

NAVIGATING COVID 19 | MANUFACTURING SECTOR

India was projected to become the fifth largest manufacturing country in the world by the end of 2020. Indian merchandise exports in April-January 2019-20 were estimated at US\$ 265.26 billion. However, the manufacturing sector in India has been hit hard due to the COVID 19 crisis. Production in the automobile and related sectors, as well as in the consumer goods vertical has either slowed or closed down due to low consumer demand, regulatory directions and lockdown measures. The pandemic has also brought about an increase in the demand for smart manufacturing by enabling technology. It is important for the manufacturing sector to develop strategies to thrive in the changed business environment.

The 10 commandments

This point-in-time note given below provides perspectives from MGC Global Risk Advisory LLP on **10 significant aspects that can enable the manufacturing sector in India, respond effectively** to the current and emerging situation.

Focus of risk assessment

Identify products at a risk of stockpiling and supply chain constraints and reassess their logistics flow. Assess the capacity and ability of the distribution channel and prepare for demand fulfilment in the future.

Human resources

Build the pipeline for talent and headcount, where there has been a reduction and bring in flexibility to adjust to expansions or slowdowns in production.

SOPs

The new SOPs should include guidelines on business resumption for the premises once measures ease. They should lay out the protocols to handle equipment and social distancing guidelines to be followed, while allowing adequate time for adjustment to the workforce.

Safety measures

Adopt new preventive measures such as touchless automation at manufacturing plants, warehouses, and corporate locations. Ensure deep sanitization and sterilization, daily temperature checks and the mandatory use of masks. Further, adopt staggered lunch breaks and rework the warehousing and transportation guidelines using a cautious approach.

Manpower utilization

Ensure optimal utilization of manpower talent, engaging the underutilized workforce productively to implement the newly adopted practices or for other growth opportunities. Implement a manpower sharing program between different units, to be able to fulfil the demand, in-house.



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Strategy

Re-assess your strategy to procure raw material. Touch base with suppliers and ensure the availability of your requirements. It may also be possible to source the required material locally and at lower prices amid the COVID 19 restrictions. This would also help to mitigate the risk of supply chain disruption.

Customer integration

Maximize revenue by aligning processes to be customer centric and efficient. Low product cost, superior quality, sustainability, multichannel order portals and timely delivery can provide companies a competitive edge.

Legal

Taking into account COVID 19, ensure thorough and strong contractual agreements with customers as well as partners to avoid any disputes.

New products strategy

The new products strategy is a direct outcome of the Corona effect, which will last for at least another year, if not more. Some categories of products, such as in the healthcare sector will experience high demand and this could trickle down to related products, leading to an overall increase in general demand.

Research, development & information technology

Invest in technology that increases efficiency and reduces cost. Adopt automation to re-invent your business as this would require less manpower and in turn enable the maintenance of distance and limit employee interaction.

Disclaimer

The information contained herein is based on the research undertaken by our in-house Markets team and is of a general nature and is not intended to address the circumstances of any particular individual or entity. It is not meant to be considered a substitute for professional advice in any manner and no one should act on such information without an appropriate and thorough examination of situations that would be specific to the reader; and without due professional/expert assistance.

Contact details

In case you would like to discuss the above or any other aspect relating to risk management and business transformation, please write to us at contactus@mgcglobal.co.in.

MGC Global Risk Advisory LLP

Our Firm was established in September of 2015, with the vision to be the best providers of risk advisory services wherever it operates. Effective May 08, 2019, MGC Global Risk Advisory LLP became a direct and independent member firm of the US\$ 4.2 billion, Atlanta headquartered Allinial Global (*formerly PKF North America*); and changed its name to MGC Global Risk Advisory LLP.

MGC Global Risk Advisory LLP specializes in providing risk advisory solutions to its clients in the areas of enterprise wide risk management, control assessments, internal audits, fraud investigations, process re-engineering, governance frameworks, IT risks, GDPR readiness, cyber assessments, CxO transformation, board evaluations and research. It currently has over 100 dedicated risk advisory specialists in its own offices in Bengaluru, Mumbai and the NCR and arrangements with our associates to service its clients in all major cities in the country.

Our Firm has access to the expertise of over 28,373 professionals and over 4,000 partners in 611 offices across the globe as a member firm of Allinial Global. Amongst numerous achievements and accolades secured, our Firm has been recognized as one of the '10 most promising GRC consultants in India' in 2017, the 'Company of the month' in January 2018 and the 'Company of the year' in 2018 as well as in 2019 (*all, in the category of risk advisory services*) and most recently, has been recognised as one of the 'Top 10 exceptional companies to work for' in 2020.

