



## Overcoming a Crisis From an Operational Perspective Webinar

Challenge your organization for being ready to overcome a crisis

Dr. Stefan Maurer  
Chicago, June 12<sup>th</sup>

TARGUS works.

Solving your biggest challenge. Rapid payback.  
**TARGUS Works.**

### TARGUS at a glance

Projects in **> 35 countries**  
on **5 continents**  
**focus** in Europe and  
North America



**> 600 years** experience in  
**consulting and management;**  
average **> 10 years** experience  
per consultant

~ **60**  
Professionals  
in **Europe** and  
**North America**



Wherever  
help is needed  
**> 30 M**  
miles



All in for the  
customer  
**5 days**  
a week

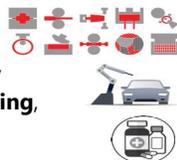
**> 2.5 bn**  
profit impact  
Our **success** is  
**measured** in € und \$



**Experience** of  
**> 500**  
Projects **worldwide**



**Key Industries**  
**Pharma, Automotive,**  
Shipbuilding, **Machine building,**  
Casting and Forging



**Achieving success**  
in interdisciplinary  
teams is in  
our **DNA**



Award winning  
project results



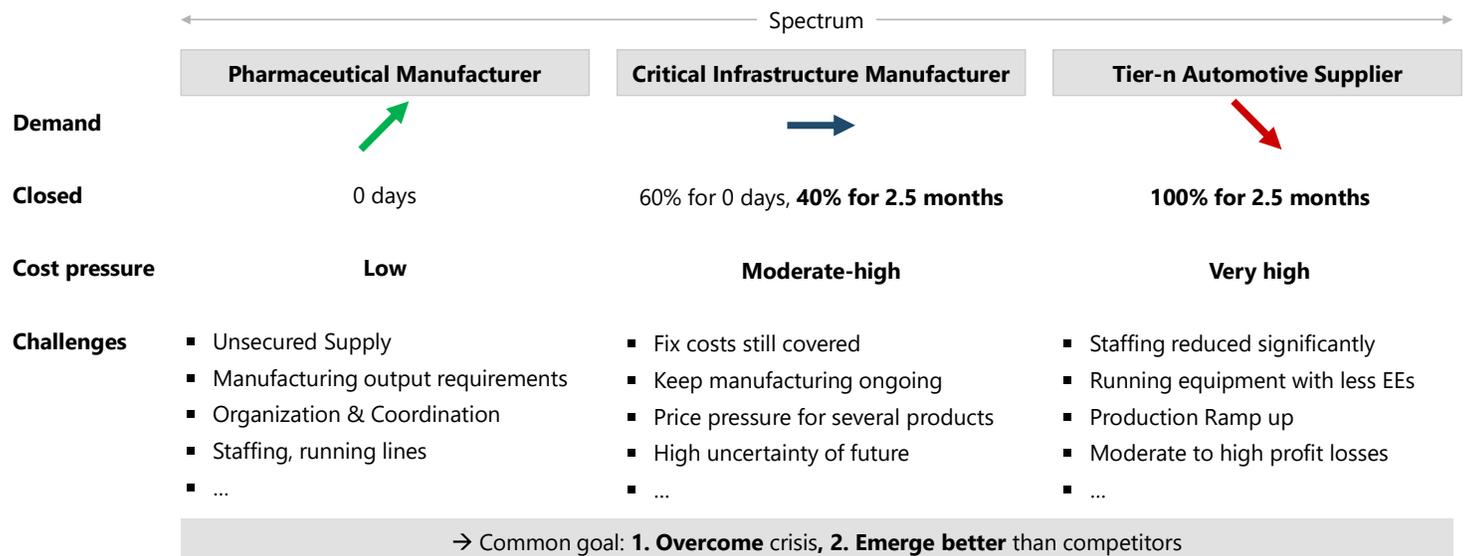
**TARGUS works.**

## A **crisis** is an **event**

that has the **potential** to or will lead to  
an **unstable and dangerous situation.**

In the current crisis, challenges for manufacturing businesses vary significantly

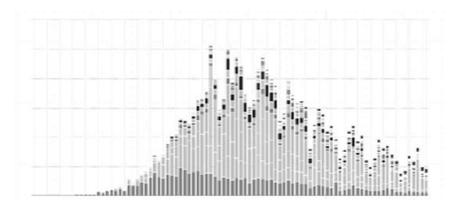
### 3 examples for manufacturing



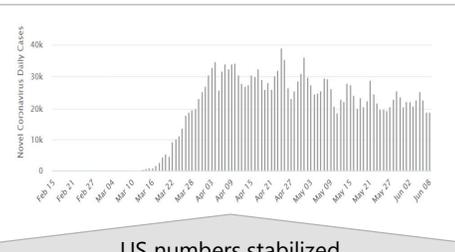
... and while lockdown conditions and safety measures are loosened in Europe the worst of this pandemic is still likely to be seen in other regions of the world

**Global COVID-19 case development**

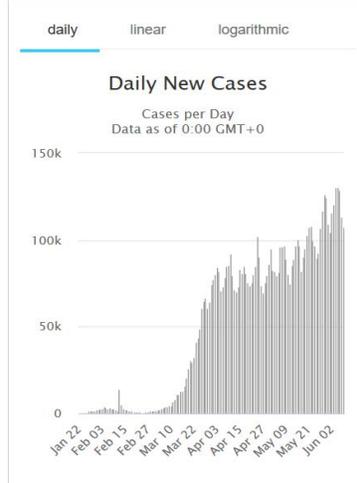
**Europe infection rate flattening<sup>[1]</sup>**



**US numbers stabilized**



**Total number of cases increasing**



**Focus areas in ...**

- Europe mostly flat, but 2<sup>nd</sup> wave likely
- Russia with high growth
- China currently low
- India still shut down, outcome unknown
- Asia, several countries reporting increased number of cases
- USA flat on high level
- Numbers in South America going up
- Numbers for Africa going up
- ...

Each development might have different (future) impacts for your situation

<https://www.worldometers.info/coronavirus/>; <https://www.statista.com/>; [1] excluding Russia

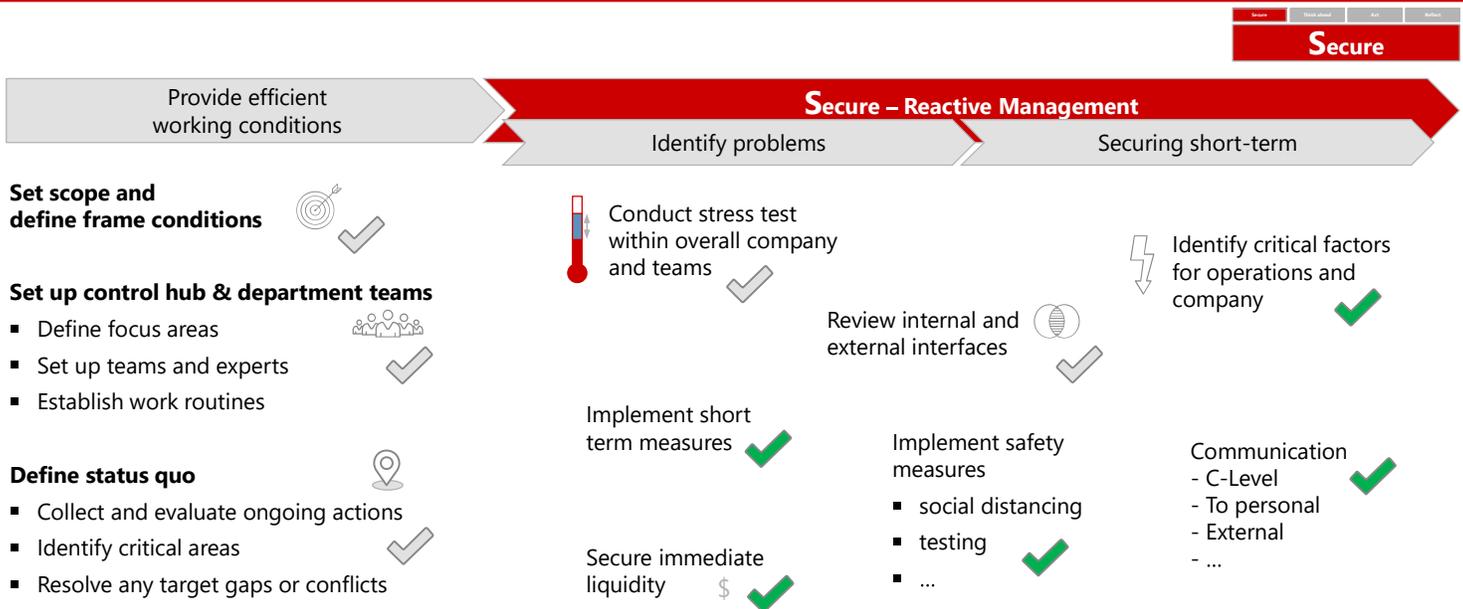
**Four steps to successfully overcome a crisis and emerge better than before**

**Effective crisis management for operations**

**Transformation Control Hub**  
agile cross-functional crisis response

<b>Secure</b>	<b>Think ahead</b>	<b>Act</b>	<b>Reflect</b>
<ul style="list-style-type: none"> <li>▪ Establish Transformation Control Hub</li> <li>▪ Ensure safety for employees and customers</li> <li>▪ Set up teams</li> <li>▪ Prioritize teams and short term measures</li> <li>▪ Ensure clear &amp; efficient communication, with clear targets</li> <li>▪ Assess finances, liquidity &amp; opportunities, and identify critical gaps</li> </ul>	<ul style="list-style-type: none"> <li>▪ Create future scenarios for                             <ul style="list-style-type: none"> <li>– Market &amp; Demand</li> <li>– Supply &amp; Delivery</li> <li>– Production</li> </ul> </li> <li>▪ Understand market needs &amp; competitor capabilities</li> <li>▪ Derive operational strategies for scenarios</li> <li>▪ Define actions per scenario for all departments</li> <li>▪ Develop roadmaps with measurable impacts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Act quickly and intentionally</li> <li>▪ Use dedicated autonomous teams to achieve rapid implementation</li> <li>▪ Ensure supply-chain stability and identify alternative suppliers</li> <li>▪ Adjust operations &amp; production according to strategy</li> <li>▪ Secure and increase profitability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evaluate implemented countermeasures</li> <li>▪ Continuously reassess changing market and supplier landscape</li> <li>▪ Leverage scenarios to react to changing conditions</li> <li>▪ Adjust your crisis response strategy based on ongoing learnings</li> </ul>

The Control Hub must first secure employee safety, secure business continuity, and then identify and address short-term operational gaps



The Control Hub must manage and coordinate the process for overcoming the crisis



An organizations ability to steer the best path through a crisis is reliant on its ability to identify the obstacles – plan for possible outcomes

**Use models to develop and evaluate potential scenarios your organization is likely to encounter**



Identify key trends based on

- Regulatory impacts (e.g. workforce constraints, requirements)
- Market demand
  - Differences by industry & product
  - New opportunities
- Competitor situation and strategy
- Supplier & supply chain risks
  - Individual suppliers
  - Specific regions
- Production impact (for above aspects)
- ...

Define Scenarios & Trigger points

Develop scenarios with trigger points

— Historic Performance  
 - - Scenario 1 - Quick recovery  
 — Scenario 2 - Loss of Supplier XYZ  
 • Scenario 3 - Small Recession  
 — Scenario 4 - 2nd wave

Model scenarios and related effects  
Build it, Test it, Feed it, Run it

Define strategies on scenario outcomes

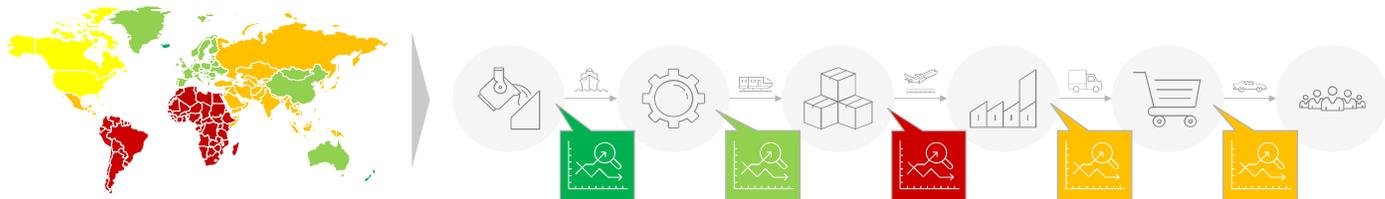
Drive decisions based on expected outcomes for: Output, Revenue, Profit

Define actions for each scenario and develop roadmaps for

**Scenarios and action planning cut reaction times; proactivity supports you to succeed in a crisis and competition**

Evaluate impacts of demand changes and supply chain disruptions for your business and anticipate possible scenarios

**Secure Supply Chain**



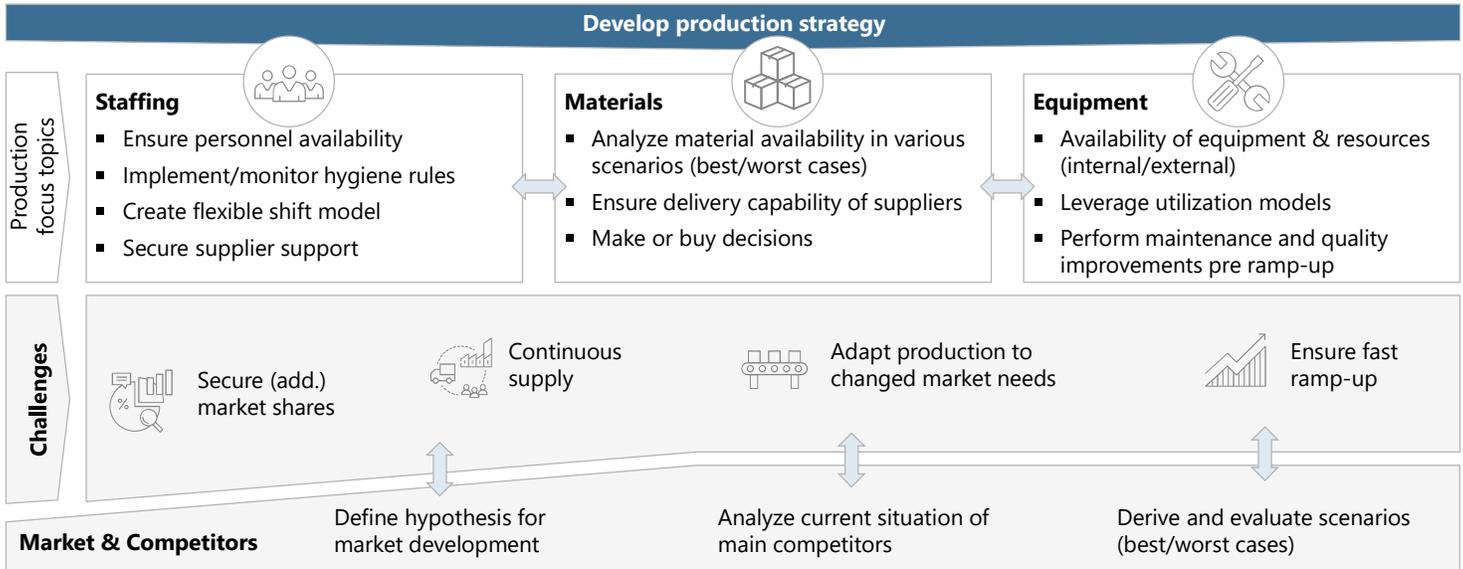
- Various threats** affecting global supply chains
  - Significant demand changes (up/down) by region/industry
  - Lack of supply flexibility
  - Specific disruptions (failing suppliers)
  - Change of own production capacities e.g. due to resources
  - ...
- Supply chain **disruptions will persist** even when local crisis is overcome, i.e. local lockdown has ended

- Evaluate your Supply Chain** for :
  - Expected impacts to e.g.
    - Demand and capacity changes
    - Suppliers, Transport routes,
    - Regions & Countries (i.e. Brazil, Russia etc.), ...
  - Evaluate related timelines
  - Assess future sources for disruptions & possible impacts
  - ...

The production strategy must ensure that you are adapting to changing markets and to the competitive landscape

**Production strategy**

Think ahead



Additionally actions must be taken to mitigate negative impacts and prepare for changes

**Profitability Increase**

Think ahead

**Market Demand**

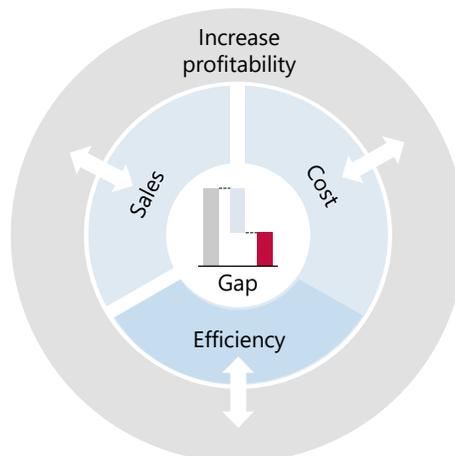
- Sales Activation
- Portfolio Optimization

**Product & Pricing**

- Margin Management
- Value Based Pricing
- Job-Order Costing
- Terms of Payment

**Overhead Improvement**

- Eliminate double/unnecessary work
- Determine "Corona" learnings



**Procurement**

- Material Cost Management
- Product Cost Optimization
- Make or Buy

**Supply Chain**

- Value Stream and Material Flow Optimization
- Freight Cost Reduction

**Production improvement**

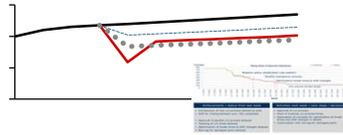
- OEE Roadmap/Increase Productivity
- Total Productive Maintenance

**Process Optimization**

Plan    Do    Check    **Act**

Execute tasks to overcome crisis

Identify most relevant scenarios based on defined trigger points and select related roadmaps

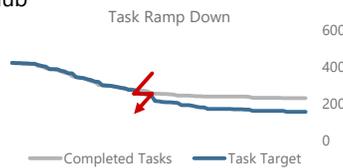


Gain buy in & commitment

Act quickly and execute key activities using dedicated, autonomous teams

Regularly communicate progress to control hub

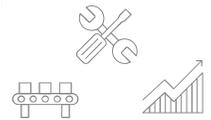
Track execution of all activities & development of KPIs, such as demand, output, and financials



Identify underperformance as soon as possible & implement countermeasures

Ensure successful implementation to...

- Achieve supply-chain stability
  - Identify alternative suppliers
  - Build flexibility
  - Build inventory
  - ...
- Adjust operations & production according to needs
  - Build flexibility to scale
  - Scale down production
  - Ensure fast ramp-up
  - ...
- Secure and increase profitability



Continually reevaluating your chosen path is critical for successfully overcoming a crisis

A Critical Process for Senior Leadership

Plan    Do    Check    **Reflect**

Reflect – Proactive Management

Goal Attainment

Readjustment

**Review Target Attainment:**

- Evaluate implemented countermeasures
- Review Production Performance
- Review Supplier Performance
- Review Project Milestones
- Review Scenario Relevancy



**Review External Forces:**

- Continuously reassess changing market and supplier landscape
- Regulations
- Competitors
- Market trends
- Suppliers
- Fx Impacts



**Update Scenarios:**

- Leverage scenarios to react to changing conditions
- Add and remove scenarios
- Tweak and adjust variables
- Relink to expected KPIs



**Adjust response and targets:**

- Adjust your crisis response strategy based on ongoing learnings
- Leverage Scenarios for Planning
- Adjust Goals and KPIs
- Develop Countermeasures
- Identify New Opportunities
- Set Strategies
- Ensure organizational alignment



## Exemplary checklist items

- Is your organization **Secure**? Do you **rigorously supervise** adherence to necessary actions?
- Did you set-up a **Coordination Team** incl. all functions (sales, ... finance)? Does it set **clear objectives** for all departments?
- Did you define all **dimensions and impact factors** relevant for your business?  
(markets, regions, Corona development, competitor actions, individual supplier risks, ...)?
- Did you determine **Scenarios** considering these dimensions and their combinations?
- Are **Specific Action Plans** by scenario prepared (covering all departments)? Did you start necessary preparations?
- Are your action plans **Linked Back to Finance** – e.g. for inventory increase or required investments during ramp up?
- Does your plan have **Decision Points**, when to switch to alternative scenarios?
- Do you have a **Process to Review and Reflect** for shifting goals and prioritization.

## Is your organization capable enough? Challenge yourself and identify mitigation needs and possible opportunities

### COVID-19 / Crisis Online Quick Scan



Market and Competition



Supply Chain Management



Production



Maintenance



Profitability

COVID-19 Quick Scan - english version				
TARGUS Management Consulting				
[1/6] Market and competition				
Market demand - competition - scenarios				
*1. Different market and sales ramp-up scenarios have been identified and accounted for in projections				
poorly addressed	partially addressed	well addressed	very well addressed	2/5
★	★	★	★	○
*2. The projected market demand for each business area is understood and expected sales are defined				
poorly addressed	partially addressed	well addressed	very well addressed	2/5
★	★	★	★	○
*3. Measures have been taken to confirm the sales hypotheses with customers (where applicable over several delivery stages)				
poorly addressed	partially addressed	well addressed	very well addressed	2/5
★	★	★	★	○

### Self assessment



### Leave email to be contacted



### Directly contact us

**Evaluate yourself and identify relevant areas of action, existing gaps and potentials for improvement**

[https://targusmc.com/us/covid-19\\_quick\\_scan\\_questionnaire/](https://targusmc.com/us/covid-19_quick_scan_questionnaire/)



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