



# Industrie 4.0

Strategy and organisation

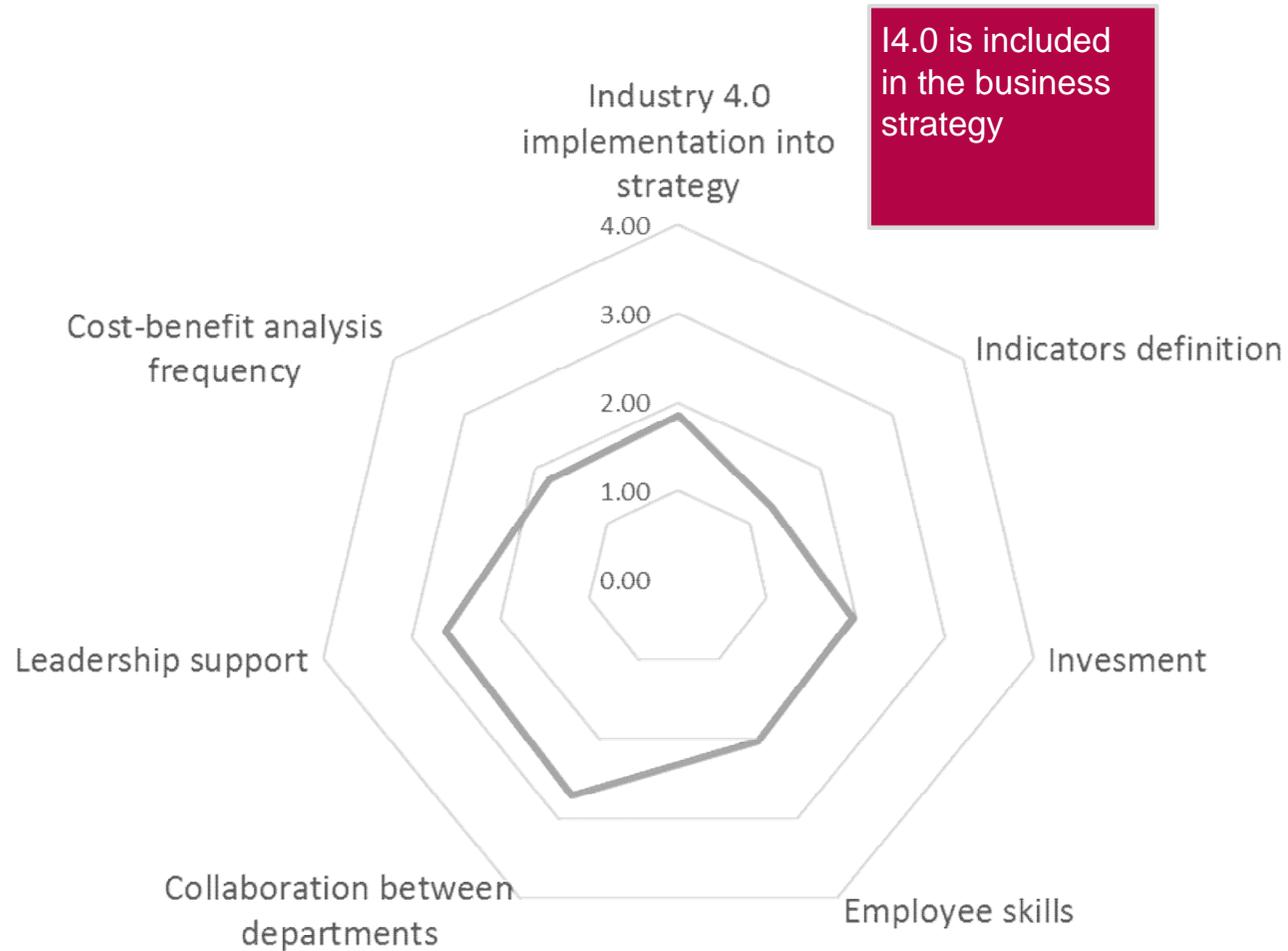
June 2017

# Industrie 4.0: strategy and organisation

Industrie 4.0 focuses on the end-to-end digitisation of all physical assets and integration into digital ecosystems with vertical and horizontal value chains.

- ▶ It requires cultural change
  - is about using increasingly intelligent processes and the freedom to make decisions to **accelerate business strategy and organisation goals**
  
- ▶ Before implementation, it is critical to understand **the readiness** from the strategy and organisation perspective for revolutionary change
  - **maturity levels** are differentiated by the depth and breadth of interactions across business functions
  
- ▶ **Functional and department goals** and strategies must be aligned with **business strategy**
  - Leaders need to actively support the change
  - Individual and organisational measurements need to drive the right behaviours
  
- ▶ Changes will only be sustained if investment is made in the right **capabilities and equipment**

# Current maturity – survey responses



I4.0 is included in the business strategy

No ongoing review of cost / benefit analysis for I4.0 investment

KPIs are not focused around I4.0

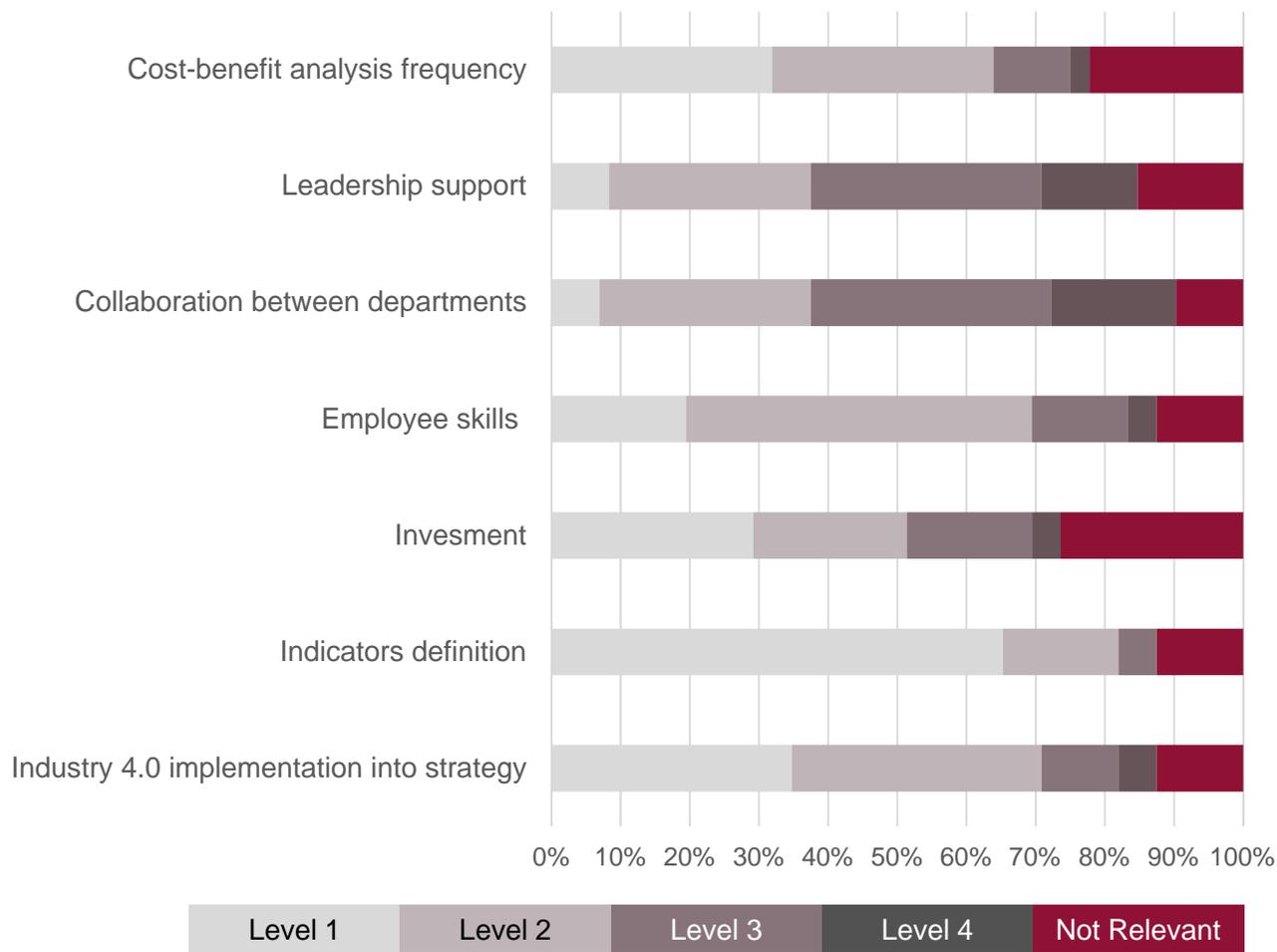
Leadership recognises the financial benefits and are planning to invest

I4.0 investments are more advanced in technological business areas

Departments are open to cross-functional collaboration

Technology focused areas have employees with some digital skills

# Strategy and organisation: survey insights



Strategy and organisation segment has the lowest maturity level of all areas in the survey.

- ▶ Leadership recognises the benefits of I4, but is some way from turning it into a way of life
- ▶ Companies and functions depending on technology are the most advanced, but overall a lack of digital culture and skills exists across organisations
- ▶ Limited tracking of the true total cost of ownership vs. business benefits
- ▶ Personal performance measures aren't driving I4.0 adoption

# Industrie 4.0: better alignment with strategy and organisation

For Industrie 4.0, or any initiative to gain traction and then be sustained, it is necessary to align strategy, organisation and behaviours.

- ▶ Evaluate current maturity and set clear targets
  - Prioritise the measures that will bring the most value to your business and make sure these are aligned with your overall strategy
- ▶ Make sure stakeholders in different functions and levels are engaged and willing to champion your approach
- ▶ Understand your readiness for change and identify gaps where improvement is required before the implementation
- ▶ Assess the people capability levels and gaps, and the impact of the business culture, to promote effective knowledge management and training programmes to drive behaviour changes
- ▶ Establish appropriate business and individual measurement, track success and refine the approach to ensure effectiveness

# Industrie 4.0 Strategy and organisation: summary

There are individual pockets of integration of Industrie 4.0 into the business strategy

Very rarely do the investments in people capabilities and how people are measured support real cultural adoption of Industrie 4.0

So

- ▶ Despite leaders claiming to be putting plans in place, their actions don't support the dialogue
- ▶ It may take evidence of distinct market disadvantage in a sector to change this