



Navigating ongoing disruption in the automotive industry:

8 TIPS FOR RESILIENCE

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The automotive sector has encountered a multitude of disruptions in recent years, each posing unique challenges that have necessitated pivots in operational strategies. With disruption a near constant in the sector, it can be tempting to respond to each passing change or development with an all-out shift in strategy. Over the years, there are many examples of industry-altering events, decisions or outside impact that have created new challenges and opportunities, as we have seen most recently with the push for EVs. Further, rapid shifts in propulsion strategies, localized supply chain events, or competitive threats from new market entrants have also ushered in significant disruption.

Yet, it's those organizations that pay close attention to disruption, build in resilience and flexibility, and don't let "shiny objects" upend their core operations that will be best positioned to thrive in the future. With that in mind, we offer the following suggestions for building organizational resilience amidst disruption.

8 tips for building organizational resilience

1. **Conduct periodic assessments and prioritize your actions.** An honest evaluation of the organization's capabilities can highlight weaknesses and unlock opportunities to adapt and grow. An effective audit not only identifies vulnerabilities but also reveals latent strengths that can be leveraged in a transformative strategy.

By prioritizing key areas for improvement, companies can streamline operations and enhance efficiency, ensuring they remain agile and responsive to market demands. This deliberate approach fosters a culture of continuous improvement, enabling organizations to align their resources and initiatives with a clear vision for future success.

2. Foster a culture of innovation and risk

tolerance. Encouraging innovation and risk-taking can yield a significant competitive advantage. Fostering a brave culture not only empowers employees to voice novel ideas but also cultivates an environment where creative problem-solving is the norm rather than the exception.

Companies that actively encourage their teams to experiment and embrace failure as a learning opportunity can harness diverse perspectives, resulting in innovative solutions that drive the business forward. Moreover, by instilling confidence in their workforce, organizations can navigate uncertainties with resilience, ensuring they maintain a competitive advantage.

While building an enterprise appetite for innovation and risk is important, it's also critical to ensure there are appropriate controls in place. All innovation and risk should be strategic, intentional, and measurable. And as metrics are available, those should be used to adjust and improve.

3. Avoid “shiny object syndrome”. The shift towards EVs, and the pushback it has received, underlines the importance of maintaining a long-term vision. It's crucial to stay committed to your strategic goals.

While the automotive industry is undeniably in a state of flux, succumbing to “shiny object syndrome” can divert focus from core strategic objectives and lead an organization away from its strengths. It is imperative for businesses to diligently evaluate emerging trends and technologies, ensuring they align with their overarching vision and long-term goals.

4. Use data to make better decisions.

By harnessing advanced analytics and real-time data, companies can gain actionable insights that illuminate customer behaviors and internal performance metrics. This enables organizations to make informed decisions that are not based solely on market trends and to enhance responsiveness to customer preferences and needs.

Furthermore, integrating data analytics into strategic planning empowers manufacturers to anticipate industry shifts and adapt more swiftly, ensuring they remain competitive in an increasingly dynamic landscape.

5. Build flexibility into systems and operations.

Developing resilient systems that allow for quick adaptations enables organizations to effectively respond to evolving market conditions and unforeseen challenges while maintaining a clear focus on their core mission.

Flexibility in systems and operations not only prepares automotive companies for quicker response times but also encourages a proactive approach to innovation. By embracing a culture of continuous learning and adaptability, organizations can implement iterative improvements that drive efficiency and growth over time. This forward-thinking mindset not only strengthens their market position but also fosters long-term sustainability, ensuring that they can thrive in an ever-evolving landscape.

6. Prioritize planning to ensure agility. Dynamic modeling can offer a foresighted approach to planning. Such intentional planning can empower automotive companies to make informed decisions that align with their strategic goals.

Dynamic modeling serves as a powerful tool for automotive companies by providing insights that lead to more informed decision-making and improved strategic alignment. By simulating various market scenarios and outcomes, organizations can foresee potential challenges and opportunities, allowing them to develop more robust contingency plans. This proactive approach not only enhances overall operational efficiency but also cultivates a culture of strategic foresight, enabling companies to stay ahead of the competition.

- 7. Break down silos and embrace difficult conversations.** Open, cross-departmental communication can function as a company's "sense check." Breaking down organizational silos can stimulate innovation and operational efficiency by integrating diverse perspectives and insights.

This integration not only facilitates the exchange of diverse ideas and perspectives but also aligns different functions towards common goals, ultimately enhancing operational efficiency and responsiveness to market needs. Embracing cross-departmental teamwork and constructive debate can lead to innovative solutions that drive the business forward, positioning companies to adapt more quickly, as needed.

- 8. Manage the workforce strategically.** Proactive workforce management, which includes making strategic hires and upskilling existing staff, can equip a company to navigate future needs and disruptions seamlessly.

This approach fosters a culture of lifelong learning, enabling organizations to respond swiftly to new challenges and capitalize on emerging opportunities when they arise.

Balancing aspiration with reality

The automotive industry is in a state of significant disruption. And there are more disruptions on the horizon. Yet, these challenges present opportunities for resilience and determination.

However, it is imperative to acknowledge that the tips discussed present a utopian ideal that may be difficult to fully realize in practice. The realities of entrenched corporate structures, varying levels of resource availability, and the often-slow pace of cultural change within organizations can hinder the effective implementation of these strategies.

Therefore, while these concepts serve as valuable guiding principles, automotive companies must also embrace pragmatism, recognizing the complexities involved in operationalizing such ideals in a rapidly evolving landscape. Balancing aspiration with reality will be crucial in ensuring that these strategies not only exist as theoretical frameworks but are effectively translated into actionable results that drive true transformation.



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