COVID-19
Return to work and business continuity
Proactive guide for Automotive OEMs and Suppliers
April 22, 2020
COVID-19 needs to be addressed proactively to allow for managing through potentially recurring virus outbreaks

Objective: Return to work in a safe and controlled way and ensure business continuity over the weeks and months to come

Cross-functional taskforce (incl. supply chain, sales, procurement, manufacturing) needed as a control tower to coordinate all activities and to provide transparency

Return to work and business continuity should be managed along 5 dimensions from workforce protection to communication management

Detailed checklists and activity maps as well as best practice examples can help to navigate through the recovery process
COVID-19 likely recurring in waves – proactive actions required

Companies to prepare for restart and business continuity …

… in a safe, controlled way along 5 dimensions

1. People/workforce readiness management
2. Materials/supply chain management
3. Site/asset management
4. Compliance management
5. Communication management

Response taskforce, control tower

Coronavirus Cases

"Hammer"

“The Dance”

Pandemic duration

Americas
~96% plants closed

Europe
~90% plants closed
Single plants opening again

Asia
with China
80%+ plants still closed

China
100% plants open again

Automotive OEMs

Source: “Hammer and Dance” COVID-19 model; IHS Markit Automotive (LV Production FC, April 2020); public company information; BCG

1. Recurring small waves as containment measures are put in place and taken down again

1. Americas
2. Europe
3. Asia
4. China
5. Automotive OEMs
1 People/workforce readiness management

Actions to be taken

Protection and Hygiene
- Prepare personal protection equipment
- Implement employee support & information points (e.g., hotline)
- Implement Safe@Work solutions (e.g., BCG COVID-19 app)
- Track and monitor employee health status daily

Social Distancing
- Implement social distancing measures & monitor adherence
- Investigate need for A/B split of production teams

Organization and Shift Models
- Assess and manage employee availability for prod. restart
- Determine shift models and staffing accordingly
- Reinforce substitution rules for critical resources

Source: BCG

BCG Safe@Work portal and app

Features

1. COVID-19 alerting
2. Employee self-reporting
3. Infection chain mgmt.
4. Infection chain tracing
5. Contingency staffing
6. Workspace tracking
7. Crowd density alerting
Actions to be taken

**Production Planning**
- Develop supply and demand scenarios
- Adjust production to asset/workforce availability & planned production volume/mix

**Supplier and Material Availability**
- Check material availability
- Assess supplier risks & ensure key supplier liquidity while keeping own operability in mind
- Support suppliers in operational recovery plans & align on production restart
- Continuously monitor key supplier availability

**In/Outbound Logistics**
- Secure sufficient finished products storage space
- Ensure flexible logistics/transport capacities
- Continuously review & replenish stock levels for critical parts

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**Supplier disruptions**
- >20% of Chinese steering system component exports to the US originate from lockdown affected Wuhan region¹

**High production variability**
- 25-50% estimated capacity loss in auto industry due to significant (>20%) gaps in manpower²

**Inadequate inventory buffers**
- High stock level reducing production flexibility

**Transportation carrier issues**
- Customs clearance closures in mainland China (shippers understaffed)

**Extreme demand spikes**
- 20% decline of new vehicle sales in 2020 expected (40% worst case scenario)

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¹ Area had been shut down for about 2 months starting January 23\(^{rd}\) 2020
² Main reasons: social distancing requirements & skeleton crews

Source: BCG
3 Site/asset management

Actions to be taken

Site Management
- Manage access to site
- Ensure implementation of & adherence to social distancing measures in all facilities
- Prepare site services according to restart plan and timeline
- Offer packaged food in canteens

Asset Management (on-site level)
- Prepare critical assets according to restart plan & conduct test runs
- Assess and review maintenance tasks (incl. ext. contractors)
- Consider opportunities for maintenance during lockdown (incl. remote support by suppliers)
- Define/review workforce back-up plans for critical assets
- Closely monitor capacities and production bottlenecks

Pre-packed food & distance marks in canteens to reduce infection risk

Preparation of manufacturing operations during shutdown & planning of critical maintenance activities

Source: BCG
Compliance management

Actions to be taken

Regulatory Requirements Management
- Evaluate potential government support, subsidies and aide
- Execute strategies & compensation models to retain workforce
- Monitor regulatory requirements & analyze implications of restrictions on operations
- Investigate need for regulatory exceptions
- Proactively engage with authorities and regulators (e.g., for handling of COVID-19 case)
- Re-schedule auditing activities in line with restart plans

Social Partner Alignment
- Investigate need for alignment/exception handling with social partners
- Discuss weekend/night shifts

Continuous review of regulatory requirements
(e.g., 6 feet distance & physical separation of different shifts)
5 Communication management

Actions to be taken

**Internal Communication**
- Ensure open and direct communication with all employees
- Define communication channels both at home & at entry gates
- Ensure continuous information to all employees on evolving situation & changes
- Align all employees on restart plan
- Develop briefing on protection measures (safety and medical)
- Define clear communication cascade for new COVID-19 case (incl. distribution of cleaning/disinfection protocol)

**External Communication**
- Define communication towards external stakeholders

Direct communication channels (e.g., information screens) on COVID-19 protection measures
Resources available to mitigate risks and optimize operations

BCG perspectives on response to COVID-19 (selected publications focused on Manufacturing & Supply Chain)

Managing the coronavirus outbreak – and preparing for the next one

Stabilizing manufacturing operations in response to COVID-19

Stabilizing supply chains in response to COVID-19

COVID-19 response: End-to-end planning under extreme volatility

Responding to the coronavirus impact on supply chains

COVID-19 response: Manufacturing & supply chain – return to work

COVID-19 response: Cash management for operations stability

COVID-19 response: distribution & logistics

COVID-19: Preparing the supply chain for the next disruption

COVID-19 response: Building the bionic supply chain

COVID-19 response: Digital manufacturing

COVID-19 response: Rapid operations improvement - how to quickly reduce cost and cash new!

Key tools/ action plans

200+ Return to Work checkpoints

14 Detailed action plans

30+ Industry best practices
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