

“Today’s industrial revolution calls for an organization to match.”

Transforming Operations – Webinar

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Meet our speakers today



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Doubling of productivity is an imperative and technology can enable this

Geopolitics

- Energy transition cost
- Increased military spending
- Decoupling of economies

People

- Increasing shortage of labor
- New generation of digital natives

Productivity rate needs to double



Technology

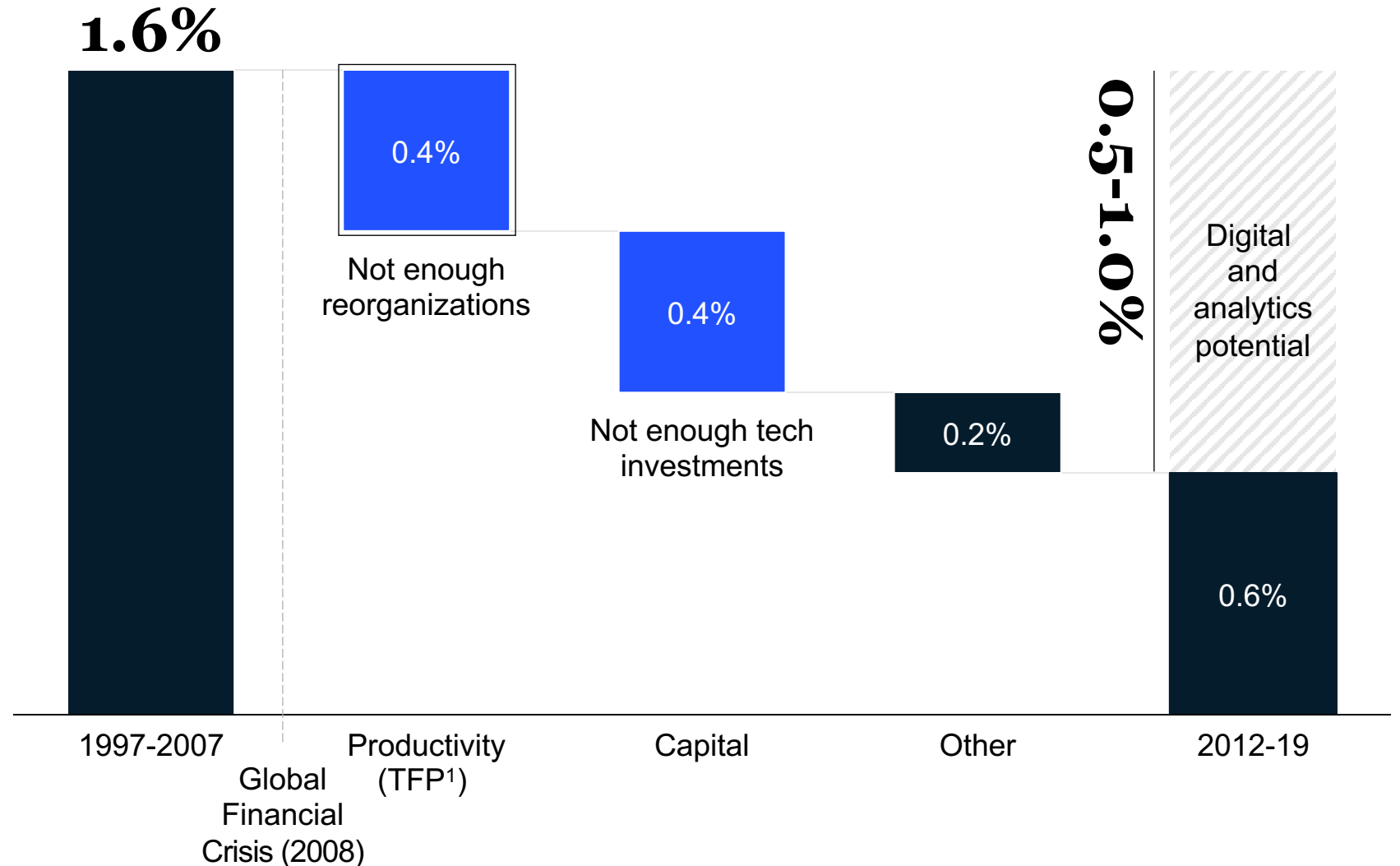
Reinforcing innovations: Digital, AI, GenAI, automation, biotech, cloud,...

Technology offers huge opportunities

We are struggling to deploy technology

 **EU example**

Productivity, CAGR, Top 5 EU countries



1. TPF= Total Factor Productivity

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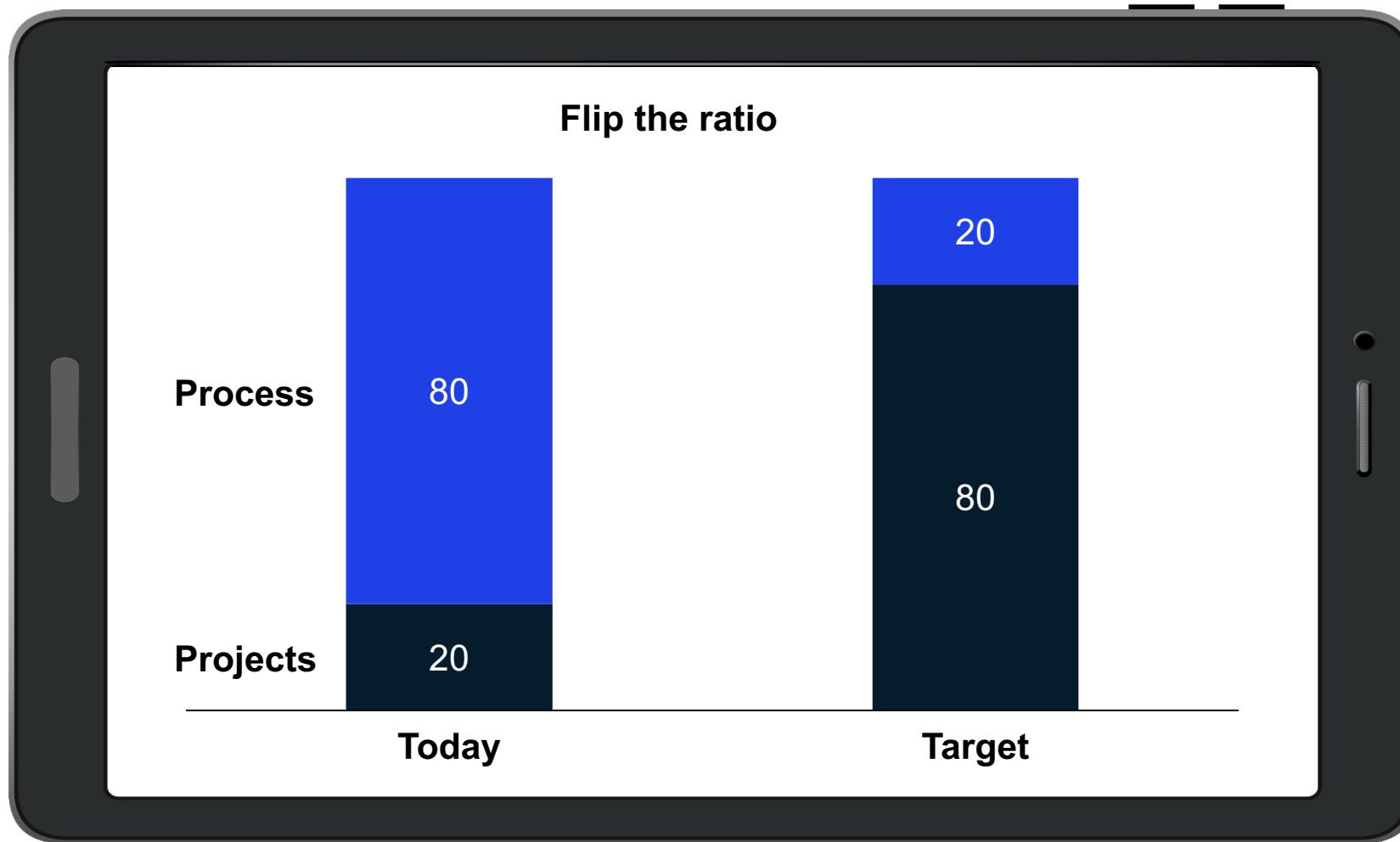
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01. Fluid organizations to support business as (un)usual

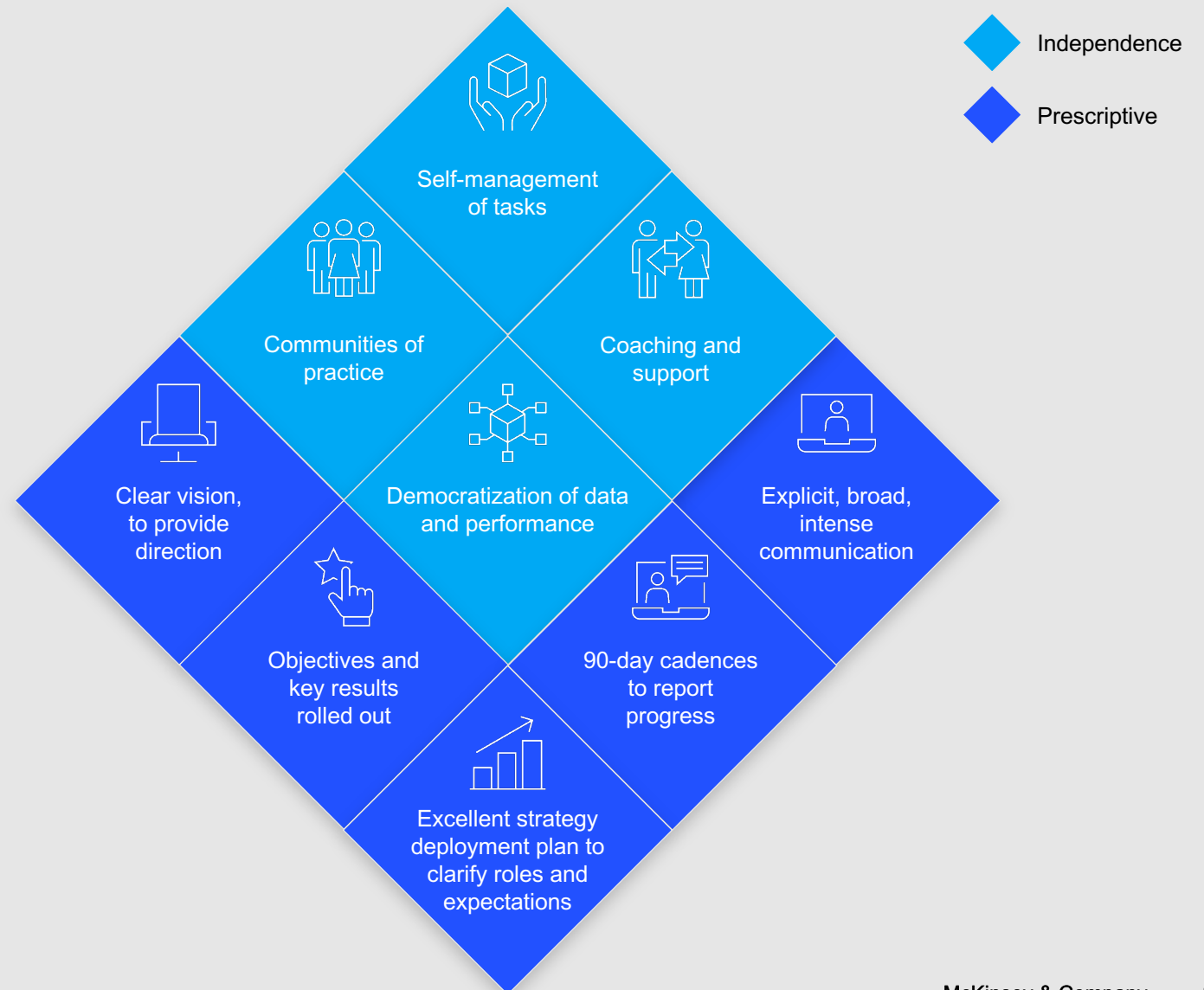


Special projects are becoming the **new normal** rather than the exception.

Organizations need to become **more flexible, and project based.**

02. Getting empowerment right requires a delicate balance

Empowerment balance by type



03. The **next** COO might be the **CIO**

The right leadership talent

The value of **knowledge**
is eroding



There is an **app** for every problem –
also in manufacturing

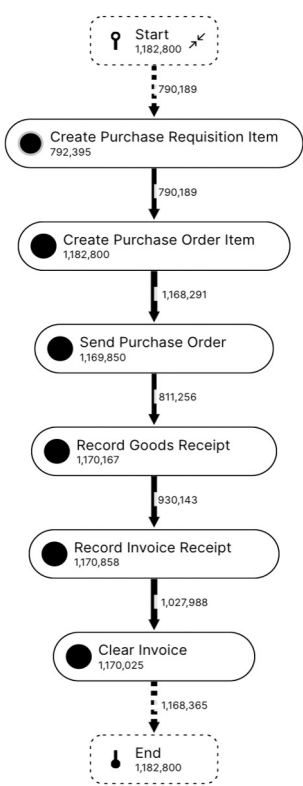
GitHub

Tools like **GitHub**
enable you to build
your own app based
on open-source code
modules

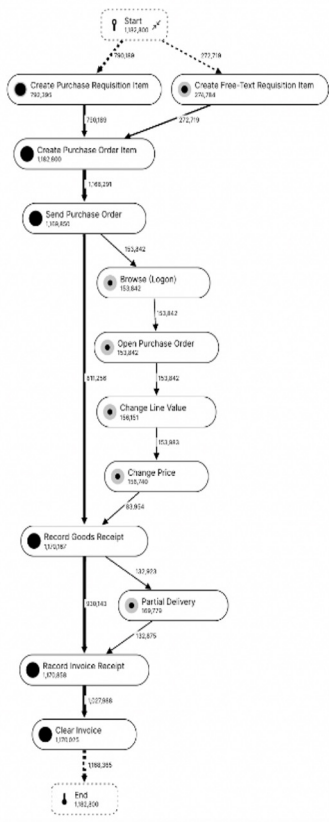
Example:
amazon

04. Every manager needs to be a process (re)engineer

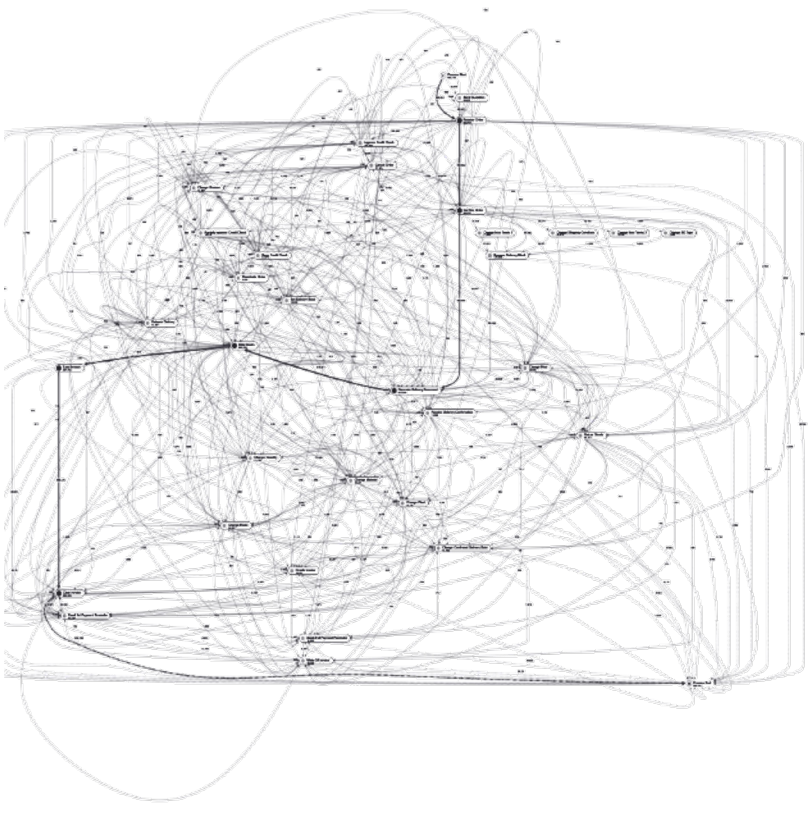
How the process was designed



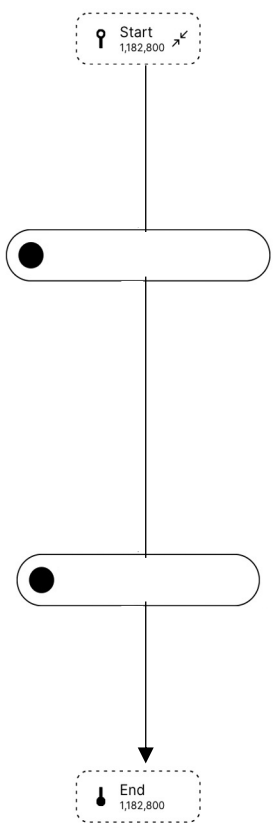
How teams think the process runs



How the process actually runs

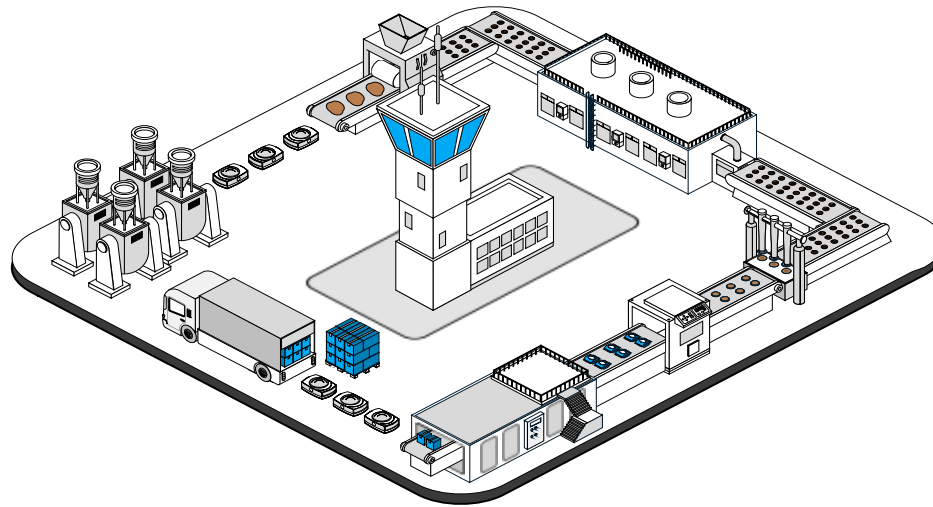


What should the automated process look like?



04. More system supervisors will be needed

Lights-out Baking workshop



+100-110%

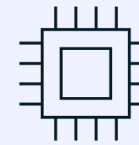
**Process capability
increase**

-90-100%

**Labor
reduction**



Control tower to supervise system



AI models to control process across 9 production steps (e.g., product texture)



Closed-loop adjustment of 50+ critical parameters related to 20 defect types

Mondelēz
International

05. Co-located control rooms will shift to global control centers in knowledge hubs like **India**



2nd largest

labor force globally (16.4%)



#1

in software services exports



#1

in Gen AI penetration



Most preferred destination for

Global Capacity Centers



06. Employee Experience has become a strategic imperative

The Challenge

20%

Attrition in 2 out of 5 companies

25%

Will retire in the next 5 years

55%

Name shortage of right skill-sets

75%

Say attracting and retaining staff is a top challenge

The Answer



Tools

Proper tools to **collaborate**, **work efficiently**, and serve customers?



Workplace

Does the **working environment** foster the right atmosphere and make work fun and easy?



Culture

Does the organization have attractive **values**, **culture** and **leadership model**?

07. AI and generative AI require a new scale of digital capability building in organizations



57% of executives close AI/gen AI gap via upskilling and reskilling

Capability building is becoming core to the employer value proposition:

- Every 5 years – not 25 years
- 10,000 employees – not 100

Learn more about Innovation and Learning Centers [here](#).

McKinsey Innovation and Learning Center



o8. The value of the “cooperation” has gone down

Transaction cost are going down in all domains

The Amazon logo, featuring the word "amazon" in a bold, black, sans-serif font. A curved orange arrow starts under the letter 'a' and points towards the letter 'z'.

Purchasing

The Uber logo, consisting of the word "Uber" in a bold, black, sans-serif font.

Logistics

The Booking.com logo, with the word "Booking" in a bold, dark blue, sans-serif font, followed by ".com" in a lighter blue, sans-serif font.

Planning

o8. Be clear what you will be “great” at and what you give to others

John Deere example

- Transforming from a traditional tractor manufacturer (1836) ...
- ... to build a 1.5 bUSD plant that made extensive use of computers and robots in 1981 ...
- ... to a high-tech Internet of things-based precision farming “as a service” provider

Value does not come through building better or faster tractors, it comes from optimizing the digital product



App Example

John Deere's Lettuce bot distinguishes between lettuce and weeds in under a second, killing only the weed with a small amount of herbicide, reducing herbicide usage by 90%

The 8 shifts of the 4th organizational revolution

| From... | » | To... |
|----------------------------------|---|--|
| 01 Functional excellence | | Fluid organizations for business as (un)usual |
| 02 Control and compliance | | Empowerment |
| 03 Know-how | | App stores |
| 04 Process masters | | Process reengineers |
| 05 Co-location | | Global Control Centers |
| 06 Industry 4.0 | | Industry 4 U |
| 07 Ad-hoc learning | | Industrialized capability building |
| 08 Shaping departments | | Orchestrating the ecosystem |

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02. Accelerated business growth and efficiency for customers via innovative capability build

Example: CONA



Situation

Developed common IT systems and data platform for North America Coca-Cola business covering:

\$25B+

of finish goods revenue

80,000+

users

30TB+

transactional data

600+

warehouses

70+

plants

Approach

- Reinvested savings from unified platform into innovation
- Created and empowered Innovation Teams to generate ideas for leveraging data from unified IT platform
- Integrated data analysts/data scientists from schools (e.g., Georgia Tech) and other partners
- Stood up Innovation Forum to prioritize developing ideas along product maturity stages
- Built business case and product life cycle after pilot phase to transition into normal DevOps process

Key outcomes

Developed new capabilities with data including:

- OrderSmart: predictive ordering system for convenience stores
- VendPrime: optimization of product assortment in vending machines
- Video recognition: prevention of manual picking errors to adhere to customer service levels

04. Embedded business process experts in business function roles to optimize processes

Example: CONA



Situation

Need for role to optimize processes, provide E2E perspective, build knowledge base and help embed capabilities

Approach

Embedded Business Process Experts (BPEs) in business functions including Supply Chain

Empowered BPEs to drive change, training and configuration changes in alignment with central product teams

Key outcomes

Integrated **1,000 BPEs** to support 80,000+ users

Developing knowledge repository

Drove best practice sharing amongst different companies

Accelerated value creation/process optimization



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5 areas to take action now

- 1 Understand and shape your role in the ecosystem
- 2 Build visionary and courageous leaders
- 3 Define and invest in your tech stack and data
- 4 Create digital literacy
- 5 Work in teams, not in functions

But never underestimate the resistance to change

- Managing an operation and **leading change** are different
- Digitization is a **strategy**, not a project
- Not the tools matter, but the **process design**
- Give all people a home and **career perspective**



New York 1950s