

## Winning leaders with expertise in „Industry 4.0“!

The challenges of „Industry 4.0“ determine the requirements for almost every executive position in industrial goods companies. Managers with a clear track record in industrial digitalisation are in high demand. We name the success factors to find and attract these sought-after personalities.

Today, a modern executive in the environment of digitally networked production must have key qualifications in digitalisation. How these qualifications are specified however, varies greatly across the number of job descriptions we have encountered.

### **Anchoring of Industry 4.0 in the management**

The term „Industry 4.0“ describes a megatrend in the industrial goods sector, namely the comprehensive digitalisation of industrial production with the help of intelligent and digitally networked systems. In the derivation of this term, mechanisation at the end of the 18th century is described as the first industrial revolution, followed by mass production using electrical energy as we know it, for example, from the car manufacturer Ford and its legendary „Model T“ and, as the third revolution, the automation of production processes, especially from the 1970s onwards. The networking of production systems via technologies such as IoT - Internet of Things - and thus digital communication and control across production chains and beyond with connection to suppliers and customers is referred to as the fourth industrial revolution or „Industry 4.0“. This term has become established primarily in German speaking countries but is also used internationally.



Whether it's a development step, a trend or an industrial revolution - there's no getting around digitization

Whether you call the comprehensive digitalisation of production a developmental step, a trend or an industrial revolution - in any case, it has a transformative impact on almost every company with industrial manufacturing and thus belongs on the agenda of the executives in these companies.

This is very clearly visible in the introduction of the position of Chief Digital Officer as a dedicated function for digital transformation in the executive board. Since 2006, we have published the schillingreport with our annual survey of the composition of the executive boards of the 100 largest Swiss employers.

In the past ten years, the proportion of companies that anchor the topic of digitalisation at the top management level with a CIO/CTO position has increased from 8% to 42% (Illustration 1).

### Industry 4.0 dominates the requirement profiles

In our work in executive search, we experience a strong influence of „Industry 4.0“ on the requirement profiles of top management positions. Hardly any job profile gets by without a reference to the transformation through digitalisation and corresponding requirements for future managers from this. The following table (table 1) shows a list of C-level positions and, as an example, the requirements from position descriptions that are connected to „Industry 4.0“ or are obviously derived from it.

The list of functions can be continued, and the examples shown of requirements from „Industry 4.0“ are by no means complete, rather they showcase the importance of digital knowhow.

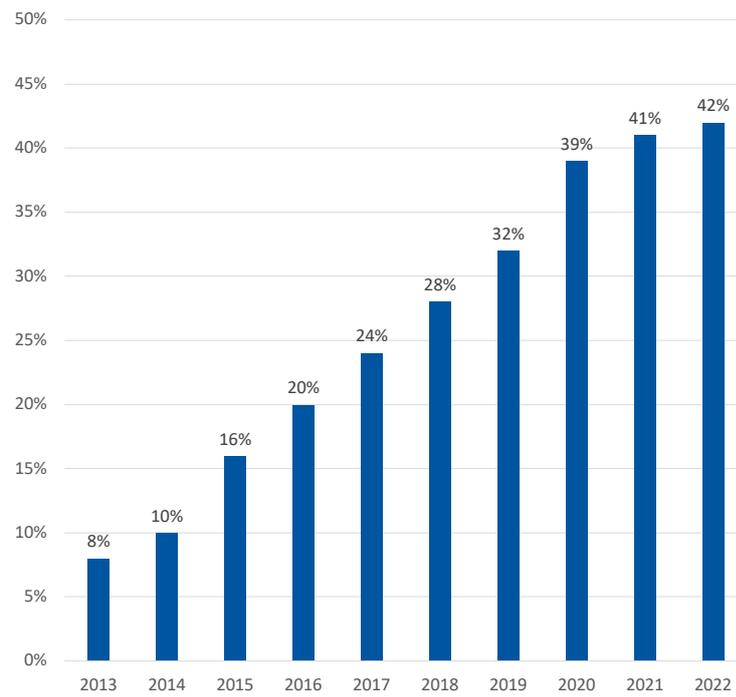
While almost every company desires such competences, the requirements are specified differently by our clients. Ideal for the executive search assignment is a description of the required track record, which indicates a concrete search field of potential target companies, target positions and thus target persons.

### The right degree of concretisation is important

In the first discussion of the role profile, we often encounter a description of the requirements that is too superficial or too detailed. In many cases, requirements are formulated broadly, such as „experience in digitalisation“. This approach leaves too much room for manoeuvre and has little chance of finding the ideal candidate. Sometimes buzz words are used, such as „digital native“, which are not sufficiently aligned with the other requirements of the position, such as a minimum experience in a sector or management responsibility that is required at the same time.

### Companies strengthen their ExCo with IT-/technology competence

More than 40% of companies have a CIO/CTO position at executive level



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Illustration 1

POSITION	EXAMPLE REQUIREMENT FROM INDUSTRY 4.0
<b>CEO: Chief Executive Officer</b>	Strategic innovation of business areas, increase in SaaS share, M&A in future technologies
<b>CFO: Chief Financial Officer</b>	Cross-divisional provision and evaluation of data (financial and operational KPIs) and their networking in ERP system, MIS and production systems (MES/MOM)
<b>CMO: Chief Marketing Officer</b>	Development and marketing of new services such as condition-based maintenance, commercialisation of additional benefits via new digital customer interfaces, systematic use of CRM data, presentations of products via virtual reality
<b>COO: Chief Operating Officer</b>	Use of agile production methods, lean management and Kanban systems with the help of digitally networked systems, continuous production optimisation via statistical evaluation of production data (MES/MOM/PLM), use of predictive maintenance
<b>CPO: Chief Procurement Officer</b>	Networking with suppliers via EDI interfaces, automated warehouse and logistics systems and dovetailing of supply chains and production processes
<b>Head Research &amp; Development</b>	Trend scouting with start-ups and universities, hackathons for new concepts, collection and evaluation of data from the production process for the development of new industrial applications
<b>Head Corporate Development</b>	Identification and shaping of new, digital business areas, development of partnerships, identification of acquisition targets

Table 1

We also encounter the opposite in the discussions, namely a too specific description. One client gave us the following list of requirements:

- A few years of experience in strategy consulting
- Leadership experience across multiple organisational levels
- Hands-on programming experience, ideally apps for interaction at the B2B and B2C customer interface
- Mastery of the entire technology stack, forming the bridge between marketing, IT, technology
- Ideally founded or scaled a startup
- Visionary, but also down-to-earth

Over-specification can limit the potential market too much and subsequently make it impossible to fill the position. In our view, the ideal approach is to derive the requirements from the strategic goals for the position. This involves asking what specific changes the leader is expected to achieve in the next 18 to 36 months and what his/her success will be measured by. An illustrative example is provided by one of our clients for a general manager function with leadership responsibility for 2,000 employees in Europe. The company is active in both hardware and software. In addition to the diverse qualifications for a higher management position, one goal in particular crystallised: to increase business in the Software-as-a-Service (SaaS) sector. This clearly defined our search field to global manufacturers of industrial automation solutions with successful SaaS business. It eventually allowed us to systematically identify suitable candidates.

In the schillingtalk event series on the topic of „Industry 4.0“, we regularly bring together CEOs and executive committee members from industrial goods companies to discuss their challenges. This shows:

- Nearly all industrial companies are challenged by „Industry 4.0“
- In almost every company, a variety of initiatives are running in parallel, some with an internal focus on optimising production or increasing efficiency, some with an external focus such as new business models or strengthening customer loyalty

- The biggest challenges for companies are keeping the focus of initiatives and the commercialising the new business models
- Very few companies have a clear focus and business plan for “Industry 4.0” in place

The following illustration 2 is taken from a survey of 45 CEOs/GL members at a schillingtalk and shows the many different goals that are being pursued with the Industry 4.0 initiatives.

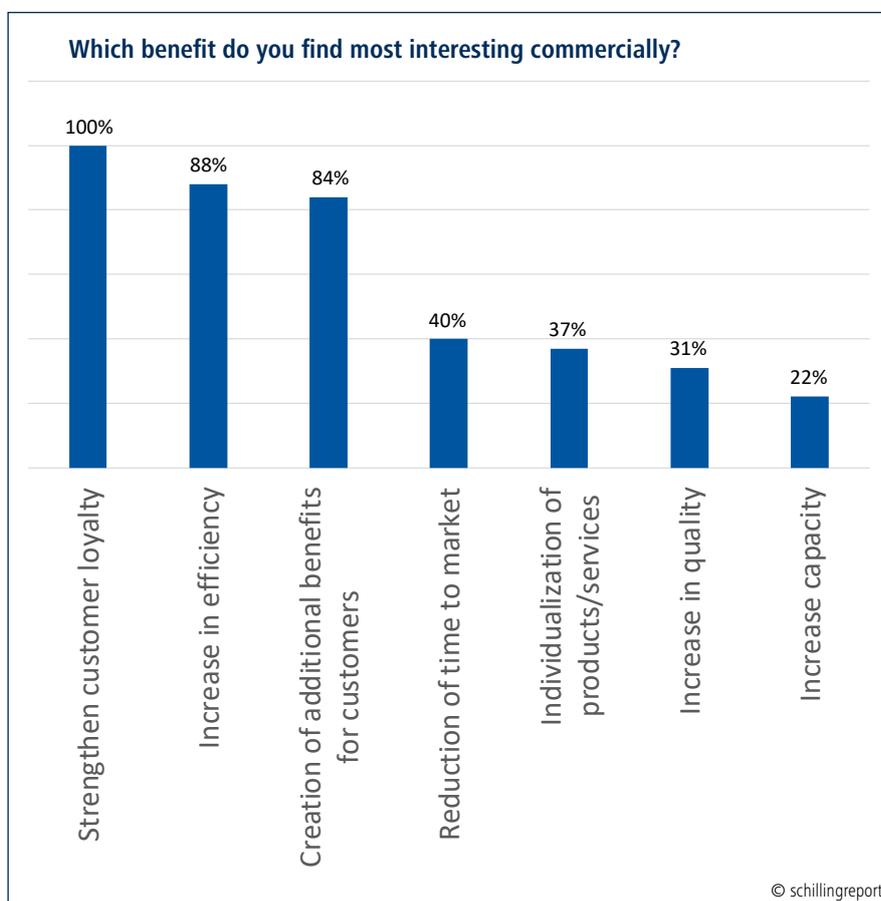


Illustration 2

### Conclusion: Best practice requires focus

The clearer the vision and corporate goals in the area of Industry 4.0, the more concretely profile requirements can be derived, which in turn leads to higher chances of success in recruiting the right personalities. If this cannot be narrowed down for the company as a whole, this is only natural. In this case, it helps to ask the board of directors or CEO: What do we want the specific leader to achieve for us in the coming months? What kind of business models or technologies are involved? How do we measure success in her/his area of influence? The objective and the gap analysis usually result in a clear requirement, which we then transfer into a systematic search strategy. This is how a successful search and recruitment succeed, even in the revolutionary environment of „Industry 4.0“!



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Malte Müller leads the executive search for management and executive positions in the industrial sector since 2013. Prior to that, he worked for 12 years as a strategy consultant for the Boston Consulting Group. The topic of „Industry 4.0“ is a main part of his work with clients, whom he accompanies as a professional sparring partner. He is also the organizer of the schillingtalk, a network event for business executives on the topic of „Industry 4.0“.



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