

## **Leading with sectoral transformation in the automotive supply chain: lessons from Brandauer**

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The transition to an electric vehicle (EV) production system from an internal combustion engine (ICE) production system will result in firms in the ICE supply chain gradually losing business and potentially closing with attendant job losses, unless they can secure alternative sources of revenue in or outside the automotive sector.

The recent report from the [Chartered Management Institute \(CMI\)](#) identified potential key drivers of sustainable and inclusive economic growth and innovation in the context of long-standing economic disparities. The CMI report was clear in setting out the depth of the challenge for the West Midlands and other regions. They identified a triple gap of productivity, skills and inclusivity. By skills they target the often-overlooked value of management and leadership in delivering regional economic growth.

In this blog, we build on the insights of the CMI report to highlight the importance of good leadership and management to enable a successful transitioning of the automotive sector towards zero-carbon technologies. Utilising Brandauer in the West Midlands as a case study, we argue that firms with good leadership and management are far more likely to be innovative and drive the productivity enhancements that will help close the gap between the West Midlands and the wider UK.

C Brandauer & Co Ltd (see <https://brandauer.co.uk/>) is a manufacturer of precision stamping tools and components that supplies the auto sector amongst others, and exports to countries across the globe. Such companies have generally been established and run by engineers over the years. However, whilst engineers have obvious conceptual and technical skills, we argue that a good engineer increasingly needs to have commerciality and communication skills in addition to technical knowledge.

Moreover, we would argue that good leaders of firms in the supply chain increasingly need to network with other players in the “entrepreneurial ecosystem” – that is, the whole spectrum of institutions linked to production in a given sector, all the way from universities and government agencies, through to other firms in the sector (up and down the supply chain), and also consumer groups.

In an era of rapid technological change, heightened global competition and the shift to “Green Economy”, gone are the times when a small business could operate with its head down, not looking over the parapet in order to assess market trends and emergent opportunities (and problems). Thus, there is a real need for good leaders to act as “boundary spanners” and forge links across different sectors (a theme we return to below).

Looking at the Brandauer experience, it is evident that a basic aspect of leadership is giving workers the necessary autonomy and confidence to get on with the job. But moreover, we would argue that leadership is also about instilling a culture of questioning established practices and seeking continuous improvement in order to effect cultural change.

The Brandauer experience has been one of complete organisational transformation over the past decade, moving from a forced situation of reactive management and resulting poor morale to the current situation of being forward thinking, a lot more diverse and with a lot more autonomy, creating a completely different culture.

However, the Brandauer experience suggests that good leaders engage proactively with the sectors they operate in, to drive innovation and thereby help to bring about *sectoral transformation*. Good leaders then, to reiterate, are Connectors across the entrepreneurial ecosystem and function as proactive change agents to drive innovation, market growth and productivity enhancement. Similarly, they also embrace diversification and keeping ahead of the market.

As such, a key challenge for firms in the auto supply chain (and it could be argued, for SMEs in general) is embedding a management culture that empowers workers to make decisions, ensures succession planning and gives workers the necessary skills, for which apprenticeships and degree apprenticeships play a key role. Over 13 years at Brandauer, the number of apprentices increased from a zero base to now comprise about 20% of the workforce. In concert with this has been a concerted push to create a succession level of workers just below the management team who are somewhere in between team leader and managers.

The importance of succession planning also throws into the spotlight the importance of “tacit knowledge”, that is the informal knowledge gained through having built up experience within the organisation, and thereby acquiring a critical mass of social capital built up through networking.

However, Brandauer see beyond their immediate company needs to also embrace viability for the wider sectors in which they operate as part of promoting sectoral transformation and productivity enhancement. Spotting a gap in training provision, they developed their own in-house 20-week bespoke full-time programme in concert with, which they even offer to firms that might be competitors.

We'll leave the final words to Rowan in his capacity as CEO of Brandauer: “I've had people come to me and say ‘why on Earth you sharing knowledge with your competitors?’ Well, if I don't, our industry will be dead and of course I can charge them for it because there's a premium for well-founded knowledge to improve skills... It's about being brave enough to use your own IP to the greater good, but also make some money at it along the way.”

It is through practices such as this that we think good leadership and management will help drive the sectoral transformation that will deliver successful adjustment to Net Zero.