



## Enabling the „Big Shift“ for Siemens The advent of a new management model



# Agenda

# Content

- 1. Managing the “Big Shift” – why change?**
- 2. Focus areas for the multinational player 2.0**
- 3. Building the right Capabilities**
- 4. What is next**

Appendix

# Siemens as a multinational player has successfully changed – Pressure to do so continues to grow

## The Challenges

- Fast evolving product and market trends
- Changing Value Chains
- Multitude of local markets – no world market products
- Innovation is taking place across regions
- Lean leverage – asset efficiency increasingly important (consequence financial crisis)
- Retaining talent
- Keeping intelligence and information in realtime

## Forces of Change

- Competitive Intensity
- Stock Price Volatility
- Asset Profitability
- Firm Topple Rate
  - Nokia (clam shell and smartphone)
  - Siemens mobile
  - NSN
  - Infineon
- Shareholder Value Gap
- Consumer power
- Brand Disloyalty
- Economic Freedom

# Deloitte research has identified a dramatic situation on asset profitability

## Challenge

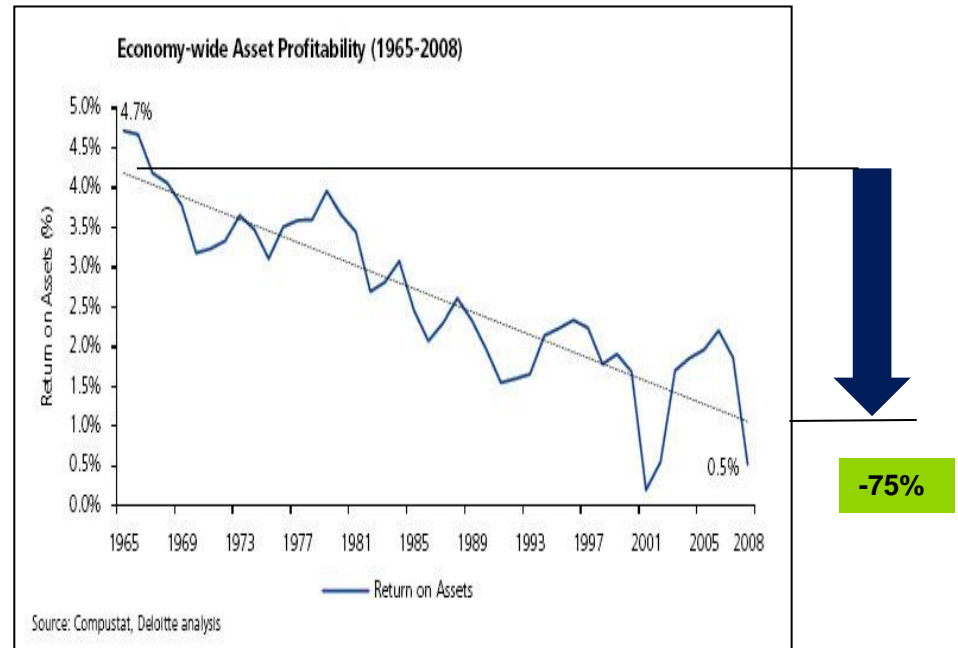
### Running faster, Falling behind with “Push” Management (Enterprise 1.0):

The return-on-assets for all American firms has eroded by 75%

\_Forecasting Demand and planning/organizing resources top-down (=push management model) becomes more difficult in turbulent markets.

The push management model works best in stable markets for maximizing efficiency and minimizing deviations from standard practices .

In dynamic and changing environments the management model must be adaptive and innovative: Therefore the top-down push management model is increasingly challenged and direction-setting starting now to be done more outside-in and bottom-up.



## Improving RoA Performance with a „big shift“ in value creation

### Return on Assets (%) (RoA)

Year	Siemens	Industry	GE
2010	3,79%		5,3%
2009	2,4%	4,8%	5,2%
2008	6,06%	7,7%	8,27%
2007	4,16%	7,7%	10,34%
2006	3,6%	7,9%	10,64%



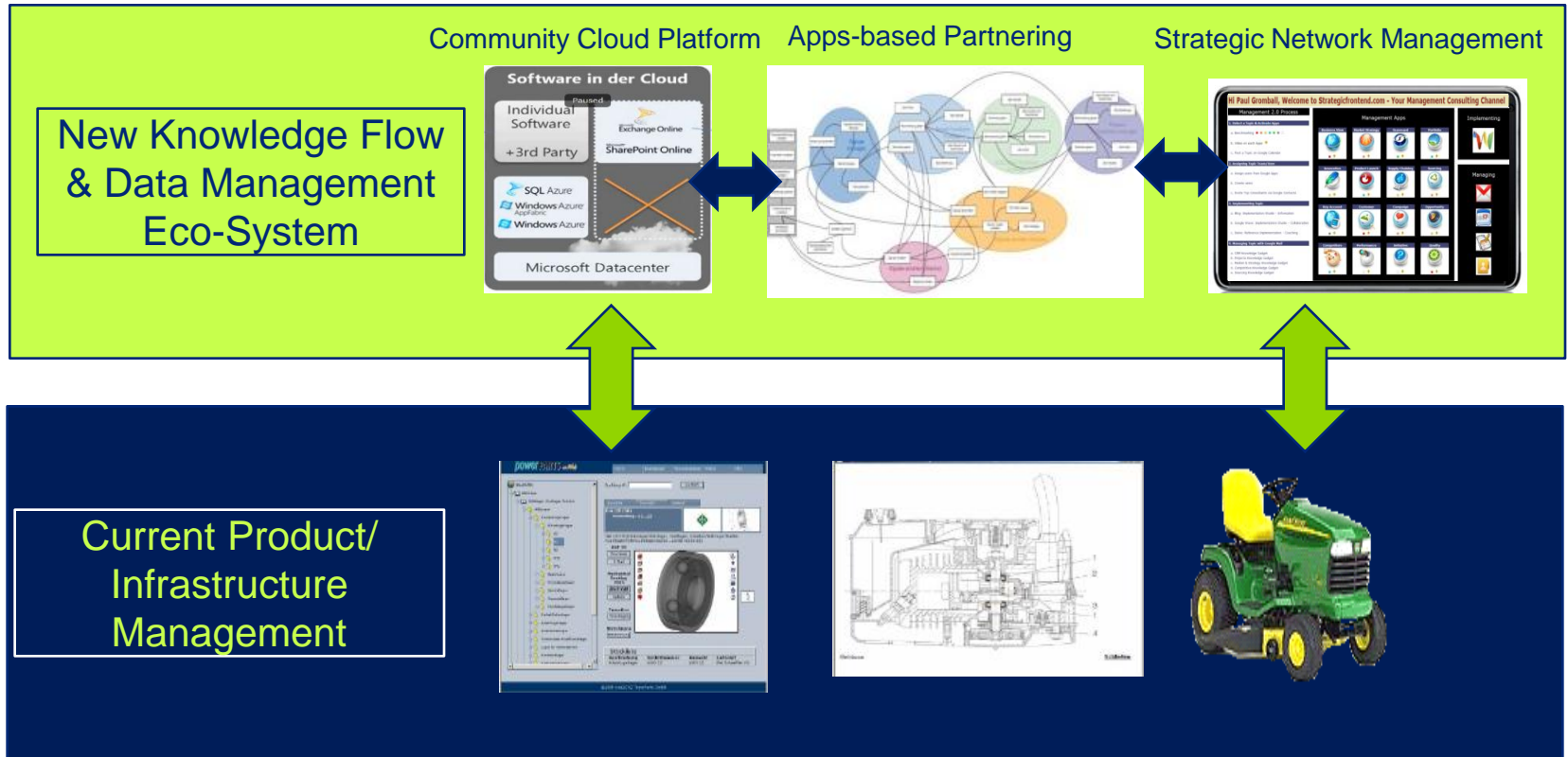
## Solution

**The” Big Shift”:** Leverage the Power of Pull with new value chains (Enterprise 2.0):

Create services (**Apps**) to draw out resources (e.g. information) and People (e.g. consultants) as needed to address opportunities and challenges based on the “Big Shift” Management Cloud Platform

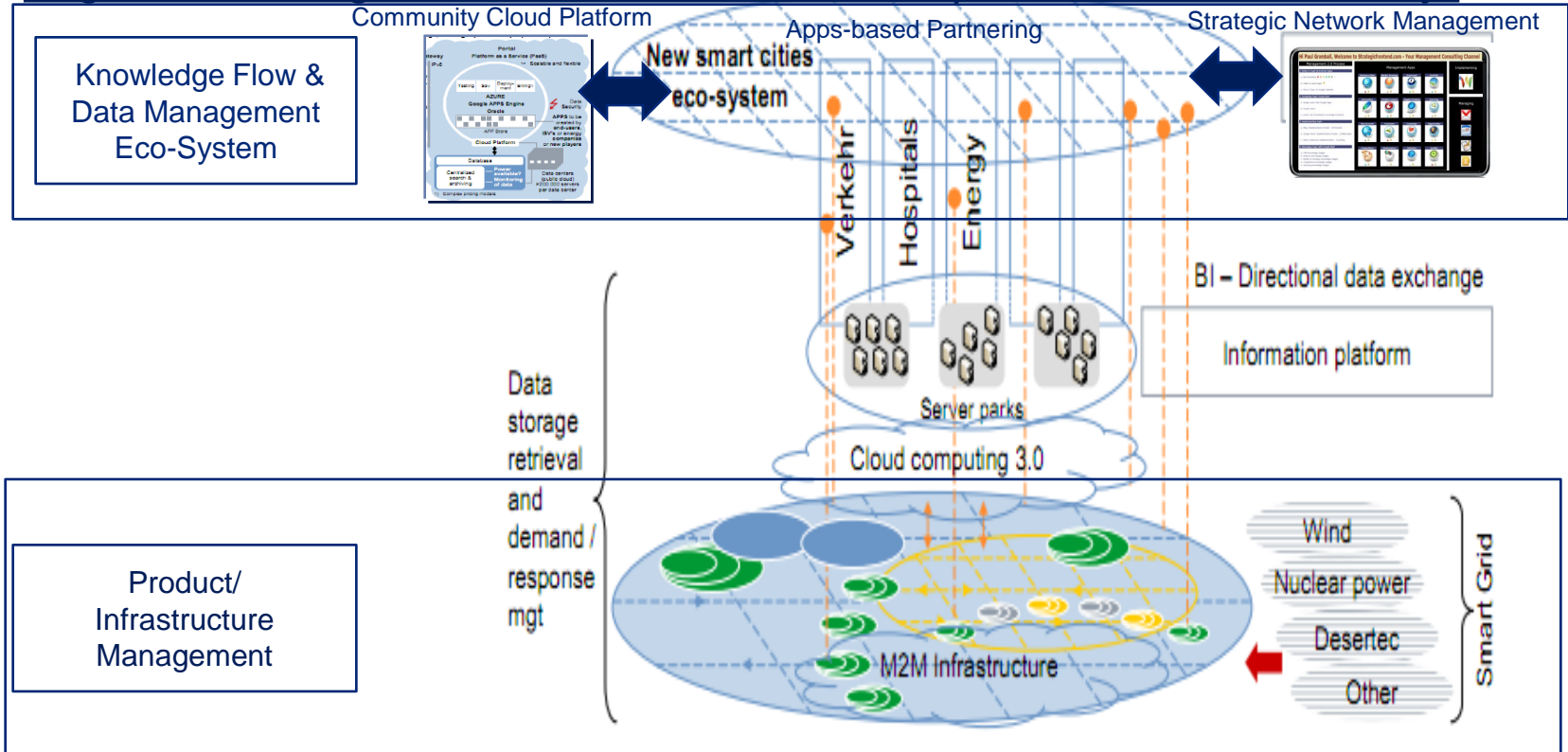
# Smart Value Chain (1) : Leveraged Growth with networked value creation improves asset profitability and customer experience

## “Big Shift” Management Cloud Platform: Example Schaeffler Group



# Smart Value Chain (2): Leveraged Growth with networked value creation improves asset profitability and customer experience

## “Big Shift” Management Cloud Platform: Example Siemens “Smart City”





# Focus areas for the multinational player 2.0

# Asset efficiency

## Challenge

Keeping up with market, business and management and innovation dynamic

Managers find themselves lagging behind their counterparts in rapidly emerging markets such as India or China, where businesses are much more adept at creating broad networks and finding innovation at "the edge" of their business rather than a proprietary core.



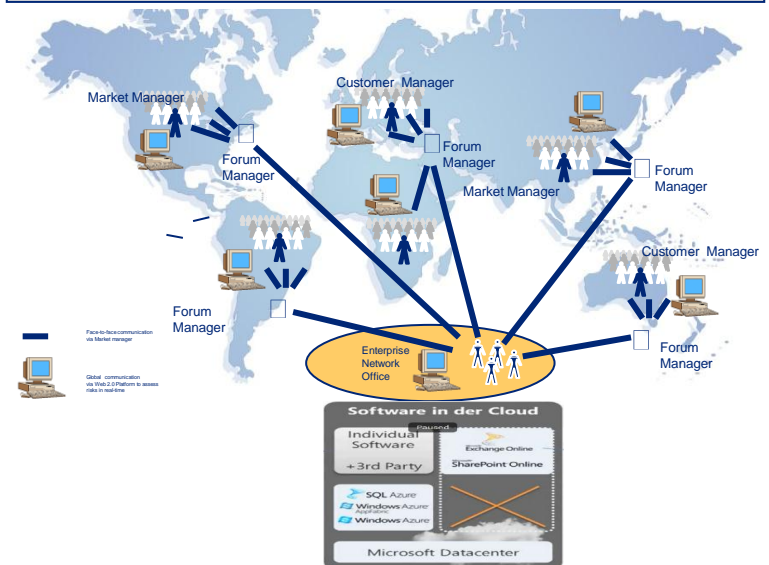
## Solution

Create a Dynamic Business Ecosystem with local Market Forums (Institutional Innovation):

Creating broad networks and finding innovation at "the edge" of the business rather than a proprietary core. Local teamwork, collaboration and skill in communication is bringing new heights of invention and success by increasing returns of scalable knowledge flows



The use of the Global Strategicfrontend.com helps the Enterprise Network Office to create the global Management Network Architecture

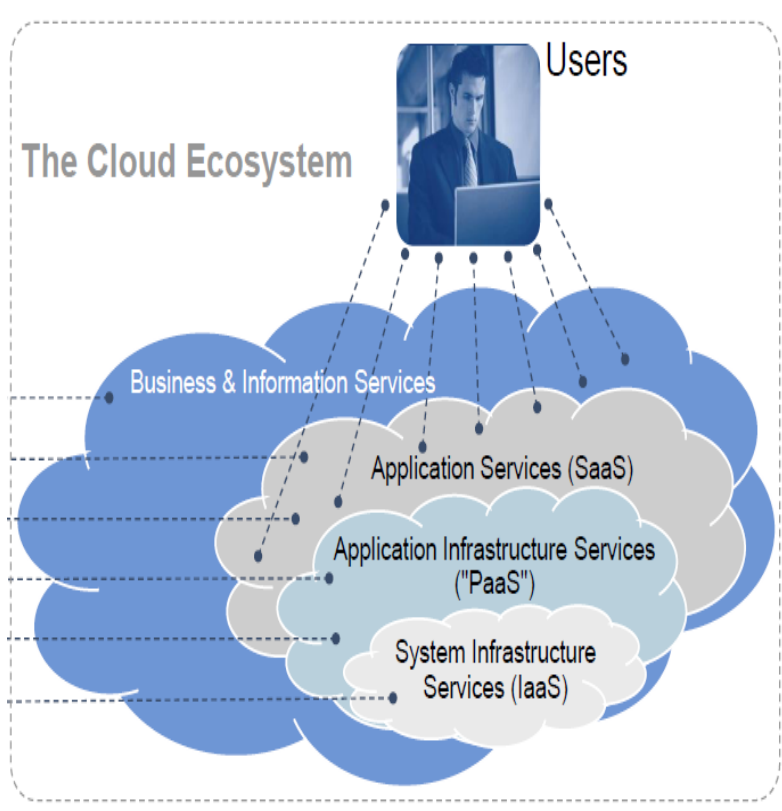


# Instant Access to information and know How

## Challenge

### Overcoming the barriers of cloud computing :

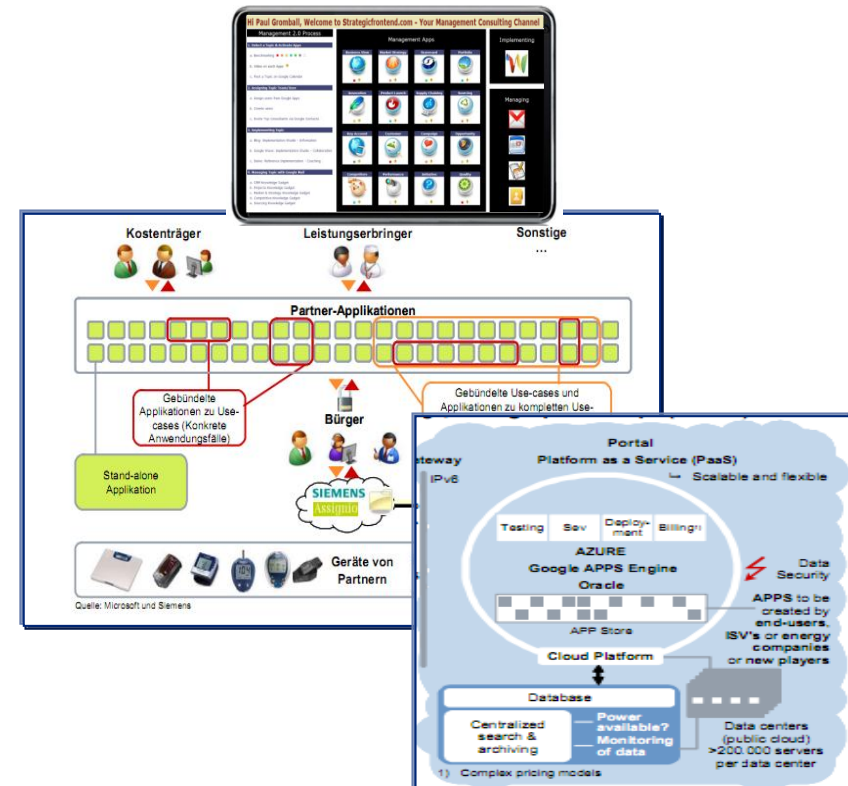
Most of the enterprise IT 'stack' is now available via cloud models in the form of infrastructure, platforms and Applications-as-a-Service .



## Solution

### Elastic Infrastructure with Cloud Broker Model :

Exploiting the Cloud Computing "IT Stack" Potential to improve Asset Profitability by reducing costs & creating and sharing knowledge across boundaries



# Talent pooling

## Challenge

Current Management Processes and enabling systems are fragmented which leads to barriers of team work and development of key people

Manager has to use different, non-integrated proprietary Systems and bridge Information Island.



No industry was composed of more than 20% of **passionate** individuals, and the larger the company, the less likely you were to find them

## Solution

**Social Productivity** by integration of Management Processes and Methods by Apps Services and Talent Development “on-the job” enabled through cloud-based work-environments

Using services (**Apps**) to draw out resources (e.g. information) and People (e.g. consultants) as needed to address opportunities and challenges anytime and anywhere.



A free selection of Mobile management apps by every manager enables self-sufficient operations and greater business impact through unlocking the initiative, creativity and passion of key people.

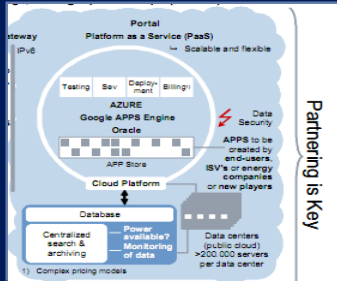
Building the right capabilities -  
What is the implication on the workplace and the overall management infrastructure?

# Big Shift” Solution Approach: Unlocking the Cloud Computing Potential for Profitability Impact

## Technology Foundation

### Cloud Computing

Service & Software for scalable Pull Platforms



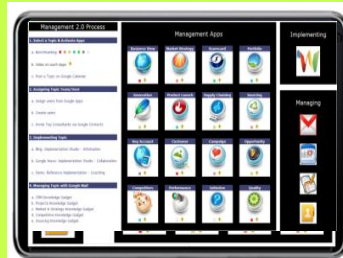
### Forces of Change:

- Computing
- Digital Storage
- Bandwidth
- Cloud Users
- Wireless Subscriptions

## Social Productivity

### Manager Workplace

Modular Design & Security of flexible Knowledge Access/Creation



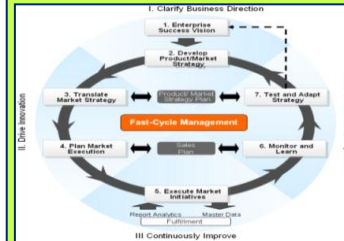
### Forces of Change:

- Internet Activity
- Wireless Activity
- Social Media Activity
- Worker Passion

## Knowledge Flow

### Management Process

Fast-Cycle Management of Knowledge Flow



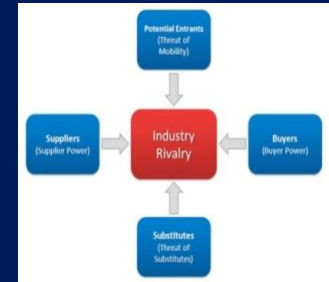
### Forces of Change:

- Inter Firm knowledge Flow
- Decision Cycle Time
- Executive Turnover
- Returns to Talent
- Labor Productivity

## Profitability Impact

### Market Value Creation

Closing the Asset Profitability Gap

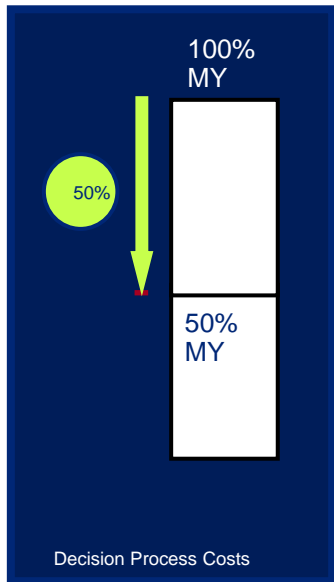


### Forces of Change:

- Competitive Intensity
- Stock Price Volatility
- **Asset Profitability**
- Firm Topple Rate
- Shareholder Value Gap
- Consumer power
- Brand Disloyalty
- Economic Freedom

# “Big Shift” Impact: Achieved Results

## Social Productivity



**Streamlining Data Gathering & Reporting**

**Reducing Planning Layers**

**Flexible Access to Resources needed to address the unexpected**

## Speed



**Online Market Strategy Events**

**Instant Expert Verification**

**Connecting Knowledge with practice-real-time**

## Sharing

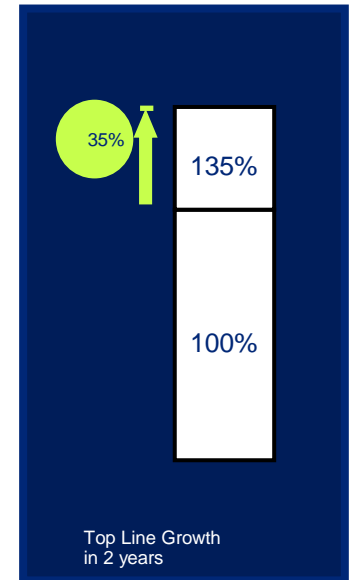


**Market Synergies**

**Replication of proven strategy execution processes**

**Success Transfer**

## Results



**Payback Time: 6 Months**

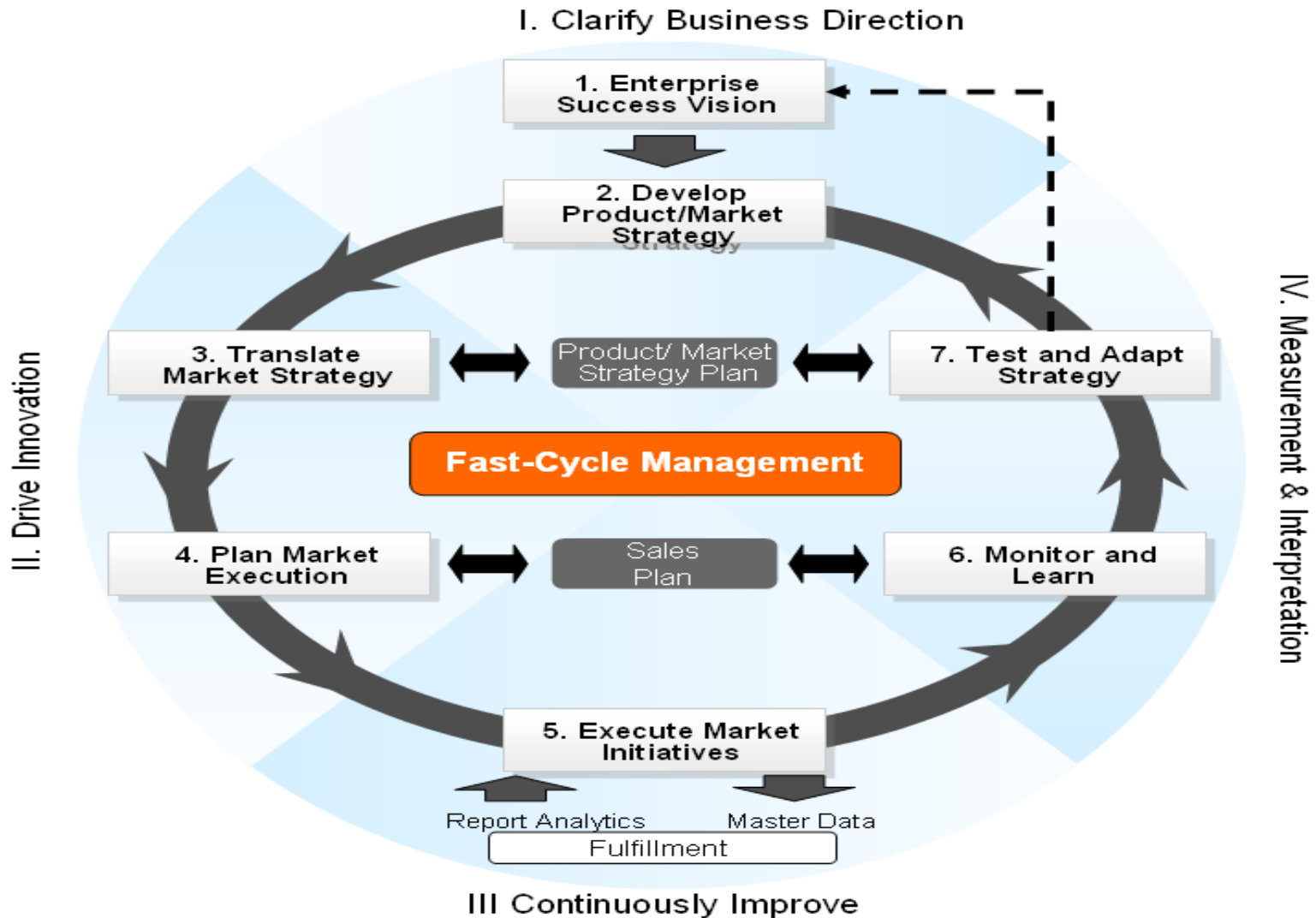
**➡ “Big Shift” Cloud Computing enables consulting and client management to become more productive**

# Outlook – How to leverage the information



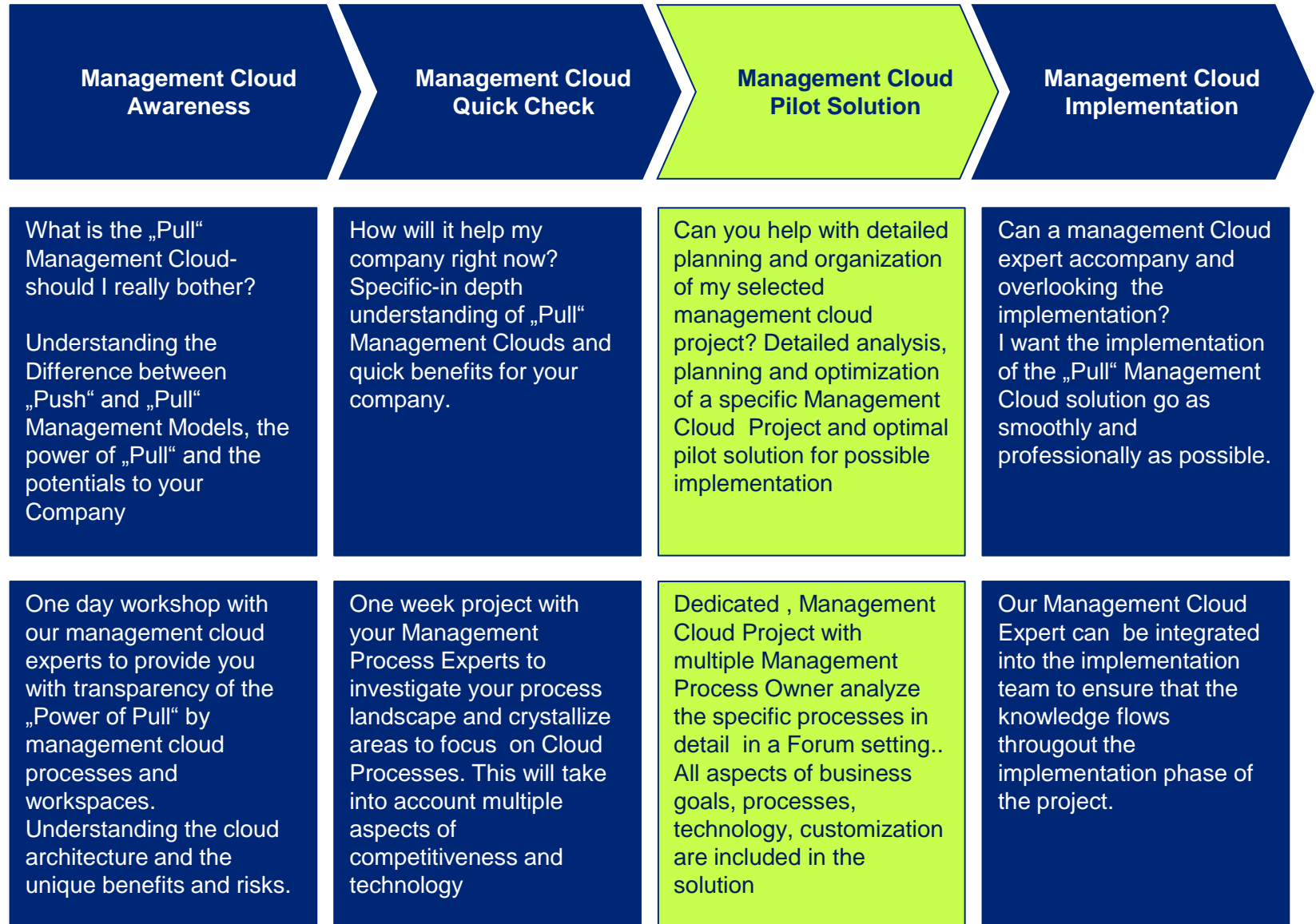
# Fast-Cycle Management Solution :

## Driven by web-based Apps of [strategicfrontend.com](http://strategicfrontend.com)



# Next Steps

# How to assess and adopt “pull” management cloud implementation of Knowledge Flows for your business



# “Big Shift” Pilot Program:

## Leverage Peer-to Peer Groups with 12 “Big Shift” Deliverables

Forum  
Preparation

Fast-Cycle  
Management Network

Fast-Cycle Management Forum:  
Creating & Test the “Big Shift” Blueprint

### 12 Key “Big Shift” Deliverables

#### 0. Kick-off Meeting

Set up Cloud-  
1. Computing Platform

Process Owner: Set  
2. up Dashboard and Knowledge flow

Statement of  
3. Understanding/  
Project Scope

Process Group  
4. Manager:  
Set up Dashboard

5. Knowledge  
Flow Diagnostic  
& Analysis

“Big Shift”  
Launch Pad

6. Define Business  
View/Market  
Intelligence

Design/Test  
7. Market Strategy  
Knowledge Flow

Design/ Test  
8. Corporate Strategy  
Knowledge Flow

Design/Test  
9. Customer Strategy  
Knowledge Flow

10. Design/ Test  
Measurement and  
Interpretation Flow

11. Define System  
Customization  
Needs

12. Implementation  
plan

“Big Shift”  
Knowledge Flow Design

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# Appendix: Forces of Change of the “Big Shift” from Push to Pull



“Big Shift” Management Platform : Key Link of connecting Cloud Computing to Profitability Impact

## Technology Foundation

**Cloud Computing**

Service & Software for scalable Pull Platforms

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**Management Process**

Fast-Cycle Management of Knowledge Flow

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## Profitability Impact

**Market Value Creation**

Closing the Asset Profitability Gap

**Forces of Change:**

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**Technology Foundation** : The fast moving evolution of a new technology infrastructure (cloud computing) is reducing barriers of entry and movement

### Forces of Change

- **Computing**: As Computing Cost drop, the pace of innovation accelerates
- **Digital Storage**: Plummeting storage cost create new cloud services including filtering
- **Bandwidth**: As bandwidth cost drop, the world becomes more connected and flatter
- **Cloud Users**: Accelerating cloud adaptation makes digital technology services more accessible increasing pressure as well as creating opportunities.
- **Wireless subscription**: Wireless advances create continual connectivity for knowledge exchanges

**Social Productivity:** A free selection of management services ( apps) by every manager enables self-sufficient operations and greater business impact through unlocking the initiative, creativity and passion of key people

### Forces of Change

- **Internet Activity:** The rapid growth of internet activity reflects both broader availability and richer opportunities for connection with a growing range of people and resources (Apps services)
- **Wireless Activity:** More diverse communication options are increasing wireless usage and significantly increase the scalability of connections
- **Social Media Activity:** The recent burst of social media activity has enabled richer and more scalable ways to connect with people and building sustaining relationship which enables knowledge flows
- **Worker Passion:** Workers who are passionate about their jobs are more likely to participate in knowledge flows and create value for companies.



**Knowledge Flows** : Sources of economic value moving from “stocks” of knowledge to flow of new knowledge

### Forces of Change

- **Inter-firm Knowledge flows:** Individuals finding new ways to reach beyond the four walls of their organization to participate in diverse knowledge flows
- **Decision Cycle Time:** Fast-cycle management is at the core of organizational agility, for which Apps help to speed up the frequency of knowledge flow, communication, collaboration and coordination as a team/organization
- **Executive Turnover:** As performance pressure rise, executive turnover is increasing
- **Returns to Talent:** As contribution from creative classes become more valuable , talented workers get higher compensation and market power
- **Labor Productivity** : Advances in technology and business innovation coupled with hyper competition have both enabled and forced increase in labor productivity

**Profitability Impact** : Forces of Change require a fundamental change in management beliefs and redesign of management principles to improve business performance - example

### Forces of Change

- **Competitive Intensity:** Competitive Intensity is increasing as barriers to entry and movement erode under the influence of the digital (cloud) infrastructure and public policy
- **Stock Price Volatility:** A long-time surge in competitive Intensity, amplified by macro-economic forces and public policy initiatives, has led to greater volatility and market uncertainty
- **Asset Profitability:** Cost savings and the value of modest productivity improvements tends to get competed away and captured by customers and talent
- **Firm Topple Rate:** The rate to which big companies loose their leadership position is increasing
- **Shareholder Value Gap:** Market “loser's” destroying more value than before- a trend playing out over decades
- **Consumer power:** Consumers posses much more power, based on the availability of much more information and choice
- **Brand Disloyalty:** Consumers becoming less loyal to brands
- **Economic Freedom:** Increased economic freedom further intensifies competition but also enhances the ability to compete and collaborate