

# Digital transformation drives productivity gains alongside industrial automation

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**On 27 and 28 April, IRC Global Executive Search Partners hosted virtual roundtables with human resource, marketing, product and technology leaders of industrial automation and supply-chain logistics powerhouses based in North America, Asia Pacific and Europe, to discuss how the accelerated adoption of technology and restrictions on travel over the past year have altered the workplace environment.**

## **Executive Summary**

- Automation is enabling accelerated digital transformation across industries.
- Cyber security is a growing threat that warrants a robust, proactive approach.
- Sales teams have been challenged to land new business in the remote work environment absent opportunities to informally build rapport with clients.
- The crisis-mode mind-set adopted in 2020 improved productivity and efficiency and encouraged more diffused decision-making in many leading organizations.
- Emotional awareness, adaptability and trust are among the top leadership skills required to manage talent effectively in the hybrid work environment.
- Technical collaboration between companies is on the rise, facilitating service continuity and driving the demand for localized talent and sourcing of parts.

Industrial automation is projected to ramp up quickly over the next decade with the proliferation of sensors, robotics, artificial intelligence (AI), big data and 5G powering the Internet of Things (IoT) and promising to make the world more efficient and productive.

“There’s a hard push to get factories automated,” said Chris Riley, General Manager Tectra Automation at South Africa-based Bosch Rexroth. Projects that have been bubbling along for years have suddenly been given priority, he said. “Our order books

have been really full this year.”

Increased automation and connectivity also create vulnerabilities, however, as demonstrated by recent ransomware attacks that crippled fuel distribution across the US and disrupted operations at one of the world’s largest meat processors.



Cyber security is critical, especially with the shift to remote work and remote services, said CJ Logistics Chief Information Officer Greg Sheen. “There’s actually been a significant increase of threat actor activity in the marketplace, especially targeting supply chain, so we really upped the ante in terms of visibility and real-time threat detection, especially around identity and access management, adopting a zero trust security model across the organization,” he said.

### **Turning Challenges into Breakthroughs**

The obstacles to international travel over the past year left many industrial automation leaders no choice but to service clients remotely, which has actually proven beneficial, said Kulicke & Soffa Executive Vice President and General Manager for Products and Solutions Chan Pin Chong. Efficiency has increased measurably for the Singapore-

based company, he said, even if it had to overcome challenges related to security and accessing client networks.

The company's software engineers in the Netherlands, for example, realized a 20% boost in productivity by cutting out their hour commute working from home, he said. Whether it's in manufacturing and engineering, in human resources or finance, every organization has benefited from this; people are seeing a big swing in terms of productivity, he added.

"There's really been a mind-set change when it comes to flexible workplace, or flexible work arrangements," said Thomas Schellerer, Director Human Resources Asia Pacific at Germany-based Pepperl+Fuchs. "Working from home is seen equal to working from the office, which was unthinkable 18 months ago."

Kulicke & Soffa's service technicians were forced to become more efficient by resolving problems for clients from the dashboard on their desktops, avoiding long flights, hotel stays and days of downtime, he said. "The impossible has become possible. The technology has been here, it's the mind-set that has changed," Chong added.

The greater efficiency attained with predictive maintenance is allowing the company to service more clients in a single day, he said, noting, "The dream of fully automated factories is becoming a reality."

People were resisting the changes required to move in this direction, but as the lockdowns were extended, they adapted quickly, Chong said. "Sure, it was top-down, we had no choice but to do it," but then people committed to adapt and be part of it, he said. "In a way, it's a blessing. It's really forced a change of behaviour in a very short time." It accelerated a lot of technology, prompted training and forced organizations to consider work-life balance, remote versus on-site, how to overcome challenges and get things done, and how to be more efficient with limited resources, he added.



### **Localized Talent, Competencies and Inputs Drive Collaboration**

The realities of the past year have forced organizations to rely more on localized resources, in terms of talent, competencies and critical inputs, Chong said, reducing dependence on distant regional branches or headquarters.

The difficulties of doing business across borders encouraged more collaboration between colleagues, but also between companies, said Tectra Automation's Chris Riley. "We are collaborating with a lot of other companies in order to service the same customers," said Riley. "If you look at the mining industry, they want to have the ability to do predictive maintenance. We don't have the technology, but we have the relationships and the intellect. We collaborate with companies that provide the right equipment, and therefore it is a win-win for both organisations.."

Collaboration is going to be key going forward, along with the ability to work in virtual networks where the network has to manage itself, said Riley. "It can't be micro-managed, it's impossible. So there's going to be some level of maturity needed."

Germany-based global automation technology supplier Festo reduced product development lead times to a matter of months under pressure to meet special application demands in 2020, said Head of HR Operations and Systems Eva-Maria

Bruch. “We have observed a lot of immediate changes in collaboration, in customer interaction and also in training” she noted.

The changes required in 2020 have been beneficial in many ways for Festo, Bruch said. The company’s employees were eager to participate in training sessions to master the collaboration platform its IT department had been deploying over the previous 18 months, she said, noting, “Real changes in behaviour need triggers from the outside and a real need to adapt.”

“We could see a lot more focus in the company. When it comes to meetings, they were quicker and more results-oriented. People have shown more courage and initiative to pro-active approaches. That was really striking for us in management,” Bruch said. “We are a pretty hierarchical company, but all of a sudden, the teams just took decisions, they took responsibility, they took ownership to get things done. It was actually a breakthrough in changing behaviours,” she added.

### **Developing Talent for a Collaborative World**

Festo’s sales teams transitioned remarkably well to the remote customer interaction environment, Bruch said, and despite the lack of personal contact with customers, virtual meetings allowed more team members to participate, bettering the odds of winning business.

The sales team at Switzerland-based Baumer Group, a leading global supplier of sensors, has found no substitute for personal contact when building rapport with clients, said Chief Marketing Officer Karsten Just. “If you have a personal meeting, it’s usually easier to get access to those guys,” he said.

“With customers, there’s that personal element, that relationship building,” agreed CJ Logistics CIO Greg Sheen. “That’s more prolific in Asia. Relationships are key to any sort of business dealings, not just sales. Building that trust model before you even get to the business discussion is critical across pretty much everything that we do.”

Baumer trained its teams to ensure they had the skills required to be effective virtually, and experienced some benefits going virtual, he acknowledged, noting he can easily monitor how meetings are conducted.

Baumer technicians typically visit customers to decide which sensor is right for each job, a challenge amid the travel restrictions of 2020, he noted. The workaround meant conducting site visits virtually, which wasn’t ideal, he said. Notwithstanding the challenges, demand for the company’s sensors is only growing, Just noted. “When I look

at products, there is no big change. That's going in the direction of Industry 4.0: more data supply out of the sensors to the machine systems or cloud systems. That is accelerating, for sure.”

Los Angeles-based OSI systems performed well over the past year, despite the uncertainty clouding the global economy and lacklustre demand in certain divisions, said Senior Vice President and Chief Human Resources Officer Glenn Grindstaff.

The bulk of OSI's office staff went remote, and 30% to 40% of the HR team will remain so henceforth, Grindstaff said. “In a traditional manufacturing and engineering environment, where you have some old school thinking, working remote was a foreign concept. Now, it is accepted,” he said. “All in all, it's been a positive experience.”

Remote employees at OSI have been a lot more productive, said Grindstaff, dispelling the notion that working from home is a euphemism for slacking. “That's not been the case at all. They've been more productive, and instead of working eight, nine hours a day, they're working 12-to-13 hours a day. We've actually been having to encourage employees to take time off, to shut things down so that they have a little bit of balance in their life and stay healthy.”

Avoided travel is a huge benefit, said Alan Fam, Regional CEO for Asia Pacific at Germany-based Kuka Robotics. Person-to-person relationship building has suffered somewhat, he agreed, but people are making better use of technology to communicate and collaborate virtually.

### **Converging Technologies Drives Demand for New Skills**

From a talent acquisition standpoint, being able to work remotely, at least part-time, is going to be an attraction and a retention tool, said Grindstaff. “This is here to stay, and it's good, because it reduces the carbon footprint and reduces traffic on the freeways,” he said.

“The old days of nine-to-five jobs is the past, said Fam. Passionate people will be successful, Covid, or no Covid, and those who embrace new technological tools to communicate and collaborate will be in high demand. “Gone are the days where top-down strategy works; they have to buy into the concepts, buy into the value they can bring to the organization, and hopefully to the society as well.”

Kuka is adapting well, Fam said, “in the way we work with each other, both within the region and with headquarters, and even with customers”. The company's clients have

been requesting virtual site visits rather than physical visits, and simulation software has become more important to the company's day-to-day operations, he said.

Tectra's clients too have come to expect virtual support, Riley said. "They are looking for a lot of predictive maintenance that is integrated into the IT systems, and this is going to drive the convergence of technologies and a completely new skill set within our industry."

Organizations need better forecasting to adapt to new localization and supply chain needs, whether intake forecasting, revenue forecasting or delivery forecasting, which creates a demand for talent with that skillset, said Fam.

Talent shortages associated with prolonged travel restrictions have also encouraged companies to groom talent and developing competencies they need locally in their core markets, Chong noted.

### **Leadership Skills for the Hybrid Workplace**

The emergence of a global health threat hasn't prompted the need for new leadership skills, but rather, "skills you probably need a little bit more in that new environment", said Schellerer. Communication skills, for one, are critical, he said, alongside the capacity to live with ambiguity and remain flexible and open to change.

The key soft skill is collaboration, along with communication, said Chong. Today's business leaders must also demonstrate initiative, be driven and self-motivated to continue their own professional development in a do-it-yourself way, said Chong, while on-boarding talent that helps the organization adapt to new ways of learning, working, communicating and collaborating.

Being a good listener is critical, Just said, to be able to share information throughout an organization and listen to find the best solution and the fastest implantation process. The ability to conduct teambuilding, mentorship and coaching activities virtually in an interactive way that gets key messages across is another important leadership skill in the current environment, added Fam.

The biggest challenge is going to be coping with hybrid work environments, Bruch said. Leaders need to be authentic and empathetic to get to know their team members, understand their motivation and purpose, while encouraging self-directed actions and still do performance management, she said. People actually integrate work life better now being able to work from everywhere, but building trust is the key, Bruch added.

Everything Festo has achieved internally over the past year is aligned with what the company is focusing on within its digital and cultural transformation, Bruch said,

including agile approaches, self-organized teams, less dependence on a hierarchical chain of command, speed and performance. “We saw a lot of positives, which will help us to be even better in the future. The challenge right now is to really maintain that spirit.”



IRC Industrial/Production Practice Group Leaders: [Carlos Acosta](#) (Americas Practice Leader), [Monicca Yan](#) (Asia Pacific Practice Leader), [Michael Kantel](#) (Global Practice Leader) & [Cees Hagoort](#) (EMEA Practice Leader)