STRATEGISCHE UND OPERATIVE STEUERUNG BEI RECARO

26th April 2016, Dr. Bernd Gaiser
RECARO TRADITION
Innovation since 1906
RECARO WORLD TODAY
Organization

RECARO Brand held by RECARO Holding

RECARO Group Divisions

RECARO Aircraft Seating

RECARO Child Safety

RECARO New Business

to be announced

RECARO License Partners

RECARO Automotive Seating by Johnson Controls

to be announced

RECARO New Business
A brand has a **distinctive image**, which is anchored in the **hearts and minds** of the target group, and which is associated with **concrete products** and **value propositions**.
HIERARCHY OF STRATEGY ELEMENTS

Values & Principles

Long-Term Goals

Corporate

Divisions

Group

Business Models (BM)

Strategy Maps (SM)

Strategic Programs (SP)

Divisions

Operationalization

Strategy annually revised

Input to 5YP & Cockpits
CONTROL PROCESS OVERVIEW

Continuous information gathering across functions ("daily business")

Advisory Board
Strategy Approval

Strategy Review

Strategic Key Topics (SKT)

Implementation planning into 5YP & budget

Advisory Board 5YP Approval

Preselection of SKT

Strategy Implementation & Controlling (ongoing)

*BM: Business Model
### RECARO LONG-TERM CORPORATE GOALS

<table>
<thead>
<tr>
<th>Increasing RECARO brand value</th>
<th>2021</th>
<th>2026</th>
<th>Prio</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROS</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Image</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Competence</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td>tbd</td>
</tr>
</tbody>
</table>
1. ...
2. Gaps to Brand ambition need to be closed
3. RECARO still underrepresented in Asia/China
4. ...
5. RAS:
   ...
6. RCS:
   ...
7. New Business:
   ...
8. Take chances from trends in mobility and digitalization
9. ...
10. ...
11. ...
12. ...
<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CONTROL PROCESS OVERVIEW**

**Continuous information gathering across functions (“daily business”)**

**Advisory Board Strategy Approval**

**5YP Approval**

**Strategy Review**

- Strategic Key Topics (SKT)
- Implementation planning into 5YP & budget

**Cockpits**

**Preselection of SKT**

*BM: Business Model*
### BUSINESS MODEL RECARO GROUP

<table>
<thead>
<tr>
<th>Human Capital</th>
<th>Customer Perception</th>
<th>Customer Interface</th>
</tr>
</thead>
<tbody>
<tr>
<td>“…”</td>
<td>“…”</td>
<td>“…”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Core</th>
<th>Value Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>“…”</td>
<td>“…”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Concepts for Future</th>
<th>Cooperation Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>“…”</td>
<td>“…”</td>
</tr>
</tbody>
</table>

According to 7C-Model Horváth & Partners
RECARO GROUP STRATEGY MAP

- **Brand, Markets & Customers**
  - Sustainably increase the value of the RECARO brand
  - Fascinate RECARO customers within the brand identity framework
    - Achieve consistent brand image across all markets

- **Processes and Organization**
  - Run-in as RECARO Group
  - Strengthen core benefits
  - Professional Brand Management

- **Culture & Employees**
  - Identity, Orientation & Motivation: “We are RECARO“!

...
# EXAMPLE OF PROGRAM PLAN

<table>
<thead>
<tr>
<th>Program Title</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why do we need this program? (Motivation)</td>
<td>Targeted outcome (results / deliverables)</td>
</tr>
</tbody>
</table>

## Program Plan

<table>
<thead>
<tr>
<th>Phase / Project / Measure</th>
<th>Start Date</th>
<th>End Date</th>
<th>Results / Deliverables</th>
<th>Divisions &amp; function involved</th>
<th>Divisions’ capacity (in MD)</th>
<th>Holding functions involved</th>
<th>Holding functions’ capacity (in MD)</th>
<th>External costs (T€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONTROL PROCESS OVERVIEW

Continuous information gathering across functions (“daily business”)

Advisory Board
Strategy Approval

Strategic Key Topics (SKT)

Preselection of SKT

Strategy Review
- Str. Challenges
- BM*
- Strat. Map
- Str. Programs

Implementation planning into 5YP & budget

Advisory Board
5YP Approval

Cockpits

Strategy Implementation & Controlling (ongoing)

*BM: Business Model
LINKING STRATEGY TO BUDGETS IS A WELL-KNOWN CHALLENGE

Satisfaction with budgeting process...

...and some of the main issues:

- Alignment between functional strategy and site strategies?
- Alignment between strategy and budget planning?
- Targets comprehensive enough? (SMART criteria)
- Amount of planning loops in budget planning reasonable?

➤ Many issues are around linking strategy to budget
# RECARO’S IMPROVED PLANNING PROCESS IN A NUTSHELL

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Key features of new process</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Assessment with <strong>LEAN Management principles</strong></td>
<td>- Strategic programs are <strong>quantified</strong> concerning their <strong>budget needs</strong></td>
<td>- Old total time (process + transition time): <strong>86 days</strong></td>
</tr>
<tr>
<td>- Interdisciplinary workshops with <strong>representatives on director level</strong></td>
<td>- Departments compete to fund their programs from &quot;<strong>Strategic Budget</strong>&quot;</td>
<td>- New total time at comparable contents: <strong>44 days (-50%)</strong></td>
</tr>
<tr>
<td>- <strong>Commitment of all directors</strong> to comply with process and refrain from</td>
<td>- <strong>Joint decision making</strong> in directors’ workshop, which programs to fund</td>
<td>- New total time with extended contents: <strong>70 days</strong></td>
</tr>
<tr>
<td>&quot;budget gaming” to prevent loops</td>
<td>- Selected programs are included into <strong>budget targets</strong> for cost centers</td>
<td>➔ <strong>20% time saved</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>➔ Less planning loops</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➔ “<strong>Strategic Budgets</strong>” as a new feature</td>
</tr>
</tbody>
</table>
THANK YOU FOR YOUR ATTENTION.