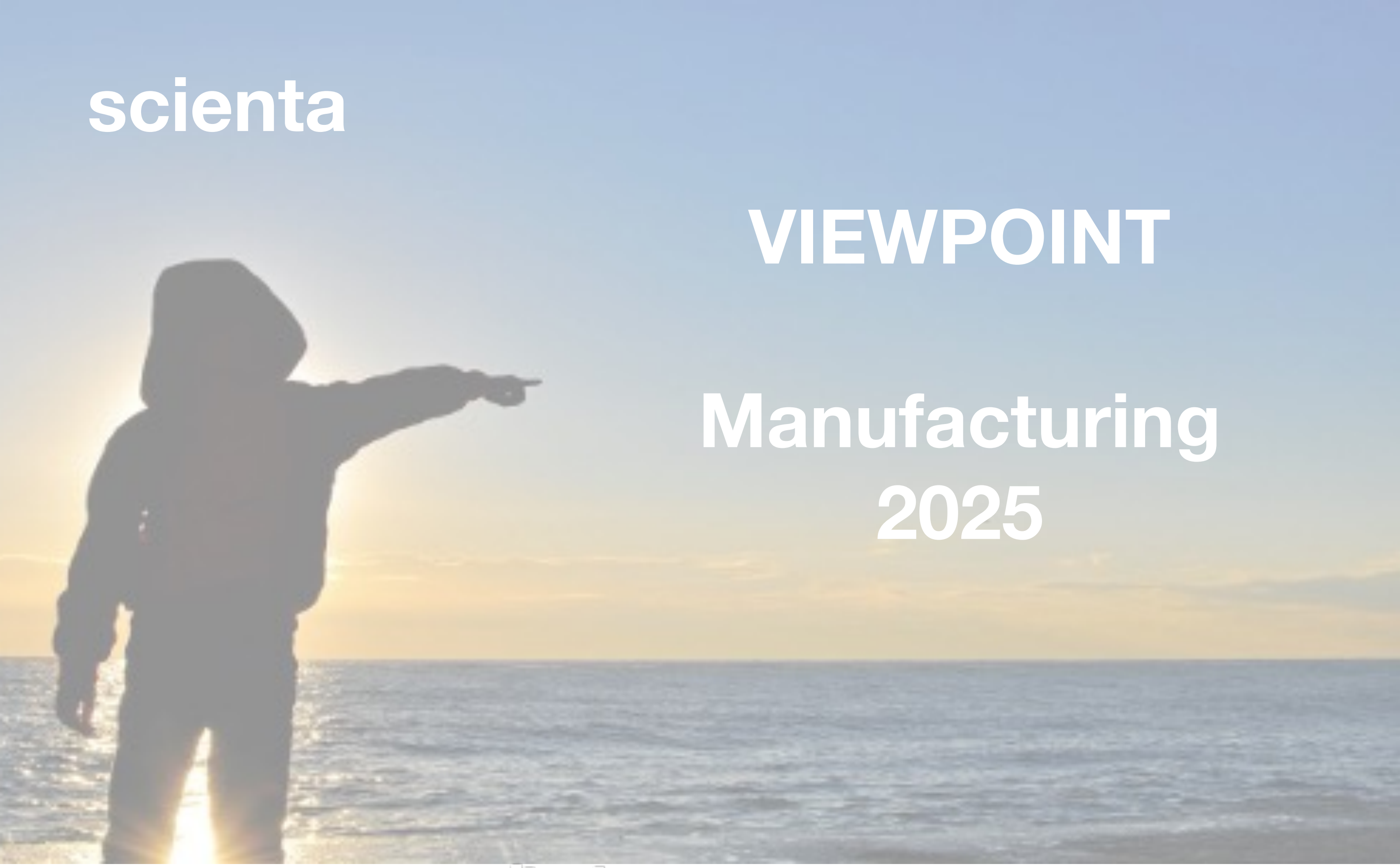

VIEWPOINT

Manufacturing 2025

With no let-up in cost pressures, the focus on removing inefficiencies is vital to fuel growth.

2025 is a tough year for manufacturing. Pressures of material costs, supply chain uncertainty and energy tariffs continue to increase.

For the UK, the situation is severe. Government policies are driving the cost of energy higher than our competitors as well as increasing employment costs for businesses.

The UK government recently consulted on a modern industrial strategy, “Invest 2035”, the output is due in late spring. This will deliver a “credible 10-year plan for investment in high growth UK sectors”. Whilst welcome, the sectors in focus largely exclude FMCG, and more particularly Food and Drink; the largest UK sector making up 20% of total UK manufacturing revenue. These businesses are high-volume, low-margin and acutely price sensitive.

Competitive pressures on Food and Drink now stretch beyond the familiar values of cost and quality. Consumers and regulators are increasing their focus on human and environmental sustainability. Human sustainability is challenging the fundamentals of how products are made, looking through the lens of “ultra-processed”. Environmental sustainability builds costs into supply chains in the short to medium term. Farmers need to invest in new practices and equipment. Other government policy changes have also increased business uncertainty for famers and increased their future tax burden.

It is natural, and essential with all these cost pressures, that companies continue to look at productivity and cost reduction, with the aim to limit consumer cost inflation.

However, this often impedes the ability to focus on growth strategies which are essential to maintaining and building competitive edge and market share.

How should companies look to balance these competing challenges?

At Scienta, working with clients over many years, we have developed methodologies and tools that address these issues. We find that, whilst the challenges change, our proven methods remain highly effective.

Our '***Quantis Methodology***' seeks to understand current performance and identify inefficiencies, opportunities to simplify processes and drive greater productivity. When these findings are addressed, they release funds which can be put behind product and brand innovations to generate growth.

Many companies are wanting to invest in digital and AI, whilst these can yield results, they are high cost and many companies are not be able to take on the risk for uncertain rewards. Building digital systems on existing processes often results in further complexity and constraints. It is essential to ensure processes are simplified and streamlined – once this is done there will be clarity in the potential digital solutions required - and the overall need will be greatly reduced.

Are you balancing cost management and growth in your business? We would be happy to talk with you and see how we can help. We can offer a '***Quantis Lite'*** survey which can spot-light the opportunities for productivity improvement within your business.

Scienta Group, is an Innovation Service Provider founded in 2003 focused on the Consumer Products sector. We are specialists in insights, innovation and implementation to deliver strategic innovation, performance improvement and other growth orientated assignments. Scienta Group provides capability and capacity when companies need them most; our 'On-Tap Resource' business model allows flexibility and control for our clients.

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