

Pulse-Check Engineered Products

Q2 2023

Engineered Products

Management summary Q2



1. **Sales** in the "Engineered Products" sector **is slightly declining**, while volatility of order intake is consistently increasing.



2. Sustainability, digitization, service and process automation are still on the agenda of companies' management. It takes a strong network and knowledgeable partners to **push performance and strategic initiatives forward** and make them successful.



3. The survey participants' strategic orientation demonstrates the necessity for management skills and resources to **establish the appropriate priorities and reach fact-based judgments**. Since both are high on the priority list for the decision-makers: Tight cost control and investment for digitization initiatives



4. This is also evident in the responses to the question about cost drivers. In comparison to the previous quarter, respondents **focus more on the cost performance of the supply chain** itself (raw materials and supplies) than on its resilience. This presupposes an excellent performance monitoring.



5. Decision-makers **need a strategy to increase productivity** in order to partially offset the impact of the **skilled worker shortage**.



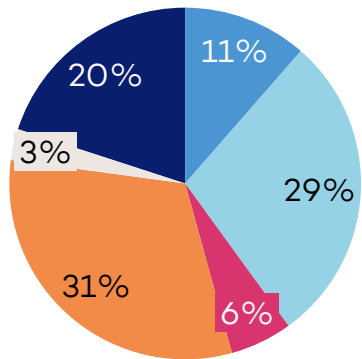
H&Z Pulse-Check Engineered Products

H&Z Pulse-Check Engineered Products captures the industry sentiment of on a quarterly basis

Participant profile overview

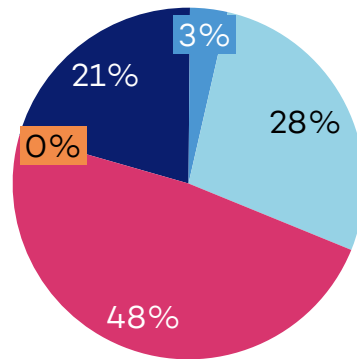
Role in the company

- C-Level
- Managing Director
- Division / BU Management
- Expert
- Further Management
- other



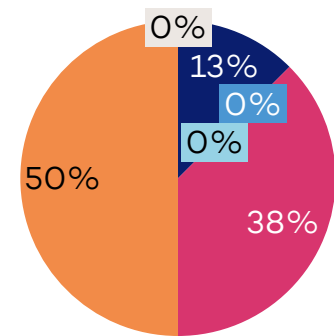
Company size in head count

- 0 - 249
- 250 - 499
- 500 - 2.999
- 3.000 - 20.000
- greater than 20.000



Company size in revenue (m€)

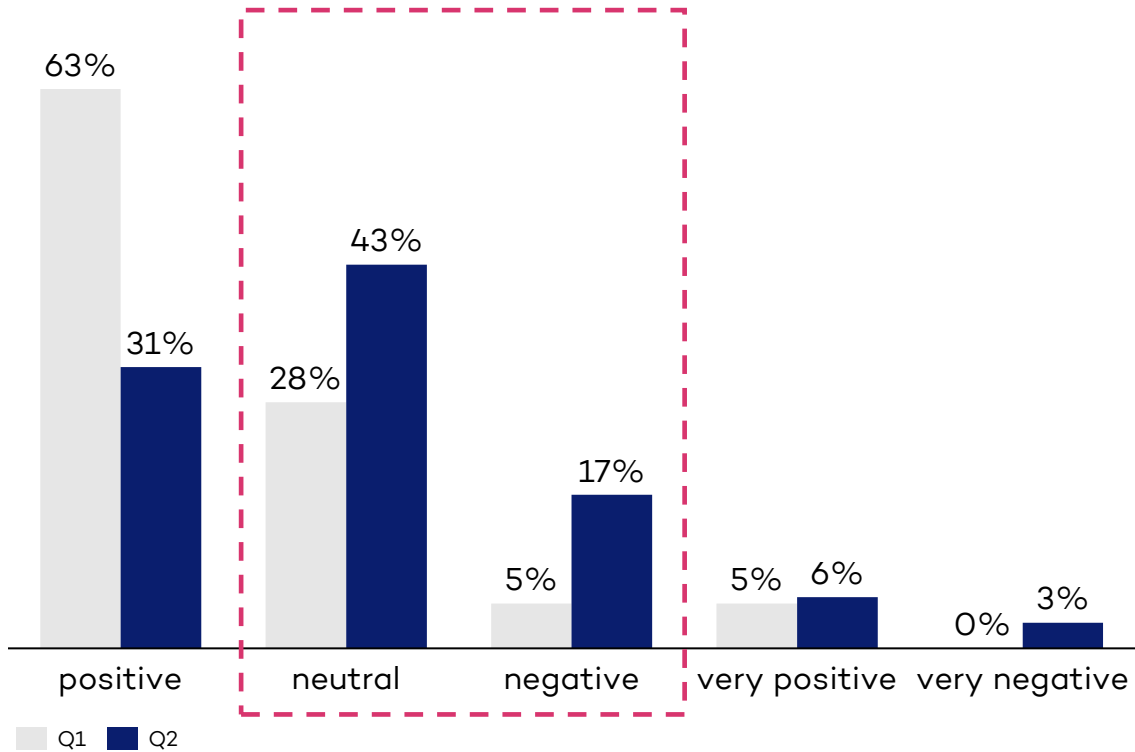
- 0 - 9,9
- 10 - 49
- 50 - 99
- 100 - 299
- 300 - 1.000
- greater than 1.000



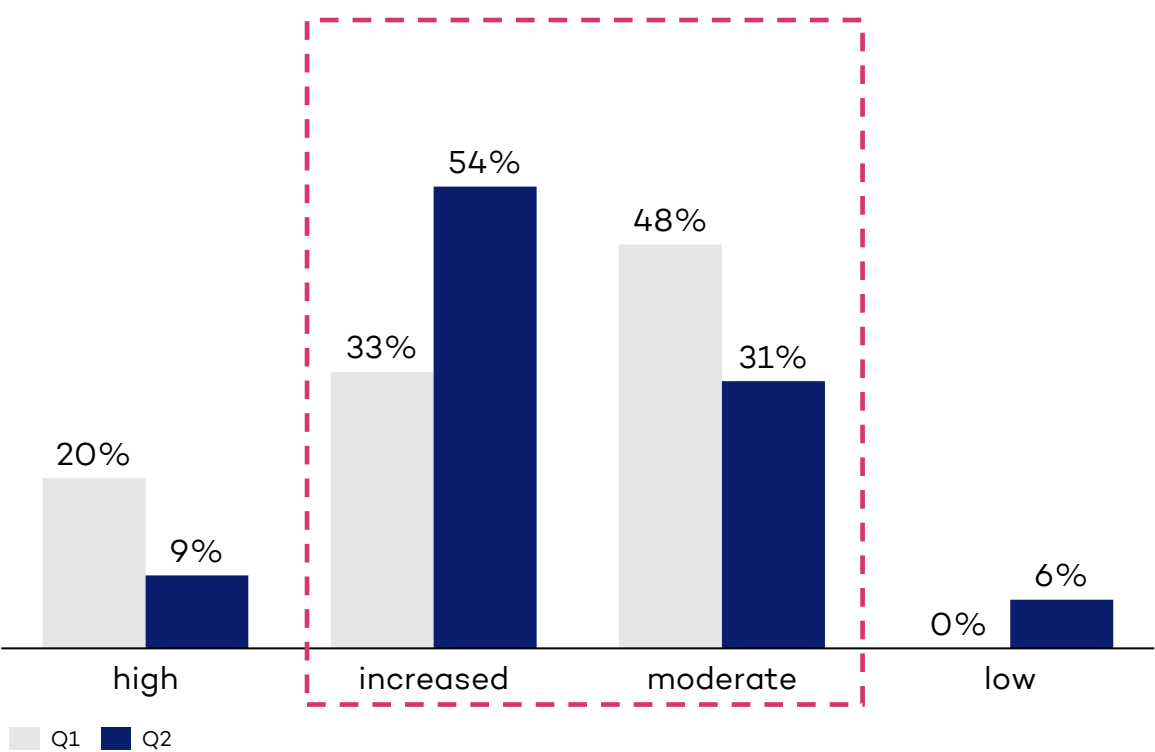
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Sales in the "Engineered Products" sector is slightly declining, while volatility of order intake is constantly increasing

Feelings towards sales of our target markets

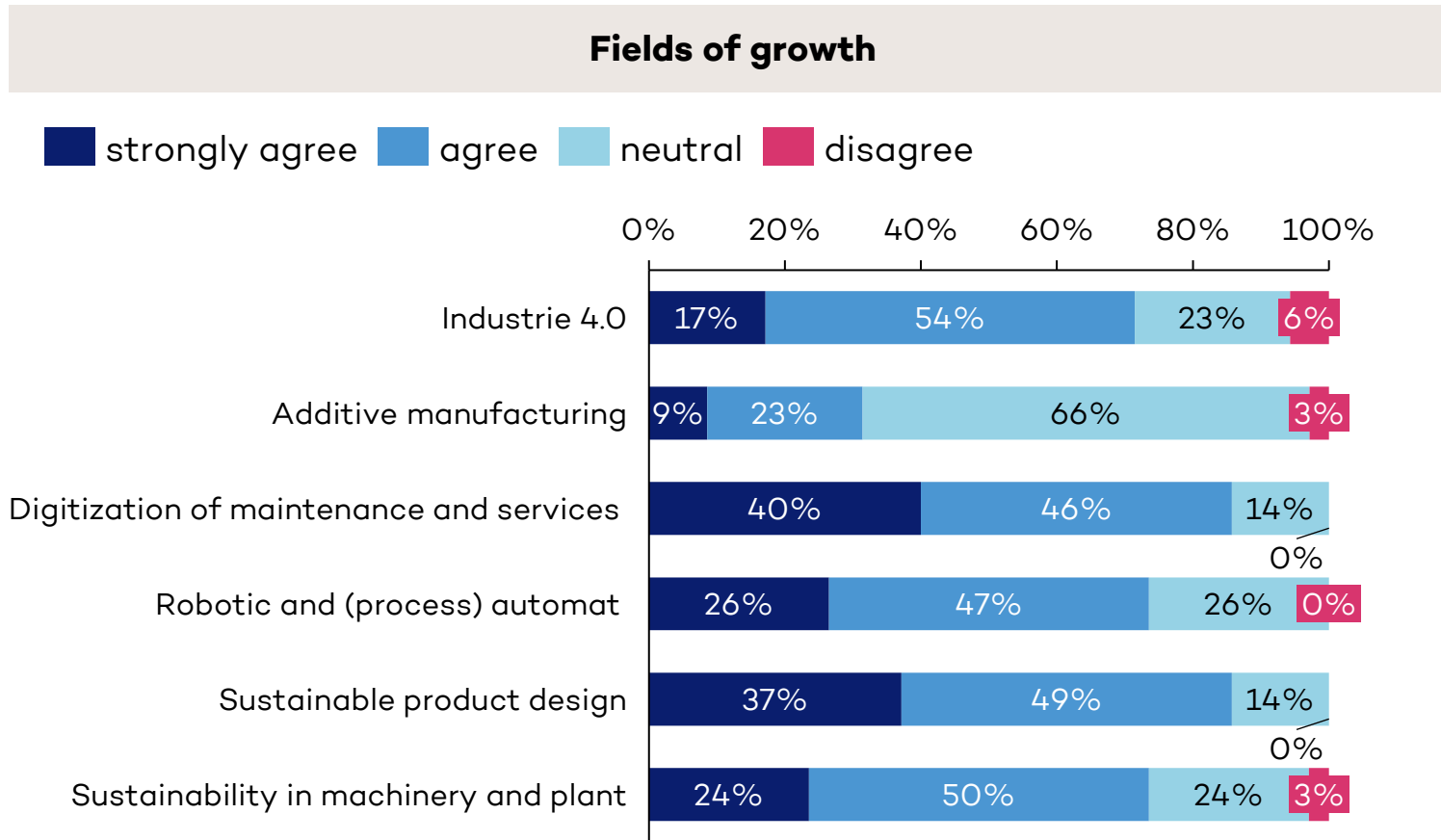


Volatility of order intake



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Sustainability, digitization, service and process automation are still on the agenda of decision makers

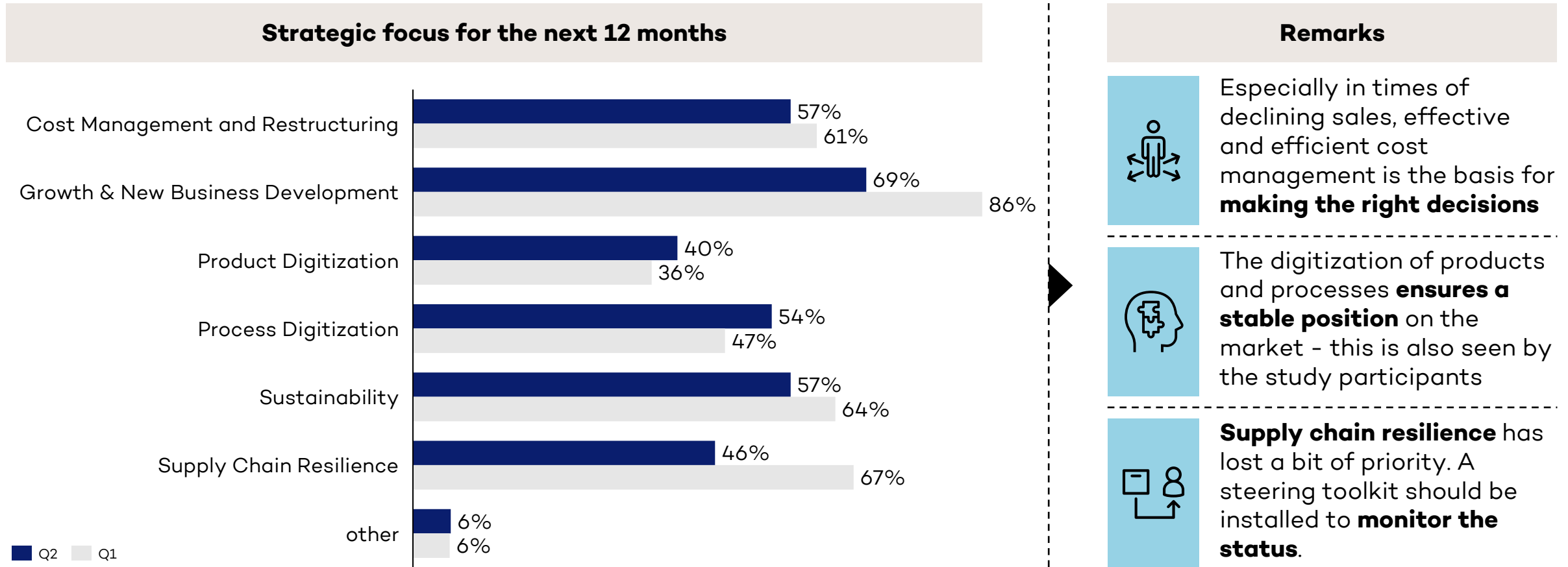


Remarks

Interest in **alternative manufacturing** options is increasing compared to the previous quarter. Additive manufacturing offers opportunities for both: **new ways of producing solutions and cost reduction**

The **importance of sustainable product design** as well as **sustainability in machinery and plant** is at the same level as in the Q1 survey

Decision makers need to have a transparent roadmap to weigh what needs to be prioritized without abandoning the other

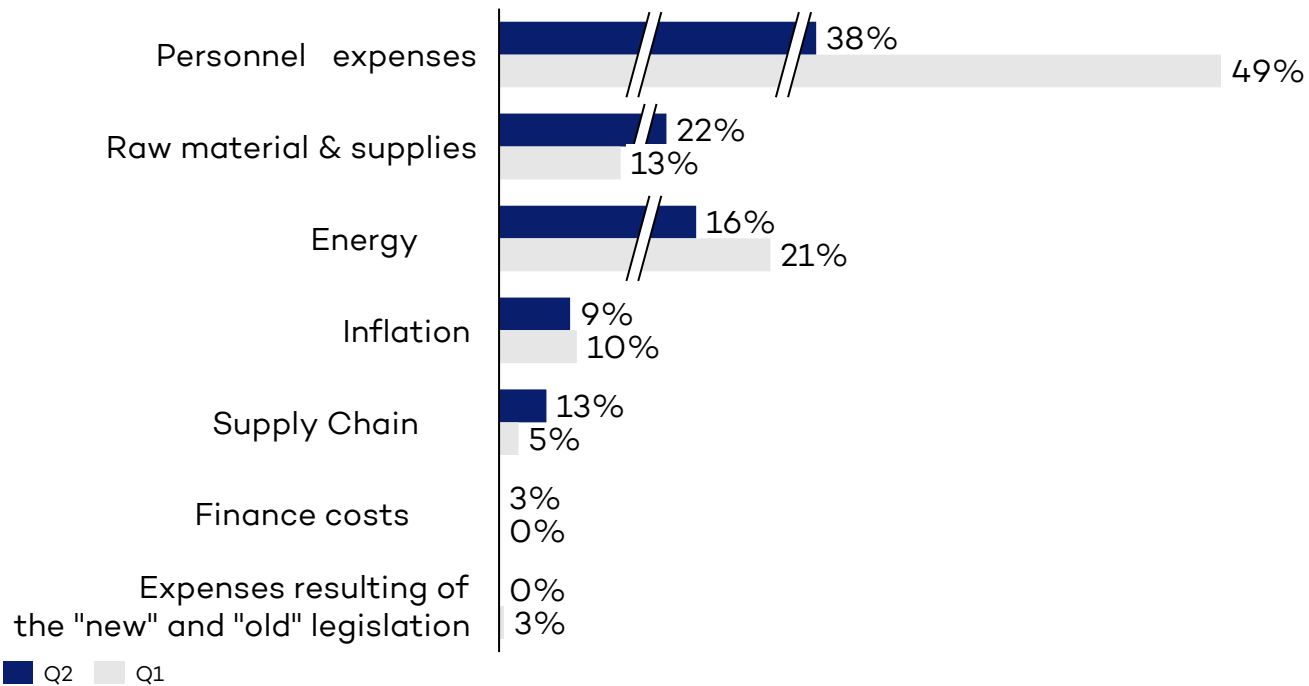


H&Z Pulse Check Engineered Products Q2 2023, n = 42 participants


* Navigating Supply Chain Resilience –Towards a ManagementDashboard, Whitepaper by The Procurement Initiative


Despite a reduced strategic focus on supply chain itself, more participants than before see raw materials and supplies as a cost driver

Potential drivers of cost development for the next 12 months



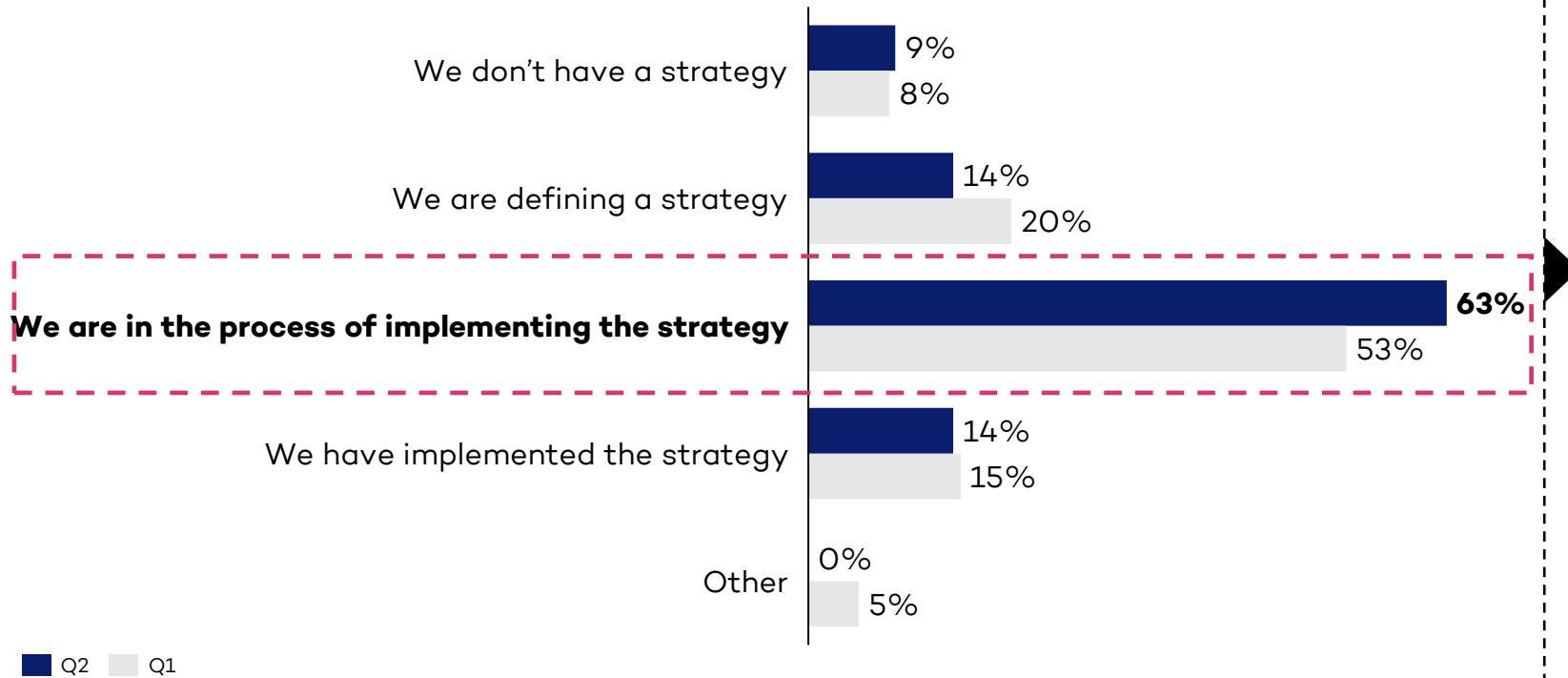
Remarks


 Compared to the question of strategic focus, there is a **shift** from a focus on stabilizing the supply chain to **keeping costs under strict control**


 From today's perspective, **energy supply is expected to be less of a cost driver** over the next 12 months for the study participants

There is a trend towards really making ESG topics happen rather than discussing ESG only theoretically

Status of the ESG strategy incl. implementation status



Remarks

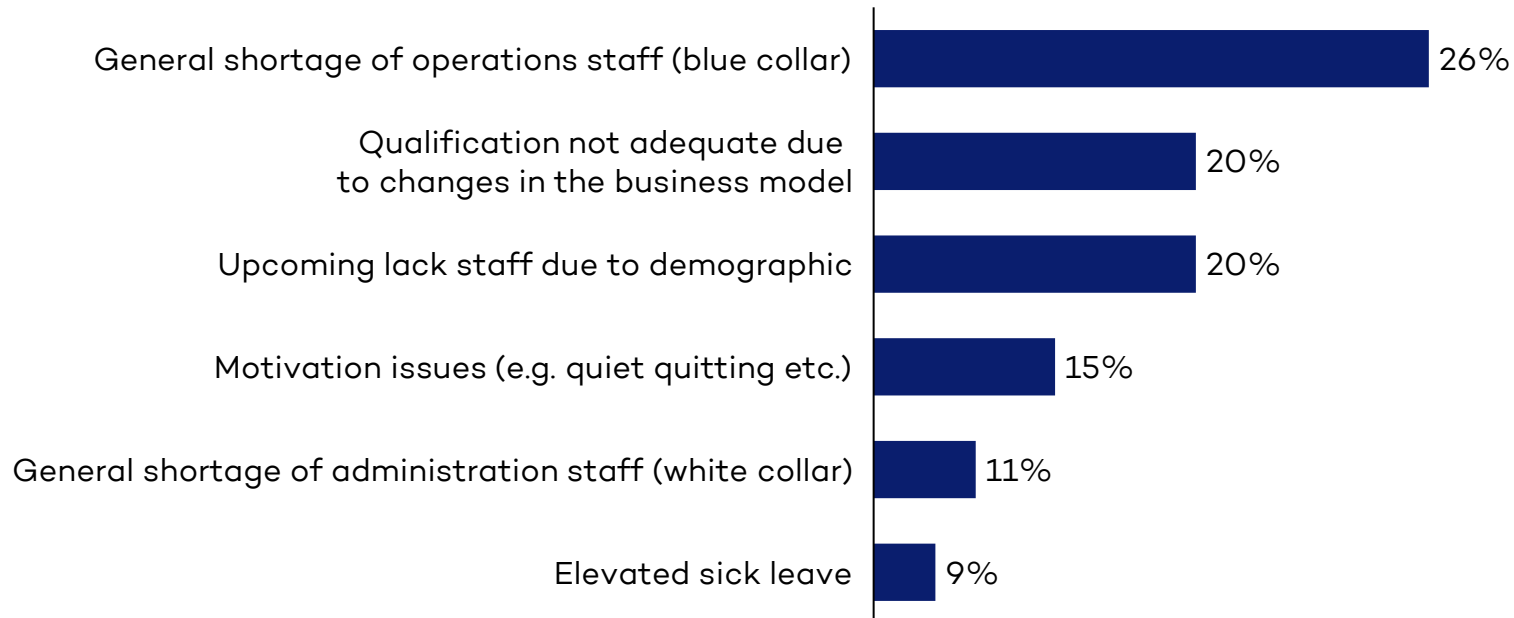
Possible reasons could be **increasing regulatory** requirements e.g., CSRD* ; combined with increasing transparency on ESG related risks and opportunities**

Transformation is the key to implement the strategy sustainably within the organization

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 * DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Decision makers need a strategy to compensate for a large part of the impact of the shortage of skilled workers by increasing productivity

Main factors that increased sickness and absence rates in your company



Remarks



The main factors that have increased sickness and absence rates in participant's companies are the **general shortage of operations staff**



In second place, a lack of qualifications due to **changes in the business model** and demographic changes are rated



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