



Photo: Julia Viklund.

China Is Accelerating – How Nordic Companies Can Keep Up

➔ **Chinese competitors are delivering** comparable or higher quality at prices 40–50 percent lower – while bringing products to market in just 24 months, compared with 45–50 months in the West. Swedish companies now need to accelerate across the entire value chain.

“Saving two or three percent is no longer enough,” says Johan Lindqvist, Partner and Managing Director Nordics at Applied Value Group.

For decades, Western companies built their competitive edge on innovation, quality and strong customer relationships, while Asia was primarily associated with low-cost manufacturing. That distinction has now disappeared – and China has moved into the lead.

China’s advantage is no longer simply about cost. Today, the country invests more in research and development than any other nation, while Chinese actors file roughly twice as many international patent applications per dollar of GDP as the US. As competition increasingly shifts toward speed of innovation, incremental cost savings are no longer enough.

Applied Value Group helps companies strengthen their entire value chain – from product portfolios and development processes to technology choices, supplier strategies, manufacturing and customs management. The goal is to accelerate innovation, reduce product costs and build a supplier base that can withstand greater uncertainty.

In many cases, this means reducing complexity: identifying product variants and bespoke solutions that customers do not pay for, standardizing wherever possible and focusing

development efforts on what truly creates customer value. At the same time, procurement needs to work more closely with product development, R&D and sales.

“Procurement organizations can no longer simply buy to specification. They need a deep understanding of their suppliers’ capabilities and must become technology partners to the rest of the business,” says Philip Nordenström, Partner at Applied Value Group.

Delivering Results for Global Companies

For a global consumer electronics company with revenues of more than USD 200 billion, Applied Value helped transform the product development process. By introducing cross-functional ways of working, new tools and AI support, average development lead times were reduced by 50–62 percent. Product development-related costs were also cut by more than 40 percent.

When falling pulp prices and rising timber costs put pressure on margins at a global pulp supplier, Applied Value identified approximately USD 4.6 million in cost savings, equivalent to 22 percent. Half of the savings came from should-cost modeling, market



Johan Lindqvist. Photo: Julia Viklund.



Philip Nordenström. Photo: Julia Viklund.

benchmarking and fact-based negotiations. The remaining savings were achieved through value analysis, technical improvements and more efficient processes.

“Companies need to be willing to ask how they can reduce product costs by 15 or 20 percent while at the same time increasing their capacity for innovation,” says Johan Lindqvist.

From Analysis to Execution

Resilience is essential, but it cannot come at the expense of competitiveness. In some

markets, supply chains need to be free from Chinese content. In others, Chinese components, raw materials or ownership networks are critical. Companies therefore need to build parallel, flexible supply chains tailored to the specific market, product and risk profile.

“We help companies move from analysis to execution. Those that act now can build a clear competitive advantage in cost, speed and delivery performance,” concludes Philip Nordenström.

FACTS

Applied Value Group is a global management consulting firm founded in 1997, with offices in Sweden, the United States and China. The firm specializes in capital and cost efficiency and has completed more than 2,500 engagements for over 500 clients across more than 30 countries.