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CPG / RETAIL SUCCESS IN 2008

IN AN UPCOMING YEAR OF UNCERTAINTY, WHAT PERFORMANCE GEARS TO DRIVE?

THIS ISSUE'S QUESTION:

In a year starting off with great economic uncertainty, what area of focus has, in your opinion, the surest and greatest potential to improve the CPG company's (and/or the retailer's) bottom or top line in 2008? What new approach, tools, expertise and / or commitment are required?

Whither 2008? Some economists predict that the US economy will slide into recession. Others say, "Nay — though it may."

For many consumers, the distinction will not matter, experts assert; recession or no, the US economy seems certain to slow in 2008, likely pushing the unemployment rate above five percent, with each tenth-point increase representing 150,000 jobless workers.

Additionally, the housing market's slide is expected to continue. Home sales could hit bottom by mid-2008, some economists predict, but prices will fall at least into early 2009. And oil prices

should retreat from near-record levels but stay high, keeping the pressure on low- and moderate-income families.

All in all, surging energy costs, falling housing prices and tightening credit will conspire to put the brakes on much consumer spending, and undermine America's six-year expansion.

So for CPG manufacturers and retailers, while less vulnerable than purveyors of more discretionary items than food and consumer products, clearly the outlook is the "iffiest" in years.

Given all this, what should be industry leadership's priorities? What levers are likeliest to produce salutary results?



DANIEL J. STARESINIC

Global Marketing Director,
Consumer Products
SIEMENS PLM SOFTWARE

Regardless the economic climate, you will not stop innovating.

Your innovation process might be a bit more focused on taking cost out of the product this year compared with another year.

But as that cost reduction project runs through the development and production lifecycle, it will carry essentially the same demands for coordination, collaboration, testing, clearances, stability, claims, etc. that a "new and improved" product would have.

So our advice is the same: Strategically evaluate how product lifecycle management (PLM) technology will transform your ability to deliver brands that win the consumer value equation in any economic market.

In our view, a PLM platform is a strategic investment — a transformational investment — because it addresses your primary lever for profitable growth: *innovation*.

Elsewhere in this issue of the GMA FORUM, we have provided a short primer on PLM and the role that it is playing for leading companies in the industry.

We strongly encourage you to take the brief time needed to review it.

Then, make a strategic exploration of PLM one of your personal resolutions in 2008. It will pay you many times over. ■

IN OUR VIEW, A PLM PLATFORM
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A TRANSFORMATIONAL
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INNOVATION.

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