



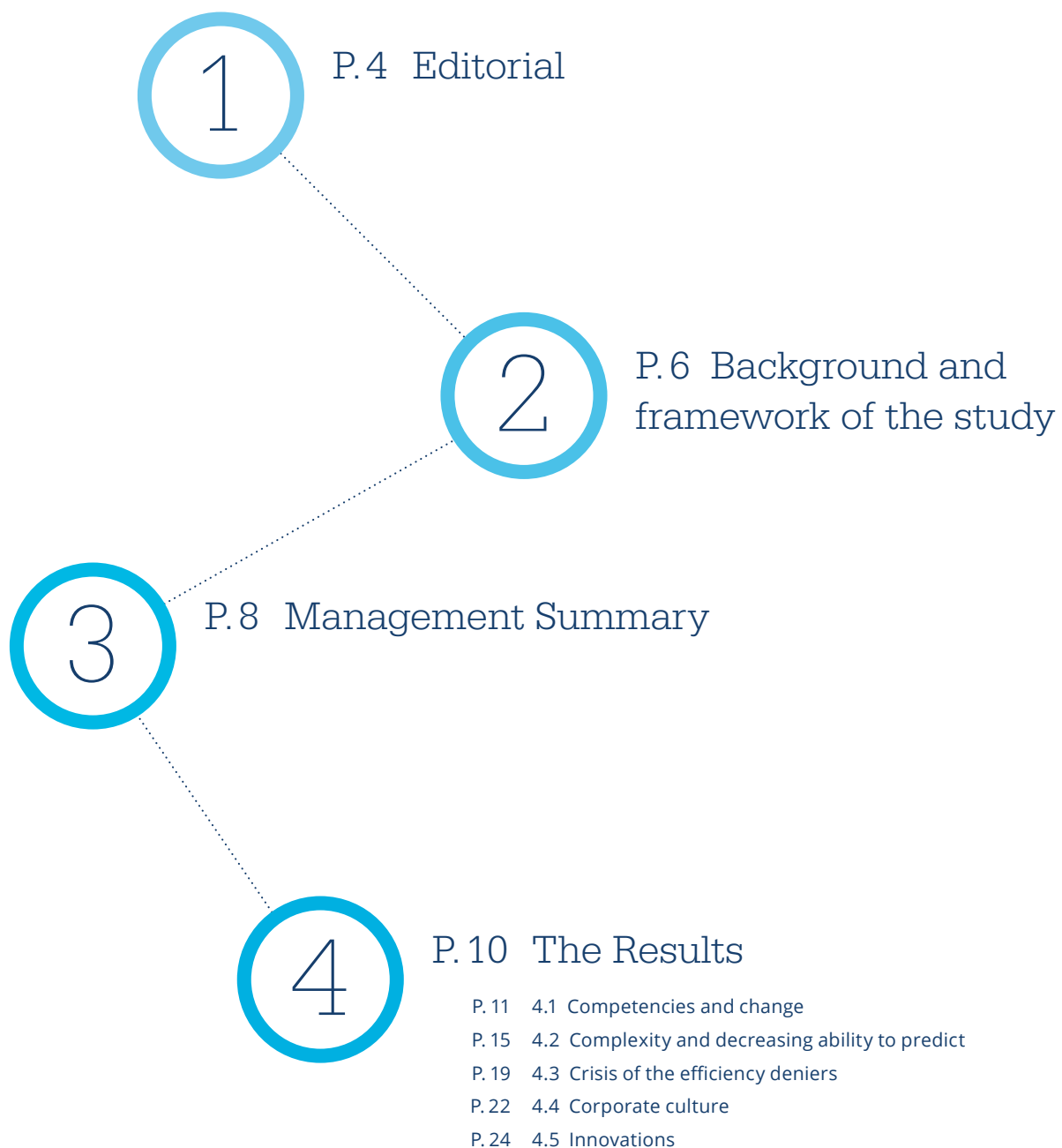
BEST STRATEGY 2020

**THE ENCRYPTED DNA OF
GERMAN GLOBAL MARKET LEADER**

A study by Staufen AG

STAUFEN.

CONTENT



1. EDITORIAL





Dear Readers,

When we started the survey among Germany's global leaders to the "Best Strategy 2020" study at the end of January, the companies were still in "normal mode". Officially, Germany was reporting two people infected with the Corona virus. And just four weeks later, the Robert Koch Institute was assessing the COVID-19 risk for the population in Germany as "low to moderate". My point here is not to criticize science, but to make you aware of how ever so slight the degree is between a well-running economy and its shutdown.

Nonetheless, the study is by all means still relevant. Who, if not those companies that for years, decades, even centuries, have been successful players in the market, are the best at being encouraging and acting as role models in times such as these? We wanted to know: How do the best of the best handle uncertainty, employee matters and innovations? Today, the answers to these questions are more important than ever before, when thousands of employees are now working from their home offices for the first time, or when automotive suppliers have had to convert their production capabilities practically overnight to producing protective masks.

By the way: With 231 surveyed top companies, we were able to increase the number of participants by close to 10 percent as compared to the previous study.

At this point, allow me to say a word or two from my personal perspective. A few days ago, I listened to a presentation by Timothy Snyder, a professor at Yale University – online of course – on the meaning of the concept of the future for democracy. According to Snyder, the concept of democracy for the most part thrives on the idea that people are able to imagine a better future and stand up for the concept in a democratic competition. In my opinion, it is not much different when it comes to the economy: Only if companies are convinced that there is a future that they themselves can create in a fair market economy competition will they take the necessary steps to be innovative and successful.

The global market leaders surveyed in this study stand for exactly this existential belief in the future and an essential willingness to learn and change. I hope that in reading this study, you too will be inspired to believe in a successful future.



Yours Wilhelm Goschy,
Member of the STAUFEN AG Management Board



2. BACK- GROUND AND FRAMEWORK OF THE STUDY

For the "**Best Strategy 2020:** What German Global Market Leaders Do Better", the Staufen management consultancy firm surveyed a total of **231 German companies** in the spring of 2020, which are either among the global market leaders in their industry or in their segment.

36 percent of the companies surveyed are **global players** with annual revenue in excess of EUR 500 million.

Of the participants in the study, **50 percent were owners, management board members and managing directors**, while another **33 percent were division managers**.

Essentially, most of the companies came from the mechanical and plant engineering industry, the automotive and the construction and electrical industry and from the aviation industry.



3. MANAGEMENT SUMMARY

Germany's flagship companies are both seismographs for the developments within the economy as a whole as well as pioneers and role models for other companies. With our "Best Strategy 2020" study, **we took a closer look at the DNA of German global market leaders and identified seven attributes for long-term success:**

1. SELF-CONFIDENCE

Two out of three global market leaders are convinced that they offer better products / services as compared to their competitors. Even with respect to service and their innovative capabilities, a clear majority of the top companies see themselves as much further ahead than their competitors.

While it is not surprising that only 6 percent of the companies surveyed refer to themselves as price leaders, another number shows that even top companies still have reserves: only one in five German global market leaders describes themselves as faster than their competitors.

2. ADAPTABILITY

There is one critical reason why global market leaders are ahead of the game within their industry not only short-term, but rather for many years or even decades: their adaptability. Every third industry leader reports that their own company has undergone extreme change over the last three years. Another 52 percent report major change. These changes do not only relate to upheavals in the corporate culture or new employee qualifications. 44 percent of those surveyed have also made noticeable changes to their business model. The message: It is just as hard to remain a global market leader as it is to become one.

3. RESPONSIVENESS

This year, it was not only the global market leaders who painfully experienced just how quickly planning can become obsolete. Yet, even in "normal" times, companies really should question their medium and long-term plans on a regular basis. Checking them throughout the year must bring about quick countermeasures, if needed. The German global market leaders agree. This is why 72 percent of them have taken steps to improve their responsiveness over the past two years. Just about every fifth industry leader has even become more responsive than ever.

4. EYE ON THE GOAL

Despite any pride global market leaders may have in the changes they have already achieved, they have not lost sight of the potential that still remains untapped. When asked about their efficiency reserves, 68 percent of those surveyed stated that they had "very large" or "fairly large" reserves. In addition, more than 50 percent of companies admit that they have "fattened up" in the past. The decision to not set their efficiency gear to extreme in the good years is beneficial in the current situation. Instead of clear-cutting immediately, many global market leaders – irrespective of the measures that nonetheless may have been necessary to secure liquidity – can quickly turn several things around internally that will allow them to once again come out on top when they restart after the Corona shutdown.

5. COURAGE

The companies surveyed agree that "courage, patience and foresight are very important" in times of economic turmoil. Approaches such as these make all the difference in the world. For example, the opportunities of digitization have not been utilized fast enough over the past few years, especially in the mid-sized sector. Although contact with customers and suppliers is often already digitized, most internal processes are unable to keep up. Crises are simply relentless in uncovering weaknesses such as these.

6. COOPERATION

The trend is clear: The cooperative leadership style has become the standard among the global market leaders. By now, 74 percent of them have sworn off the command-and-control mentality. In comparison: Only two years ago, this value was 64 percent. Here as well, the crisis is clearly showing each and every day – keyword home office – the deficits experienced in a hierarchically structured organization. Leadership and collegiality simply need a solid basis: trust!

7. INNOVATIVE ABILITY

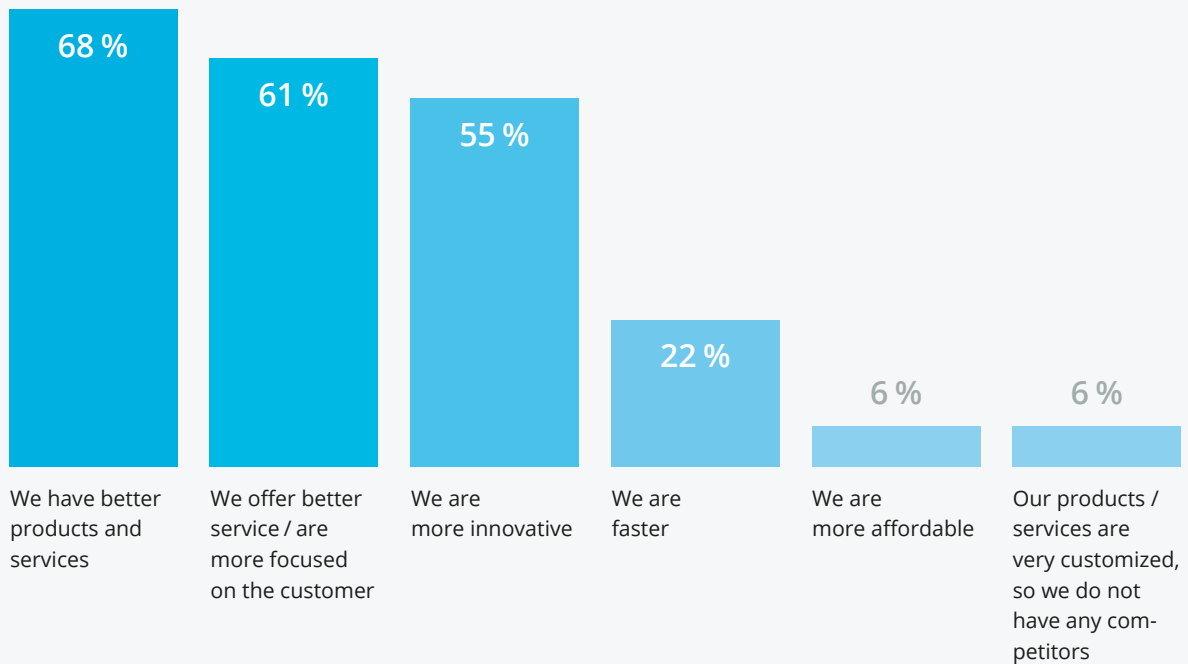
Germany's global market leaders also rely on partnerships built on trust with respect to the topic of innovations – and in this case together with their customers. They remain the number one driver of innovation.

Yet, even the companies at the very top have to admit that the number of new ideas is not everything. Especially considering that too many innovations reach market maturity much too late, or never at all. In order to improve the ratio, they have already taken countermeasures. Both with respect to prioritizing projects and qualifying employees, the global market leaders have seen improvements as compared to the previous study.

4. THE RESULTS

4.1 COMPETENCIES AND CHANGE

HOW DOES YOUR BUSINESS DIFFERENTIATE ITSELF FROM YOUR COMPETITORS?



💡 The strengths of global market leaders: top products and focus on the customer

HOW DO YOU ASSESS YOUR BUSINESS AS COMPARED TO YOUR COMPETITORS?



38 %

Our company reports **above-average** profits in the market



53 %

Our profits are equivalent to the **industry average**

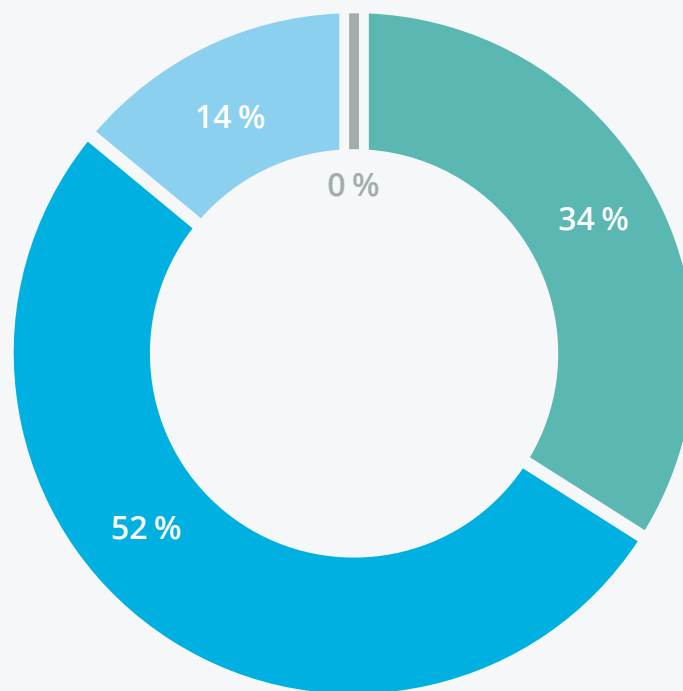


9 %

Our business reports **below average** profits in the market

HOW HAS YOUR BUSINESS CHANGED OVER THE PAST 3 YEARS?

■ To a great extent ■ To a moderate extent ■ To a lesser extent ■ Not at all





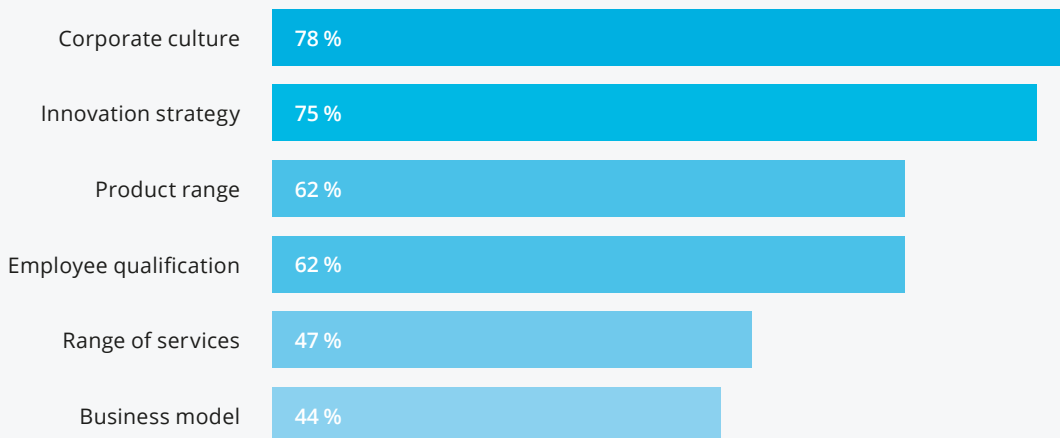
Change management is essential for a successful future. Because only those prepared to change are able to optimally face the challenges of the future. Proper leadership of employees and continued communication in all areas keeps a company on track.



Mathias Kohler, Director of Operations, Dradura Holding GmbH & Co. KG

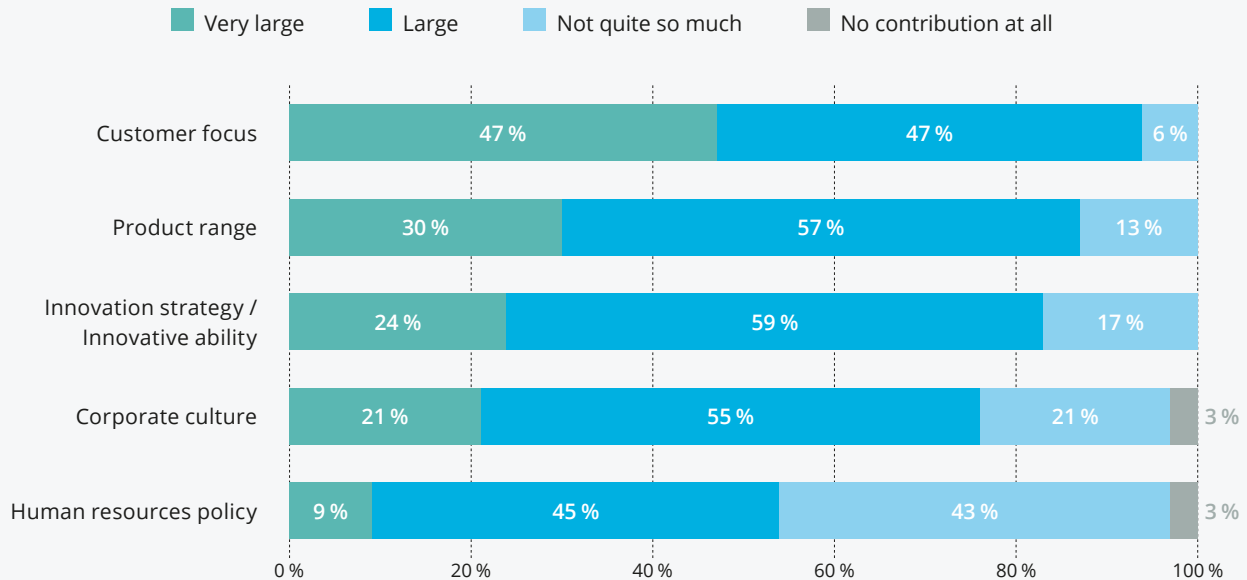
HOW HAS YOUR BUSINESS CHANGED IN THE FOLLOWING AREAS OVER THE LAST 3 YEARS?

Only participants whose companies have changed to a moderate extent or a great extent



The German economy is reinventing its corporate culture entirely

WHAT KIND OF CONTRIBUTION TO YOUR COMPANY'S SUCCESS DOES YOUR MAKE?



💡 Our focus on the customer has been and always will be our most important success factor



Our success strategies: Continue to expand our product diversification in order to develop new industries. Emphasize the focus in the direction of customer requirements in order to implement them quickly. Adapt the organizational structure in order to ferret out market changes and to quickly meet them head on.

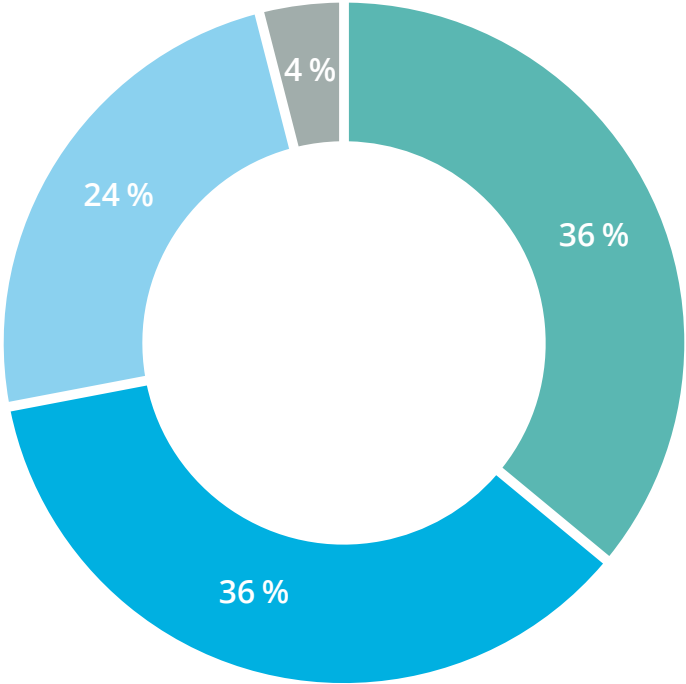


Klaus Abel, Vice President of Corporate Purchasing, Balluff GmbH

4.2 COMPLEXITY AND DECREASING FORECASTING CAPABILITY

AT THIS TIME, HOW LARGE IS THE PLANNING HORIZON OF YOUR BUSINESS – EXPRESSED IN HARD KPIS?

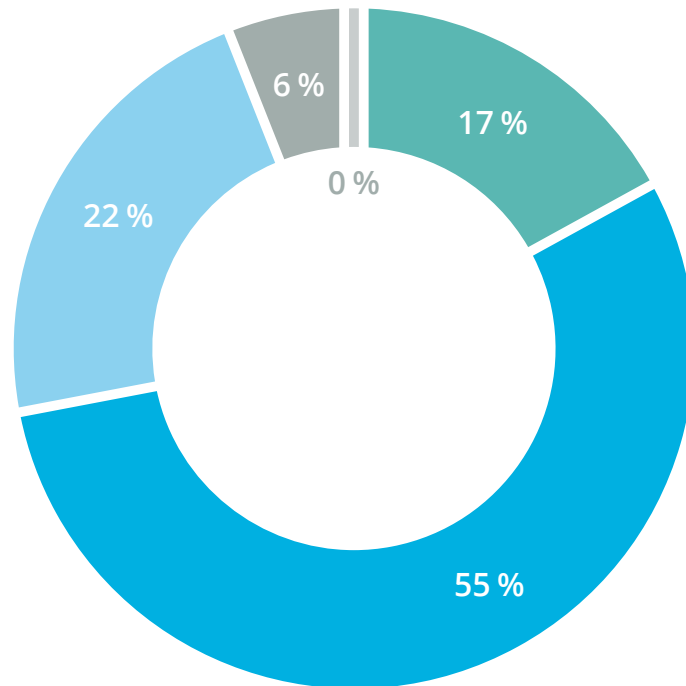
■ 1 year ■ 2 years ■ 5 years ■ No traditional planning in years



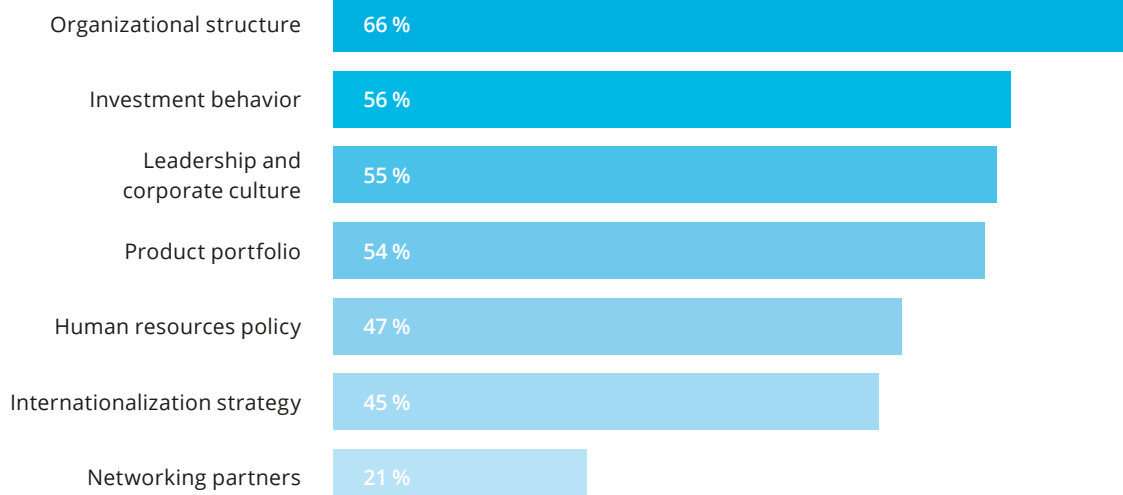
💡 We undertake classic planning even in agile times

HOW HAS THE RESPONSIVENESS OF YOUR COMPANY DEVELOPED OVER THE PAST 2 YEARS?

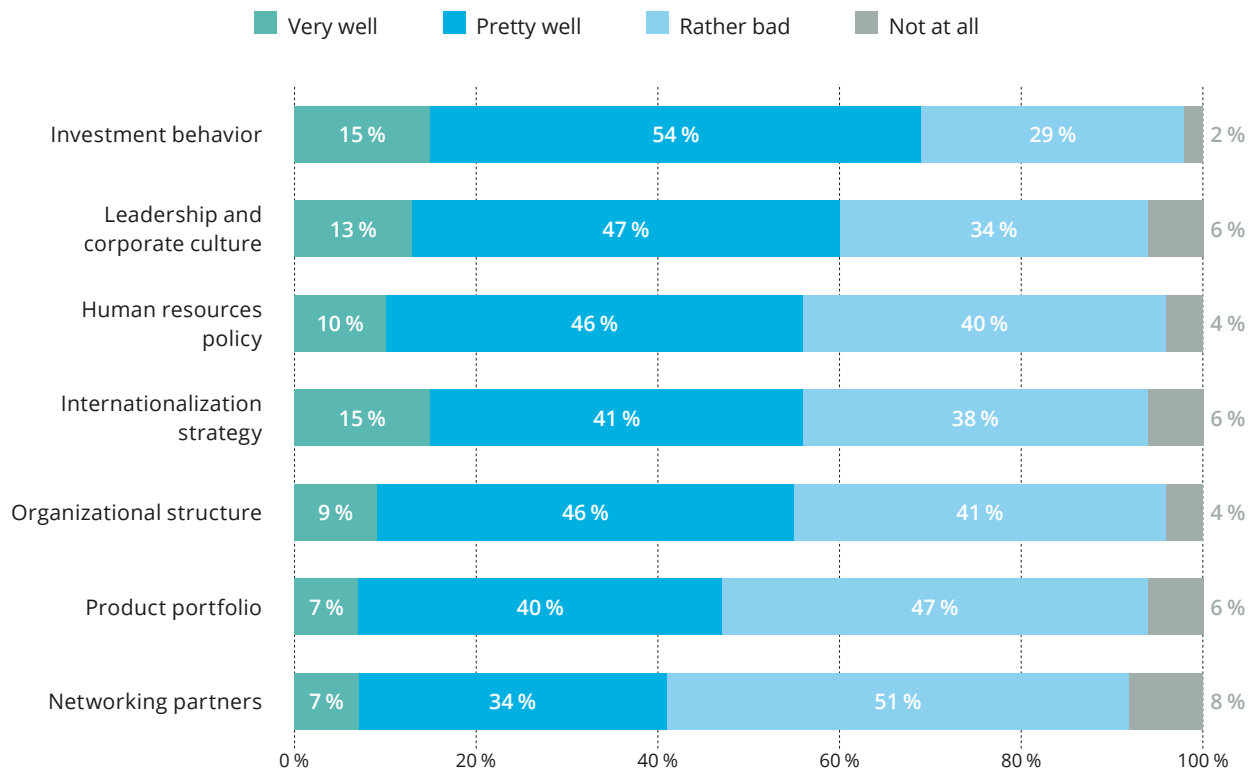
■ Significantly improved
 ■ Improved
 ■ Unchanged
 ■ Worsened
 ■ Significantly worsened



IN WHICH AREAS HAVE YOU INTRODUCED SPECIFIC OPTIMIZATION MEASURES OR ARE PLANNING ANY SUCH?

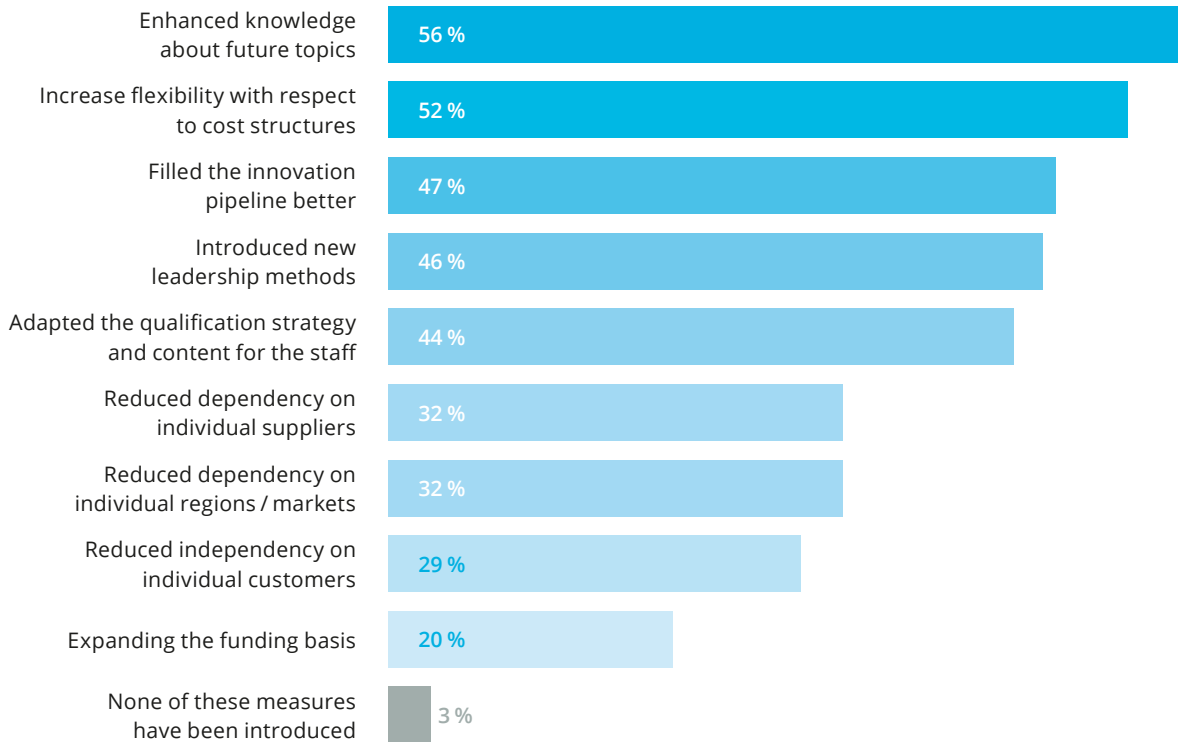


HOW MUCH DOES THE DIFFICULTY IN THE ABILITY TO PREDICT THE ECONOMIC, TECHNOLOGICAL AND POLITICAL DEVELOPMENTS AND THOSE ON SOCIETY IN GENERAL AFFECT THE FOLLOWING AREAS WITHIN YOUR COMPANY?



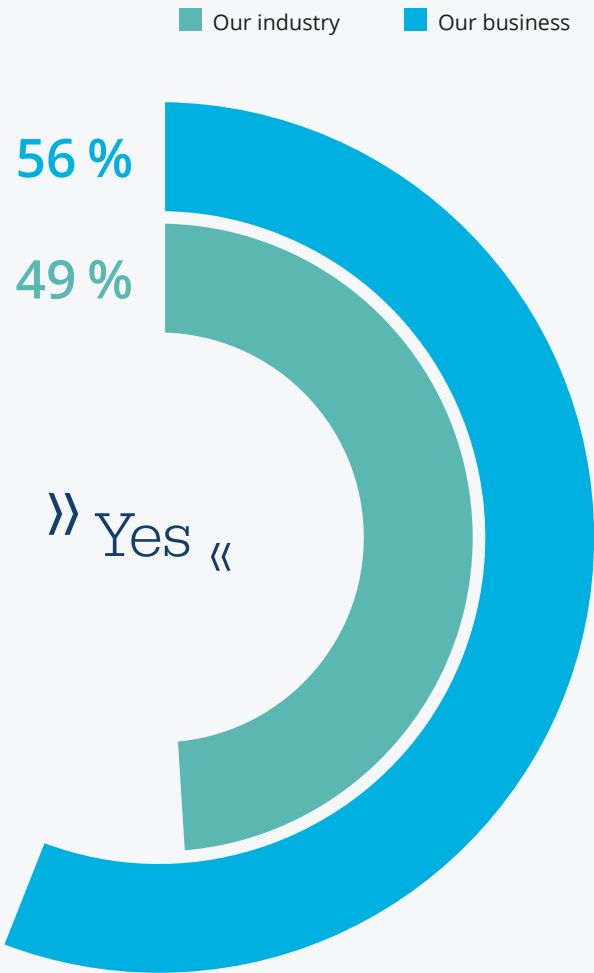
💡 Increased difficulty in predicting the future directly affects the investment behavior

WHICH SPECIFIC MEASURES HAVE YOU INTRODUCED, TO BE ABLE TO BETTER DEAL WITH THE DIFFICULTY IN THE ABILITY TO PREDICT THE ECONOMIC, TECHNOLOGICAL AND POLITICAL DEVELOPMENTS AND THOSE ON SOCIETY IN GENERAL?



4.3 CRISIS OF THE EFFICIENCY DENIERS

HAS YOUR BUSINESS / YOUR INDUSTRY "FATTENED UP" OVER THE YEARS?



💡 About every second global market leader has "fattened up"

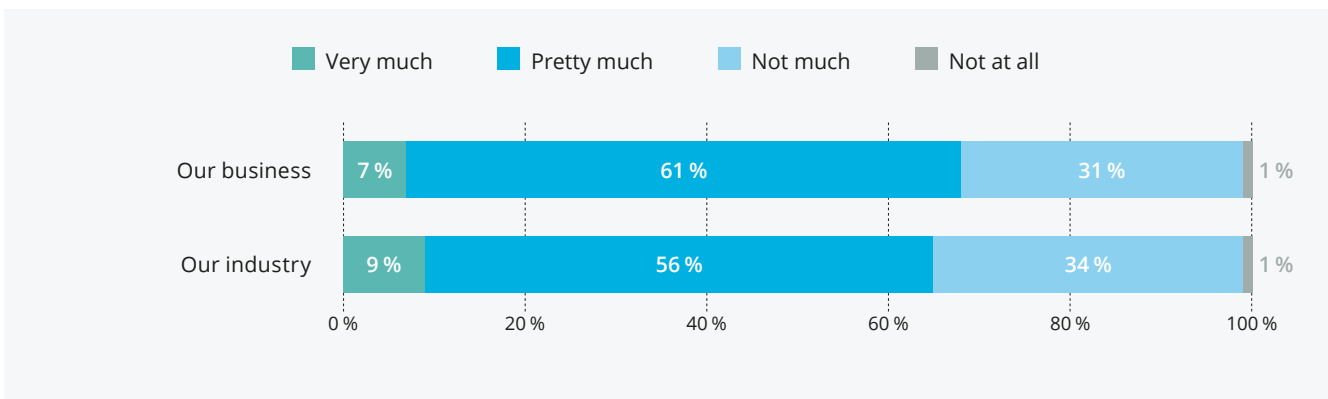


Every change is an opportunity to improve oneself and to distinguish oneself from the competition at the same time. A company's potential can be found in its employees. The ability to awaken this potential is one of the responsibilities of a leader, if not the main responsibility.

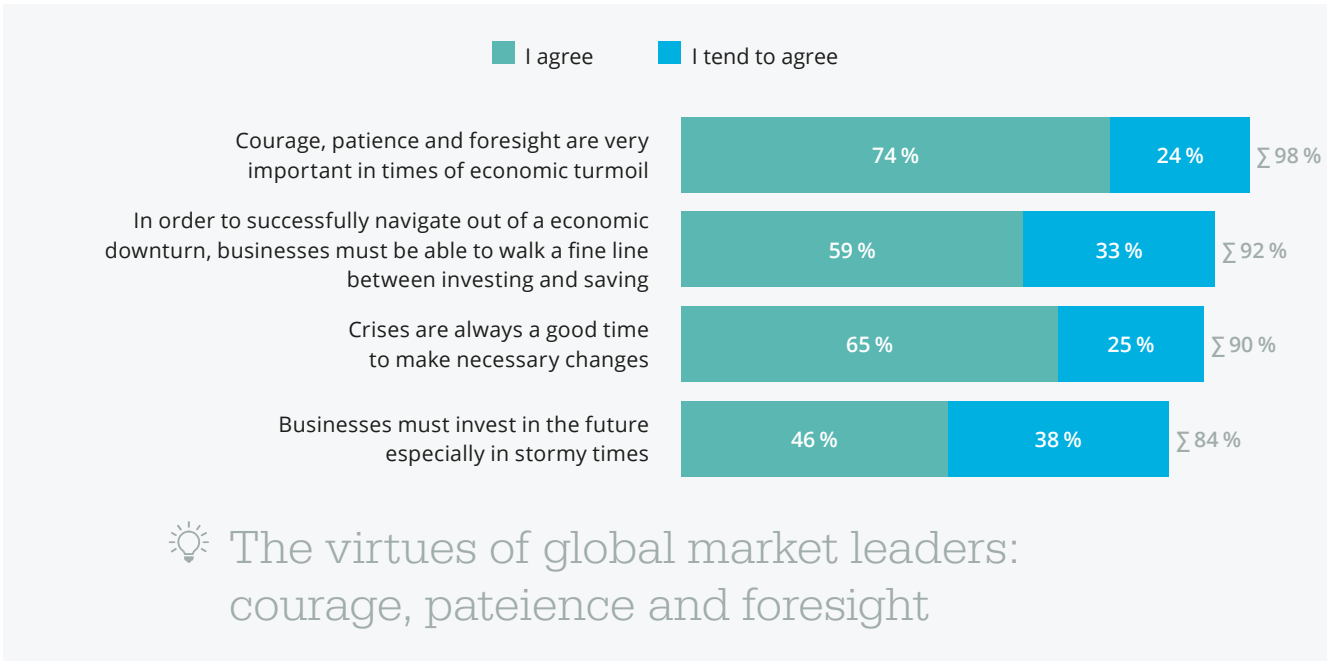


Ralf Dienel, Managing Director, Ecoclean GmbH

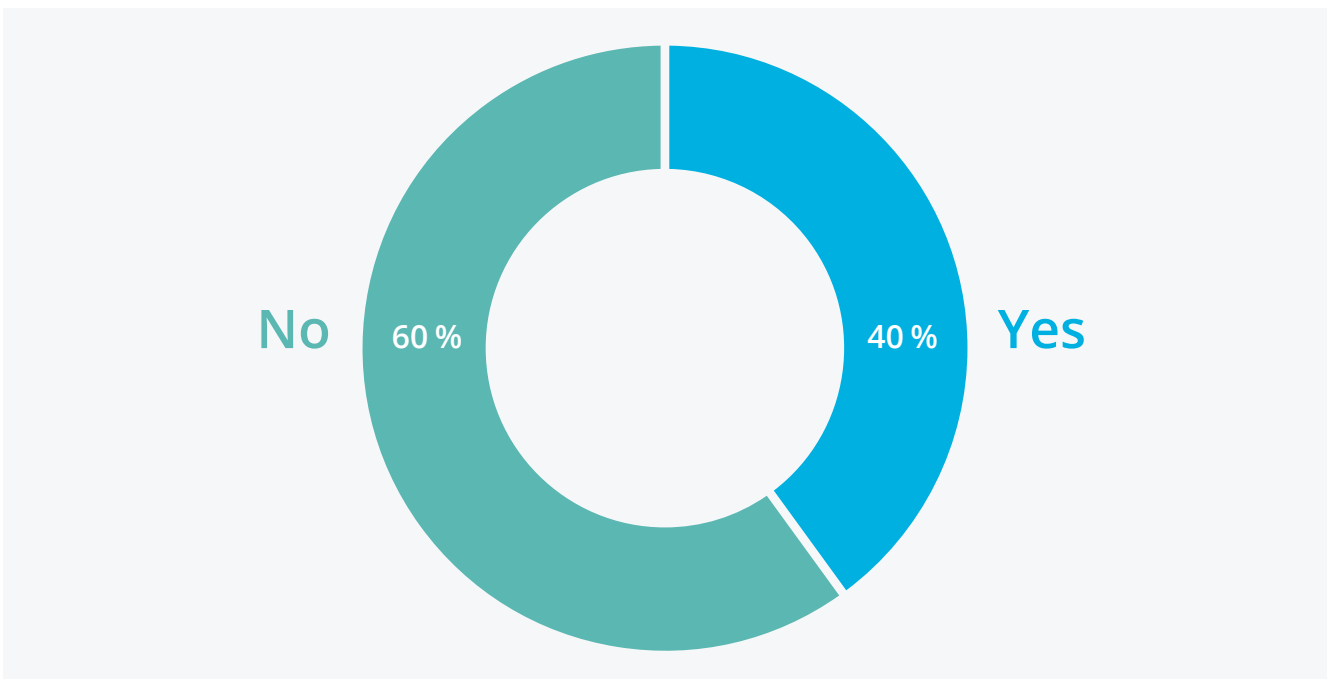
HOW MANY ENERGY RESERVES DOES YOUR BUSINESS / YOUR INDUSTRY HAVE?



THE GERMAN ECONOMY IS ON TEETERING ON THE EDGE OF A RECESSION. PLEASE STATE YOUR OPINION ON THE FOLLOWING STATEMENTS:



OVER THE PAST 2 YEARS, HAS YOUR BUSINESS CRITICALLY EXAMINED EVEN THE HIGHLY PROFITABLE PRODUCTS AND / OR AREAS?



4.4 CORPORATE CULTURE

HOW WOULD YOU DESCRIBE THE LEADERSHIP CULTURE IN YOUR COMPANY AS A WHOLE?



26 %

more authoritarian

As compared to 2018: 36 %



74 %

more cooperative

As compared to 2018: 64 %

Clear trend: The cooperative leadership style is becoming the standard

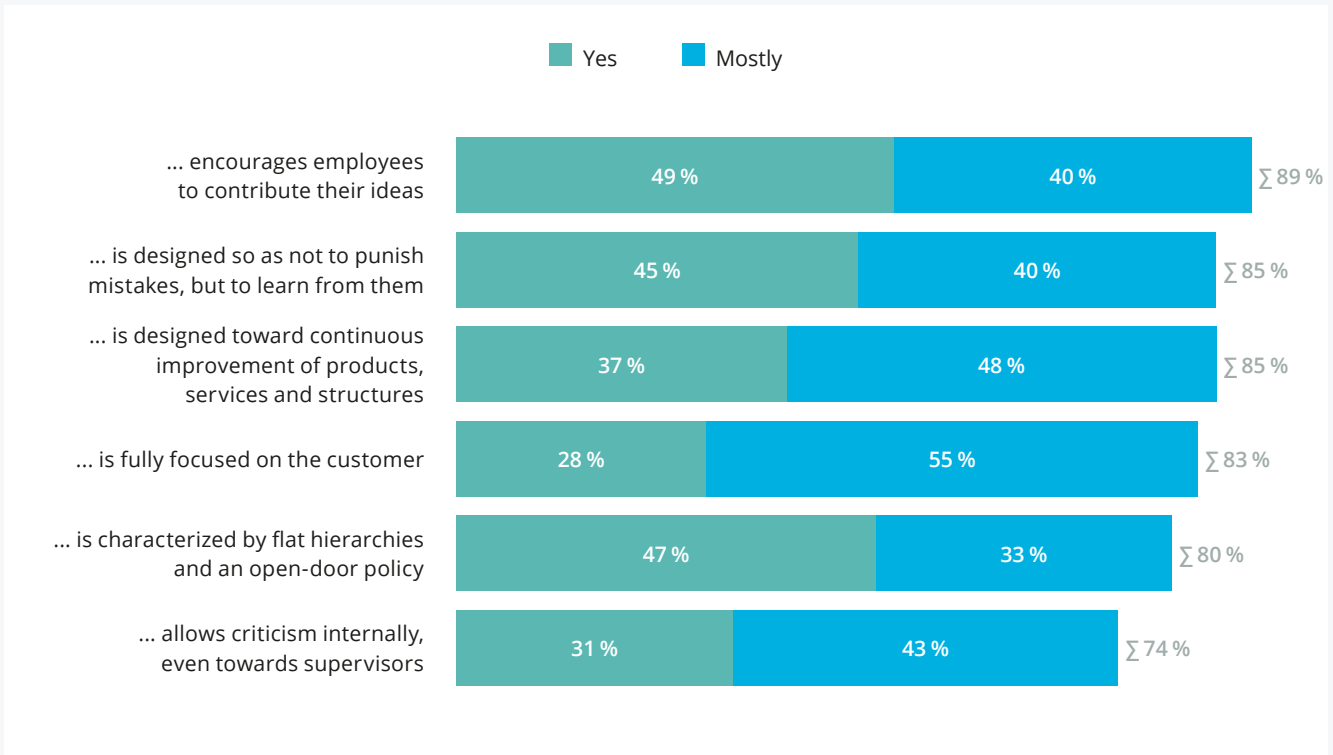


Dealing with employees openly and continuously working on the corporate culture take priority.

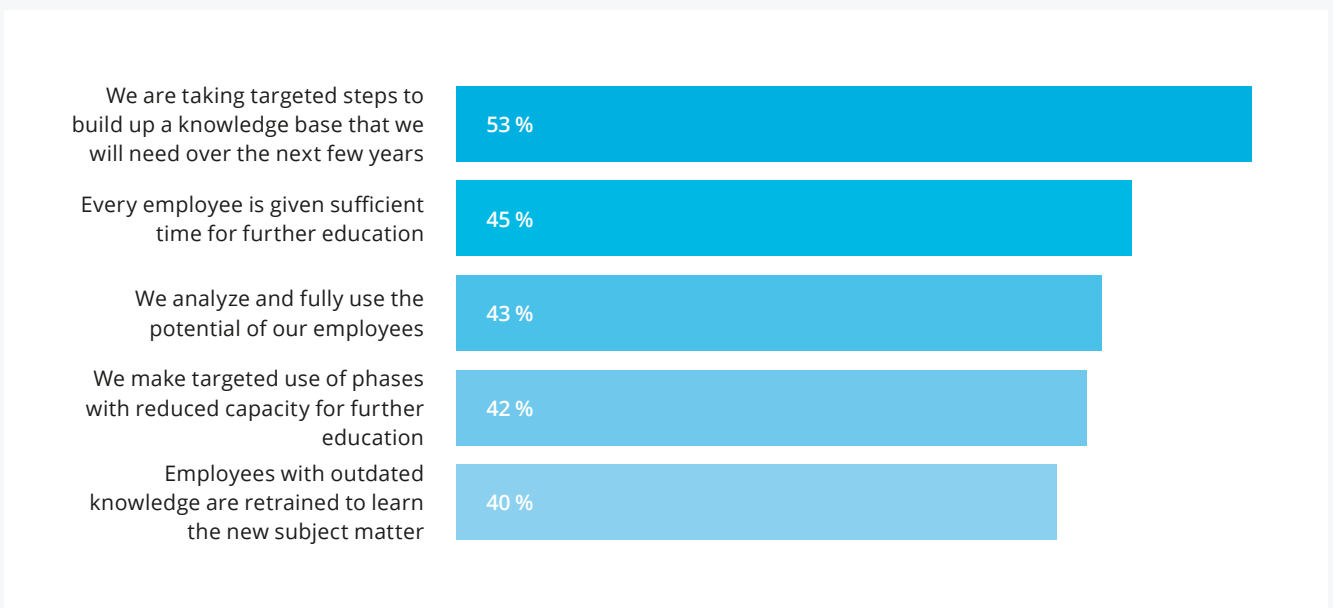


Dr. Lothar Schäfer, Senior Director of Quality Standards and Support, KION Group AG

YOUR CORPORATE CULTURE ...

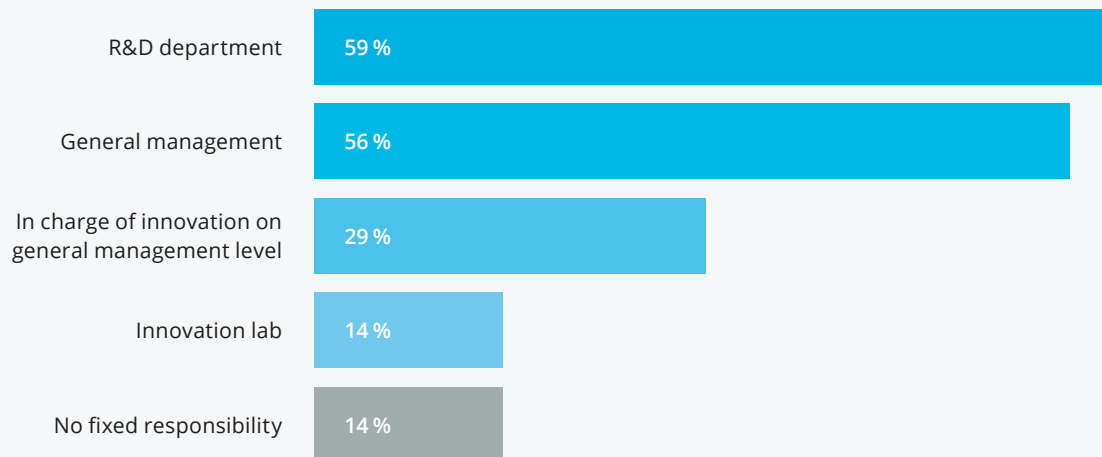


HOW ARE YOU MAKING YOUR STAFF FIT FOR THE FUTURE?



4.5 INNOVATIONS

WHERE IS THE TOPIC OF "INNOVATION" INCORPORATED IN YOUR BUSINESS?



In order to be able to survive in today's market, it has become extremely important to accelerate the ability to change. Even in a successful situation, there must be a willingness within a company to make changes.



Josef Bosch, Managing Director / General Manager of Operations,
RONDO FOOD GmbH & Co. KG



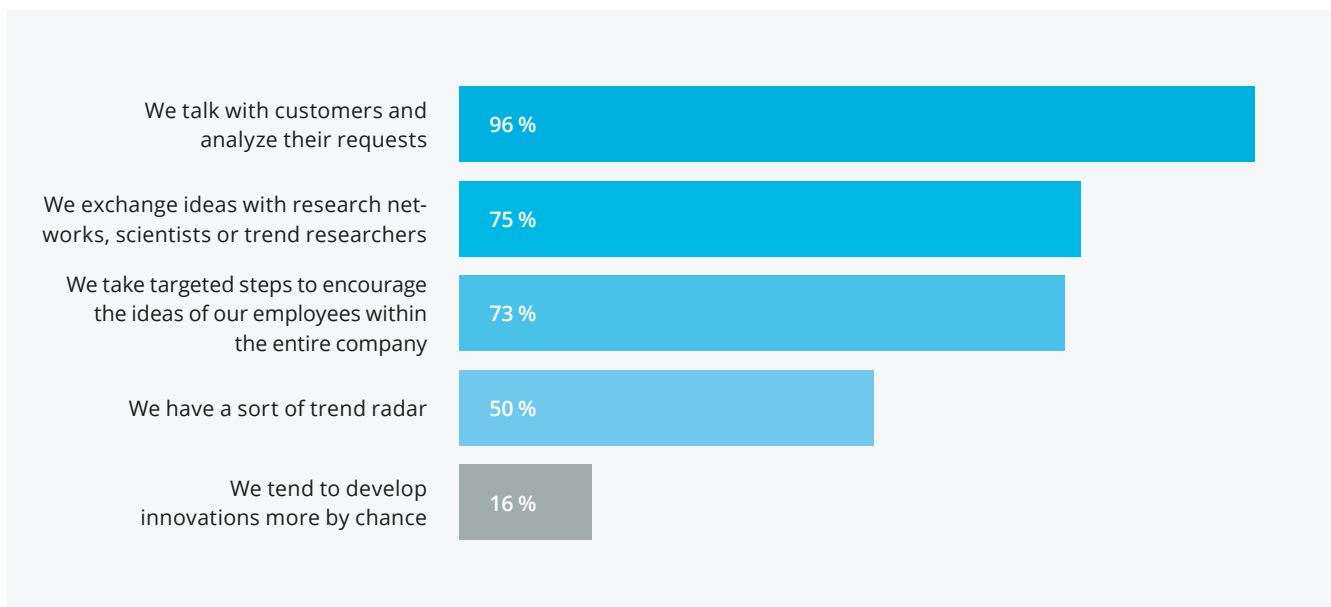
We need a strong focus on customers and also on core topics: so, we take a step back from the scattergun approach and from a functional orientation and focus more on the business segment. We put the focus more on products and customers and not only on processes and functions. And also assume more responsibility within the team and exert hierarchy less.



Walter Fleischmann,
Senior Vice President of Programs, Diehl Aerospace GmbH

HOW TO YOU KEEP YOUR BUSINESS INNOVATIVE?

Answers "Applies" and "Applies more or less"





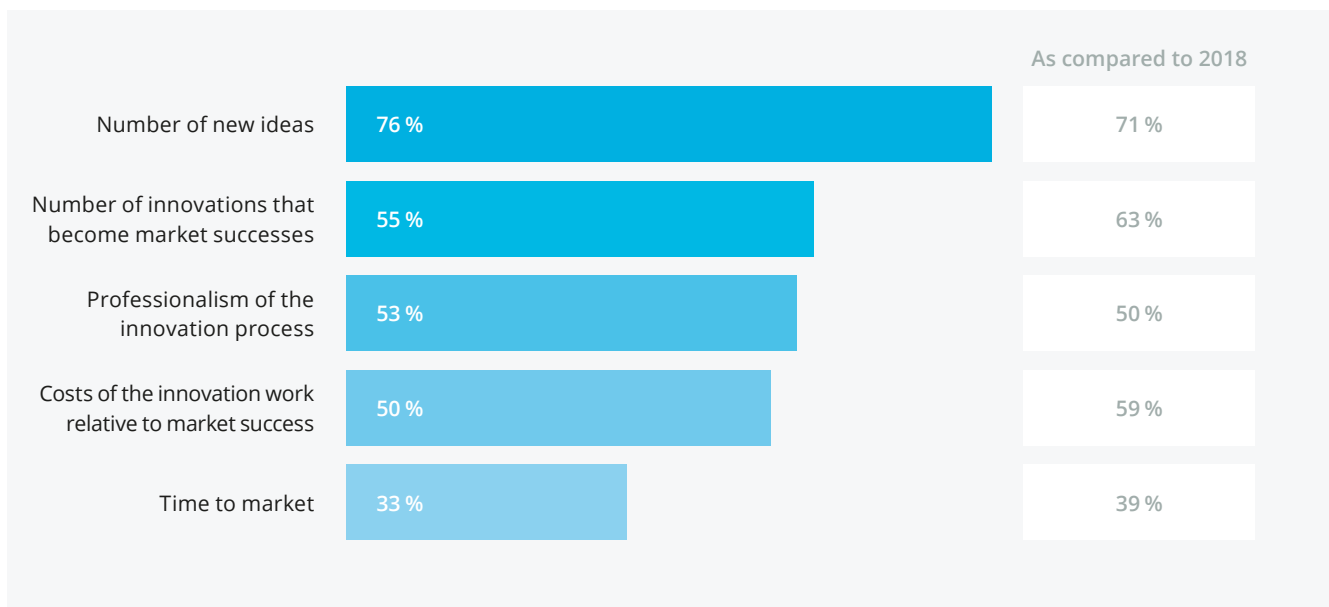
We have to encourage a willingness to change within the company as a whole. Here, our objective is to be better than the competition. We must be able to achieve this in the majority of our activities, whereas we do not see mistakes as a taboo, but instead as an opportunity to learn quickly.



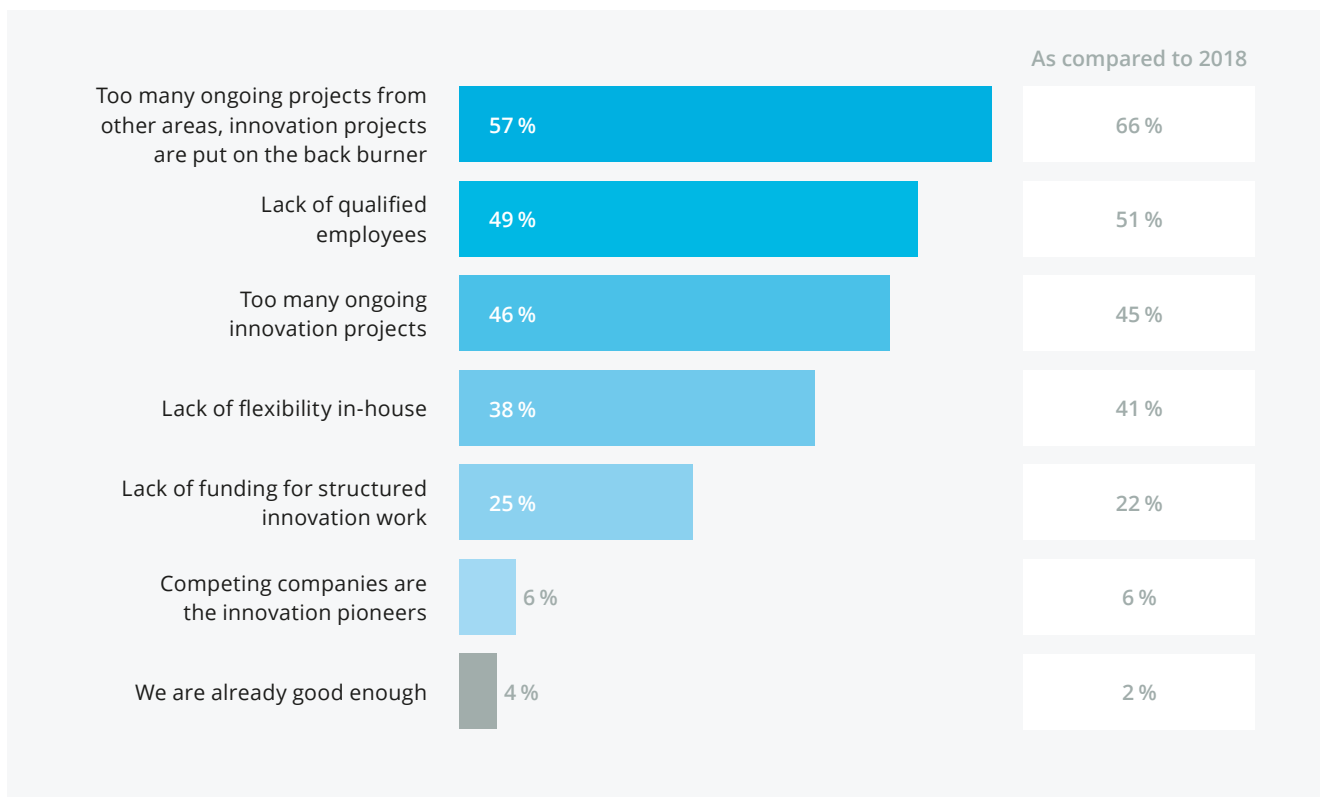
Michael Voss,
Managing Director, Bilz Werkzeugfabrik GmbH & Co. KG

AS A WHOLE, HOW DO YOU ASSESS THE INNOVATION WORK WITHIN YOUR COMPANY WITH RESPECT TO THE FOLLOWING CRITERIA?

Answers "Very good" and "Good"



WHAT IS KEEPING YOUR BUSINESS FROM DRIVING INNOVATION MORE FORCEFULLY?



What counts is a more stronger focus on the corporate culture, a willingness to consistently develop further and to carefully review new technologies. Because only if digitization raises the process to a higher level does it makes sense to introduce new technologies.



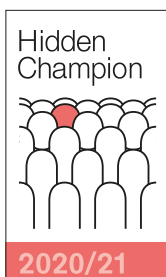
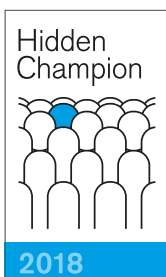
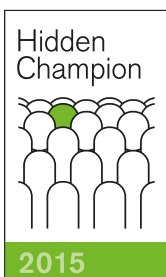
Constantin Schwegler, Senior Expert Corporate OPEX / Management Board - d, Voith Dienstleistungen und Grundstücks GmbH

ABOUT US

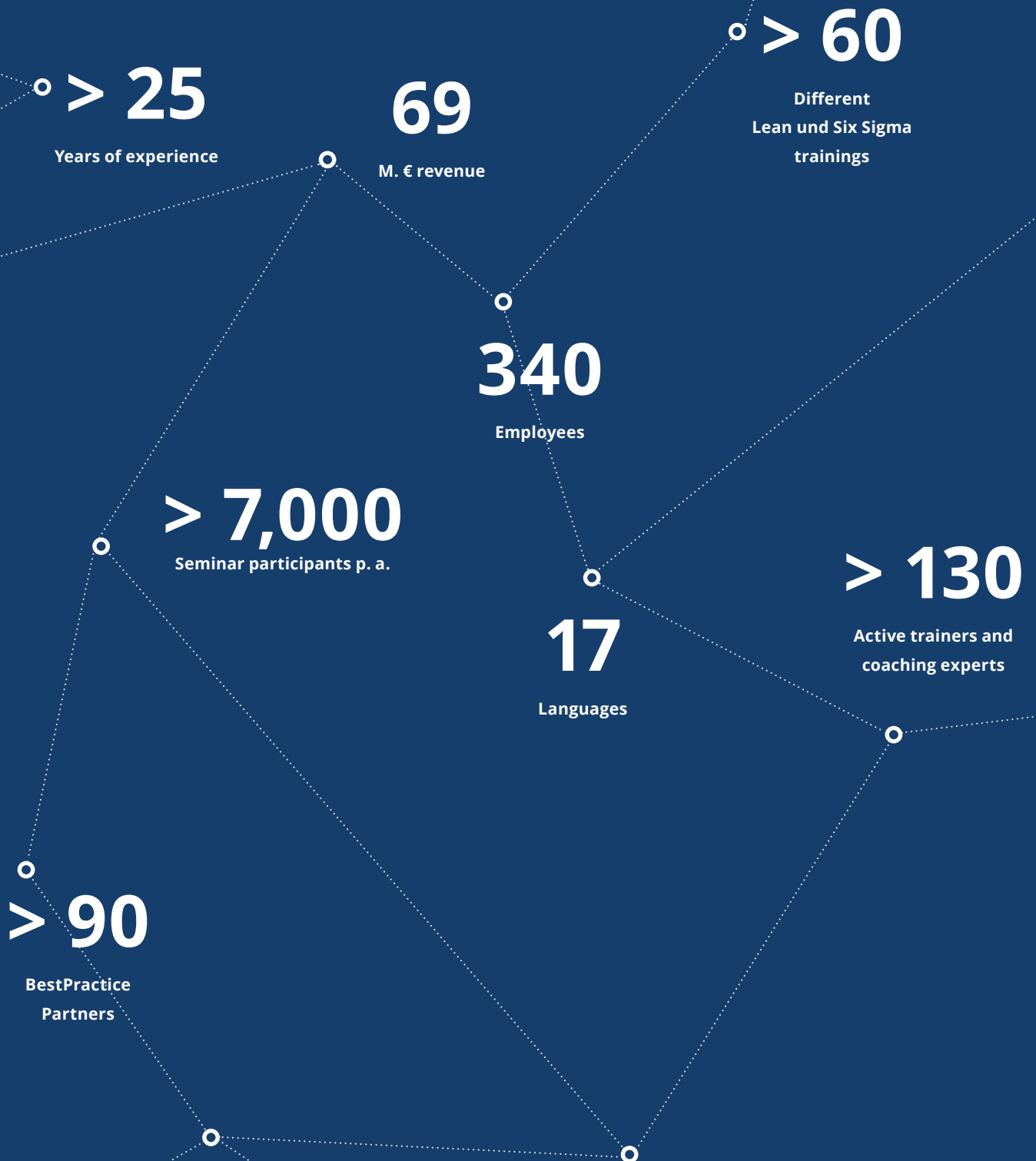
We believe that inside every company there is an even better one.

Staufen AG is a Lean Management consulting firm and academy. We have been advising and qualifying companies and employees for over 25 years. Around the world.

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.

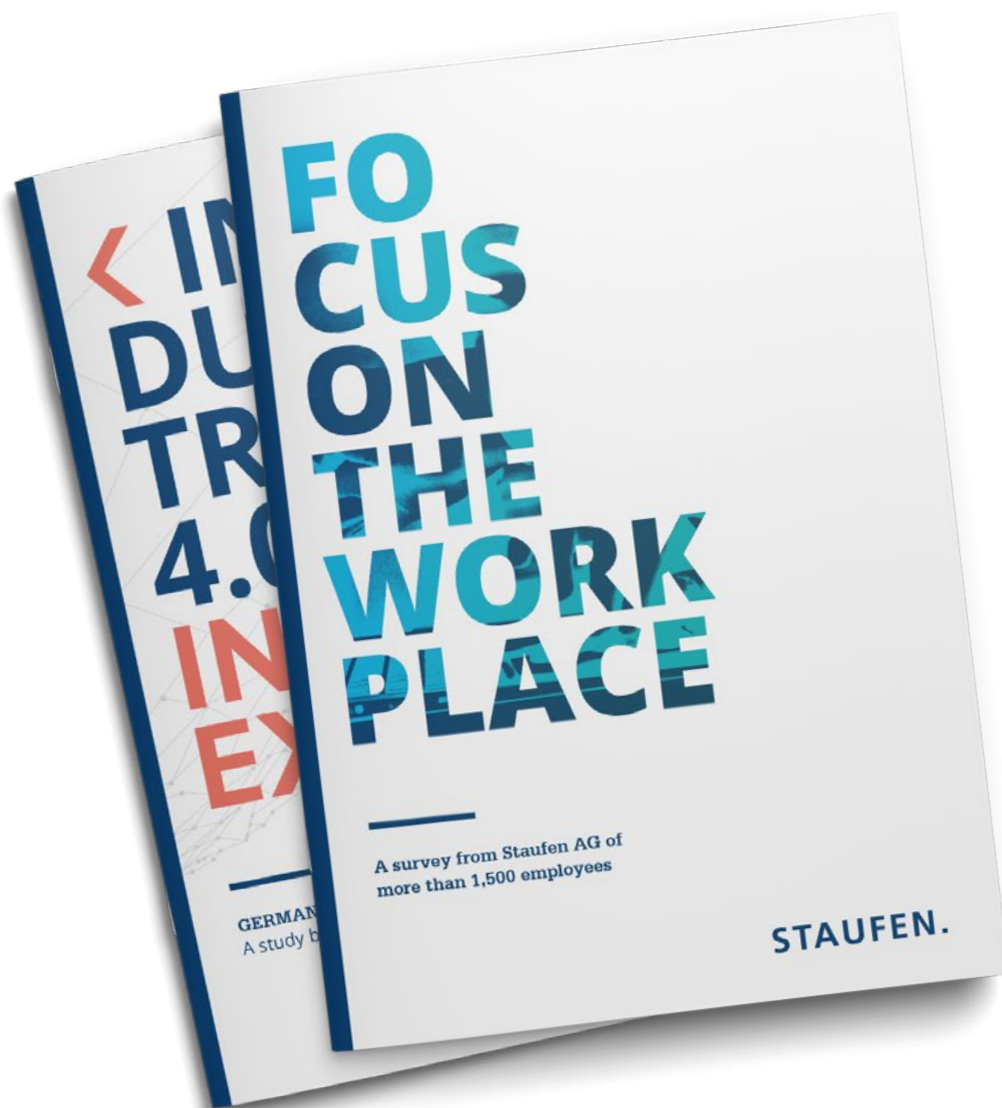


Figures. Data. Facts.



STUDIES AND WHITEPAPER

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www.staufen.ag/studies



FOCUS ON THE WORKPLACE

A survey from Staufen AG of more than 1,500 employees

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VARIANT AND COMPLEXITY MANAGEMENT

UNDERSTANDING AND MASTERING THE BIG PICTURE

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LEADERSHIP EXCELLENCE

EFFECTIVE LEADERSHIP IN TIMES OF CHANGE

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< INDUSTRY 4.0 INDEX >

GERMAN INDUSTRY 4.0 INDEX 2019
A study by Staufen AG and Staufen Digital Neonex GmbH

STAUFEN-DIGITAL NEONEX STAUFEN.

SUCCESS IN CHANGE

GERMAN CHANGE READINESS INDEX 2019
A study by Staufen AG and Staufen Digital Neonex GmbH

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PREDICTIVE RESTRUCTURING

RESTRUCTURING BEFORE THE EMERGENCY HAPPENS IS THE NEW KEY TO SUCCESS

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AEROSPACE 2019

LEADERSHIP IN TIMES OF CHANGE

A study by Staufen AG and the Federal Association of the German Aerospace Industry (BDLI)

BDLI STAUFEN.

BEST STRATEGY 2018

WHAT GLOBAL MARKET LEADERS IN GERMANY DO BETTER

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ORDER FULFILLMENT

PROFITABILITY AND COMPETITIVE ADVANTAGES THROUGH LEAN ORDER FULFILLMENT
A White Paper from Staufen AG

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