

Why we cannot afford to give up on boosting productivity

It seems that not a day goes by without there being another headline about the cost-of-living crisis, rising inflation or the perilous state of the nation's finances. Post-pandemic optimism has quickly been replaced by financial pessimism as a series of global events have had an impact on the economic outlook.

Until recently, the UK manufacturing sector seemed to have escaped the worst of these woes, with figures showing slow but steady growth month on month.

However, this expansion slowed to a seven-month low in May. A significant part of this is the consumer goods industry, where production fell for the first time in 15 months.

Manufacturers have been hit by multiple challenges at the same time, including the high cost and poor availability of raw materials, rising energy prices, a shrinking labour force and delays in transport and shipping.

Brexit, the pandemic and the war in Ukraine have all been contributory factors. Business optimism is low and the outlook for the manufacturing sector is poor.

With all this pressure, it's understandable that some manufacturers, especially SMEs, might be considering scaling back to save money and ride out the storm.

But that would be the wrong response to the crisis. Instead of making cuts, manufacturers should be looking for ways to improve their productivity.

Even before the pandemic, UK productivity levels were below that of other advanced economies, and productivity growth had

essentially flatlined for the best part of a decade.

By improving productivity levels, manufacturers will be able to make more impactful and sustainable changes to their bottom line than they would by cutting back.

There are still too many manufacturers, particularly SMEs in areas like food and drink, that rely on traditional methods and are resistant to adopting new technologies and ways of working.

They have nothing to fear from embracing modern trends like digitalisation and automation.

With a shortage of labour, it makes sense to look at automation solutions. Automation is often assumed to be a method of replacing human workers, but when done right it can lead to greater consistency and growth and actually create new job opportunities in the long run.

Likewise, digitalisation can save money and time, reduce waste and drive efficiency, ultimately leading to increased productivity, profitability, competitiveness and stability.

There are initiatives here in Wales designed to help manufacturers succeed. For example, we're involved in the SMART Digital Accelerator project.

This is a team of industry expert advisers who work with manufacturers in Wales to help them identify the right technology to boost their bottom line.

The project is funded by Welsh Government, delivered by University of Wales Trinity Saint David (UWTSD) and supported by the Advanced Manufacturing Research Centre Cymru (AMRC Cymru).

With manufacturing seen as integral to the future wellbeing of Wales, we need to ensure our manufacturing industry is prosperous, efficient, resilient and thriving.

There's an old adage: "crisis creates change".

Manufacturers must use this crisis as an opportunity to make changes – to their mindsets and to the way they work – to secure their own future prosperity and that of the country..

Lynn Davies is the director of Poet Systems, a Bridgend company that provides cloud-based productivity improvement software for manufacturers.

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