

COMPANIES IN CHANGE

GERMAN CHANGE READINESS INDEX 2022

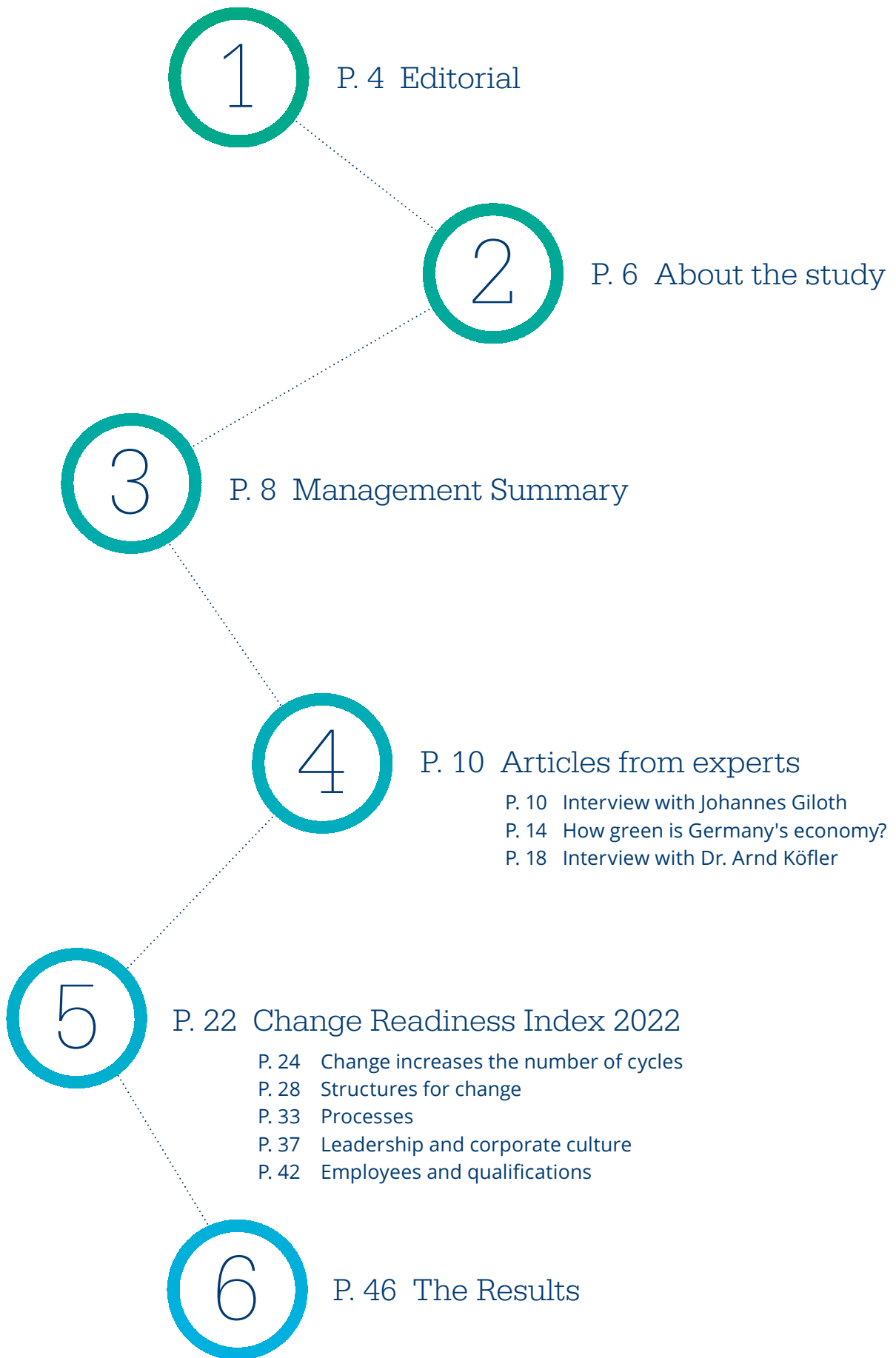
A study by Staufen AG



STAUFEN.

CONTENT





1. EDITORIAL



Dear Readers,



When Princeton Economics Professor Markus Brunnermeier was honored at the Frankfurt Book Fair for the best business book of 2021 (entitled "The Resilient Society"), two statements in the laudation for the Landshut native stuck with me immediately. First, according to the jury's verdict, the book "makes a sound contribution to the debate on one of the defining issues of our time" and second, according to jury chairman Hans-Jürgen Jakobs, "Brunnermeier not only describes the crisis, he also addresses possible solutions."

Now, we at Staufen AG are not so presumptuous as to claim a literary prize for ourselves. However, we further aim to initiate debates with our practice-oriented studies. This also applies to the "Companies in Change" study presented you in this research paper, with which we have determined the German Change Readiness Index (CRI) for the third time after 2017 and 2019.

The necessary foundation is provided by the more than 360 companies and their owners and managers, who have also answered our questions in these operationally challenging times, for which I would like to take this opportunity to express my thanks once again.

Our thanks also go to our two interview partners Johannes Giloth, COO of GEA Group AG, and Dr. Arnd Köfler, CTO of thyssenkrupp Steel Europe AG, who explain their respective approaches to the key future issues of supply chain (p. 10) and sustainability (p. 19).

So, what is the overall state of the German economy's ability to change? Although the CRI showed a slight increase compared to the predecessor and thus also pre-pandemic study, the much-cited corona catalyst has so far not really been able to make a difference in the deeper layers of the companies. Our study thus proves that while crises can provide impulse, there is no way around a long-term strategy if you want to bring about lasting change in an organization.



On the occasion of his award, economist Brunnermeier emphasized the enormous importance of communication in such change processes in an interview with "Handelsblatt". His tip: "A resilient strategy is easier to communicate than a crisis avoidance strategy. A good resilience manager is always seen as a hero; a crisis manager, on the other hand, struggles with acceptance because it demands a lot from people."

We hope that this comprehensive study does not demand too much of your time, and we would be very happy to build on the exciting results and discuss the topic of adaptability with you in more detail.

Yours Wilhelm Goschy,
CEO, STAUFEN.AG



2. ABOUT THE STUDY



For the German “Change Readiness Index 2022,” business consultancy Staufen surveyed a total of **363 companies** in Germany on the topic of “Companies in Change.” The survey took place in the **fall of 2021** and was conducted for the third time after 2017 and 2019.



3. MANAGEMENT SUMMARY



1. The pace of change in the German economy has accelerated once again.
 2. Technological progress is by far the biggest driver of change – apart from the exception driver from the pandemic.
 3. Despite turbulent times, companies were only able to slightly increase their own ability to adapt and change overall.
 4. Many companies work too much in the now without thinking outside the box.
 5. Processes are perfectly documented, but not sufficiently questioned.
 6. Outdated leadership methods and an outdated understanding of careers make change difficult.
 7. The development of expertise in digitization is not progressing.
 8. When it comes to Industry 4.0, the German economy is threatened with a hard division into digital pioneers and digital latecomers.
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EXPERTS ON THE CHANGE READINESS INDEX 2022

Interview with Johannes Giloth, COO of GEA Group AG

“In the future, we will not see the global supply chains that we see today.”

The supply and logistics chains subjected to an endurance test by the corona pandemic continue to cause major difficulties around the world. Johannes Giloth, COO of GEA Group AG, explains why the MDAX Group has come through the crisis quite well so far and where, in his opinion, the greatest potential lies when it comes to sustainability.



Mr. Giloth, as a plant manufacturer, GEA is dependent on the supply of components – keyword semiconductors – in control technology, for example. How do you manage the current bottlenecks?

Giloth: We can say that as of Q3 2021, we have not yet experienced any significant delivery delays or failures. However, the situation on the market for semiconductors is likely to come to a head in the near future. We do not directly purchase chips, but our suppliers, which control systems and motors, of course, incorporate semiconductors, are strongly confronted with this. In this situation, our close ties with many suppliers help us. As part of the realignment of our purchasing organization, we have further intensified the exchange of information, for example, recently at a “Supplier Summit” with around 100 suppliers on site in Düsseldorf. This close strategic coordination strengthens mutual trust and enables us to respond better. This includes the timely development of alternatives, for example by working together to change the design of a component.

GEA launched the “Balanced Supply Chain Footprint” project several years ago. What have you achieved with the project so far and how do you benefit from it in the current situation of globally strained supply chains?

Giloth: This project, which initially focused on our Manufacturing Footprint, has since been expanded to include the entire global manufacturing network. The focus is on the following criteria:

- Growth drivers
- Cost optimization
- Core competencies
- Resilience
- Local for local
- Sustainability

All these topics place special demands on a manufacturing network. In addition to optimizing product and production costs, for example, it is also a matter of preventing single sources and optimizing transport activities.

Our efforts have definitely helped us get through the Corona pandemic and supply crises well. We have increased our productivity and production input costs, and the improved resilience is reflected in the fact that we have largely eliminated the risk of a production stoppage.

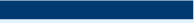
Independent of GEA: How will the experience now gained affect future interaction with supply chains and suppliers? Do you see trends in the industry towards insourcing and/or nearshoring?

Giloth: Historically, GEA itself comes more from nearshoring. This is not ideal in terms of costs but has the advantage that you can fall back on several suppliers in times of crisis, for example. In our opinion, however, resilience in purchasing lies even more strongly in modularization and common parts optimization. Preventing countless specifications for each machine makes you much less dependent on individual sources of supply.

Overall, we will not see the same global supply chains in the future as we do today, because logistics costs will account for an ever-increasing share of the cost portfolio and because the issue of sustainability will have a greater impact. One answer to this is local for local.

Realigning the supply chain is only one lever. What other optimization measures are there?

Giloth: A comprehensive perspective is crucial. Because if I only look through my production glasses, I can only pull some of the possible levers. If I include purchasing, then there are a few more levers. But even there, you reach your limits relatively quickly. Because what I produce, how I produce it, and who I can get the parts from depends largely on the design. Optimization of the value chain is therefore only ever possible with the triad of engineering, purchasing and production. Then modularization, common parts strategy, supplier optimization and local for local can show their full strengths. →



So, we need to avoid looking at these issues in isolation. Of course, I can always further optimize the production of an existing product. But when I work on the design, I can suddenly produce it better by a factor of 10. It is also important to closely involve suppliers in topics such as design to cost or engineering to cost. Production and purchasing account for a cost pool of around EUR 3.2 billion at GEA. This must be optimized, and I can only effectively optimize it if I do it through product design.

This approach not only helps with costs, but also with sustainability.

Giloth: Exactly. Because if I reduce a wall thickness from 4 mm to 3 mm, I logically need 25 percent less steel and reduce emissions and logistics costs accordingly. In sustainability, too, a holistic view is therefore crucial. I can put a photovoltaic system on my roof, buy green electricity or replace all my light bulbs with LEDs. However, the largest block of emissions occurs upstream and downstream, i.e., through purchasing and transporting goods as well as energy consumption during the use of the products sold over the product life cycle (so-called Scope 3).

Here, the achievable effects are considerably greater. That's why we have to influence our suppliers to supply us with more efficient engines, for example, that's why we buy green steel and also use alternative materials. But above all, we focus on re-design. Do we really need such a large engine? Is the solid steel sheet really necessary? Are there other mechanisms to achieve the same result with much less energy? It is a long road that we are pursuing with perseverance. Because GEA has taken the lead when it comes to sustainability. We are committed to reducing our greenhouse gas emissions along the entire value chain to net zero by 2040. We aim to reduce greenhouse gas

emissions from our own activities by 60 percent until 2030. Among other things, we want to gradually move to 100 percent green electricity and convert our fleet of around 4,300 company cars to environmentally friendly vehicles wherever possible. In scope 3, we want to achieve a reduction of 18 percent by 2030, which is very ambitious.

Sustainability is not far off from the topic of nutrition. GEA is one of the world's largest suppliers of machinery, equipment and technologies for the food industry. How can you help food producers meet the desire of many consumers for "better" food?

Giloth: This is a very, very interesting market environment with strong growth rates. Only recently we were able to win Novozymes, the world's largest supplier of enzyme and microbial technologies, as a customer to equip a large-scale plant in the USA on a turnkey basis. This will produce plant-based proteins needed for the production of plant-based foods.

The New Food market is growing rapidly and is one of the largest areas of innovation for GEA. We want to expand this business. This is because many of the products rely on completely new technologies and sophisticated manufacturing techniques that we have mastered – such as precision fermentation. Interestingly, customers in this field differ significantly from "traditional" customers. New food companies are often small and financed by private equity. As a result, this segment often has a start-up mentality with a lot of speed and short decision-making paths.

Keyword speed: Both the handling of global supply chains and improvement of the global footprint are hardly conceivable without the use of digital solutions. How is GEA positioned here? What do you expect for the future?

Giloth: You must distinguish between three areas here. We are already well underway with internal process digitization – in purchasing, for example. There are also already many use cases in the digitization of production and supply chains. The next big topic

is now digitization in the direction of the customer. How do we more closely integrate our machines into the customer's network? How do new products and services emerge from this treasure trove of data? Software and as-a-service solutions are also becoming increasingly central topics at GEA.

At the same time, I am convinced that the issue of sustainability will have at least as great an impact on value chains as digitization. If not perhaps an even greater impact. ■

IN CONVERSATION



Johannes Giloth has been a member of the Executive Board of GEA Group AG since January 20, 2020. As COO, he is responsible for purchasing, production and logistics. Giloth holds a degree in industrial engineering and, prior to his current position, was responsible for a wide range of management functions in Germany and abroad in the areas of purchasing, logistics and production, including at Nokia and Siemens.

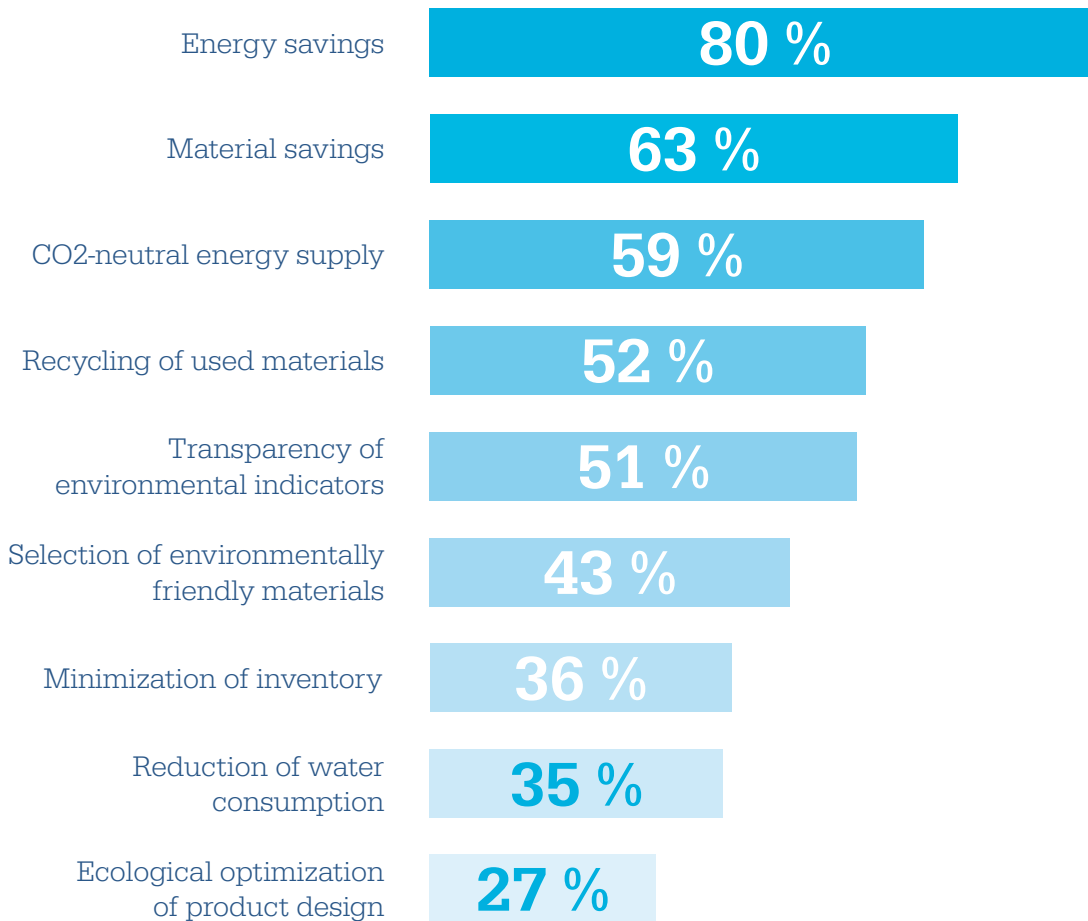
THE COMPANY

GEA is one of the largest system suppliers for the food, beverage and pharmaceutical industries. The MDAX-listed, internationally active industrial technology group focuses on machinery and equipment as well as process technology and services. Founded in 1881, the company employs more than 18,000 people in 64 countries. Sales were recently around EUR 4.6 billion.



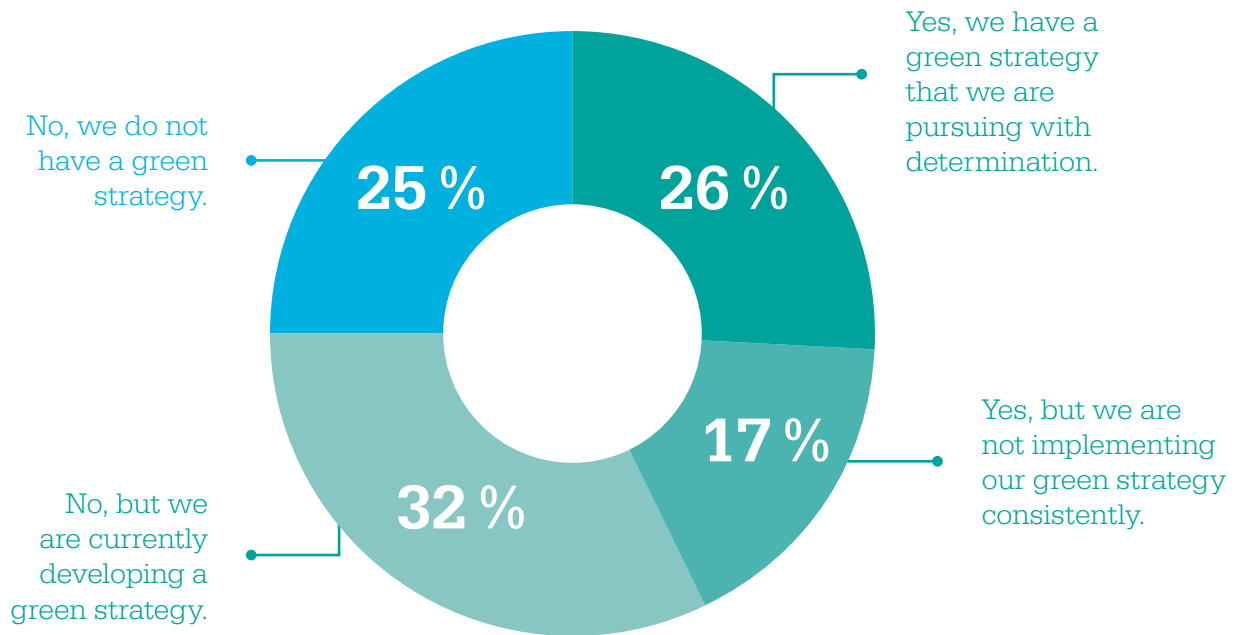
HOW GREEN IS GERMANY'S ECONOMY?

Which of the following ecological goals do you pursue in your company?



No alternative: Saving energy and materials is now part of everyday business.

Does your company have a strategy for going green?



No plan: Only one in four companies is pursuing a green strategy with determination.

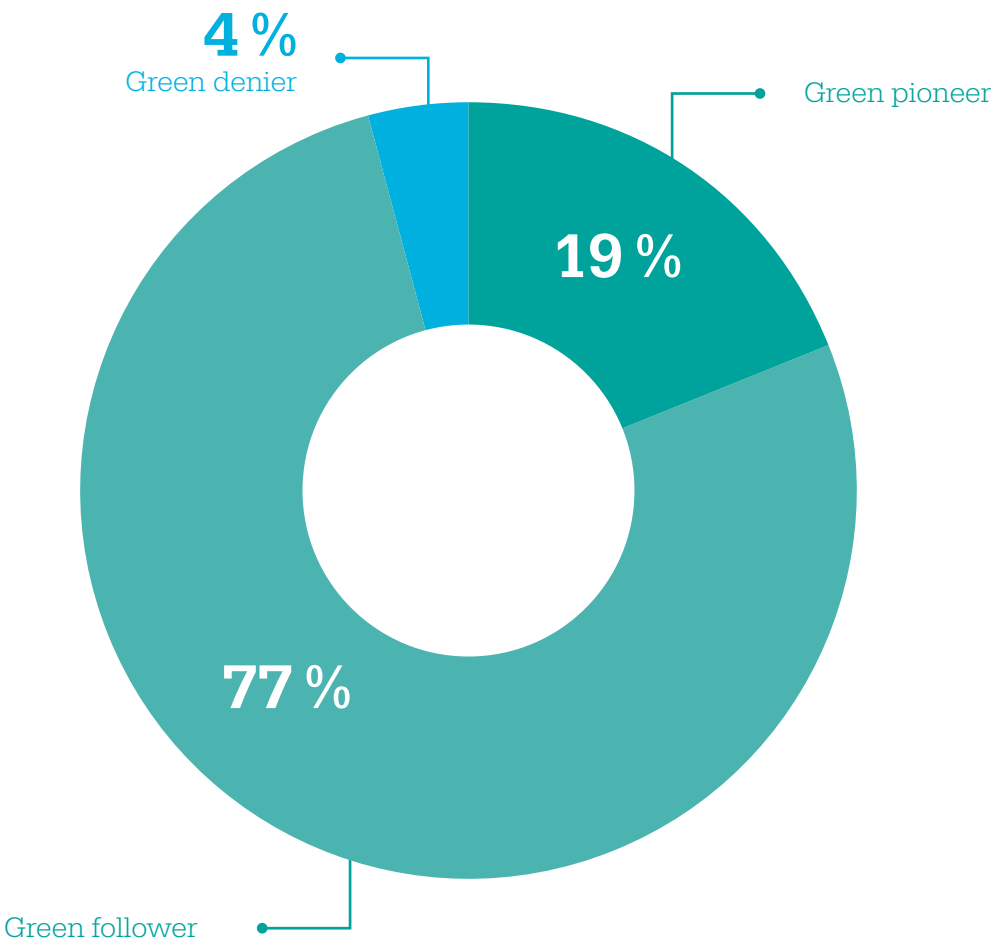


The central challenge for companies is to successfully master the desired cultural change in the company (lean) and to prepare processes and products for issues surrounding sustainability (green).

Udo Schlüter, Technical Manager, HARTAL Hans Holzhauser GmbH & Co. KG



How would you rate your company on its path to green transformation?



No courage: Three out of four companies prefer to play it safe as green followers.



In my opinion, the necessary change will fizzle out. Because as a society, we neither have the courage to take personal responsibility nor do we encourage the willingness to perform, let alone reward it. Neither in infrastructure, digitization, ensuring social systems, questions regarding migration, nor in education are we up to par. We are a blocked republic.

Stefan Munsch, Managing Director, MUNSCH Chemie-Pumpen GmbH



EXPERTS ON THE CHANGE READINESS INDEX 2022

Interview with Dr. Arnd Köfler, Member of the Executive Board
of thyssenkrupp Steel Europe AG

**“When it comes to green
steel, Europe is the setting
the pace.”**

Hardly any other issue will demand as much change from the economy in the coming years as the reduction of CO₂ emissions. Dr. Arnd Köfler, CTO of thyssenkrupp Steel Europe AG, explains the challenges facing the long-established company and how it is dealing with them.



Dr. Köfler, the current decade will be decisive for the future of the European steel industry. What are the biggest challenges – for the industry as a whole and specifically for thyssenkrupp Steel?

Dr. Köfler: Clearly, the upcoming decarbonization of steel production. This is where we need to take the next steps. The blast furnace route, i.e., the extraction of pig iron from iron ore and coke, generates the majority of CO₂ emissions in the steel industry. Actually, major replacement investments are now due in our blast furnaces. The problem is that we will no longer be investing in the old technology and, given the current framework conditions (German Renewable Energy Sources Act, certificate trading, etc.), there is still no economic business model for the new technology, which is ready to be launched.

Currently, the German steel industry emits 40 million metric tons of CO₂ every year, which corresponds to around 30 percent of total emissions from German industry. How far along is thyssenkrupp on the road to “green steel,” where hydrogen replaces coke derived from hard coal in iron ore reduction?

Dr. Köfler: We already clearly described our strategy towards green steel in technological terms several years ago. We are focusing on two paths: We want to prevent 80 percent of CO₂ emissions directly by eliminating blast furnace routes and exchanging them for the so-called direct reduction, which is then operated with hydrogen. For the remaining emissions, we have developed a recycling process that has been running in a large-scale test since 2018. We have also already equipped the first blast furnace so that hydrogen can be used. Further plants have been engineered and the corresponding funding from IPCEI (Important Projects of Common European Interest) has been applied for. From 2025 to 2029, the plants will gradually be put into operation and then reduce our CO₂ emissions by 30 percent.


What about decarbonization among steel producers in the USA and China?

Dr. Köfler: There are corresponding efforts in these two countries as well, but when it comes to green steel, Europe is clearly setting the pace. It is important to know that in the USA a lot of work is done with electric arc furnaces, where steel scrap is melted down to make new steel products. It is not so much about green hydrogen, but directly about green electricity.

In China, all steel mills are state-of-the-art. To put this in perspective, 20 years ago China produced 150 million tons of steel per year; today China produces around 1 billion tons. Moreover, here in Europe we always forget that China is investing in renewable energies while expanding conventional power plants. Europe is still ahead when it comes to green steel, but others have also recognized the issue.

With the “Strategy 20–30” thyssenkrupp Steel aims to create the conditions for this transformation to succeed. What are the key cornerstones of this?

Dr. Köfler: The “Strategy 20–30” is the foundation for our future viability. Because even beyond decarbonization, our business models must remain innovative to satisfy the increased demands of customers. →



For example, we are optimizing the entire production network at our biggest site in Duisburg – still one of the top five steel locations worldwide. This includes the new production system developed together with Staufen AG, which began being rolled out across the company in 2019. Bochum will concentrate the production of high-tech electrical strips, which are needed above all in the expansion of e-mobility.

What can a company do to make the switch to green steel a success? Where do you depend on your customers or also on politics?

Dr. Köfler: The conversion to green steel is five times more expensive than the replacement investments in the previous technology. We will therefore invest an additional EUR 7 billion by 2045 (editor's note: according to the German government, Germany will then be completely climate-neutral). In addition to sufficient availability of green hydrogen, regulatory incentives are therefore necessary for a successful transformation. It is true that customers are increasingly willing to pay a certain premium. But that alone is not enough to close the gap.

In addition to the technological and financial challenges, is not this change also an enormous cultural challenge for your company? After all, thyssenkrupp's roots go back to the 19th century.

Dr. Köfler: Of course, implementing new thought processes in a company with a 100-year manufacturing history is challenging. However, the German steel industry has better starting conditions here than many other countries, as close cooperation with social partners is a successful practice in the coal and steel industry. There is broad consensus on the need to stop climate change. However, change must go hand in hand with social security, i.e., sustainable jobs. As in every disruptive process, this one also offers the opportunity to create another unique selling proposition. If we – politicians, employees and shareholders – cannot manage this in Duisburg, the best location directly on the water axis and close to the North Sea and with major customers right on our doorstep, then this model will not work anywhere.

Finally, a brief look into the future. Heat waves and floods appear to be significantly increasing the acceptance of a green shift in the economy. In the end, won't we even need the politically prescribed annual figures for climate neutrality, as the market – driven by new and very ambitious players – will set the pace on its own?

Dr. Köfler: Time will tell. We increasingly hear from our major customers, such as the automotive industry, that they want to purchase their upstream products, including steel, in a decarbonized form and are also prepared to pay price premiums. However, it will be important to demonstrate across the entire value chain that the green transformation can succeed in a socially responsible manner. Only in this way will there be broad social support that is ultimately the basis for democratic coexistence. We are on the right track, but the next few years will be extremely exciting. ■

IN CONVERSATION



Dr. Arnd Köfler has been a member of the Executive Board of thyssenkrupp Steel Europe AG since January 1, 2017. He is responsible for the entire production area, which includes all activities from pig iron production to rolling and coating operations. Köfler, born in 1967, studied mechanical engineering at the Ruhr University in Bochum before obtaining his doctorate in ferrous metallurgy from RWTH Aachen University in 1999.

THE COMPANY



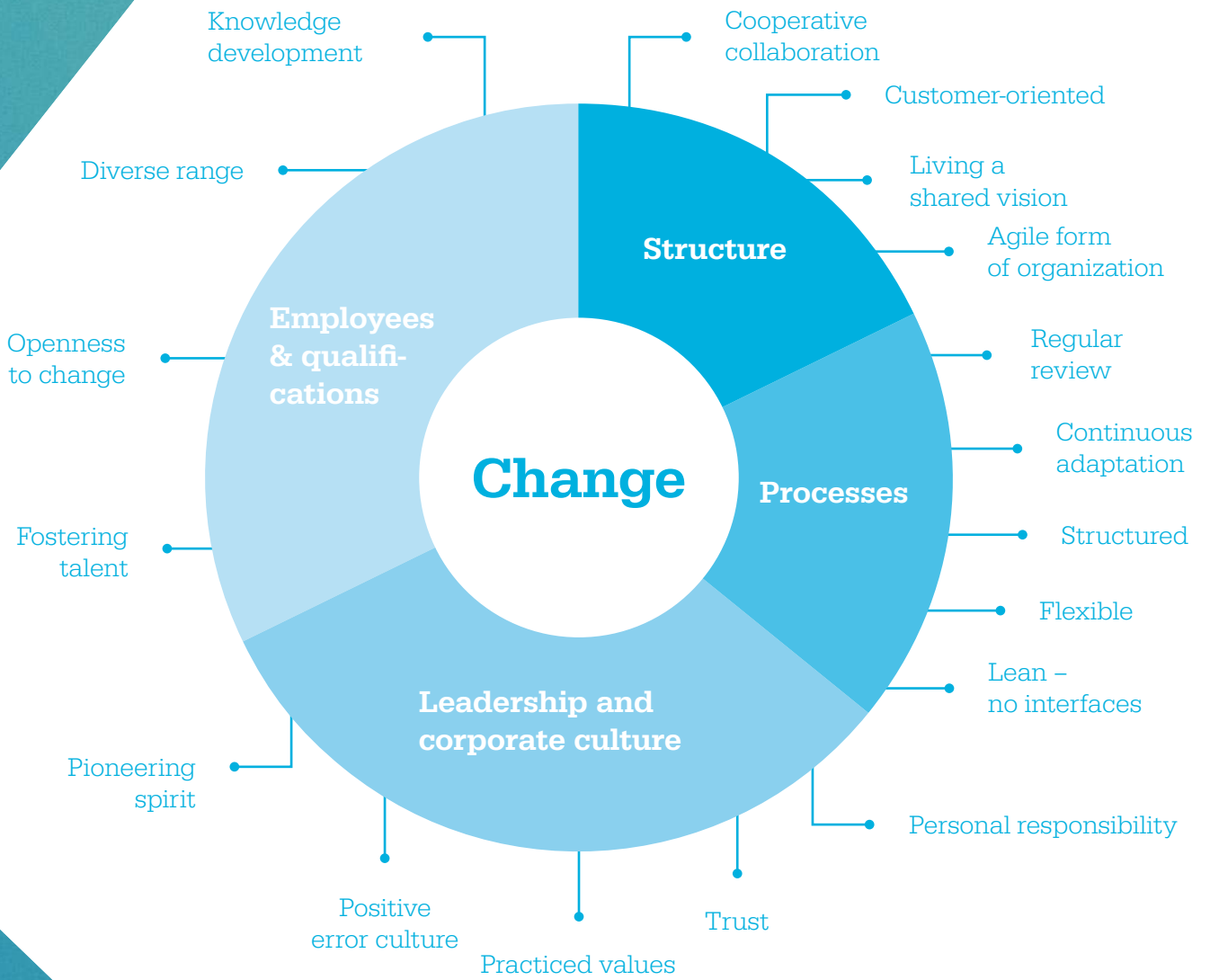
thyssenkrupp

thyssenkrupp Steel Europe AG is one of the world's leading manufacturers of flat carbon steel and stands for innovations in steel and high-quality products for advanced and demanding applications. Steel employs around 27,000 people and is Germany's largest flat steel producer, producing around 11 million tons of crude steel per year.

5. THE CHANGE READINESS INDEX 2022

A multitude of factors determine success or defeat in turbulent times. Of course, structures and processes play a central role in this situation. They form the basis for managing change. Even more crucial, however, are the management culture and employees. With the Change Readiness Index (CRI), Staufen AG translates complex interrelationships from all these fields of action into a value that provides information about the degree of change readiness.





Success factors of change

1. Change increases the number of cycles

No company can survive without change. This is truer than ever with the advance of digitalization and Industry 4.0. The world is spinning so fast that organizations, their employees and leaders are struggling to keep up with the pace of change. Today, everything is under scrutiny – regardless of whether it has shaped companies for decades or is still virtually new.

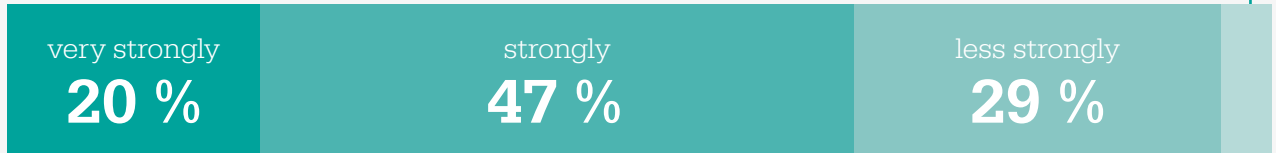
More than three in four of the companies surveyed have changed to a moderate or a great extent since 2019. The study shows: The momentum continues to rise.



1.1: How much has your company changed in recent years?

4 %
not at all

2019



1 %
not at all

2022



In restructuring mode: The pace of change in the German economy has increased once again.



We must not pretend that change is still ahead of us – we are already in the midst of it!

**Dr. Christian Hinsel, Vice President/Head of Production,
System & Strategy Management, Hirschvogel Holding GmbH**

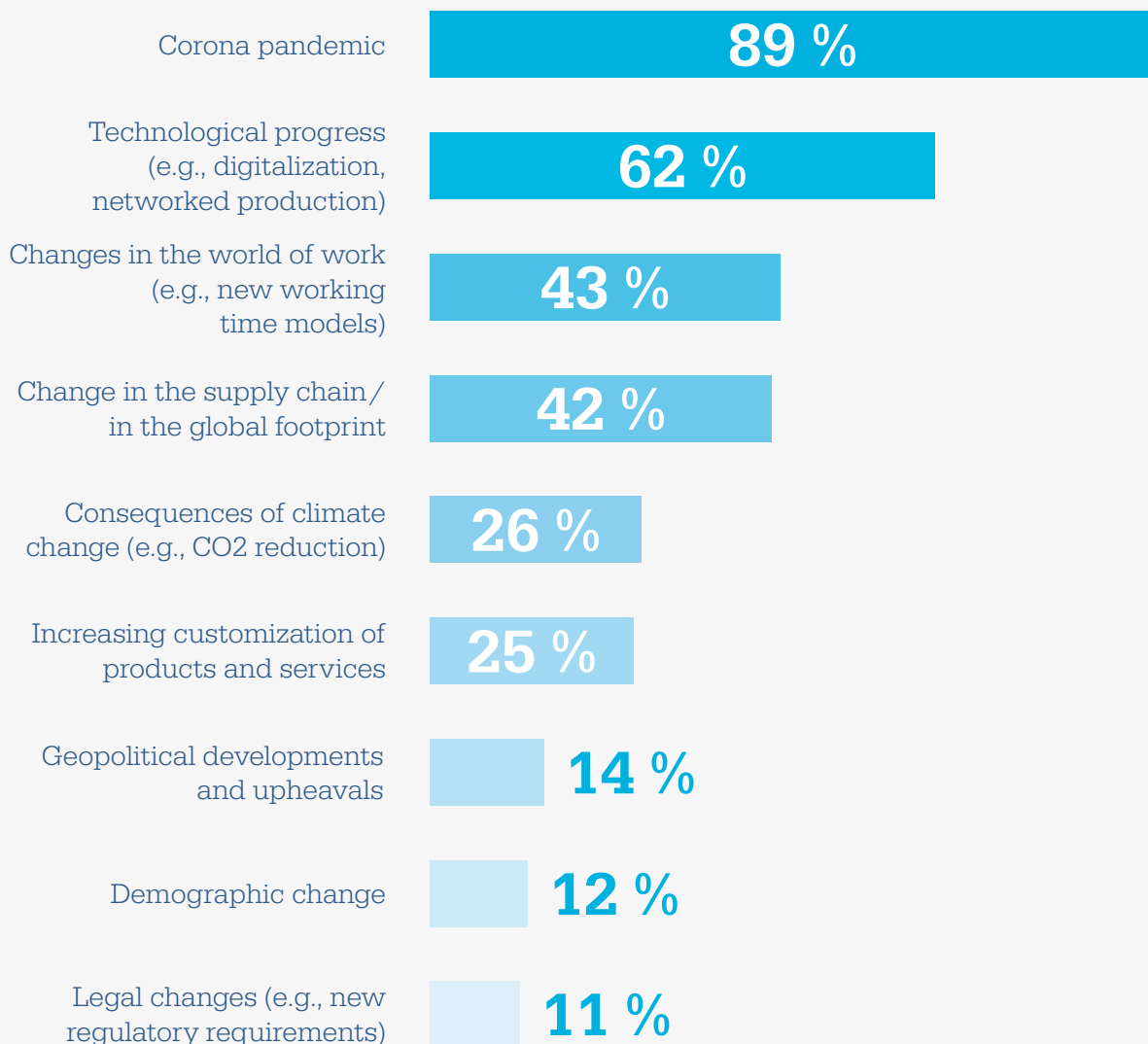


The change since 2019 has been most significantly shaped – unsurprisingly – by the corona pandemic. It was the most important catalyst for change.

However, technological progress, changes in the world of work and problems caused by supply chains breaking down have also forced companies to take action.

1.2 What were the most important drivers for this change?

Only participants who stated in the preliminary question that their company has changed very strongly or strongly



In crisis mode:

The corona pandemic as a catalyst for change.



2. Structures for change

Structurally, the success factors of change can be seen, for example, in shared visions, cooperative collaboration, customer orientation or agile organizational forms.

The Change Readiness Index 2022 shows that companies are becoming increasingly successful in flattening their hierarchies. This is where the study recorded the greatest progress compared to the 2019 survey – an increase from 59 to 67 percent. But all too often, structures still remain rigid. Fewer hierarchies do not always mean more participation rights.



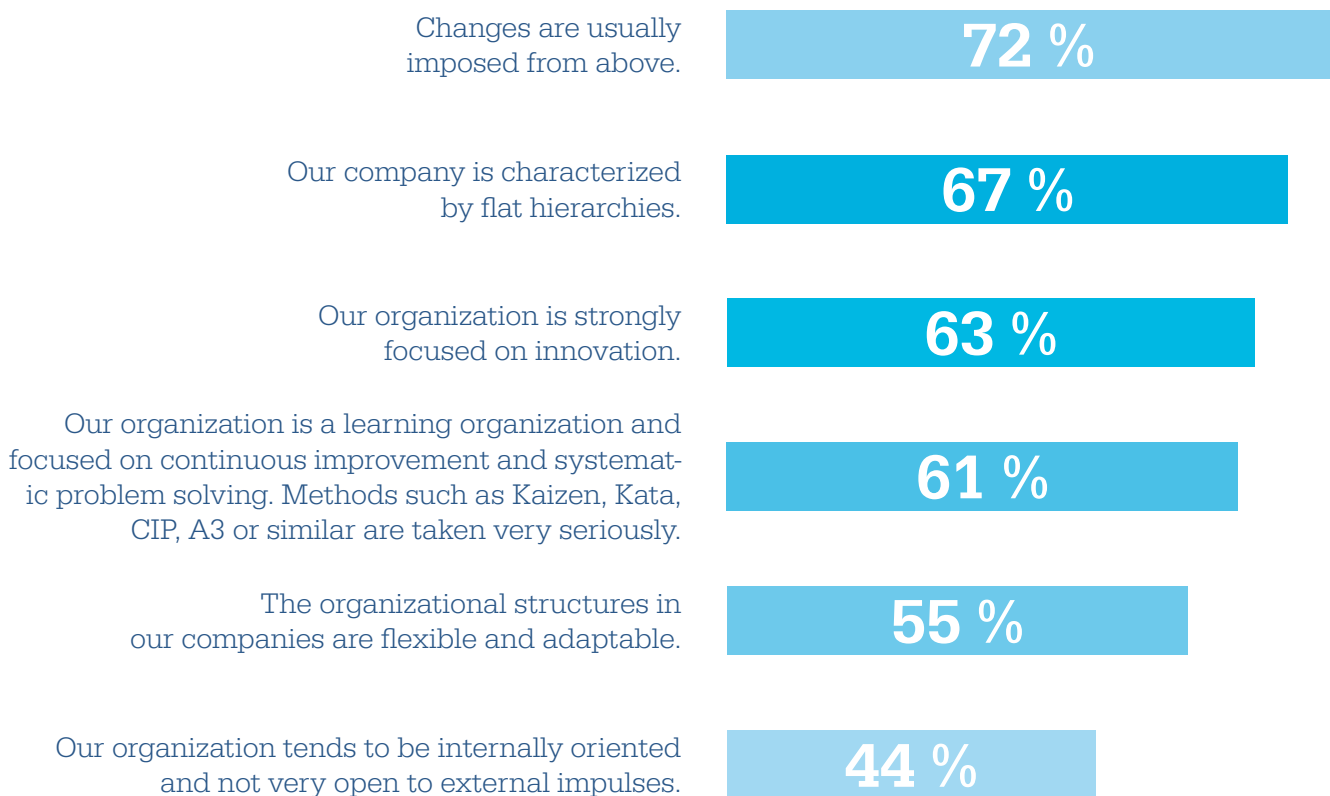
Our traditional line organizations are not flexible enough to follow rapid change and requirements in organizational terms.

Leonhard Braig, Head of Production & Supply Chain, PERI AG



2.1 What characterizes your organizational structures?

Answers „applies“ + „rather applies“



Flat but rigid: Fewer hierarchies do not mean more participation rights.

Customer focus and attitude are right. Change is perceived far more as an opportunity than a threat. Collaboration is also improving, and silo thinking is becoming less common. If only it were not for the bureaucracy. It continues to characterize many organizations.

2.2 Try to describe your organization using the following pairs of terms:

(expressed in mean values)



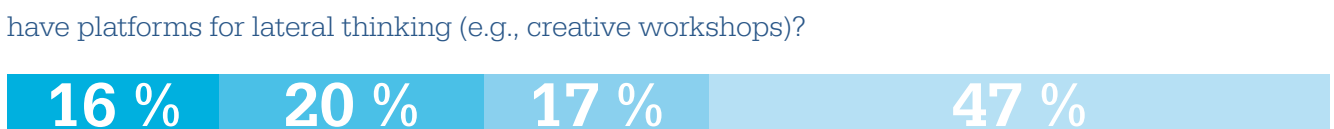
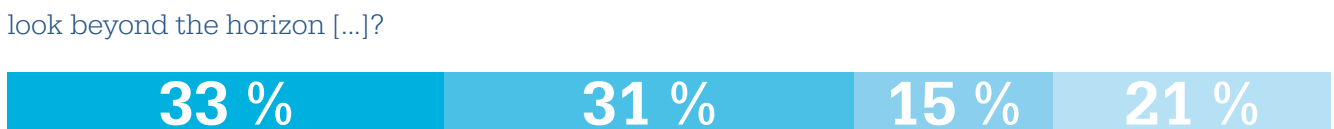
Self-image: If only it weren't for bureaucracy.

Overall, cooperation with suppliers and customers as well as other external partners is going well. But many companies are still working too much in the now.

Still too few succeed in thinking outside the box. In doing so, it prepares them change as well as shaping the internal framework conditions.

2.3 To what extent does your company ...

■ Already successfully implemented ■ Under development ■ Planned ■ Non-existent

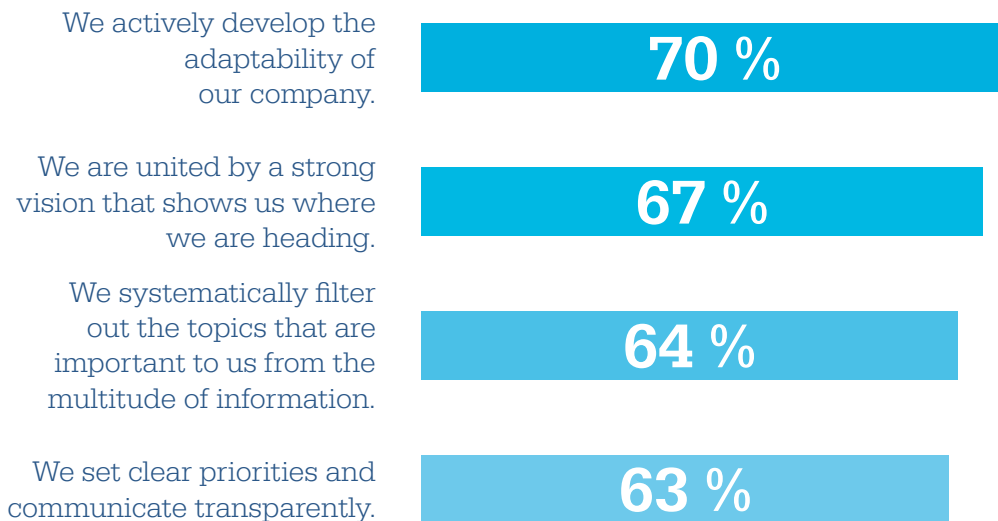


Tunnel vision and thinking outside the box:
Many companies work too much in the now.

Companies feel better prepared for change today than they did in 2019 – this shows an increase from 64 to 70 percent. Overall, companies also describe their own structures as future-proof.

2.4 To what extent is your corporate structure prepared for upcoming challenges?

Answers „applies“ + „rather applies“



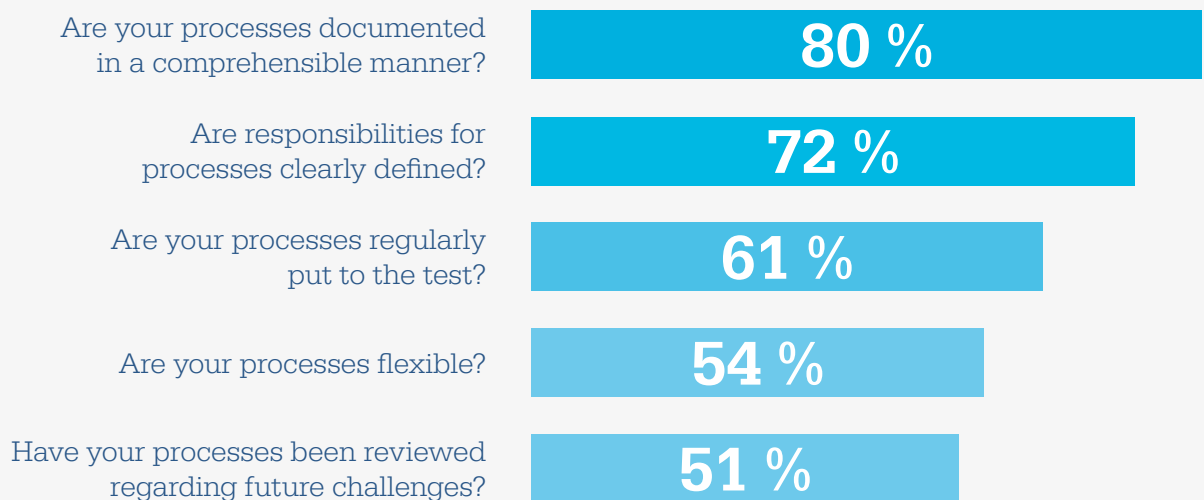
Two-thirds of companies describe their own structures as future-proof.

3. Processes

Companies in Germany have internalized process thinking for decades. But meticulous adherence to established processes today often leads to a dead end. Therefore, it is even more important than before to regularly review processes and adapt them to new circumstances. Here, the study shows a need for action. Good documentation alone is not everything.

3.1 Please describe the status quo of process flows in your company based on the following questions

Answers „yes“ + „rather yes“



Documented inflexibility: When everything seems well regulated, it is easy to lose sight of future challenges.



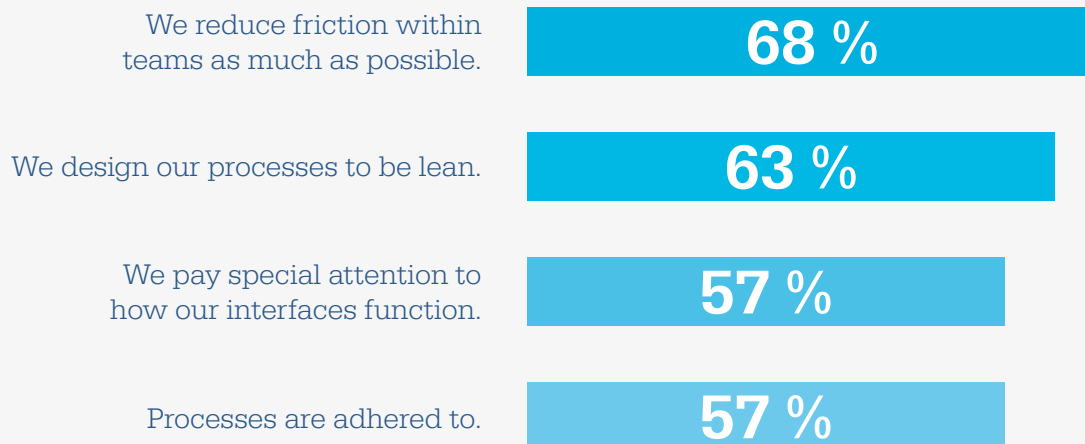
The issues and challenges for companies are many, from process management to planning accuracy. However, there is too much fire-fighting in the process and thus little time to devote to unknown improvements.

Marcel Junge, Lean & Process Manager, medical technology company



3.2 What kind of thinking underlies the processes in your company?

Answers „applies“ + „rather applies“

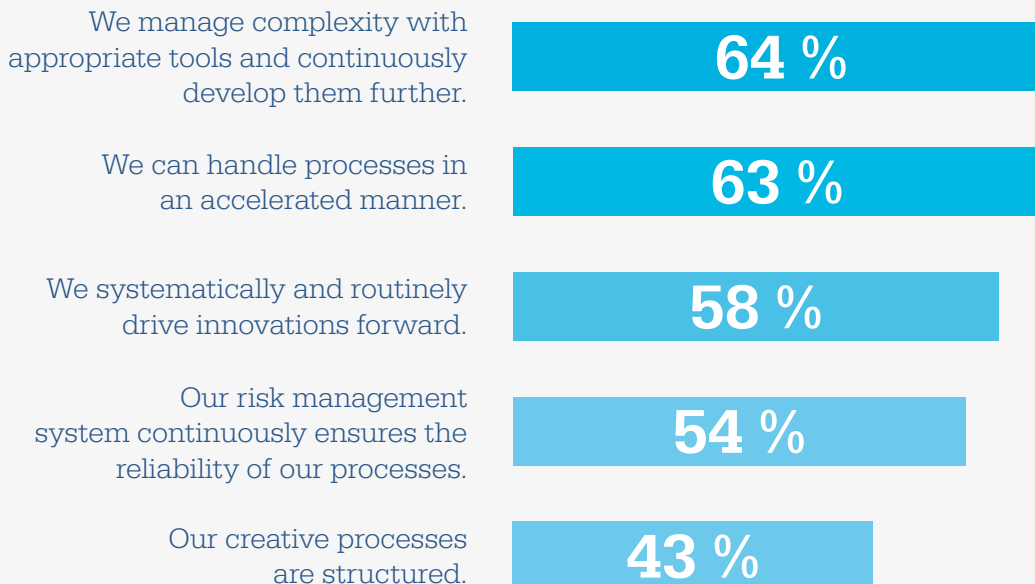


In only just over one in two companies are processes adhered to in a binding manner.

Standardization, modularization, platforms and building blocks are part of everyday life for most industrial companies. Two-thirds of respondents can therefore manage complexity well. But still too few organizations secure their processes professionally through risk management.

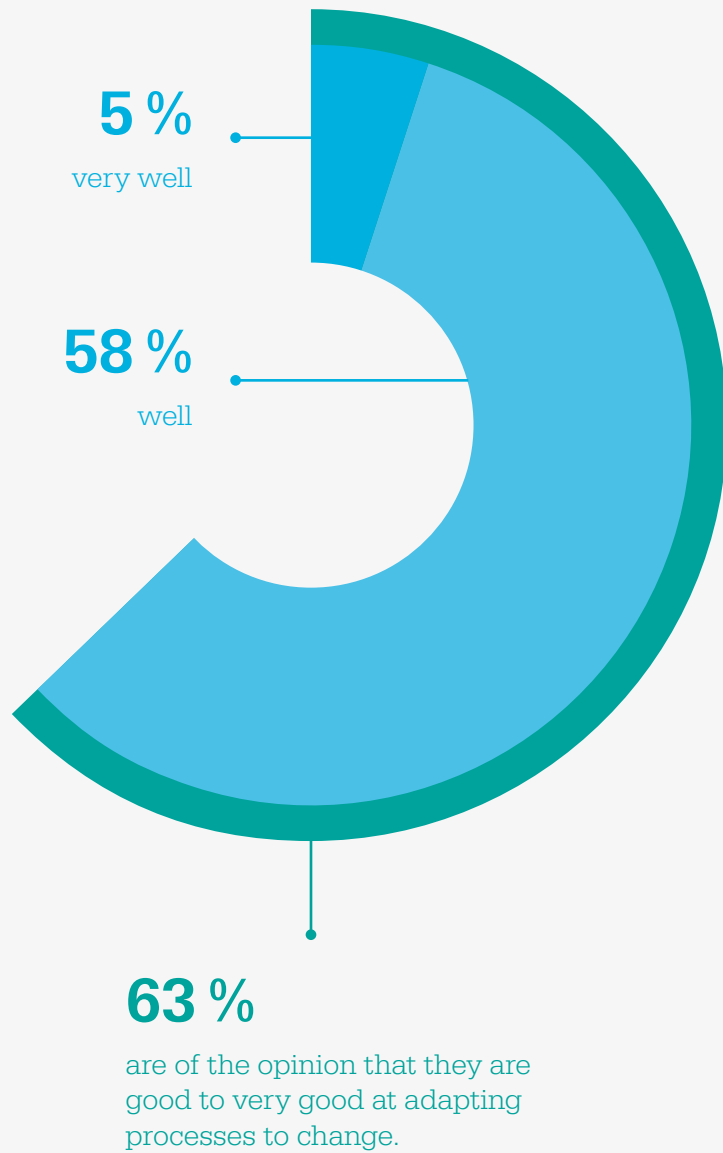
3.3 To what extent do you pay attention to a balance between dynamics and routine?

Answers „applies“ + „rather applies“



While complexity is often managed in a structured manner, creative processes usually lack such an approach.

3.4 To what extent do you succeed in continuously adapting processes to change?



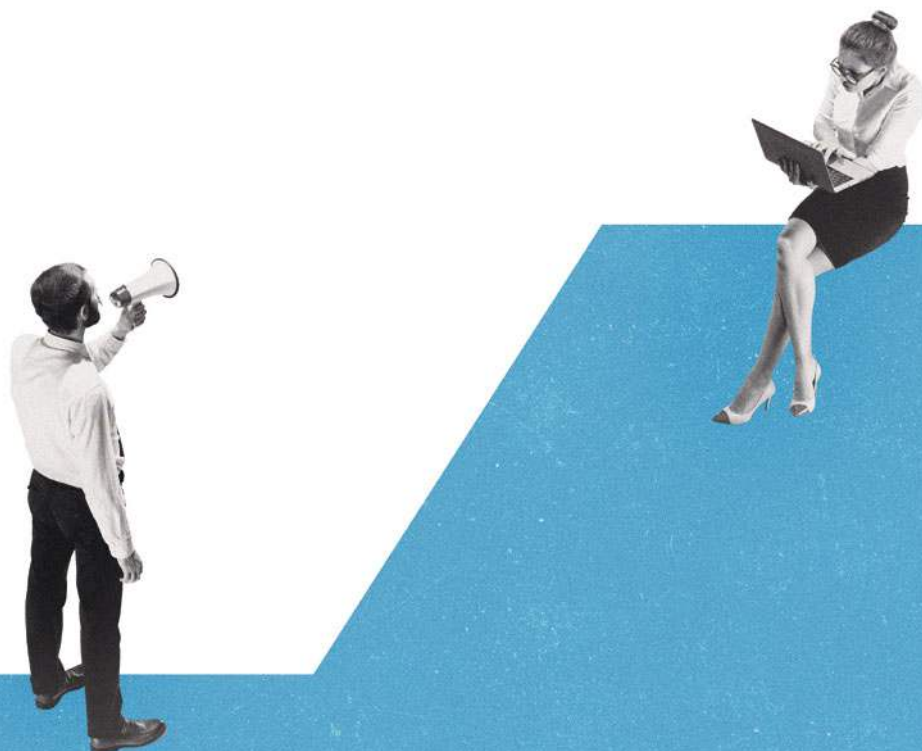
Two-thirds of the companies have confidence in the adaptability of their processes.

4. Leadership and corporate culture

Leadership and corporate culture are considered a decisive category for a company's ability to change – especially in times of major upheaval. Successful managers exemplify solidarity between people and between people and the company, and integrate a shared vision of the future as well as jointly agreed communication channels into their everyday life. They know “their people” along with their strengths and weaknesses and qualify them for future requirements. Those who master this can face the challenges of tomorrow with confidence.

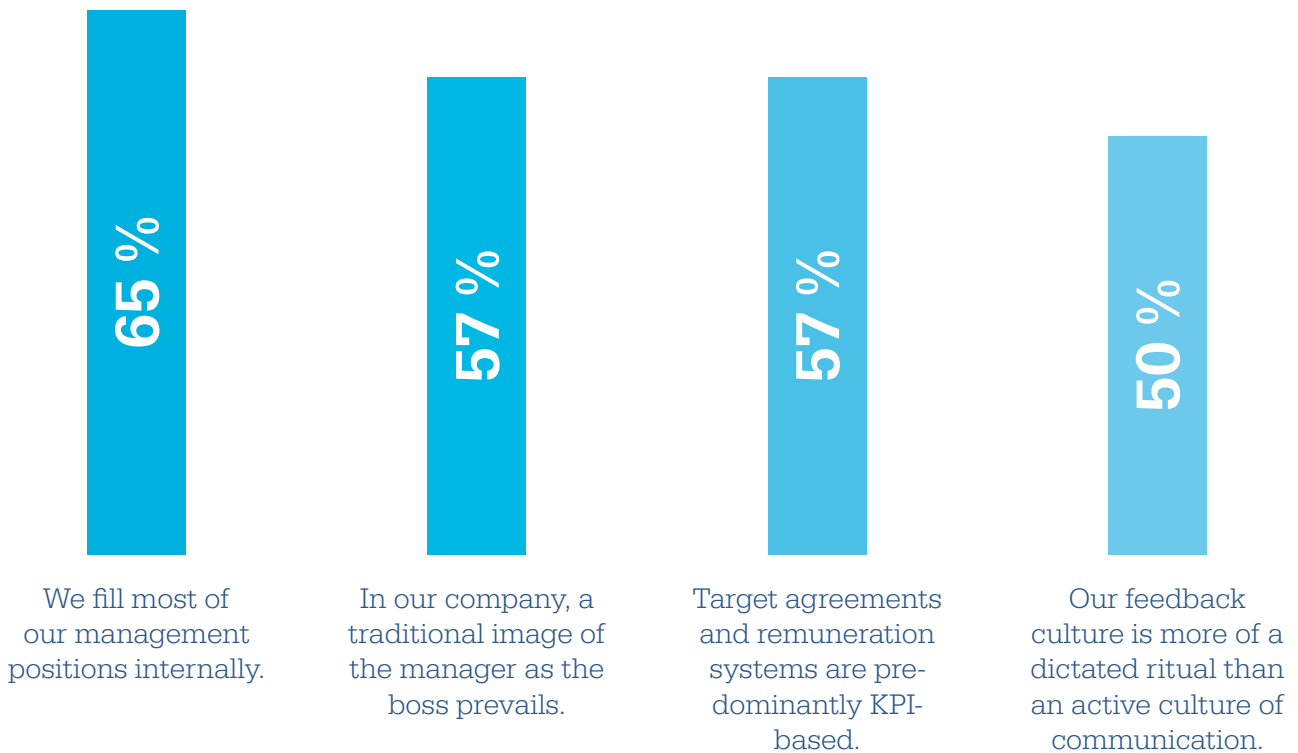
Change is not something you can just delegate away. Change is a fundamental management task. Change has to be shaped and managed from the inside out.

Given that companies have been working on improving their leadership culture for years now, the study paints a rather disillusioning picture. In just under one in two companies, a traditional image of the manager as the boss still prevails, and the all-important feedback discussions continue to be more thunder and lightning instead of a clearing storm.



4.1 What kind of leadership and performance culture does your company have?

Answers „applies“ + „rather applies“



Wasted potential: In every second company, feedback rounds are just theatrical thunder rather than a clearing storm.

Modern corporate cultures are on the rise, but the journey to get there often comes in small steps, as a comparison with 2019 results shows. In many companies, a change in mentality has not really taken place yet.

4.2 How would you describe your company's corporate culture in general?

(expressed in mean values)



A change in mentality in German companies has yet to take place.

Good leadership must be encouraged. There are a variety of options here. Shop Floor Management has been established in industry for years. Every second company uses it, and another quarter has it under development. This shows the great importance of this lean system.

4.3 How is good leadership promoted in your company? Which instruments are already in use?

■ Already successfully implemented
 ■ Under development
 ■ Planned
 ■ Non-existent

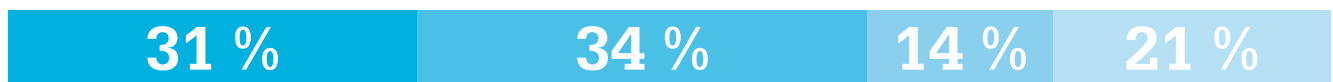
Use of Shop Floor Management



Program for systematic leadership development



Leadership coaching or supervision



Forward-looking succession planning for management positions



On the way to becoming the norm: Eight out of ten companies already use Shop Floor Management.

Almost six out of ten companies find it difficult to anchor forms of leadership that support change. Many problems have yet to be solved. For example, outdated management methods and an outdated understanding of careers burden companies.

4.4 What are your current challenges in terms of leadership and corporate culture?

Answers „applies“ + „rather applies“

We find it difficult to anchor forms of leadership that support change in the company (e.g., mentoring, leadership tandems, experience groups, or similar).

58 %

In our company, different generations collide with regards to their attitudes, abilities, and life goals.

56 %

We follow an outdated understanding of leadership and career.

48 %

We have major problems in filling leadership positions.

32 %

Unresolved problems: Outdated leadership methods and an outdated understanding of careers are a burden.



The personal ability to change is the factor that determines the speed of change.

Dr. Tanja Lindermeier, CEO/GF, GuS GmbH & Co. KG (Glass + Safety)



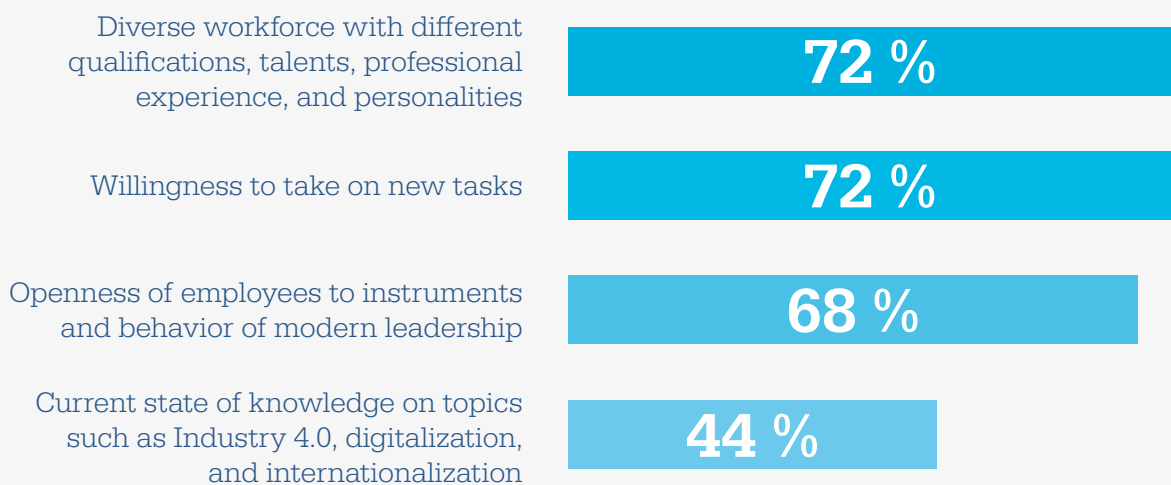
5. Employees and qualifications

As the world of work changes, so does the role of employees. The workforce must be prepared for the tasks of tomorrow. For companies, it is therefore important to prepare people and pave the way for change.

The Change Readiness Index shows: The development of expertise on topics such as Industry 4.0, digitization and internationalization is not progressing. Relatively to 2019, the progress has been minimal. Not even every second company considers the level of knowledge of its employees in these fields to be good.

5.1 How well prepared are the employees in your company for the world of work 4.0?

Answers „very well“ + „well“



Knowledge gap: The development of expertise regarding digitalization is not progressing.



The challenges are clear: mobility, sustainability, Industry 4.0 and employee qualification. Efficient implementation still needs to be addressed.

René Benz, Managing Director, Röchling Automotive Asia GmbH



Loyalty to employers is high, but trust in managers is rather weak in comparison. It is also notable that just under a third of employees often act according to the motto "work to rule."



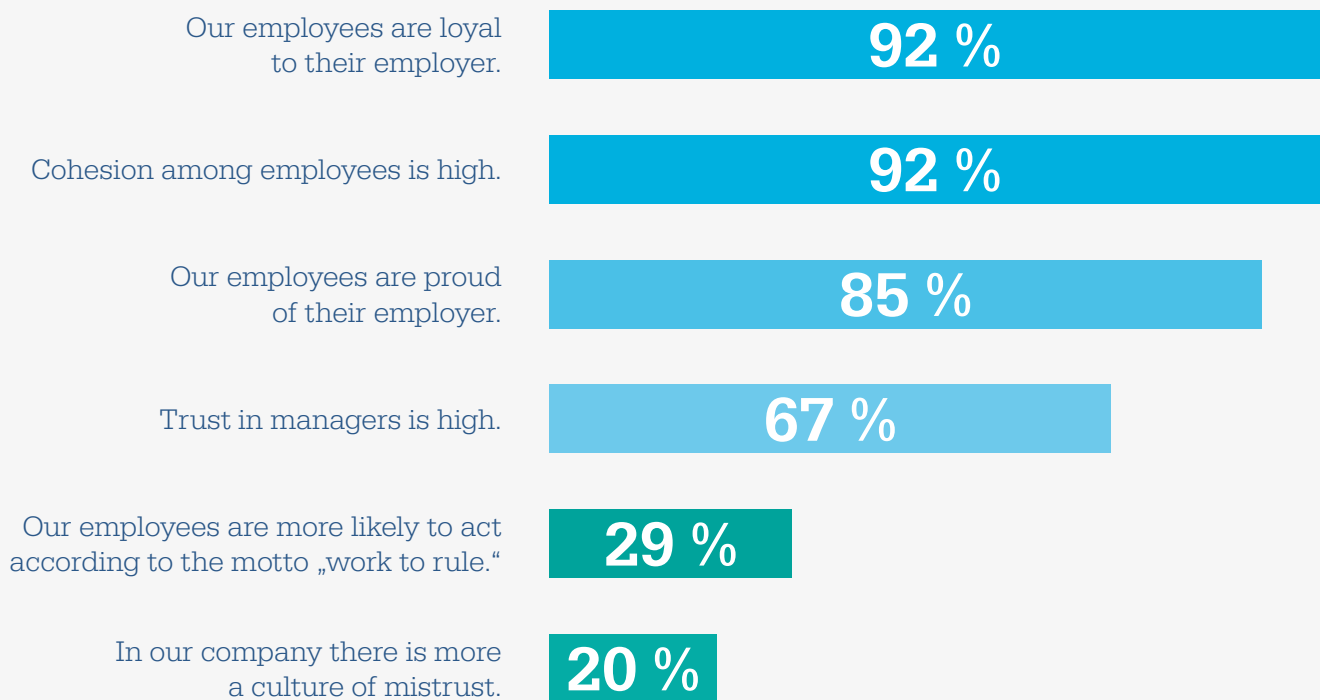
Even in times of rapid change, we need a guideline to bring everyone in the company along on the journey. Our employees are the key to future success.

Bernd Hausler, General Manager, ifm Gruppe



5.2 How strongly do your employees identify with the company?

Answers „strongly“ + „rather strongly“



Trust gap: Loyalty to employers is high despite of leadership rather than because of it.

Are companies doing enough to make their employees fit for the flexible working world 4.0? The answer is clearly “no.” Companies are not making any headway here, as comparisons with studies from previous years show. In addition, there is plenty of catching up to do in shaping the framework conditions for the future.

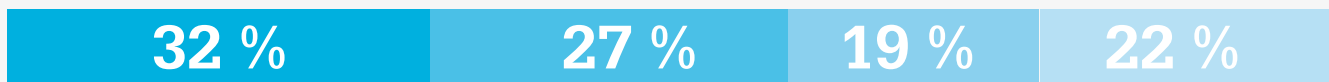
5.3 What is your company doing to make its employees fit for the flexible world of work 4.0?

■ Already successfully implemented ■ Under development ■ Planned ■ Non-existent

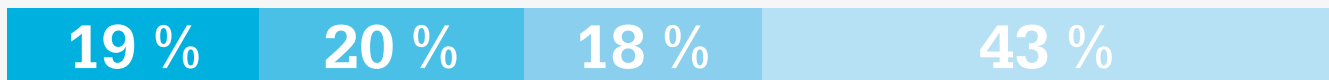
We work with IT-supported continuing education as well as e-learning and self-learning (e.g., learning on demand).



HR development is integrated into strategic corporate management.



We perform cross-company talent management.



We conduct systematic competence analyses (Key questions: What do we need? What do we have?).



We have regulations for vacation, salaries and working hours that fit with the world of work 4.0.

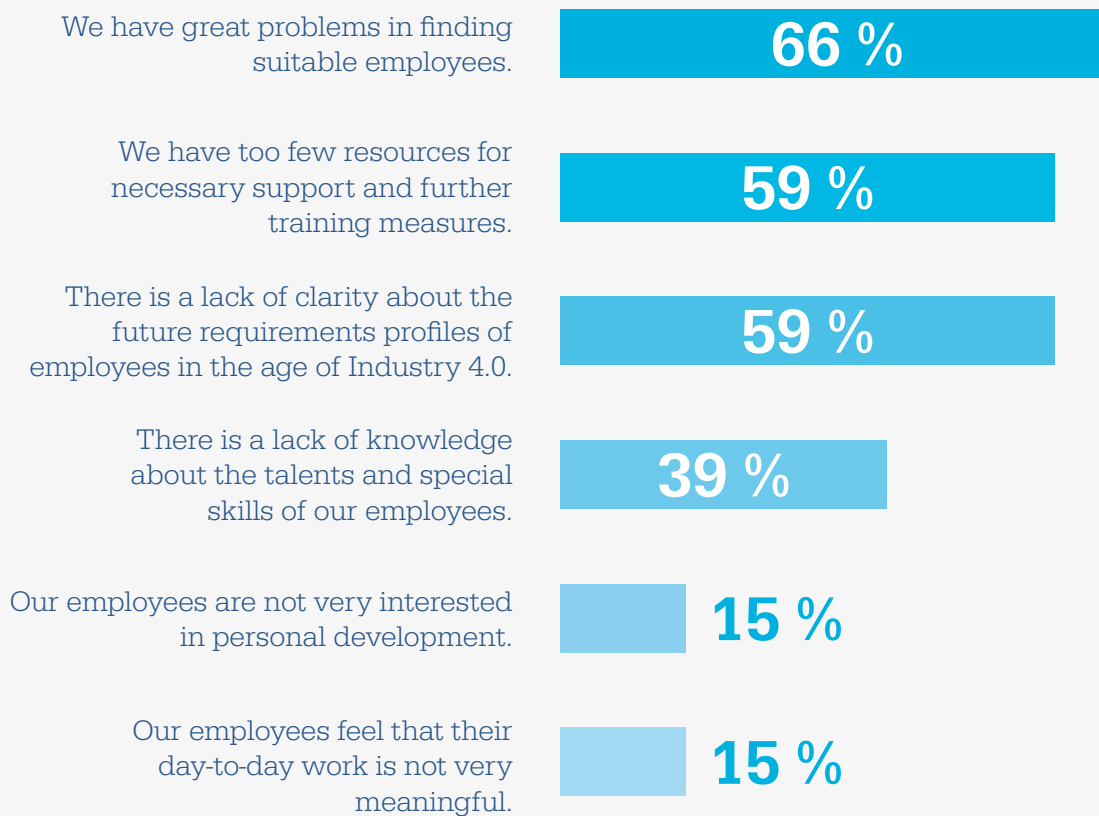


Action gap: There is ample catching up to do in terms of the framework conditions for the world of work 4.0.

The challenges are also great in human resources management: Two-thirds of the companies find it very difficult to find new colleagues. But what requirements do future employees actually have to meet? Almost six out of ten companies do not yet know the answer to this question.

5.4 What challenges does your company face in human resources management?

Answers „applies“ + „rather applies“



Personnel gap: Two-thirds of companies have major problems finding the right employees.

4. THE RESULTS



Since 2019, companies have been primarily concerned with coping with the corona pandemic. The task was to continue work as well as possible under the massively changed conditions. There was far too little time and room to look beyond acute challenges, as the study shows. The Change Readiness Index has only changed by one point – there can be no talk of actively shaping change.

Change Readiness Index (CRI) of German companies

on a scale from 0 = „not at all“ to 100 = „completely“

	2022	2019
Overall index	56	55
Structures	57	55
Processes	57	56
Management	54	52
Employees and qualifications	57	57

Overall index: Despite turbulent times, companies were only able to slightly increase their ability to change.



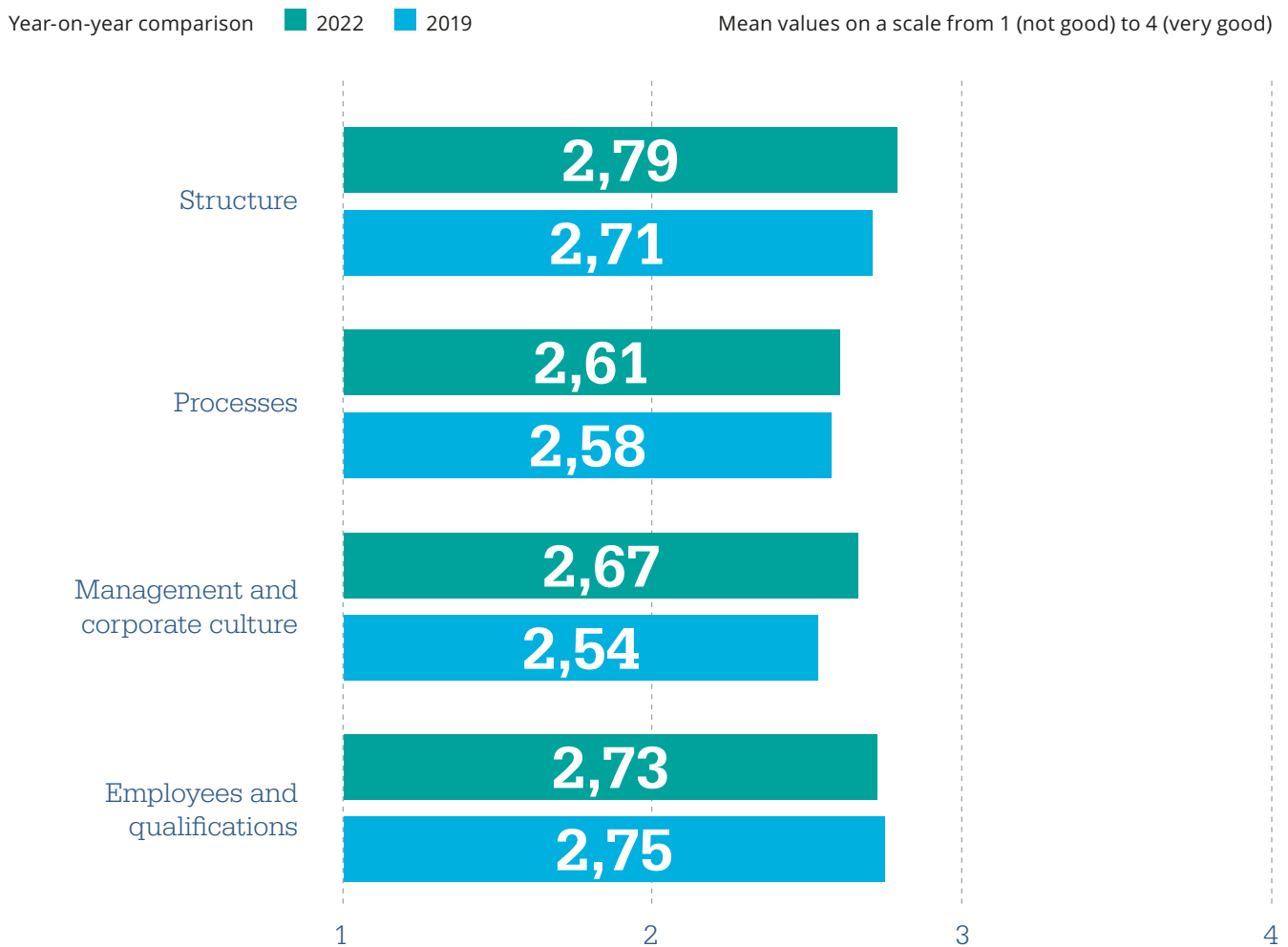
One of the greatest challenges is to maintain the international competitiveness of Germany as a business location in the long term.

Dirk Hollinderbäumer, Head of International Sales, LEMKEN GmbH & Co. KG



Companies thus see themselves as only marginally better equipped for the future than in 2019. When it comes to employees and qualifications, companies even have to admit that they are in a slightly worse position than they were two years ago.

To what extent do you see your company equipped for the future in the following areas?



Companies see themselves as only marginally better equipped for the future than in 2019.

Nevertheless, two out of three companies rate their ability to change as “good” or “very good.” They also see themselves as better positioned than their own industry.

Please rate the ability to change ...

■ very good ■ good ■ less good ■ not good at all

of your company.



of your industry.



Respondents rate their company’s ability to change better than that of their industry.

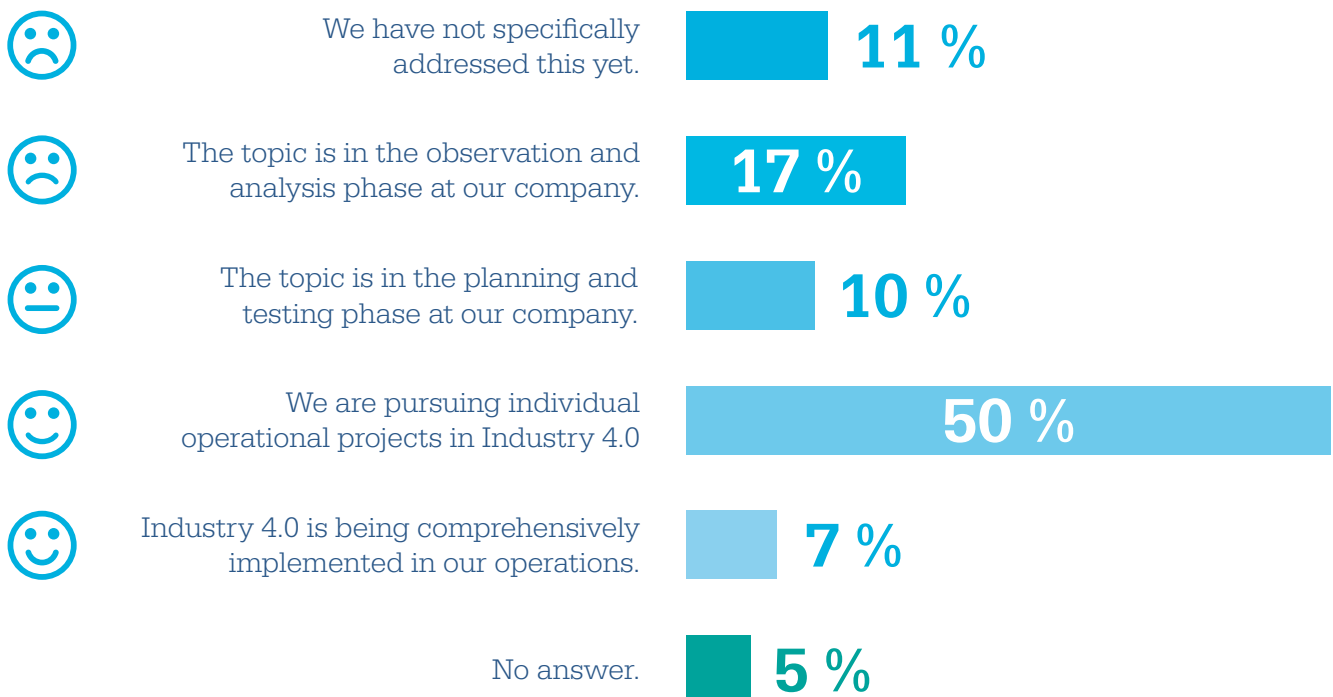
The effect of adaptability

Whether and how the ability to change is reflected in the operational activities of the companies can best be checked in the area of digitization, as technological progress – apart from corona as a unique driver of change – is by far the biggest driver of change for companies according to their own statements.

Here, the study shows a divided economy. While around one in two companies is already operationally implementing smart factories, the others are still observing and testing, or have not really engaged with the topic at all.

Industry 4.0/digitalization is still a top topic.

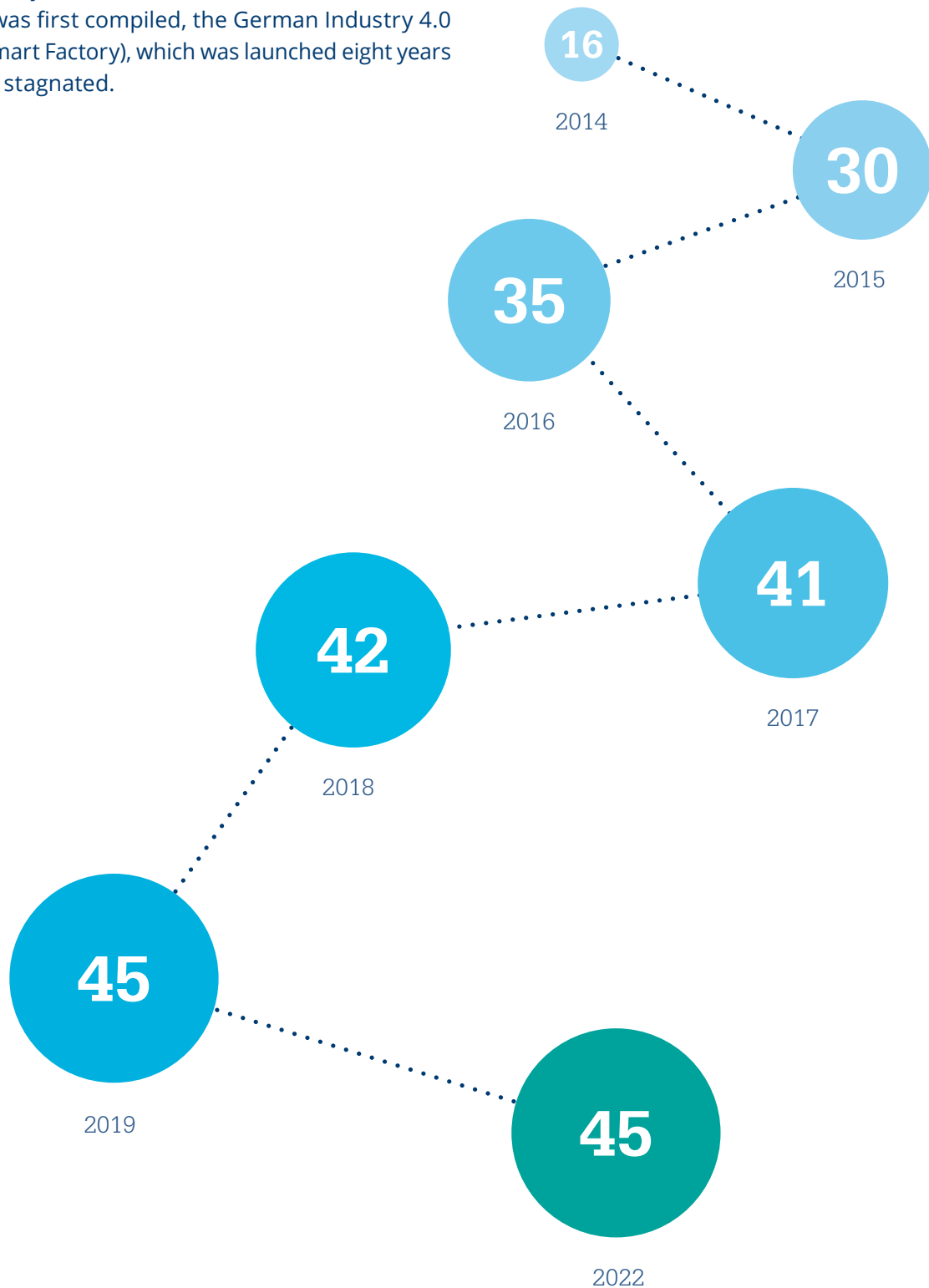
How far along is your company on the road to becoming a „Smart Factory“?



Shared economy: More than one in two companies is already implementing Smart Factory in their operations.

German Industry 4.0 Index: Smart Factory

The consequences of this dichotomy are not great for Germany as a business location: For the first time since it was first compiled, the German Industry 4.0 Index (Smart Factory), which was launched eight years ago, has stagnated.

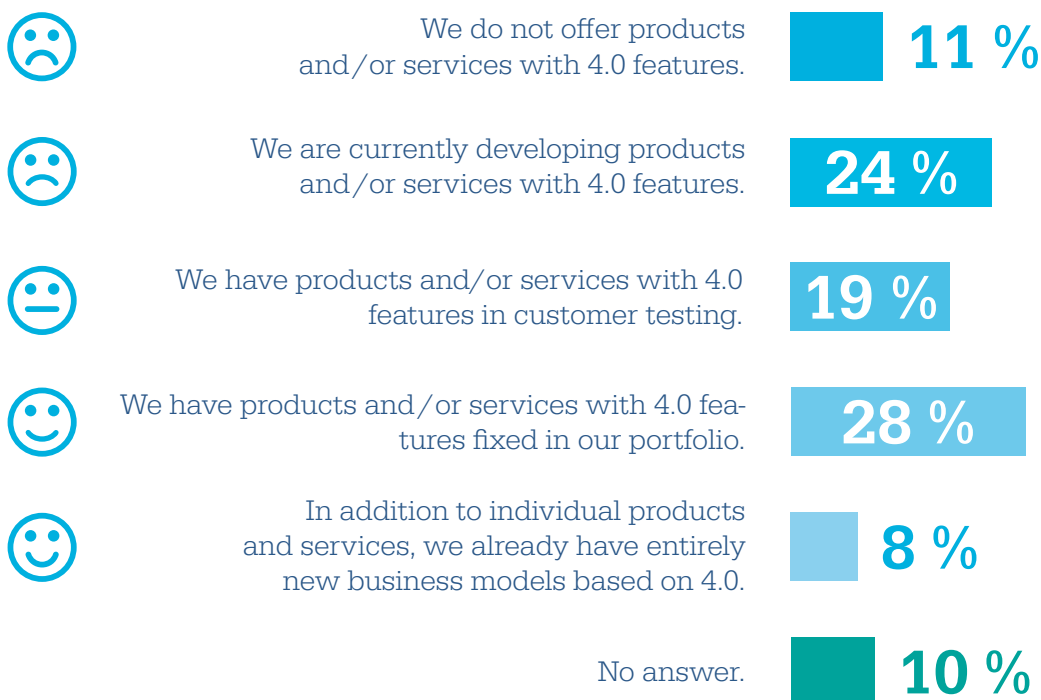


Smart Factory: For the first time since it was surveyed, the German Industry 4.0 Index has stagnated in this area.

If we also consider how far advanced companies are in developing digital products and services, this division into digital pioneers and digital stragglers is likely to become even more pronounced in the future – after all, more than a third of smart factory companies now also offer products and/or services with 4.0 features or already offer completely new business models based on 4.0.

In addition to increasing their own efficiency through Industry 4.0, more and more companies are also digitizing their products and services or even developing entire 4.0 business models. What is the situation like in your company?

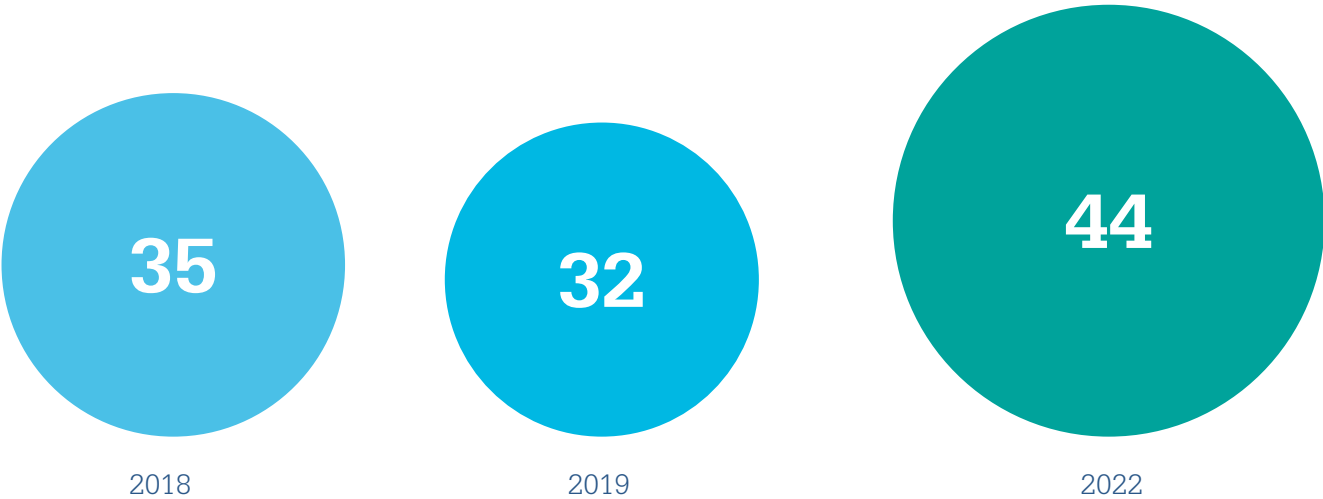
Only participants who stated in the preliminary question that the topic is in the planning and test phase, that operational individual projects relating to Industry 4.0 are being pursued, or that Industry 4.0 is being comprehensively implemented in operations



Digital pioneers: The path from the Smart Factory leads to smart products and services.

The path from a smart factory thus leads consistently to smart products and services. And powerfully so: The Industry 4.0 Index (Smart Business), which has been collected since 2018, has increased significantly over the past three years. Adaptability therefore knows no end, but rather triggers a positive chain reaction.

German Industry 4.0 Index: Smart Business



Smart Business: The German Industry 4.0 Index for digitized products and services made significant gains.





The main challenge is to question which things are no longer valid and can therefore be dispensed with.

Our world is becoming increasingly complicated instead of simple, despite more information and better technology. At the same time, many new technologies and trends are developing – regarding IoT or Industry 4.0. We have been talking about these topics for years in the buzzword-saturated services segment, but the reality is that many SMEs are still on the onset of digitization.

Due to limited resources, change in companies is taking place much more slowly than technical solutions are developing.

Thomas Urbanczyk, Vice President Production, TADANO FAUN GmbH

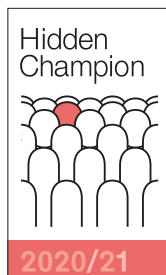
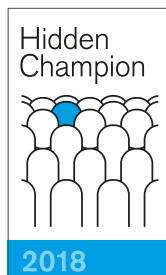
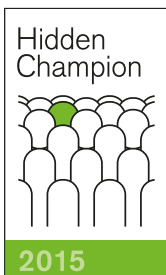


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We believe that inside every company, there is an even better one.

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Worldwide.

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Figures. Data. Facts.

> 25
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160
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320
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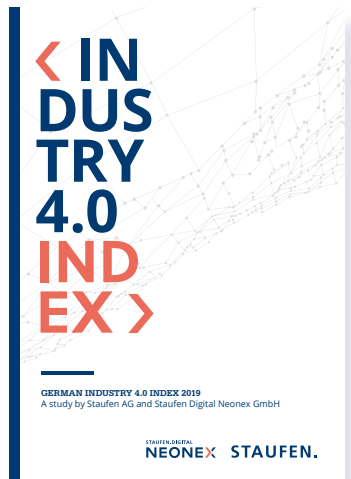
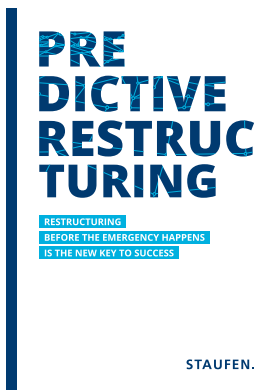
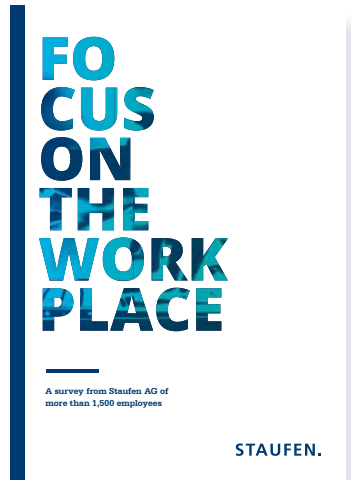
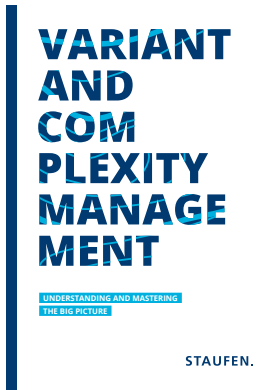
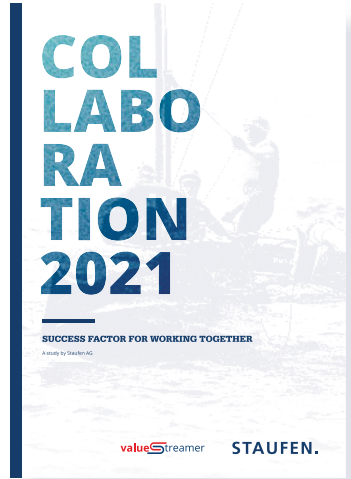
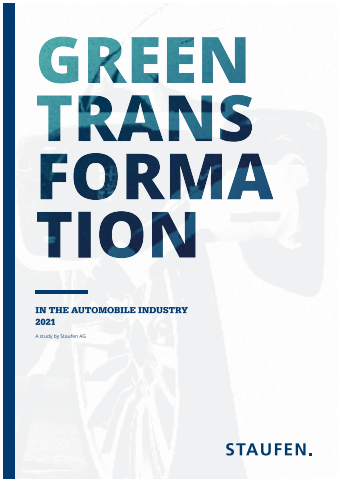
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