

# ROI EFESO

MANAGEMENT CONSULTANTS



## Covid-19 Response Program to recover & accelerate Ramp-Up

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ROI Management Consulting

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# Agenda

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1 Current Activities in the Automotive Industry

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2 Covid-19 Response Program

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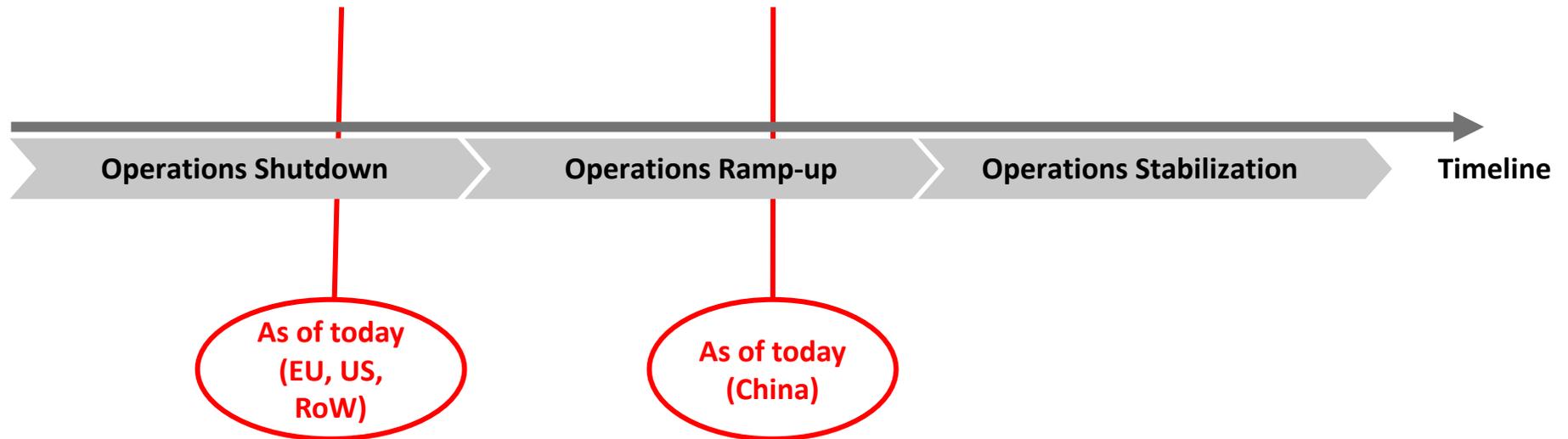
3 ROI Facts & Figures

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4 Contact Information

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## Current Situation & Key Questions



**Key Questions “When & how to return to (new) normal?” include e.g.**

- How to prepare for **reopening factories** (OEM & OES)?
- How to implement **health safety procedures** in the factories?
- What will we see during **supply chain ramp-up?**  
(disturbed global supply chains, distressed Tier-n-1 suppliers etc.)
- What will **Automotive market recovery** (sales ramp-up) look like?

## Current Activities by Automotive OEM & OES driven by COVID-19 Pandemic (examples)

### Plant Activities

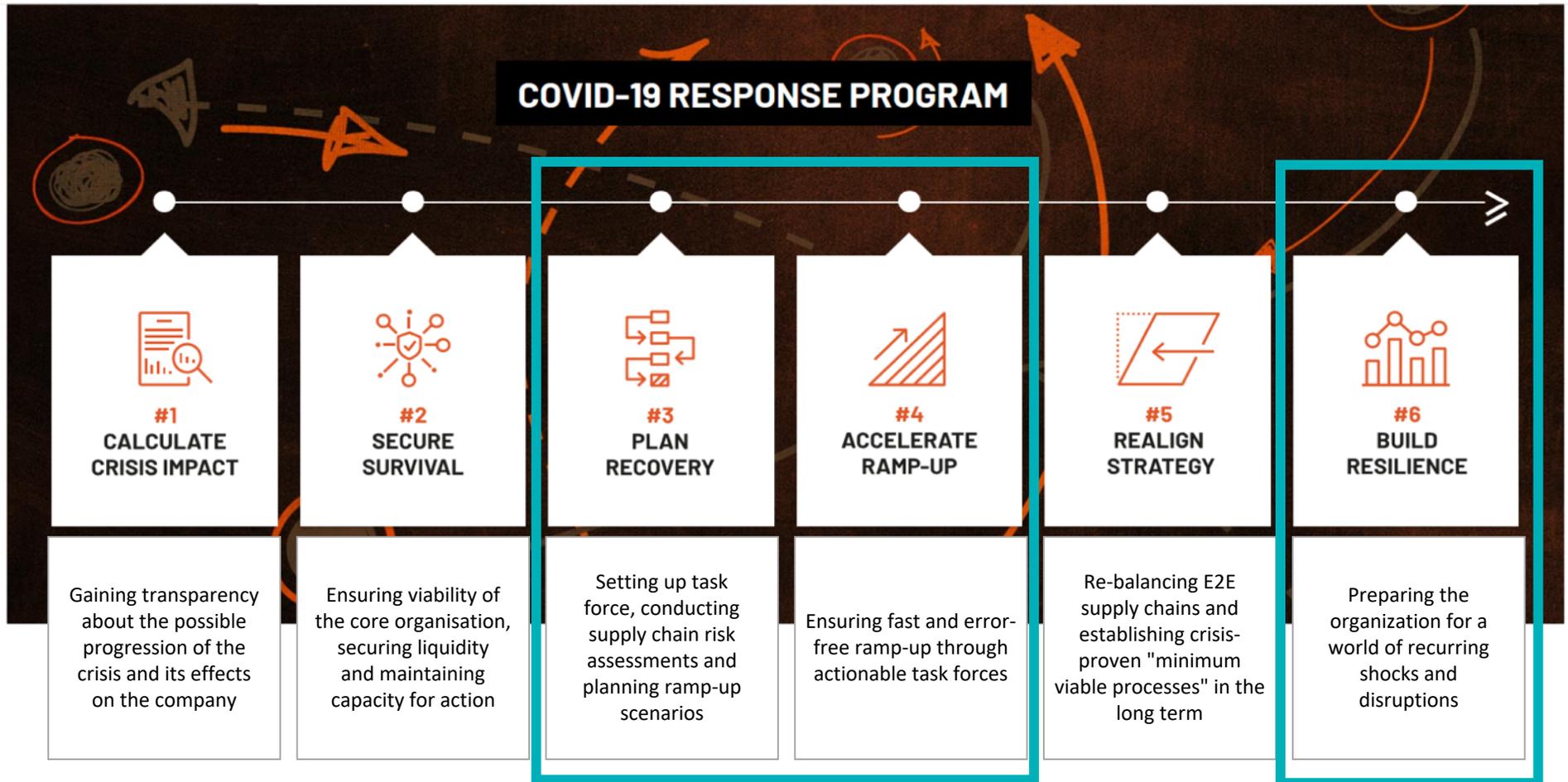
- Implementing **short-time-work**
- Implementing **inhouse-manufacturing risk assessment** (footprint, workforce, equipment)
- Setting up **ramp-up-playbooks & safety protocols** (including supplier network)
- Ongoing **vehicle launch preparation** activities
- Manufacturing **medical products** (ventilators, PPE etc.)
- **Global purchasing support** for medical products (PPE)

### Supply Chain Activities

- Intensified **Tier 1 supplier base scan** by region (focus on JIS/JIT parts)
- Intensified **Tier n-1 supplier risk evaluation** (financials, operations, sub-suppliers)
  - Part suppliers
  - Tool & manufacturing equipment suppliers
  - Service providers (LSP etc.)
- Ongoing **End-2-end supply chain inventory assessment**
- Intensified **After Sales/service parts supplier risk evaluation**

**How to prepare for Automotive Industry Ramp-up?**

# ROI-EFESO-Covid-19-Response Program



What do we see at our clients?

## Talking about #3 Plan Recovery: what do we see at our Clients?

### Current challenges at our clients ...

Get **transparency** on **critical Tier n supply chain**

Get **transparency** on **supply chain delivery performance**

Expected **increase** in **distressed suppliers** on each supply chain level (Tier n-1)

Secure own **manufacturing capacity**

High **uncertainty** in **timeline** (market, factory reopening etc.)

### ... & actions taken by our clients

- 1 Conduct **supply chain risk assessment** & identify critical supply chains
- 2 Review **demand, inventories & available capacities** along critical supply chains
- 3 Run **360°-Supplier Health Check** for critical suppliers
- 4 Implement **risk assessment** in your **manufacturing network** (including inventories, capacities)
- 5 Plan & evaluate **End-2-End scenarios** (supply chain & inhouse-production)

## Talking about #4 Accelerate Ramp-up: what do we see at our Clients?

### Current challenges at our clients ...

Get things done in a **100% focused approach**

Ensure **supply chain delivery performance**

Prepare for **safe ramp-up** of inhouse-manufacturing

Secure planned product launches/SOP (or prepare for moving them)

### ... & actions taken by our clients

**1** Set up **cross-functional task forces** for ramp-up

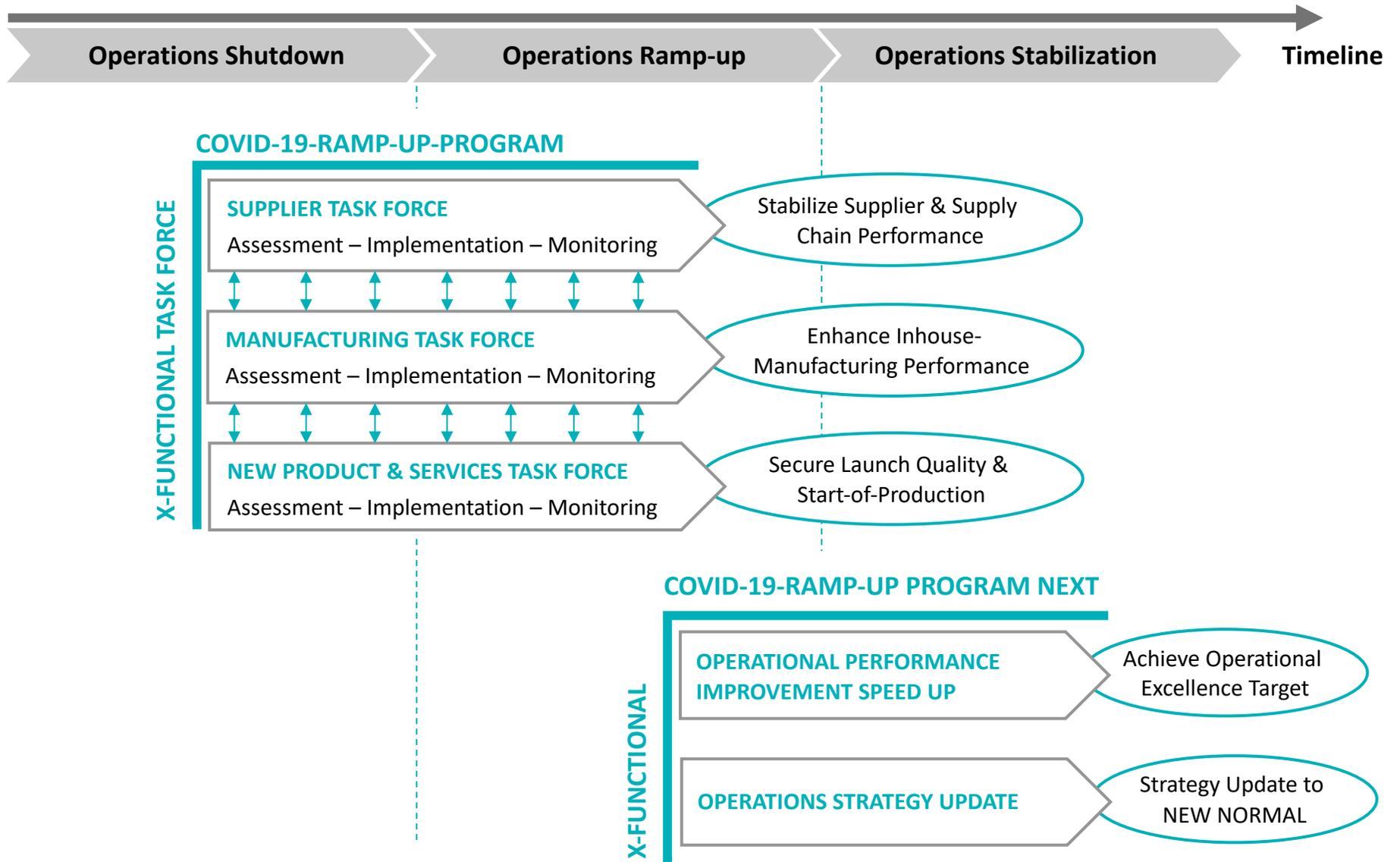
**2** Implement actions with a focus on **critical suppliers** (output, delivery performance, quality)

**3** Implement actions in your **production network** (e.g. workforce safety regulations)

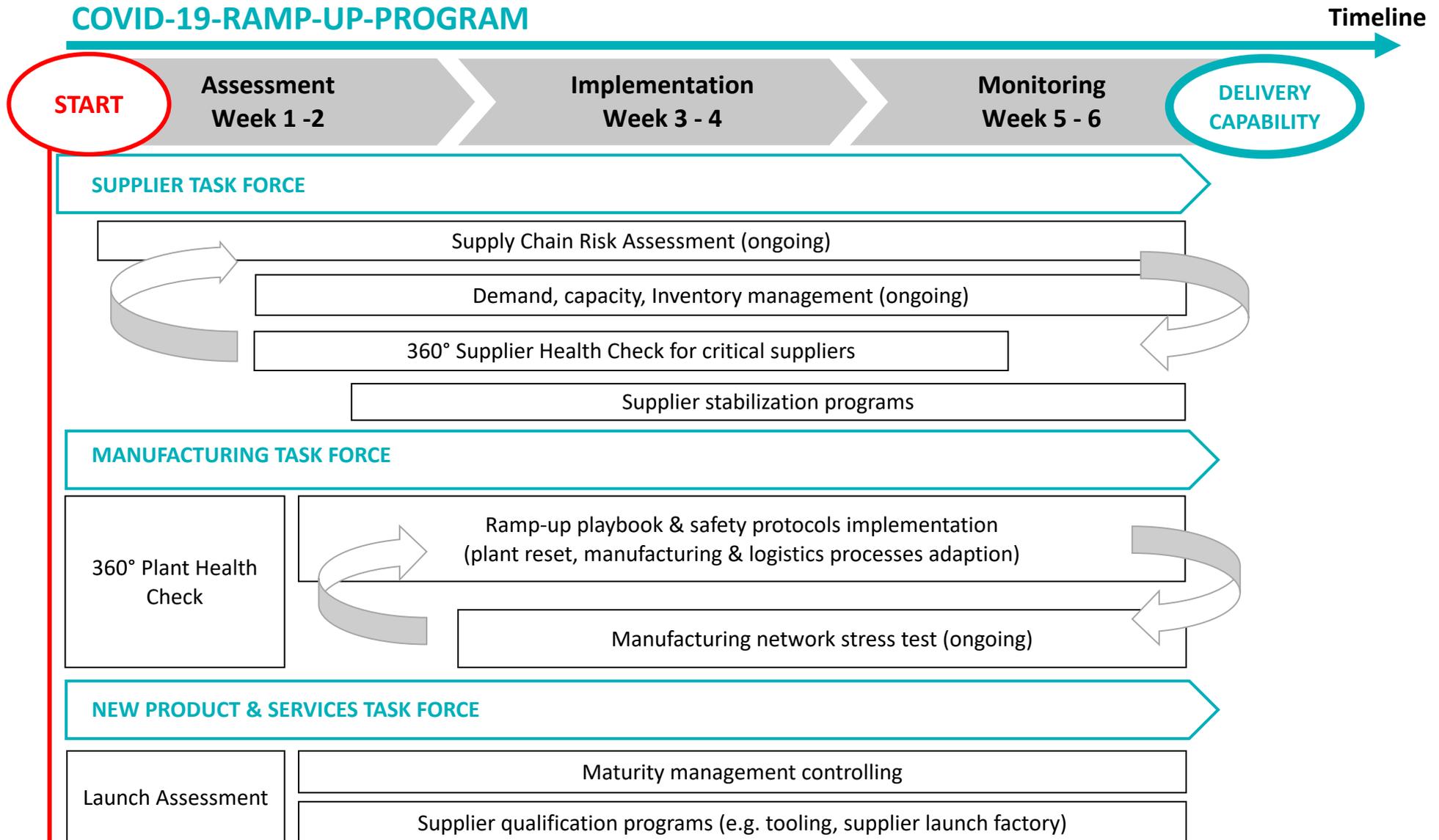
**4** Implement actions to secure **product launches/SOP** planned for Q3/Q4 2020

**Overall: flexible planning, close control & pragmatic implementation of ramp-up process**

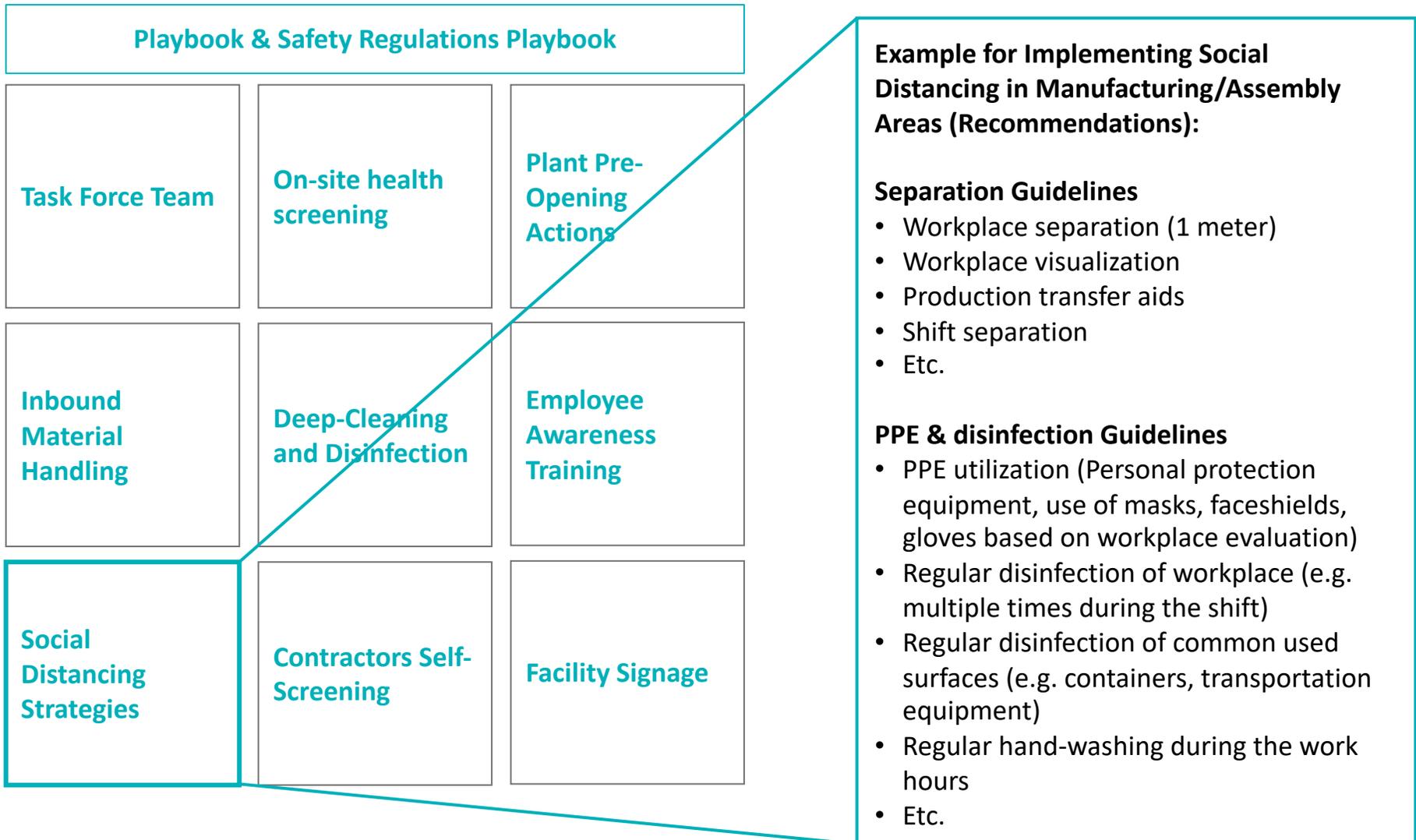
To summarize – COVID-19-Ramp-up-Program Structure (example)



# In Detail - COVID-19-Ramp-up-Program in 6 weeks (example)

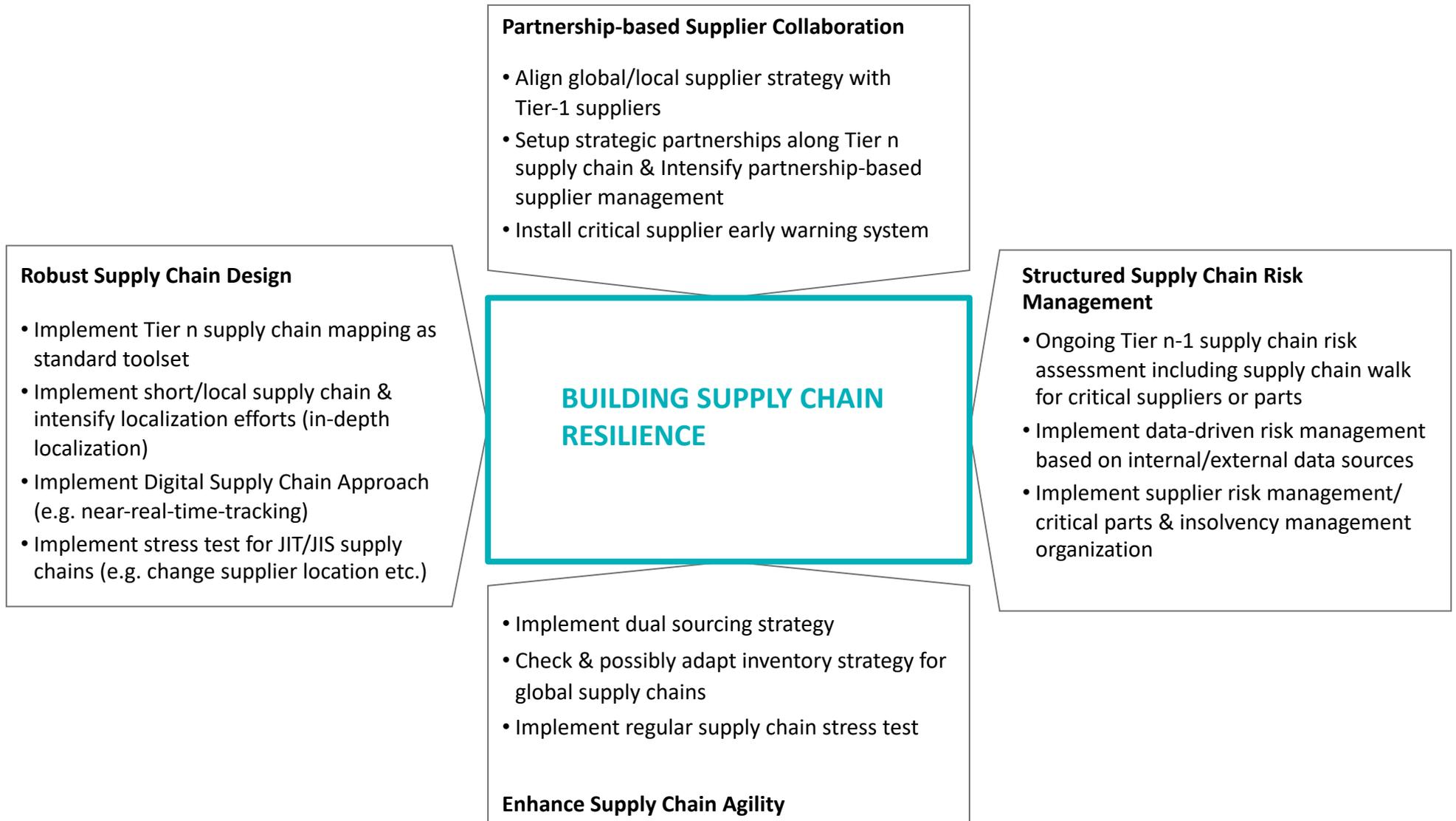


# In Detail – Covid19-Response Program – Playbook & Safety Regulations Playbook

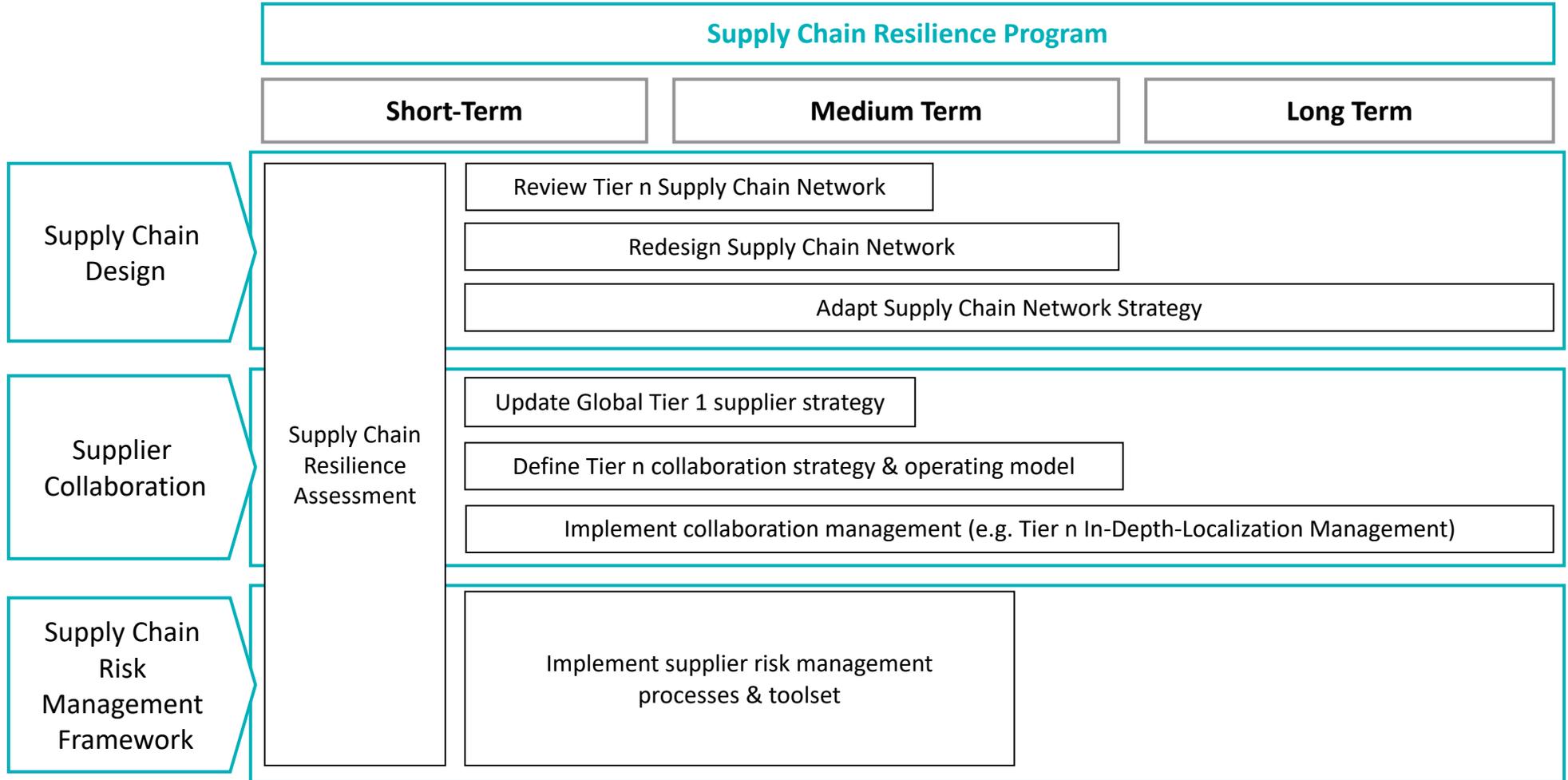


Source: Example bases on Lear Corporation Safe Work Playbook

## Next Stage: Covid19-Response Program #6 – Actions for Building Supply Chain Resilience

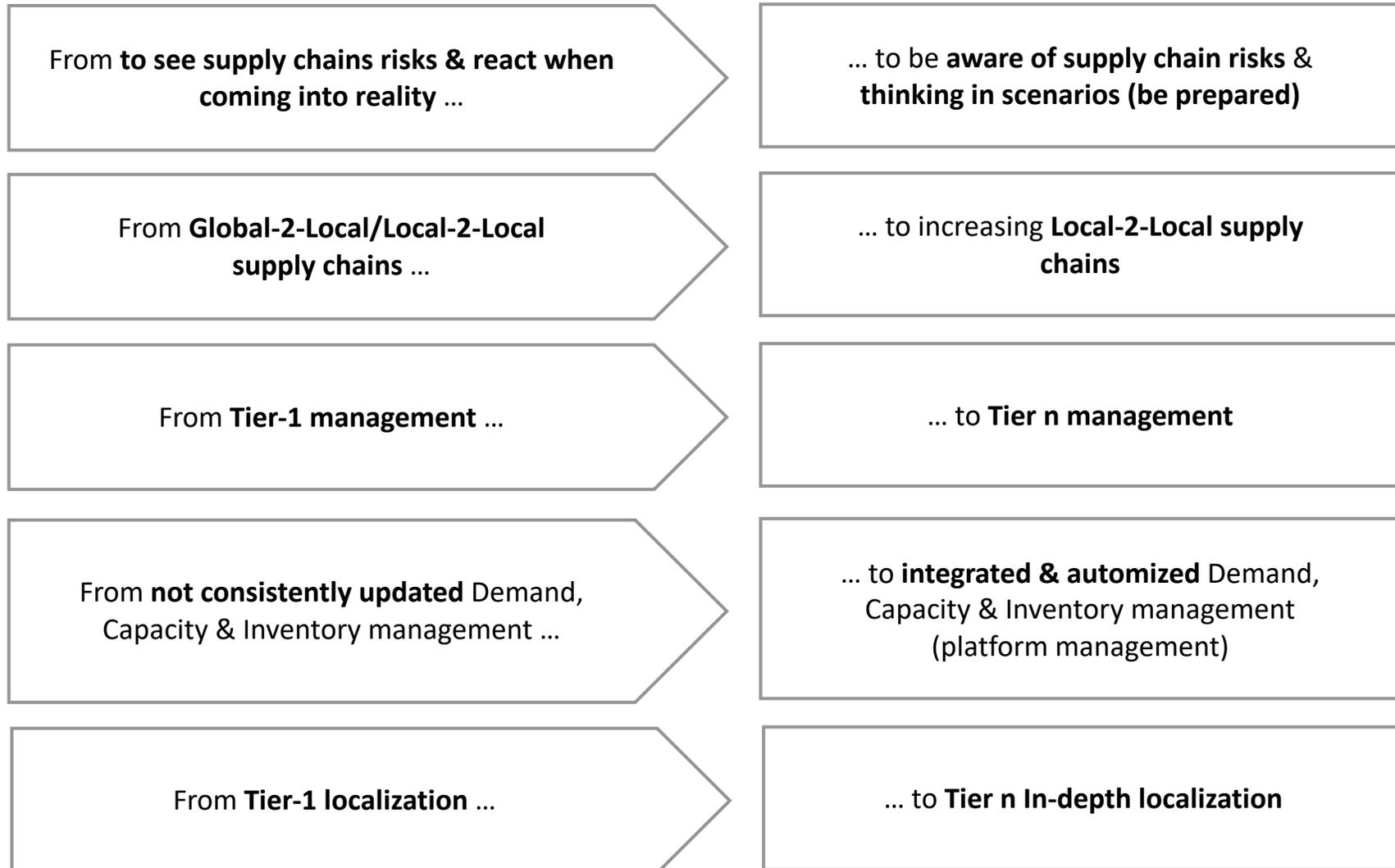


# In Detail - Covid19-Response Program - Supply Chain Resilience Program



**Supply Chain Risk Management Implementation needs to be accompanied by Cultural Change**

## Outlook – Future Changes in the Automotive Supply Chains for Discussion



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**45**

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**> 35**

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**> 900**

assignments delivered each year over 75 countries.

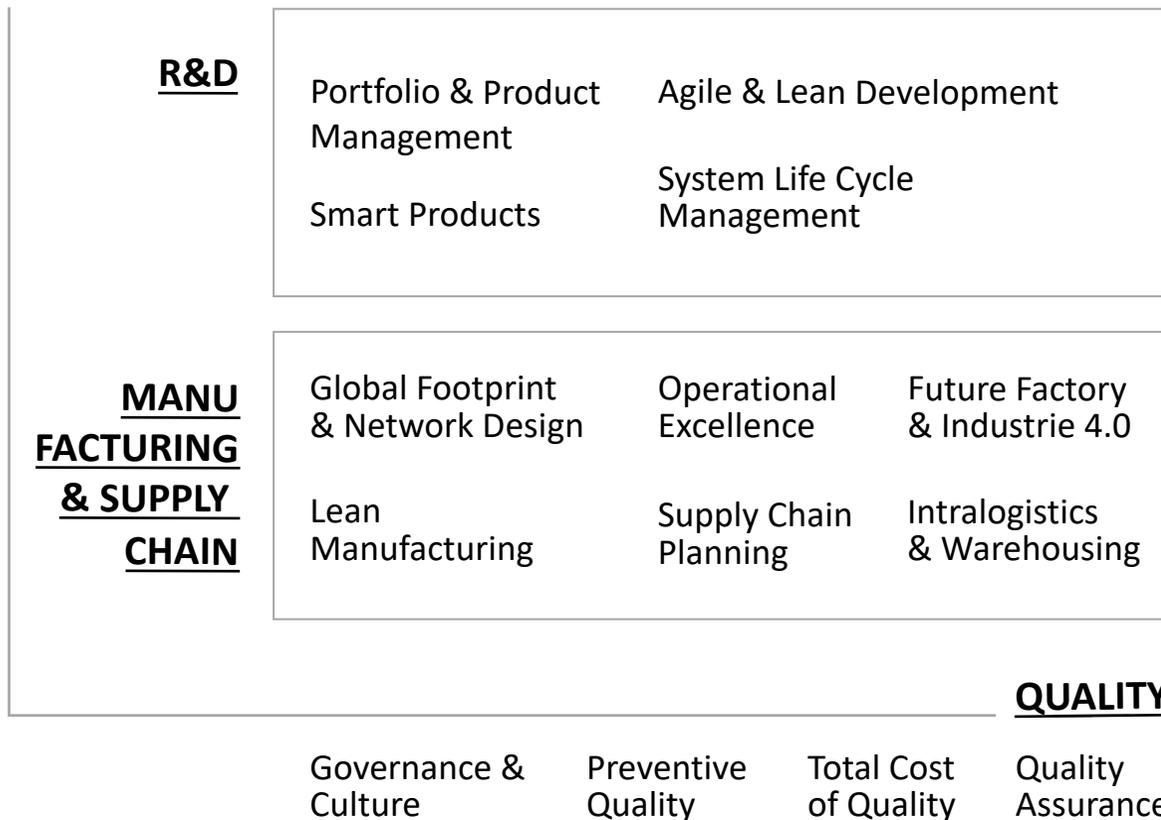
**> 10**

average savings multiple of consulting fees.

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We create value through integrated solutions spanning from boardroom to shop floor.



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**TRANSFORMATION**

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- Change Management
- Enablement & Training
- Leadership Excellence
- Coaching

# In Detail - Supplier Task Force Packages

## IDENTIFY RISK – ASSESS SITUATION AT SUPPLIER – STABILIZE CRITICAL SUPPLIER

### SUPPLY CHAIN RISK ASSESSMENT

- **Identify critical supply chains**
  - focus on suppliers from upstream supply stages (Tier 2-n)
- **Select the right criteria**
  - Critical supplier regions (e.g. Italy, Spain)
  - Critical basic industries (e.g. electronics, plastics)
  - Global & complex supply chains (e.g. supplying US plants from EU)
  - Financially weak suppliers
  - Suppliers in critical launch situations
  - Suppliers who have been critical to supply in the past
- **Intensify collaboration models with direct suppliers**
  - Map the respective Tier n supply chains
  - Identify critical supply chain participants

### 360° SUPPLIER HEALTH CHECK

- **Implement assessment for the critical supplier**
  - Business situation with focus on maintaining liquidity and continuation
  - Supply Chain Performance (supply planning, inventories)
  - Operations performance (capacity limitations and output, flexibility in quantity, delivery quality etc.)
  - Pre-supplier management (installed supplier management including emergency management)
- **Assess Management of the COVID-19 situation at the critical supplier**
  - Crisis management in HQ & on plant-level
  - Knowledge carriers & decision makers
  - Scenario planning & outlook
- **Identify Quick Wins/set up action plan to be implemented**

### SUPPLIER STABILIZATION PROGRAM

- **Define & support implementation of actions at critical suppliers**
  - Install Covid-19 ramp-up playbook & safety regulations at suppliers (e.g. social distancing guideline in assembly)
  - Analyze and ensure delivery capabilities, possibly by actively taking over planning and control tasks
  - Secure supplies from sub-suppliers using virtual supplier round-table meetings
  - Stabilize processes in manufacturing and logistics (increase output and/or quality, reallocate human resources, manage material flow)
  - Plan and relocate production orders to other supplier locations (if possible)
  - Identify and secure property (e.g. tools, load carriers)
  - Identify needs of the supplier for financial support
  - If necessary, prepare and implement change of supplier

## In Detail – Manufacturing Task Force Packages

### GET TRANSPARENCY – PREPARE FOR RAMP-UP – IMPLEMENT STRESS-TEST

#### 360° PLANT HEALTH CHECK

- **Identify critical manufacturing sites in your own network**
  - Plants in regions with workforce heavily affected by COVID-19
  - Plants in regions with local supplier base affected by COVID-19
  - Component plants in critical regions (internal suppliers)
- **Start 360° Plant Health Check for critical sites in the production network**
  - Emergency team with top-management attention
  - Order backlog & structure
  - Product flexibility
  - Production capacity
  - Inventories
  - Availability and flexibility of workforce
  - Financial situation & cost structure

#### RAMP-UP PLAYBOOK & SAFETY PROTOCOLS

- **Define compulsory COVID-19 playbook & safety protocols for all plants**
  - Responsibilities
  - Tasks
  - Documentation
- **Implement consistent COVID-19 actions in all manufacturing locations**
  - Social distancing across all plant functions
  - Inbound Material Handling
  - Disinfection
  - Plant pre-opening actions
  - Early warning process & action plan in case of emergency

#### NETWORK STRESS TEST

- **Evaluate different scenarios for manufacturing network “under stress”, e.g.**
  - Adjust production program based on supply shortages
  - Evaluate manufacturing flexibility for massive demand fluctuations in short time cycles
  - Change from 2-shift operation to 3-shift operation with less staff to adjust to COVID-19 safety regulations
  - Optimize the overall output in the production network by relocating products between sites (cost, time, quality)
- **Define & implement actions**
  - Product flexibility
  - Capacity flexibility
  - Manufacturing Network flexibility
  - Workforce flexibility
  - Supply chain flexibility