



STRATEGY

Question of the week: How can a production site secure its future in the company group in spite of rising cost pressure?

STRATEGY DEVELOPMENT UNDER PRESSURE

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The market situation jeopardizes the operating result – and thus, endangers the future of the site.



STRATEGY DEVELOPMENT UNDER PRESSURE

SITUATION:

Our client's world is in a state of upheaval... As a production site with a broad variety of products, the location has a long and successful history. So far, managers have been focused on production and, in particular, on planning and optimizing their own areas of responsibility.

Contact with the rest of the group, as well as to customers, is quite rare, since sales were conducted at other locations.

Many products are at the end of their life cycle, resulting in declining demand. At the same time, pricing pressure is growing as competition is increasingly outsourcing their manufacturing to low cost countries (LCC). The sales department must offer discounts in order to stay in business.

The production sites within the group are regularly compared to each other. Results of this competition are the essential decision criterion for the award of new projects and product lines.



THE LOCATION WILL NEED TO CHANGE

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Leadership executives are not aware of the need for rapid change, and in some cases, they even minimize development.



THE LOCATION WILL NEED TO CHANGE

CHALLENGE:

Everyone needs to understand how important a new strategy is

- Site management needs a common understanding of the current situation and the near future.
- The management team must work together to develop and agree upon a plan of action to save the site.
- Clear and consistent communication is essential to ensure the resulting changes are clear and to create broad acceptance for the project.



THE LOCATION WILL NEED TO CHANGE

CHALLENGE:

1. The decline in production and falling prices must be counteracted in the short term by measures affecting EBIT, so that the contribution to earnings is not jeopardized.
2. The site is being reorganized, which includes a gradual reduction of the number of operating units in line with the respective market situation.
3. Innovation will be a major topic in order to develop "future products" at the site, and in the medium term, someone must actively work on ensuring that the site is considered future-proof for the group and that new production orders are received.



WORKING WITH THE TOP TEAM

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Management alignment for the desired procedure is an essential first step of the change process.



WORKING WITH THE TOP TEAM THERE IS A LOT TO DO, LET'S START WITH MANAGEMENT

SOLUTION:

Strategy workshop on the situation and how to proceed.

PREPARATION:

- Developing a change story for the managing director.
- In-depth interviews with the management team.



WORKING WITH THE TOP TEAM THERE IS A LOT TO DO, LET'S START WITH MANAGEMENT

WORKSHOP:

- Comparison of views and interpretations.
- Announcement of decisions on short-term measures.
- Personal statements of the leadership executives "My contribution and the first step".



WORKING WITH THE TOP TEAM THERE IS A LOT TO DO, LET'S START WITH MANAGEMENT

▶▶ IMPACT:

- Staff meeting about the current situation.
- Leadership conversations on the procedure and the outlook.
- Establishment of a cost program.
- Establishment of a strategy team to develop the medium-term view.



THERE IS A LOT TO DO, LET'S START WITH MANAGEMENT

PARTICIPANT COMMENTS:

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This was the best leadership event we have ever had, all points of view were consistently questioned, there was room for suggestions and necessary decisions were made. What was different was that every manager had committed himself to a personal contribution and were followed up with actions.

