



Press Release

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Few company operations are designed to provide customer value, says PwC

Changes in customer behaviour are set to disrupt businesses in all industries over the next five years. Yet, most company operations are not designed to deliver what customers value – now or three years from now.

This is one of the key findings of a new PwC survey of 1,262 operations decision-makers around the world, launched today.

The report – *Reimagining operations: Insights from PwC's 2015 Global Operations Survey* – finds that while 61% of operations executives expect changes in customer behaviour to become a disruptive factor in the coming years, only 25% are extremely confident that their operations are designed to provide customer value and a distinctive experience. And 63% say that understanding what customers value is a challenge for their own company operations.

Says Mark Strom, Principal and Global Operations Leader, PwC: “Knowing what customers value is a real and persistent challenge for operations executives. Without this understanding, we often see operations stretched too thin. When one team tries to innovate, they come in direct conflict with an operational assignment to cut costs – or they create some new complexity that's harder to manage. Negotiating trade-offs can slow everyone down.”



To be successful now and in the future, companies need to design their operations around their customers. “That way, operations teams can make appropriate tradeoffs and more timely decisions when inevitable changes come,” adds Strom.

Companies plan to do more than just improve existing processes

More than half the executives polled in the survey said improving existing processes to drive their companies' operations isn't enough. Sixty-one percent cited increasing cross-functional collaboration as having the greatest potential to help them reach their strategic goals.



Brad Householder, Principal and Supply Chain Leader, PwC says: “C-suites have been thinking of operations more broadly than the traditional view of sourcing, manufacturing, and supply chain, or in the services sectors, front, middle and back office. Across industries, the majority of our survey respondents now manage these functions as part of operations too: customer insights, marketing, sales, service and support, and new product and service development.”

But it takes more than a broader view of operations from the C-suite to sync up strategy across the company. Only about a third of companies prioritise a few cross-functional capabilities at the company level. Most of the others work in silos, with each function making its own decisions on which capabilities matter most.

Operations itself is being reimagined

A key finding of the report is that companies increasingly recognise that to stay resilient in the face of change, they need to focus on a few closely linked capabilities. By 2018 43% of companies we surveyed say they plan to take this path. If successful, they will significantly alter the competitive field and challenge even the most dominant market players.

We tested this idea by looking at the more strategic companies in our survey, which is about 15% of our survey pool.¹ A few things set them far apart from their peers. First, they're far more likely than everyone else to focus on building a few differentiating capabilities to drive a competitive advantage (51% vs. 29%). They're also more confident they'll achieve a broad set of performance objectives and revenue and cost targets. This in turn helped companies drive strategy, provide a distinctive customer experience, and adapt to change.

Strategy& Principal Rodger Howell says: “With so much disruption ahead, companies need to concentrate their efforts on a small but coherent set of capabilities. By doing this, they can align operations with strategy across the company, and they'll be ready to respond as customer needs change.”

Notes

The report – *Reimagining operations: Insights from PwC's 2015 Global Operations Survey* – is based on a survey of 1,262 operations decision-makers across geographies and industries for their views on how they lead their operations functions today. To download a copy of the report and to further explore the data, visit www.pwc.com/reimagineops.

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¹ We considered companies to be more strategic where they had high rates of basing the following actions on enterprise strategy: involving operations leaders in strategic product and service decisions, funding operations improvement projects based on enterprise strategy and measuring and rewarding operations executives based on the strategic goals for the company.