



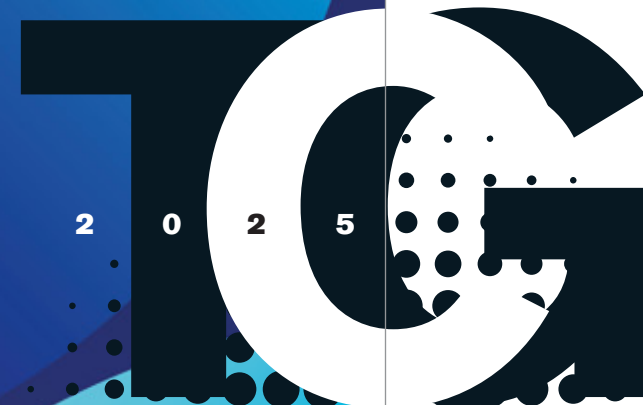
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## CRISIS AS A CATALYST

### Why automotive suppliers must reposition themselves now

*Automotive suppliers find themselves in a defensive position due to an ongoing and intensifying transformation. In addition to well-known technological shifts, such as electric powertrains, Software-Defined Vehicles (SDV) and new E/E architectures, market-driven and legislative changes are further increasing the pressure. New competitors, particularly from China and the USA, are entering the market with different approaches, often favoring more partnership-oriented collaboration models than traditional OEMs.*

*Tightening regulations (emissions, labor rights, supply chains) bring additional challenges. These developments are reflected in declining company KPIs, reduced innovation willingness, and in some cases, even disinvestment. The increasing activity in private equity and M&A further underlines this trend. Family-owned businesses are also considering downsizing or relocating individual production sites.*



This creates clear evidence that companies must transform.

**But the question is:  
transform into what? And what are the success factors?**

In generic terms, the future can be shaped by the following equation:

**Success Factors (I) + Strategic Orientation (II) + Transformation (III)  
= Repositioning**

#### KEY SUCCESS FACTORS

##### What really matters?

There are certain success factors that prove consistently essential across different types of automotive suppliers, even though their internal structures and competitiveness may vary significantly. Nonetheless, several core elements can be identified as crucial for long-term success:

- **Willingness to Change**
- **Resilience**
- **»First-Principles« Thinking**

**Willingness to Change** refers to the ability to quickly and proactively adapt to new market conditions and evolving customer demands. Leadership must be highly attuned to emerging trends and their potential impact, not only on the company's own business model but across the broader industry to recognize and drive cross-functional transformation. This includes adapting production processes and business models, as well as proactively integrating new technologies (e.g., electrification, software integration). The capacity to respond effectively to disruptive business models is equally important. Ongoing employee training and qualification initiatives also play a key role in maintaining agility.

**Resilience** describes a supplier's ability to effectively handle unexpected challenges, crises, and setbacks, and to quickly regain stability. Robust sub-supply chains with alternative suppliers are vital, as are flexible production systems and processes that can be rapidly adjusted (e.g., drivetrain portfolio shifts). Crisis management structures must be embedded in leadership frameworks to enable fast, decisive action. However, it is often observed that »management decision cockpits«, which aggregate all relevant operational data, are underdeveloped. Another essential element is having backup structures in place for knowledge and competencies, which ensure that operations continue even if key experts are temporarily unavailable due to situations such as, illness, sabbaticals, etc.

**First-Principles Thinking** means approaching challenges and problems from the ground up without relying on established assumptions, existing processes or legacy solutions. The goal is to develop innovative outcomes based on fundamental physical, technical or economic principles. Disruptive thinking is essential here in order to achieve real breakthroughs in technology and/or business models. However, success heavily depends on leadership culture, the willingness to embrace radical change and the ability to activate employees to think on their own. Since First-Principles Thinking is often unfamiliar in companies, it requires careful facilitation and support. While implementation typically takes longer, it is often associated with significantly higher market success for resulting products.

## The goal is to develop innovative outcomes based on fundamental physical, technical, or economic principles.

### STRATEGIC TARGET VISIONS

The high degree of specialization and the size of the automotive supplier market make it challenging to identify new business fields where core competencies can be applied and relevant revenues generated.

### Emerging Technology Fields

Technological transformation is fundamental and multidimensional, which makes forecasting increasingly difficult. Nevertheless, smart technological innovation and its timely market readiness remain critical to economic success. One viable strategy is to specialize in specific technologies or components that are particularly high-performing, efficient or sustainable, and to drive their continuous development. For example, intelligent sensors, battery management systems and high-performance electronics. Protecting intellectual property through patents, brand protection or exclusive partnerships plays a decisive role in maintaining competitive advantages.

### New Business Models

Traditionally, suppliers have focused on delivering components or services to OEMs. However, the increasingly differentiated mobility ecosystem offers a wide array of new opportunities – as already demonstrated by engagements in charging infrastructure or e-bike systems. Innovative business models could involve offering products and services beyond the OEM environment. For example, platforms for on-demand car functions or direct supply of robotaxi vehicles to fleet operators. Pursuing this path requires a high degree of initiative and the establishment of internal organizational structures, effectively a »greenfield approach«, independent of the OEMs’ often highly specific and prescriptive requirements.

### New Market: Defense Sector

Due to the changing global geopolitical landscape, defense budgets in many countries are expected to rise significantly in the coming years. These increases will not only affect personnel and infrastructure, but also the equipment itself. In this context, automotive suppliers offer a high level of technological expertise, robust R&D departments [especially in electronics and software] and systemic thinking. Their well-developed cost sensitivity can also help significantly reduce unit costs. Additionally, the tight project management approaches which are common in the automotive sector could serve as a valuable contribution to the defense industry. Despite specific requirements and conceptual differences, such as increased robustness or ease of maintenance, there are clear synergy potentials. The defense sector represents an attractive and promising new market.

### TRANSFORMATION ROADMAP

Having defined the success factors and, in the second step, outlined new strategic target visions, the final element is the transformation process that leads the organization toward its new strategic positioning.

A thorough **assessment of the current state** is a crucial first step: Where do internal strengths lie in terms of competencies, processes or personnel? How well are we positioned in the market? Achieving this level of transparency often proves more difficult than expected, as disparate IT systems frequently hinder the aggregation of relevant data across departments. The second step involves identifying new markets and technologies, along with a comprehensive evaluation of the competitive and market environment. From this, a clear picture of strategic opportunities and risks emerges, which enables the creation of a gap analysis:

Following this, the **strategic objective** can be defined. For example, market entry into the defense sector. This involves a cross-functional definition of the target vision, the strategic positioning and the intended business model. Revenue and growth targets, as well as key performance indicators [KPIs], are also established at this stage. A critical success factor here is the commitment of the management team to the strategic transformation, which is supported by clear leadership principles and structured goal frameworks such as OKRs [Objectives and Key Results].

## »Where do we stand today, and where do we need to go?«

In the subsequent **operationalization phase**, structures and capabilities are built, strategic partnerships are formed, and objectives are broken down into actionable steps to enable prototyping. At the same time, a leadership framework is established that emphasizes empowerment and agility. An operating model is developed and continuously refined to effectively involve all relevant internal and external stakeholders. These efforts are accompanied by a cultural transformation and the upskilling of employees in key competency areas required for the future state, with a particular emphasis on the integration of artificial intelligence.

During the **monitoring phase**, market success is tracked using defined KPIs, and actions are adjusted accordingly. The leadership team actively steers the transformation toward new business models and industries, ensuring sustainable innovation capabilities through continuous investment in research and development, as well as the effective management of strategic partnerships.



## TARGET STATE: Strategic Repositioning

Expanding into new business areas represents a major challenge, one that, in my experience, is particularly visible at the management level. Clear commitment and an activating leadership style are essential to bring employees along on this »new journey« and to create a platform where they can realize their full potential. Given the complexity of simultaneously entering new markets while managing internal transformation, external experts can play a valuable role. They help orchestrate the transformation holistically and guide the cultural shift required to create change successfully.

The logo features the letters 'TCA' in a large, bold, sans-serif font. The 'T' and 'A' are dark blue, while the 'C' is white. The year '2025' is positioned between the 'T' and 'C', with each digit in a small, white, sans-serif font.

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