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
- 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

Source: Bain/DSCI survey, July 2020 (n=200)

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