

Defensive Measures to Protect the Business

Crisis Management

Crisis organization

- Establishment of a central crisis team (daily, bi-daily, weekly meetings); to regulate and assess the situation, decide on measures, adapt
- Additional dedicated crisis teams, e.g. Production, supply, sales
- Adequate staffing of the crisis teams: broad support
- Involvement and targeted use of the supervisory / board of directors, more frequent meetings
- Close coordination with the family
- Preparatory talks with decision-makers from the Chamber of Commerce and Industry, employers' association and political regional decision-makers to ensure support in the event of an emergency
- Provide full transparency of government emergency response so that immediate action can be taken when needed.
- Mutual authorization within the management to ensure the ability to act

Planning & Scenario Technique

- Regular reading of analyst reports, set up Twitter account to establish ability to continuously follow important informants (e.g, Ministry of Health, Federal Council)
- Weekly updates of all relevant management parameters optimized to readjust at short notice; signal limits installed
- Step-by-step plan: which measures from which economic development, worst case scenarios developed and calculated
- Several scenarios have been developed for each part of the company by 2021. Measures were developed and coordinated for each part of the company on the basis of a scenario assessed as realistic.

Crisis Communication

- High-frequency and transparent communication: honest assessment of the situation, planned measures, schedule; initially daily, later weekly information on the situation of the company or rule changes (intranet)
- Close communication between operational management / works councils / management holding / board of directors / shareholders; (bi) weekly telephone and video conferences with top management and the family
- Video messages from the owners, very positive perception of the family's presence in communication
- virtual coffee breaks and other virtual social meeting places; In this way, the separate teams stay closer and not only exchange information about the work processes

“Right from the start we tried to communicate as clearly as possible about all relevant developments - this creates trust. We showed the measures taken by the management to lead the company through the crisis so that there are no fears and excessive illness rates. ” (Family business, 4th generation)

Securing Financial Resources

Securing our Liquidity

- Short-term liquidity management: daily liquidity control and planning, weekly cash analysis
- Ensure short-term access to liquidity reserves: securing liquidity from the family and by taking out loans
- Preparatory talks with financial partners regarding the use of existing credit lines and extension of credit lines
- Deferral: taxes and social security contributions, interest, loan repayment
- Cancellation of the dividend to ensure high liquidity

Rigid Cost Management

- Expenditure review & spending freeze: review and reduction of all (planned) expenses, costs, investments, M&A projects; Cancellation of bonuses, hiring freezes, termination of all agency workers and review of fixed-term contracts
- Postponement of costs: postponement of projects, investments, dividend payments, annual performance bonuses 2019, wage and salary round 2020
- Wage adjustments: (Voluntary) wage reductions / wage waivers (partly compensation through additional vacation days), short-time work with an increase in wages to 95%, voluntary increase in normal working hours, conversion of special payments into leisure time, reduction of overtime, vacation cuts, parental leave

“We asked all suppliers and employees whether we could wait with our transfers - but let them decide. With this method, we are currently better positioned at the beginning of the crisis, both financially and culturally.” (Family business, 2nd generation)

Health Protection & Well-Being of Employees

Protective Gear and Hygiene Measures

- Early information and training of employees
- supply of masks, gloves, disinfectants, both for private use and at work; Protective screens and face shields in production, protective walls in administration; partial mask requirement
- Cleaning stations, regular cleaning on high-traffic zones and objects (e.g. switches, copiers, door handles), company vehicle equipped with cleaning and disinfectant agents, ozone device for room disinfection
- Social Distancing: equalizing workplaces spatially (renting if necessary), maximum occupancy, minimum distance required consistently
- Blocking or reorganization of the common rooms, closing of the canteen (to-go or delivery), no uncontrolled food supply outside
- Travel ban, access ban for external parties or self-disclosure by visitors, rules of conduct for or restrictions on visitors, suppliers and craftsmen, no mutual visits by employees from different locations, ban on carpooling and public transport, toilet car for drivers of the freight forwarder (since no access)

Medical Support

- Comprehensive quarantine measures in suspected cases, tracing (contact chains)
- Free corona tests and medical support for sick people and family members by company doctor; Corona hotline, emergency telephone

Flexibility & Digitization of Work Processes

Generosity & Flexibility

- Financial support if required (e.g. interest-free loans)
- Compensation for economic disadvantages (e.g. by prohibiting carpooling or using public transport)
- Flexibility in terms of time for parents whose children stayed at home and the search for individual solutions (e.g. paid leave, additional vacation day)

Digital Communication Technologies & Remote Working

- Use of communication platforms (since ban on face-to-face meetings), e.g. Video and telephone conferences, email, intranet, newsletter
- Unrestricted home office or home office rotations
- Contributions to or infrastructure for home office: laptops and / or larger screens, ergonomic chairs and tables, faster internet

Situation-Related Operational Adjustments

Shift changes & multilevel group strategy

- Shift start and shift handover only in writing and cleaning between shifts
- Parts of the building strictly separated and no access without authorization
- Multi-group strategy (A, B, C teams) with the possibility of complete quarantine

Adjustments in Controlling

- Increased controlling of the financial figures, daily controlling dashboard
- Cost containment and liquidity conservation goals instead of growth goals
- Targeted accounts receivable management; Extension of payment terms in our sales channel to avoid bankruptcies
- Dunning tightened: Active communication in the event of arrears; More closely accompanied payment receipt, implementation of factoring for customer demands
- Lower customer credit limits, more frequent invoice printing
- Scenario calculations for existing own liquidity reserves
- Internal bridge financing / payment targets for foreign subsidiaries that are badly affected or less financially strong (e.g. Italy, Spain, India)

Process Adjustments

- Contactless processes where possible
- Loading processes with external contact changed, sometimes Adjustment of sales processes
- Expansion of the supply chain
- Increase of raw materials and finished goods, control of the minimum stocks
- Build up a warehouse for critical parts and conceivable disruption of the supply chain

Offensive Measures to Protect the Business

Realignment of business model and offering

- Compensation for losses in business areas by building new offers and / or business areas; e.g. Entry into metal processing / mechanical engineering to compensate for declines in trade fair construction / shopfitting
- Sales activated in markets that are less affected by the crisis
- Active expansion of the product range or the offer
- Offering products or services to help deal with the pandemic; e.g. Infection protection walls for retail & catering, products for respirators, masks, disinfection and hygiene articles, filtration fleeces and media, etc.
- Increase in sales activity, targeted customer contact regarding further transport or storage orders
- Review corporate strategy 2025 (eliminating lossy businesses and revise development plans)

Digitization and New Technologies

- Accelerate and prioritize digitization projects
- Reallocation of resources (R&D and digitization)
- Stronger digitization of work processes in order to become even more independent of the place of work and to reduce unit costs
- Expansion and professionalization of IT systems to enable flexible and time-independent work
- Outsourcing applications and data to the cloud
- Consistent with open source products (avoiding licensing traps)
- Switching to digital sales in various business areas, setting up an online shop, early implementation of digital offers for customers that would have become necessary in the medium term anyway
- Strong expansion of social media activities, production of new content, trying out new formats (e.g. insta livestreaming), partly in cooperation with our B2B customers (social media campaign / CSR) and influencers (co-hosting)
- Coincidentally, two new, significantly younger members of the advisory board / supervisory board were appointed to support (in any case) targeted digitization in the company or its products

Proactive Investment

- Use of the crisis for necessary, extensive reorganization
- Implementation of long-planned new investments to improve long-term competitiveness
- Investments in strategically important initiatives continued in full - certain programs in their country-specific introduction even accelerated and brought forward in order to be able to use free capacities in sales
- Continuing education (qualification) instead of short-time work

- Creativity competition: new product ideas or business ideas from mixed teams in different locations, similar to the 6-3-5 method
- Suggestions for employee projects expanded, which can be implemented by employees in current times of low employment.

Stakeholder Management

- Active cooperation with unions, strong networking with the local Chamber of Commerce, associations and politics
- Intensive communication with relevant government agencies and authorities in order to achieve the status of a systemically relevant sector in which our company operates (successful).
- Proactive communication and monthly report to banks
- Close customer contact in order to understand how they deal with the pandemic and to be able to develop appropriate strategies on our part; digital solutions found to continue to provide customer service
- Generous accounts receivable management, tariff increase suspended for 6 months
- Intensive supplier contact (risk of delivery failures); alternatives sought if necessary
- Coordination with the major companies in the neighborhood so that measures introduced are known to the management and are not experienced by the media
- Employee survey on the stress situation

Exchange of experience & collaboration

- Lively exchange of experiences through our own entrepreneurial networks, industry associations, purchasing associations or local groups; good examples are immediately copied and integrated into your own company
- Mutual support e.g. in the procurement of masks, partition plates, information material
- Collaboration with other companies from the region, exchange of employees (e.g. employees from neighboring companies taken on for the short run instead of temporary workers), use of infrastructure and sales channels
- Explore opportunities for common products with business partners
- Owners: Exchange with other entrepreneurs on crisis management measures and New Normal

“In the crisis, consciously communicating our values is more important than ever - and following our words with action conveys credibility and confidence. Our time horizon is long - our measures should be sustainable in all areas.” (Family business, 3rd generation)

Measure to Manage the Family

Effective Communication ...

- Proactive, regular, open and honest, committed, needs-based and timely communication with the whole family
- Much more active information for family members than normally, sometimes (several times) weekly, bi-weekly, monthly
- The aim is to inform the family and to engage in communication
- Topics include the current business situation as well as likely developments, reports on the measures taken, opportunities for family members to appear in and for the company, profit warnings and effects on dividend payments
- Use of several virtual communication platforms: video, telephone, email, newsletter, intranet / shareholder portal, Whatsapp, text messages, social media
- In retrospect, the open communication sparked the initiative and interest of the 5th generation who is not yet in the company

“It is important to have open, direct and timely information about the situation, measures and the desired and achieved results. Uncertainty is poison - it paralyzes and drives the family apart.” (Family business, 3rd generation)

Family Governance

- Update wills, powers of attorney extended to ensure decision-making processes
- Development of financial scenarios from a family perspective, offers of help discussed
- The closer family circle is very small, the pandemic tended to weld them even closer together, appealing to family unity, "we are strong and will survive this crisis together"
- Show family participation in the company's own pandemic task force, participation of family members in production

Expectations Management

- Critical review of all “wants” and “needs”
- Awaken understanding of the waiver of shareholder withdrawal; Please, "leave a part of it as a shareholder loan in the withdrawal accounts" to ensure liquidity
- Shift dividend payments to autumn if the extent of the crisis and its effects can be more precisely determined.
- Individual discussions about the consequences of the crisis for the distribution policy so that shareholders can plan financially

“Contingency plans create trust in the family and in management and ensure continuity.” (Family business, 3rd generation)