



OUTMANOEUVRE UNCERTAINTY – RESILIENCE & AGILITY

VIDEO TRANSCRIPT

Oli Barrett: In this series, we are tackling some of the biggest challenges facing organizations today and exploring the best ways to navigate the new normal. I'm joined by Accenture's Maddie Walker, Industry X Practice Lead. And Stéphane Crosnier, Supply Chain and Operations Practice Lead. We're going to discuss how companies all over the world can respond to these uncertain times and go on to survive and thrive with resilience and agility. Well, Maddie, Stéphane, welcome.

Maddie Walker: Hello!

Stéphane Crosnier: Hi!

Oli Barrett: Maddie joining us from the UK, Stéphane from France. Maddie, my eye is drawn to your role 'Industry X'. Just remind us what that signifies.

Maddie Walker: It covers everything to do with manufacturing and product development. But specifically, considering next generation manufacturing and product development and all the different digital data and technologies that we can use to really drive that forward.

Oli Barrett: Extremely appropriate for today's conversation. Let's start there. This pandemic has placed extraordinary pressures on manufacturing.

Maddie Walker: So, many manufacturing companies, many manufacturers have had to either slow down or stop production entirely. Some have had to shift to do different product development. So, for example, create new hand sanitiser or protective clothing. Health and life sciences is particularly impacted there.

And then other companies, you know, have actually experienced significant growth. And again, if you look at the health sector, that's where you'll see a lot of that growth happening there. So a real range of responses but a lot of disruption.

Oli Barrett: So already, Stéphane, in that array from hypergrowth to really hitting some bumpy territory for businesses, that must have huge impacts on supply chains. So give us a sense of how that plays out.

Stéphane Crosnier: Yeah, I think there are two types of impact on the demand side. On specific, you know critical goods companies have seen surging demands and they've been able to cope with. On the other side they have seen drops in supply because some of the manufacturing facilities were in regions where people couldn't go to work anymore.

Oli Barrett: Maddie, I've already got the impression that companies have been hit in such different ways. Crucial question: How have they responded? What have you seen happening?

Maddie Walker: There's been such a level of response, ranging from Louis Vuitton for example, I read in the papers the other day are now producing lots of PPE materials and masks for French health workers. And more locally to us in the UK you will see that Rolls Royce have worked closely to build an end-to-end supply chain to enable the manufacturing of ventilators. So they shifted from producing engines to producing ventilators.



So it's amazing in terms of the immediate response that these manufacturers have made.

Oli Barrett: And that's particularly on the repurposing front, where they pivot perhaps start doing something they weren't already doing. How about a bit more broadly, some of the responses perhaps to hypergrowth?

Maddie Walker: The challenge that the people who've been undergoing hypergrowth has been actually about it goes back to the supply chain point that Stéphane was just discussing. It's about actually getting access to the materials and to the stock. So what you'll see with those manufacturers is actually accessing and getting hold of the material has been a particular challenge there in order to ramp up the capability and the production lines. I think what you've also seen for example, in the high tech sector they rely heavily on Asia to do a lot of production and the assembly around that. They've had specific challenges because they've obviously seen a massive slowdown in their production because of the dependency and reliance on the Asia market. So I think what we're seeing now is a lot of companies thinking about 'how do I rebalance my manufacturing capability and my supply chain so I can better respond to potentially future crises and future pandemics'.

Oli Barrett: So a whole range of examples there. Stéphane, I'm speaking to you this morning in Paris. You work globally. What else are you observing?

Stéphane Crosnier: Well, I think there is let's say, a renewed sense of priorities in terms of questioning the structure of your supply and manufacturing network. We are being asked a lot by our clients around simulation. i.e. What do I need to do with past decisions where I had already decided to invest in China. Is it invalid? Do I need to rebalance to a more regional setup for my supply chain? Leading on what for instance, Nissan did in the wake of the 2012 tsunami, and was able to respond a lot better to the crisis at that time.

Oli Barrett: And just to zoom in to that example Stéphane, your reflection, though is Nissan reorganised how their supply chain fitted together. Was it on a more local basis? What lesson did they take from that terrible tragedy?

Stéphane Crosnier: They were already prepared at that time and I think the setup that they had done when we speak about regional base is a regional market regional plant, manufacturing capabilities and the regional supplier network that goes with it. So, when something happened in Japan Europe and the US were not that much impacted. Other car manufacturers that were really relying on supply coming from Japan were really, really impacted and had to shut down production.

Oli Barrett: And of course, Maddie, when we talk about simulation this is more than a range of conversations and modelling exercises. This is actually using some of those digital technologies to map future scenarios.

Maddie Walker: What we're finding we're talking to our clients about specifically in consumer goods, for example they have multiple factories and plants across the globe. And what we're talking to them about doing is how do they really connect all those plants? So they don't just know about in one factory how is it performing? How are the production lines processing and what sorts of volume that they're getting through and how resilient is it? What we want them to do is understand how every single plant and factory is doing and then how that all links together so you can rebalance production and rebalance your manufacturing volume across all of those different sites. That enables you to be far more resilient if a pandemic happens in the local area because you can switch production to somewhere else. So that's really the aim that we're working with our clients and focussing on.

Oli Barrett: I get the impression, Stéphane that the digital infrastructure helps us to do



things differently but also to imagine different futures. Is that stretching it too far?

Stéphane Crosnier: No, I think the digital is about data and our clients need data and facts to be able to perform simulations as they are now rethinking the structure of their supply chains and manufacturing footprints. Questioning whether they need to have a global footprint or move to some more regional setup for instance.

Oli Barrett: Right. So on that question then doing things differently. What do you think that the companies that you've been looking at, are resolving even now, to do differently?

Stéphane Crosnier: I think it's about simplification. It's about focus. It's about speed of execution. And we've seen companies being able to repurpose some of their supply chain and capabilities in order to show the communities. I think they need to apply these lessons to how their business is going to move forward.

Oli Barrett: So a whole new chapter for many of them. Maddie what would you add to that?

Maddie Walker: I think they've learnt to be agile. I think every company has had to respond to this pandemic very quickly. And make changes and adjust how they work. That would typically take them three to five years in three months or a weekend in some cases. One large example of a larger healthcare provider we've rolled out Teams over a weekend it would have taken three or four years beforehand. I think we'll see more of that behaviour driving through. And obviously, the role of digital data and technology to make that happen is going to be fundamental.

Oli Barrett: So Maddie, I'm hearing resilience. I'm hearing a new agility. In terms of other behaviours that companies you see think are worth keeping. What are you seeing?

Maddie Walker: I think, you know, they've had to adjust. Things that would typically have taken a long time because of the hierarchy and the

governances in place within these large corporations, they've had to strike that to one side. So I think there is a fundamental behavioural shift as well which is really around how they operate how they work together and how they collaborate, so they can actually do things a lot quicker and perhaps have less about hierarchy and approval lines and more about making a change quicker through the organization that will hopefully help them be more responsive in the future.

Oli Barrett: And Stéphane, it's always difficult making predictions, but of course we're basing what we're saying on what clients are telling you. So, what are they saying?

Stéphane Crosnier: Well, what you are seeing happening is our clients starting to rethink about their supply chain network that the manufacturing set up across the globe. Maybe in some cases changing past decisions in terms of investment in Asia and looking if it's still needed. The other thing, which is I think quite interesting, is that the topic of supply chain resilience has become critical. So, we are starting to work with a well-known university around this concept of 'Supply Chain Stress Test'. And I think the idea is that pretty much like the financial industry went through a really regulatory stress test after the 2008 crisis let's try to do the same on the supply chain. Let's run some dramatic scenarios and see how supply chains of our clients can respond or not, expose some particular supply chain points of failure. And based on that, define some remaining actions to be taken to improve that.

Oli Barrett: Well, you're both in a fascinating place at a fascinating time. Stéphane, Maddie, thank you so much for joining me.

Stéphane Crosnier: You're welcome.

Maddie Walker: Thank you.

Copyright © 2020 Accenture
All rights reserved.

Accenture, its logo, and High
Performance Delivered are
trademarks of Accenture.