Trends, Challenges and Opportunities
How to Best Cope with the Demographic Change

Dear Reader,

with the recent stock market crisis and the political and economical instabilities companies are facing, it’s easy to overlook a major shift that has taken place in the last few years; the aging of our society. This change will have a significant impact on our world in the decade ahead, with implications on the political, economic, and social levels. But what about your business? How can today’s manufacturers best meet the challenges of a graying population?

It’s important to prepare now in order to effectively address this question in the years to come. After all, nothing less than our economic viability and our domestic welfare are at stake. Small and midsize companies will likely see the biggest impact. Unlike larger corporations, they rarely have a long term HR strategy in place to ensure adequate staff planning and train junior manpower.

When strategizing for the future, businesses should take into account the following possible scenario:

1. A growing workload will be assigned to a workforce that is decreasing in numbers and increasing in age.
2. Skilled personnel will be urgently needed and intensely courted.
3. Corporate age-structures and hierarchies will change radically.
4. Permanent training and education will take an even higher priority than it has today.
5. Acquiring and retaining experienced professionals and skilled managers will become more important than ever before.

Against this backdrop, the efficiency of work processes, structures, and productivity will become an even more decisive factor for corporate success – and, in some cases, even survival. Similarly, employee motivation, productivity, and loyalty will prove critical.

That’s where Ingenics comes in. Our comprehensive lean strategies help companies effectively set the stage today to achieve success in tomorrow’s changed world. We hope you’ll let us help you do just that.

By the way: the upcoming demographic change will also profoundly affect society as a whole, its structure, and its needs. While the final implications are still uncertain, one thing is clear: a demographic change will lead to a new market...which also leads to new demand. That’s good news for businesses everywhere – as long as we are ready, able, and willing to respond to it.

Good luck and happy reading,

Oliver Herkommer
Managing Partner

Jörg Herkommer
Managing Partner

content

- 11th Ulmer Dialogs Demographic Change: How Companies Are Preparing for the New Reality
- How Goldhofer Boosted Its Bottom Line
- Why T+H Metallwarenfabrik Relies on Ingenics
- Brazil – More than just Samba and Carnival
- The Automotive Industry in France: New Challenges in Store
- How a Long Time Vision Is Becoming a Reality on China’s Roads
- The Home Run: US Companies Reconsider Domestic Production
- Book Review/Events/Career
For the 11th time in the last few years, Ingenics invited top executives from around the world to its Ulmer Dialogs conference this past May. With more than 200 participants heeding the call, attendance was at an all-time high. At the event, Ingenics shared some other impressive numbers as well. “2010 was our most successful year. In this past decade, our sales volume increased five-fold,” said Ingenics’ Oliver Herkommer. In the coming years, the company expects continued success and average annual growth rates of some 15%. “To support this growth, we expect to hire 100 additional engineers, and are actively seeking qualified applicants,” said Herkommer. This simple statement opened the dialogue to the main issue at hand: the major demographic shift taking place all around the world right now.

The expected demographic change and its impact on our society and economy was indeed the main topic of the event. “In political discussions, this important topic is largely ignored,” asserted TV anchor and bestselling author Peter Hahne. According to Hahne, there are three interconnected topics that need to be urgently addressed and resolved. They include: the loss of fundamental values; the state of emergency in education; and the demographic change. “Once ideological values deteriorate, material values rapidly follow suit,” explained Hahne. The fixation on quick profits and hazardous money market speculations are leading to the worst possible type of crisis – a crisis of trust. “If we can no longer rely on honesty and truthfulness, we retreat into inner emigration. We need clear goals; we need fundamental values,” he maintained. The question of how to manage the future of the workforce, which is now 48.8 years old, was also the subject of Jörg Herkommer’s lecture, entitled “Demographic Changes in the Company.” According to Herkommer, although we are bound to lose millions of qualified workers by 2020, and although businesses, especially those in rural areas, will find it difficult to replace those departing employees – we still have time to prepare. Naturally, the Ingenics CEO came fully prepared with a number of concrete suggestions on how to best handle the situation. “At Ingenics, we analyzed the factors that threaten competitiveness and productivity, and updated our resource model for Operational Excellence accordingly,” he explained. “The key: continuing to put people at the heart of the production system. As a result, our Ingenics concept now includes the components Attractive Company and Attractive Region, helping to rapidly identify essential areas for action.”

We Need Optimistic, Inspiring Role Models

The fact that a full one-third of high school graduates are currently considered “untrainable” shows the extent of the challenge – but also its far-reaching potential. Hahne’s advice? “Be a role model, offer perspective, and avoid an exodus of the best talent in your company. We need people who give us hope. The future belongs to those who can offer encouragement to the next generation.”

Time to See, Time to React

According to Herkommer, Ingenics identifies four building blocks for success that can be applied to any organization. First, there is the demographic check, which employs an age structure analysis, interviews with staff and senior management, load-oriented activity, and environment analysis. The other three include empowering people, developing production systems, and making the company more attractive – all designed to help a business attract and retain the best talent. “During one of our client projects, we learned that the average age of the workforce, which is now 48.8, will increase to 55.5 in 2020,” explained Herkommer. That means now is the time to act. Most companies already realize it, but many are asking for a single perfect solution to ensure them the most predictable results. Herkommer advises companies to remember that there is no such thing as a magic bullet or perfect ROI when it comes to coping with the demographic change. Rather, they should implement a number of proven, individual solutions that will help them effectively meet the upcoming challenges, one by one.

To close out the event, things took a light-hearted turn as psychic Andy Häussler, also known as “The Enterbrain,” regaled the audience with a stimulating, fun, interactive presentation. Overall, the conference was a tremendous success, and we’re already looking forward to the 12th Ulmer Dialogs!
From Value Analysis to Value Creation: How Goldhofer Boosted Its Bottom Line

Some may say it’s best to reduce costs – but here at Ingenics, we also think it’s a good idea to avoid them altogether. In fact, we’ve seen through our work with clients around the world that using state-of-the art value analytics to eliminate expenses in manufacturing projects can help achieve dramatic results. After all, the more cost-efficient the value chain, the larger the value creation at the end. A case in point: Goldhofer, a leading manufacturer of specialty vehicles for general road traffic, heavy-duty, and special transportation needs. Over the course of a single year, Ingenics completed six projects for Goldhofer – saving the company hundreds of thousands of dollars. In addition to the cost-savings, Ingenics helped Goldhofer make far-reaching improvements in its corporate structure and personnel efficiency, thanks to the intensive, cross-departmental involvement and training of employees on all levels.

Reducing Is Silver, Avoiding Is Gold: The Value of Value Analysis

The earlier the lean principle is applied in practice, the more sustainable it proves to be. Think about it: what applies to bodies applies to business. An effective way to “trim the fat” is to go on a diet – but it’s often a tough, arduous road. Of course, if you start out slim already, it’s much easier to maintain your weight over the long-term by avoiding, rather than eliminating, fattening foods.

When it comes to lean manufacturing, the best approach is to do both – go on a diet (that is, reduce costs) and stay slim (that is, avoid costs from the get-go). And that’s exactly what Ingenics did at Goldhofer. In fact, the company’s first objective was to avoid costs where possible. At the same time, it sought to significantly cut existing manufacturing costs by reducing material and production expenses, and paying better attention to the function of products and components.

With these goals in mind, Ingenics started the first stage of the project, a two-day in-house training with Goldhofer employees involved in design, planning, and production. After learning about the philosophy, the objectives, and the benefits of value analysis, participants were ready to zero in on specific work methods based on a six-stage work plan. This plan described the step-by-step approach necessary to analyze and successfully execute value analysis projects. In addition to project preparation details, it included the object analysis, functional specifications, a list of ideas and solutions, and more – ultimately culminating in the definition and implementation of specific solutions. Using different creative techniques and practical examples, Ingenics and the team simulated real-life processes to outline constructive ideas and appropriate solutions, and systematically practice the methodological steps necessary to implement them. Armed with the tools of this successfully completed training, the team was ready to tackle the next phase: the start of the “real” project.

From Project Training to Project Success

With the objective in mind to drive up production efficiency and minimize/avoid costs, the project went into its application phase. This phase specifically focused on improving the production efficiency of an aircraft tractor, a semi-duty and heavy-duty vehicle, and a welding robot. To enhance the use of materials and introduce improvements across the entire process and manufacturing chain, it was necessary to cooperate across various departments. Ingenics and Goldhofer worked together to create interdisciplinary teams, including employees from such diverse departments as development, manufacturing, production planning, and purchasing.

To capture all parameters, such teams may sometimes even integrate employees from suppliers and corporate partners as needed. The result: the project was a huge success – a perfect textbook case for the six-stage work plan and value analysis. Goldhofer’s highly motivated staff delivered creative ideas that led to better, yet entirely feasible solutions. Those were, in turn, translated into strategies, and implemented to achieve concrete results. The costs savings projected at the start of the project turned out to be realistic and were fully achieved. As an added bonus, the project led to a stronger team spirit among all participating employees – setting the stage for the successful execution of future projects that are sure to positively impact Goldhofer’s corporate structure, philosophy, and bottom line for years to come.
Improving Efficiency and Generating Added Value in the Metal Industry: Why T+H Metallwarenfabrik Relies on Ingenics

Ingenics was recently selected by German-based T+H, a mid-size manufacturer of metal stamping, pressing, and bending components for the aerospace, automotive, medical, and mechanical engineering industries, to help streamline operations, improve material efficiency, and increase the company's overall value creation.

Ingenics began by working closely with T+H's management to define project parameters and objectives. Starting with a thorough analysis of the status quo, Ingenics focused on existing corporate processes and communication structures before developing several approaches and evaluating them individually to find the best possible optimization strategy for T+H.

The analysis revealed significant opportunities for improvement in the areas of transport times, waste, and procurement. T+H's stamping area alone showed an annual savings potential of over $185,000.

Focused on the Essentials

Ingenics proceeded by updating the entire team about the project, driving acceptance and ensuring everyone was on the same page. "The process was quick and painless – all of our employees welcomed the plan with open arms," said T+H Managing Partner Frank Hebsacker.

Focusing specifically on two major areas – material efficiency and set-up times – Ingenics first performed a material flow analysis to determine the individual steps and their respective shortcomings before holding a customized, dedicated set-up workshop.

"We basically created an ideal process, with significantly shorter set-up times, and offered it to T+H's staff as a guide for how to improve and streamline processes overall," explained Ingenics' Stefan Meitinger. As a result, start-up times, set-up times, and material waste were all dramatically reduced, and T+H was able to cut reworking costs by 33 percent.

Next, each department received a special assignment: to work on a task of their choosing, and solve all related problems within just six weeks. Though challenging, this approach involved T+H's employees directly in the process, making it even easier for them to embrace the change that was coming. In fact, at the onset of the project, T+H managers wrote in an internal memo: "Continuous improvements bring amazing resources and opportunities to light."

The results have proven them 100% correct. Overall factory productivity and availability were improved by almost 20 percent; employee productivity rose by over 10 percent.

According to Hebsacker, the project has helped his company boost value generation by up to 15 percent. And both executives agree that it was Ingenics that enabled them to implement "massive improvements" within their company.

"When it comes to start-up times, we are almost on target already, and in terms of quality assurance we have identified additional potential and are making rapid progress," says Jürgen Truckenmüller, Managing Partner at T+H.
Brazil – More than just Samba and Carnival

With the World Cup scheduled to be held in Brazil in 2014, “Pelé Land” is gearing up for a year focused on all-out soccer. When they arrive in Brazil for the big event, visitors from around the world will likely discover a country that looks quite different from past experiences. In fact, the automotive industry is flexible enough to rapidly bounce back. Indeed, while some suppliers are still struggling, reports are showing that most manufacturers have been able to eliminate bottlenecks in production and supply after only four short months. Still, the automotive sector in general faces a new set of challenges. And in France, manufacturers are preparing accordingly.

Tourists come from all points of the globe to visit the region, and more recently, international corporations have been following suit. As companies from Asia, Europe, and North America expert increased growth in the coming years, they're investing billions of dollars in Brazil, ZTE, Huawei, Chery, Valeo, Fiat, Krauss-Maffei Wegmann, MAN, AGCO, Delphi and Foxconn are among the global businesses setting up shop in Brazil. Daimler, for its part, recently announced the company’s plans to create 5,550 additional jobs in the South American truck sector. The real draw for these businesses is simple: Brazil’s economy is booming, yet it’s still slightly lagging behind other BRIC countries. As a result, experts see promising growth potential in a variety of industries, from transport and services and IT.

To take advantage of this economic promise, OEMs, suppliers, and machine builders from around the world need local representation in Brazil. But expansion to the region is still risky for companies just getting over the economic pitfalls of the last few years. And Brazil still has some tricky issues to navigate – including a high-government spending ratio, a relative skills shortage, rising inflation, towering interest rates, an investment-inhibiting tax policy, and what some might consider rather unusual bank business practices. Still, future-oriented companies see the opportunity that Brazil offers and are already operating successful subsidiaries there. In fact, German companies alone currently provide 400,000 jobs in Brazil, and account for 10 percent of the country’s gross domestic product (GDP).

According to Ingenics’ Gundolf Müllig, a successful market entry requires a systematic approach. “The Brazilian tax system is complex, and often puts companies operating from abroad at a disadvantage,” explains the business unit leader and South America expert. “At the same time, companies establishing operations in Brazil face another set of challenges, including securing appropriate funding and finding skilled personnel.”

Ingenics can help, offering targeted support on the ground to provide businesses with site analysis and selection, company set-up, factory planning, and recruitment. For companies already maintaining operations in Brazil, Ingenics also recommends projects that increase production efficiencies. Due to the strong position of employee representatives in Brazil, these projects need to be exceptionally well prepared and communicated. Gundolf Müllig also suggests a methodical supplier development program.

“The issues we encounter in Brazil closely resemble those we have been helping international companies overcome in China for many years,” explains Müllig. In Brazil, however, the cultural differences are less pronounced, which is why Western corporations typically have an easier time here.”

Still, Müllig warns companies not to venture to Brazil alone and unprepared. “Local partners are essential in helping businesses negotiate concessions and sales contracts, manage procurement, search for the most appropriate suppliers, put logistics in place and deal with employees and employer representatives,” he explains. Ingenics has extensive experience and expertise in all of these areas, and can help companies succeed in the promising Brazilian marketplace.

The Automotive Industry in France: New Challenges in Store

While the crisis in Japan has recently demonstrated the vulnerability of the global automobile industry, it has also highlighted its increasing strength. After all, just a decade ago, a similar disaster would have produced far greater damage. Today, the automotive industry is flexible enough to rapidly bounce back. Indeed, while some suppliers are still struggling, reports are showing that most manufacturers have been able to eliminate bottlenecks in production and supply after only four short months. Still, the automotive sector in general faces a new set of challenges. And in France, manufacturers are preparing accordingly.

A New Perspective on Growth

While both electric engines and other alternative business concepts, such as car sharing models like Car2Go, and Auto-Lib, are generating a lot of interest in France, they have yet to impact industrial performance in any significant manner.

To understand the real challenges of the automotive industry, let’s first look at the market development. After the economic downturn and the end of incentive programs such as “cash for clunkers” or “prime à la casse” as the French say, competitive pressure is once again on the rise. To stay in the race, manufacturers are passing on the costs to suppliers and sales networks. Platform and modular construction methods have not yet reached their peak, and there is a slight trend towards insourcing of some core components. Against this background, the optimization of business structures, processes, and cost factors is becoming imperative. The fact that the global automotive sector has started growing once again makes logistics flows even more complex. It is therefore necessary to implement a highly efficient supply chain that meets the current requirements of international markets. For French manufacturers, this means:

- Building adequate logistics capabilities.
- In the global environment, manufacturers must consider every scenario, including the fact that some countries do not have enough trucks to transport the cars themselves.
- Ensuring reasonable delivery times.
- Optimizing supply chains to minimize "remote" storage (for complete vehicles and/or spare parts).
- Simultaneously developing a local supplier network and global sourcing.

For Ingenics, the case is clear: successfully applying lean thinking will significantly bolster the potential of France’s automotive industry. Flexible factory design, simple logistics processes, and stringent adherence to the “Do More With Less” principle will provide a new perspective on growth.

By the way: What’s true for France’s automobile manufacturers also applies to their international peers. Which is why, at Ingenics, we invite global players in the automotive industry to successfully meet new market challenges by drawing on our extensive experience and track record of success in this particular sector. Contact us for more information today.
Electric Vehicles: Making Great Strides
How a Long Time Vision Is Becoming a Reality on China’s Roads

China has long been impressing the world with the size and scope of its rapidly growing mega-cities. No other place on Earth has a population density like China in cities with more than 5 million inhabitants. Estimates foresee that another 400 million people will immigrate to China’s cities over the next 20 years. But even now, these cities struggle with exploding traffic volumes and air pollution readings.

Since 2003, China is one of the fastest growing economies in the world. It is expected that China will overtake the United States as the world’s second largest economy within a few years. As a result, the country’s main cities are facing growing traffic congestion and air pollution.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech.

With many years of experience working with companies in the arena of alternative vehicles,Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

Indeed, the central government in Beijing recently created an alliance of more than 16 state-owned companies that are investing a total of over 100 billion RMB (about 11.6 billion Euro) in China’s electric vehicle industry. The project is currently being extended to an additional five cities with the goal of having more than 60,000 electric vehicles operating in the public sector by the end of 2013.

With this new environmental policy and increased development of the country’s infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.

China’s latest five-year plan, released at the beginning of 2011, should help alleviate the situation. The government itself is also investing heavily in expanding the infrastructure, China is offering exciting opportunities for companies in the space of alternative vehicles, machine and factory construction, and high-tech. With many years of experience working with companies in the arena of alternative vehicles, Ingersoll Rand is ideally positioned to help businesses succeed in this exciting new marketplace. Contact us today, and find out more about how our factory and production planning, logistics planning, and efficiency improvement solutions can help you maximize opportunities in China.
Book Review

“The Age of Aging: how demographics are changing the global economy and our world” by George Magnus

This book started life as a couple of research projects that looked at the financial and asset market implications of demographic change. It became increasingly apparent that the footprints of demographic change were everywhere, and not just in economic and financial spaces. They can be found in the discussions and debates we have (and will have) about immigration, family structures, pensions and retirement, work and education, globalisation, religion in a secular world, secularism in religious countries and communities, and global security. They can also be found in the heat of the current economic and financial turbulence. We are dealing with a cyclical slump in the economy, structural change in the way the world works, and a generational shift as the baby boomers begin to head off into retirement, and as Generation X steps up uncomfortably to fill the shoes that are better suited to the next internet generation.

Events

3rd Annual Hamburger Dialog
September 22, 2011 | Kai 10 – The Floating Experience, Hamburg
Visions, Strategies, and Methods for Shaping the Future in Business

The world’s demographic development is a much-debated topic these days, one that most recently took center stage at our 11th annual Ulmer Dialogs. What impact will an aging population have on society and business? How can we prepare for the new situation? These and other related questions will be answered by proven experts at our upcoming “Hamburger Dialog” meeting. As usual, we will analyze the topic using concrete studies and implementation models, and offer interesting and inspiring presentations to debate the issue and illustrate solutions.

Join us for an informative and insightful day featuring a full roster of prominent speakers, including German TV broadcaster and moderator Peter Hahne.

Save the date: September 22, 2011 in Hamburg, Germany.
Register now at kontakt@ingenics.de

Lean Leadership – Impulses from Practice in a Premium Discussion on November 17, 2011 in the Lago Conference Hotel in Ulm, Germany

How do employees grow together into a team that dedicates itself to the implementation of company goals and actively participates? You will find out how you can successfully manage this process as a leader and awaken the willingness to make a change at this premium event.

For more information and to register visit www.ingenics-academy.de/lean-leadership

Go East – Go West – Open Up Global Markets with a Profit
On September 29, 2011 in Stuttgart Airport, Germany

Which factors should be taken into account to be profitable when Going Global? Which obstacles need to be overcome? What do you need to consider from the point of view of a financial expert? You will find out from our experts at our Ingenics Symposium this year.

Register now at www.ingenics.de/de/goeast-gowest/

Career Opportunities with Efficiency

Find Exciting Job Opportunities At Ingenics!

With subsidiaries in China, France and the US, Ingenics manages projects for leading global players around the globe, from Europe, to South Africa, to North and South America, to Asia, and more.

The key to our success is the international experience of our team. This experience offers a tremendous benefit to our customers, but is also a major draw for employees who want to become project managers and trainers in our growing global network.

If this sounds like a fit for your career objectives, why wait?
Call us for further Information.