

INCREASING COST PRESSURES MAJOR CONCERN FOR MANUFACTURERS, ACCORDING TO TBM LEANSIGMA INSTITUTE SURVEY

DURHAM, N.C. – December 15, 2008 – While general cost pressures continue to be the main challenge for manufacturers globally, rising energy costs have reached a new level of concern according to TBM Consulting Group's sixth annual "Multinational Manufacturing Pulse." Released today, the study found that manufacturers' level of anxiety over rising energy costs has more than doubled since last year resulting in an increased commitment to eliminate waste.

Conducted in Q3 of 2008, the survey polled 1,406 executives from mid-sized to large firms in six major manufacturing countries in the western hemisphere – the US, UK, Germany, France, Mexico and Brazil.

The majority of respondents (53%) ranked 'cost pressures' as the biggest hurdle to success in the year ahead. Nevertheless, 33% identified 'rising energy costs' as a source of angst, a dramatic increase from last year's responses at 11%. 'Quality issues' and 'people issues' continued to be challenges for manufacturers in the nations surveyed.

Maintaining a Competitive Edge in Tough Economic Times

More than half (55%) of all manufacturers polled say they feel challenged by the current economic climate. The study also revealed that executives in the six industrial nations surveyed are taking measures to keep market share and maintain a competitive edge during this tumultuous time. Some of these steps include:

- Improving Quality (46%)
- Shortening Lead Times (45%)
- Increase Ways to Better Connect with Customers (38%)

Additionally, to allay cost pressures and rising energy prices, more than half (59%) of all respondents say they are increasing efforts to eliminate waste.

With a global recession looming, manufacturers are seeking creative ways to put their companies in a financial position to successfully weather this economic storm." Says Anand Sharma, CEO of TBM

Consulting. “Eliminating waste is the first step toward relief. Companies should be looking to convert assets into cash, reduce static inventories, eliminate unprofitable SKUs, and speed up receivables. Attacking processes that reduce working capital and improve cash flow will allow manufacturers to make investments, finance acquisitions, and grow when others are struggling to survive.

In thinking about ways to respond to the current changes in the marketplace, more than a quarter of manufacturers (27%) say the most opportunity lies in value chain improvements. Other areas that respondents foresee potential include:

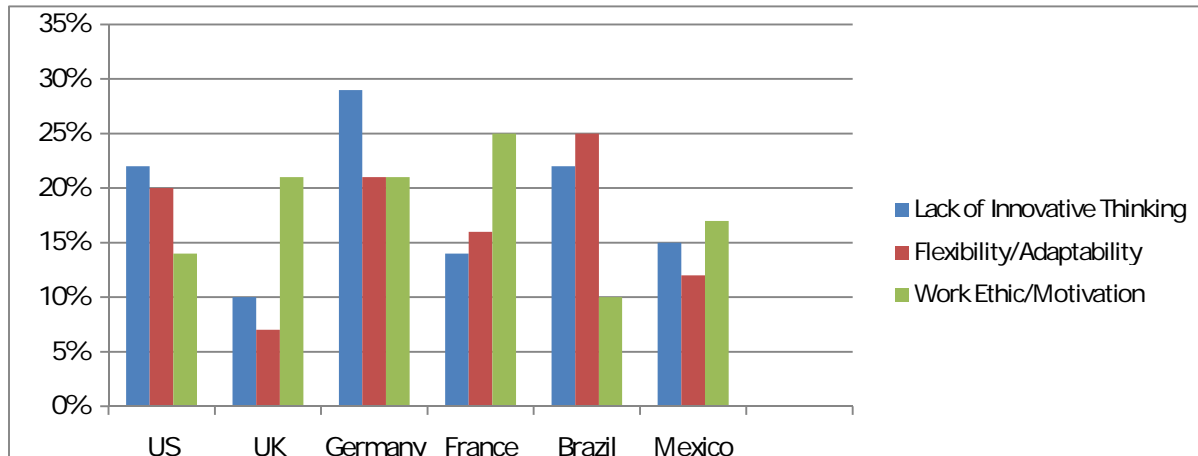
- Business improvement programs (25%)
- New product development /innovation (18%)
- Market expansion (16%)

Economy Hasn't Gotten in the Way of Productivity

Despite economic turmoil, nearly three-quarters (72%) of manufacturers in all six nations reported productivity gains over the past year and identified continuous improvement (lean) as the leading source of improved productivity (US – 72%; UK – 63%; Germany – 67%; France – 53%; Brazil – 69%; Mexico – 36%). Additionally, the majority (62%) of respondents reported that they are still somewhat satisfied with their company’s level of innovation.

“While it seems that numerous companies already have lean initiatives in place, they must challenge themselves to do better,” says Mr Sharma. “There is a huge opportunity for manufactures to grow their business by taking lean to the next level...beyond the shop floor and into all aspects of the organization.”

When asked to identify the greatest weakness of their workforce, manufacturers responded with the following:



Resistance to change (35%) continues to be the greatest barrier to productivity improvement followed by lack of leadership (15%) and lack of employee training (11%).

About the Survey

The survey is conducted annually by the TBM Institute in order to understand the core concerns of manufacturers in six industrial nations in the Western Hemisphere. This is the sixth year TBM has conducted the survey.

About TBM

Headquartered in Durham, N.C., TBM Consulting Group is the leading provider of LeanSigma® Consulting and Training Services in North and South America, Europe, Asia and Australia. With more than 120 experienced consultants operating on five continents in seven languages across the globe, TBM has grown to be the worldwide leader in “lean innovation” and business improvement in the manufacturing and service sectors. The company’s mission is to help manufacturers and service companies create a competitive advantage to generate significant growth in sales and earnings. The company provides strategic direction and hands-on implementation to guide cultural and organizational transformation. TBM Consulting Group’s LeanSigma approach integrates Lean principles for market agility and responsiveness and Six Sigma’s focus on quality. For more information visit www.tbmcg.com.