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ROI EFESO
MANAGEMENT CONSULTANTS

≡ DIALOG

THE MAGAZINE OF ROI-EFESO
ENGLISH EDITION



TRANSFORMATION TRAVELERS

Insights into the worldwide
work of ROI-EFESO

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AFTER A FLAT WORLD



The world is flat – in 2005, Thomas L. Friedman, the famous New York Times columnist and foreign policy expert, published a bestseller under this title. The book was more than an analysis of global macroeconomic conditions. It could also be read as an optimistic manifesto for the still young twenty-first century, for a departure into a world that was growing together. The economic interdependence of the world would bring the regions closer together, aligning the basic patterns of development. Countries that each have McDonald's outlets would not go to war with each other. Neither would countries that are intensively involved in the same supply chains. Global networks, offshoring, outsourcing would globalize ideas, money, and value creation. All these ideas can be found in Friedman's highly praised book.

But just a few years later, opposition arose. IESE professor Pankaj Ghemawat stated rather dryly that 90% of phone calls, web traffic and investments were still local. The wired world was still not flat. Anything but. Today we must confess that McDonald's stores and global supply chains,

international institutions are not enough to solve global challenges like climate change or pandemics on a global scale. And, unfortunately, that they do not prevent wars.

We must accept that reality defies simple and unambiguous descriptions. That it is complex and the dynamics that shape it are not linear, not even rectified. This realization does not mean turning away from international, cross-border thinking and strategy making. Nonetheless, we need solutions that are appropriate to the economic, cultural, and environmental diversity of the world's regions.

We need to look for ways to combine our tools and methods to maximize impact locally. Moreover, we need to find

approaches to amalgamate local best practices into international networks that can withstand tensions, shocks, and frictions.

As ROI-EFESO, we live this culture and this thinking. As a company with an European origin but an international perspective, we do not look for a flat world and do not negate differences but try to recognize and acknowledge the heterogeneity and find the best possible solutions against the background of local specificities.

In the new issue of our magazine, we would like to give you an impression of this. I hope you enjoy the ride.



*Hans-Georg Scheibe
Management Board*

INTERVIEW

"GLOBALIZATION IS STILL ALIVE."



Bruno Machiels and Luca Lecchi, Co-CEOs



B *Bruno, Luca, ROI-EFESO helps companies on all continents improve performance, achieve operational excellence and master digital transformation. How do you look at the evolution of globalization?*

Bruno: When you talk about “globalization” you can look at it from two different angles. “Global” as “the same everywhere,” and “global” as “boundaryless fluidity all over the planet.”

Luca: If we start with “the same everywhere,” it is clear that there are still tremendous differences between these places. Even if at the global headquarters it is something that tends to be forgotten, local, physical and social environments dictate real operational and consumption differences. Transportation is quite different with high velocity infrastructures than

without. Production will always remain dependent on available energy type, reliability and costs. Performance management is totally different in the functioning of political, cultural and social practices. Quality and productivity are influenced heavily by physical conditions as well as supporting infrastructures. Investments and liabilities are a totally different ball game in the functioning of local bureaucracy and political interference. So even identical industrial set-ups will have to work totally differently to function in their environment.

Bruno: At the same time, we see a growing ability of units in very different environments to adopt quicker new levers for performance. Digitalization plays a major role in this, as it facilitates collaboration and reduces the cost and lead time of the transfer of information, knowledge and skills. That’s why

the current growth of “digital curtains” in some geographies is such a value destroying obstacle. They impact negatively not only the functioning of multinational organizations or supply chains, but also the ability of those living behind these curtains to seize and exchange improvement levers.

We see a growing similarity of challenges in different geographies. The challenge to master and exploit the power of digital. Or the challenge of becoming more sustainable. Even if these challenges have still a different degree of importance in different geographies, and are at a different maturity level, it is remarkable to see how they are increasingly added to the agenda everywhere.

Luca: Another rising global challenge pertains to speed and complexity. As lifecycles of consumer taste, products, technologies,

“We see the challenge to master and exploit the power of digital.”

etc., become increasingly shorter, the expected value and quality – including ones like “connectedness” and “sustainability” – trigger higher levels of complexity and new ways of organizing the end-to-end value chains. Less sequential, more integrated, more iterative.

So, regarding “global” as “everywhere the same,” we should be able to admit that because of substantial physical and social differences, full standardization and identity are perhaps not an ambition as such. At the same time, the ability of multinational organizations to get the best out of local situations, empowering and enabling local progression thanks to their collective capabilities, has never been more important. Quality of constructive and disciplined collaboration, and inclusion of different cultural backgrounds and angles are key here.

And what about the global supply chains?

Bruno: If we look at “Global” as “boundaryless fluidity all over the planet,” we just crossed a pivotal moment. Many of us had embraced the belief that global supply chains were natural, especially when boosted by the power of digital. Basically, the economic logic of specialization – produce where you have the highest productivity/lowest cost – totally overshadowed some fundamentals of risk management based on portfolio thinking, based on the hypothesis that we live in a stable world and that strong multilateral commercial exchanges would render conflicts unattractive.

Over these last recent years, however, the physical and social realities suddenly resurfaced,

teaching us hard lessons. COVID, Suez-canal interruption, wars, etc., all reinforced by growing geo-political multi-polar rivalries, and new competition for some resources like rare metals. The basic platform of trust necessary for global supply chains suddenly weakened, or even disappeared.

Luca: On one hand, we see a growing regionalization of supply chains. We could even imagine that there is some overreaction now. What should be a correction or re-equilibration of risk, sometimes looking like a very black and white course of action, will not be sustainable in the long term. Business is about taking calculated risks. International supply chains are part of those risks. You try to determine what type of risk makes sense for you, but maybe with a larger and longer-term view than before.

We also see growing regionalization of scope. Companies clearly stepping out of some geographies, even at a high cost. Depending on each case, this can be about leaving a non-level playing field not considered as fair, reducing reputation risk, or even long overdue refocusing. It can once more be triggered by the need to reduce complexity.

Bruno: But this does not mean the “end of globalization.” Many pull-outs are for example rather footprint rearrangements. New origins and destinations are growing. Some resources and products will

still be needed to travel throughout our planet. Footprints become more complex tradeoffs between economic advantages, market needs and geo-political risks. And yes, more friction will exist between some geographies.

Making global supply chains work requires once more very professional collaboration. And with growing cultural tensions, it becomes even more important to develop this ability to be able to manage differences constructively.

This dimension of collaboration comes back regularly. Why is it so important?

Luca: Very few companies now work without any type of “international” exposure. The war in Ukraine regrettably illustrates this point. It triggers big issues in, for example, the food and beverage industries, in the automotive industries, in the chipmaking industries, in the IT departments of many other industries. How many people really knew about that before the war started? Every international enterprise requires collaboration, one way or another.

Taking into account the growing complexity and time pressure, traditional customer-supplier relationships are becoming increasingly obsolete as collaboration is required at a much deeper level.

Bruno: We live increasingly in a world of deep specialists. And these specialists are not naturally good at working together with other specialists.

Developing the ability to work together in networks, to integrate in different teams, to build and orchestrate ecosystems, to align productively talent,

“The ability to build strong cross-cultural and cross-functional collaboration becomes a key differentiator.”



becomes a core challenge in our world. Add the cultural dimensions to it, and your challenge, or potential competitive advantage, takes on an even bigger dimension.

Building teams with different profiles and cultural diversity that work together successfully and resolve tensions constructively is very complex. There is a high risk that they will disintegrate into regional or professional fragments and ultimately work past each other rather than with each other. Counteracting this is a prerequisite

reason for collaborating, and the coherent alignment of many company dimensions. Such as, for example, the upgrading of management practices, single agendas, reinforcing leadership behaviors, etc.

Sustainability and globalization also seem to have strong connections. Can you elaborate on that?

Bruno: Sustainability is increasingly driving business agendas in general. It touches the two dimensions of globalization in many respects. It influences where you can be active, and how you should behave there, e.g., in terms of labor conditions, environmental impact, contribution to local communities. It also influences supply chains though, for example, their carbon footprint.

But globalization should not automatically be considered an enemy of sustainability. Take, for example, this impressive project driven by Port of Antwerp-Bruges (read more on page 16): setting up supply chains to use the sun where most appropriate to produce

hydrogen, and then transport the hydrogen to Europe to provide clean fuels. You indirectly import the green power of sunlight.

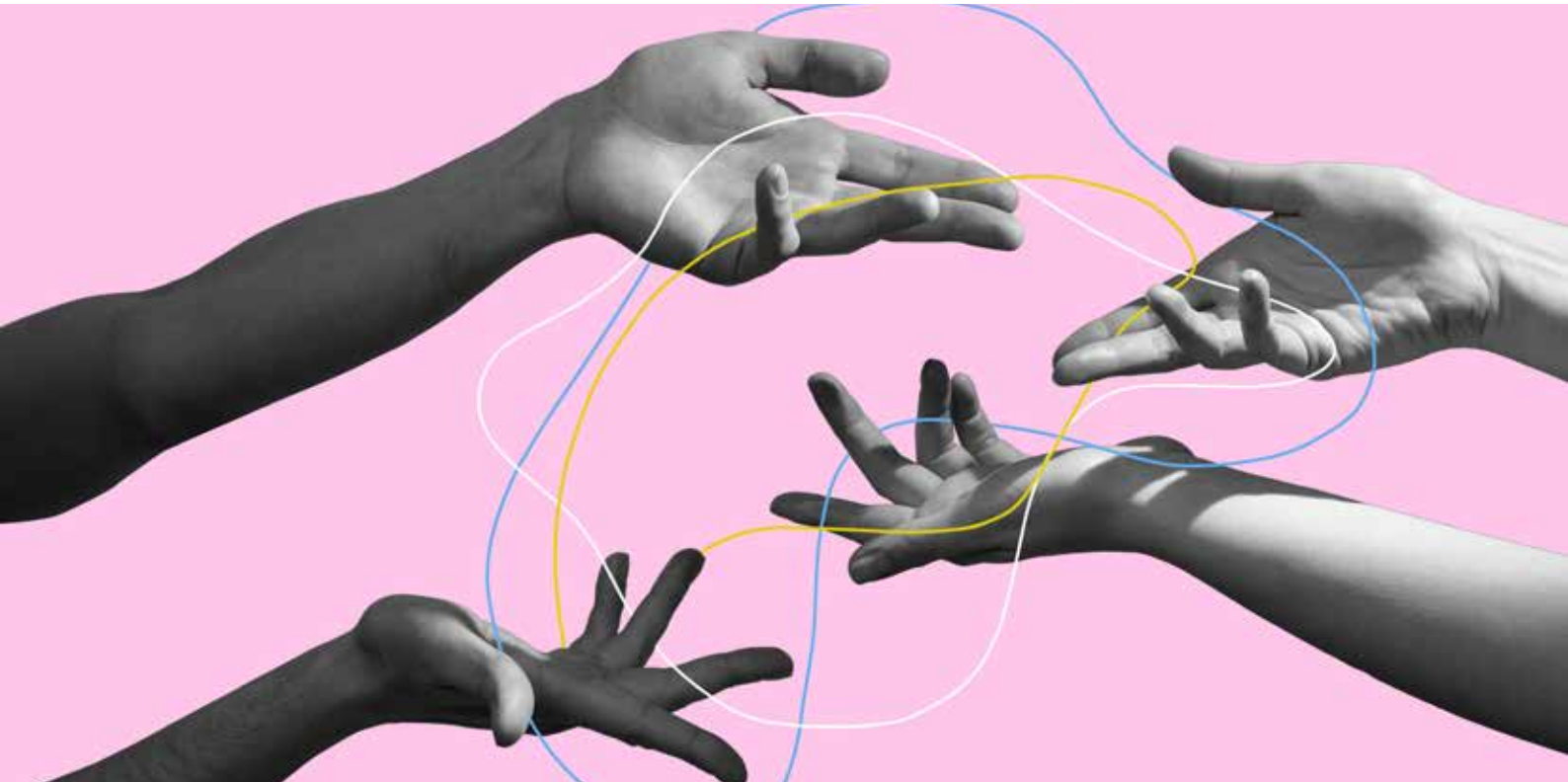
Luca: Sustainability is already strongly influencing the global footprint of companies. Not only because of regulatory pressure, or voluntary ambition. But also because of climate change. Climate change will alter the relevance of some of the existing footprints, because of, for example, resources no longer being available. Climate change is also already altering the supply chains themselves.

Bruno: So, in a nutshell, globalization is still alive. There probably even exists a more acute sense of being part of the same planet than ever before in human history. But realism, and the consequences and/or less attractive sides of humanity, are profoundly changing the way we should look at business globally. Reaching a much higher level of collaboration maturity will be a must have, at the business level, at the political level, and before all plainly at the human level.

"Globalization should not be considered automatically as an enemy of sustainability."

for the future viability of companies.

Luca: The ability to build strong cross-cultural and cross-functional collaboration becomes a key differentiator. And it is not just grown and anchored through soft approaches. It requires a deep adoption of the



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CHINA

“COLLABORATION WILL PLAY A SIGNIFICANT ROLE IN THE NEXT GROWTH SPURTS.”

Wang Liping, Vice President

W Wang, China is the epicenter of the Corona pandemic as well as a pacesetter in the global economy. What is the current situation of the Chinese market?

The pandemic is a global stress test with an open end, but the Chinese economy is doing well so far. Of course, the zero-covid strategy with lockdowns and production stoppages like here in Shanghai poses major challenges for the economy. At the same time, the local value chains are proving to be stable, and we see relatively comparable opportunities for us: for example, in the last years we

tried to establish a better position with local customers, and the top local players in each industry are moving to an even stronger position which bring more opportunities for us, like food industry.

Moreover, the images of idle production lines convey only a selective picture of an economy whose dynamic and growth have been slowed, but not halted. Currently, this is particularly clear in two areas: first, we see a clear concentration of the market on the top players in key industries such as automotive, consumer goods or IT. The top three to five companies are

growing fast, particularly in terms of profitability. Second, China's society is very dynamic, people are changing jobs, e.g. from the manufacturing to the internet sector. This is also promoted by the government, especially with high-investment subsidy programs for start-up companies in the field of digitalization.

Do you see significant impacts for the consulting industry in this situation?

Chinese companies have not cut their budgets for consulting projects. On the contrary, they try to understand the new situation and want to anticipate the next



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development steps. So, they are willing to invest in support and appreciate the value of this assistance. But with all the new economic developments, like those related to the internet, there is another big change: I think the industry is becoming more mature. And more and more companies are following our consulting concept that we need a mature process as a basis.

For example, we usually get two kinds of requests now from corporations and large enterprises.

China's economic dynamic and growth have been slowed, but not halted.

On the one hand, they're looking for quick problem solvers. And on the other hand, for someone to build them a powerful operations management system to enable them to solve their problems in daily life themselves. And that is what we're known for and why we're always working with the big brands from a wide range of industries.

How does ROI-EFESO differ here from other consultancies?

For China, I can make many local decisions to suit the local market situation. Some consultancies still follow a variety of global process models and their global policies, many steps and decisions have to be approved by their headquarters. But in the end, solutions are often not really adapted to the requirements of the local market in China. We, on the contrary, have an independence that allows us to do the right things for our clients here.

Let's stay on the topic of digitalization for a moment.

What trends are you observing here among your clients?

Individualization is certainly a top trend. For example, one of the leading Chinese beverage companies checked a lot of different standard solutions to digitalize its operations processes, but also some local bigger platform solution provider. In the end, they said: standard kits are not the way to go. So, they did their digital development module by module and decided from the process point of view, which hardware and software parts are ideally suited.

The main goal here is to improve the cross-departmental management process. Many companies are currently setting themselves this goal, regardless of the industry or the level of digital maturity already achieved in the organization. Ideally, then, the IT department is working closely with the other departments, for example the purchasing and production teams, to understand the respective workflows. This is also a better and faster way to make decisions, which digital tools or systems are necessary and suitable. Furthermore, we work with the client on specifications to teach the technology providers how to improve their product. This form of collaboration will play a significant role in the next growth spurts.

Do you see any points of contact between digital transformation and sustainability criteria?

Sustainability is also a new and hot topic in China, but maybe as not deep yet as it is already in Europe. The awareness of issues like carbon footprint is developing quickly, and the pollution issue has been changed a lot especially in the more developed areas like in the Yangtze delta region. So, there are already some pioneers



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Best Practice for digitalization: highly interconnected IIOT ecosystem at Haier Sino-German Intelligent Park

At Haier Sino-German Intelligent Park in Qingdao, China, electronics group Haier is using an exceptionally innovative IIoT solution. In contrast to the use of IIoT solutions in a single factory, the entire industrial park uses a uniform, intelligent production system. With this solution, the company won the INDUSTRIE 4.0 AWARD of ROI-EFESO.

Its core is a "smart" manufacturing system for mass production according to individual customer requirements. An R&D production system also ensures an optimal exchange of information. Haier uses this system to network four factories that manufacture alternating current systems, refrigerators, washing machines and water heaters.

At the heart of the solution is the online platform COSMOPlat, with which the company interacts directly with its customers and thus quickly identifies their needs. This provides flexibility for subsequent order changes, shortens delivery cycles and avoids high stock levels. Above all, however, customer experience is a valuable asset in the further development of the products.

Learn more about the solution and the INDUSTRIE 4.0 AWARD:



Wang Liping
Vice President



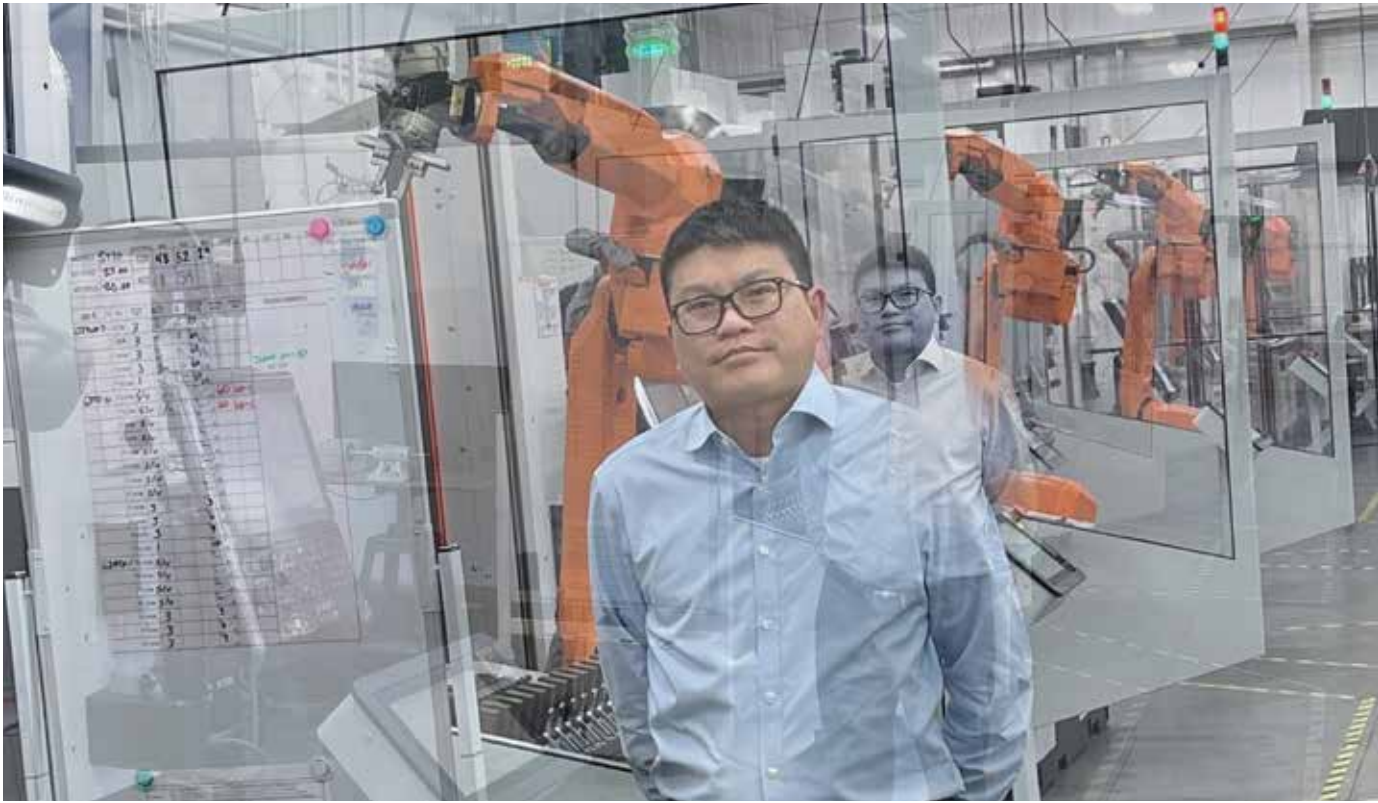
and best practice companies, and the government is doing a lot. For example, how to save energy in manufacturing is an important part in governmental factory programs.

What about the human dynamic dimension? Do you see a typical style of leadership or teamwork in China, for example?

The leadership style between China and Europe, or let's say between East and West, is very different. Human dynamics plays an important role in our projects since

Individualization and cooperation are the TOP trends in industrial digitalization.

everything is getting more complex in daily business and it's difficult to get clear KPIs and clear results in a shorter time frame. With a different style of leadership and the way we handle human dynamics, we find a lot of attention from client side.



NORTH AMERICAS



FROM “BUILD” TO “BOOST”

How U.S. companies are coping with labor shortages and a human resources gap

By Konto Chan, Vice President

The ROI-EFESO office in New York City “crosses” three countries: USA, Mexico and Canada. The US is our major market that we want to grow for sure, in line with the great dynamism and demand for consulting in many business fields. In terms of challenges and opportunities, let’s take a look at four focus topics.

#1: Operational excellence

In terms of operational excellence, the pandemic pushed many value chains in the manufacturing industry to their breaking point in 2020.

COVID-19 caused interrupted production and in turn depleted the safety stock inventory in the supply chains, especially in our food and beverages client base. As lives slowly returned to normalcy in 2021, manufacturing companies struggled to keep up with the surge in demand coupled with a bullwhip effect. To make the matter worse, a workforce transformation (career shift, early retirement) has been triggered by the pandemic which resulted in a significant labor shortage. The result is an unprecedented capacity deficit in the US.



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To help our existing and new clients with this situation, we are taking advantage of ROI-EFESO's newly developed Boost approach. In the past decades, our approach was more that we Built OPEX capabilities with the client, then the results would come. Now we are converting our consulting model

More than two thirds of our request of projects is about driving volume, releasing capacity, improving productivity.

much faster from "Built" to "Boost". With the Boost approach we get very intensive to drive results, and then build capability of the client later. Approx. more than two thirds of our request of projects is about driving volume, releasing capacity, improving productivity. ROI-EFESO North America's business saw a recovery in 2021 and had a very strong 4th quarter in particular. Due to labor shortage, we get

unconventional requests for interim management positions in addition to driving improvement on capacity. The client needs are changing, we are quickly converting to that type of support to meet those needs. And instead of engaging a consultant for four or five days a month, one (or more) consultants are now on site with clients full-time for months.

#2: Digitalization

Digitalization is already an integral part in the corporate strategies across all industry boundaries in the US. But similar as in other countries, many companies are struggling to move forward. They have a lot of existing and discrete digital systems (ERP, MES, PLC, etc.) in place. These challenges are multiplied by M&A. For example, in the food & beverages industry a lot of companies have gone through many acquisitions. Over the time, they have a different set of IT infrastructures and an inherent complexity of legacy systems. These companies are left with two

options, to replace existing systems with a common one, or to find an appropriate platform to integrate all existing systems. Both options prove to be challenging and difficult to justify the cost associated.

#3: Sustainability

More or less, sustainability is like a marketing slogan for some US brands. But there is a huge gap between marketing and acting – which is mainly due to the costs associated with sustainability programs. For example, while product packaging is closely related to sustainability, the corporate perspective is mainly that of cost reduction. The performance indicator ends up being how much material cost can be saved in packaging, and not how much long-term benefits could be made to the environment through innovation.

From the consumer's point of view, in terms of the need for sustainability or the desire for sustainable products, the US seems

Drive Thru



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to lack behind some other developed countries, unfortunately. If they were really serious about

When it comes to sustainability, there is a huge gap between marketing and acting.

sustainability, companies would focus more on innovation and look closer at their supply chain framework. Hopefully, there will be a consumer-driven change – but as long as consumers do not demand it, or the government does not impose regulations when it comes to sustainability aspects, it is not a priority for enterprises to expand their sustainability beyond costs. There isn't any major legislation at the moment, e.g. that plastic has to be reduced in the food and beverage industry.

#4: Human dynamics

As already mentioned, there is an ongoing labor shortage in the US, and it is worsening. Companies are competing to hire new people and these people need to be trained. However, education and training are put on the back burner, as the focus is on expanding production. So, this is the spiral where we want to produce more with unskilled people, we generate a lot of quality problems. Competition in hiring drives up labor cost and the accelerated inflation makes matter worse.

All this affects the bottom line of the company. So, most industries are in a very difficult transition situation. Manufacturing companies try to solve that by speeding up automation. However, if you accelerate automation, you face another challenge, because a company cannot be fully automated and still needs people. The challenge then becomes how employees can adopt to the new technology and transformation fast enough.



Konto Chan
Vice President

ROI-EFESO clients: our consulting focus in North America

- One out of every two of our clients is in food and beverages. Post COVID, there is an unprecedented capacity deficit, and our clients are focused on increasing production volume by improving productivity and efficiency in an accelerated way.
- Sustainability is not a main factor in food and beverage projects – different from some other countries, there is not a strong push from the consumers or the legislation to drive innovation for sustainability beyond cost reduction.



ITALY

≡ RIDING THE WAVE OF INNOVATION

Three examples of transformation pioneers in Italy

By Andrea Montermini, Vice President

After the Covid slump, Italy's economy had taken off again. The war in Europe has not only put the brakes on this development but is now even threatening a serious setback for the country. Similar to other European countries, weaknesses in the supply side in particular are becoming apparent. For example, Italy is heavily dependent on gas, more than 90% is imported. This is now becoming an incalculable risk for companies that have been struggling with high electricity costs for decades. As it is causing losses, some foundries and steel companies have already temporarily stopped their production.

It may be that many Italian companies are now preparing for rather gloomy scenarios. However, they should not ignore their strengths – in particular, the resilience, flexibility and innovativeness of the local economy have repeatedly proven to be strong assets in overcoming crises. This is due to the fact that an ecosystem of lively, growth-oriented small and medium-sized enterprises has always been an integral part of the Italian economy.

In the last decade, those players proved that they are willing and able to approach transformational phases as a good time to leverage

finance better, to acquire other companies and to become bigger and faster. What's more, to become more robust for classic challenges like internationalization. As a result,

Italy's small and medium-sized enterprises tackle transformational phases as a moment to growth.

the need for consulting services is increasing, across a very broad range of topics: with our clients, we work from strategy to due diligence,



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all through the value chain from product development down to sales. Furthermore, this is closely connected with sustainability, change management and digitalization. In terms of sustainability, we observe two styles: some companies still see this as a challenge to address some form of additional constraints, then some other are really taking this as an opportunity for innovating the business model and the relationship with the clients and other stakeholders.

Since the challenges are so different, there is no existing "typical" consulting project. Industry-independent can be in focus to become (even) leaner, to modify the business model or to differentiate into new market segments. There are different dynamics sector to sector in this respect, so let's point out three whose transformation is particularly interesting and significant for the Italian economy.

Automotive: balancing act between change and cost cutting

Every player in the automotive ecosystem is facing the same major challenges. On one hand, electrification heralds the end of the classic drive variants. On the other hand, it's about managing the continuous pressure to reduce costs across all operations areas. These money and resources are necessary to invest into electrification and new playing fields. So, it's even more challenging for companies in tier one and tier two, for instance, in the mechanical or power train part of the automotive to on one end, transform the business and on the other end, to continue cutting costs. This is happening in other sectors like aerospace as well. However, there are exceptions: premium luxury brands are doing extremely good, electromobility is at best a side issue in the niche of classic, high-priced Italian supercars, and global demand for limited-edition models with a high profit margin for the manufacturer remains high.

Private Equity: high willingness to invest substantial funds

Secondly, there's been a great acceleration on the dynamics from private equity. Because during the last years, there has been an increase in cash availability for investors – money that has not

There is an accelerated dynamic of PE companies to invest in multi opportunities of the Italian market.

been used because of the downturn of the market and the pandemic. So now, there is an accelerated dynamic of PE companies to invest in multi opportunities of the Italian market. We currently see this dynamic happening for both:

PE focusing on companies in the need of financial and



Andrea Montermini
Vice President

ROI-EFESO clients: our consulting focus in Italy

- Luxury brands in the automotive industry are key clients, current projects are focussed on topics like sustainability, supply chain and risk management.
- Supporting M&A processes and turnaround's – in the last four years, there has been an increase in cash availability for investors, cash that was not used there because of the downturn of the market and the pandemic. This was pushing an accelerated dynamic in M&A.
- Digitalization and manufacturing transformation are core topics of our clients in the pharma industry, e.g. supporting capture of new performance levels.

**ROI-EFESO reference project from Italy:
Future Factory for a luxury carmaker**

The client is a leading global manufacturer of luxury sports cars, known worldwide for the prestigiousness of its brand and for the performance and design of its vehicles.

Challenge

Following their recent commercial growth, the company decided to develop a new industrial plan including the development of a new paint-shop, assembly, and logistics. We were asked to support the definition of the new concept being state-of-the-art for process agility and effectiveness, with applications of the most successful Industry 4.0 concepts and fully digital.

Results

Together with the client, we ...

- developed a collection of relevant use cases for the assembly and logistics of the future, feeding co-creation workshops where the "Factory of the Future" concept was defined.
- developed the high-level design for assembly and logistics, ensuring effectiveness and efficiency in future plant steering.
- defined a digital operations target picture based on company strategy and business requirements, and drafted a comprehensive roadmap to achieve it by means of a consistent portfolio of digital and IT projects.



Find more ROI-EFESO case studies here:

operational restructuring, and for PE focusing on growth potential of companies in good shape.

A common pattern is to unlock value and improve EBITDA through operational levers. And this is where ROI-EFESO comes into play.

Pharma: small companies on course for growth

Italy's pharma sector has been able to establish a greater number of companies with their own products, after years, where it was more focusing on private labeling and processing, producing products for others in the global pharma market. This companies could continue to be into a low margin business, while smaller companies with specific products and API's have been progressing and earned money they can invest. So, there's a clear transformation to a product focused business, driven by know-how and intellectual property, that in top performing

companies is currently backed up by a stronger focus on operational improvement and digitalization.

Of course, besides those sectors there are and will be much more challenges. But as mentioned, there are many good reasons for an optimistic perception of Italy's economic future. The toolkit of methods and technologies to be more resilient and flexible to adapt to changes is well prepared at our side – now let's see it in action.



BELGIUM

BUILD, BOOST AND TRANSFORM



Europe's heart on the way to a sustainable economy

By Marcia de Troyer, Vice President and Co-Taskforce leader of Sustainability

Between the English Channel in the west and Germany in the east, the Benelux countries Belgium, the Netherlands and Luxembourg are home to Europe's most important hubs for world trade. All three nations have in common that they are small in size but extraordinarily strong economically. Belgium, for example, is not only one of the world's largest exporters, but as a European trade center it also has one of the densest infrastructure networks on the planet – with about 200 ports and an exceptionally high percentage of inhabitants (98%) that belongs to the urban

population. With Brussels, the capital of Europe, the country is also a hotspot for dynamic, internationally active companies and groups.

The dynamic and broad industry portfolio of these players is reflected in the orientation of the local consulting market. Certain consultants tend to combine generalist and specialist know-how. That means they can be deployed in a wide variety of projects – whether it be chemicals, discrete manufacturing, food and beverage or infrastructure companies like Infrabel or the Port of Antwerp-Bruges – and they can also go in depth or work with experts.

Accordingly, the majority of our Belgian consulting projects has a strong international reference and address a wide range of topics, on operational excellence as well as extensive transformation projects, M&A, or major change programs. Analytical projects are also carried out, e.g. data analysis to improve supply chains. In this respect, our local office has a rather generalist profile with very different types of projects. Nevertheless, we are currently observing two exciting aspects that our customers are facing: the potential of digitalization in terms of sustainability and how to boost organizational transformation.



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Combining sustainability and digitalization

For our economy, the European Green Deal is one of the key drivers for sustainability. This concept, presented by the European Commission in 2019, sets the goal of reducing net greenhouse gas emissions in the European Union to zero by 2050, making it the first continent to become climate neutral. Of course, there are big differences in the

way companies deal with this and with other sustainability topics as well. Many of them are currently reinventing the way they do business and are taking accelerating measures to reduce their greenhouse

In sustainability, there's a shift towards change and transformation programs.

gases. Here, in particular, connection with automation, digitalization and sourcing the right data, as well as the close networking of partners in the value chain prove to be as important measures.

On top of the ongoing, more traditional continuous improvement programs, we're noticing a drastic increase in transformation and change programs lead by and in the R&D/corporate development departments of our clients. So, there's a clear change to a new course to become climate neutral by 2050, which wouldn't be possible by only sticking with the traditional improvement programs and measures.

ROI-EFESO reference project from Belgium: Port of Antwerp-Bruges

The Port of Antwerp-Bruges, the largest seaport in the EU, has to face several challenges at the same time: In an increasingly competitive and unstable international market, it is always a question of ensuring further growth – while being able to respond to the growing influence of different interest groups. In addition, there were congestion problems associated with increasing traffic volumes during the time of the project. Above all, the focus was on mastering the organisation of the transformation from a linear to a circular economy.

Challenge

In an increasingly competitive and unstable international market, the Port of Antwerp-Bruges needs to realign its positioning from a monopolistic government institution to a stakeholder-driven "community builder".

Approach

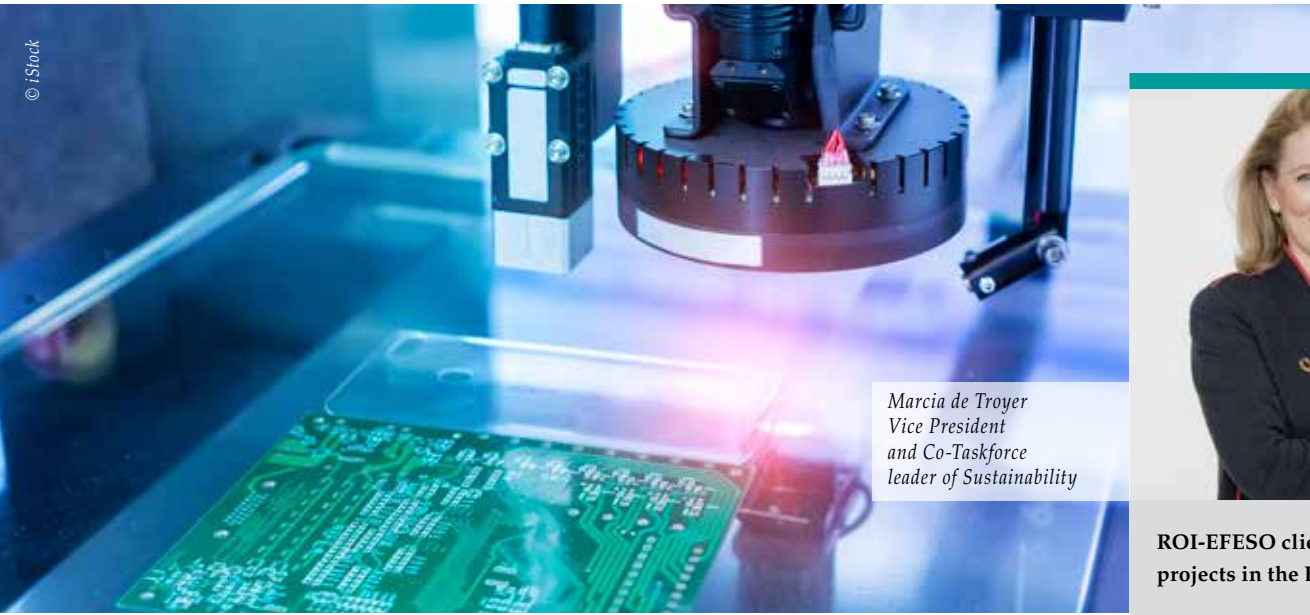
Together with Extended Leadership Teams (ELT), the project team develops a "Leadership Journey" to define the future cultural framework as a basis for the transformation process and tests it in pilot projects with different stakeholders.

Success model

"Leadership Journey" to jointly define and implement the future cultural framework (strategy cycle process, winning teams, leadership, etc.) to quickly achieve first positive results.

Learn more from the detailed case study:





*Marcia de Troyer
Vice President
and Co-Taskforce
leader of Sustainability*



ROI-EFESO clients: some of our key projects in the Benelux market

At the same time, we observe a surge in very focused energy improvement programs with specialist partners who work in an EPC or ESCO model. A strong driver here is of course the drastic increase in energy cost all over Europe, that requires new, short term energy efficiency gain.

Another challenge in this context is how to link the long-term sustainability strategy targets and the more short-term operational results, that operations departments need to achieve yearly, monthly, weekly and daily. Setting up the right cascaded dashboard and performance management supported by an adapted data capturing and management approach is crucial here.

Also, the human dynamics part can improve a lot to meet these challenges. For example, enhancing cross-company and cross-department collaboration or ensuring openness to digital solutions. To unify these perspectives, many companies could already achieve more with digitalization. For example, some logistic providers could manage the transport flux in a more automated way, but solutions are delayed due to job protection or political reasons. In plants, automation solutions are sometimes turned off as workers find it hard to accept that a machine is doing something they have done themselves for years or don't trust the solution and fear for their safety. This clearly confirms our position, that digitalization / Industry 4.0 are not just about attaching sensors and collecting data, it's also about getting people to embrace the new digital processes. At interfaces, where human dynamics and digitalization meet, we do a lot of change projects to get people to accept the change.

Exploiting new transformation paths

These issues are, of course, closely linked to the second major topic: changing organizations in such a way that they can master new challenges as well as mobilize economic resources quickly. In the past, ROI-EFESO was known for so called "build programs", e.g. building traditional lean programs or analyzing, planning, implementing large improvement programs, including employee's skill trainings. But today, companies need a faster return on investment. So, we defined "boost programs" which can pursue different objectives. For example, achieving first results in manufacturing lines within 8-12 weeks, which brings in money for further investments. Or, with a more disruptive transformation approach, automation programs for factories.

"

Regardless of project goals, ROI-EFESO consultants are seen as transformation partners who support the CEO, COO or line managers to make things work. There is a relationship of trust, which is expressed through many long-standing client relationships. In cultural terms, we're all quite pragmatic: "just making things work" is an attitude that is often encountered in our region. In Belgium, clients and consultants are motivated as well by the results that they get as by the process of getting there. And of course, we are a global company ourselves – our country teams often work closely together to find the best solution for the client, and they complement each other very well.

- Key industries are chemistry, food and beverage, infrastructure services (with clients like Port of Antwerp-Bruges, the Belgian electricity system provider, the Belgian railway company). A major focus is on large-scaled transformation projects like the company merger of the port of Antwerp and Zeebrugge. Furthermore, we support chemical companies in terms of improving their operational excellence and advanced analytics capabilities.
- We also work for one of the leading copper producers in the world, located in Germany. At its Belgium site, we improved processes regarding to human dynamics, digitalization and Industry 4.0.
- With some client we boost sustainability / green programs, e.g., working with the R&D department to develop breakthrough solutions, with the CEO / COO / Innovation VP to boost involvement of the different departments or in the definition and execution of the GHG reduction roadmaps.
- Accompany a worldwide innovation leader in the semiconductor industry, in better and faster bringing changes to 12.000 engineers in order to support to rapid growth.



NORDICS

TWO POLAR STARS FOR A BETTER WORLD

Hands-on-transformation and a unique growth practice

By Tobias Eriksson, Vice President

1 100 years ago, the famous Swedish Wallenberg dynasty, led by its patriarch, already had nine big companies under his hands, in turn led by nine CEOs. He gathered them in Stockholm for a meeting and gave them one order: “Spread your revenue evenly across America, Western Europe, Middle East/ Africa, and Asia Pacific – within ten years, we are entering an era of globalization”. To make a long story short, they fulfilled this mission and created the global business infrastructure for one of the most successful Swedish business groups that still belongs to the global

leaders in its different markets, i.e. Atlas Copco, AstraZeneca, ABB, Ericsson and Electrolux.

This characterizes to some extent, how companies in the Nordic region have been thinking since the beginning, no matter whether they are in Sweden, Norway, Finland, or Denmark. When you come from a small home market, you immediately need to expand outside of that market into other global core markets. “Speed is the mother of everything”, as Gustaf de Laval said, the inventor of the separator. This is the main reason why the Nordic market is a market today

characterized by a high density of very large international companies in relation to the population.

From a consulting perspective, there are two key trends on which the success story of our region will continue to depend – beyond current global political events. In addition to the challenge of sustainability, the further development of the world of digitalization work deserves special attention. Since both topics are closely interwoven, industry consulting firms that support on strategy deployment, implementation, and execution, need to stand firmly in both fields. But what does this mean?

A new era of sustainability related value creation

Today, in 2022, 100 years after the globalization paradigm shift, industrial companies are now facing the next major change, the era of sustainability, requiring a new non-volume growth-based view to value creation, transforming companies’ value chains into circular flows.

The core of value creation sets the course for the sustainability transformation journey.

In the Nordics, the UN sustainability goals are normally used as the starting point for sustainability strategies and operations in big corporations. From those goals the whole view of sustainability is derived, but furthermore there’s a clear understanding of the necessary transformation process:



It's coming firstly, from the value chain, the business model, then the operating model, and then the operations. In that order things will shift and change. Industry consultants need to work in that order, if they want to achieve the desired results for their customers.

Additionally, digitalization becomes a pivotal element or even a prerequisite for a value chain transformation that takes place going into circular economy. It is certainly an advantage that a strong sense of economic, social and environmental responsibility has been an essential part of the operating maxim of Nordic companies for generations. But in bringing together digital and sustainable transformation processes, many other qualities and competencies are required that cannot be taken for granted. Especially, if the zero-waste type of circular flows is the core target for manufacturing companies. Circular flows will go in the way that the sustainability impact is optimized or minimized. There is

a fundamental shift required for upstream industrial companies if they are going to economically capitalize on the sustainability transformation, putting the end-user at the centre of the circular value chain. Only the end-user will in the end pay a premium for sustainability.

The only way to do this is through digitalization because companies need to activate all data and measurements throughout their whole circular flow and their whole value chain. So, they should have a full view on what is the total impact on if it's greenhouse gas emission, water or energy waste. And even more in other types of sustainability parameters like in social dimensions such as equality or fair trade. But to be able to create that transparency, economy – in the Nordics as well as all over the world – needs more than digitalization tools. We also need the right mindset, skills and behaviours to master this daunting transformation. And this is where the next trend come into play.

The increased importance of the human dynamics factor

Even as business processes are more and more focused on technology, the importance of the "human factor", e.g., in leadership, collaboration, creativity will continue to be the dominant factor. The fascinating contradiction is that the more technology is advancing, the more important the human dynamics element becomes.

Because every single intervention of a leader, a manager or an employee will have a bigger impact in the future. Hence, the leadership behaviour element will grow in importance. At the same time, there might be fewer human beings who work on some of the machines or processes that we're in. Also, ethical questions come into play, especially in relation to deploying responsive systems. Just like in the healthcare domain, we will need ethical councils in industrial firms: what do we leave for the machines to decide?



Tobias Eriksson
Vice President

An interesting contradiction in the Nordic market is that collaboration and cooperation are elements that are deeply rooted in the culture, and so the advancement in the implementation of for example Kaizen based models has been slower in the Nordic countries than in many other countries, which are, by definition, more hierarchical. In the Nordic part of the world, there's a difference in leadership and business mentality compared to other countries. Even before digitalization and sustainability came in as more progressive elements,

Preparing our Nordic growth sub-practice for scaling

In consulting, we have a unique growth practice that we have built over time in the Nordics: the same logic that we apply on operations, we apply the mirrored version on growth. On the operation side, we have operational losses. On the growth side, we have opportunity losses. We work systemically to maximize the growth potential, i.e. throughout the growth lifecycle from market potential, to converting prospects to advocates, getting orders booked to sales orders and finally orders to cash. We know from experience what good growth engines look like and do our best to tune the ones out there. ROI-EFESO working as well upstream as downstream in many

value chains opens up for joint value creation across the value chain.

With the same logic that we apply on operations, we apply the mirrored version on growth, with the same robustness.

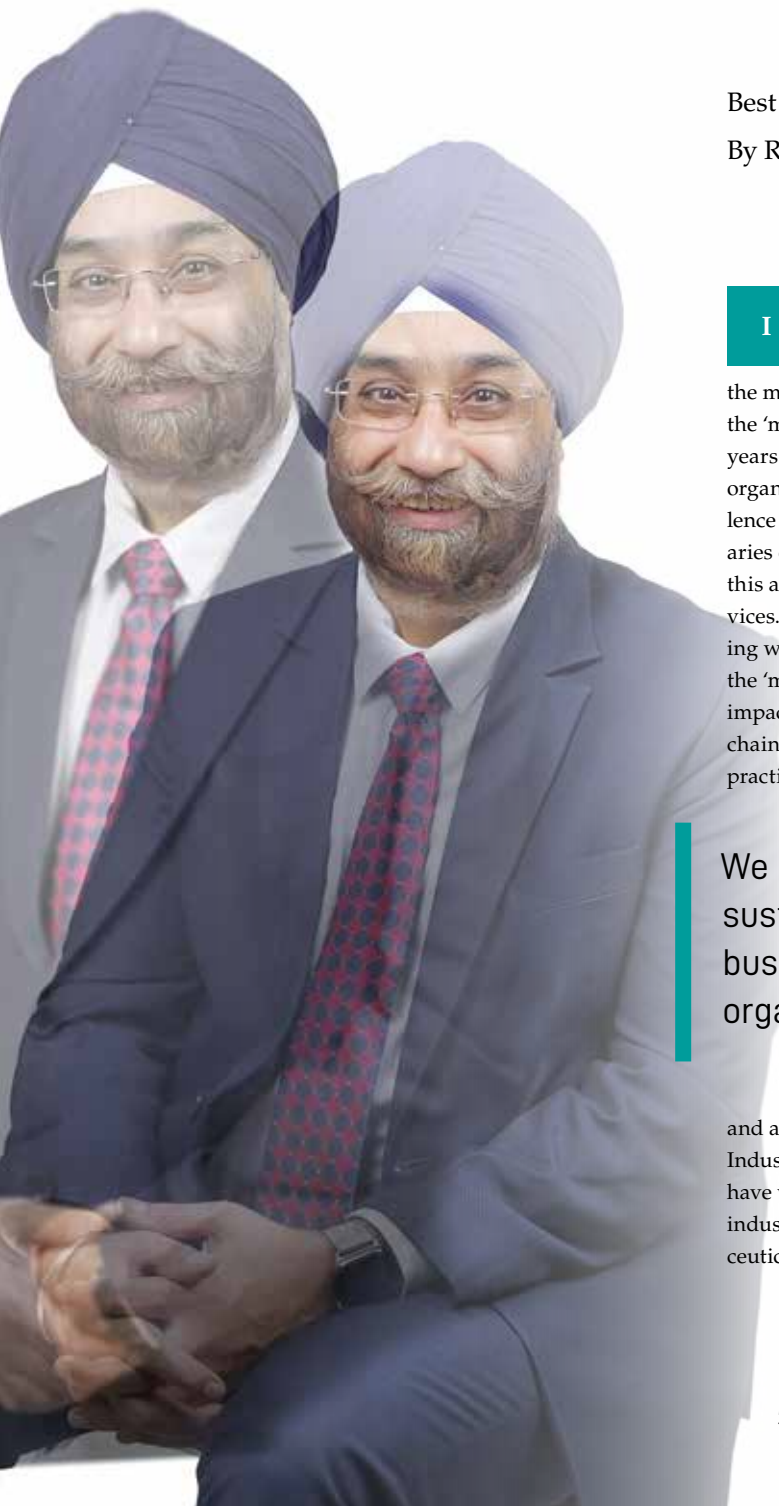
there has always have been a strong, positive drive from the leadership and a low level of conservatism and negativism in corporate cultures, unions have been progressive.

ROI-EFESO clients: our consulting focus in the Nordic countries

- The forest and packaging industry is our core. A Nordic industry which is unique in Europe. For example, we have been working with Tetra Pak for 20 years. Especially by developing their world class manufacturing together with them at 24 plant locations around the world. Beside this, we work with almost all the Nordic companies in this sector, upstream to downstream.
- We are consistently growing our footprint in other parts of the process industry, notably in food and beverage. Our expertise is in demand here to support companies on their worldwide expansion by strengthening and making their operations more agile.
- In the discrete manufacturing, world-leading players from the automotive sector and industrial equipment makers are our clients – but also their corporate allies and suppliers, which in their sub segments very often also are world leaders or number two or three.
- A heritage that we have in the Nordics is also a strong presence in infrastructure, notably energy and water companies where the strong need for developing solid future-proof maintenance capabilities is a key driver and the need for a cultural shift is big.

INDIA

GETTING GROWTH IN GRIP



Best practice examples from the local client base

By Rajinder Singh, Vice President

In terms of consulting, our root and key focus area in India has been to support the manufacturing industries in the 'make' process. We started 20 years ago with programs to support organizations' operational excellence initiatives inside the boundaries of the factory, and we still do this as a substantial part of our services. Although, we are also working with some of our clients beyond the 'make' process to have a positive impact on business across the value chain. Furthermore, we integrate practices like human dynamics

We pay close attention to sustaining and growing the business in our clients' organizations.

and aspects of digitalization and Industry 4.0 into our program. We have worked with clients across industries of automotive, pharmaceuticals, food & beverage, textile,

process industries among many others. In future, we would like to expand this into other areas like infrastructure and healthcare. More important than the industry sector, however, are the industrial maturity and transformational goals of our customers - and from this point of view, two types of "business heroes" are important in the Indian market:

Global heroes

One is the classical global player who has sites or suppliers in India, with very clear specific requirements. Most of our work here is

very prescriptive in nature. For example, the local manufacturing objectives and tasks are defined by the Group headquarters from the parent country. Our role here is to deliver exactly the way it is

designed and delivered across the world, but in a very localized manner. We make a difference by way of our deep understanding of the local factors, that vary greatly depending on the region of the country, not only in terms of language but also



in culture. Nevertheless, the results we deliver must ultimately measure up to anywhere else in the world.

Local heroes

Others are the local players with aspirations to become global. To achieve this, the company must implement systems and practices which are global in nature. It is critical for them to be more efficient, dynamic, and flexible; not just from cost perspective, but creating the right culture, practices and tools that are of world class level.

In terms of the Indian market, we are talking about thousands of companies that are operating at different stages of growth. For example, the more mature ones in discrete and process manufacturing often struggle because of issues concerning business strategy, development, supplier collaborations and risk management, while others still lack on the basic foundations concerning workplace organization and standard operating procedures. Lately, though, many of these

companies have realized that to have a grip on growth, operational excellence is the key enabler.

Shaping the OPEX journey

When we started out in India, OPEX did not have the same significance or penetration in many Indian companies as it does in other industrialized countries. So, for a while, we offered a sort of “stand-alone consulting” in the field of operational excellence, basis on specific methodologies or tool-sets. The key challenge, however, was not the implementation of improvements; but the “missing link” between the results achieved through improvements and the strategic objectives of the company. We, therefore, made a conscious effort in showing the managers, quickly and transparently, which specific values are generated through OPEX and how to integrate OPEX into the strategic orientation of the company in the long term.

The second important aspect was taking the people along during the

journey. Mostly, operational excellence consulting has been ignoring the “engagement of employees” and role of leadership, as a central success factor. We made clients understand that only following a set template for improvements is not enough; we also have to involve the leaders and conspicuously take people with us on the journey.

Therefore, we attach a lot of importance on the role of leadership, to make sure that people really understand the reason for the change, the strategy that drives it and how they can contribute to the realization of that strategy at every level. The focus has been to create the best processes, whilst also taking the people along; to fulfill the aspirations of the C-level in achieving measurable and sustainable results.

Taking concrete steps towards digitalization

Digitalization in manufacturing has been the talk of the town for a few years now. Though, many large enterprises have taken a big stride towards digitalizing their process and services; the manufacturing industry has been a slow adopter in terms of penetration.

In 2021, ROI-EFESO jointly conducted a survey with the Federation of Indian Chambers of Commerce & Industry (FICCI) titled 'Manufacturing Excellence in India – Current & Future'. More than 120 high level executives and managers across industrial sector and different companies were interviewed. With respect to digitalization, there are two main findings: the penetration of the topic is minute in daily business, in general. It's being driven mostly from bigger companies like

data and data management as the bedrocks for achieving real-time visibility of a business and embarking on a digital transformation to align both process and people.

In a nutshell, we believe in the importance of creating a linkage between strategy and operations with a clear focus on achieving business targets; and that is what we see as the core task for our consulting. Once we put digital along with our traditional methods, it can really accelerate the progress and make big impact on company's fundamentals for them to remain competitive. It is our firm belief, that this combination of process, people and digital, will help India really become the power it deserves to be in the manufacturing world. India has the strong will from the government, support programs are in place, and the industry size is huge. The trick

is to understand the real needs of any company and design a tailored OPEX solutions, together with people and digital. That will be the real boost and recipe for success for both ROI-EFESO (in India) and the Indian manufacturing industry.

Persons who are in charge of digital solutions do not necessarily understand its impact in a wider business perspective.

component or application providers.

Secondly, the persons who are in charge of the digital solutions are not necessarily people who understand its impact in a wider business perspective. Most of these people also do not come from an operational excellence background, making it difficult to make the right choice of technologies and tools required from a manufacturing perspective. Therefore, we insist, to all companies, we have been working with, that it is critical to look at



Rajinder Singh
Vice President

ROI-EFESO reference project from India: Pharmaceutical Group

One of India's top global players in pharma was under US-FDA (US drug regulator) pressure to meet their specified and (sometime) unspecified requirements and react to observations and warning letters issued by the regulator. On many instances, the company had to stop its business to fix non-compliances thoroughly and without further errors. This is where ROI-EFESO came into play to support and to initiate a continuous improvement program with clear focus on meeting or exceeding the FDA expectations.

Challenge

Before the ROI-EFESO team started, client production, quality, compliance, and teams from other departments were in reactive modus to FDA requirements and audits. Together with the client's team, we saw the main challenge in switching that into a proactive behavior.

Success model

We implemented tools and methods that strengthened a proactive organisation to prevent occurrences of instances that results in complaints and FDA warnings. The initial scepticism with respect to FDA approval of this new program, adoption of a OPEX program was quickly overcome, when the measures were implemented in a pilot plant. People soon started to see the benefits and appreciated the results and improvements in the plants and the labs.

Results

Once they started appreciating this, it become as though everybody wanted to do it. And not just to bring the organization etc. up and running, but also to meet expectations from their regulating bodies and authorities and the client. Results included:

1. Human error reduction in labs by over 30% through 5S and Poke-Yoke.
2. Retrieval time improved by 40% in the labs through layout changes.
3. 30% reduction in breakdown through TPM implementation in utilities.

Find more ROI-EFESO case studies:





GERMANY

"WE HAVE TO TACKLE SEVERAL CENTURY-LONG CHALLENGES IN PARALLEL"

Sebastian Diers, Managing Director

S *Sebastian, what challenges will Germany have to overcome as an industrial location in the coming years?*

In recent years, we have seen an unprecedented chain of several developments. Severe geopolitical and medical crises, risks of inflation and recession, regulatory changes.

If I limit myself to the area of this complicated situation in which we as ROI-EFESO support our customers, the questions of security of supply and, in a comprehensive sense, sustainability and resource efficiency of the production chains arise above all. In addition,

resilience will become a strategic imperative in aligning supply chains over the next decade.

Another field is demographic change. Today, every second person in Germany is older than 45. Despite immigration and a rising birth rate, we are therefore running into a problem with skilled workers and qualifications, especially in areas such as digitalization and new forms of work.

And finally, we also need to be thinking about technological transformations, which strongly affect our key industries.

How well prepared is Germany for these developments, in particular with regard to the issues addressed by ROI-EFESO?

The answer depends on which area of our highly diversified economy we look at. The supply networks, dependencies and complexity, as well as the saturation and competitive intensity of the markets create specific scenarios. In addition, over the past 10–15 years, companies have addressed the issue of increasing the maturity of their organizations in very different ways. Resilience, robustness, and adaptive capacity vary.



"Resilience will become a strategic imperative in the alignment of supply chains."

Are there also new challenges that are comparable across sectors?

A relatively new experience for most companies in Germany is that even enormously complex transformation projects can no longer be handled sequentially, but must be approached in parallel and networked. We no longer have time to spare; the future draws closer.

The other factor is that the development of a strategic target is becoming increasingly challenging. This process is characterized by great dynamism with regard to trends in customer behavior, technology, geopolitics or regulation. And of great uncertainty with regard to the framework conditions that I have already mentioned.

Therefore, it is only possible to update strategies and derive them from experience to a very limited extent. And we must

increasingly look at our own role and position across sectors. Not only because most industries are characterized by convergence.

But also because many future challenges can only be answered on a cross-sector basis. On the one hand, sustainability therefore requires trend-conscious and cross-industry strategies. And on the other hand, it requires their rapid and consistent implementation.

How can this implementation be described, and on what does its success largely depend?

The major challenge is to operationalize the mission statement that has been developed, anchor it at all levels of the organization, and ensure that the strategic guidelines for each area of the company are clear and systematically tracked.

We rely on a multi-stage process in which the strategic drivers are first precisely defined based on the target image. The focus can be on topics such as delivery capability, technology, sustainability, or access to critical resources. The strategic drivers are then examined from different perspectives, and the discrepancies between the strategic



vision and the actual situation in the company must be clearly identified.

On this basis, central fields of action are defined, whereby a distinction can be made between three basic types: ensuring the stability of certain processes and structures, continuous improvement in areas such as capacity optimization, efficiency enhancement or resource consumption, and finally, break-through initiatives in areas that move the company forward and support the development of new capabilities. In addition to digitalization, these currently include the circular economy, ecosystem management, software

fields of action into precise operational goals so that the process becomes controllable and measurable and provides clarity about the specific contribution that the individual areas can make. People are empowered to work openly, in a multidisciplinary and generalist way, on issues under challenging conditions – beyond silo structures and local egotisms.

This approach and the view of the different types of fields of action also imply that the widespread equation of excellence and efficiency is falling short. This has a major impact both on the management systems and on the overall organizational design.

"The widespread equation of excellence and efficiency falls short."

centricity, and addressing the shortage of skilled workers.

Two fundamental areas have to be taken to account. Success depends on breaking down these

Does this also have consequences for the consulting itself?

I believe that we must become architects of transformation. It is not by chance, that I choose this term.

For a good architect, it is not only crucial to grasp a vision and cast it into an image, but also to bring it to fruition in terms of craftsmanship, to erect a building that will endure.

ROI-EFESO reference project from Germany: Quality improvement in the automotive industry

With the support of ROI-EFESO, one of the world's leading automobile manufacturers established a completely new practice inspired by the team competition in soccer – and thus achieved unprecedented dynamism in rigid factory structures and work routines.

Challenge

A leading global automobile manufacturer wanted to mobilise and accelerate its entire network of nine factories in terms of cost and quality. To this end, the transfer of know-how between the plants was to be improved.

Approach

ROI-EFESO has established a completely new, soccer-inspired practice of competition for table leadership. The project team thus made rigid plant structures and work routines more dynamic. The joy of taking part, motivation and team spirit are now the focus.

Success model

ROI-EFESO and the project team implemented the principle of "learning from the best". This ensured not only that several good ideas for OEE optimization of a plant were efficiently generated. But also that they were applied across the whole network to 85%. There is also a KPI check and "spider web" performance review.

Learn more from the detailed case study:





As consultants, we must therefore ensure that we are operationally effective and future-competent for our clients. First of all, this means assessing the complex initial situation and recognizing the blind spots in the design of the company. Where are the markets heading? How massive and how fast are the changes heading our way, and what interactions do we need to take into account? Are there common objectives that are consistent right down to the operational level? What consequences arise both

from the perspective of individual specialist topics and from a cross-thematic and cross-location perspective? What does this mean for structures, processes, technology, the people in the company? What contribution can and must individual departments make?

On this basis, we then have to take a deep dive into the technical issues. And there is a very wide range of activities to be covered here, from supply chain management, footprint, operational excellence, R&D, forecasting, planning, digitalization and sustainability to human dynamics. It is only by combining the different skills that we can help companies defend their future viability.

**ROI-EFESO reference project from Germany:
Software bots as assistants for value creation**

A manufacturer of machinery and special machines has already achieved a high level of automation in its production processes. Now the company is setting its sights on further, cross-departmental goals for process automation. Together with ROI-EFESO, it is defining fields of application in the operations area in which Robot Process Automation (RPA) tools are to ensure time savings and relieve employees.

Challenge

The mechanical engineering company is redesigning its process landscape. Together with ROI-EFESO, it defines fields of application in eight departments where Robot Process Automation (RPA) tools are to save time and relieve employees.

Approach

After a cross-departmental kick-off event, ROI-EFESO deployed software bots via detailed recording, development and testing in all involved departments of the company. During the test phase, the previous, "real" process and the automated process ran in parallel according to the "tandem" principle.

Success model

Demand-driven development and implementation of RPA with a combination of technology and methodology expertise. The ROI of software bots is not only calculated for one or two pilots, but also for the sum of all use cases.

Learn more from the detailed case study:





BRAZIL

“METHODOLOGICAL COMPETENCE IS THE KEY”

 Ariadne J. M. Garotti, Vice President

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Ariadne, what challenges are your customers in Brazil currently facing?

This depends on the size and industry of the company. In the manufacturing industry, for example, two client groups are essential: on the one hand, the global players, e.g. with an ROI-EFESO client leader in Germany, usually we follow the projects they have designed. Here, topics such as digitalization, Industry 4.0, and operational excellence dominate the agenda. This also applies in part to local clients who have ten or more plants in Brazil. On the other hand, we also support small local clients with only one

plant. The focus here is on very basic issues, such as optimally designing work with obsolete machines, establishing new methods such as lean management, or creating a basic awareness of OPEX.

Both groups have in common, that cost reduction and productivity are mostly in the focus. Additionally, the COVID-induced boom in the online trade and logistics sector is of course also having an impact, with many companies having to adapt their supply chains to high demand. So, in this case we show our clients how to shorten delivery times, reduce transport costs and optimize

distribution centers, for example.

How do you proceed in such cases?

When we start a project, we usually start with an assessment to understand the client's weak points and link to their strategy. From that, we see what kind of projects we need to develop to help them.

Here, it is important to consider how the local consulting market has changed over the past

three or four years. Many companies were interested in long-term consulting, such as developing programs for their employees. That has changed completely – now everyone

asks about the immediate return of investment. Clients today have small budgets and want to buy small projects, a very clear difference in our market. So, while we used to develop programs with a broad horizon, now we develop short-cycle projects.

Moreover, our consulting approach is different from other countries: we do not focus on specific sectors, but on methodology. For example, I don't have a designated food and beverage expert on my team – he is a lean manufacturing expert. If I have a methodology expert, he can strengthen our clients in all industries. Methodological competence is therefore definitely the key to project success in this country.

Let's expand that with a larger perspective. What would you say would have to be changed in the overall economic situation in Brazil to stabilize your customers businesses today and in the future?

The political and economic situation here is very critical at the moment, until we have the elections for the new president this year. We have a low purchasing power and a

must find a way to reduce the gap between the rich and the poor. Of course, the enormous size of the country is a factor here.

An issue for many industries is the convergence of digitalization and sustainability – what priority does this issue have for Brazilian companies?

This is definitely on the agenda in the corporate groups. But Brazil is not in the same situation as the European countries, we are still far from Industry 4.0. Standardizing processes is certainly very important for companies that have more than one plant, but before that, we have to evaluate the current situation.

Based on an evaluation, we look for ways to reduce costs or increase productivity.

We optimize the processes for our clients before we standardize them in order to establish projects permanently. We train people in the new process, the new way of working. And if we don't standardize, we don't achieve sustainability in the project.

When you talk about environment and sustainability, for example based on reverse logistics, the topic is becoming very important. We talk about stability in the project results with our clients, but we also start to talk more and more about stability in environmental safety work. Brazil is very committed in this area, as our forests and ecosystems are the "lungs of the planet". At the same time, however, agriculture and the extraction of mineral resources are the two largest sectors of the economy. This is not always easy to reconcile. In

the past this was neglected, but now we are talking about the reuse of raw materials and the recycling of materials. Environmental regulations in Brazil are now very strict.

What characterizes the cooperation with companies in Brazil? What do good consultants use to convince their clients?

Here in Brazil, many companies are skeptical about junior advisors. You must have white hair to be considered more experienced. So, we are much more acting as teachers, do trainings for our clients and accompany them intensively with a deep professional experience through their projects. But of course, every team needs young talent. But it is very difficult to find suitable candidates at the moment. Some know a lot about lean manufacturing, but not

about efficient methodology, the roots. It's a vicious circle for young talents, who first must build up this experience and competence.

"If we don't standardize, we don't achieve sustainability."

"In the past we developed programs, now we develop short-cycle projects."

high inflation. Furthermore, there are many unemployed and the level of education is low. Many people have not studied, less five percent of our population speaks English fluently. This is very challenging for us as a global company.

Therefore, I see two particularly important areas for action: firstly, Brazil needs to invest much more in education. Secondly, we

ROI-EFESO clients: our consulting focus in Brazil

- In 2020, our focus was 90% manufacturing and now growing in the services, logistics / transportation sector and other industries. Key topics are OPEX and supply chain management.
- Different challenges: smaller clients with one or two plants are focussed on basics in structuring and developing manufacturing processes. Industry 4.0 projects only with group level clients with a lot of plants in the country and around the world, e.g. Industry 4.0 diagnosis assessments with food & beverage clients.



*Ariadne J. M. Garotti
Vice President*

BUILDING INDUSTRIAL FUTURE

As one of the leading international management consultancies with an operations focus, ROI-EFESO has been helping companies since 1999 in discrete manufacturing and the process industry to optimize their product and technology portfolio, increase operational excellence, design global networks, optimize the organization according to lean principles and reduce costs throughout the entire value chain. ROI-EFESO uses Industry 4.0 and IIoT technologies to align processes in a customer-oriented way, realize efficiency potentials and enable new business models.

As part of the internationally active EFESO Group, ROI-EFESO has a strong presence in the world's most important industrial regions. ROI-EFESO's work regularly receives prestigious awards for its quality of results, efficiency and degree of innovation. Since 2013, ROI-EFESO has honored the best practice solutions in the context of industrial digitalization with the international "INDUSTRIE 4.0 AWARD", which is one of the most important benchmarks for digital transformation in industry.

www.roi-efeso.com

