

One on One: Industry 4.0

Each quarter we sit down with an industry thought leader to discuss the trends, challenges, and best practices that are transforming their business. Today, we're with Lars Reich, EVP Sales & Marketing, Feintool U.S., to discuss how Industry 4.0 is changing automotive manufacturing and creating opportunities across the industry.



Industry 4.0 isn't merely a marketing buzzword. The digitalization of manufacturing has significant impacts on manufacturing performance, efficiency, cost reduction, waste, and many other areas. We have invited Lars to share how Industry 4.0 impacts his industry and Feintool and what strategies Feintool decided to follow.

Feintool is a global automotive supplier to OEMs and tier 1 and tier 2 suppliers. More than 95% of the company's customers are in the automotive space with the remainder in medical manufacturing. Feintool has 15 plants worldwide, which helps it compete on a global scale.

Over the years, automotive, medical, and other manufacturers have required more complex and exacting components, and Feintool has been able to deliver thanks to its focus on innovation. Today the company is a leader in precision stamping and forming processes that produce the meticulous components their customers demand.

Tell us about the significant challenges and changes Industry 4.0 has presented for Feintool?

Lars Reich: Some of the challenges are global programs and massive platforms, which can make it difficult for smaller companies to compete and stay in the game. For example, in the past, we supplied parts for Chevrolet Corvette, Malibu, and Impala. Today, most car models share common platforms, so the supplier contracts are larger, but there are fewer of them. It's very difficult to win those contracts, and if you lose them, you can lose a lot of business. It can also be tough for smaller companies to stay in business, given the two- to three-year sales cycle. Suppliers have to be connected, global, and in the right place at the right time. You need a lot of energy and reserve. It is a very difficult and competitive business. To be successful, we not only have to be the best from a technology perspective, but we also have to be the most competitive from a cost perspective. It's hard to check both boxes.

What are some of the strategies Feintool uses to stay competitive with technology and cost?

Reich: Even with all the technology, data, and tools that Industry 4.0 has spawned, in the end, it's still about people. No company succeeds without good people. We try to be a company that can attract and retain good talent. And then we have to give them all the tools to be great. We can generate terabytes of data, but if you don't have the right people to make sense of that data and turn it into insights, it's worthless.

Investing in global infrastructure is another strategy. Having a global presence opens more opportunities for us and ensures we have facilities where our customers need us to be. In the U.S. operations alone, Feintool has also invested \$130 million in the past ten years in new equipment, vertical integration, IT and ERP systems, and CRM to lead in quality and value for our customers. You have to balance talent, global infrastructure, and technology investment to have a chance.

What do you think are the most significant technology trends resulting from Industry 4.0?

Reich: For Feintool, it's about transparency. Industry 4.0 helps provide transparency for the manufacturing process by bringing different systems together to create one view. We introduced a cloud-based ERP system in 2007. Those investments have given us worldwide access to data. Now, we can monitor how our machines are working as well as part quality and sales performance in real-time, and we can use this data to make adjustments to increase efficiency and performance immediately.

In our Nashville production facility, the machines are equipped with sensors to monitor temperatures, vibrations, and other factors that could impact production. Those machines cost about \$12 million, and if they go down, we risk shutting down an entire vehicle production line. Nowadays, no one has inventory, so those machines have to be up and running.

Globally, our fineblanking machines are online with Feintool in Switzerland such that equipment health is monitored in real-time and we maximize customer value continuously.

What do you see as the most significant challenges, risks, constraints that Industry 4.0 has created?

Reich: For us, it's the quantity and quality of the data our systems generate. Having data isn't enough; manufacturers have to know how to interpret and analyze that data to make the right decisions. For example, it's not enough to know something isn't working, but the key is to understand why it isn't working. You have to have the right data and the right analysis because these go hand in hand.

Another challenge is how fast our industry is changing. We are in the middle of a large shift with electric motors, and there is a lot of uncertainty with where the industry is headed. Automotive

manufacturers don't want to make significant investments in certain technologies because they don't know how long those technologies will be viable. This uncertainty puts tremendous pressure on everyone to make the right decisions. Companies invest in those technologies and don't know if they will have the return.

What is one piece of advice you want to pass onto our readers?

Reich: If you are involved in big projects, break it down into smaller, more manageable steps. Breaking enterprise projects into modular pieces makes it easier to accomplish. You'll create small successes, which will add up over time. I see it in ERP and CRM implementation all the time. Usually, people want too much, too quickly, but these large projects take time, so be patient and don't expect immediate success. There are lots of opportunities to celebrate small victories along the way. Rushing things can end in disappointment and failure.

Thank you to Lars Reich for sharing his insights on Industry 4.0 and how Feintool is operating in this new manufacturing environment. If you want to learn more about Feintool, visit <https://www.feintool.com/en/>.

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