

# From crisis, opportunity: Industrial sector sees new trends

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**The Covid crisis has touched almost everyone on the planet, and the Industrial sector is no exception. It has led to both depression at lockdowns and falling numbers and anticipation at the potential for transformation and new opportunities.**

IRC Global Executive Search Partners held an exclusive virtual roundtable for sector leaders from all around the world to understand their approach to the crisis and facilitate the exchange of best practices to help draw strength from this unprecedented pandemic and be better prepared for the new environment.

According to our guest speakers, how companies learn from this experience, how they respond to the challenges that lie ahead, i.e. whether their reaction is held back by pessimism or driven forward by optimism, will be the key to their success.

So, what are the post-pandemic trends in the Industrial sector, now and in the long-term?

## **Starting a business without physical proximity? Easy**

That mixture of fear and opportunity is typical of a catastrophic event like a global pandemic. It leaves a long shadow, but one with a silver lining. One MD based in Singapore said he'd always assumed that finding the right people was a very physical kind of engagement; you need to bring them into your office to meet them.

In fact, he said, the pandemic has taught us that is not the case. He is now building companies with founders he has never met in person. He is working on a day-to-day basis in teams of five people who have never physically met each other, yet they are now building companies from scratch without the need to be in the same room.



New start-up teams are completely global. One has a CTO based in Buenos Aires, a CEO in Singapore and a head of sales in Mumbai, and they work perfectly together as if they were sitting in the same office.

This shift towards digitization and remote working was already underway before Covid-19. But it has been dramatically accelerated by the pandemic. The ultimate destination is truly global talent.

### **Time to leave the city?**

Another consequence is that many people are saying - well maybe we shouldn't live in cities anymore. An executive might be thinking to themselves - maybe I should move out of Singapore, where I pay a huge amount of rent. Maybe I should return to Europe, where everything is much cheaper. I can do my job just as well from there.

What does that mean for the cities of the future? Well, the verdict is still out.

### **Difficult choices in industry selection**

A third consequence is to do with industry selection. What constitutes a robust industry is being redefined. We all felt the travel or hospitality industry was a sound investment that would last forever. He and his colleagues had invested in businesses that serve those

industries and now they see they have a lot of problems – unlike hospital businesses, or data centres, or warehouses which have been doing amazingly well.



### **Proximity and socialization – a mixed picture**

Another speaker said she saw a mixed picture in terms of contentment with the lack of proximity and socialization. Some employees are highly content with remote working, others were not so keen. Finding the right working balance between remote work and physical presence - and getting those teams to work together - is key.

For example; one manufacturing company had some five thousand people in the Americas working from home, and 50,000 on site. So a lot learning has to be implemented to make that work, to deal with not only the lockdowns that have been different in different stages in all the countries in which the company operates, but the different mindsets and lack of information or education around what the virus is and what we should be doing to prevent the spread and how that spread works.

### **Equality and diversity yes, but remember the age difference**

Presidents and leaders need to find a connection with their employees, at a time when travelling to different plants and hearing employee concerns might be difficult or impossible. It's hard to maintain that communication over a video connection.

That said, the pandemic has also been a great opportunity for people with disabilities in companies. All of a sudden, we don't see the difference anymore. We're all in the same network.

A problem, however, is the age difference. We're all fighting right now for equality and diversity. But suddenly age – and not just in conjunction with technology - is a real concern, especially when that comes with underlying health issues.

### **The cloud fuelling a construction boom – on the ground**

One president of an insulated panelling company said the boom in data and moving to the cloud was also fuelling a construction boom on the ground. In the United States in particular, he said, Amazon is growing at an incredible pace. The company is building around 100 distribution centres this year alone, and also getting into food processing. This provides an opportunity for business and investment.



His panelling company is highly automated, but Covid is still forcing a rethink on facilities for employees: changing areas, canteens, plexiglass screens, sanitizing stations. His customers also work outside in construction. So, his company continues to benefit from being in a relatively robust industry, but not everyone is so fortunate – and the picture is very different in Canada.

**Automotive will see a massive drop... but it's not all doom and gloom**

The automotive industry has clearly borne the brunt of the crisis, and nowhere is that more so than in India, as another guest – a CCO and Senior Vice President of an automotive firm – told the discussion.

The auto industry in India generates employment for about 37 million people, accounting for close to 50% of manufacturing GDP and about eight per cent of India's overall annual GDP: a massive number.

The Covid crisis, he said, is actually lasting much longer in India and is expected to bring manufacturing down by about 25% - 30%. That would actually take back the industry to close to 7 to 8 years ago in terms of scale and overall production, which is a big hit.

But demand should rebound – in a 'W' shape, like a yo-yo. Lockdowns are eased and demand rises, then lockdowns are introduced and demand falls. The real disruption is global supply chains, not only tier-one suppliers but tier 2 and tier 3 in emerging markets. The supply chain has become a sort of huge bottleneck.

For example: the company's hybrid chip comes in from Belgium, then goes to Shanghai for a bit of soldering, then to somewhere in Southeast Asia for a final box and then to India to be fitted into the car. Problems of labour supply and mobility are affecting the supply changes and that will probably continue for some time.

From a global perspective, the pandemic is certainly going to accelerate the movement towards new fuels - hydrogen also being a fuel possibility for the future. In the short term, however, the emphasis will be on electric and batteries, and battery storage areas. This will all see sharp growth.



### **AQ – Adversity Quotient**

His automotive company, he said, had developed a new quotient to go with IQ, EQ and SQ. He called it Adversity Quotient – or maybe it should be called the Anxiety Quotient. It's a metric that shows how well people respond to unprecedented periods of crisis like that brought by the Covid-19 pandemic.

He said he'd tested members of his team - especially his leadership team – for AQ: their capacity to handle adversity and anxiety, in a bid to develop tools to enable his colleagues to better handle similar situations in the future.

That ties in with empathy and employee care. We all need to remember that people drive the business. People get stressed. It's stressful trying to manage a business with the kids at home throughout the day. This, he said, calls for educating managers to develop that quotient of saying "it's OK". If your child comes and gives you a hug in the middle of a Zoom call, don't get stressed about it: It's OK.

### **Blue sky thinking**

Finally, a key takeaway from the Covid crisis – especially in Emerging Markets – is a glimpse of the future.

Many of our companies are based in cities that were known for their pollution. People are now seeing blue skies and gazing at the stars at night, which is unheard of in their lifetimes.

Several of our speakers thought governments would start taking more cognitive action and faster action to develop alternative energy plans not just for the economy as a whole but for the car industry.

Developed markets will see a major tendency towards movement in this area as more and more manufacturers concentrate on electric vehicles.

### **You Only Live Once**

And more broadly, even executives should remember the YOLO concept: You Only Live Once. This Covid experience of the past three months has passed. We've all learnt important lessons; the need to help the less fortunate and less well-placed in our society, and perhaps – at the risk of being indulgent – the need to pamper ourselves at the same time. Enjoy a little excitement in your life. It's now or never. You only live once.