

# NFPA Business Intelligence

## Current Challenges Facing Fluid Power Companies

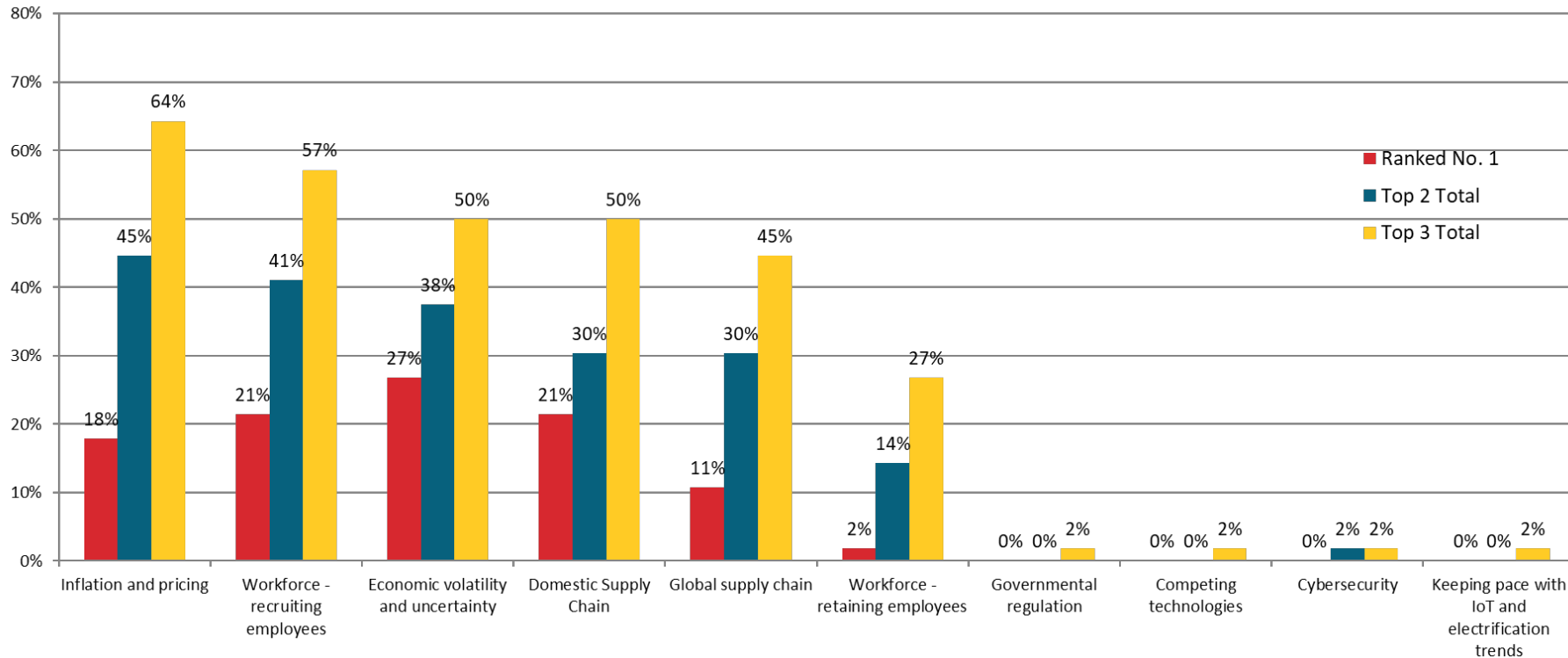
Conducted July 17–24, 2023. 57 respondents.



# Most Pressing Challenges Right Now



What are the most pressing challenges faced by your company right now?



The most frequent top ranked item is economic volatility and uncertainty, yet...

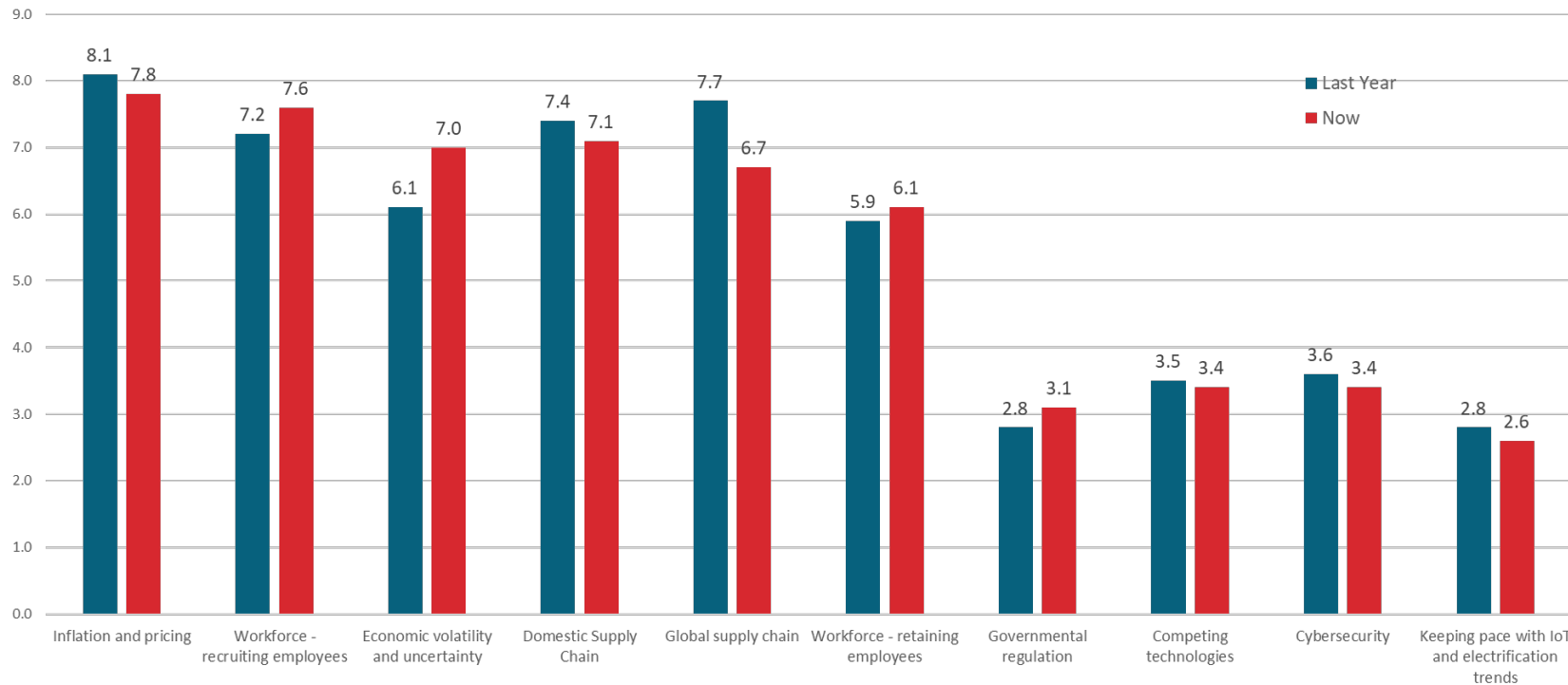
Inflation and pricing; and workforce-recruiting are more frequently among the top three.

Suggests respondents may be of two minds on the economy...with some highly concerned and others more focused on other challenges right now.

# Most Pressing Challenges – Change from One Year Ago



What are the most pressing challenges facing your company right now.  
Current responses compared to one year ago.



Looking at a weighted overall score for each response item...not a lot of change from one year ago:

- Concern for economic uncertainty and volatility has moved up the scale; while
- Global supply chain concerns move down the scale a bit. Comments indicate efforts to reshore or near-shore.

# Other Major Challenges



Are there major challenges not listed in the prior question?  
Written comments from respondents.

Channel conflict – moving from local distribution to internet interactions

Online competition

Merger and acquisitions – of suppliers, customers and competitors

Strength of the dollar impacts price competitiveness versus overseas companies  
Exchange rate volatility

Shortages of specific technologies such as electronic components

Headquartered in Europe – energy costs are biggest challenge on cost side right now

Lack of info from major OEMs on pumps, motors and valves that are now obsolete...difficult to migrate to replacement

Corrupt Politicians and Corporations that are on the take from CCP and WEF. They allowed COVID lockdowns and vaccines causing Sudden Death. Disrupted economy, supply chains, labor shortages, and inflation.

Workforce productivity

Transportation around US

Companies arbitrarily stretching payment terms

Long lead times for cylinders within the industry

Facility shortages

# Addressing the Challenges – Slide 1 of 2



Regarding highly ranked challenges, what steps is your company taking to address those concerns? Summary of written responses grouped by challenge.

Raising wages, reviewing wages/benefits/boonuses and local wage surveys, flexible hours, stay interviews, providing transport to and from work, using recruiters, career fairs and non-traditional schools, social media to attract, improved onboarding, promote employment based on culture/benefits

Leadership training for managers, future leaders. Hired employee training and dev manager. Offering and reviewing training and advancement paths. Adjusting handbook policies to current practices and conditions

Price increases, strategic price increases (lots of analysis, pushback from Tier 1)  
Negotiating delays to price increases

Waited to increase prices-customers more accepting of them now  
Increase purchases sizes for better pricing

Managing cash flow and expenses  
Pursuing cost reductions, review more frequently, curtailing purchases in case bottom falls out

Pursuing aggressive growth...just feels more risky now

Diversifying market

Changing kitting sizes for specialized assembly contracting, pulling more work in-house

Leveraging trade associations, lobbying. **Supporting NFPA**

Increased attention to cybersecurity

# Addressing the Challenges – Slide 2 of 2



Regarding highly ranked challenges, what steps is your company taking to address those concerns? Summary of written responses grouped by challenge.

Carrying more inventory, right-sizing inventory, purchasing ahead of projections  
Shift to more reliable suppliers, constant communication with suppliers, multiple suppliers  
Scouring secondary markets for supplies, using resellers for components

It's a constant challenge with finding new suppliers with capacity and a desirable lead time. Each new vendor quote request comes with more up-to-date pricing, which inherently will cause unintended price increases for components.  
Qualifying alternate suppliers in other countries

Outsourcing, subcontracting  
Moving products to different factories, regions  
Reshoring to NA

Shifting to more reliable vendors, vendors with less aging workforce  
Vendors working hard at onshoring...reliant on their efforts

Looking at transport alternatives...such as truck v. rail, alternate routes, alternate logistics services  
Automation and process improvements

Asking distributors for input on competitor leadtimes

# Challenges Looking Ahead



Looking forward to one year from now, what do you think will be the most pressing area of challenge for your company at that time? This was an open-ended question, with respondents writing in answers...the following is a summary.

Workforce – multiple comments – recruitment, age and retirements, ongoing training of new employees, finding workers with experience, hiring to keep pace with growth, keeping wages high enough to retain

Workforce- we expect that as overall economic activity slows that some of the component/supply chain issues will begin to resolve themselves as demand drops, freeing up supply. It may also mean that experienced talent will be available too, but that seems less likely. The workforce appears to have contracted in some key areas, and demand for workers remains high.

Training tech employees to use advanced automation tools

Pricing and inflation, continued uncertainty with energy and costs, delivery issues

Domestic supply chain

Customers mandating dual sourcing

Manufacturers not adjusting well to moderating demand  
Economic uncertainty, possible recession, multiple comments

Bullwhip effect when things normalize

Declining global demand

Global supply chain. Global conflict. Major Escalation of War that disrupts the economy/supply chains - Russia in Ukraine, China in Taiwan

Responding to industry technology shifts, competing technologies

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Thank you to those who responded to this survey.

Questions about this survey, or suggestions for future survey topics...  
contact Pete Alles at 414-778-3350 or [palles@nfpa.com](mailto:palles@nfpa.com)

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