

NFPA Business Intelligence

Current Challenges Facing Fluid Power Companies

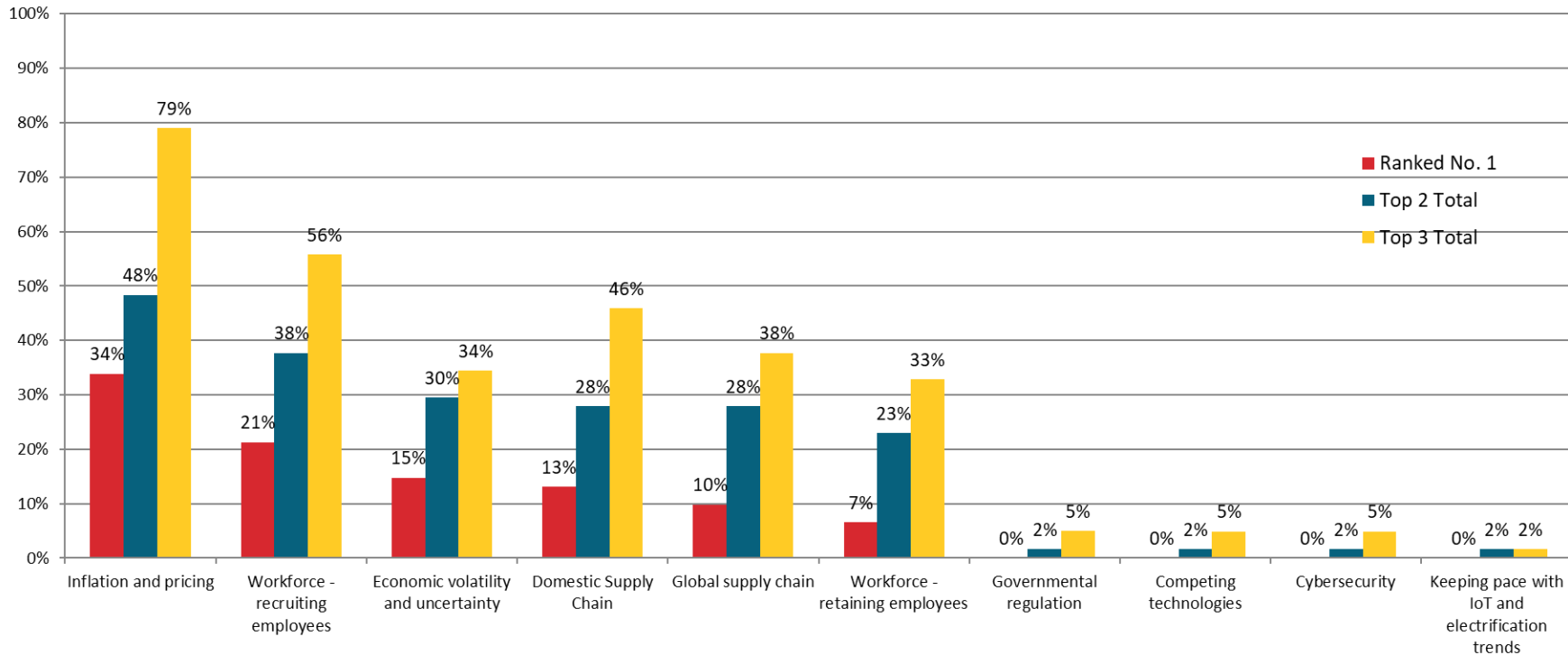
Conducted January 24, 2023 – February 1, 2023. 62 respondents.



Most Pressing Challenges Right Now



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



- 1) Inflation and pricing has moved to the top of the list.
- 2) Global supply chain is now the most pressing issue for 10% of respondents, down from 34% in the August survey.
- 3) Recruitment of employees is the number 2 challenge, with numbers similar to August responses.
- 4) Economic volatility and uncertainty has jumped up as a concern compared to August responses. (In August No1. was 4%; Top 2 was 13%; and Top 3 was 20%)

Other Major Challenges



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

Mergers and acquisitions among suppliers, competitors and customers	Lead times on products such as cylinders
Online/internet-based competition (2)	Corrupt politicians and corporations; in bed with China, other foreign interests
Channel conflict	Workforce productivity
Excess inventory	Transport/shipping within the US
Exchange rate volatility; strength of dollar affecting competitiveness	HQ in Europe – energy costs
Shortages of technologies such as electronic components	Companies arbitrarily stretching payment terms
Available info from major OEMs on pumps, motors, valves that are now obsolete...difficult to migrate to current and available replacement	Facility shortages

Addressing the Challenges



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

Inflation and Pricing
Pricing adjustments, passing costs along (with lots of pushback from Tier 1), detailed price analysis and strategy
Cost reduction, waste reduction projects; lower cost product lines; cash management
Ordering in advance, but creates inventory problems
Asking distributors for input on competitor lead times
Buying in higher quantity, locking prices
Alternative shipping/logistics options (truck vs rail)
Automation/process improvements; offset energy/material costs

Supply Chain
Keeping critical inventory on hand, close eye on inventory, contingencies
Constant challenge finding suppliers with capacity and desired lead-times
Constant communication with suppliers, using more suppliers
Changing kitting sizes for spec assembly/outsourcing
Key suppliers are onshoring—this will help
Suppliers from new countries

Recruiting and Retaining Employees
Pay increases, flex hours, signing bonuses
Social media to attract employees
Pay structures adjusted to attract more experienced
Leadership training for managers, future leaders.
Cautious approach to hiring/spending in case of downturn
Recruit based on company culture
Benchmarking local wages/salaries and benefits
External recruiters; non-traditional schools
Employee engagement efforts; stay interviews; improved onboarding
Career fairs at plants; college career fairs
Hired training & dev manager; reviewing training to enhance advancement from within
Outsourcing and subcontracting where possible

Economic Uncertainty
Exiting less profitable business areas
Mindful of cash mgt/capital investment

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.

Domestic supply chain	Bullwhip effect when supply normalizes
Customer demand for dual sourcing	Economic headwinds, unpredictability, softening demand
Inflation and pricing, continued need to shed costs	Delivery issues
Declining global demand; possible recession here	Global conflict disrupting demand, supply chains
Aging workforce, loss of experience, succession planning	Continued need to onboard and train employees; employee retention
Workforce/competition for talent	Workforce, because supply chain will resolve as economy slows
Competing technologies, technology shifts	

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Thank you to those who responded to this survey.

Questions about this survey, or suggestions for future survey topics...
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