

# COVID-19

## Return to work and business continuity

Proactive guide  
for Automotive OEMs and Suppliers

April 22, 2020

Manufacturing &  
Supply Chain

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

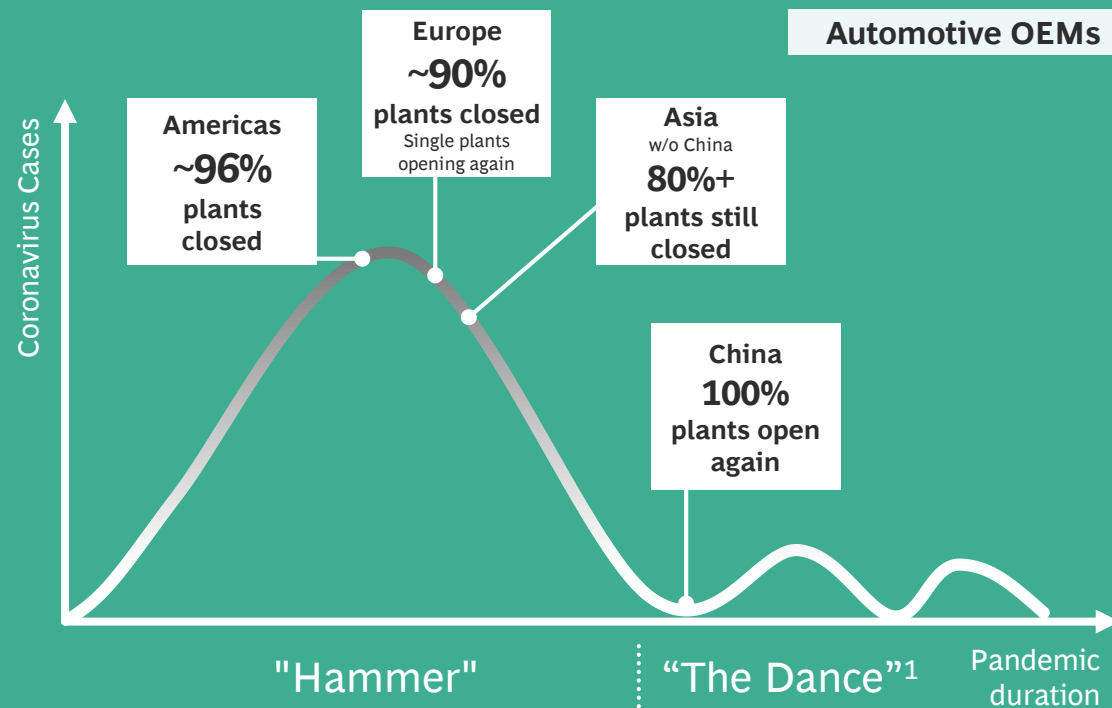
**Cross-functional taskforce** (incl. supply chain, sales, procurement, manufacturing) needed as a **control tower** to coordinate all activities and to provide transparency

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 ...

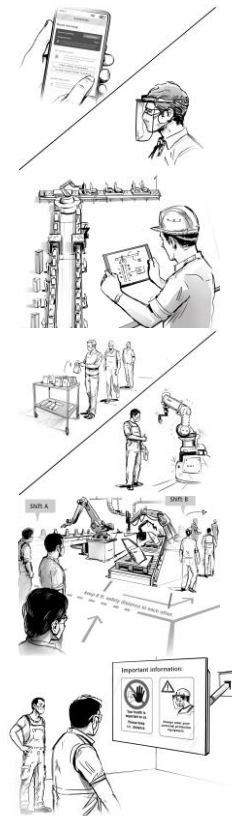


1. Recurring small waves as containment measures are put in place and taken down again  
Source: "Hammer and Dance" COVID-19 model; IHS Markit Automotive (LV Production FC, April 2020); public company information; BCG

... in a safe, controlled way along 5 dimensions

Response taskforce,  
control tower

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



# 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

## 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



## 2 Materials/supply chain management

### Actions to be taken

#### Production Planning

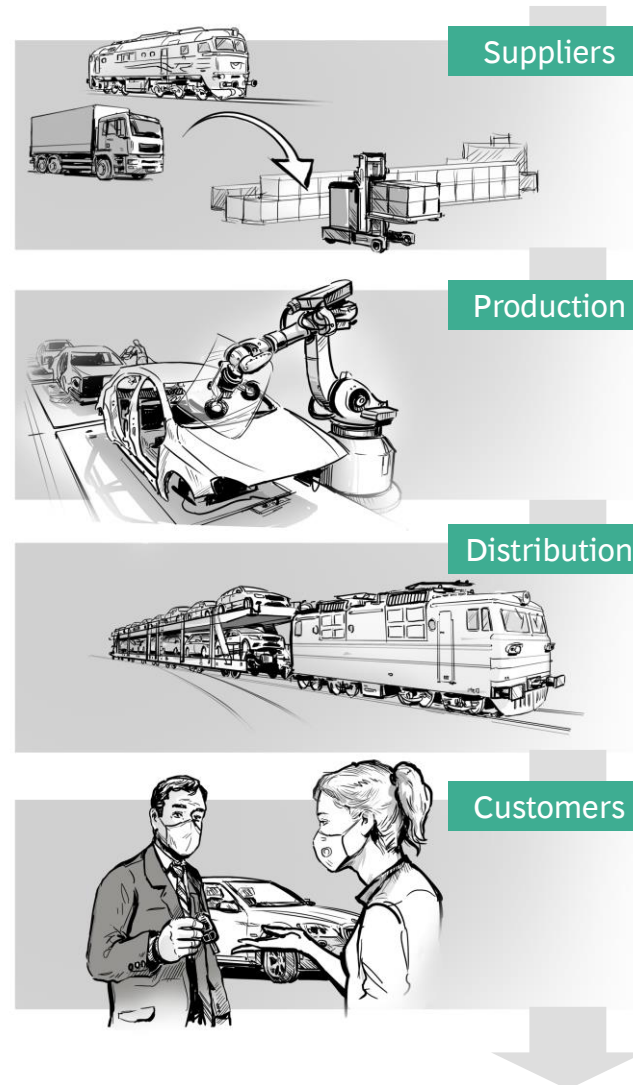
- Develop supply and demand scenarios
- Adjust production to asset/workforce availability & planned production volume/mix

#### 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



### Supplier disruptions

>20% of Chinese steering system component exports to the US originate from lockdown affected Wuhan region<sup>1</sup>

### High production variability

25-50% estimated capacity loss in auto industry due to significant (>20%) gaps in manpower<sup>2</sup>

### 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)

1. Area had been shut down for about 2 months starting January 23<sup>rd</sup> 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

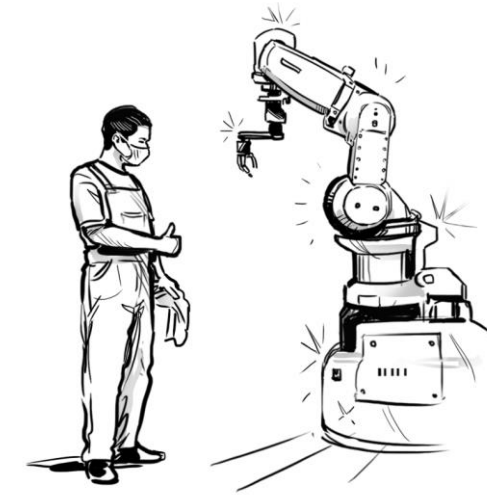
##### *Asset Management (on-site level)*

- 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**



## 4 Compliance management

### Actions to be taken

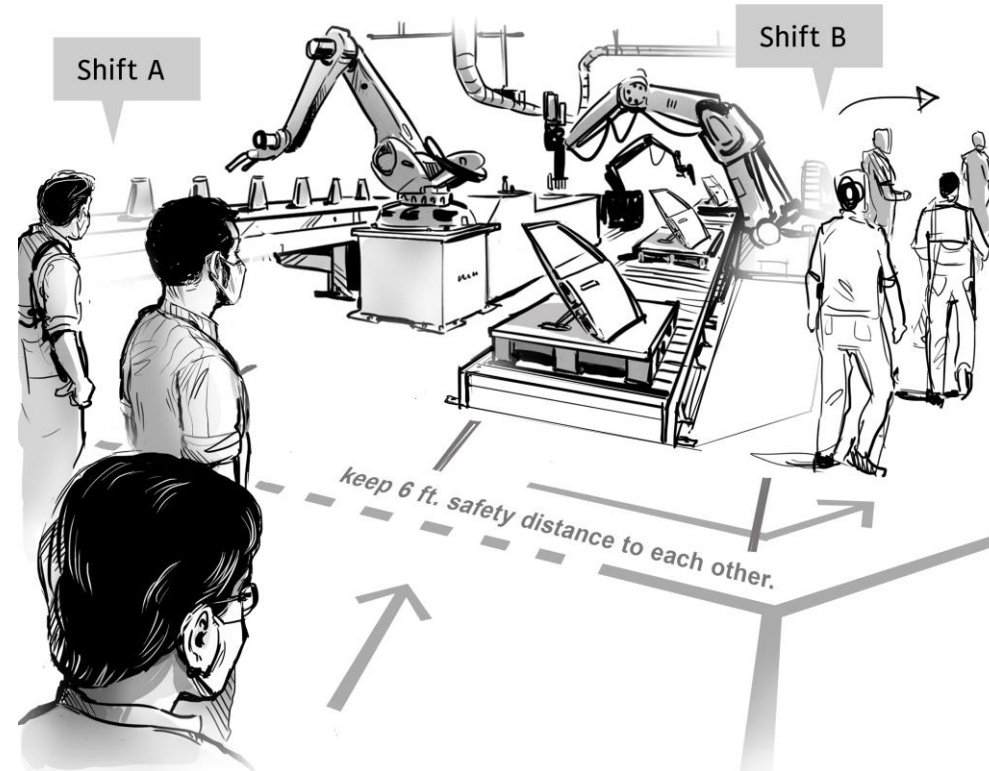
#### *Regulatory Requirements Management*

- Evaluate potential government support, subsidies and aid
- 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 week-end/night shifts

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





# 5 Communication management

## Actions to be taken

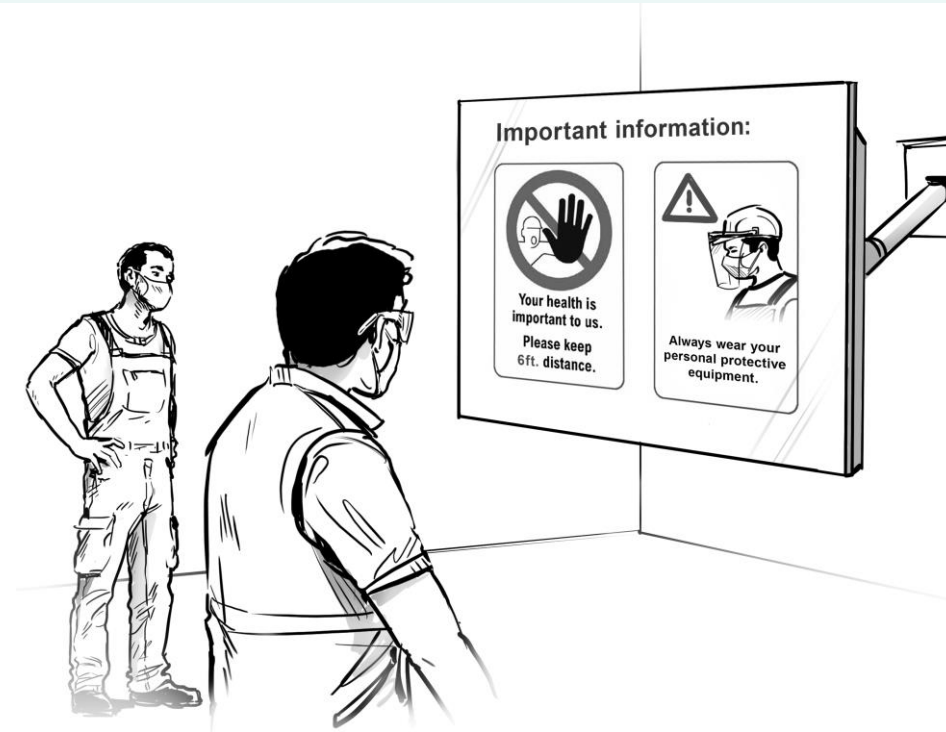
### Internal Communication

- 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](#)



[Responding to the coronavirus impact on supply chains](#)



[COVID-19: Preparing the supply chain for the next disruption](#)



[Stabilizing manufacturing operations in response to COVID-19](#)



[COVID-19 response: Manufacturing & supply chain – return to work](#)



[COVID-19 response: Building the bionic supply chain](#)



[Stabilizing supply chains in response to COVID-19](#)



[COVID-19 response: Cash management for operations stability](#)



[COVID-19 response: Digital manufacturing](#)



[COVID-19 response: End-to-end planning under extreme volatility](#)



[COVID-19 response: distribution & logistics](#)



[COVID-19 response: Rapid operations improvement - how to quickly reduce cost and cash new!](#)

Key tools/  
action plans

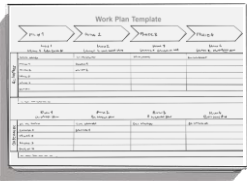
**200+**

Return to Work  
checkpoints



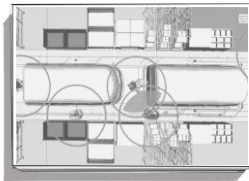
**14**

Detailed  
action plans



**30+**

Industry  
best practices



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