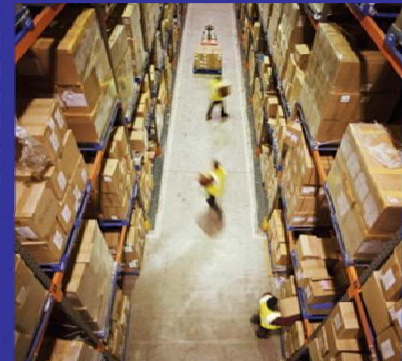
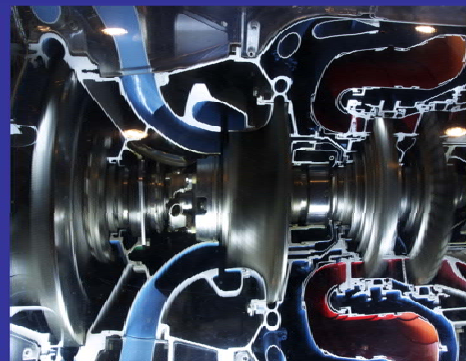




**Orlando, Florida**  
**January, 2010**



# ***Economic Outlook and Strategies for Success***

[www.bostonstrategies.com](http://www.bostonstrategies.com)  
(1) 781-250-8150



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# About Boston Strategies International

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## Supply Chain Strategies

## Consulting Services

**Cost Leadership**



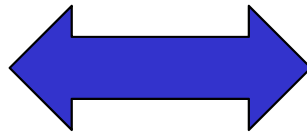
**Sourcing & Negotiation**

**Reliability**



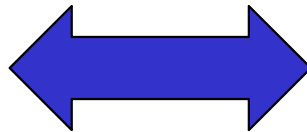
**Demand Planning**

**Customization**



**Logistics**

**Innovation**



**Marketing Strategy**



# Representative Clients



# Agenda

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- **The Playing Field**
- **New Economic Realities**
- **Demand and Sales Outlook**
- **Strategies for Success**



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# The Playing Field



# Industry Capacity and Backlog

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- **Capacity utilization “bump”**
- **More available capacity**
- **Plant shutdowns**
- **Shortened workweeks**
- **Furloughs**



# Input Costs

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- **Copper prices**
- **Electrical equipment and parts costs**
- **Dynamics of the professional and engineering labor markets**



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# New Economic Realities



# Non-US Markets and Competitors

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- **Growth driven by Asia**
- **Emergence of Asian suppliers in Tier 1**
- **Major new deals**



# Price Pressure

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- **Deflation**
- **Performance of major vs. minor players**
- **Cost-cutting vs. the revenue decline**
- **Aggressive firms managing gross margin**
- **Destocking to reduce working capital**



# Lead Time Competition

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- **Delivery time as a competitive differentiator**
- **Custom motor lead time manufacturing cycle time**
- **The impact of productivity increases on lead times**
- **The dynamics of the rebound**



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# Demand and Sales Outlook



# 2010

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- US
- Europe
- Asia



# NEMA Premium Impact

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- **NEMA MG1 premium efficiency standards**
- **Scope: single-speed, polyphase, 1-500 horsepower, 2, 4, and 6 pole, squirrel cage induction motors, of NEMA Design A or B, that are continuous rated.**
- **All fire pumps**
- **20% subsidy through matching grants on “Smart Grid” investments that include motors and drives**



# Capacity Outlook

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- **How much is enough?**
- **Cautious rebuilding with focus on emerging markets**
- **Focus on profitable motors**



# Price Outlook

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# Strategies for Success



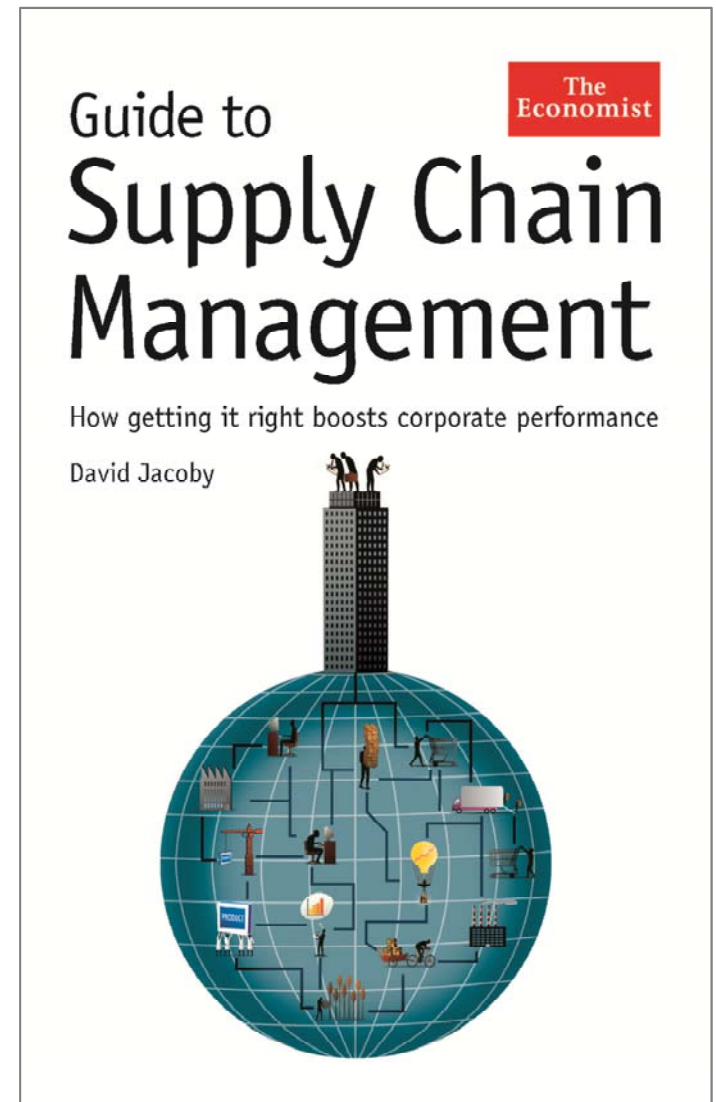
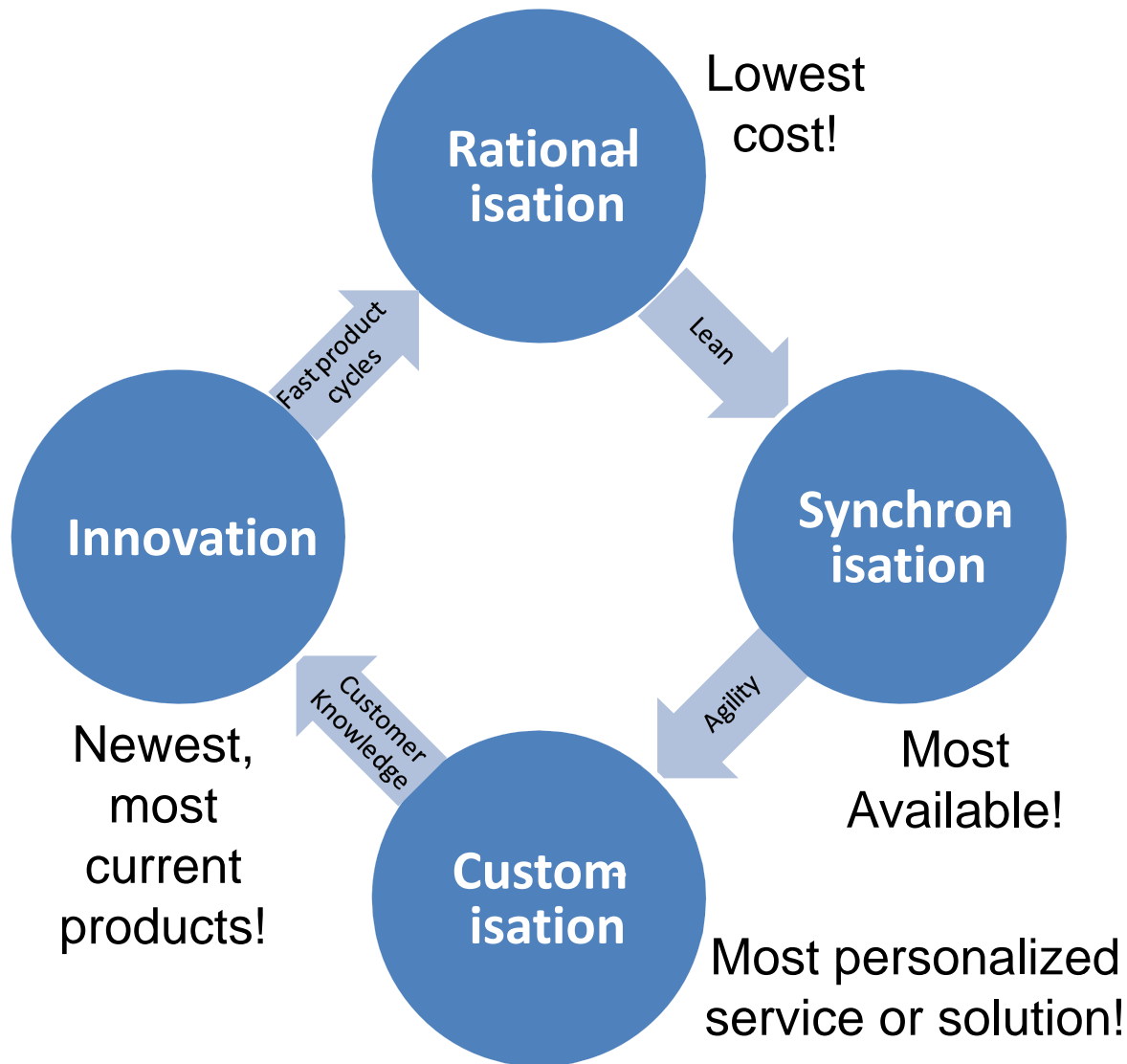
# Gaining Strategic Advantage

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- Paired motors and drives
- Integrated motion solutions
- Companies to watch



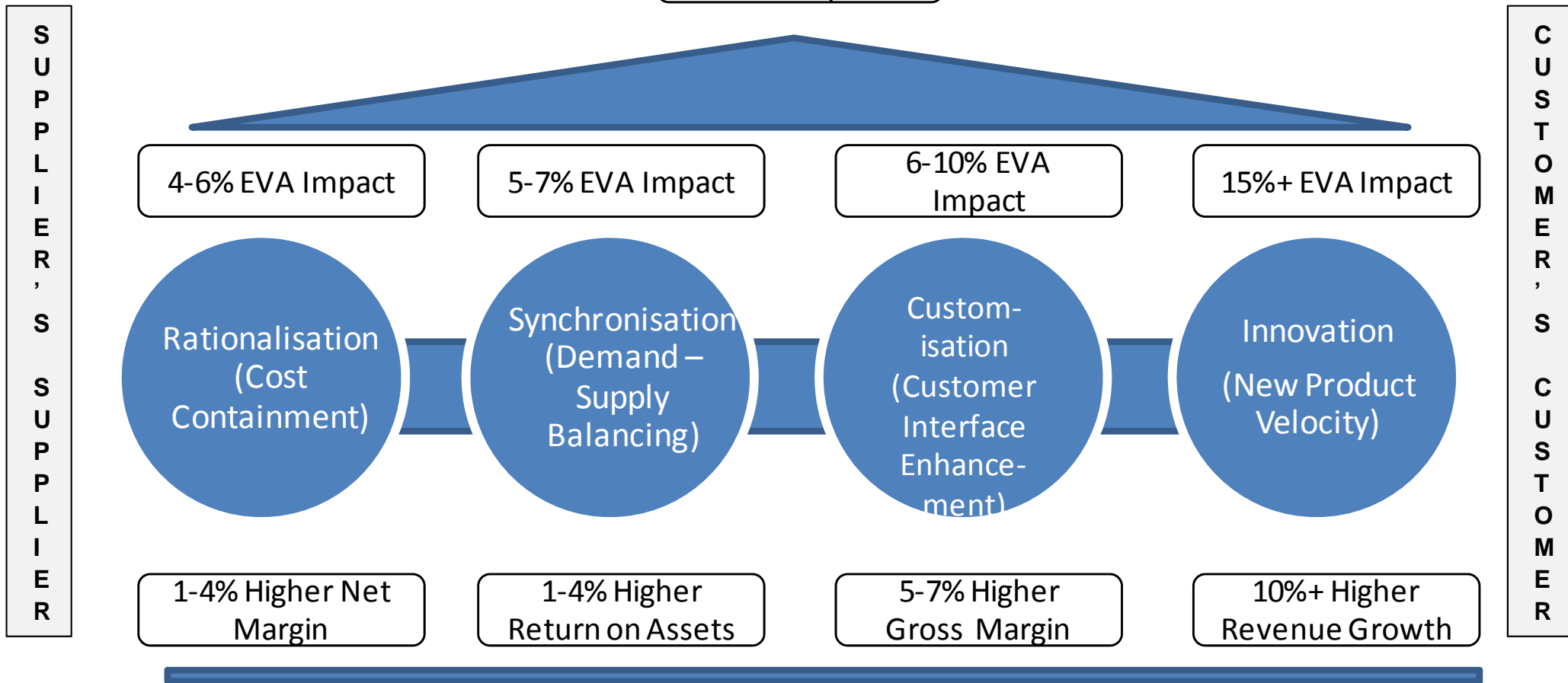
# Gaining Operational Advantage



Adapted from Jacoby, David. The Guide to Supply Chain Management, The Economist, 2009.



# Staying Ahead of the Market



Source: Jacoby, David. The Guide to Supply Chain Management, The Economist and Bloomberg Press, 2009.

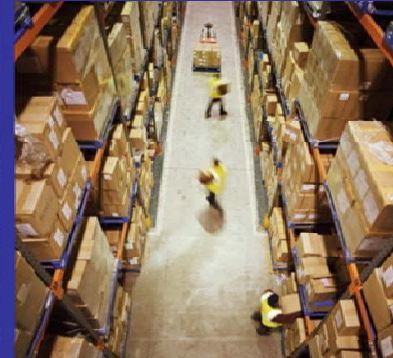
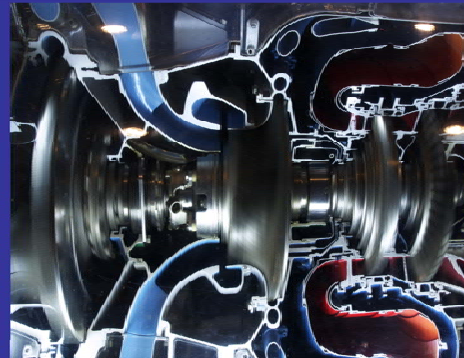


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**Boston Strategies International** is a global management consulting firm that helps market leaders achieve competitive advantage through supply chain management through:

- **Supply Chain Consulting** that helps supply chain leaders make high-stakes decisions
- **Cost Service** that helps plan and budget
- **Market Data** that helps identify emerging issues that affect their supply chains, and quantify the impact that they will have



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