

COVID-19 Operations Continuity Manufacturing Plant Operations

PESA Member Webinar

May 28, 2020

Welcome, we will commence shortly.



Webinar notes



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AlixPartners team members participating in today's webinar



Steve Hilgendorf	Travis Jarrell	Michael Chiock	Ranjith Kondath
<p>Steve is a senior leader in our Operations practice. He has more than 25 years of industry and advisory experience in manufacturing operations, with a focus on industrial and highly engineered products. He is a seasoned executive with a successful record of running global operations.</p> <p>shilgendorf@alixpartners.com</p>	<p>Travis is a director in our Operations practice. He has more than 17 years of industry and advisory experience, primarily serving industrial, consumer, and transportation clients with a focus on productivity improvement and service enhancement. He has advised a number of multinational clients in the energy and process industries sector.</p> <p>tjarrell@alixpartners.com</p>	<p>Michael is a turnaround and consulting professional and one of the leaders of AlixPartners' Oil and Gas practice. His primary focus is in oil field services with branch based operations. He brings strategic and practical solutions to companies seeking quick-to-implement and sustainable programs to increase profitability and liquidity. Michael combines operator and consulting experience.</p> <p>mchiock@alixpartners.com</p>	<p>Ranjith is a leader in the Oil & Gas practice with over a decade of experience advising marque names in the industry on strategic and operational issues. He has over 20 years of experience spanning multiple industries and geographies as an operator and consultant. Ranjith is actively involved with PESA and is part of the Supply Chain Committee.</p> <p>rkondath@alixpartners.com</p>

Amid COVID-19, manufacturers across the globe are looking restart operations / gear ongoing operations to a 'new normal'

The global COVID-19 pandemic presents a challenge unlike any other

- Global pandemic with health and safety as the top priority
- Unique challenges on governments and governmental agencies
- Deep cuts to global GDP, with significant increase in unemployment
- High level of uncertainty for business leaders across all industries

This crisis has placed unique challenges on manufacturers across nearly all industries and contexts

- Manufacturers have dealt with rapidly changing guidance and restrictions from federal and local governments, along with ongoing personnel and supply chain challenges
- Companies are facing acute and nuanced challenges depending on the specific region and industry

The role of operations leaders is critical to ensure employee health and safety while establishing business continuity

- Specific are establishing policies and procedures to ensure employee safety & health as operations restart / ramp-up, with operations leaders playing a central and critical role
- While there is no 'playbook' for this environment, sharing and disseminating learnings and best practices can help leaders navigate uncertainty

Our aim is to share tactical perspectives based on our work with manufacturing clients across a range of contexts – with the understanding that each company will face unique circumstances

We see six key tactics of successful operational restarts / ramp-ups amid COVID-19

1
Commit to regular and ongoing communication at all levels



Key objectives

- All key stakeholders aligned on restart / ramp-up plan, phasing and progress
- Front-line workers in secure state of mind prior to and post restart

2
Clearly define and document new health & safety protocols



- New processes and procedures established for 'Day 1'
- Materials and supplies available, aligned with new standards
- New roles and responsibilities defined; external hiring as needed

3
Confirm supply availability and customer demand



- Material and supply availability confirmed
- Order confirmation calls conducted with all key customers
- Regular touchpoints established with key suppliers and customers

4
Ensure operational readiness



- Initial production plan established
- PMs and calibration conducted for all key equipment
- Raw material, WIP, and finished goods inventories confirmed

5
Train employees on new policies and procedures



- Pre-return training conducted for management team
- First day training / orientation planned for employees prior to resumption of duties

6
Underpin with a structured Operational Continuity Team



- Team members identified / onboarded
- Roles and responsibilities confirmed
- Daily meetings calendared with structured agenda / metrics

Provide regular and ongoing communication with all key stakeholders before returning to operations

Communications – key tasks

1

Ramp-up

- Define channels and timing for communication of plant ramp-up plans to all plant employees
- Conduct leadership alignment calls / video conferences with key plant leaders (include union leadership as appropriate)
- Establish ongoing communication channels with key suppliers and customers (e.g., on volumes / capacities, issues / delays, allocation approach when orders exceed capacity)
- Define policies and procedures for contractors and visitors, share with key contractors
- Establish proactive communication with local officials

Site-specific

- Develop and install signage linked to revised health and safety protocols (e.g., reinforcement of hygiene and social distancing practices, signage for any newly defined areas); ensure signage is developed in appropriate languages
- Establish process for daily communication from plant management team to all employees
- Schedule daily 'war room' meetings with Operational Continuity Team (see Operational Continuity Team section for details on roles and responsibilities)



Clearly define and document new health and safety protocols to ensure the physical and emotional health of employees (1/3)

Health and safety protocols – key tasks

2

Plant H&S preparation / readiness

- Develop controls around entry / exit during shutdown (e.g., limit to security, sanitation team / vendors, leadership as needed)
- Ensure plant 100% disinfected prior to any restart, with particular attention to tools, workstations and equipment, restrooms, cafeterias, lockers, common surface areas
- Replace all HVAC filters
- Document enhanced disinfection procedures and incorporate into master sanitation schedule
- Define COVID-19 deep cleaning / disinfection standards (i.e., for positive case results)

Health screening

- Determine whether self-assessment is required of individuals and how to execute
- Determine on-site screening / testing protocols (e.g., upon entry, during operation)
- Define methods to track and monitor health screening results
- Develop isolation protocol for employees who fall ill at work (e.g., detailed flow chart including method to identify close contacts)



Clearly define and document new health and safety protocols to ensure the physical and emotional health of employees (2/3)

Health and safety protocols – key tasks

2

Social distancing

- Develop heat maps to identify high risk areas
- Define social distancing protocols to keep line workers at a safe distance; in the event this is not possible, develop engineering or PPE-based controls to safeguard workers
- Divide plant into zones, with specific allocation of restrooms / break rooms to enhance distancing
- Define staggered start / stop and break times to minimize worker overlap
- Consider eliminating clock in / clock-out for a number of weeks (e.g., automatic 40 hour payment with true-up) or manual timekeeping
- Where not in place, install plexiglass barriers for high risk roles (e.g., security desk, MRO store)
- Define protocols for proper social distancing in meetings (e.g., plant level, shift handover)

Operator methods

- Define practices for safe handling of inbound materials / packages
- Define operator methods for ongoing disinfection of common surfaces; consider increasing count of touch screens on the floor to reduce sharing / potential contamination
- Consider allowing operators / maintenance personnel to own individual tool sets on interim basis



Clearly define and document new health and safety protocols to ensure the physical and emotional health of employees (3/3)

Health and safety protocols – key tasks

2

Safety checks

- Check all key safety equipment – Fire extinguishers, alarms, eye wash / showers

Disinfectant supplies

- Confirm operation has an adequate supplies and stock of soap, disinfectant, hand sanitizer, and paper towels and tissues (30 day supply recommended)
- Define locations for portable disinfection stations; procure / build and install

PPE

- Define any updates to PPE requirements for plant personnel (e.g., by role and including new roles such as medical screeners)
- Confirm stock of masks, gloves, glasses and thermometers on-site and on-order based on requirements, expected usage rates and anticipated lead times

H&S staffing / roles and responsibilities

- Define ownership for roles and responsibilities tied to new health and safety protocols
- Identify or hire personnel for new responsibilities where capacity / capabilities do not currently exist (e.g., health screeners); consider hiring external medical personnel
- Identify owners for referencing and incorporating CDC and local government guidance on an ongoing basis



Confirm supply availability and customer demand to mitigate risks and minimize operational impacts

Supply availability and customer demand – key tasks

3

Engagement

- Conduct calls / video conferences with critical suppliers to validate POs and ensure supply availability, with particular attention to critical supplies with long lead times

Supply and customer analysis

- Evaluate supply risks, define alternate supply plan for most critical supplies as necessary (may require new supplier approvals)
- Conduct calls / video conferences with critical customers to validate orders
- Evaluate customer risks and potential impact on production

Inventory monitoring

- Define processes and tools to closely monitor order status and inventory levels



Proactively prepare for ramp-up to ensure operational readiness with stringent focus on quality, performance and H&S levels (1/2)

Operational readiness – key tasks

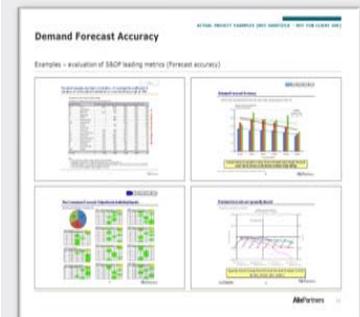
4

Production planning

- Build initial, 13-week demand forecast with input from sales leads, customers
- Revise line rates / cycle times based on new layout / production methods (e.g., new line rates based on social distancing methods deployed on the line) and crewing levels
- Incorporate revised line rates into production planning tools and adjust performance targets
- Define estimated absenteeism / call-out rate as input into production plan
- Verify availability of all outsourced service providers
- Build or refresh operator skill matrices
- Define backup protocols in order to not shut lines down due to staggering of lunches / breaks
- Establish weekly S&OP cadence, updating supplier, production rate and order information

Inventory confirmation

- Conduct physical audit to confirm location and quantities of raw material, WIP and finished goods to avoid potential delays in production
- Review any 'on hold' material that may need rework or decisioning to be released
- Evaluate MRO stock levels to account for likely extended lead times – local stores may not be available as a reliable backup



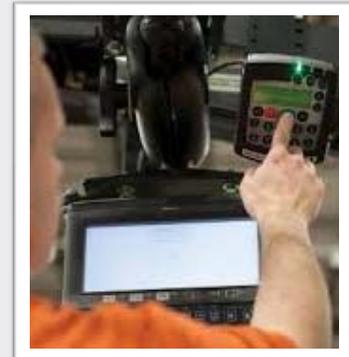
Proactively prepare for ramp-up to ensure operational readiness with stringent focus on quality, performance and H&S levels (2/2)

Operational readiness – key tasks

4

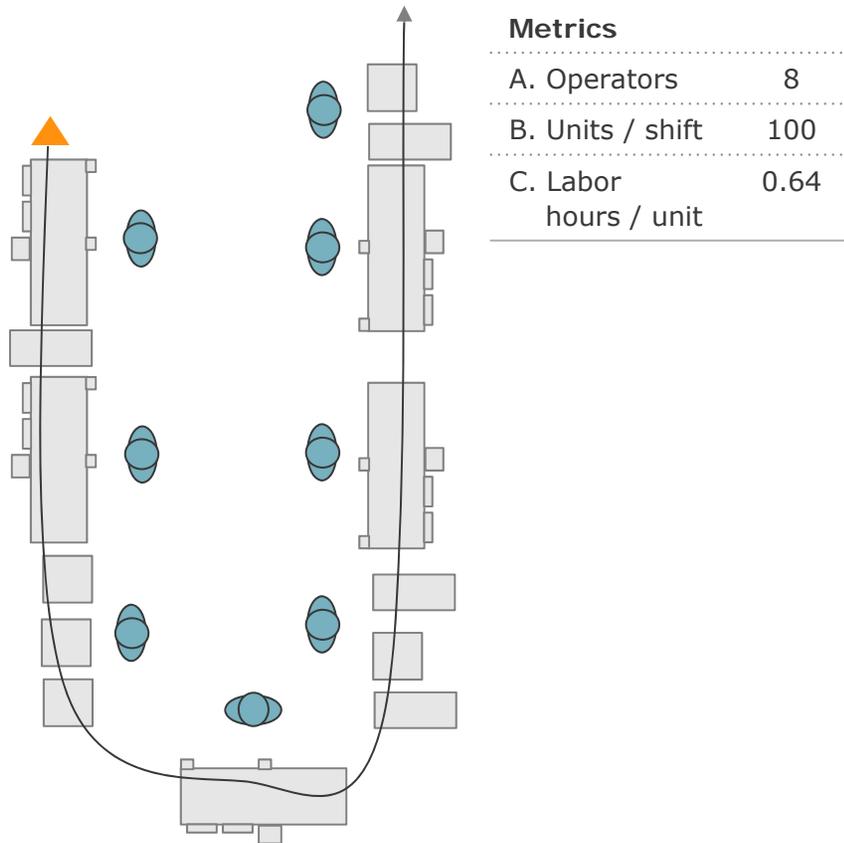
Equipment readiness

- Review preventive maintenance (PM) records, schedule and complete all critical PMs
- Calibrate all critical machinery
- Conduct 'dry run' of all key equipment
- Confirm proper operation of utilities
- Ensure operation and readiness of material handling equipment
- Pre-check all critical IT hardware, software system functionality (e.g. SAP, Kronos, EDI, etc.)

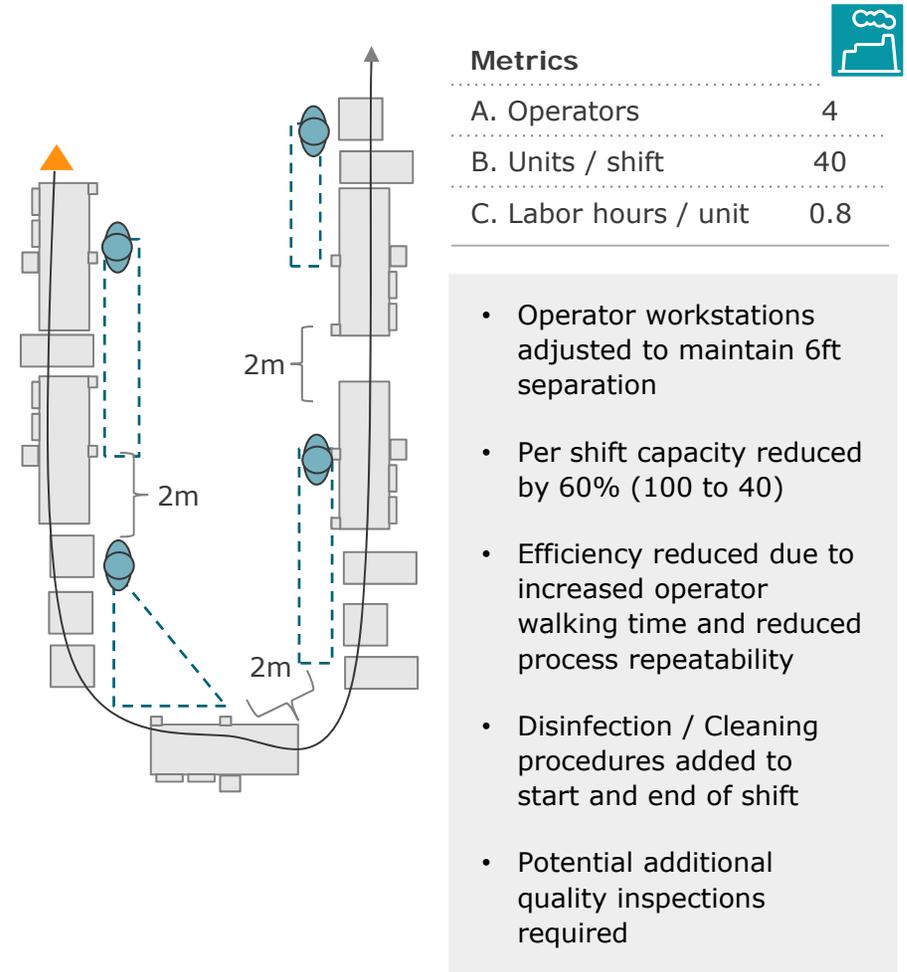


Work during ramp-up will potentially have a significant impact on productivity and available capacity

Pre-COVID-19 example



Post-COVID-19 example



Train employees on new procedures to effectively disseminate policies and expectations to prevent everyone's H&S

Employee training – key tasks

5

Training plans

- Plan to deliver trainings on the detailed topics so all site management are aligned with new playbooks, protocols and guidelines
- Update and provide broad access to all training materials
- Incorporate updated training material into new-hire onboarding

Pre-return to work

- Conduct pre-return training for site leaders – remotely train management team on new protocols (e.g., distancing practices, disinfection protocol and personal hygiene procedures, isolation procedures for positive COVID-19 cases)

First day operations

- Schedule first day training / orientation for all employees
- Host specific, pre-return and first day training for sanitation team leaders, HR leaders, and health screeners

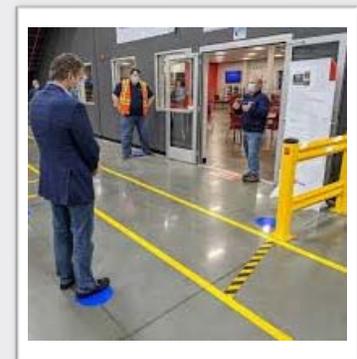


Underpin all efforts with a well structured Operations Continuity Team (OCT)

Operations Continuity Team – key tasks

6

- Establish the cross-functional Operational Continuity Team (OCT). Recommended roles include:
 - Plant manager, with overall responsibility for the site’s pandemic response plan, operational continuity, and leadership of daily OCT meetings
 - PMO lead, with responsibility for daily / weekly metrics and tracking of action items
 - Communications lead, responsible for all broad communications for the site, in alignment with corporate communications and HR
 - H&S lead, responsible for developing protocols in alignment with corporate EHS leaders
 - Supply lead, responsible for securing all necessary supplies to ensure operational continuity and implement and sustain site H&S protocols
 - Customer lead, responsible for ongoing communications with top customers
 - Operational lead, responsible for overall operational continuity and adherence to H&S protocols on the shop floor
 - Training lead, responsible for development and delivery of H&S / employee training
- Calendar daily OCT meetings
- Develop structured meeting agenda, critical metrics, and escalation procedures



Q&A

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