

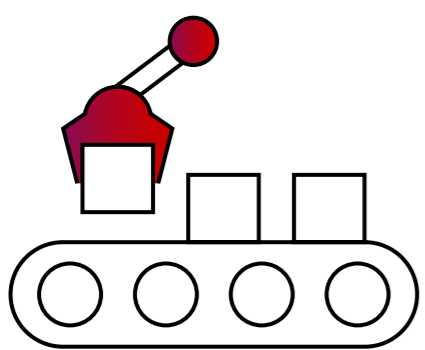
OVERCOMING OPERATIONAL CHALLENGES

Many industrial companies are feeling squeezed by immense pressures on their operations. A strategic approach can lead them **out of the darkness**.

Operations need an overhaul

Companies face urgent pressures to improve operations

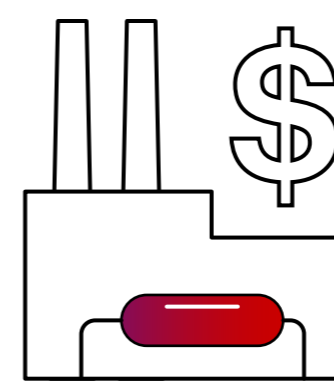
Higher demand volatility



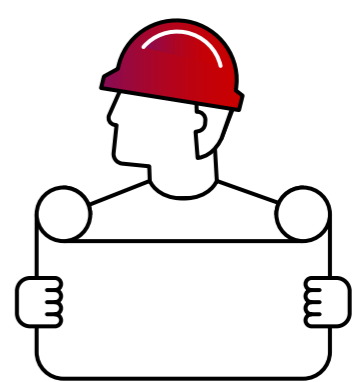
Reliability challenges



Greater cost pressure



Rapid shifts in product and service requirements



The challenges have grown more acute

76%

of companies are moderately to extremely concerned about their demand forecast

80%

are experiencing a reduction in production capacity

68%

view recovery as a long-term challenge

A focused plan of attack can pay off

5-20%

reduction in costs through network optimization

Companies that take a strategic and integrated approach can see:

20-25%

internal rate of return using segmented supply chain strategy

30-50%

improvement in reliability

Up to 30%

increase in plant capacity

A winning approach

Leaders succeed by improving five elements of operations

1 Streamline the portfolio
Make strategic choices about products and service levels; redefine operational requirements

2 Streamline the structures
Position manufacturing sites and supply locations to create competitive advantage; choose the right process technologies

3 Assess the processes
Design supply chain interfaces to improve network processes and performance (e.g., S&OP, strategic inventory policies)

4 Boost productivity
Improve efficiency and effectiveness to create cost advantages (e.g., digital shop floor tools, support function automation)

5 Embrace future work models
Develop the right talent and training for a digital world and remote work