

Jump-starting resilient and reimagined operations

The coronavirus pandemic has **radically changed demand for products and services in every sector**, while exposing points of weakness and fragility in global supply chains and service networks.

At the same time, it has been striking how well and **how fast many companies have adapted, achieving new levels of visibility, agility, productivity, and end-customer connectivity**—while also preserving their cash.

In our conversations with operations leaders, we find that many are energized and inspired by the progress the crisis has forced them to make. **Production lines have achieved record levels of availability and output:** one automotive company found that manufacturing productivity actually increased when it introduced physical-distancing measures.

After switching to daily planning cycles and **gaining real-time visibility of their operations, managers don't want to return to the old cadence of monthly planning and metrics that lag behind the situation on the ground.** With physical stores closed, online and direct-to-customer sales are booming in many categories. That's inspiring companies to **upgrade their sales and distribution capabilities to meet this new type of demand.**

Across industries, **companies are realizing that they can aspire to much more than simply a safe return to work. They want to take what they have learned during the COVID-19 crisis and create a new kind of operational performance.** Our ongoing discussions with leaders in multiple industries suggest that this effort will focus on **five key themes**

Building Operations Resilience

Successful companies will redesign their operations and their supply chains **to protect their business against a wider and more acute range of potential shocks and disruptive events.** That calls for action on three fronts.

- 1 Companies will **revisit their global asset footprint.**
- 2 Companies will likely **reassess their make-versus-buy** options.
- 3 More companies will **set up dedicated supply-chain risk-management** functions.

Accelerating end-to-end digitization

Before the coronavirus hit, most companies were already accelerating the digital transformation of their customer journeys and value chains. **We expect digital technologies to be at the core of the next normal, enabling organizations to better meet the needs of their customers,** and improving the agility and responsiveness of operations without increasing their costs.

Research by the World Economic Forum, in collaboration with McKinsey, shows that **companies often achieve significant and simultaneous improvements across multiple performance measures** when they integrate advanced digital technologies across the value chain.

Rapidly increasing capital- and operating-expense transparency

The economic **fallout from the COVID-19 crisis will outlive the pandemic itself.** We know companies will need to build their next-normal operations around a different cost structure. They will need to **make these changes quickly.**

Driving the future of work



Many people's jobs have been fundamentally changed by the COVID-19 pandemic. With access to workplaces limited to essential staff, **employees have had to learn how to complete tasks remotely, using digital tools** to communicate and collaborate with colleagues.

Reimagining a sustainable operations competitive advantage

Dramatic shifts in customer expectations, demand patterns, and industry structures **create the opportunity for equally dramatic shifts in companies' operations and beyond**, as leaders reexamine the role that operations plays in connecting with customers and building an entire corporate strategy.

To prepare for a different economic and business environment, **operations leaders are looking to transform their organizations urgently**—and they want to maintain the momentum that has carried them through the early phases of the pandemic.

With the likelihood of prolonged uncertainty over supply, demand, and the availability of resources, we believe that **COVID-19 will be the trigger for operations functions to adopt an agile approach to transformation.**

Teams involved in the transformation will need to respond quickly to rapidly changing circumstances, **modifying their planning, design, and execution as new information becomes available.**

Nerve Centers

The nerve centers or control towers that many companies have **already established to navigate the first phase of the crisis will provide a model for a more robust and agile** type of operations management.

As companies transition to the next normal, they can retain these powerful and effective structures, which have helped many organizations **achieve unprecedented visibility and cross-functional agility in their operations,** rather than dismantle them.

Indeed, they can **digitize, industrialize, and scale up this new way of working**. One option is to create a strategy and transformation office, including a cascading network of three types of teams

1

A plan-ahead team **develops scenarios, a vision, and a set of initiatives** to enable the change.

2

A number of design teams work in sprints to **develop concepts and design the initiatives** to be executed.

3

An implementation team **coordinates across the operations teams to execute changes** on the ground.

As business operations make the transition to the next normal, **speed will continue to be of the essence.** Companies that are willing to maintain their momentum while also setting new standards and upending old paradigms will **build long-term strategic advantage.**



For more information the original article can be found at

<https://www.mckinsey.com/business-functions/operations/our-insights/jump-starting-resilient-and-reimagined-operations>

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