



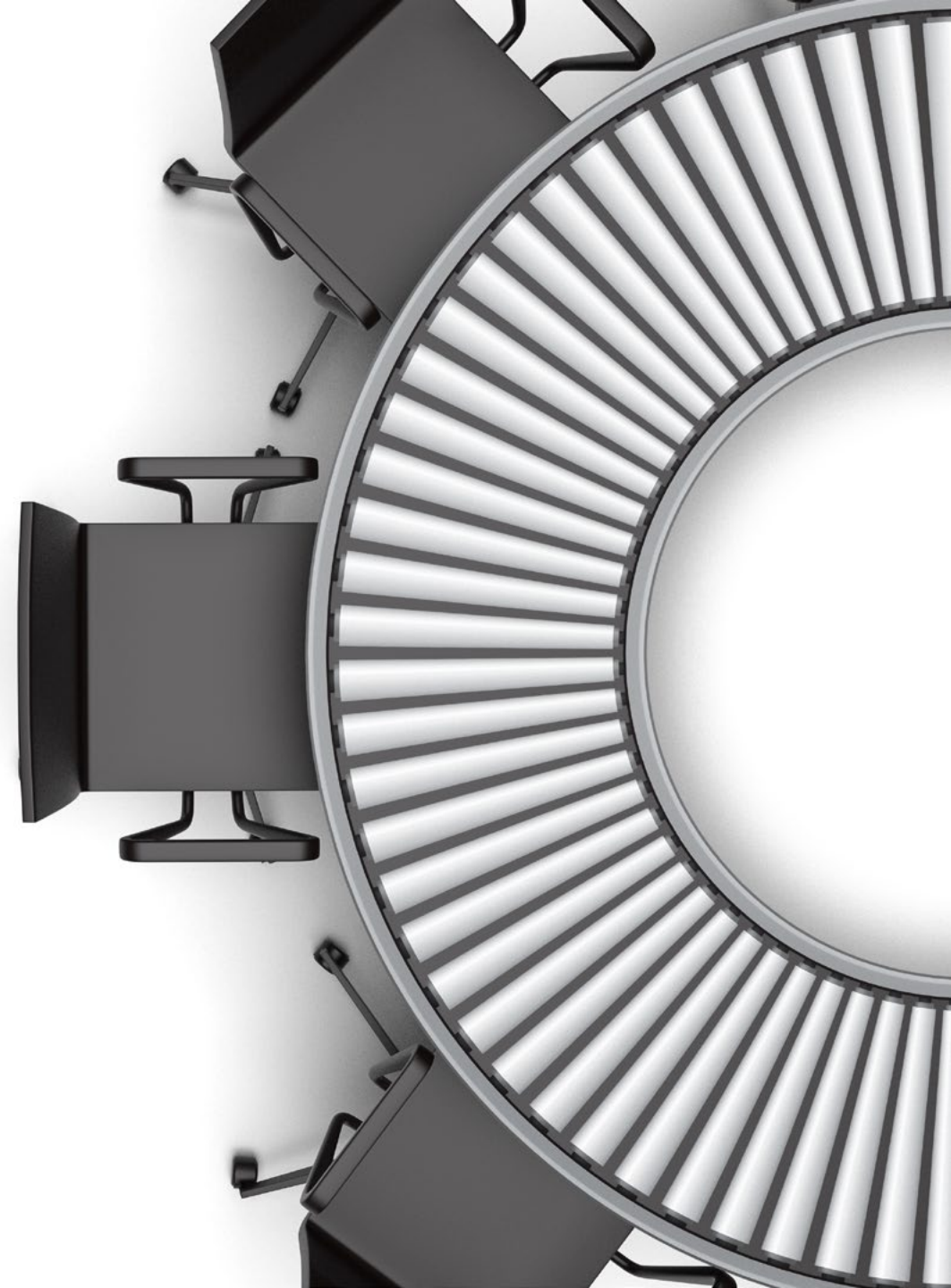
From Inventory to Influencer

THE MOVER BECOMES THE SHAKER

An elite few Supply Chain and Operations leaders have gone beyond what they're known for—cost efficiency—to help power company growth.

What are they doing right?

#GAMECHANGER



Contents

Introduction 3

1 Leaders build, not just buy in 4

2 Leaders make customers a team sport 9

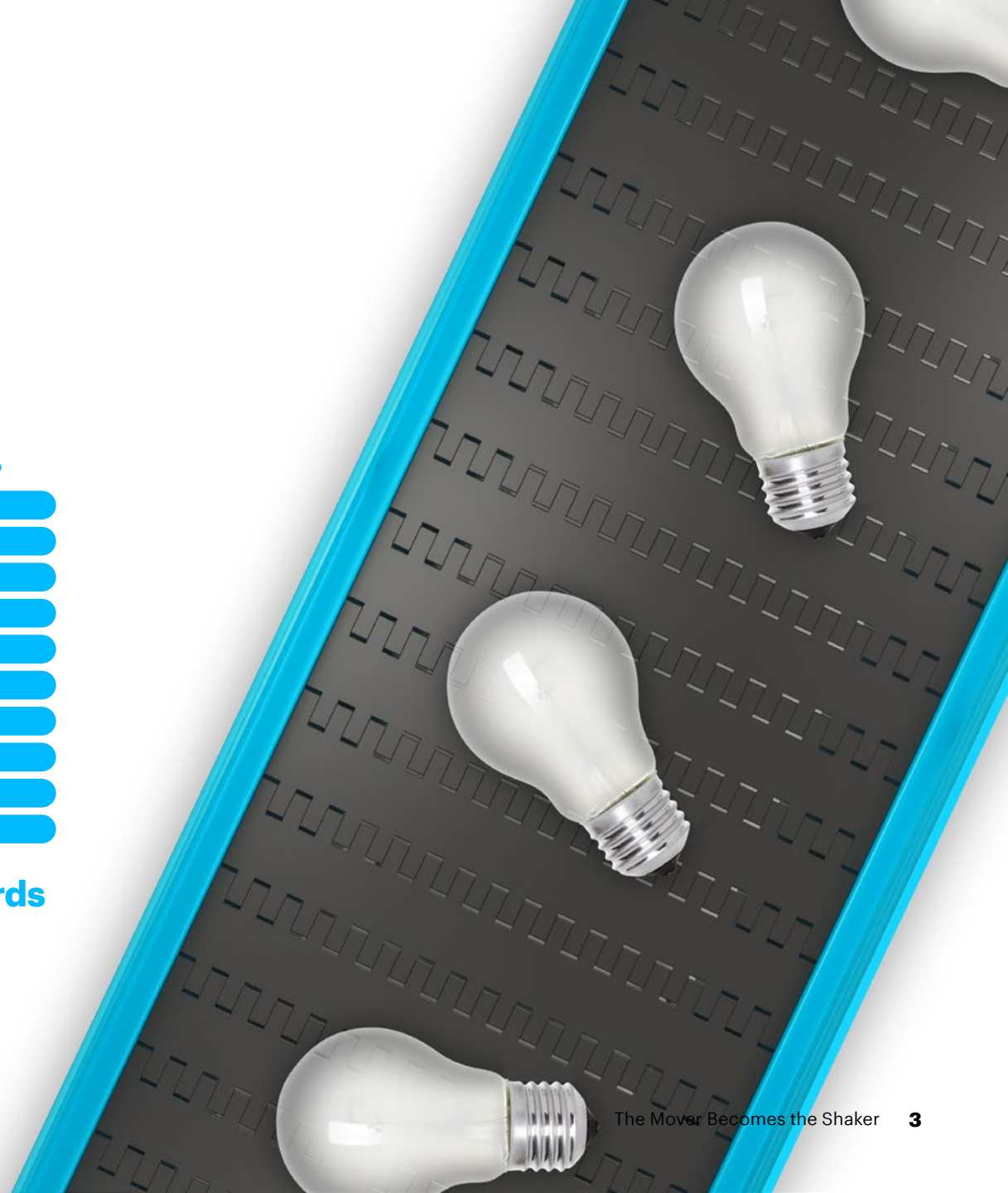
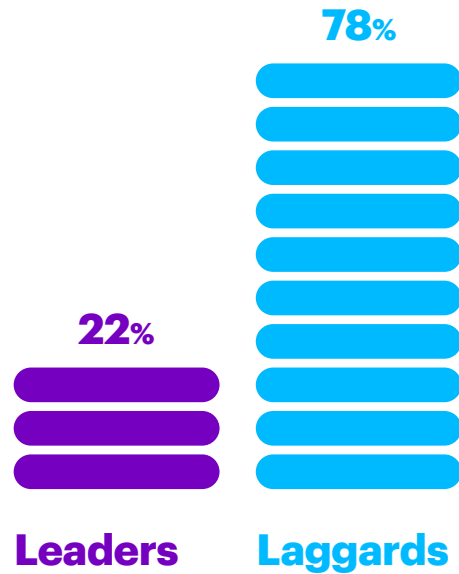
3 Leaders play well with others and the customer wins 13

About the research 17

Ask a CEO about revenue growth drivers and you'll hear a bevy of answers, but few mention "supply chain" or "operations."

At a few elite companies—just one in five—a different scenario plays out. Their Chief Supply Chain Officers and Chief Operating Officers have moved supply chain and operations beyond cost effectiveness, to a growth enabler. And their CEOs—keepers of the corporate growth agenda amongst other things—couldn't be happier.

Our latest research shows these companies are doing many things well, but a few key strategies from their playbook are gamechangers. Just three über-smart moves. But those are enough to distinguish them as Leaders, versus Laggards.



One

Leaders build, not just buy in

Plenty of Supply Chain and Operations executives buy into the concept of a digital enterprise; fewer help build one.

Our Leaders are rapidly, actively, infusing digital intelligence throughout their supply chain and operating model. And it's not just digital for digital's sake. Their investments enable a composite "picture" of high-value customers, so their companies can build hyper-relevant products and services, customized for the individual. They combine smart digital spending with the best of human talent, creating a Human+ Machine hybrid workforce that outperforms either group (humans or technology) on its own.

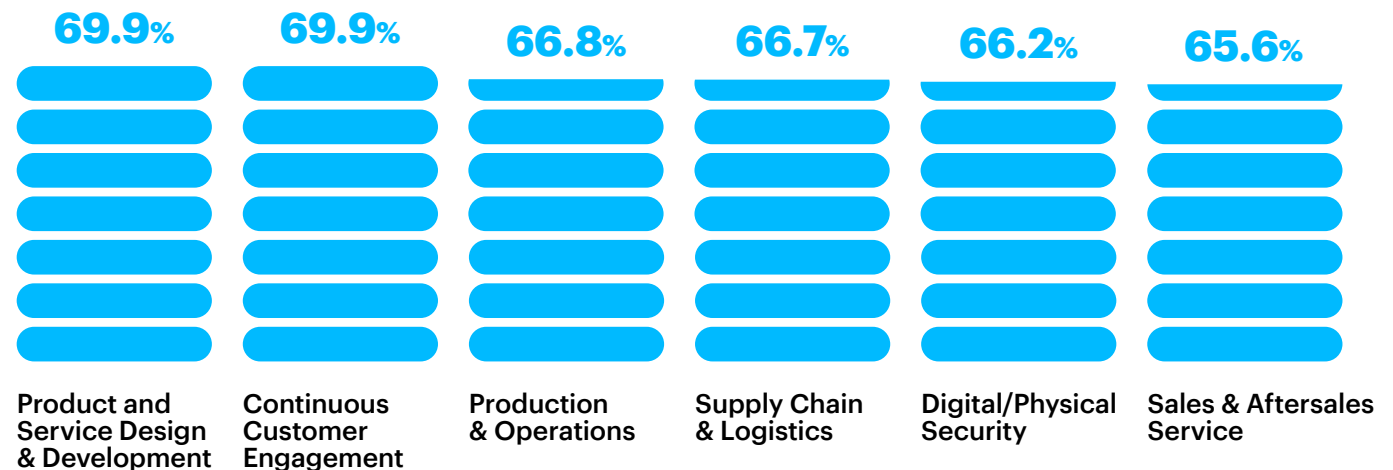
Building intelligence in

Scaling rapidly

This year, as we've seen in no other, Chief Operating Officers and Chief Supply Chain Officers are building for intelligence. They are scaling digitally enabled supply chain solutions at a rate almost equal to their counterparts in the product design and customer engagement areas. They are even surpassing the sales function, despite its reputation for being a digital pioneer. As a result, supply chain and operations are an enabler, helping to drive greater sustained revenue growth in a way we've never seen.

* Scaling intensity is the ratio of average number of digital initiatives being scaled to average number of those initiated in each business function.

Scaling Intensity* within leaders by function during 2015-18



Supply Chain Leaders are scaling digitally enabled solutions at a rate that is surpassing the sales function, despite its reputation for being a digital pioneer.

Exceeding expected return on investment

Our Leaders are not only meeting their expected return on investment when scaling digital innovations, they are exceeding it.

This is not digital for digital's sake, but digital to enable the customer insights that can drive growth. Roughly 80 percent of the 22 percent who are Leaders have invested in big data and analytics, versus 68 percent of the remaining 78 percent who are Laggards.

Leaders made not only significantly more return (in excess of 17 percent of Laggards) but exceeded their expectations. The converse was true for Laggards who didn't meet their own expectations and made less return.

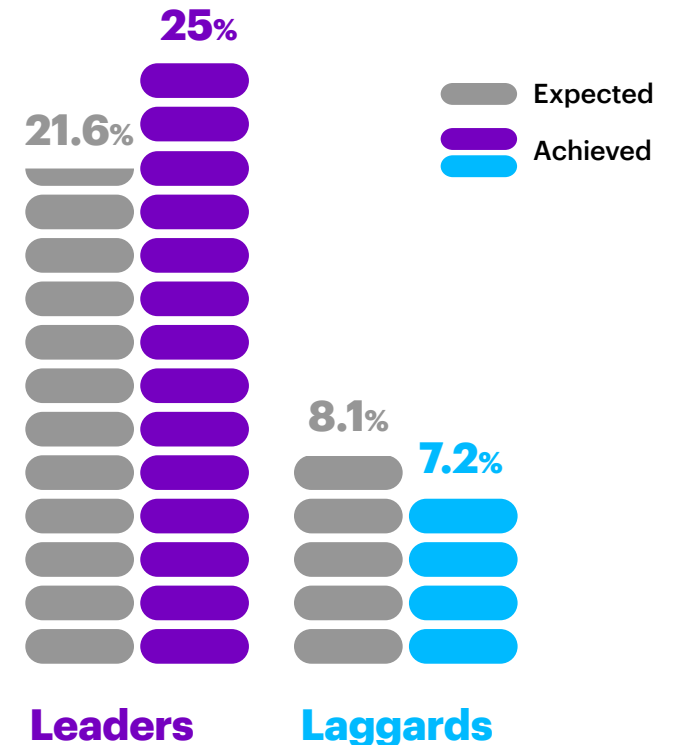
Investing in talent

With that investment comes the need for digital talent. As mentioned by a senior supply chain executive we interviewed, a fortune 500 home improvement company has been addressing that issue by new skilling its employees, or bringing in new analytics-driven talent, to derive better insights from supply chain customer data. Its Georgia-Tech-based innovation center provides potential digital engineering talent that can fuel its customer focus.

Capabilities, not point solutions

Leaders begin with the end in mind—growth—which creates a pull mechanism for an integrated digital suite. Rather than one-off technologies, Leaders are investing in technologies in concert—developing capabilities wrapped into platforms versus islands of technological prowess. These capabilities fuel customer relevance in a way conducive to growth.

Return on digital investments over the last three years



Amazon: Hyper-personalization at the edge

Leaders like Amazon leverage digital technologies that keep their digital supply chains agile enough to deliver hyper-personalized experiences. The company's Greengrass software runs on a central platform that connects seamlessly to mobile devices, so they can act locally on the data they generate—while still using the cloud for management, analytics, and durable storage. Connected devices can execute predictions based on machine learning models, allowing for the intelligent hyper-personalization that gives customers the best options for them in the moment.¹



Mastering a hybrid workforce

Far more Supply Chain and Operations (SC&O) Leaders than Laggards are keen to invest in automation at scale. They realize mastering the human/machine balance not only enhances productivity, it frees their workforce from mundane, repetitive jobs.

For Leaders, freeing them is not about removing them from the payroll. Instead, they focus on new skilling employees, providing them with skills to work with customer centric digital platforms enabling them to interpret data that enables insights for better decision making.

Capabilities to invest	Percentage of SC&O executives within Leaders	Percentage of SC&O executives within Laggards
Automation at Scale	85.7%	71.5%
New skilling for Digital	83.7%	65.3%



“In our supply chains at Clorox we have started using robotics to secure a better return on investment and enhance productivity. We are not planning to scale it upfront, but to go ahead asset by asset ensuring that our investments are generating returns before making new investments. We are also training employees to work with robots, which enables us to free up time for creative activities relevant to the customer.”

Greg Ginsburg

Vice President Product Supply Services, The Clorox Company

Two

Leaders make customers a team sport

Customer centricity is an intricate way to describe companies putting customers at the heart of everything they do. At our leading companies, no one function owns the customer. Rather, the C-suite collaborates to “get it right” with high-value customers. No silos allowed.

Our leading Chief Operating Officers and Chief Supply Chain Officers are reaching out to their C-suite counterparts. While that may sound simple, it changes everything. They formalize this collaboration with digital platforms that enable different functions to head toward one North Star: customer centricity.

Siemens' Teamcenter®, for example, connects people and processes across functional silos. Its intuitive user interface allows the entire organization to participate more easily in product development, leveraging product information across domains and departments. Teamcenter® allows stakeholders to control product data and processes, including 3D designs, electronics, embedded software, documentation, and bill of materials.²

"You really need to get into the DNA of the customers' thinking by using digitization, and Teamcenter® allow us to do that. Getting to know the customer's DNA helps us create productive and value driven solutions."

A senior Supply Chain executive at Siemens AG



Chief Operating Officers and Chief Supply Chain Officers who can keep their fellow C-suite members' bias top of mind can speed the collaboration that leads to customer-fueled growth. Each C-Suite member needs something different from the insights that are generated across supply chains and operations to enable them to become more client centric.

**Chief Executive Officers:
Think customer,
customer, customer.**

Chief Executive Officers want to build customer centric business models. **Almost half (46 percent) of Chief Executive Officers are focusing on customer centric outcomes** like higher growth in services revenues. By contrast, **only 39 percent of Supply Chain and Operations executives are focused on the same.** By better embedding digital technologies to glean key customer insights, Chief Operating Officers and Chief Supply Chain Officers can become as customer centric as their peers.

**Chief Finance Officers:
Where's the money?**

Chief Finance Officers look to generate better return on investment on digital investments. While Supply Chain executives are scaling more digital innovation, they are getting lesser returns.

For example, **companies within Laggards scaling more than 50 percent of their operations and supply chain innovations expected a return of 11.9 percent but received 10.9 percent**, falling short. Companies in our Leaders category exceeded their digital investment return on investment expectations, overall, by 3.4 percent.

Chief Marketing Officers: Nailing the customer moments that matter.

Chief Marketing Officers know customer desires aren't static—and they want to nail moments that matter, the moments where customers are making key purchasing decisions. Chief Marketing Officers are all about dynamic data-driven customer insights, so it is not surprising that **34 percent are keen to leverage the power of data simulation management platforms.** They can use these as tools to drive scalable innovation, but only 25 percent of supply chain leaders are on board with the idea.

Chief Information Officers: Build the information highway.

Chief Information Officers are building the right platforms to develop customer-relevant products fast. **Almost half (45 percent) of Chief Information Officers prioritize building digital platforms but just 38 percent of Supply Chain and Operations executives do so.** With opensource design and development feeding into innovation speed and strategic ecosystems, Chief Operating Officers and Chief Supply Chain Officers who can get on board put themselves at the epicenter of potential new growth.

Three

Leaders play well with others and the customer wins

Leaders are all about partnering in an ecosystem. While only 64 percent of Laggards embrace becoming ecosystem orchestrators, almost 78 percent of Leaders do. It follows that Leaders are also embracing open and co-innovation more than other companies.

Capabilities to invest	Percentage of SC&O executives within Leaders	Percentage of SC&O executives within Laggards
Open and Co-innovation	83.7%	65.3%
Ecosystem Orchestration	77.6%	64.2%

The Laggards in our survey might partner but it's traditionally with suppliers or a few independent experts. Leaders have widened the net, inviting technology partners, universities, innovation incubators, start-ups—even competitors—to their growth party. They know the strategic diversity built into their ecosystem—managed correctly—can help them get to innovation and growth faster.

Leaders are using their digital tools and platforms to dedicate virtual space for co-innovation—inviting their ecosystem to play. Their Chief Operating Officers and Chief Supply Chain Officers are linked with everyone from startups to in-house product development teams to drive relevant new offerings to customers as quickly as possible.

Take BP. Partnering with tech-startup Kelvin, the oil and gas multi-national tackled pollution and preventative maintenance at production site wells by combining Big Data and artificial intelligence. BP installed sensors—including methane-detecting cameras—that collect and analyze data about every aspect of the field,³ including years of maintenance records and even the weather.

The result? The methane emissions from these wells decreased 74 percent, production volumes increased 20 percent and overall costs dropped 22 percent.⁴

That means greater efficiency, cost savings and business growth.



Major change usually starts with a conversation, right? And those don't always start with the CEO. As our research shows, Chief Operating Officers and Chief Supply Chain Officers are driving many of those discussions in their companies.

Igniting success across your C-suite

While this is a game-changing moment for Chief Operating Officers and Chief Supply Chain Officers, it's also one for their C-Suite counterparts. It offers an opportunity to transform what was previously known as a support function into fuel for growth.

Starting a conversation about the lessons our Leaders offer is a first step for your Supply Chain and Operations executives. They need to start working on the culture and the mindset within the supply chain and operations function by being involved upfront in business conversations, rather than being brought in at the end. Give them a budget for and the freedom to experiment with digital technologies. Push them to drive collaborations with non-traditional players to build a true innovation ecosystem.

We recognize this is easier said than done. But not doing it only puts your C-suite at risk of wasting an opportunity to collectively reinvent and drive new opportunities of growth around the customer. This is also a moment for Chief Operating Officers and Chief Supply Chain Officers to step up—their time has come. Our Leaders show that by doing so the rewards are there for the taking.

If your company is not where the Leaders are yet, closing the gap is within reach. Leaders are using digital with a purpose, collaborating for customer relevance and focusing on getting to the right outcomes to drive growth. In these companies, Supply Chain and Operations Leaders are taking their rightful place next to their C-suite counterparts at the board table, infusing a new intelligence into their operations.

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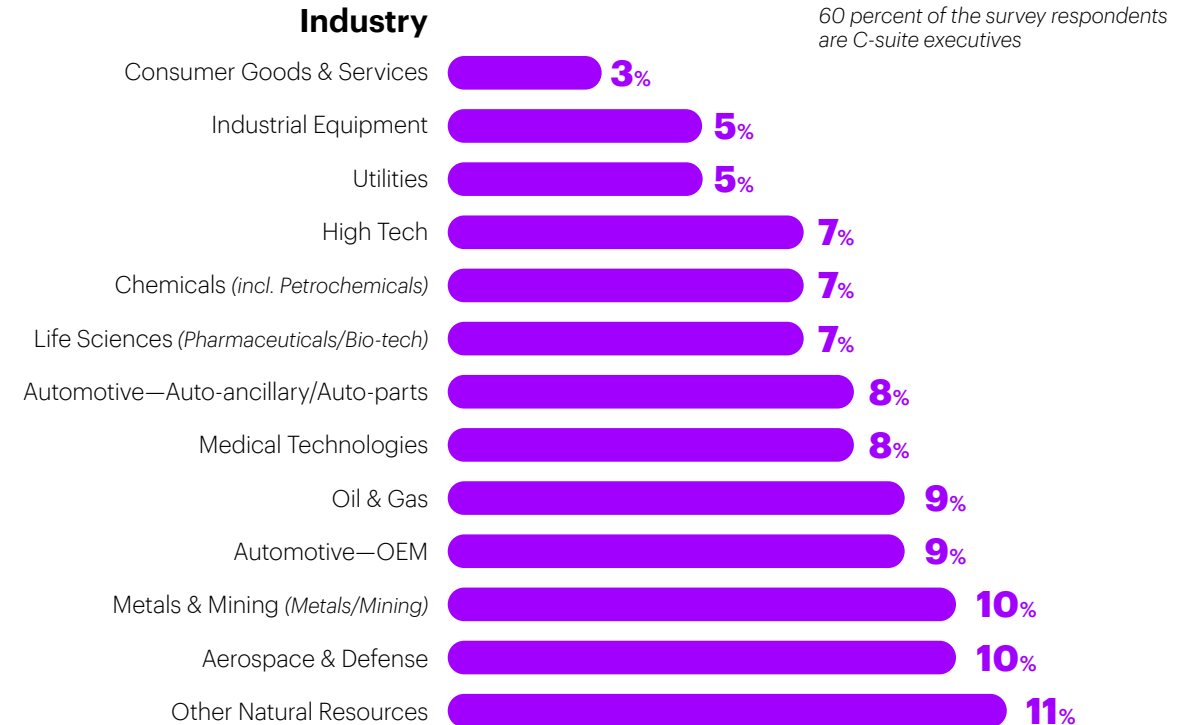
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About the research

We surveyed 1,350 executives across a range of discrete and process producers with a sales turnover exceeding USD 1 billion.

The consistent and clean survey data set was utilized to arrive at the set of 'Leaders' and 'Laggards'.

- **Leaders** are companies who have scaled more than 50 percent of their digital initiatives, (proofs of concepts) and earned return on digital investments greater than average industry return on digital capital and return on digital investments.
- **Laggards** are companies who have earned a return on digital investments less than the average industry return on digital on scaling more or less than half of digital proof of concepts.



About the research

Executive Profile

C-Suite **60%**
Senior VP/EVP **18%**
VP/Director **22%**

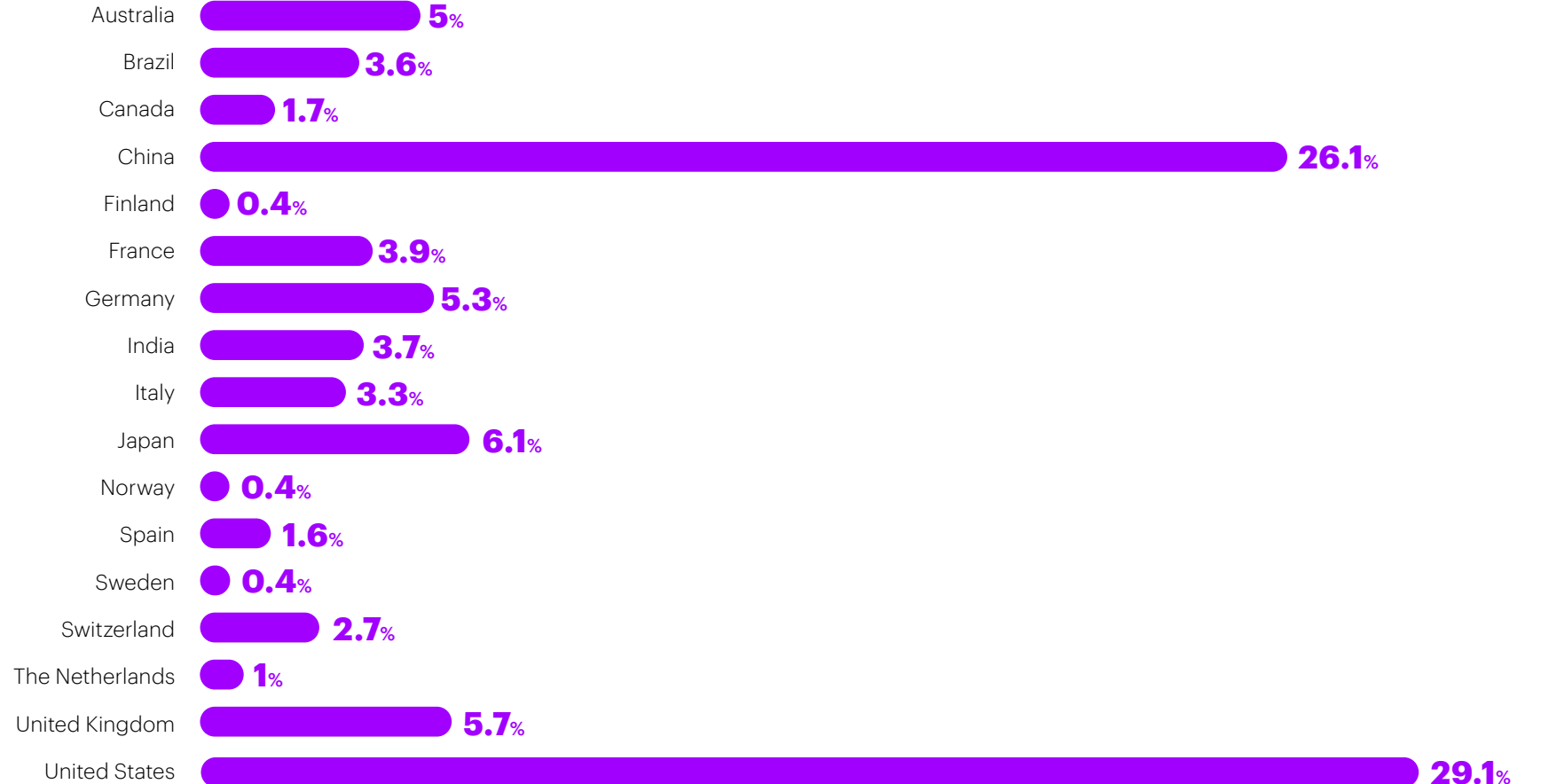


Annual Revenue

US\$1 – 10 billion **79%**
US\$11 – 30 billion **12%**
US\$31 – 50 billion **4%**
US\$50 billion+ **5%**



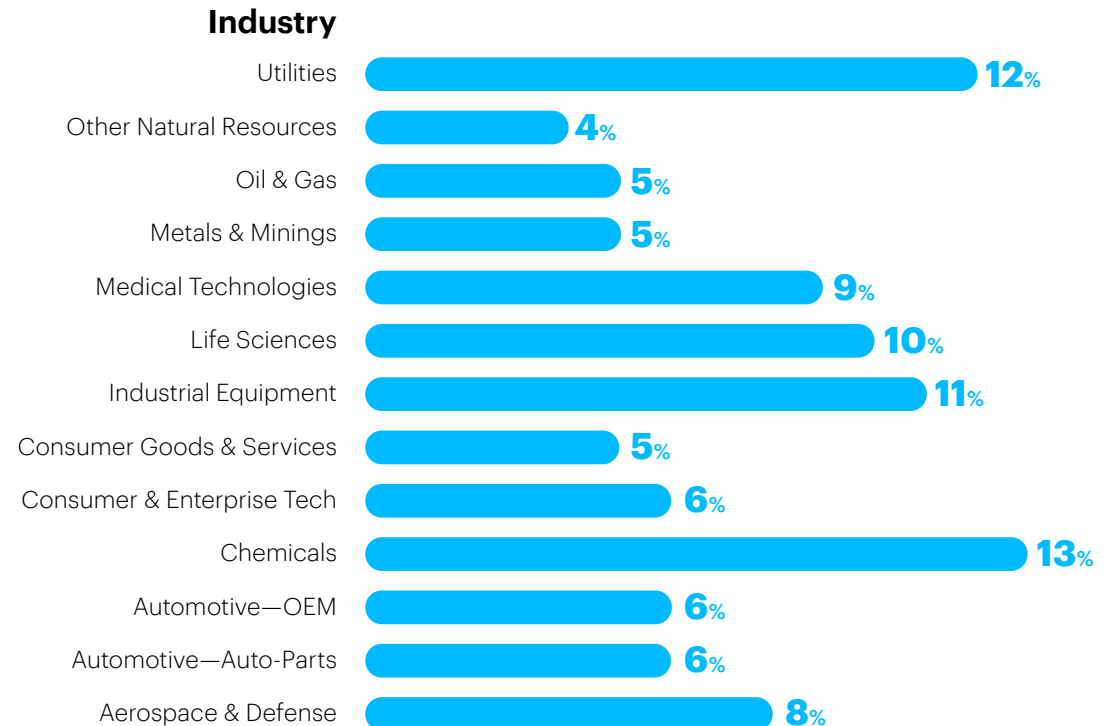
Geography



A robust sample of 250 Supply Chain and Operations executives emerged from this sample of 1,350 executives.

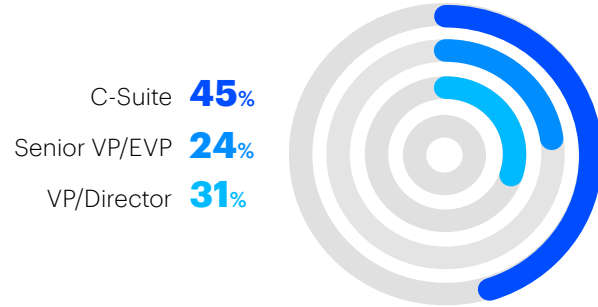
In order to have a firsthand view of the actions being adopted by Supply Chain and Operations executives we also interviewed 20 Supply Chain and Operations executives from industries such as chemicals and petrochemicals, consumer and industrial products and industrial equipment amongst others.

To ascertain how senior Supply Chain and Operations leaders address a supply chain issue we also held two workshops involving the participation of around a dozen Supply Chain and Operations leaders. The first was virtual, conducted during a video-conference call lasting three hours. The second one was an in-person workshop at Accenture's Atlanta Innovation Centre. In each of these workshops, executives were provided with a specific supply chain problem (outside their regular business remit) to be solved.

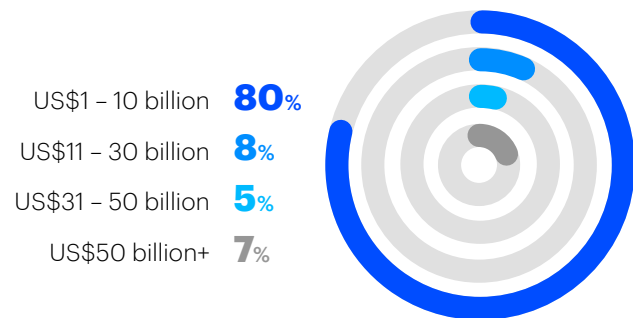


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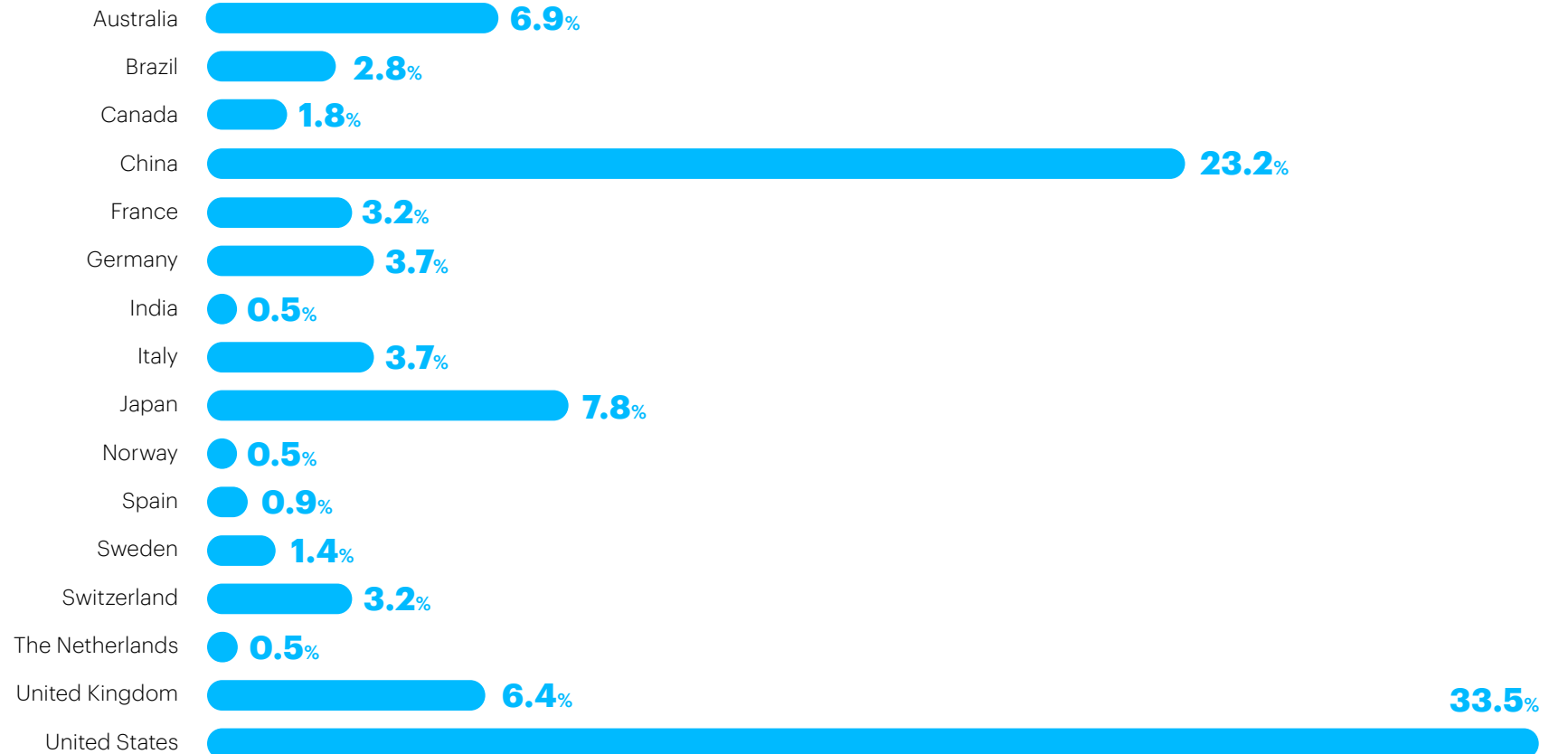
Supply Chain Executive Profile covered in the sample survey



Annual Revenue



Geography



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We would like to thank everyone who helped shape this study and its recommendations. Specific credit to **Sreejith Sreedharan**, Senior Principal, Accenture Research, who conducted extensive interviews for this research, and **Melissa Denner**, Supply Chain and Operations Offering Development Senior Principal, Accenture.

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