

Eliminate Volatility with Dynamic Operations, Part 1



Accenture

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By adapting their operations to flex with markets, smart manufacturers with global footprints are learning to profit from permanent volatility, while insulating themselves against downside risk and simultaneously moving with speed and agility to capitalize on opportunities as they arise.

Even so, the ongoing volatility looms large for manufacturers. Consequently, it should be no surprise that many of them are taking a somewhat cautious approach to their planning. In fact, research has suggested that manufacturers seem as concerned about capturing the upside of economic recovery and other market opportunities as they arise as they are about protecting themselves from the next big event: a commodity price increase, natural disaster that halts a product or supply shipment, new regulations with which they must comply or a shift in customer demands — to name a few.

Successfully navigating these and other challenges that permeate today's business environment requires efficient, [flexible and dynamic operations](#) [1]. Such operations can enable a manufacturer to be more responsive to their customers while controlling costs.

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The reason: Manufacturers with dynamic operations can react nimbly to unexpected changes in the market and seize opportunities as they arise. And, today, forward-looking manufacturers are rising to the challenge that volatility presents as they re-imagine their operations, which helps create adaptable ecosystems of processes, people, capital assets, technology and data. They are striving for flexibility where it matters most in their operations and focusing their efforts to achieve the agility that will drive profits, not just short-term efficiencies.

However, the degree of dynamism that is built into manufacturers' operations varies. Different growth strategies demand a different mix of functional capabilities. All, however, strive to achieve speed to outcome in functional domains and continuously re-optimize as market conditions change.

[Accenture's most recent manufacturing research](#) [2][1], which included a survey of senior manufacturing executives at global manufacturing operations in the United States, further suggests the need for greater agility in manufacturing operations, given persistent volatility.

Despite approaching 2012 with cautious optimism, manufacturers expressed concern about a wide range of factors that could prevent them from reaching their goals. Uncertainty about customer demand and rising commodities costs topped their list, which also included: weaker pricing power for finished goods or services, pressure to reduce operational costs, the need to apply innovation to stay ahead of the competition, global currency instability and increased competition.

Please tune into the Chemical Equipment Daily for part two of this two-part piece! What's your take? Please feel free to comment below!

[1] "Developing Dynamic and Efficient Operations for Profitable Growth," Accenture, August 2012

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[1] http://www.accenture.com/us-en/landing-pages/management-consulting/scm/supply-chain-management/Pages/dynamic-operations.aspx?c=mc_blaposts_100000050&n=otc_1012

[2] http://www.accenture.com/us-en/Pages/insight-efficient-dynamic-customer-focused-operations.aspx?c=mc_blaposts_100000049&n=otc_1012