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**THE ROAD TO SUCCESS
IS A CONSTANT CONSTRUCTION SITE**

A study by Staufen AG

STAUFEN.

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1. EDITORIAL

Dear Readers,



In the past, when there were problems in a company, the management often referred to it as a "construction site" in the plant or department. Once these were successfully remedied, the issues were quickly forgotten. Much like in road construction. A road is usually not maintained after construction until the number of cracks and potholes make repair absolutely necessary.

To successfully lead a company into the future today, a different approach must be pursued. Especially since the number of issues to be addressed at the same time is growing, as the 200 owners, board members and managing directors we surveyed for the "Restructuring 2021" study impressively demonstrated. The spectrum of challenges to be mastered at the same time ranges from digitalization and corporate and leadership culture to cost and financing issues.

Predictive restructuring is the key to ensuring that these factors that impact the success of a company do not turn into major construction sites that have to be managed simultaneously. In essence, it is about establishing a clear process that holistically puts the future viability of their own company to the test.

And to do so when there are no clearly visible cracks.

As our "Restructuring 2021" study shows, one in two companies is already pursuing an approach to make itself more adaptable and thereby more fit for the future. Statements from the owners and top managers interviewed as well as the fact that adaptable and flexibly positioned companies were successfully able to ward off upheavals from the Corona pandemic, have confirmed that it is worth taking this forward-looking path.

We hope that the findings from this study will help you to be able to tackle your "construction sites" better and especially in timely fashion. If you need certain "tools" in the process, we are happy to support you.



Yours,
Andreas Sticher
Partner, Head of Profit Improvement & Restructuring, STAUFEN.AG



2. BACK- GROUND AND FRAMEWORK OF THE STUDY

A traffic cone with white and black stripes is positioned on a blue background. The cone is slightly tilted and casts a shadow to the right. The background has a subtle, grainy texture.

For the "Restructuring 2021" study, management consultancy Staufen surveyed a total of **200 top executives** in Germany (shareholders, board members and managing directors) in spring 2021. About **half of the companies of the owners and managers surveyed are from the industrial sector, 18 percent are from retail and 31 percent are from the service sector.**

Only companies with annual sales of at least 20 million euros were considered for the study; just under one-third of the companies included in the study recorded annual sales of more than 100 million euros.

3. MANAGEMENT SUMMARY



Large segments of the German economy have greatly resisted upheavals from the Corona crisis. The results of the restructuring study presented here show that companies have done their homework in recent years and have made positive use of the many challenges they faced in recent months. At the same time, however, the crisis also revealed **future fields of action:** Further development of digitization, agile processes and flexible structures, as well as a management culture geared towards a high level of dynamism. These are extensive projects that also affect a company's foundation and thus tie up a large number of resources. But the pandemic has once again impressively demonstrated that it pays to look ahead and prepare for possible crises.

1.

LOOKING AHEAD

The Corona crisis has had a major impact on the German economy. However, a large proportion of companies were able to successfully counteract the crisis, and one in four has already emerged from it. Overall, a positive attitude prevails. This is also the result of implementing a flexible strategy. The industrial sector in particular adapted quickly to the new framework conditions.

2.

CHANGE IS POSSIBLE

What HR professionals often demand from applicants, namely flexibility, adaptability, and agility, has to a large extent already been internalized by the companies themselves. When it comes to adaptability, the majority of companies consider themselves to be well positioned, with the retail sector clearly lagging behind industry and the service sector. There are also major differences in management: While industry has a particularly large number of managers with crisis experience, the other sectors are less experienced in dealing with difficult situations.

3.

THE LONG ROAD AHEAD

Even though the industrial SME sector in particular has largely come through the crisis in good shape, it is clear that there are still a number of challenges in the near future. Digitization remains at the top of the list of priorities, having also been the top issue in the past three years. However, the executives surveyed continue to see flexible structures and agile processes, the further development of leadership performance and the improvement of corporate culture as important topics they need to address more intensively in the future.

4.

EARLY DETECTION MUST BE OPTIMIZED

Anticipating crises and new challenges more quickly is an important strategy to ensure the sustainable growth of the company. However, the executives surveyed still see potential for optimization in their forward-looking approach. Only half of the companies are focusing on their own future in a structured manner. In this context, traditional systems and key figures are predominantly used for early crisis detection. Here, modern management tools can provide new impetus and offer better opportunities for crisis prevention.

5.

CHANGE COSTS MONEY

Shareholders and operating cash flow provide the liquidity needed to operate flexibly in the market and to be adaptable. Industry in particular is characterized by financially strong shareholders, while retail relies heavily on external sources of finance. A consensus is emerging across all industries: During a crisis, pressure from investors increases. And companies must have answers to their questions.

6.

INSUFFICIENT EXTERNAL FOCUS





When important, strategic decisions are to be made, companies often involve the management and the owners. The opinions of banks and employees or trade unions are heavily taken into consideration. However, other external stakeholders, i.e., customers, network partners or suppliers, are not sufficiently involved. In doing so, however, companies can benefit from close exchange and better adapt to current and, above all, future market developments.

4. THE RESULTS

Looking back, taking an honest look at the current situation and taking a realistic look at the future, here you can read in detail how industrial, commercial and service companies deal with the issues of adaptability and crisis resilience.

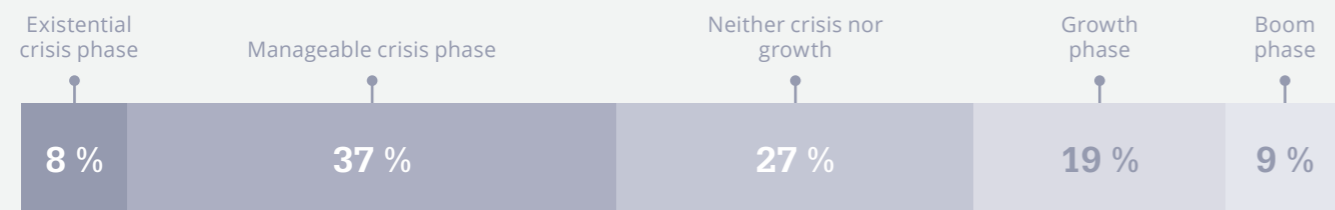
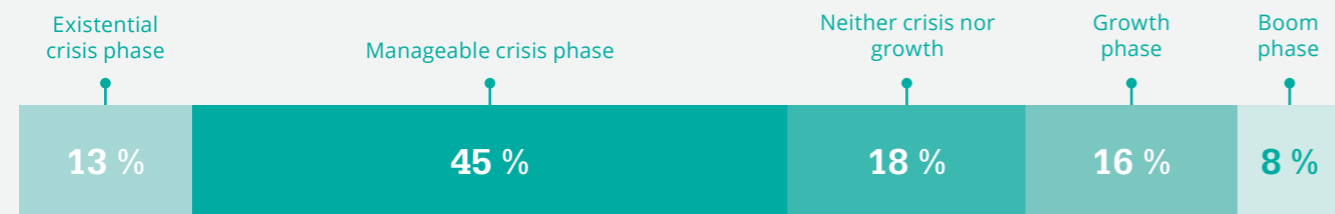
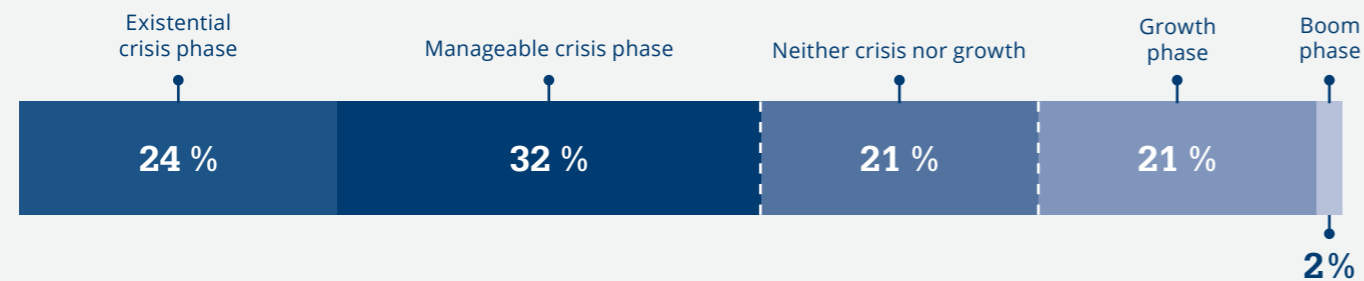
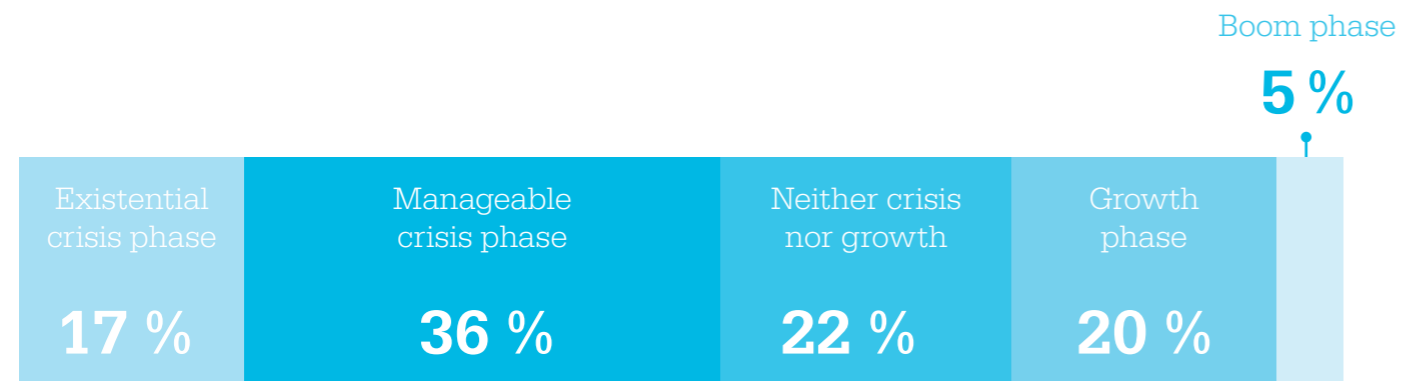
Although there are some common features across the industry, there are clear strategic and organizational differences that make it worthwhile to take a closer look.

Legend

-  Values total (100 %)
-  Industry (51 % of the total value)
-  Trade (18 % of the total value)
-  Services (31 % of the total value)

This study takes a look at the three sectors of industry, commerce and services on a pro rata basis and presents the results of the survey separately.

WHAT SITUATION DO YOU CURRENTLY SEE YOUR COMPANY IN?



TOTAL

One in four companies has already left the crisis behind



INDUSTRY

In industry, a quarter of companies are still struggling with issues that threaten their existence



TRADE

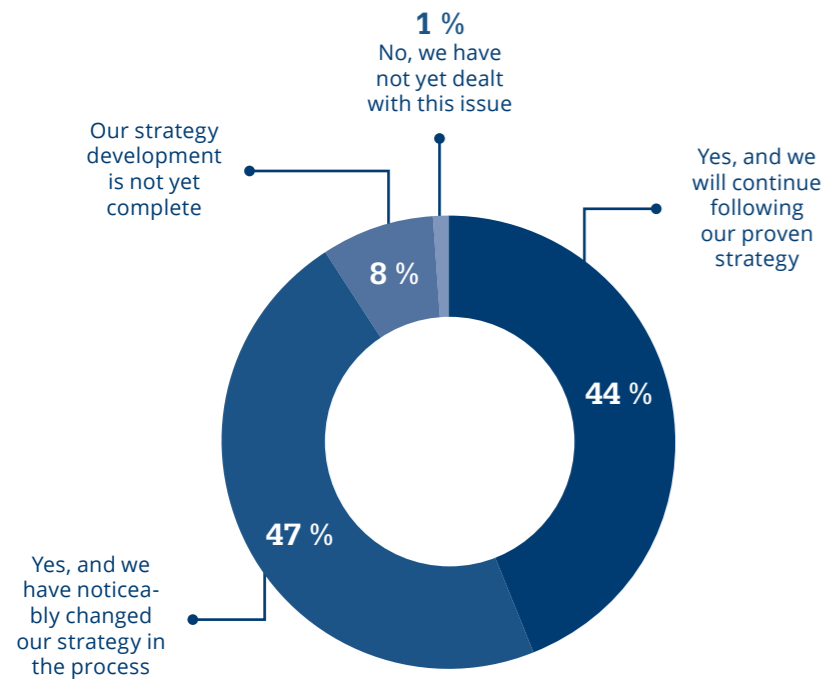
The crisis-ridden trade sector is confident it will find a solution to its problems



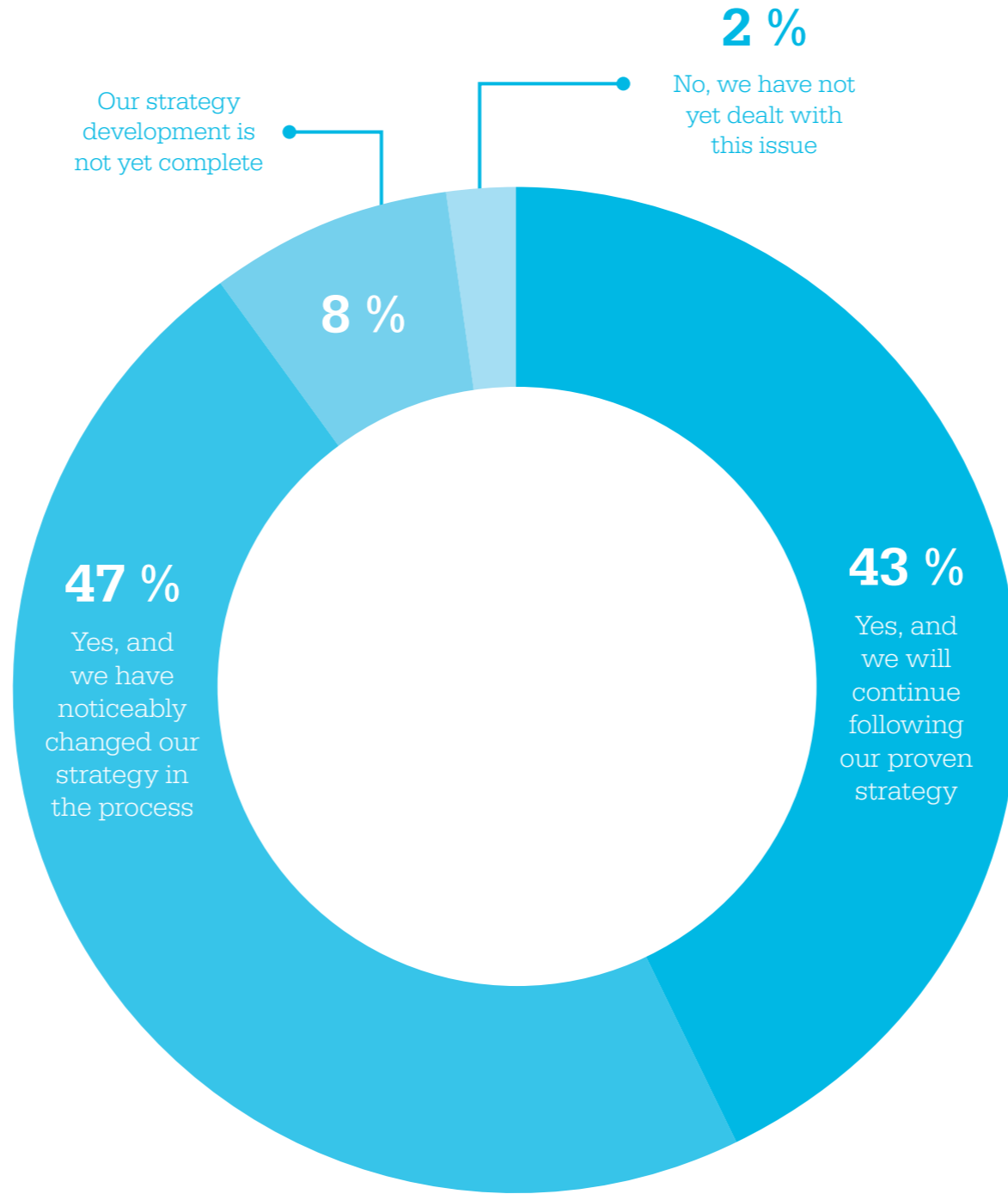
SERVICES

Services companies are quite optimistic about the future

DOES YOUR COMPANY HAVE A PLAN OR STRATEGY FOR THE PERIOD AFTER CORONA?

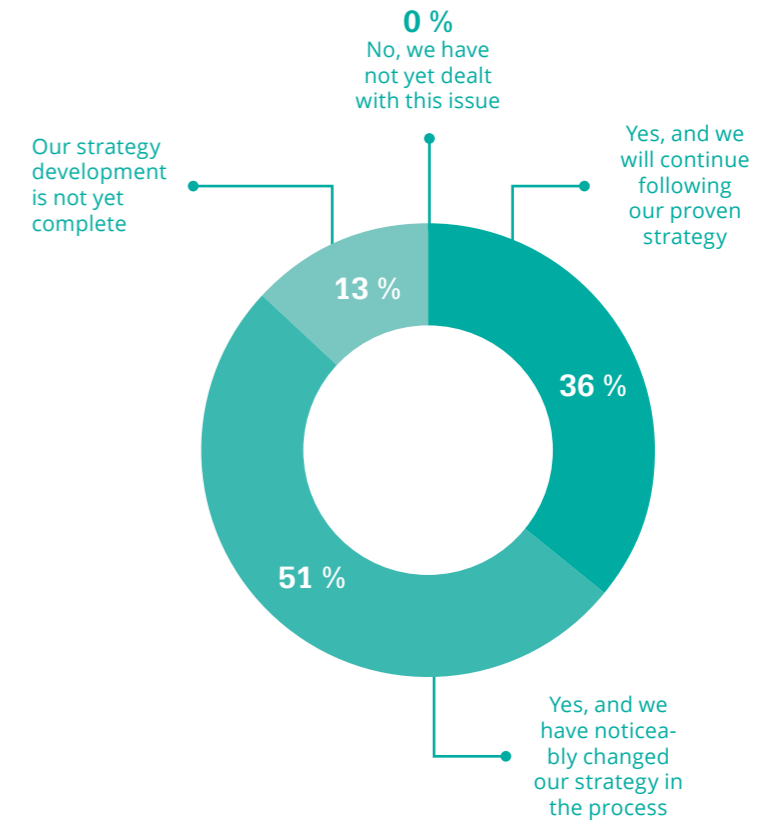


INDUSTRY
Industry has a clear plan for the time after Corona

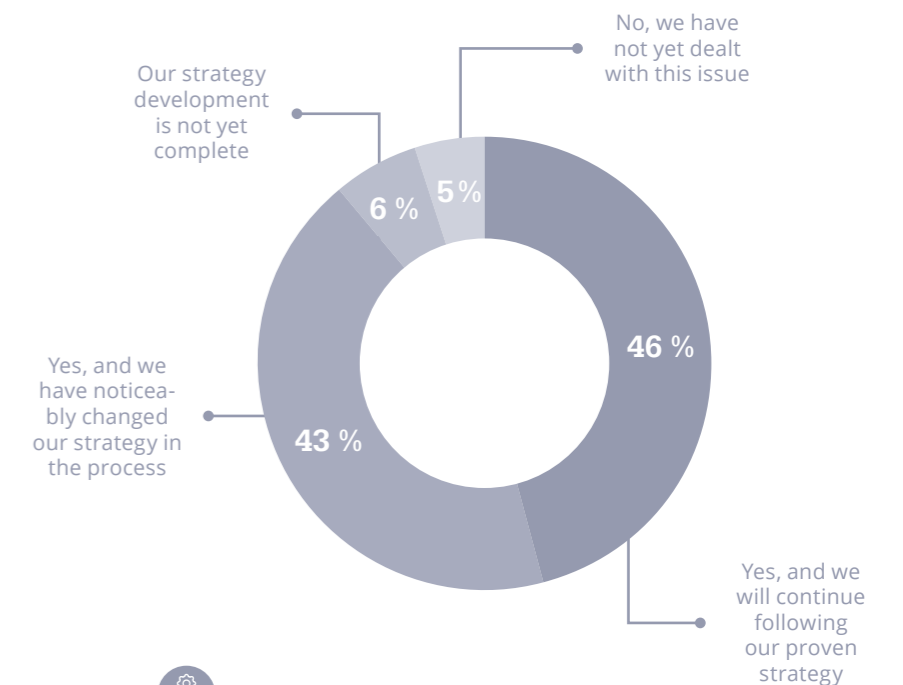


TOTAL

Half of the companies have adjusted their own strategy for the post-Corona period

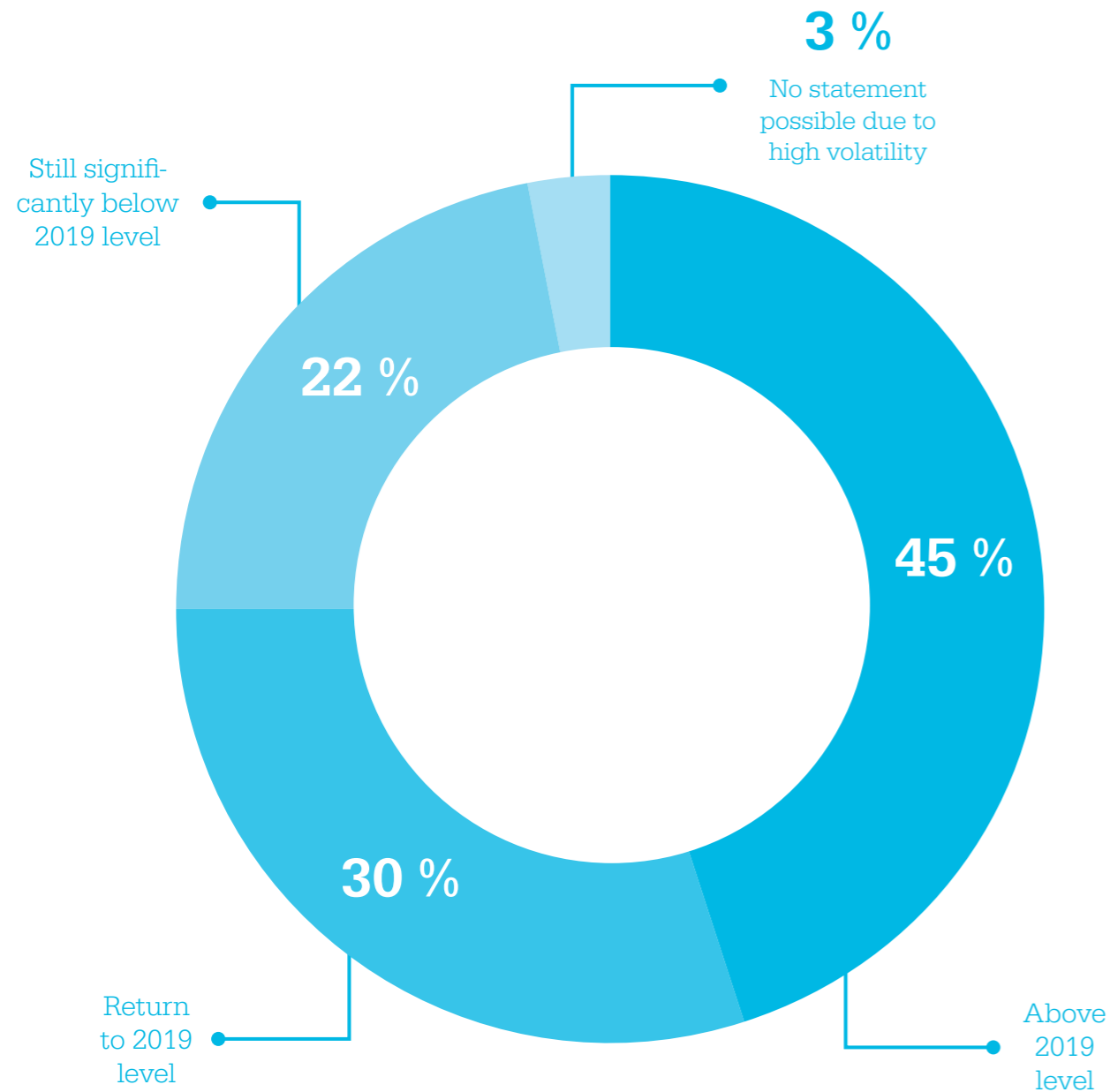


TRADE
Tradeers need to rethink the most for the post-Corona era



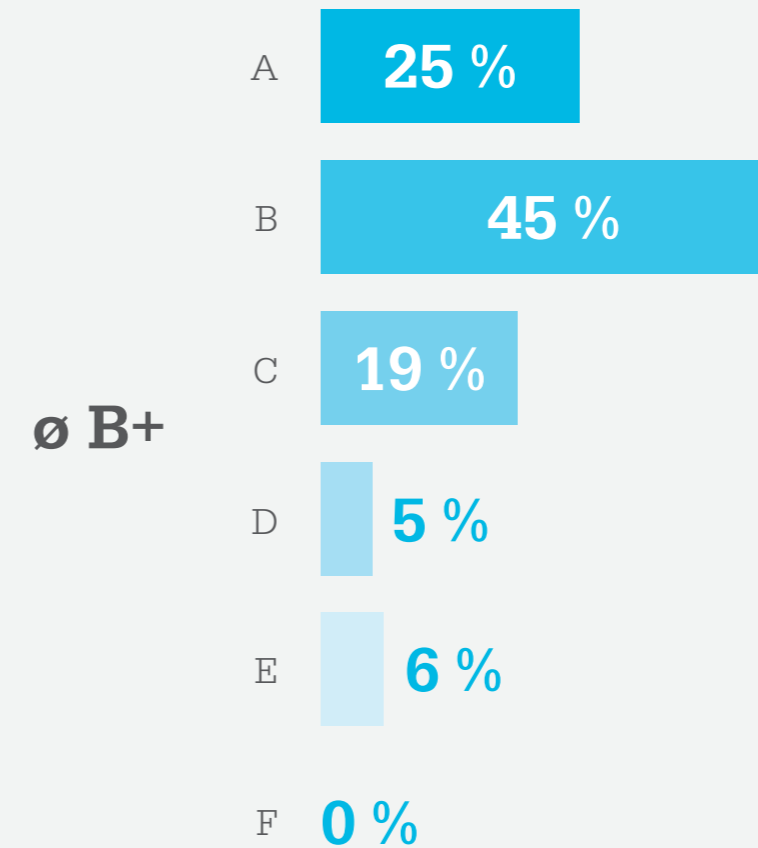
SERVICES
The services sector has the lowest need for adjustment in comparison

WHAT KIND OF WORKLOAD ARE YOU PLANNING FOR AFTER CORONA?



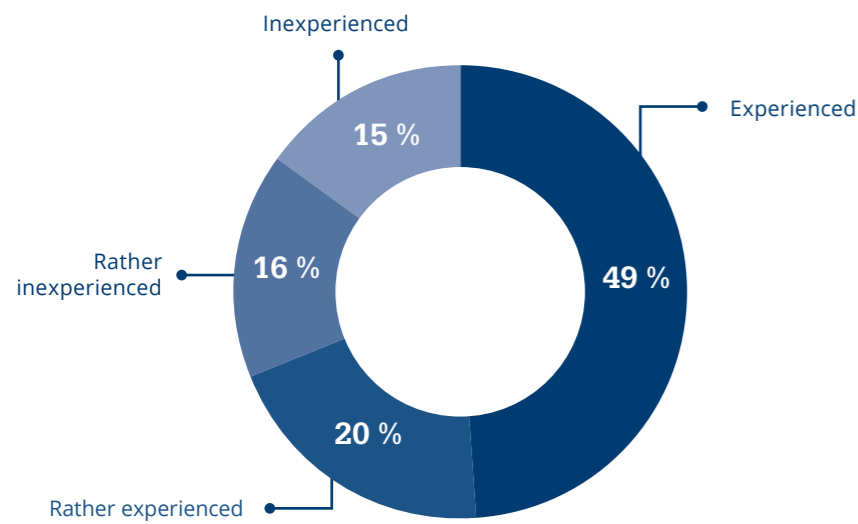
 Three out of four companies are planning for at least 2019 levels in the post-Corona period

IN A WORLD OF UPHEAVAL, CHANGE AND ADAPTABILITY ARE IMPORTANT. HOW WELL DOES YOUR COMPANY DO THIS - EXPRESSED IN GRADES?

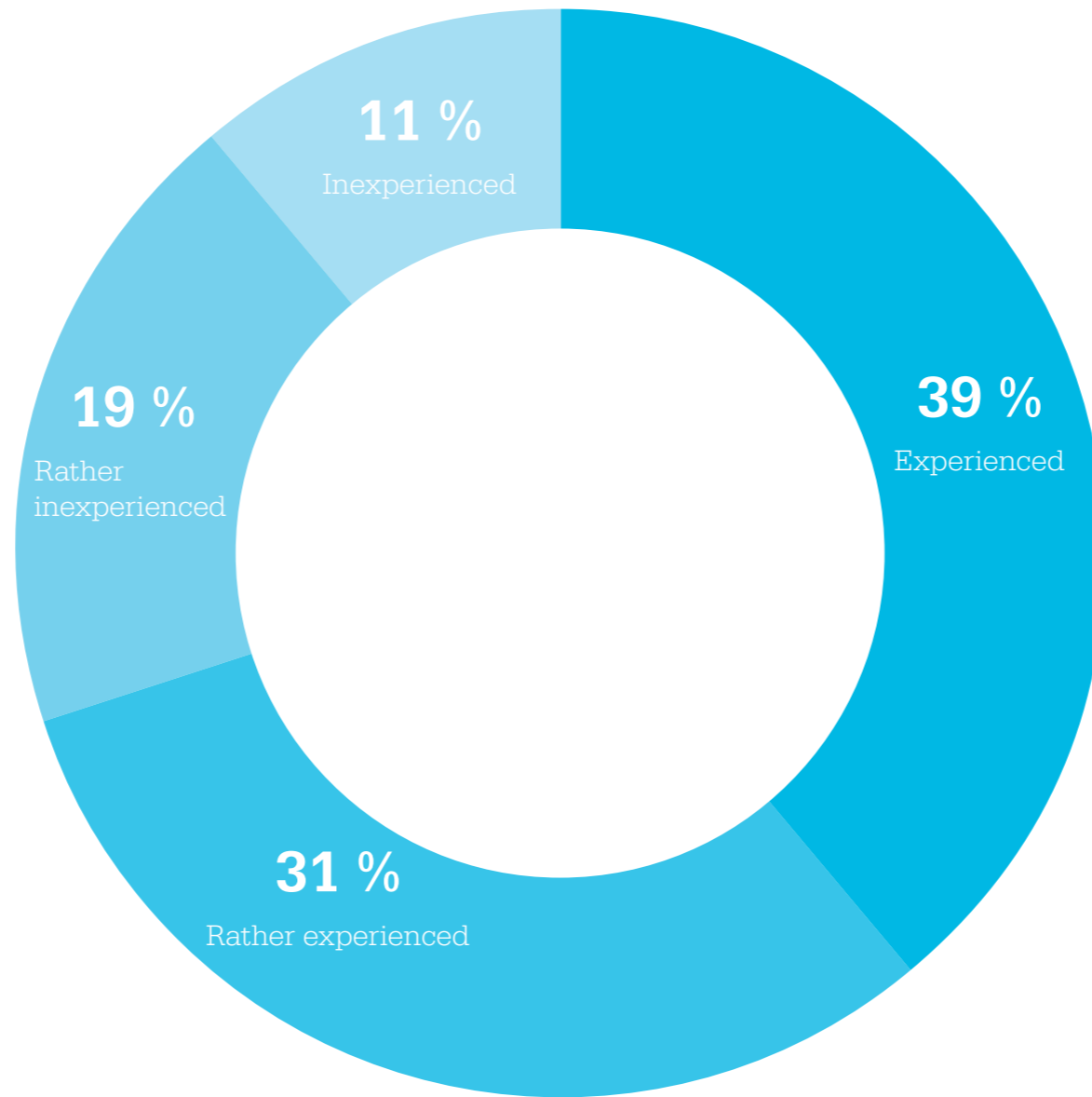


Homework complete: Most companies consider themselves well positioned when it comes to adaptability

HOW EXPERIENCED IS YOUR MANAGEMENT IN DEALING WITH CRISES?

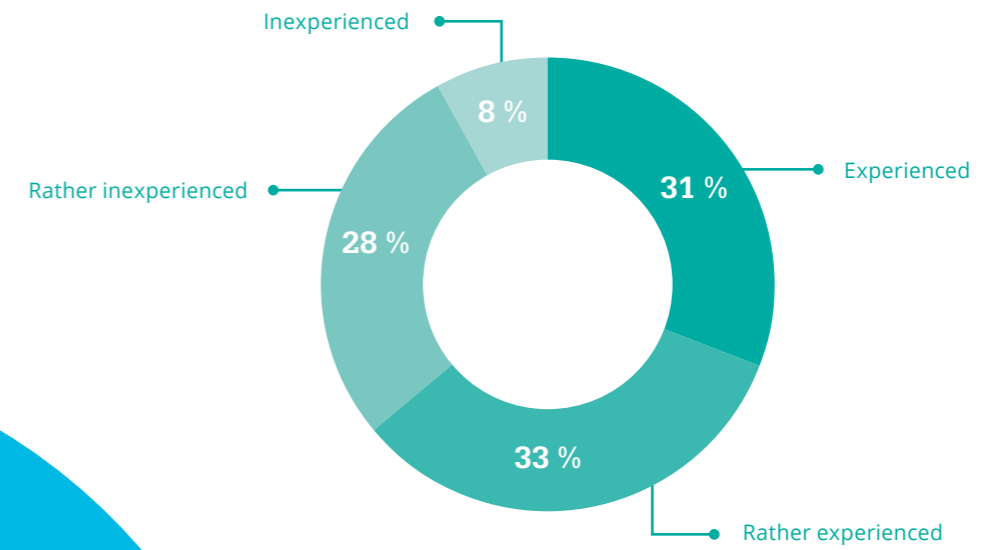


INDUSTRY
Industry has the most managers with crisis experience



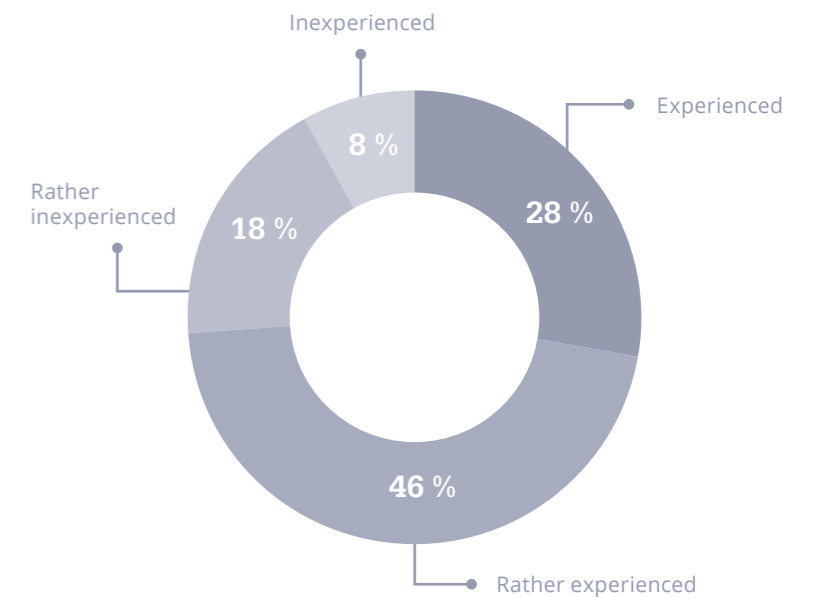
TOTAL

Four out of ten companies have (in their own view) true crisis expertise



TRADE

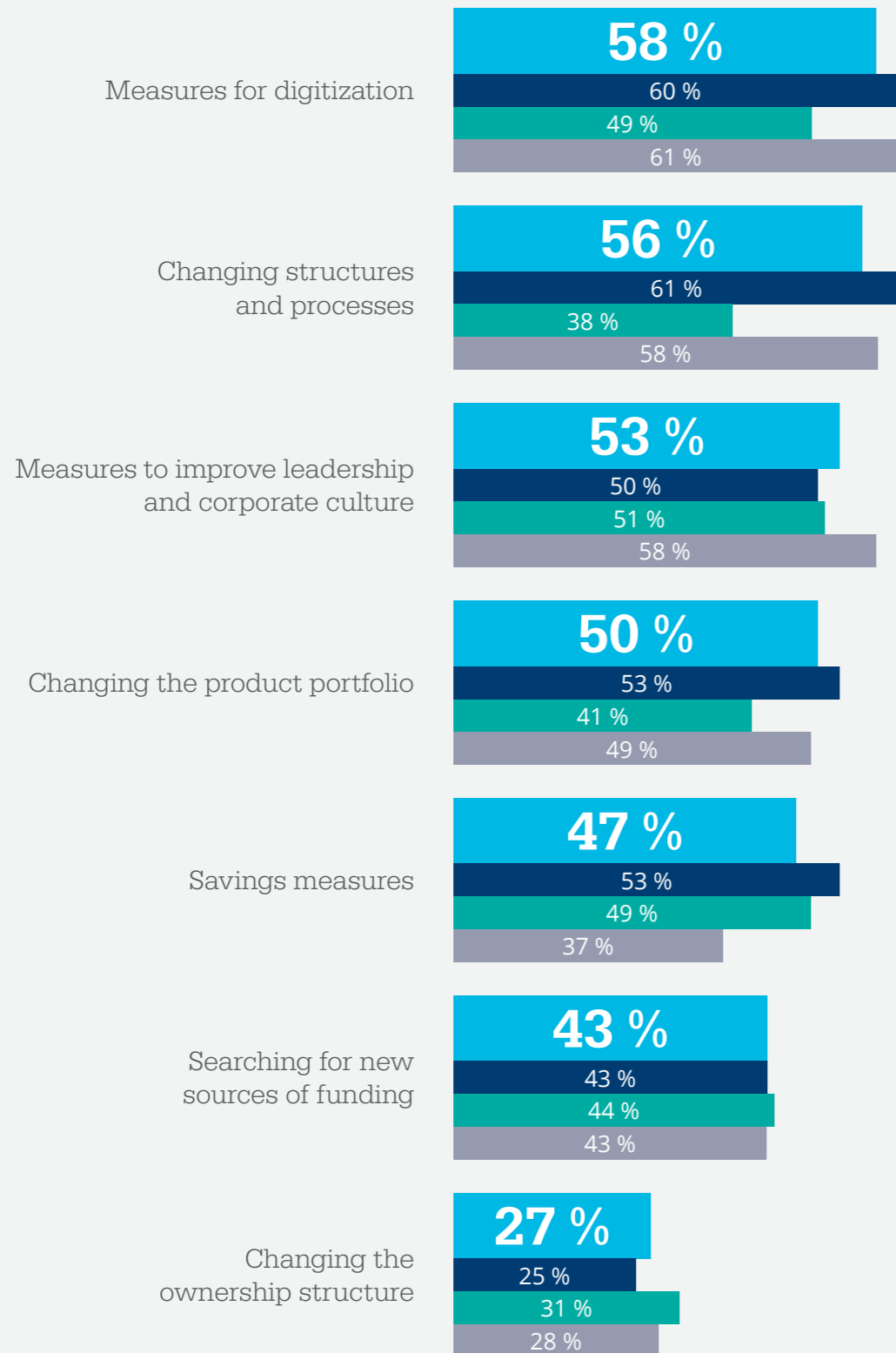
More than one in three trade managers is not a crisis expert



SERVICES

Little crisis expertise in the services sector

HAS YOUR COMPANY BEEN ACTIVE OVER THE PAST 3 YEARS IN TERMS OF...?



TOTAL

In addition to improving the structures and processes, the companies have also worked on their corporate culture.



INDUSTRY

Process improvement and digitization are inseparable in industry



TRADE

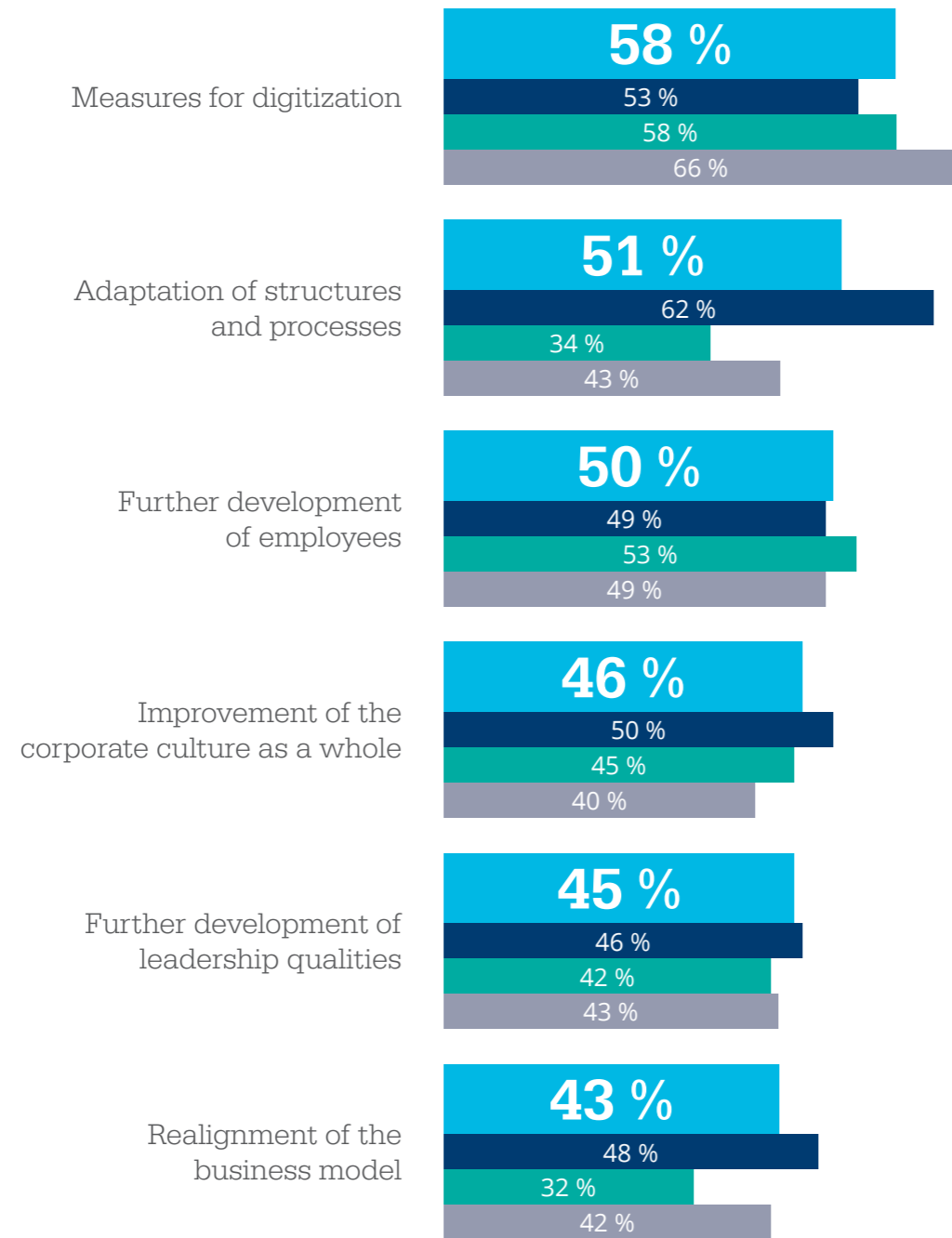
In trade, improving leadership and corporate culture is at the top of the agenda



SERVICES

Only one in three services providers had to recently implement cost-cutting measures

IN WHICH AREAS DO YOU SEE THE GREATEST CHALLENGES FOR YOUR COMPANY IN THE FUTURE?



TOTAL

Digitization remains the top issue in the German economy



INDUSTRY

Industry must adapt its structures and processes even faster



TRADE

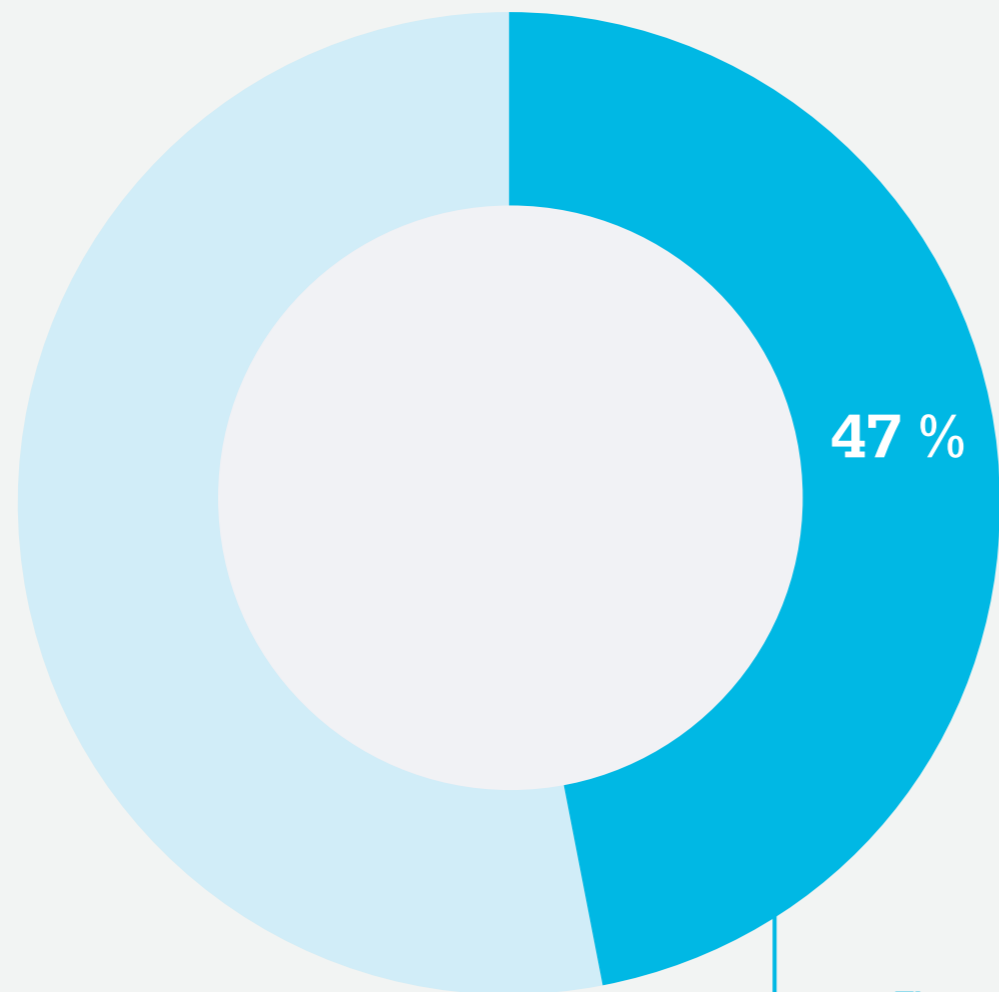
Tradeers must not forget their employees when it comes to digitization



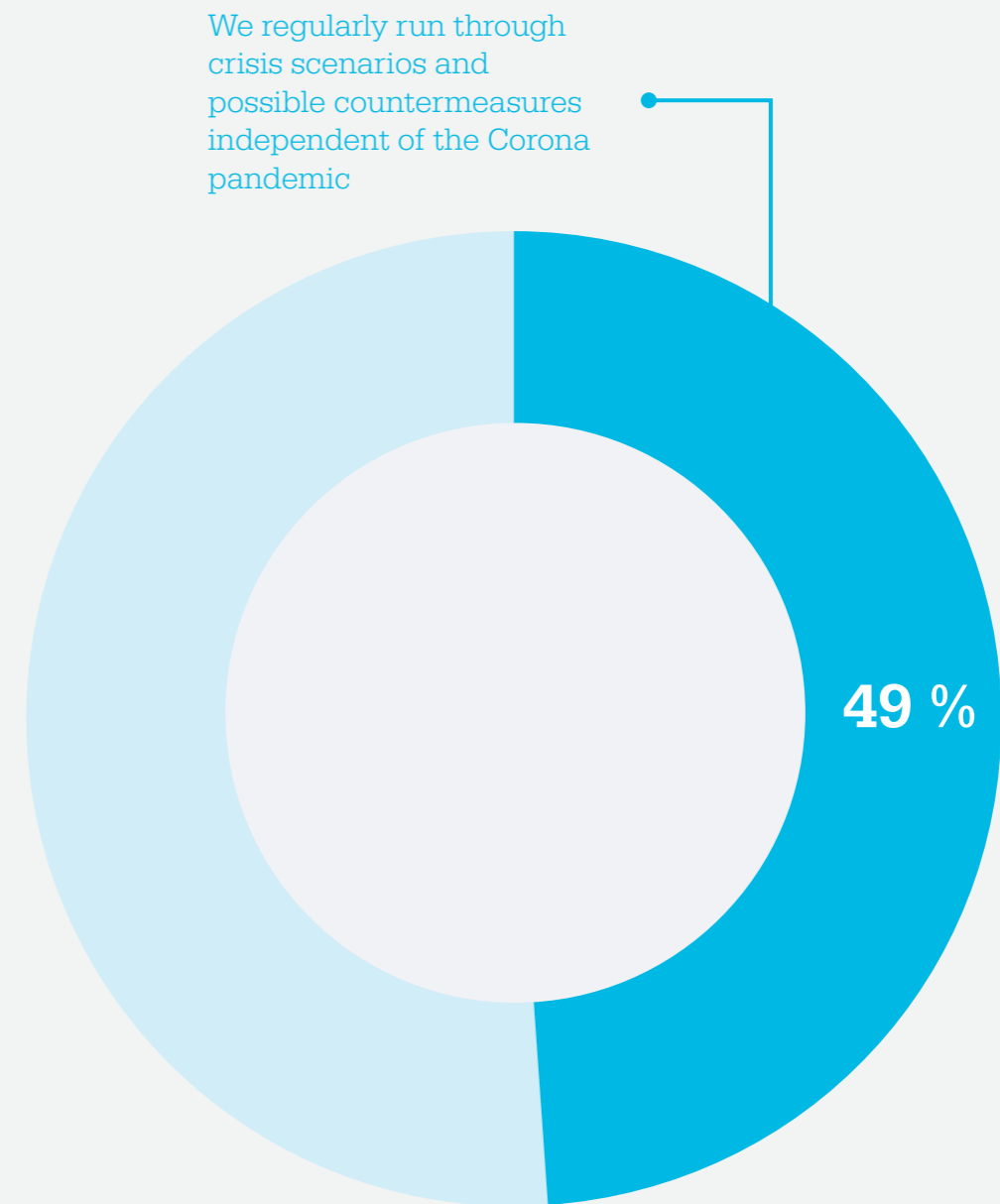
SERVICES

Digitization also dominates among services providers

HOW COMPANIES ARE PUTTING THEIR FUTURE VIABILITY TO THE TEST



There is a clearly structured process

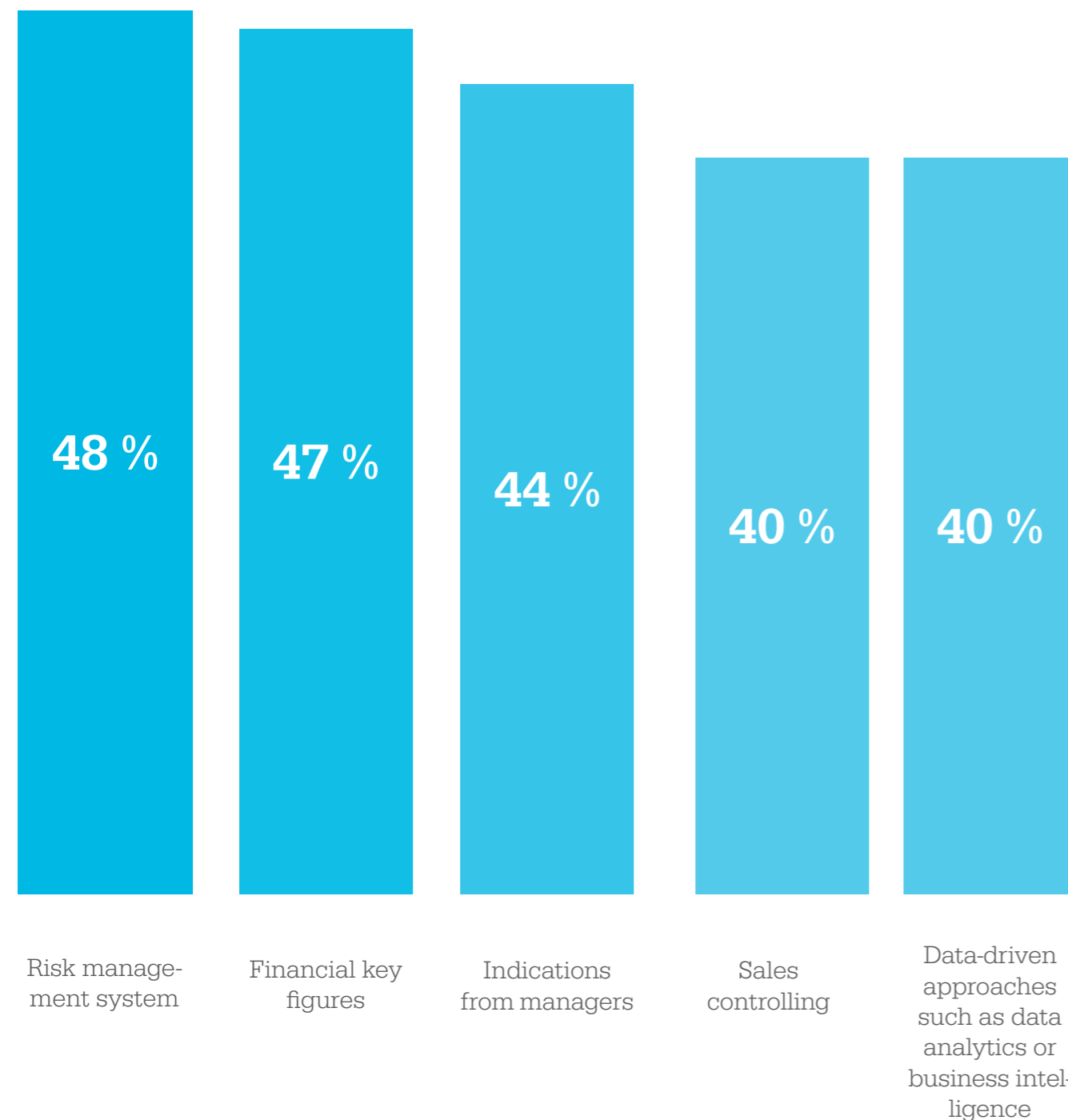


We regularly run through crisis scenarios and possible countermeasures independent of the Corona pandemic

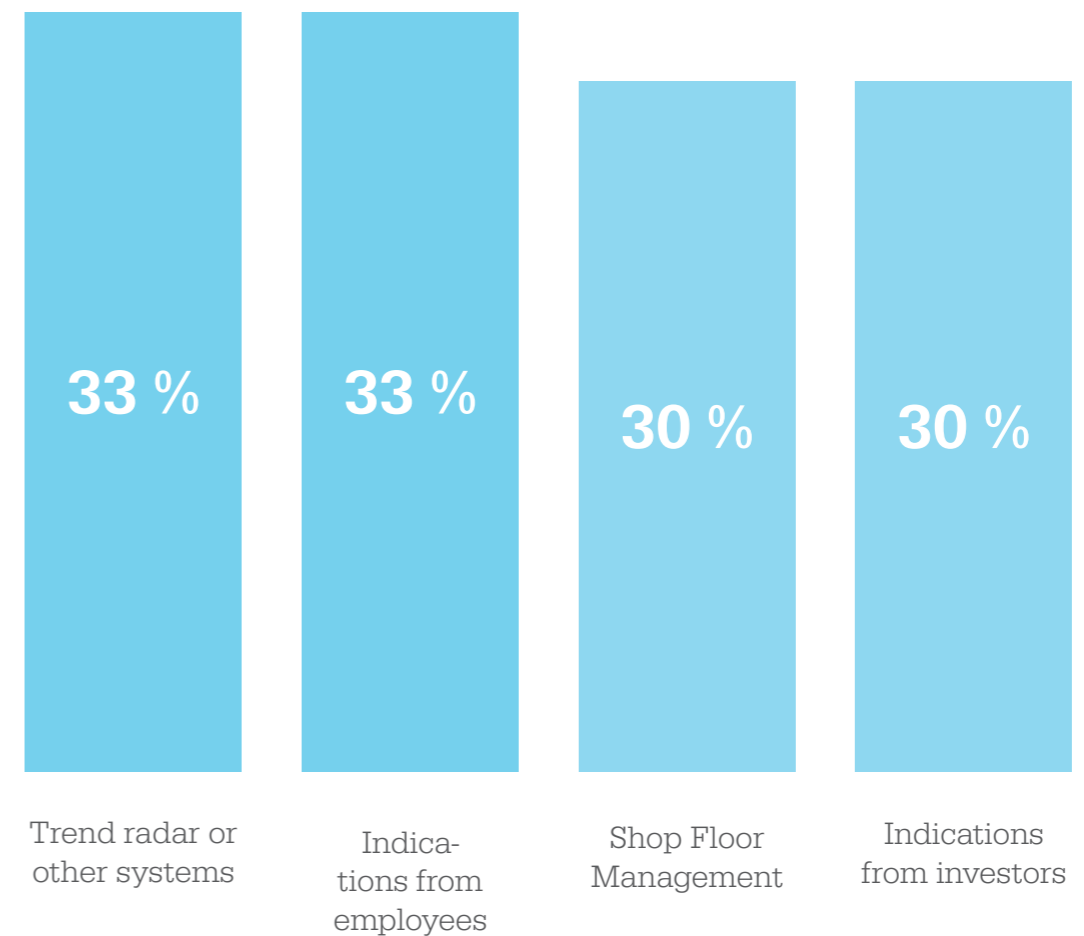


Half of the companies do not follow a structured process for future-proof orientation

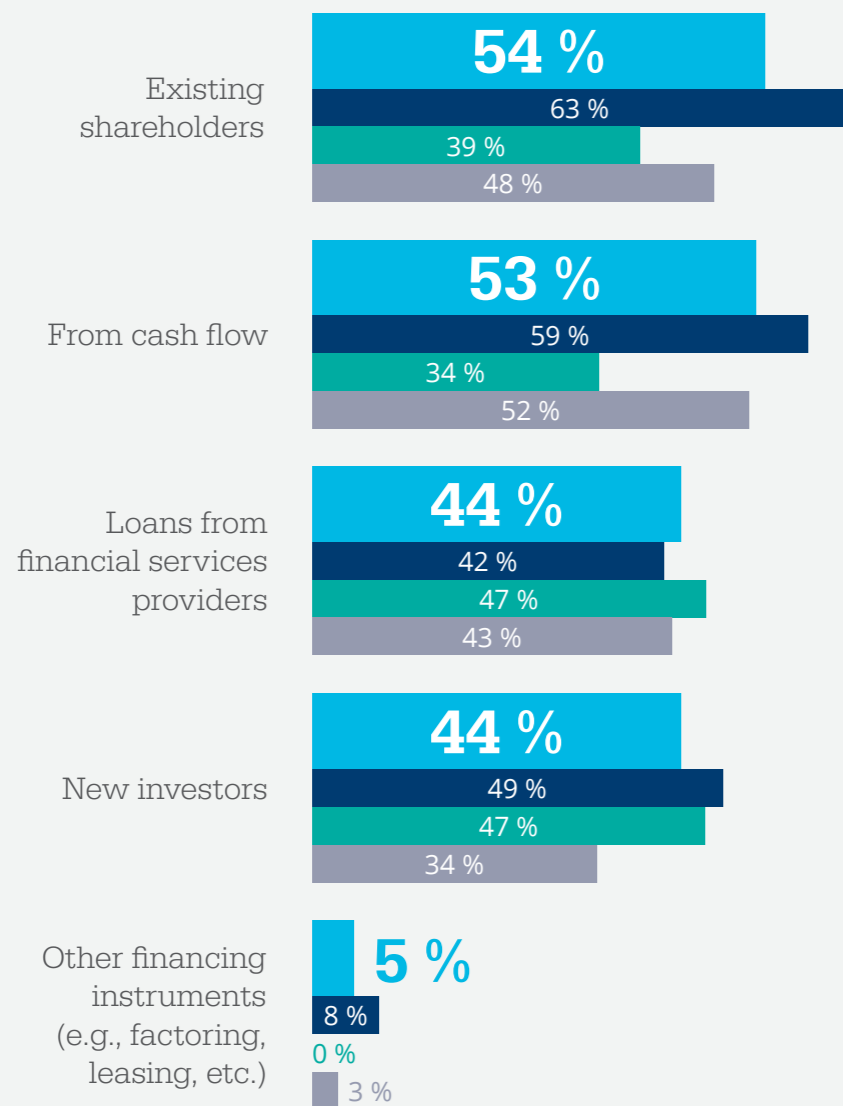
HOW DOES YOUR COMPANY ENSURE THAT IT IDENTIFIES PROBLEMS BEFORE THEY THREATEN ITS EXISTENCE?



When it comes to early crisis detection, companies rely primarily on traditional systems and key figures



IN ORDER TO BE ABLE TO ACT FLEXIBLY IN THE MARKET AND IMPLEMENT CHANGE, CONSIDERABLE FINANCIAL STRENGTH IS REQUIRED. WHERE DOES THE LIQUIDITY YOU NEED COME FROM IN YOUR COMPANY?



TOTAL

Shareholders and operating cash flow provide the necessary liquidity



INDUSTRY

Industry is characterized by financially strong shareholders



TRADE

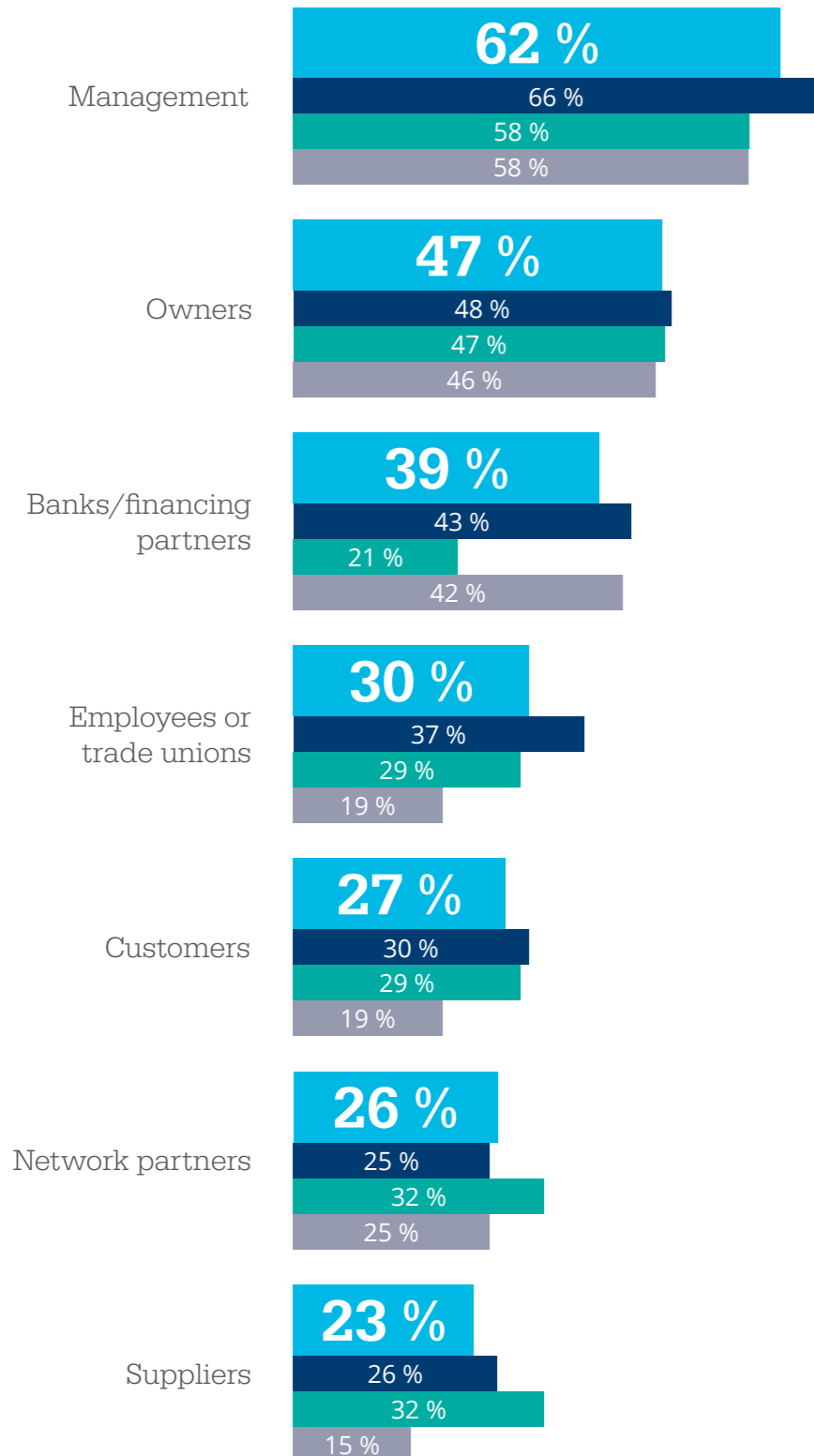
Trade relies heavily on external sources of finance



SERVICES

In the services sector, current business finances the future

WHICH STAKEHOLDERS ARE INVOLVED IN IMPORTANT STRATEGIC DECISIONS IN YOUR COMPANY?



TOTAL

In addition to management and owners, banks are also involved in many decisions



INDUSTRY

Only one in three industrial companies involves its customer in strategic issues



TRADE

Tradeers must also get their suppliers on board when it comes to important issues

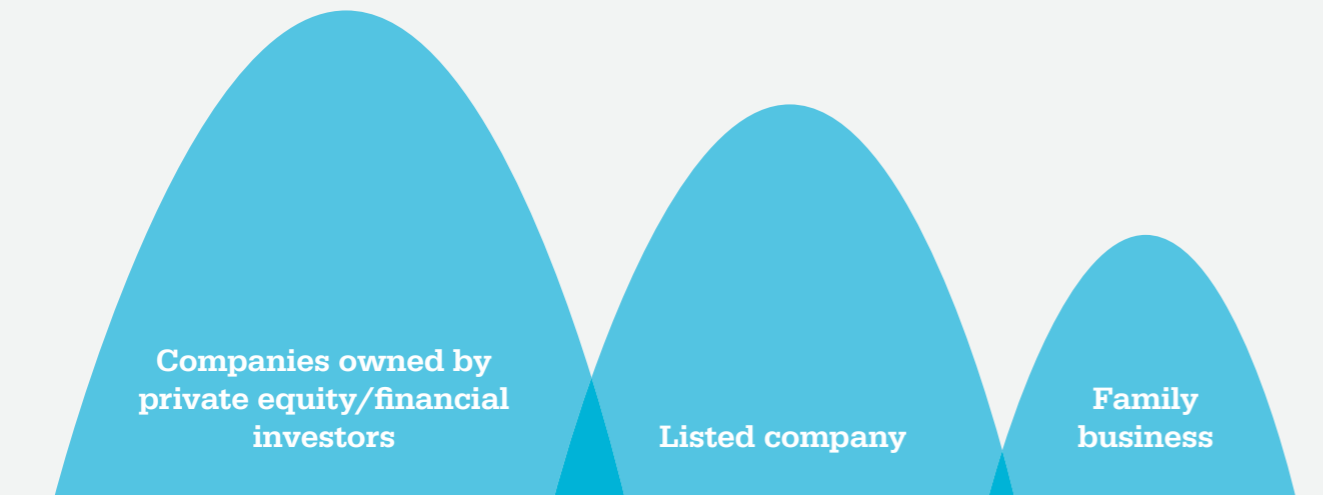


SERVICES

Only one in five services providers involves its customers in strategic decisions

IN THE EVENT OF FINANCIAL DIFFICULTIES OR RESTRUCTURING:

IN WHICH OF THESE COMPANIES DO SHAREHOLDERS EXERT THE GREATEST PRESSURE IN YOUR OPINION OR EXPERIENCE?



 **Clear message: Companies come under increased pressure from their investors during the crisis**

Even if there is no easy-to-copy blueprint for how an organization might ensure its future viability, we do have methods, tools and standards that owners and management can apply to do quite a bit about it. Crucial in this context is to take a targeted, honest and, above all, timely look at one's own strengths and weaknesses.

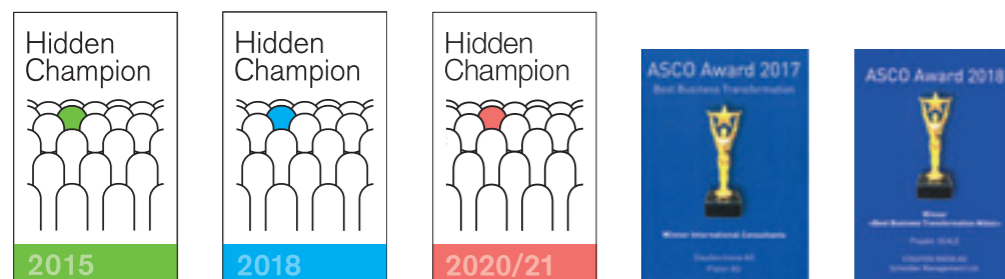
In short: Predictive Restructuring.

ABOUT US

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

Staufen AG is a lean management consulting firm and academy. We have been advising and qualifying companies and employees for over 25 years. Worldwide.

Our goal is to make every company better and to advance our customers. Our special approach focuses on quickly setting the right changes in motion and establishing a sustainable culture of change.



Figures. Data. Facts.

> 25
Years of experience

160
projects per year

> 60
Different
Lean und Six Sigma
trainings

320
Employees

> 7,000
Seminar participants p. a.

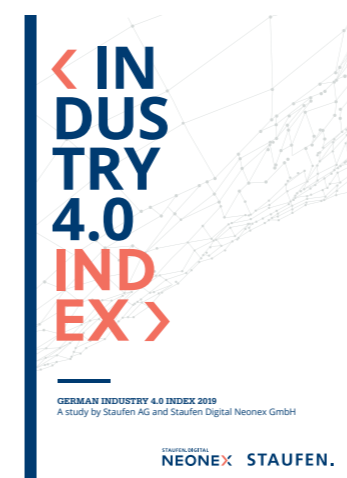
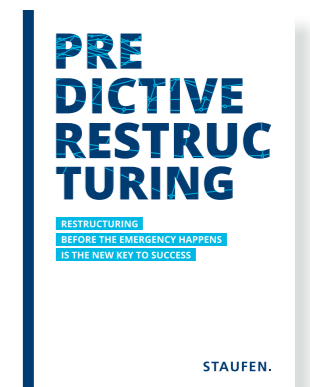
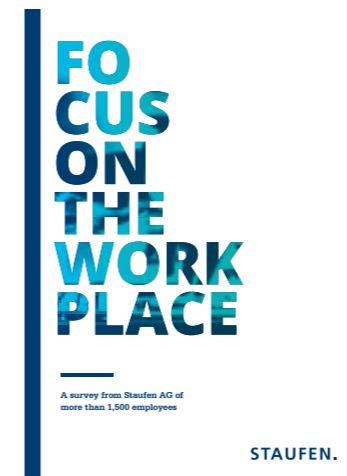
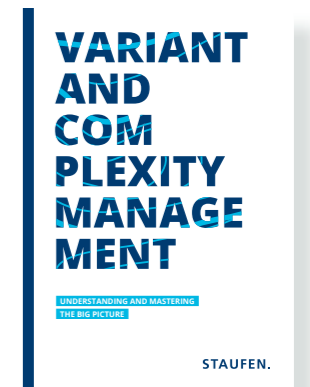
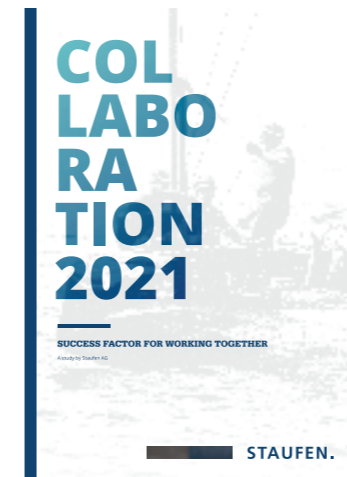
17
Languages

> 130
Active trainers and
coaching experts

> 90
BestPractice
Partners

STUDIES AND WHITEPAPER

All Staufen AG studies can be found online at www.staufen.ag/studies



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THERE IS AN EVEN BETTER ONE.