

-- Speaker 0 00:04 Make it right. The manufacturing podcast

Speaker 1 00:10 COVID-19 have a lasting impact on globalization. That's the title of a recent article in the Harvard business review by author Stephen A. Altman who concluded that COVID-19 looks like a bend, but won't break crisis for globalization. Welcome to the, make it right podcast. I'm Janet Eastman. And this week I welcome back supply chain, expert, and senior advisor. Filippo Mauri who first appeared on make it right in our very first year in episodes, 21 and 22 Filippo is based in Switzerland. He's currently working with a consumer goods manufacturer in Paris, and he's bringing a European perspective to the impact of COVID-19 on Make It Right. So Filippo, it is really terrific to speak to you again. How are you?

Speaker 2 00:58 Excellent. Thank you so much. And I'm excited to speak to you again and, um, good afternoon.

Speaker 1 01:05 We've spoken with a lot of American companies and Canadian companies over the last number of months since COVID-19 happened, but we haven't really spoken to anybody over in Europe. So I'm really anxious to hear what your perspective is. So what key changes have taken place that have really been interesting to use since this pandemic started? And as it's evolved,

Speaker 2 01:28 I've heard several comments actually saying that COVID that has been an accelerator of a preexisting processes, and this is actually what, uh, what, uh, what we're really experienced in different, uh, in different domains. So, uh, let's say that, uh, we were experiencing a strong growth for instance of eCommerce, um, development of the, uh, proximity, uh, let's say supply chain, shorter supply chain, more complex, uh, more, uh, let's say fast. Um, but actually COVID-19 crisis as accelerated all of this and actually, uh, accelerated the transformation and, uh, kicked us a little bit into the future. And that is, uh, the most striking factor is that, uh, actually apart, uh, the very initial phase, um, on the system actually sustain this a very big challenge and a, and actually followed a different balance and start over again. So it's a, it's really impressive. Mmm. I think that, you know, if I have to, uh, to, to list the key key things that actually surprised me is really first, but truly the quick adaptation.

Speaker 2 02:50 Okay. Of, uh, of our, let's say your way of leaving in a way of making business. Thanks to technology course, because I don't know nobody, maybe if everything had happened 10 years ago, maybe it wouldn't have been so easy, but in a couple of weeks, let's say that a lot of processes and lots of let's say interactions actually transformed. And most of the people actually adapted incredibly rapidly. Um, then you add all the never acceleration of a process is that the ethical dimension? So let's say the solidarity, the let's say business ethics, I would say DV dance, or let's say that, that actually the image of the company actually has grown very rapidly. So we, we are already in the company's perception was a while that you didn't have, for instance, only a financial dimension or a business dimension, but also you adopt a social responsibility, uh, actually carried, accelerated also all of this and the solidarity, the business responsibility, the social responsibility history took a very prominent role in companies, uh, actually struggling for a very difficult environment.

Speaker 2 04:14 So that was really surprising. And, uh, and, uh, and, uh, as well, you know, you had this sort of a global proximity. Okay. Uh, what seems so far away, like for instance, China, at the very beginning of age, something that happens in China is not for us, but then little by little, the counters actually got to give a dramatically, unfortunately into the same, let's say buckets. And, uh, and so people actually started sharing, uh, issues and pain. And, uh, and actually I think that this is going to help also to the mutual understanding. So, and in, in end, I think that the biggest take away for me is that at the end, even if we've such a huge and difficult period, we demonstrated that we actually can survive. It can be resilient and can keep going even if different completely situation. So is it, Oh, no, this is a little bit of note of optimism at the end, but I think, do you think that this pandemic is a game changer in the way that we live and work and do business?

Speaker 2 05:30 Or --

-- do you think that this is, and for the most part business will kind of trickle back to the way they had originally operated. And we're going to go back to kind of how we used to operate a pre COVID-19. I mean, what are you guys, uh, that is a, you know, that is very difficult to say, but, uh, what we see is that the, of course there is, uh, there is a strong need of normality. Okay, go new Orleans, going back to what is the, let's say business as usual, but everybody's very, uh, constant that no, uh, business as usual anymore, it's going to be for a while. Very difficult. Okay. And, uh, you know, it will require adaptation. Um, I believe that, uh, maybe 50% of, uh, of our previous pre pandemic life will come back probably more. Okay. But still, uh, we will have in front of our eyes that, uh, we try to work from home and it's work.

Speaker 2 06:36 It actually, um, we, we actually try. Yeah. I actually learned that, uh, certain things that, uh, that were, uh, conceivable let's say, uh, I actually took place and, uh, well, I'm not 120 years old, but, uh, I've seen, uh, I've seen, uh, already a number of times where things that, uh, uh, that you may not have expected to happen actually happened. And, uh, like for instance, the crisis in early 2000 or whatever, and this is something really impressive. And we saw the border closed for instance, for the first time in a, you know, of course in my life. Uh, but, uh, it is not a good looking picture. Okay. We were the army at the borders of course, for different reasons. But the, that is, that is an element of vulnerability. Of course, of the way we make business. We have been living in a world that is actually getting that is, uh, that is working on the free trade.

Speaker 2 07:46 Let's say we have a worldwide organization, uh, that, you know, big, big space trade space where actually you could make business. And suddenly we, we, so in front of our eyes that the, all these, uh, uh, big, big, uh, uh, consolidated that picture actually can fragment immediately in thousands of pieces. And, uh, and to me, um, that is, that is the, the big heads up. And, uh, we better, uh, remember that because, uh, uh, we will have to work in a globally connected world for the reasons that I told you before about the interchange, but also we've a word that suddenly can fragment and become very, very unique and a very, let's say, locally driven. And we've a huge complexity and specificities and the rules, different rules that apply. And it also, what you see is that this is happening not only for wider on international organization, once you're within the countries, what you can see for instance, the, the movement of people within the countries. One of the, let's say the basic principles that keep our country together

Speaker 2 09:02 To define a country let's say, and, uh, we have seen this not happening anymore. So what is, uh, what is the future? Probably the future is going to be more affected by global impacts, but on the other hand is going to be a sized, uh, on the, uh, let's say at the Tommy, tell me, uh, size, uh, in, uh, locally in locally, locally specific businesses. So I knew a new life probably from the proximity Baker, uh, at the end of the street and, uh, maybe a different way of managing e-commerce and supply chains, for sure.

Speaker 1 09:48 <inaudible> yeah. I'm interested in supply chains because, you know, um, for a while, there, there are manufacturers who were still operating, but they couldn't get supplies from certain parts of the world. Things were getting held up, et cetera. How do you think the supply chain is going to look now based on the lessons that we've learned that so suddenly everything can be shut down and yet you still want to be operating your business and you need to be operating your business. And maybe some of your, the things that you make are critical to, you know, everybody. So what's going to happen to supply chains. Are we going to have more suppliers that we go to, um, in various different locations? What, what's the picture look like?

Speaker 2 10:38 Well, uh, I believe that, you know, the, um, clearly as, as we said, I mean, Kobe is an accelerator of things that we are already thinking before the pandemic, for sure that all the themes of, uh, uh, business preparedness okay. Or a business continuity, uh, actually key elements let's say to, uh, to, to build the supply chain. So those concepts are not self in th --

-- at. And it's clear that it's not demonstrated by this crisis and many hour before, um, that, uh, uh, disruptive events, uh, are not something that happens once he left time because we have a sort of proliferation. So what happens is that we are likely to see other disruptive Evans, God forbid, but we know that it's highly probable, that something that we have never thought about is going to come back. And I suggest a book that is called the black Swan about that.

Speaker 2 11:40 Um, but the, so I believe that, you know, the handling the, uh, unfair castable, so, uh, pushing the supply chains to maximum agility possible, I think this is going to be not only a, let's say an aspirational goal that was becoming an imperative. Okay. So, um, clearly technology is gonna, is going to help. Absolutely. But on the other hand, what we are going to have is that a, there is the physical world. So the, the fact of transporting physically, uh, the goods that is going to be a challenge. So probably proximity, uh, proximity stocks, those are apps. Those are going to be, uh, something that we may want to consider longer. Supply chains are probably be too vulnerable to the, uh, to the, to these kind of unexpected events. So probably the future is a modular, uh, for instance, modular factories, uh, smaller scale, easily movable from one place to another.

Speaker 2 12:59 And, uh, uh, in the, and actually let's say generating a diffuse, the supply chain and, uh, I little bit like internet works. Okay. Uh, so, uh, and this is the power of internet, is that if you catch some, uh, some of the connections actually internet finds another way to transport the information, and this is how the supply chain should work. I would also push a little bit, uh, a concept as I've seen in, uh, in, um, in a meeting a couple of years ago about today, internet of the supply chain. So for instance, sharing, sharing a transportation mode or sharing, uh, let's say modular and, uh, uh, standardize transportation may help let's say in case of this to actually use different channels and, uh, and routes routes the, uh, the goods on alternative, uh, on alternative paths. I mean, this is, uh, this is something that, uh, that is going to happen together as, uh, the, uh, local, uh, availability of goods, which becomes, I mean, you know, I live in Switzerland and actually, aye, you know, it's very expensive country. So in general, you tend not to buy your groceries in Switzerland, and this, you have the opportunity to go, do you go to Germany based in Basel? Well, during this period, I had to make two, I had to know the local products. I had to go to the local, uh, uh, to the local supermarkets and, uh, actually know more what was going on. So this beyond the economical factor, uh, this allows you to have a shorter supply chain and a prominently, a multiple source locally based on the goods.

Speaker 1 15:03 And what about just in time delivery? Is that going to be off the books? Are people going to be stockpiling stuff now? What do you think

Speaker 2 15:12 No stockpiling is, um, something that, that is going to be probably not the right thing to do, because, uh, uh, the, uh, because of the, we cannot, it's going to be very, very difficult to anticipate the needs. Okay. So, uh, if you see, for instance, how the old, the forecast okay of the business have been completely jeopardized by, uh, change the consumer behaviors during the pandemic. Uh, I mean, it doesn't really, it doesn't really make sense to stock file. Uh, however, uh, it does make sense to, uh, create as much as possible, a flexible and agile supply chain. So actually you can restore, you can bounce back as fast as you can. So I believe that, Uh, impact zero is not what we should in this situation is presence of these is wrapped events is not what we should look at. So, uh, but, uh, what we need to, to look forward to is to have a supply chain that is capable immediately to bounce back and restore the supply.

Speaker 1 16:30 Well, I thought it was interesting too, and I hadn't really thought of it. Um, but it's true. Suddenly consumer needs changed didn't they in a day, consumer needs absolutely changed. There were some things that were absolutely important. Like, I don't know about where you were in Switzerland, but over here it seemed, there was this crazy mad scramble for things like toilet, paper and diapers and things like that. And all of a sudden, you know, y --

-- ou couldn't find that stuff on the, on the shelves, consumers went wild. Um, so the consumer plays a huge role in this whole, this whole process.

Speaker 2 17:03 Sure. Yeah. And, uh, you know, the consumer, the shopper, um, I would say yes, the consumer and also the shopper, because a, uh, an online shopper is pretty much different than a, than a in store a shopper. Okay. I mean, uh, certain consumers, okay. Uh, that normally are not shoppers because they do not go to the supermarket for instance, uh, right now going into with an eCommerce based thing and sitting in front of the computer the whole day, they become shoppers. So suddenly this is, uh, this is a completely different perspective. And, uh, in the, I'm sure that you can recall during period to have both things that you have never thoughts of buying all your life. And so, so things are changing. Um, but as well, you know, uh, if you think I was, uh, clearly I'm in contact with different companies because I've been traveling around and I can see that they, of course, it's a tragic impact impact on the economy, but there are a number of companies, especially in consumer goods that actually absorbed, let's say the, the, the critical, uh, the crisis in a very good way, because okay.

Speaker 2 18:32 If they were able actually to switch very rapidly, uh, their plans, okay. The production plan to certain kind of products. And, uh, and I can tell you for sure, you know, for consumer goods, people consume even more when you are at home, right? So everything that is a normal, a normal purchases for a home, uh, uh, home products is a, is a home care or a personal care as actually, as I've not been impacted hugely, but also, you know, as you think about everything that is in the cleansing area, into the cleaner's area, into the biocide area, I mean, this has, this crisis has brought us in a different world. So, uh, we have been seeing certain categories of products actually declining, but others actually growing and finding a completely new life. Um, this does not mean that, uh, you know, the bottom line is breakeven. I don't think so, but anyway, for a number of industries, the limitation has been more on how to bring the people safely to a factory to produce rather than a dropping demand. And that, and I believe that this is the other challenge that we need to consider is, uh, uh, how to safely manage the workforce, especially manufacturers

Speaker 1 20:00 <inaudible>. So we've all been, lots of people have been working from home. Those who have to be in the factories are getting back into the factories. So how are we going to manage that when everybody gets back to work, to do it safely?

Speaker 2 20:13 Yes, absolutely. And, um, of course there are a certain number of jobs that are clearly critical, and of course you have seen, uh, fantastic, uh, examples of dedication and of sacrifices of people that actually, no, I know no, uh, uncharted territory is, uh, of the beginning of the turning actually capped with a big sense of duty, kept doing their job, and they have insured in fact, the continuity of the supply. Uh, but, but it's true that, uh, uh, also on the ever on you ever hand, uh, I mean, we could, we should not responsibly rely on the heroic. I would say dedication of people we need also right now, this is what we can do right now is actually to start planning okay. For the next situation to come and say, well, how do I bring people to work in case something like that happens? I do. I, uh, create, and to me, I come back to the idea of modulars, more factories in an issues that way, how can I ensure that people can actually perform their job in the easiest way without traveling long distances, without traveling overseas. And, uh, and of course, technology and robotics and any other, um, new tech opportunity to actually, it's going to help a lot.

Speaker 1 21:45 Where do you see company culture in this new picture? If, I mean, if we do start to see a lot more people working from home and a lot more activities done over, you know, um, over the internet and meetings, et cetera, where is company culture going to be in this picture? Okay.

Speaker 2 22:04 Yeah, I, that is something that to me is, uh, is really impressive and struck me a lot, two things. The first thing is that the action in terms of concrete, uh, company culture, did I mention, uh, the, the group spirit, the solidarity and the pride though of, uh, uh, wo --

-- rking for a company that is socially, socially responsible and response to this crisis in a, in a caring way, uh, I think has become so, so important then that you can see everywhere. You just have to open LinkedIn and you see everyone celebrating this kind of, uh, uh, aspects of their, of the, of the corporate life. Okay. So you see, uh, clearly, um, declarations of videos of people producing jail. I mean, you have this sense of pride, which is very good because this is a, this is actually creating not only a corporate culture that is around the way we do business, but we way do we do spend our lives together for almost one third of the day for everybody.

Speaker 2 23:16 So it's, it's, it's really an interesting perspective, uh, as well. Um, I believe that, uh, if we see the new crisis, the one, uh, uh, Lincoln to the tragedy of the, you know, black lives matter, I mean, you can see that this same kind of emotional involvement actually translated also into, into, into that movement. So I think those, this is something that is going to stay. It's going to be a defining moment because this is going to be the way you did. You define the brand of a corporate, um, is the way you actually react as a group to a certain, uh, to certain challenges or to a certain themes that appear in, uh, uh, in any way in the day to day activity. So this is, this is really changing. And I think this is going to also to have an impact and, and is the result of a change in mindset of a more, let's say aware mindset of the people. So if you think about the choice, the preference of the worker to is no longer to, let's say to work for somebody, or actually to idea to a certain set of values that actually this, uh, this company. And it says he believes in. So it's, it's, that is, that is very important.

Speaker 3 24:40 That's Filippo Mauri of IMUNDO Global. He's a supply chain expert based in Switzerland, and he'll be my guest again, next week, we'll discuss the flattening of organizations with the leveling of the hierarchal playing field, and he'll share his thoughts on the opportunity that the shifting business landscape is bringing to developing countries. I hope you'll join us. Then it's an interesting conversation if you enjoyed this episode of make it right, I hope you'll subscribe and share it with your friends and colleagues through iTunes, Google play, Stitcher, Spotify, and YouTube, and keep in mind that make it right as brought to you by the kind support of Kevin Snook leadership advisor and author of the bestselling book to Make It Right, Five Steps to Align Your Manufacturing Business from the Frontline to the Bottom Line. Until next time I'm Janet Eastman. Thanks for listening to Make IT Right.

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