

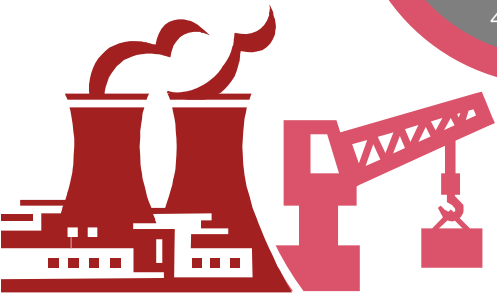
Capitalising on disruptive megatrends

65%

of industrial manufacturing CEOs worry about high or volatile energy costs, compared with just 59% overall

55%

of industrial manufacturing CEOs are somewhat or very concerned about supply chain disruptions, compared to just 47% overall



Cautious confidence

Industrial manufacturing CEOs are still wary about the economic outlook: only 34% think the global economy will improve this year, while 46% think it will stay the same. However, 62% believe there are now more growth opportunities than there were three years ago. A full 81% are also confident of generating higher revenues in the coming 12 months, and 92% are confident of doing so in the next three years. The US, China and Germany top the territories where they are looking for growth, with the US in particular gaining popularity compared to last year.

Coping with colliding megatrends

Some dark clouds are looming, though. Industrial manufacturing CEOs are particularly anxious about the availability of key skills (74%), the increasing tax burden (72%) and geopolitical uncertainty (71%). Just over a third (37%) are also extremely concerned about the risk of over-regulation. That said, industrial manufacturing CEOs are rather less worried about how colliding megatrends might disrupt the business landscape than their counterparts in other industries are. The

one factor that most troubles them is the prospect of greater competition from both direct and indirect sources, as new rivals from other sectors enter the field.

Entering adjacent or totally new industries

More than half of all industrial manufacturing CEOs expect more cross-sector movement in the future, with new competitors coming primarily from other areas of manufacturing and the technology, retail and wholesale sectors.

But industrial manufacturing CEOs are not just watching from the sidelines: 34% have already led their companies into a new industry, while 19% have considered doing so. The pioneers are especially interested in the healthcare and life sciences and energy, utilities and mining sectors, as well as other manufacturing sectors.

Questions to ponder

- Have you identified the activities your business executes really well and what differentiates it?
- How are you rethinking your business?

Exploring new ways to compete

The power of digital transformation

Industrial manufacturing CEOs are less concerned about technology companies breaking into their own industry – and less interested in entering the technology sector – than other CEOs. Nevertheless, they are actively capitalising on the digital revolution.

They regard mobile technologies for engaging with customers (73%), cybersecurity (72%) and data mining and analysis (70%) as strategically important. They also stress the significance of robotics and 3D printing. But they are increasingly worried about the speed at which technology is changing (54%, up from 43% last year). The growing number of cyber threats is another major source of concern.

Industrial manufacturing CEOs report that investing in analytics, operational improvements and enhancements to sourcing and supply chain management has delivered the biggest returns. However, two features are particularly essential to make these investments work: a proper plan and their own role, as CEOs, in championing the use of digital technologies.

Diverse partnerships and different ways of working

Nearly half of all industrial manufacturing CEOs (46%) plan to form a new alliance or joint venture this year, largely with customers, suppliers or academic institutions. Their main reasons for collaborating are to get access to new technologies (60%), new customers (47%) and new geographic markets (46%).

More than half of industrial manufacturing CEOs (53%) also intend to hire more people, but 74% are worried about the shortage of key skills. Hence the fact that 71% are actively searching for talent in different countries, industries or demographic segments, and 77% are looking for a broader range of skills than they have in the past.

Questions to ponder

- Do you have a strategy for capitalising on digital technologies – and the skills to implement it?
- What sort of partnerships could enhance your organisation's capabilities?



“A business goes bankrupt not because of its competitors, but because it is not competitive enough. The competitiveness comes from its internal strength – corporate culture.”

Dong Mingzhu, President & Chairwoman, Gree Electric Appliances Inc. of Zhuhai

Get in touch with us!

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