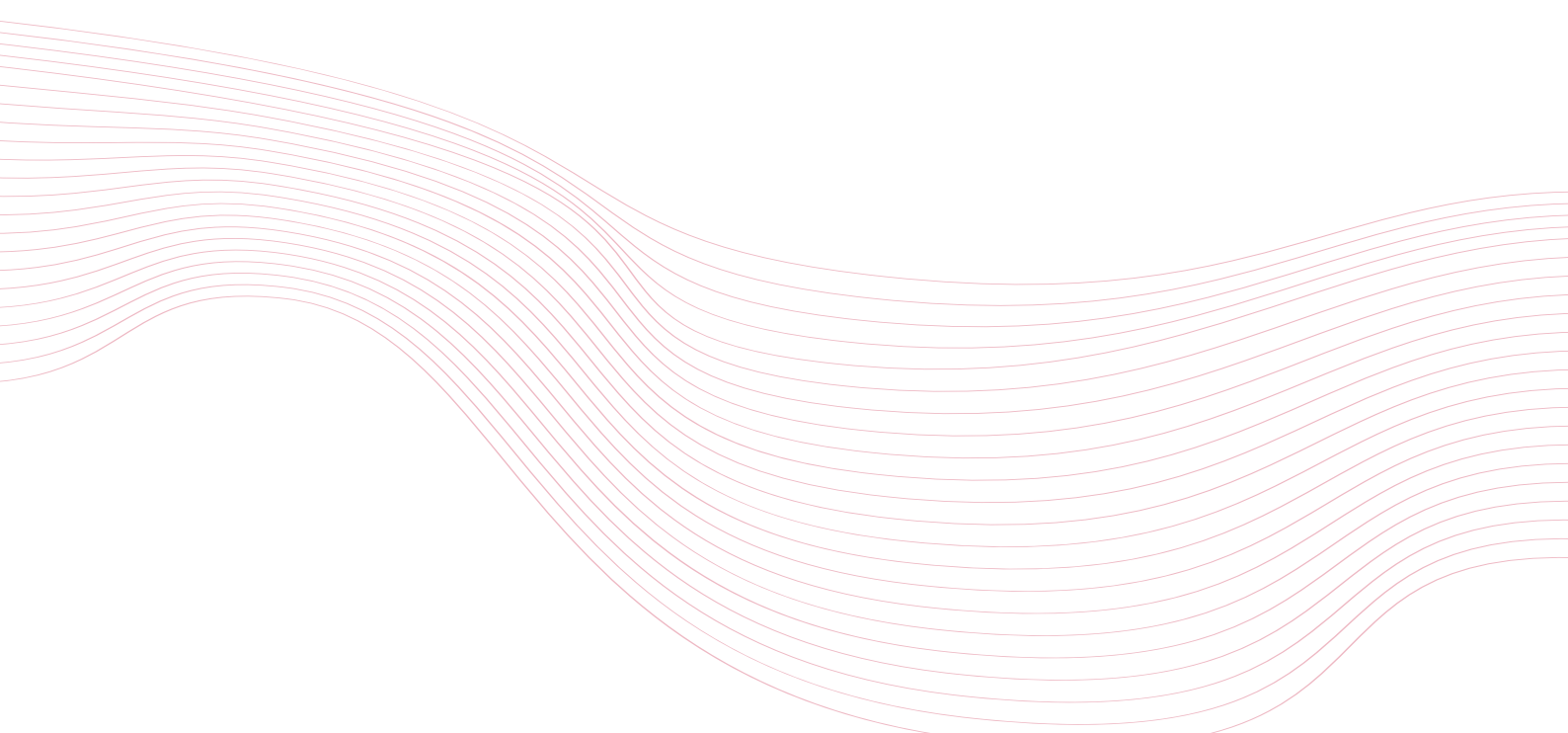
Identify new opportunities within a changing climate

Changing economic climates are incubators for change and, consequently, for new opportunities. Economic downturns and reopenings are prime examples of such a changing climate, and the organizations ready to respond with innovation first will secure a strong advantage over the competition. Innovation can help businesses identify and take advantage of these opportunities.

We witnessed innovation drive change within an overwhelmed healthcare industry as it turned to virtual technology to expand patient care, and we helped develop **a digital-based collaborative platform to facilitate and organize vaccine management** on a global scale. We helped leaders in the manufacturing industry develop customer self-service portals and implement quote-to-cash features to simplify inventory management, accelerate shipping, and optimize pricing as an effective vehicle for driving the customer experience.

Overall, innovation can be a key driver of economic growth and stability, and it is especially important during times of economic downturn when businesses need to be adaptable and competitive to survive. The economic conditions are temporary. But the decisions you make will have a permanent impact on your business.

The key to moving forward, despite a cooling economy, is to take measurable action based on strong leadership instincts and reliable data. Whether it's adjusting the company's infrastructure to withstand economic pressures or shifting to more customer-centric business objectives, using a system that helps you understand your customer and seamlessly deliver the product and services they want is good business practice—in any economic climate.



Simplus Solutions in Action

Mitsubishi Electric

Industry: Manufacturing

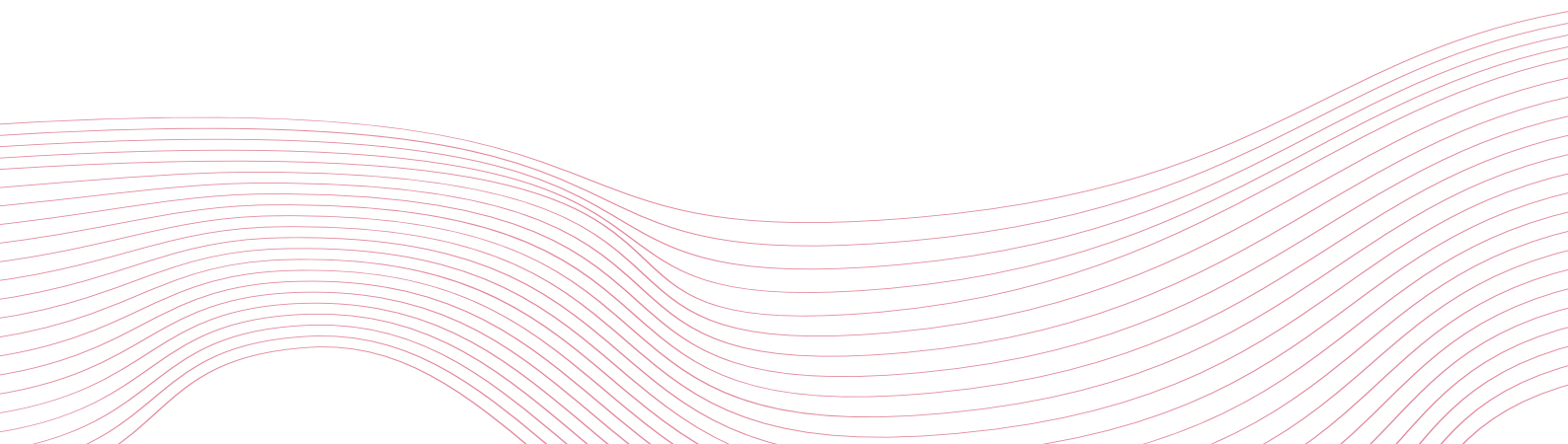
Simplus Solution: Advisory and Implementation, CPQ, Service Cloud, Partner Portals, Marketing Cloud, and more.

Mitsubishi needed a better way to approve quotes for distributors, verify pricing, and cut the cycle time for customers. The company identified numerous areas of inefficiencies in their operations and brought us in to help them execute a plan to dramatically improve cycle times and productivity. Mitsubishi asked Simplus to help it transform its entire way of handling inventory, sales, and contractor management. To solve the client's challenges, Simplus created a full 360-degree view of commercial customers and residential contractors, increased visibility in the contractor sales pipeline, and created greater customer segmentation. The new solution increased the amount of customer data visible to the sales and services teams. All of these changes helped to reduce the time for quote approval and order fulfillment through Salesforce CPQ.

Game-changing improvements:

- **Opportunities entered and approved increased by 30%**
- **Quote approval took two hours instead of two days, decreasing cycle time by 1,000%**
- **The time for verifying quote pricing was reduced by 12 hours a week**
- **The time to manually manage certification and accreditation for contractors decreased by 80%.**

In our ongoing, multi-year engagement with METUS, Simplus has taken the company from manual spreadsheets to an automated sales cycle, partner portal, Service Cloud, and Marketing Cloud.



Holcim

Industry: Manufacturing

Simplus Solution: CPQ Implementation

Streamlining operational efficiency was precisely Holcim's objective when they first reached out to Simplus seeking a partner to transform quoting. Having successfully optimized one product line at Holcim in the past, Simplus was prepared to do it again for Holcim's Aggregates Construction Materials (ACM) line. Rather than simply implementing CPQ functionality and calling it a day, Simplus worked hand-in-hand with Holcim to ensure the CPQ solution was a fit that would yield results: we made the proper quote configurations to cater specifically to the ACM product line's demands, developed a mass quoting and mass edit tools for the Holcim ACM sales cycle, and built out a forecasting tool specific to Holcim's reporting needs. Quote creation time after implementation was slashed in half, and the increased sales efficiency is a weight lifted for Holcim's operations.

Komatsu

Industry: Manufacturing

Simplus Solution: CPQ Implementation, Strategic Managed Services

Komatsu was looking for additional talent to join its existing Salesforce CRM development, admin, and support team, particularly for assistance with CPQ. Komatsu was impressed with our team's focus on people, processes, and products. We landed in the environment and delivered a guide for CPQ operations and maintenance, as well as best practices to govern the work to be done. This included questions and answers about processes between environments, sandbox management, refresh frequency, and updates from Salesforce. Furthermore, our work prioritization approach helped to decrease case handling time and increase the velocity of enhancements and innovation, including having the Managed Services team support larger implementation projects to improve speed and accuracy.

CHAPTER 3

How you can do more with less

Successful transformation begins with understanding the challenges companies face.


It's standard business practice to do more with less. But during a cooling economy, building on strategies to stay operational and competitive is essential. There's a lot to consider when doing business during these uncertain times, and when companies come to us with questions about prioritizing work processes upgrades, ensuring secure interoperability, innovating better data utilization, improving CX with better CRM, and more—we can ease some of their concerns about digital transformation by first determining the present health and functionality of their digital systems.

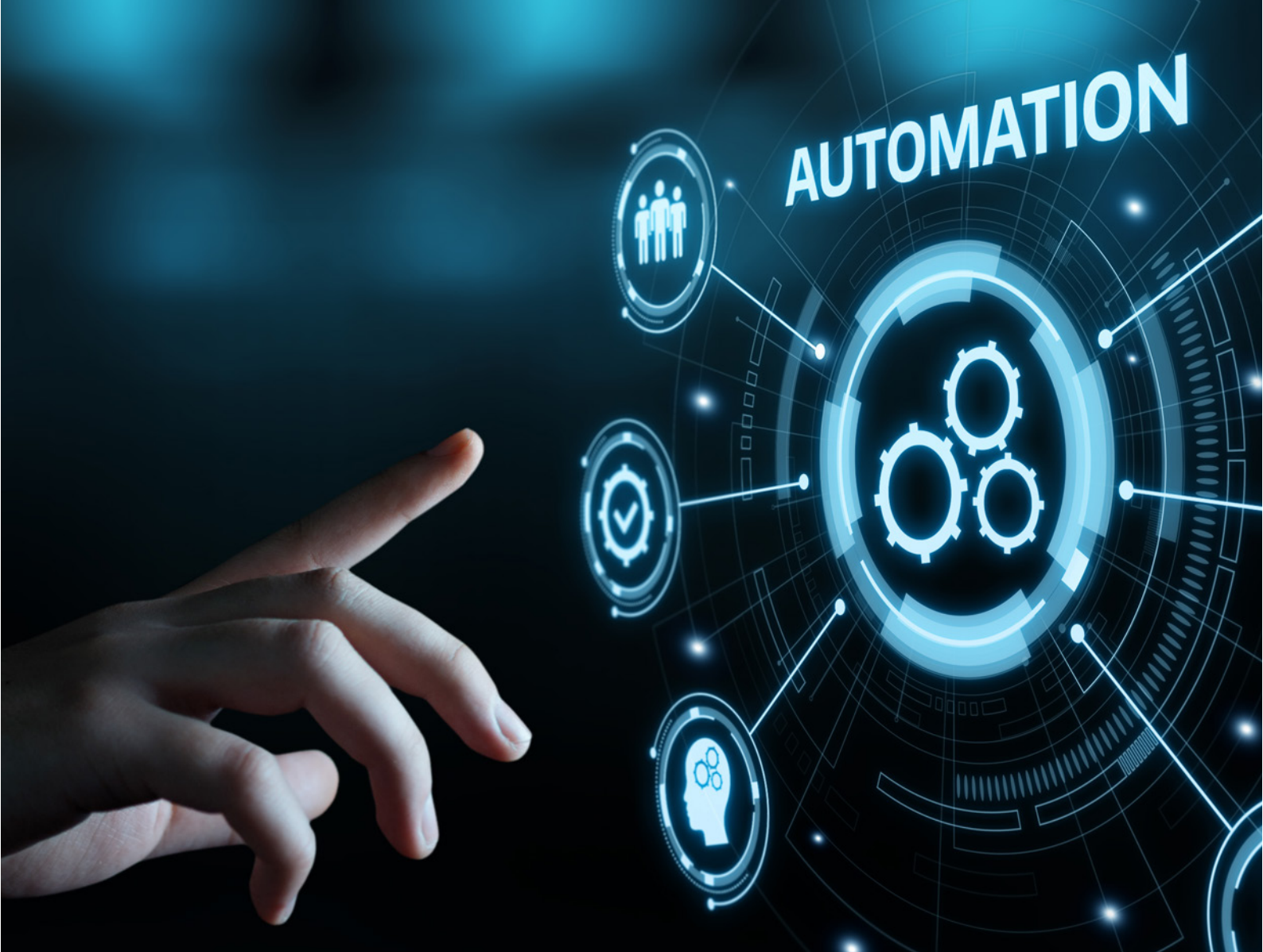
With the support of an experienced advisory and strategic managed services team, we assess the current workflow to determine how its capabilities support the company's needs and goals.

“We have a good model where we work with an architect to prioritize areas by identifying what absolutely needs to be done right now, and then what needs to be done over the next year or two. And then, we try to tie that into a strategic managed services engagement, so we can roadmap how long this will take and what size lift it should be,” explained Grant Acosta, Director of Customer Success–Strategic Services at Simplus. He added that team members with specialized practical experience with multiple operating systems also make implementation seamless and cost-effective.

Our teams measure functionality for efficiency and scalability while also keeping in mind the people behind the processes—what works for them?

We recognize that selling value to your customers depends on more than price, which is why we help companies identify obstacles, explore and implement cost-saving innovation, and deliver a customer experience that connects throughout the buyer's journey. Based on that expertise, we have templated, successfully tested, and proven implementation strategies for faster development.





Where to start?

We believe that successful transformation is possible after evaluating how work systems support business initiatives. To ensure you're getting maximum performance from your Salesforce instance and other operating systems, we provide measurable results via targeted testing and assessment.

Below we've included the top three use cases we see driving value for our clients today. Check them out to learn how your peers are leveraging strategic partners to continue to move the needle forward in spite of a cooling economy.

USE CASE 1

Increase operational efficiencies to drive a better EX/CX

Have you implemented Salesforce with lackluster results? Realizing the operational efficiencies that the Salesforce platform provides hinges on the ability to drive adoption within your organization. Great adoption comes from a deep understanding of your business model, its day-to-day user challenges, and the solutions they need. By ensuring your Salesforce technology is people-centered and communicated across all levels of the organization, you can achieve greater Salesforce adoption, simultaneously increasing employee productivity, and improving your overall customer experience. **Adoption Health Checks** from Simplus are the first step to gaining the full value of the Salesforce platform.

How it works

Simplus change management consultants dive headfirst into your business to quickly find your unique challenges, analyze the data, and provide a report on how to improve your Salesforce user adoption. We'll assess inefficiencies, interview team members on different levels, observe pain points, and evaluate the overall end user experience. With all this information, our team can then deliver an analysis report and future state strategy customized to your organization moving forward. Additionally, one week before the five-day engagement, we'll send out an anonymous survey to your users to get a head start on identifying weaknesses. Ultimately, you'll have our expert recommendations in real time so you can start improving adoption immediately.

What is the process?

- **Discover:** Set expectations with an in-depth discussion, introduce team members, and conduct stakeholder interviews.
- **Observe:** Conduct ride-alongs to observe the existing Salesforce functionality and usage.
- **Analyze:** Manage an analysis of survey results, metric evaluations, and adoption report compilation.
- **Present:** Prepare a read-out of what we've learned, observed, and best practices that could be implemented immediately.
- **Recommend:** Provide recommendations for the next steps and explain how continued engagement could extend adoption and greater ROI.

USE CASE 2

Reduce technical complexities

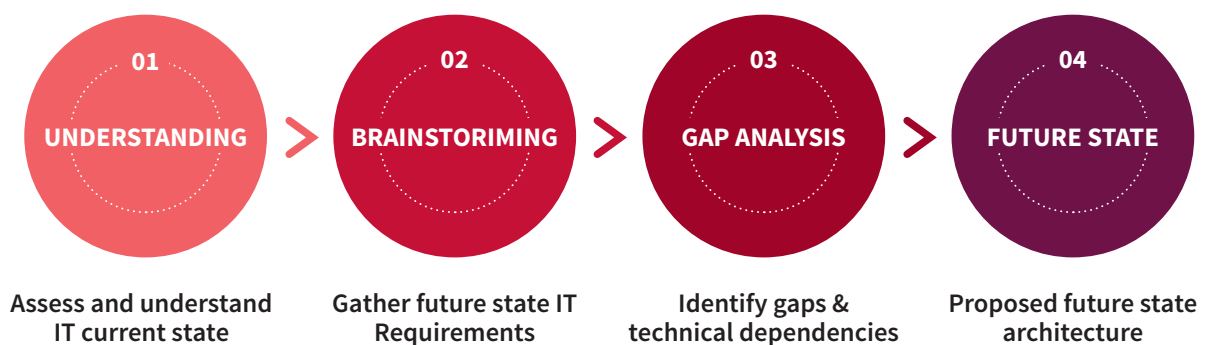
Creating an infrastructure to support any given business is complex. Depending on your business model, frequent M&A might be a reality, necessitating org merges and data migration. Likewise, you could have legacy technology or complex custom-built solutions that haven't scaled with you as you've grown. Solving those challenges doesn't need to be complicated.

Let's simplify and optimize your Salesforce architecture together.

Avoid pressing the reset button on your Salesforce program and instead take a thoughtful evaluation. Many organizations have difficulty rationalizing their data with their business objectives or harmonizing Salesforce automations for their end-state vision. Other common challenges include:

- **Lack of org strategy**
- **Heavy customization**
- **Absence of MDM or integration strategy**
- **Poor alignment between IT and business**
- **Distributed security schemes across applications**

Simplus' advisory practice offers tech assessment and blueprint services to mediate these types of challenges. Through a typical engagement, you can expect to unlock greater optimization of your Salesforce program, reduce technical debt and IT overhead, simplify your architectural landscape, and gain a greater understanding of any dependencies or obstacles to the scalability of your system.



Value from tech assessment and blueprint

We realize that your goals may be Salesforce-specific or they may reach across your entire technology landscape. Simplus brings flexibility to ensure your business and IT goals are met in the most efficient way possible:

- **Salesforce-specific:** Simplus can focus on your Salesforce-specific goals with Salesforce Technical Architect expertise.
- **MDM/Integrations:** Expand capabilities to include MDM and Integrations and consider the entire technology landscape that touches Salesforce.
- **Holistic Technology Landscape:** End-to-end capabilities across all infrastructure and technology.

Deliverables:

Salesforce Health Check

- Health score summary
- Identification of issues in specific classes or Lightning Components
- Recommendations for resolution of issues
- Technical debt assessment

Systems Integration Evaluation

- API Issues
- Best practice recommendations for integration patterns
- Recommendations to address inefficiencies and redundancy
- Fit/gap analysis of tools and methods to business requirements, compliance needs, and process effectiveness
- Data Integration Diagram showing patterns, frequency, key data fields, and key transformations

Data Analysis and Data Model Review

- Data findings and recommendations
- Data model diagram

DevOps Strategy

- Vulnerability Assessment

USE CASE 3

Lower overhead and offset skills gaps with strategic services

Whether you want a partner that can action the data that comes out of organizational health checks, technical assessments, or simply a team of Salesforce experts to help you manage your ongoing Salesforce initiatives, Simplus Strategic Services is a great solution to lower your overhead and offset any internal skills gaps. By partnering with advisory and managed services teams, your company gains access to on-demand experts who will keep critical systems running, ensure customer service is ready to scale as needed, optimize the customer service team's ability to cross-sell and upsell, and build elegant self-service and proactive service capabilities—with minimal risk.

The Simplus team has the skills to handle any Salesforce-driven enterprise project, and when the scale of work requires a larger, or specialized addition, our team effortlessly leverages the robust relationships we have with strategic partners like DocuSign, MuleSoft, Conga, Veloce, Prodlly Moover, Vonage, Infosys, and more. In many instances, these relationships save the client money, as they don't have to pursue other professional services to manage the additional requirements.

We can also plug into current IT teams using a flex and pod model that focuses on a particular Salesforce Cloud system, business unit, or business process. We have enterprise-level success managers, architects, and technical and consultative talent. Our hybrid engagement model allows us to meet our clients' needs in a way that is optimal for their business operations. But don't take our word for it, hear how Simplus helped manufacturing client, Komatsu, by providing **24/7 Salesforce support** with onshore and offshore resources.

For Simplus, Strategic Services means having a trusted advisor available to help manage, operate, and fine-tune Salesforce solutions. It's an approach based on an invested, long-term commitment to transformation, with collaborative avenues for specialized expertise and a clear understanding of scalable growth.

You deserve more from a managed services team. And we are ready to deliver exceptional, "white glove" strategic services you can trust.

Final thoughts

The current climate can be, at the very least, intimidating, if not indeed very worrisome for consumers and business leaders alike. But we hope this eBook has left you feeling empowered and prepared to take an uncertain time and make something great for your business out of it.

The cooling economy will impact every industry to some extent, but the cooling economy will also give every industry an opportunity to reexamine processes, innovate, and reinvest in their strategic investments. Transforming operations during a cool down is a great way to not only survive the downturn but also thrive post-downturn.

With solutions from Simplus designed to kickstart your innovations—like adoption health checks, tech assessments, or strategic services—you can move forward ready to win regardless of which way the wind is blowing. After all, as Nancy Duarte so insightfully states, “The future isn’t a place that we’re going to go, it’s a place that you get to create.” Let’s create a future for you that you are excited about.



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