

INNOVATION & SUSTAINABILITY: Highlights from the 2008 Georgia Manufacturing Survey

The Georgia Manufacturing Survey is a periodic statewide study conducted by Georgia Tech's Enterprise Innovation Institute and School of Public Policy to assess the business and technological conditions of Georgia's manufacturers. Survey results are used to improve manufacturing assistance programs and regional innovation initiatives in Georgia. In 2008, surveys were sent to more than 4,000 manufacturers with 10 or more employees, and completed surveys from 804 manufacturers form the basis for reported results. To see the full study, visit www.cherry.gatech.edu/survey.

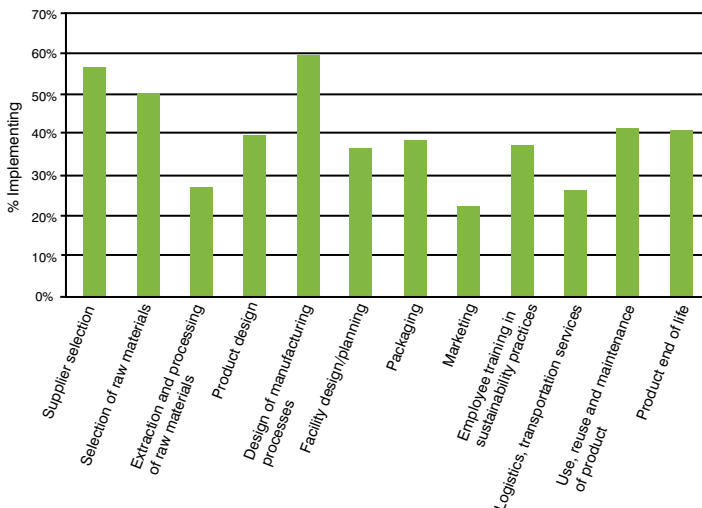
■ The top concerns of manufacturers in 2008 are:

- sales and marketing
- process improvement
- technical skills
- energy efficiency

Compared to the 2005 survey, the greatest increases among concerns were in sales and marketing and energy efficiency.

■ 75% of Georgia manufacturers are improving the sustainability of their processes. Sustainability improvements are most prevalent in front-end production areas such as process design, supplier selection and raw material selection. Sustainability practices are least common in marketing, such as "green" branding or "eco" labeling. (See chart below.)

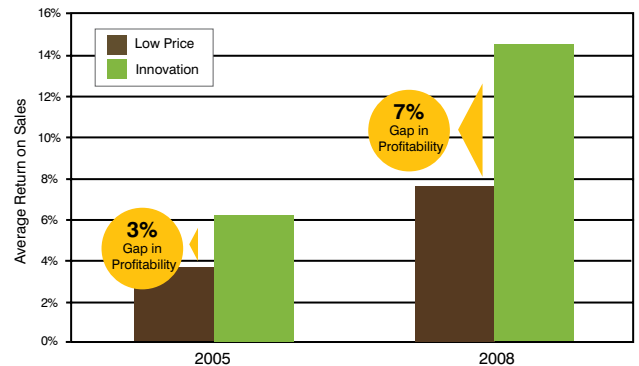
Manufacturing Processes Currently Improved through Sustainability Practices



■ Only one in five Georgia manufacturers has an environmental stewardship program, that is, managing operations to protect natural resources. Only 18% of respondents have set targets for reducing their facilities' energy use.

■ 20% of Georgia manufacturers compete in the marketplace by offering low prices compared to fewer than 10% that compete through innovation or new technology. Profits grew generally between 2005 and 2008, but they grew much more for manufacturers competing mainly through innovation versus low price. (See chart below.)

Profitability Gap Widens — 3-Year Average Return on Sales by Primary Business Strategy



■ 15% of manufacturers were adversely impacted by outsourcing (work transferred from a Georgia facility) in 2008, similar to 2005 survey levels, and 12% of manufacturers benefitted from in-sourcing (work transferred to a Georgia facility).

■ Product and process innovators experienced higher productivity growth (change in value-added per employee) than non-innovators from 2005 to 2007.

■ Nearly 30% of manufacturers conducted research and development in-house, but only 5% reported using tax credits, loans/grants or other financial support for innovation even though they may be eligible for state R&D tax credits.

■ 70% introduced some type of new or technologically improved product or process in 2008.

Contact Jan Youtie at jan.youtie@innovate.gatech.edu for more information.

Sponsors: Georgia Tech's Enterprise Innovation Institute; School of Public Policy; Center for Paper, Business and Industry Services; Georgia Department of Labor; Georgia QuickStart; and Habif, Arogeti, and Wayne, LLC