

**Resilient Leadership: Perspectives from Boyden's Industrial Manufacturing Practice Experts**

As the grip of COVID-19 continues to impact us globally, Boyden is tapping into the deep collective knowledge base of our partners to bring industry insights and prescriptive learnings to the forefront.

**In this issue of *Resilient Leadership*, Boyden shares the expert opinions of our Industrial Manufacturing and Supply Chain leaders from across the globe: Claire Lauder (United Kingdom), John Kim (South Korea & Taiwan), and Katarina Dempsey (United States).**

In conversation with Boyden's Global Industrial Practice Leader, Francesca d'Arcangeli, the group explores the immediate crisis impacts on the sector, supply chain sustainability, automation, and the evolving leadership skillset.

**d'Arcangeli: COVID-19 is affecting segments of the industrial manufacturing sector differently. Where are the greatest opportunities?**

**Kim:** Big technology and the large digital platforms will come out of the crisis strong; however, innovative industrial companies embracing Industry 4.0 digital transformation, characterized by smart factories and resilient supply chains, can also establish a sustainable competitive advantage in post-COVID-19 and reap the rewards. This 'new manufacturing', leveraging IoT, digital twin systems, AI and machine language, would enable companies to address the reliability and efficiency challenges ranging from sales, supply chain and production and other functions exposed by the pandemic.



**Dempsey:** Exactly right. Especially today, we must show creative problem solving and flexibility in all manufacturing environments. When managing supply chains, domestic or global, we must beat market volatility with agility. It's not only about speed. CEOs are shifting to creating customer-centric organizations and the need to cater to demanding and changing customer needs and expectations. Our clients in both industrial and consumer manufacturing recognize the essential importance that creative supply chain, manufacturing and operations leaders can make to strategic differentiation and tactical advantage. I can see leaders in these functions play an ever-increasing and vital role in the delivery of new strategic objectives.

**Lauder:** From a functional point of view, once financial stability has been achieved in a business, risk and HSE will likely be high on the agenda for the coming months. We'll also see a surge in demand for strategic transformation executives followed by chief operating officers to deliver the new strategies in the post-COVID-19 world.

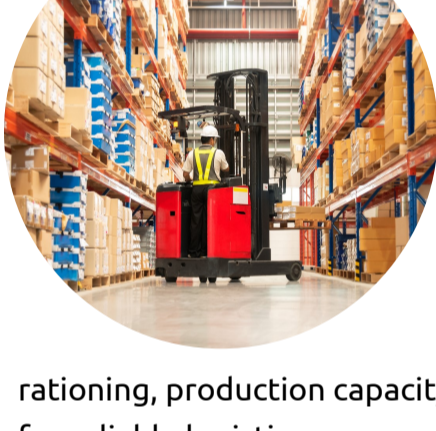
**d'Arcangeli: How is the uncertainty surrounding the full duration of the pandemic affecting manufacturing specifically?**

**Dempsey:** Living in a pandemic, we must look at lessons learned. Millions of people are in complete or partial lockdown and the manufacturing sector is greatly impacted. We will not go back to the 'normal' we know, and we must learn from both a) basic manufacturing principles and b) from history. Both teach us that short-term changes lead to changes that last for decades and impact productivity and consumer behaviour. We are forced to change how we work, how we communicate, and how we consume products and services.

**Lauder:** Yes, that's very true. What we are realizing in the UK is that COVID-19 has distracted the sector from the elephant in the room, the unresolved trading arrangements between the UK and the EU. Whilst COVID-19 will no doubt cause changes in the way we work, the greatest concern for most UK manufacturers is the lack of clarity on our long-term trading relationship with the EU.

**Kim:** There is also a real possibility that the crisis will result in distress or even bankruptcy for some manufacturers, as declining demand and production, along with financial obligations take their toll. Companies need to address the immediate challenges to survive by responding swiftly to protect their workforce and to stabilize the supply chain. They need to adapt their marketing and sales to suit new customer behaviors and address near-term cash-management challenges during factory shutdown. Only then can they create plans to return business to scale quickly to the next normal.

**d'Arcangeli: Supply chains have experienced severe disruption. What might a sustainable supply chain strategy look like?**



**Kim:** A lack of transparency and visibility into the complex footprints of global supply chains has exacerbated problems for manufacturing organizations to anticipate potential disruptions and to respond in a coordinated manner. China accounts for 50 to 70 percent of global demand for industrial parts and raw materials. We could see massive restructuring as production and sourcing activity repatriate closer to end users and consumers. A sustainable supply chain workstream might evolve around strategic supplier engagement to facilitate cross-tier risk transparency, critical part identification and parts rationing, production capacity optimization, predictive demand management, and route optimization for reliable logistics.

**Dempsey:** Yes, supply chains will change and we are testing their resilience and flexibility more than ever. We cannot rely on long and established supply chains, even if they were efficient and cost-effective in the past, but rather focus on superb service levels for clients. Strong leaders in this area will use even more data analytics to adapt and support the entire supply chain, one that is highly responsive to its customers and ensures reliable problem solving in uncertain times.

**Lauder:** Whilst the UK officially left the EU on 31st January 2020, our supply chains are hugely integrated, and we rely on open trade arrangements with the EU. There is talk about COVID-19 being the end of globalization and an indication that we may see the localization of supply chains in many countries. The UK's industrial strategy has been to focus on high value add manufacturing. While I believe this needs to remain a mainstay of our strategy, the recent issues the UK experienced in obtaining PPE is a good example of whether we are valuing things in the right way. The crisis will cause many governments and companies to look at their supply chains and establish what can be made more locally.

**d'Arcangeli: With workplace closures and limitations, is this an opportunity to accelerate advanced robotics or automation?**

**Lauder:** This is a chicken and egg situation. In theory, it would be a great opportunity to increase robotics and automation. In reality, these initiatives need significant investment and unfortunately, many businesses are in survival mode at the minute. Nevertheless, there is exploration. For example, we recently hosted a webinar with an organization that develops digital twins, helping companies identify productivity improvements in existing factories or even building a virtual factory from scratch, to ensure it meets all of the requirements before having to commit to huge capital investment.

**Kim:** I agree. COVID-19 has forced companies to evaluate automation to meet the staffing challenges and to minimize the number of workers on the factory floor. This is an opportunity for manufacturers to pilot solutions and ramp them up, carefully focusing in areas such as robotics and collaborative robots, predictive forecasting and maintenance, applying AI and machine learning techniques.

**Dempsey:** Yes, we've been seeing that as well. Countries will reevaluate what is essential and strategic to manufacture for their own economies and will build a digitally savvy skilled workforce to run automated and robotic-based manufacturing domestically. We can already see a surge of incentive plans to bring back manufacturing from offshore supplies for basic needs. So that shift from low-cost and low-skilled labor to advanced automation, and a drive to create new jobs for a digital workforce, is already starting to take place.

**d'Arcangeli: Many leadership lessons will be learned in the post-crisis era. What do you feel will be one of those top lessons?**

**Kim:** The COVID-19 outbreak began in Asia but the region also experienced early indications of containment and resumption of economic activity. As one of the first countries to have been impacted by the outbreak, Korea countered the crisis with a variety of rapid and innovative responses including transparent public information disclosure, drive-through virus testing, compulsory self-quarantine monitoring, and stabilizing PPE supply and distribution. However, the most important lessons learned come from the exercise of leadership at the top. Daegu, the epicenter of the pandemic outbreak, special task force positioned themselves in the city of Daegu, the epicenter of the pandemic outbreak, to facilitate support for frontline medical workers and citizens, and expedite communication between all levels of governments and CDC.

**Dempsey:** I'd add that remote and virtual work is not only for office workers anymore. In the manufacturing environment, people still have to be on-site and operators need to operate machines, maintenance needs to repair machinery, etc. However, manufacturers are losing their on-site workers significantly. We will be seeing the adoption of remote collaboration and diagnostic tools and the use of more specialists connected remotely and constantly online to guide and support on-site operations personnel.

**Lauder:** That's right. Working from home is acknowledged as the norm for many businesses pre-COVID-19 but the manufacturing sector can be somewhat conservative from this standpoint. So while you can't have a production line working from home, there are other roles that can function well that way. Also, many CEOs will be reviewing their commercial property commitments and really asking themselves whether they need so much space.

**Boyden's Global Industrial Manufacturing Practice**

With end-to-end digitisation and the dawn of Industry 4.0, the key to profitability and growth is no longer about technology. It is about people. Boyden has unparalleled expertise in working with industrial manufacturing businesses to help them identify executives with the skills to derive competitive advantage from new technologies and deploy them to achieve strategic objectives.

Meet members of Boyden's Global Industrial Manufacturing Practice:



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Learn more about Boyden's Industrial Manufacturing Practice ▶