

06/2020 **STATEMENTS**
#1

QUALITY IN
TIMES OF CRISIS

AUTHOR:
MICHAEL FLUNKERT

automotiveland.nrw

In times of the Corona crisis, we are painfully experiencing how vulnerable the system in which we live and work is. The necessary emergency actions of the government left their mark on the private life of people and the global economy. International supplier networks must bounce back quickly from the massive restrictions of the past months so that our companies can overcome this severe recession preferably without any major damage. The industrial position of Germany is once again expecting challenging times, in which some stakeholders will completely reposition themselves on the market and have to reflect more than ever on what has made our position strong in the first place: the quality promise "Made in Germany".

This is true during the crisis, when people rely on a functioning healthcare system and good quality of products, which ensure our life and survival. However, the quality promise should also be true when the economy is soaring again and companies with good product and process quality have to assert themselves on the market. We can still remember how climate change dominated all the headlines before this global crisis. We will be able to devote ourselves fully to the issue of climate protection again — we are not lacking in challenges. In these times, our industrial nation is truly vulnerable. And today it is clearer to us than ever — all our prosperity is significantly based on our industry. Securing this prosperity is also a primary task as well as "climate protection". Because without a flourishing economy neither the environment can be saved nor can we live comfortably.

The three factors for a successful future

In this sense, we must combine economy and ecology, not separate them. This need results from the third factor to be considered: social concerns. Sustainable development requires the economic, ecological and social concerns to be taken into consideration equally; correspondingly, all three factors must also be the object of business activities. Short-term decisions contradict these three aspects. However, when looking ahead, they can develop positively and serve sustainability. That can be seen as an opportunity. We have to help shape not only ecological but also social and economic "climate change". There are many ways to support our country for improving the framework conditions. This is especially true for politics. It still has to do its homework. But it is also our corporate responsibility to prepare the industrial position of Germany for this change.

Where we are...

We must reflect on our strengths in "economic climate change". A true "strength of our industrial position" is our demand for high quality. Made in Germany – innovation, reliability & quality – is still an expression of our competence in the matters of "Quality". This includes the technical quality of the products and error-free handling of all processes and services associated with the product. And the demand is growing. Today, new quality criteria are added that must be proven not only in your own company, but also in the supply chain. For a company, environmental protection must no longer be a barrier or an expense factor today. It is no longer "a problem" but part of the solution. These demands are also applicable for the supply chain. So far there is no "supply chain law", but to avoid competitive disadvantages a company is required to work sustainably even today. This includes the evaluation of working conditions or the environmental compatibility of production processes in the supply chain. Of course, all of this in the service of our market, in the sense of "Service Excellence" for the customer.

The consistent alignment of corporate strategy to comprehensive quality and both current and future customer satisfaction, up to and including entitlement of customer enthusiasm, leads to considerable competitive advantages. The aim here is to face the predatory competition on the market through consistent customer, process and employee orientation.

... and where we want to be.

Quality is and remains the strength of the German industry, supported by the German medium-sized companies. That is why Germany is the benchmark and source of inspiration for the industry in Europe and the whole world. Quality shouldn't be a "compulsory exercise" for a sustainable company but is an important part of a corporate strategy with which one asserts oneself in the market and seeks competitive advantage. Quality is therefore an integral part of corporate responsibility. Many companies are aware of this, some have some catching up to do. But everyone has a need for quality — in the entire industrial market. And everyone has the potential to optimise their processes in the digital world.

The question remains how we develop the quality further — how we can improve quality — how we continue to be the benchmark and source of inspiration in the world's markets. Other nations are on our heels. An economic power such as China has a cost leadership today and focuses on "our" competence — quality leadership. It is important to secure this because it is simply in danger, also because of our own misconduct. But this is exactly where German industry has a real asset.

Together we are strong

In addition to our sense of quality, our self-image for providing good performance with a constant demand for improvement, another strength lies simply in our open society. We are driven by a culture of partnership. Characterised by honest cooperation and successful in terms of the quality of our performance, which we can be proud of.

These are the success factors of the German medium-sized companies. We have proved in the past that the "German Mittelstand" is a success model. And that is largely based on honest, trustworthy — simply partnership-based cooperation. This creates a real market advantage in the supplier relationship. This is how you can conclude that quality is teamwork. In keeping with a corporate culture that comes closer to our human intention to work the way you want to.

A mistake is a win

But there are still development opportunities. In the automotive industry, there is often no open and honest communication on how to deal with errors. In today's world, this requires a corporate culture that gives courage in the truest sense of the word, but also needs more courage. This is exactly where the key to optimisation and improvement lies. Here, the added value of a positive error culture contrasts with a possible contractual penalty in the event of defects. Learning from mistakes means gaining knowledge. In addition, the open handling of errors is a contribution to the solution and at the same time a prerequisite for faithful cooperation. But for fear of reprisals, identified problems are not addressed or a learning process is not initiated. There is great added value for all parties involved in a partnership.

Now it's time to tackle!

How can we better use this potential for our economy? What must be done?

- We have to take our quality standards seriously. Resting on our great image "Made in Germany" is fatal. We need a positive error culture, characterised by an open handling of errors, which ultimately gives us a real gain in quality and a knowledge advantage.
- We can cooperate better and further develop the culture of partnership — with more openness and transparency. When the companies in the supply chain work together as partners and cultivate a positive error culture, a synergy arises from which everyone involved benefits.
- Our strength lies in our high-quality standards — with further potential in the supply chain. Because strength lies in good cooperation — also across companies.
- In the digital age, we will develop new processes that better exploit this potential. Everything in terms of quality — in terms of the finished product at the end of the supply chain.

Those who position themselves strategically in the digital age have completely new opportunities today. The development of modern cooperation between companies should not be ignored: linear supply chains have long since become branched-out supply networks, in which quality does not arise from the sum of the quality contributions of individual suppliers, but from the networking of the people involved. It is therefore important to promote both strong cooperation between companies in the supply network and to exploit broader possibilities for digital quality and improvement management, because this provides a significant competitive advantage for the companies. This is exactly how we are strengthening our industrial position in the face of "economic climate change" and securing a strong role in the global economy.

Acting in the interests of quality is a fundamental part of our corporate responsibility. Because from an advantage of the present we come to a real asset in the future. This creates space for a new quality, where all lines of action fit together and the companies in the supply chain work together as partners. A space for new processes that promote quality and service excellence.

Strength through quality

The Corona crisis is a major challenge that teaches us a lot about the vulnerability of our global systems and processes. A challenge that also helps us to move forward, as we use the experience we have gained from this extreme situation and also think critically about the sustainable use of resources, global warming, endless growth and the importance of partnership-based cooperation in the economy. These topics were already a challenge for us before "Covid-19" — and will remain so. Quality will play a decisive role in stepping out of the shadow of this crisis successfully and strongly and in shaping the future of our industrial position positively in the long term. We will only succeed in doing this if we act together.

AUTHOR

A graduate in business administration, **Michael Flunkert** is the Founder and Managing Director of Babtec Informationssysteme GmbH. He studied business administration at the University of Applied Sciences in Düsseldorf and during this time he founded a system house that dealt with the development of IT tools for quality assurance. In 1994 he founded Babtec with the aim of offering software for all phases of the quality process for all manufacturing companies. The company is considered one of the pioneers of Computer-Aided Quality Assurance (CAQ) in Germany and is now a leading provider of software solutions for quality management. He passionately executes the guiding principle of making the world a little better every day through quality and actively helping to shape the future of quality management.



automotiveland.nrw e.V.
Kölner Straße 8, 42651 Solingen, Germany
Contact: Stephan A. Vogelskamp
Tel.: + 49 (0) 212 881606 - 993
info@automotiveland.nrw
www.automotiveland.nrw

**THE
GREATEST
DANGER IN
TIMES OF
UPHEAVAL IS
NOT THE
UPHEAVAL
ITSELF, IT IS
ACTING WITH
YESTERDAY'S
LOGIC.**

PETER DRUCKER

automotiveland.nrw is networking industry, science, innovators and governments in joint projects to provide smart solutions for global mobility challenges.

automotiveland.nrw