

# IN TIME

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## NEVER STOP A RUNNING SYSTEM

... AND SUDDENLY IT'S AN "EMERGENCY STOP" AROUND THE WORLD!

**The emergency stop necessitated by the coronavirus is followed by the inevitable restart. This restart entails a number of entirely new tasks and error-prone processes. Based on its projects in Asia, Schnitzer Group already knows what this involves...**

In a similar way to the butterfly effect in chaos theory, even small triggers can cause fluctuations in the supply capability of companies. Logistics chains often react to this like an accordion: minor delivery bottlenecks snowball until they cause a delivery failure on the part of the OEM. The restart of industry after the "emergency stop" is also complex. Schnitzer Group in China is currently providing support to many ramp-ups in Asia. Schnitzer Group gains hands-on experience in the process and makes this experience available to its customers around the world. There are some fundamental to-dos that come into play here. For example, before production can start back up again, it is indispensable for suppliers to take sufficient preventive measures to ensure employee protection. Shift



models, production layouts and processes have to be adapted to effectively lower the risk of infection. Product quality and output also have to be ensured under the changed basic conditions.

### **The situation calls for maximum transparency**

There are very few – if any – suppliers that remain unaffected by the global crisis. In fact, many suppliers are struggling to survive. Almost all of them have to meet customer requirements with limited resources. To make this happen, priorities are being realigned. However, in view of such fundamental problems, the topic of transparency in the supply chain often falls by the wayside. In light of this situation, many OEMs are trying to conduct telephone surveys of their series suppliers to find out

whether a production start-up is in jeopardy due to missing parts supply. In doing so, they trust that each of their suppliers is informed about the status of its subsuppliers and that they are getting a realistic picture of the overall situation. However, this is currently highly uncertain. Unpleasant surprises usually lurk in the details – in many cases, precisely where they are not at all expected.

### **From the emergency stop to a safe and reliable restart with the Schnitzer Group**

The major question is this: In this situation, how can the risk of "project killers" still be minimized effectively? The important thing here is to avoid using a cookie-cutter approach when surveying the supplier chain. Instead, it is important for the person who is conducting the survey to understand the manufacturing process from a technical point of view. Only then will he or she be capable of asking the right questions. Possible problems and challenges involving technology, processes and quality are extremely multi-layered. Solving them requires a wide variety of skills, as well as broad expertise – swarm intelligence is what is needed now. In this environment, the Schnitzer Group's organizational model puts all of its advantages to use. Your central Schnitzer contact person is backed up by 55 experts working as a global and interdisciplinary team with ideal networking. We work together with you to ensure that your restart is a success.

Talk to us! 



Dear Reader,

We know that crises exist but overcome and that they are a part of life. However, the current level of uncertainty is giving us a hard time because mechanical engineering and the automotive industry are the heart of the German economy. Where is our place in all this? We have developed routines for dealing with the ever more dynamic scenarios in the automotive sector. Currently, we are restarting production operations and projects in every stage of the supply chain that were stopped or reduced drastically weeks ago with virtually no advance notice. In several phone calls with customers and business partners, we have discussed scenarios for a restart in the foreseeable future. We all agreed that we are journeying into unknown terrain this time. How can we handle surprises and unforeseen events while still ensuring a high-quality and efficient startup? The situation calls for people with a pragmatic, can-do approach who guide the situation with technical expertise and the right kind of communication. If we are to be honest, we are all going to need a stroke of luck and will have to have confidence in each other as we journey into this challenging future. What is most important to us is that you stay healthy and are able to remain relaxed and patient.

Sincerely,

  
Peter Schnitzer

  
Peter Kienzle

# TOOLING PRICES ON THE RISE IN THE SECOND HALF OF 2020

**Because of the coronavirus crisis, the situation in Europe is still far from normal. Conditions in terms of tooling and component prices have also changed. In the second half of 2020, there may even be significant cost increases originating from the steel market.**

After several steel plants in Northern Italy had to shut down completely early this year, steel prices rose drastically back in mid-March. Due to long delivery times and dwindling supply, a medium-term increase in prices of up to 35% per ton of steel is to be expected. The steel portion of tools accounts for less than 10% of their overall costs. If the steel price increases as forecast, the tooling costs will increase by 2.5%. If we include the increase in price of the standard components (which are also made of steel) in the calculation, we have to expect price increases of up to 3.5% in the second half of 2020. This increase appears all the more considerable if we remember that the prices for forming dies in Germany had decreased by an average of 2.4% between 2018 and 2019. Schnitzer Group has learned from European toolmakers that their current order situation remains quite poor. As a result, the expected price hike could be delayed until closer to the fourth quarter of the year. However, there is no getting around the fact that prices will rise over the long term due to the combination of lower supply and increased demand. The situation is even more dramatic for sheet

steel components manufactured using forming dies. Here, an increase in steel prices could have a direct effect on the individual part prices. The imputed unit costs could increase by approximately 23% as a result – a real challenge for ongoing production operations and new startups! To absorb the impact of this kind of cost increase in the supply chain, costs and capacities should ideally be agreed upon and scheduled for the long



term. In addition, they should be adjusted to a V-shaped recovery of the supply. Here is the recommendation of our tooling expert Stefan Mangold, whose fields of activity include cost analysis for forming dies: "This will continue to require a global purchasing strategy to counteract the effects of regional bottlenecks. Turning back the clock on globalization for specifically manufactured products such as tooling would lead to short-term bottlenecks and is not necessary in the long term," he says. Do you have any questions or concerns in conjunction with steel price trends? Talk to us. We will give you advice and help you prepare in the best possible manner.

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## STRESS TEST FOR SUPPLY CHAIN RISK MANAGEMENT

**Special times require special measures. We are all experiencing this firsthand these days – in very different ways. However, every challenge is an opportunity to grow!**

During the shutdown of German auto-makers, supply chains were halted from one day to the next. This measure presented many vehicle component suppliers with immense logistical and economic problems.

For example, inventories of raw materials had to be put on hold and



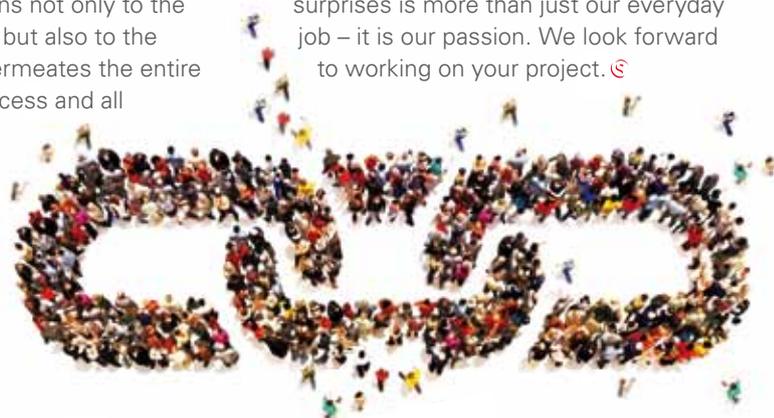
scrapped because they were subject to an expiration date. Or entirely new staffing schedules and organizational workflows were created out of thin air to ensure compliance with hygiene rules. This all took place under increased time pressure and without the ability to refer to precedent situations. These types of requirements – in conjunction with constantly changing planning variables – mean maximum stress, even for processes with ideal planning and organization. In times of crisis such as this, technically and qualitatively unstable processes almost invariably lead to under-deliveries or even force a shutdown of production in the worst-case scenario.

Processes that stood on shaky ground before the global coronavirus crisis are bound to fall apart soon because of the more difficult conditions. Precisely because of such tough basic conditions, it has become essential to maintain the

sensitive supply chains between subcomponent manufacturers and Tier 1 suppliers, because otherwise a restart will not succeed. In international trade – with all of its intercultural influences and wide variety of laws – organizational units are undergoing a massive stress test as a result of the crisis. Border closings, travel restrictions and complete unavailability of entire logistics channels are also putting the supply chain through a tough test. Now more than ever, accurate knowledge of one's subsupplier structures is absolutely crucial. This pertains not only to the supplier locations, but also to the technology that permeates the entire manufacturing process and all connected procurement processes throughout the supplier structure. This is the only

possible way to react quickly and effectively to sudden changes. Take advantage of the current crisis as an opportunity to establish new solutions for your business.

The international specialist team of Schnitzer Group will be glad to help in this effort. We have over 30 years of operational project experience in complex technical projects. In accordance with our slogan of "To manage a project, you have to have a technical understanding of it," dealing with volatile basic conditions and surprises is more than just our everyday job – it is our passion. We look forward to working on your project. ☺



## SUCCESSFUL PROJECT WORK IN EXCITING TIMES



Even in extraordinary times, we are hard at work for our longtime partner HEYCO in Remscheid, Germany. The HEYCO Group is considered one of the leading suppliers of plastic and forged parts for the automotive industry. HEYCO is recognized as a highly competent development partner for module and system business and valued for its prototype manufacturing. Products from HEYCO are found in many assemblies of today's vehicles and play a critical role in their design, stability, safety and

efficiency. In Time talked to Marc Wolff, HEYCO's plant manager, about the collaboration over the past several months:

**In Time:** *Mr. Wolff, you were already collaborating with the Schnitzer Group on this project before the coronavirus pandemic hit. How did you approach support during the period of enforced social distancing?*

**HEYCO/Wolff:** Actually, it was just as if Schnitzer Group had been on site. The group was just as present as it was before the coronavirus – just "virtually".

**In Time:** *What media have you used for the collaboration?*

**HEYCO/Wolff:** We've used Microsoft Teams extensively and without any problems. We had been using MS Teams even before the crisis. The project massively accelerated our ramp-up of this digital tool. This is a welcome side effect of Schnitzer Group's work.

**In Time:** *Has your project been delayed due to the special circumstances?*

**HEYCO/Wolff:** No, we did not have any delays and were able to keep working normally.

**In Time:** *What do you see as the benefits and advantages of collaboration*

*with Schnitzer Group?*

**HEYCO/Wolff:** I think the major advantage is Schnitzer Group's affinity for processes. Its network encompassing all areas, such as QM or process control, is highly valuable to us, because the Schnitzer colleagues can always bring in the right specialist for the specific problem.

**In Time:** *Will you trust in the expertise of Schnitzer Group even after this project?*

**HEYCO/Wolff:** Of course!

**In Time:** *Thanks for talking to us today, Mr. Wolff.*

Stefan Graf of Schnitzer Group, the project manager responsible for HEYCO, describes the partnership this way: "Our collaboration with HEYCO is distinguished by trust, openness and mutual appreciation. The current project is supported by "Systemic Projectmanagers" with hands-on experience in a variety of areas. The challenges include, for example, comprehensive process optimization in IML manufacturing, including everything from goods receiving to the raw material to the ready-to-ship component. They also include various analyses and working out solutions in the joint team." ☺

# FAST – TRANSPARENT – GLOBAL → RESTART WITH F-A-S-T



The F-A-S-T #FirstAnswerSchnitzerGroup-Team approach enables a successful restart after several weeks of lockdown. Technically sophisticated and transparently developed – we have created a working foundation for fast decisions going forward. The F-A-S-T concept takes into account insights gained from restart projects that are already underway, as well as the Schnitzer Group’s entire store of hands-on experience dealing with surprises and the unknown. What does navigation have to do with the restart of

production and projects in nearly all stages of the manufacturing process? Like a good navigation system, F-A-S-T always gives you the correct recommendations and a quick overview of where the difficulties in restart lie. It answers questions about bottlenecks and obstacles and how we can respond to these together using F-A-S-T.

**We can be at your location within 24 hours. That’s a promise!**

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## REDUCING THE NUMBER OF INFECTIONS – PROTECTING EMPLOYEES

**To enable a safe startup of the production system, it is necessary to establish corresponding hygiene protection. With the experience we have gained in recent months working with companies in Asia and around the world, Schnitzer Group has developed a standardized procedure based on benchmark analyses.**

We did this by surveying and evaluating preventive measures of manufacturing companies with locations in Europe and Asia. They have been supplemented with our own experience from ongoing projects in China and a number of other countries.

With this and current scientific studies as a basis, we have generated a specific risk analysis that describes the potential of infection. From this we can derive clearly defined safety measures for the required work environment with minimal risk of infection. Make good use of the advantage this information gives you and trust our hands-on experience!

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## WHAT DO ENGINEERS AND TECHNICIANS NEED TO KNOW ABOUT TRANSFER AND PROGRESSIVE DIES?



for “transfer and progressive dies” with technical terms in German and English. The book covers all subjects in this area of manufacturing technology that are relevant to real-world applications. In addition, it ensures that readers can commu-

To answer this question, Stefan Mangold, “Systemic Project-manager” at Schnitzer Group, has written the technical guide

nicate with assurance and without errors – a vital success factor in worldwide tooling management. The book’s target group includes college and university students, graduates and technicians, as well as employees of tool-makers or companies that have tooling manufactured, or procure it, globally.

The technical guide is now available in retail stores as a hardcover, paperback or e-book version (ISBN 978-3-7497-5107-5) or directly from the Schnitzer Group: Ingrid Bartsch; [ingrid.bartsch@schnitzer-group.com](mailto:ingrid.bartsch@schnitzer-group.com) (+49 7522/ 70 79 69-0)

