



ConMoto Strategie und Realisierung GmbH

CORONA - Reacting quickly and efficiently in the crisis

ConMoto's Agile Taskforce to secure cash flow and supply chains in an unpredictable VUCA world

Munich, March 2020

Moving solutions. **Implemented.**

ConMoto is known for its pragmatic, swift implementation and high impact

We deliver measurable successes and already amortize our efforts within a few months (return on investment > 5/year)

Cash flow protection

- **Product costs: -35 %** in the period of 3-24 months
- **Time to market: -40 %** in the period of 3-18 months
- **Cost reduction process/ orga: -20 %** in the period of 3-24 months

Project example Deutsche Bahn:

- Purchasing volume of 8.4 billion euros, savings of **1.4 billion euros** realized within 2.5 years
- Use **paid for itself in the first few months**
- The project, which is based on a strongly **integrated approach from technology & purchasing**, was awarded the renowned BME Innovation Prize

Secure supply chain

- **Delivery capacity: > 95%**
- **Logistic costs: -15**
- **Optimized IoT integration**

Project example food company:

- Carve-out of a business unit with 7 production plants in Europe and approx. half a billion euros in sales as a result of a crisis
- Establishment of a **completely new logistics chain "from scratch" (from pallet to individual delivery) for the food company within 10 months:**
- **Construction of a completely new warehouse structure:** from the building permit, construction of the warehouses, commissioning and warehouse management

Operational excellence

- **Production costs: -18 %**
- **Processing time: -53 %**
- **Set-up times: -59 %**
- **Reduction in inventories: -46 %**
- **Land requirements: -33 %**
- **OEE increase: +14%p** (percentage points)
- Time per unit **direct MA: -24 %**
- Time per unit **indirect MA: - 22 %**

Project example component manufacturer :

- In 2018, ConMoto OpEx projects at PK-S and PTS in Salzgitter have delivered **19 million euros in budget-effective savings** (FYE)
- The use **paid for itself after only half a year**
- ConMoto confirms original naming of the potential

Maintenance excellence

- **Maintenance cost rate: -23 %** increased profitability
- **Spare parts stock range: -45 %** improved effectiveness
- **Increase in planning level: +40 %** improved order management
- **Optimization of urgency rate: 63 %** improved efficiency

Project example premium OEM:

- Conception and implementation of a risk and availability oriented maintenance strategy at plant or component level for a plant
- **Efficiency increase in maintenance processes of 11**

ConMoto Taskforce

The coronavirus currently shows the vulnerability of value chains -
Rapid crisis intervention & preventive measures are necessary

Current challenges

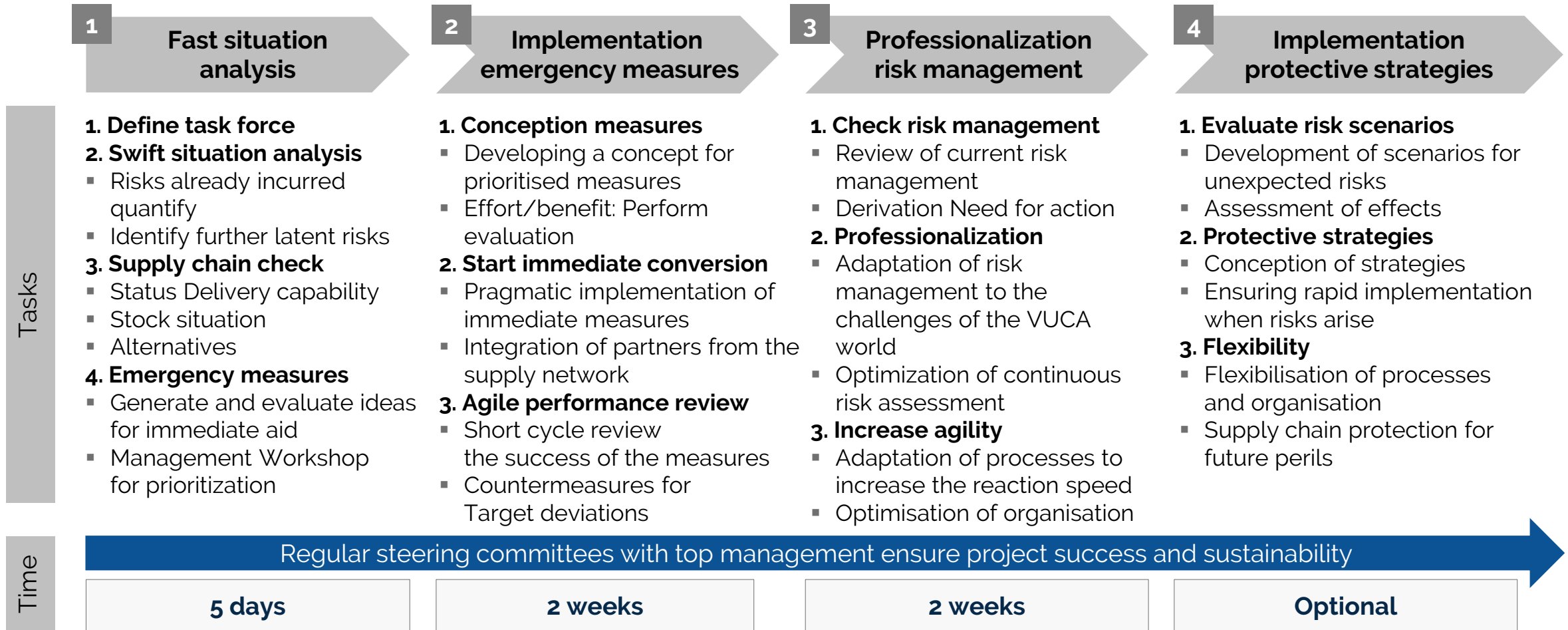
- Unexpected costs and loss of sales endanger the cash flow
- Supplier failures, disruptions and high costs in the supply chain, as well as production downtimes are becoming more and more a reality
- Own production is at risk
- Some industries produce at/above capacity despite the crisis
- Risk management not sufficiently available and too slow
- Ramp-up management after shutdowns or temporary closures necessary
- Early preparation for the time after the crisis

Goals of ConMoto support

- 1. Cash flow stabilizing measures**
Short-term cost reduction
- 2. Ensure own ability to deliver**
Bottleneck management, adjustment of safety stocks where necessary, increase in productivity
- 3. Stabilize supply network**
Use of alternative sourcing strategies, identification and qualification of alternative suppliers
- 4. Professionalize risk management**
Professionalize methodology, pragmatic FMEA analysis tools
- 5. Implementing flexibility concepts**
Development of scenarios for agile response to unforeseeable risks and fluctuations

Approach ConMoto - Agile Taskforce

Weatherproof for current and future risks in four steps



Proven methodology - Fast help

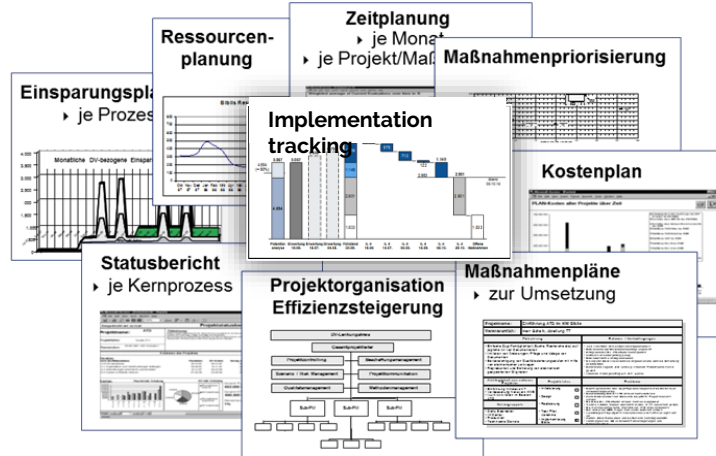
ConMoto uses proven methods to control the Taskforce

Instruments and methods (extract)

Task Force Room



Heat Map - Controlling



Project and implementation plan



Main tasks and contents

- Brief analysis based on figures, data, facts
- Project and implementation planning
- Short cyclical rule meetings (sprints)
- Monitoring of target achievement and key figures
- Reporting and Information Stakeholders
- Change management and communication
- Professional risk management

Agile ConMoto Taskforce - Standardized approach

Immediately, the situation and risks are realistically assessed, pragmatic immediate measures are defined and implementation begins

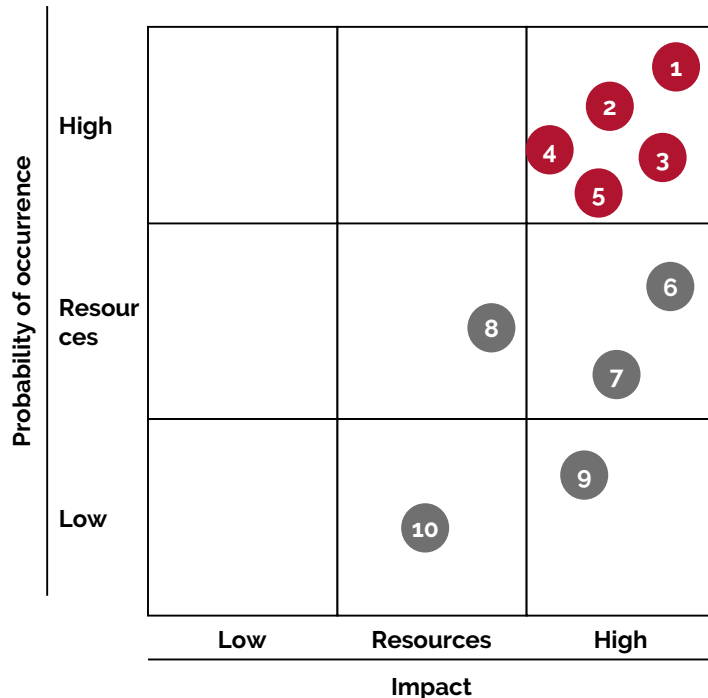
Procedure **week 1** - Situation analysis & immediate measures

Time	Monday	Tuesday	Wednesday	Thursday	Friday	
8:00 – 10:00		Supply chain check	Workshop Current challenges (internal & supply chain), generation of ideas for immediate measures & First implementations of emergency measures	Evaluation of workshop results	Presentation Preparation	
10:00 – 12:00	Welcome, definition of objectives and Kick-off			Prioritisation in terms of impact and urgency		9:00 to 11:00: Presentation of the results
13:00 – 15:00	Analysis of the bottleneck processes and current risks	Identification of latent risks with a high probability of occurrence		Definition fields of action	Prioritization of immediate measures & master plan	
15:00 – 17:00		Basic data and determination of key figures		Voting		

Professionalization of risk management: pragmatic & agile

Professional risk management reduces costs in the event of unexpected events and guarantees an agile, efficient response in the future

Top 10 risks:



Risk	Risk Categories	Risk to be addressed	Risk Description	Probability	Impact
1	12k Project risks	SP 12k/R&D/Tech	Delay in machines arrival	4,4	4,9
2	12k Project risks	Standard- Workteam	Method is unclear to achieve 68 kg/manhr	3,6	4,9
3	12k Project risks	SP 12k/R&D/Tech	First time process implementation- TDA, Super assembly	3,4	4,6
4	12k Project risks	SP 12k/R&D/Tech	Production stabilization on time for 12k	3,7	4,3
5	12k Project risks	SP 12k/R&D/Tech	Establishing the new process- Machines with process change will delay in production	3,7	4,3
6	Interactive Risks	SP all/Top Management	Most of machines will have to run at full utilization- PM, trials, MTC will get affected	3,7	4,2
7	Interactive Risks	SP Logistics	Working of in-plant logistics team related to- SOP, Asset maintenance (not in scope currently in I)	3,7	4,2
8	12k Project risks	SP 12k/R&D/Tech	Smooth handing over the project equipment to Production (within aligned specs)	3,3	4,2
9	Technical Risks	SP Engineering	Automation reliability	3,9	4,2
10	Interactive Risks	SP Logistics/Top M	Outsourcing is increasing. Handling bigger strength is difficult.	3,7	4,2
11	Process Risks	Standard- Workteam	In the process of Productivity Improvement - no concentration on fatigue & ergonomics	3,3	4,1
12	Business Risks	SP 12k/R&D/Tech / Top M	Mould availability (esp. For small batch numbers)	3,5	3,9
13	Others (Facility Risk)	SP Logistics/HR	Dependency on the outsourced services is considerably increasing - Forklifts, secondary manpower	3,6	4,0
14	Management Risks	Top Management/HR	To meet aspiration of all employees during this exponential growth	3,4	4,0
15	12k Project risks	SP Engineering	TBM & Curing automation breakdown	3,4	4,0
16	Resource Risks	Top Management/HR	On time manpower availability for additional 6k from existing 6k	3,2	4,0
17	Technical Risks	SP 12k/R&D/Tech	Process proving of improvements - Poly elimination, Tread cementing	3,8	3,9
18	Interactive Risks				
19	Process Risks				
20	Management Risks				
21	Management Risks				
22	Management Risks				
23	Others (Facility Risk)				
24	12k Project risks				

Risk list (example)

- ✓ Early risk identification
- ✓ Risk assessment and classification
- ✓ Measures to reduce the probability of occurrence or impact
- ✓ Preventive definition of emergency measures
- ✓ Timely escalation

Agile ConMoto Taskforce - Results

After only three weeks, the first immediate measures to ensure the ability to deliver are implemented

Results after three weeks of the ConMoto task force offensive



Value contribution

Results:

- Current and latent risks assessed systematically
- Fields of action for securing the supply chain identified
- First immediate measures implemented to ensure delivery capability
- Short-term measures for cost reduction defined
- Professionalization Risk management launched
- Master plan and implementation coordinated for prioritised fields of action

Ihr Ansprechpartner

Headquarters:

ConMoto Strategie und Realisierung GmbH
Boschetsrieder Str. 69
81379 Munich

Dr. Christoph Siegel
Managing Partner

Phone: +49 711 76779-207

Fax: +49 711 76779-101

E-mail: siegel@conmoto.de

Moving solutions. **Implemented.**

