



Future Proofing the End-To-End Supply Chain: The Evolving Importance of Industry 4.0 (Smart Operations)



Alfred Baumbusch, EVP Operations at Maine Pointe, explains why he believes Industry 4.0 (smart operations) are the keys to turning your supply chain into a competitive weapon. He answers the six questions every forward-looking executive and supply chain leader should be asking.

“In global manufacturing, the Fourth Industrial Revolution is already underway and is becoming widely recognized as providing an advantage for companies looking to take over their competitors’ market share.”

There are a few business capabilities that truly drive a company’s growth. Among them is the ability to quickly predict what is coming next as accurately as possible. This is one of the major abilities that delivers positive results to the bottom line. In global manufacturing, the Fourth Industrial Revolution is already underway and is becoming widely recognized as providing an advantage for companies looking to take over their competitors’ market share.

The evolving importance of smart operations

Smart operations, with fully integrated and collaborative systems that react in real-time, along with digitalization and deep data insights that focus beyond functional limitations are central to exploiting the potential of Industry 4.0. Companies that avoid sitting on the fence by embracing these continuous improvement options will be able to consistently achieve a significant reduction in operational costs, substantially improve the customer experience, drive additional growth opportunities and increase EBITDA.

Companies hoping to build a smart operations foundation will need to see past the technology and gain a deeper knowledge of what goes into smart ops from a people, process and technology standpoint. This means going beyond flexibility, integration and process control to understand the true scope of potential benefits as well as dangers of ignoring these momentous changes to industry.



Preparing for smart operations and Industry 4.0 – six questions every executive should be asking

“Companies hoping to build a smart operations foundation will need to see past the technology and gain a deeper knowledge of what goes into smart ops from a people, process and technology standpoint.”

“Smart operations is at the core of a new definition of improvement.”

1. Is smart operations just about technology? Absolutely not! There is underlying technology; analytics, automation, robotics and artificial intelligence are all available, but those items are simply the tools that make Industry 4.0 work. Smart operations is about a smart supply chain that has a deep level of cultural alignment, collaborative processes and real-time data-driven business intelligence. This needs to be fully integrated with your suppliers' suppliers and your customers' customers; a smart supply chain not only drives your growth, but their growth as well. Get this right and your company will be on the journey to reaching **Total Value Optimization**, a road that will significantly increase EBITDA, growth and customer satisfaction.

2. How does smart operations fit in with continuous improvement? Smart operations engagements leverage ideas coming from continuous improvement programs by accelerating operational performance beyond existing results. Reduced maintenance down time, inventory reduction and improved on-time-in-full deliveries to customers all make use of real-time data analytics to deliver a higher level of excellence. Smart operations is a primary component of Total Value Optimization™ (TVO). It complements lean manufacturing, Six Sigma, and other continuous improvement methods by adding new dimensions of affordable technology, real time data analytics, increases in operational visibility and opportunities for improved collaboration and integration. In short, smart operations is at the core of a new definition of improvement.

3. Does smart operations create a basis for integration and collaboration? Supply chain integration connects decisions and actions across an end-to-end value chain. Along with effective collaboration, it is a significant part of Total Value Optimization (TVO)™ and a key to a successful smart operations implementation. Companies that have already determined their strategy would benefit by implementing smart operational processes are looking beyond technological solutions. They want to enhance integration and collaboration, improve the buy-make-move-fulfill supply chain for all stakeholders and continually drive better and more predictive decision-making toward mutually beneficial outcomes. Integration and collaboration in a smart operations environment means creating a smart supply chain within its ecosystem. This means not just the company itself, but all stakeholders need to be strategically aligned to effectively manage operations, and maintaining a reciprocal flow of information to consistently enhance results for all parties.

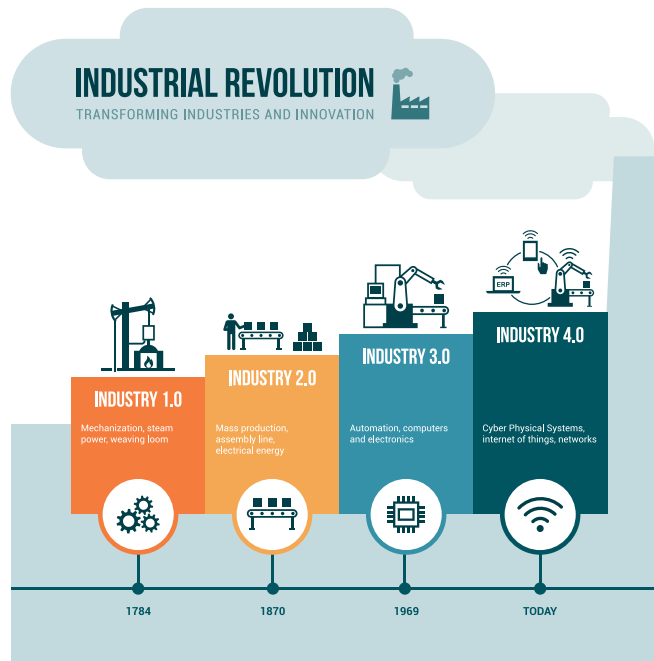
4. How will smart operations change the way we gather and use data? In today's environment, companies have access to an ever-growing body of data. However, **the real benefit is not gathering more data faster but assuring data is gathered in real time along processes that allow leadership and management to make even better and more predictive decisions.** That data becomes a foundation of a more forward-looking corporate ecosystem that can see the needs of your customers' customers and predict future trends more accurately. Effective data collection and storage is the result of objectives set by identifying what a business needs to reduce operating costs, free up cash and increase growth. As smart operations becomes an integral part of the manufacturing strategy, gathering the right data, analyzing it and presenting it effectively with the right people through data analytics support presents a significant competitive advantage.

5. How does software fit in this? It's no longer enough to just have an ERP system, even if you have a world-class MES. **Industry 4.0 is driven by technology and investing in integrated platforms is critical to success.** The days when merely conceptualizing digitized production operations was enough are in the past. The revolution is happening right now and it's the technology systems that are bringing it all together.



6. How can smart operations help companies gain a competitive edge? Smart operations allows for faster and more predictive decision-making, while enhancing the end-to-end supply chain to increase productivity, improve quality, service and reduce cost. **By instilling smart ops through TVO, companies will be able to gain better intelligence on what customers want in almost real-time.** In that sense, customers, market share, margins, and profits are the real impetus behind smart operations.

“Integration and collaboration in a smart operations environment means creating a smart supply chain within its ecosystem.”



“Transformation of industry practices through Total Value Optimization, built on a foundation of smart operations, represents the next stage of evolution.”

Next steps

Now is the time for forward-looking companies to revisit how to achieve their goals. Industry 4.0 represents a paradigm shift of manufacturing, communication, and information technology that is as disruptive as it is valuable.

Transformation of industry practices through Total Value Optimization, built on a foundation of smart operations, represents the next stage of evolution. As shifting customer demands require us to gain visibility into what markets want in near real-time, smart operations is part of a new strategy to not only survive changing environments but flourish in these most difficult and challenging of times.

If you would like to talk about any of the topics raised in this article, please contact one of our executives at: info@maineptune.com for a no-obligation discussion.

About Maine Pointe

Maine Pointe is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash and growth across their procurement, logistics and operations. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the buy-make-move-fulfill supply chain to deliver the greatest value to customers and investors at the lowest cost to business. We call this [Total Value Optimization \(TVO\)™](#).

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. www.maineptune.com