

Success personified in the Fourth Industrial Revolution: Where do German executives stand?



Deloitte 2019 Industry 4.0 Readiness Survey

January 2019

Introduction

Deloitte Global's second-annual Readiness study sought to assess business and government readiness for the Fourth Industrial Revolution, also known as Industry 4.0.

The global study found that, a year further along in their Industry 4.0 journey, leaders are more knowledgeable about the effects Industry 4.0 is having on their businesses, their industries, and the world around them. This year's survey of 2,000 C-suite executives across 19 countries aimed to uncover how leaders are taking action to address this new, deeper level of knowledge, where they are making the most progress, and what sets the most effective leaders apart.

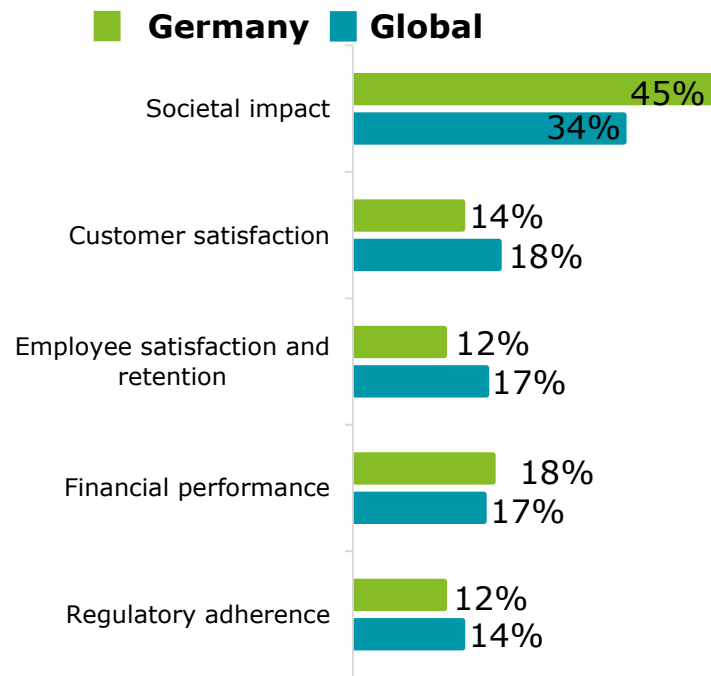
About Germany:

- 130 respondents
- German executives stand out from their global counterparts in a few key ways:
 - the emphasis they place on societal impact to determine organizational success
 - their confidence in their ability to attract and retain the needed talent for the future
- Yet, German executives' decision-making processes are not as defined as their global counterparts, they're less likely to rely on data-driven insights to guide their decisions, and they are not as likely to train their employees

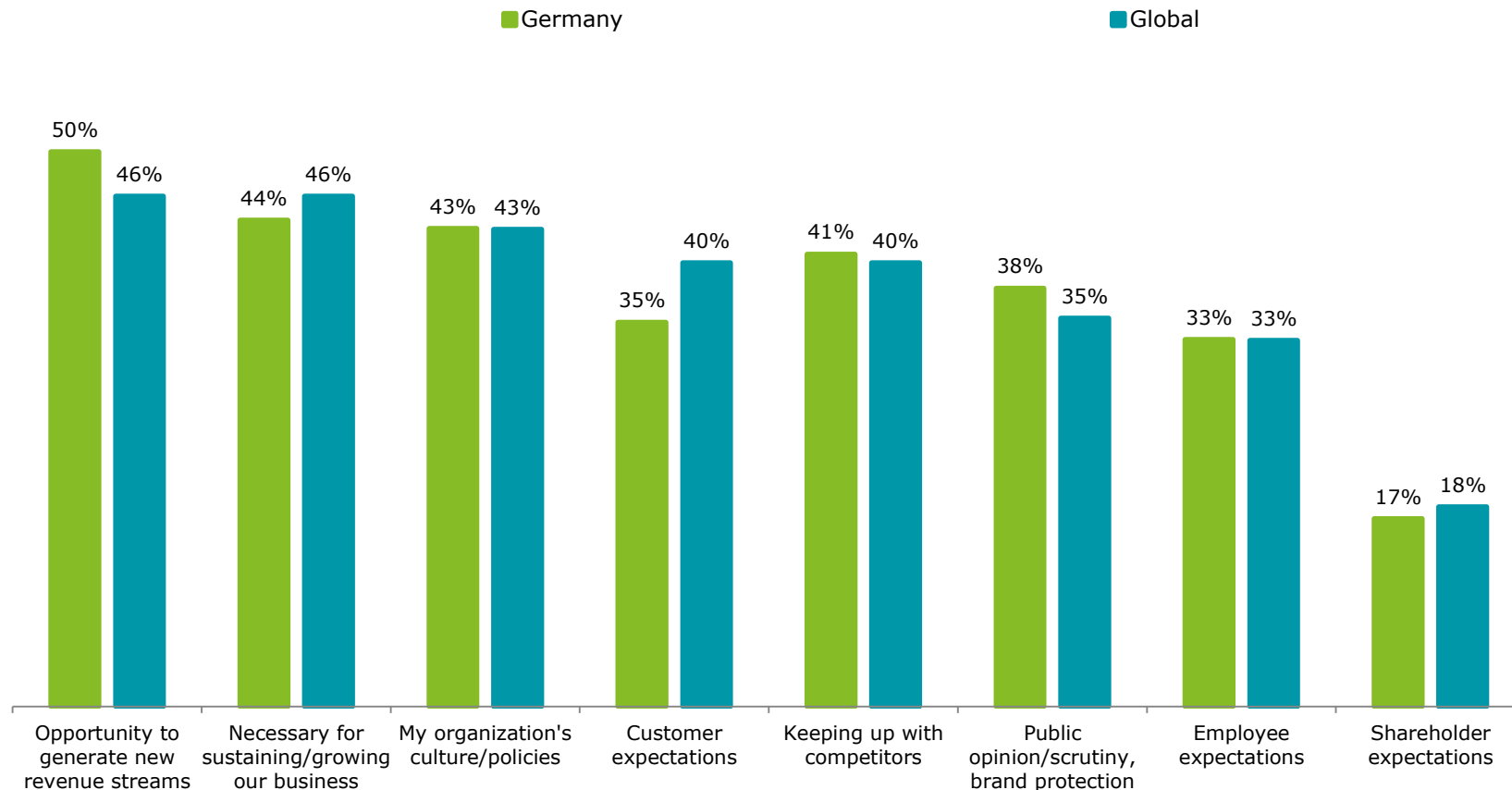
Social impact—Organizational success measured by degree of societal impact

- **German executives are more likely to evaluate their organization’s annual performance based on their societal impact than their global counterparts (Germany 45 percent, global 34 percent).**
- **German executives, similar to other global execs, are motivated to undertake initiatives that have a positive social impact by the prospect of generating new revenue streams (Germany 50 percent, global 46 percent).**

Which of the following are the most important factors your organization uses to measure success when evaluating its annual performance?
(% Ranked First)

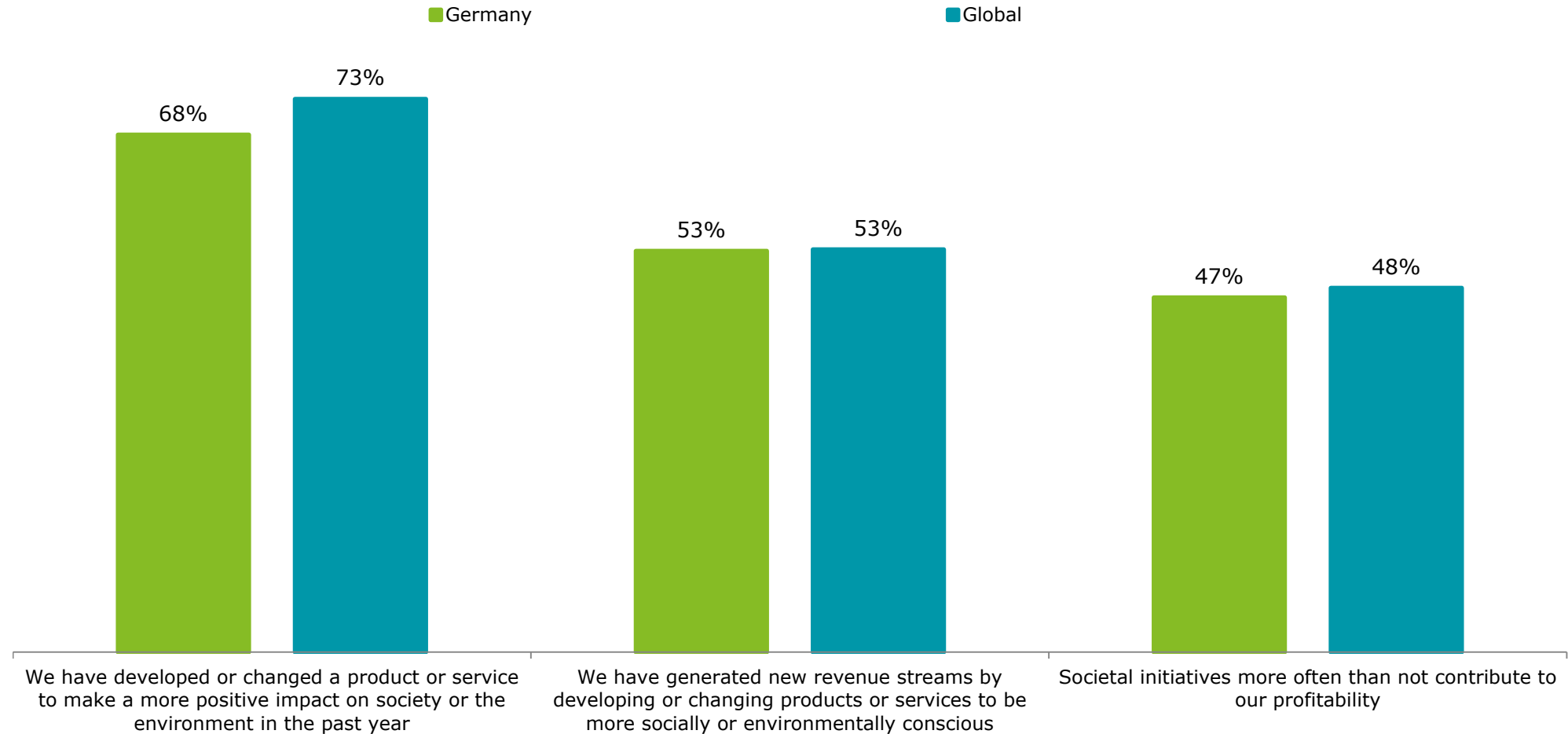


What, in your view, motivates your organization to undertake initiatives it hopes will have a positive social impact? (Select top 3)



Social impact—Developing fewer socially-driven products; achieving similar results

- While German executives are slightly less likely to report that their organizations are developing products to have a positive impact on society (Germany 68 percent, global 73 percent), they are achieving similar results when they do so. Just as many German executives agree that they have generated new revenue streams from more socially conscious products (Germany 53 percent, global 53 percent) and that societal initiatives more often than not contribute to their profitability (Germany 47 percent, global 48 percent).

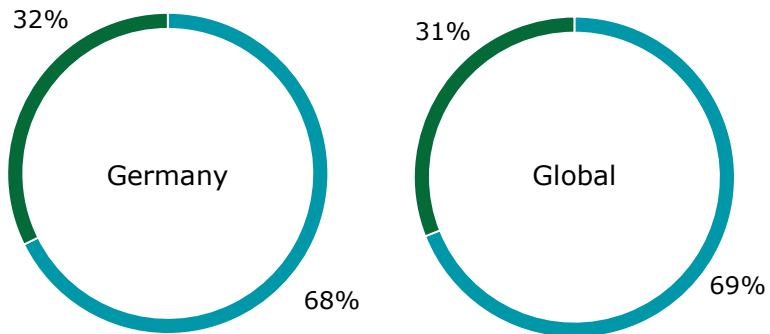


Percentage who agree with each statement.

Strategy—Decision-making processes lacking definition and not as driven by data

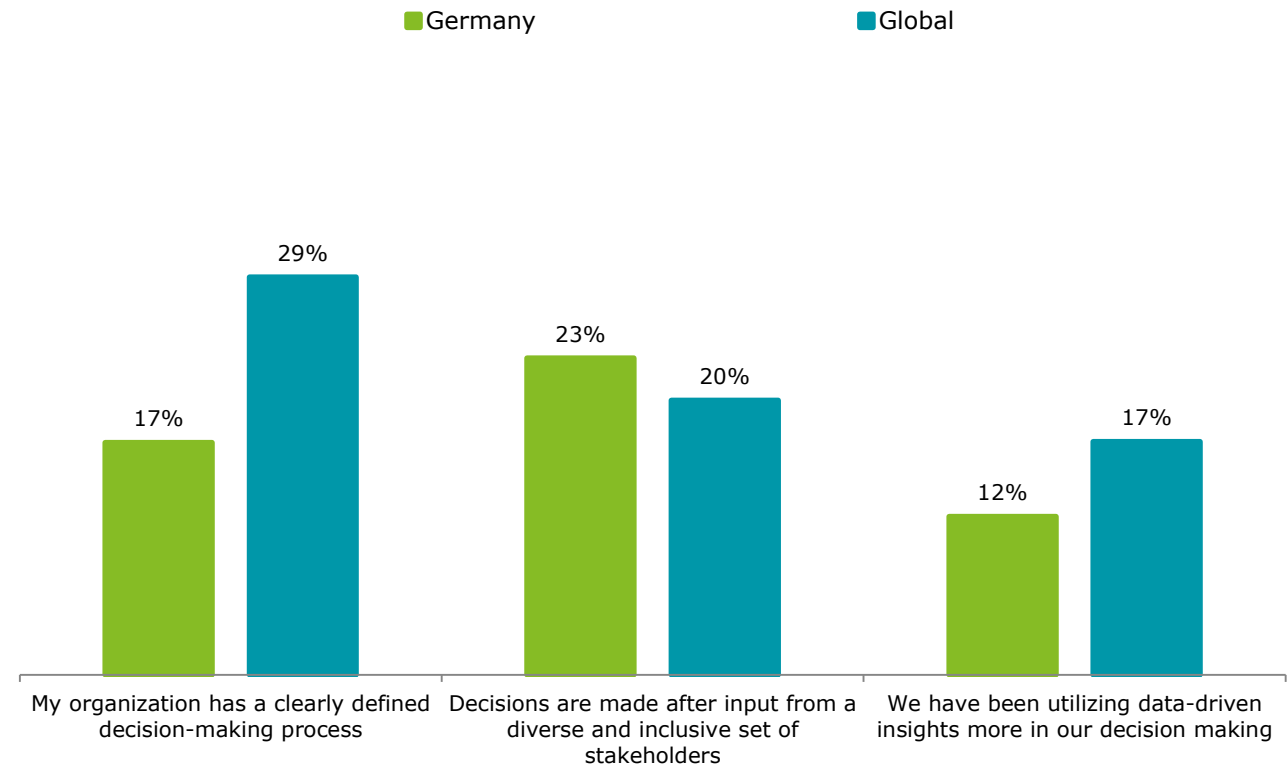
- **German executives believe they have permission from their leadership to fail and learn from it in the context of innovation just as often as their global counterparts (Germany 68 percent, global 69 percent).**
- **Just 17 percent of German leaders indicate their organization has a clearly defined decision-making process, compared to 29 percent globally. While German executives are as likely to make decisions after input from a diverse and inclusive set of stakeholders (Germany 23 percent, global 20 percent), they are less likely to use data-driven insights to guide their decisions (Germany 12 percent, global 17 percent).**

Which statement best represents your personal views?



- In general, I believe I have permission from my leadership to fail and learn in the context of innovation
- I rarely believe I have permission from my leadership to fail even in the context of innovation

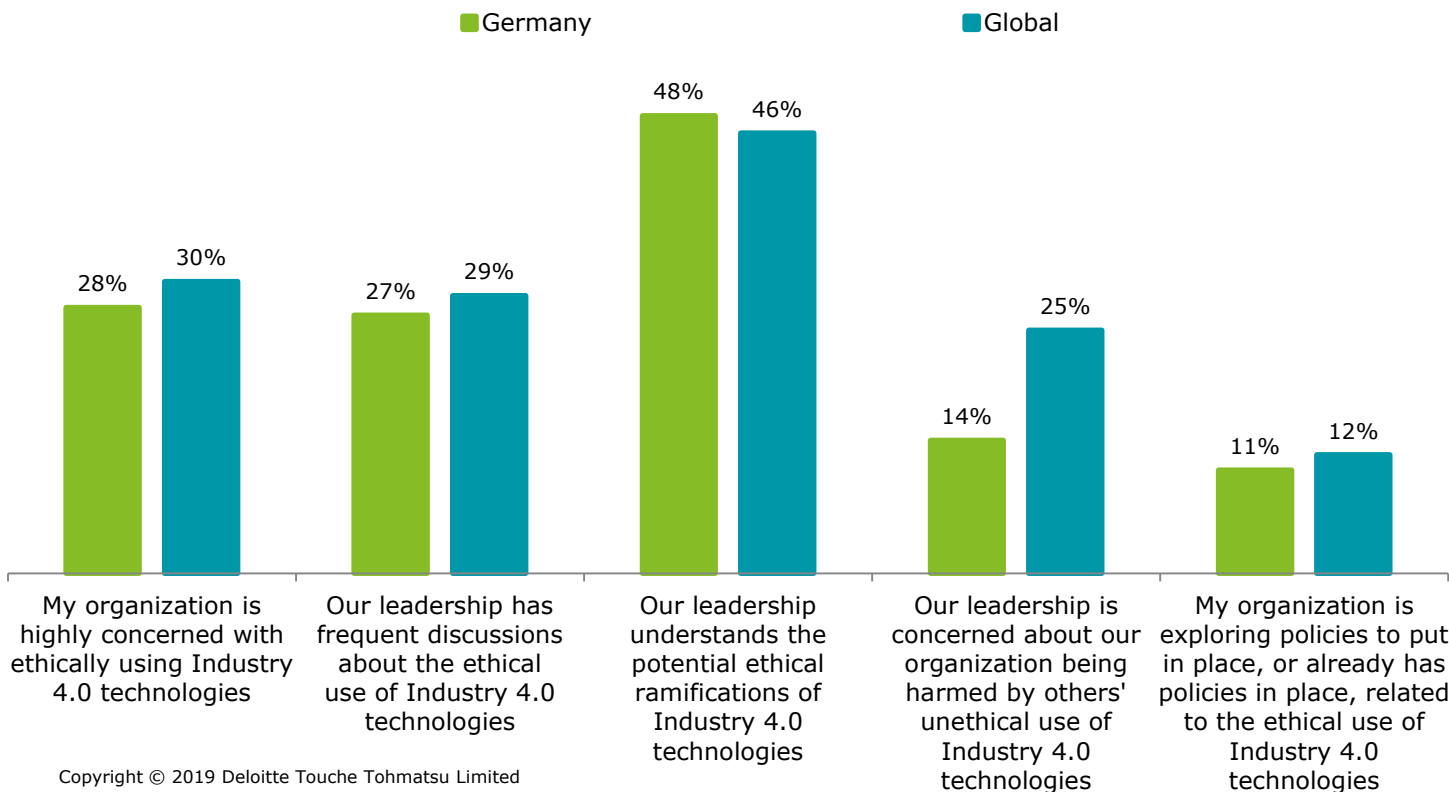
To what extent do you agree with the following statements regarding how major strategic decisions related to Industry 4.0 are made in your organization?
(% Completely Agree)



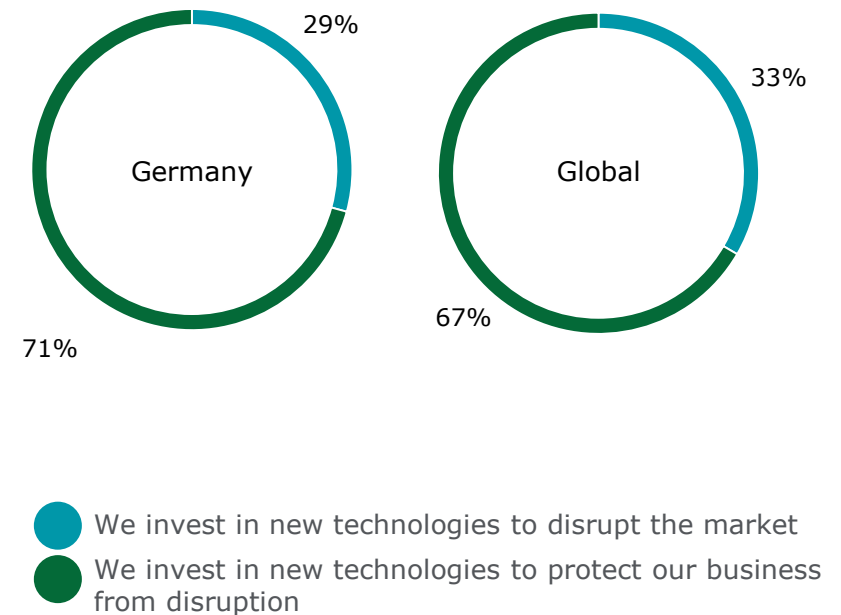
Technology—Not as concerned with others' unethical use

- **German leaders understand the potential ethical ramifications of Industry 4.0 technologies as much as their global counterparts (Germany 48 percent, global 46 percent), and express the same concern about their ethical usage (Germany 28 percent, global 30 percent). They are more confident that their organizations will not be harmed by others using these technologies unethically (Germany 14 percent, global 25 percent).**
- **More than seven in ten German executives say their organizations are investing in new technologies to protect their business from disruption, compared to 67 percent globally.**

To what extent do you agree with the following statements with regard to the ethical use of technology?
 (% Completely Agree)

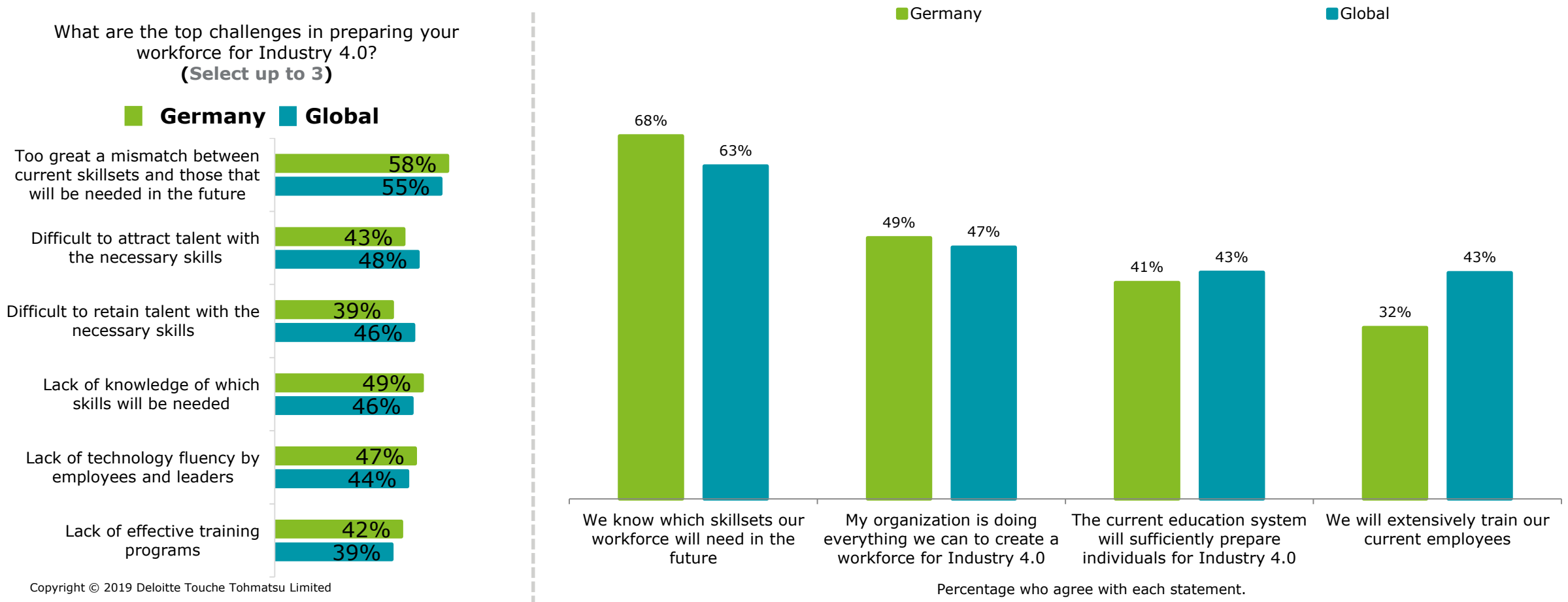


Which statement best represents your personal views about your organization's Industry 4.0 technology investments?



Talent—Confident in their ability to attract and retain talent; not as likely to train

- **When it comes to preparing their workforce for Industry 4.0, German leaders are as challenged as their global counterparts by the mismatch between current skillsets and those needed for the future (Germany 58 percent, global 55 percent). But, they foresee less of a challenge in attracting talent (Germany 43 percent, Global 48 percent) and retaining talent with the necessary skills (Germany 39 percent, Global 46 percent).**
- **Just 32 percent of German executives say they plan to extensively train their current employees, compared to 43 percent globally.**





Methodology

This research is based on a survey of 2,042 global executives—130 of whom were based in Germany—conducted by Forbes Insights from June to August of 2018. Survey respondents represented 19 countries from the Americas, Asia, and Europe and came from all major industry sectors. All survey respondents were C-level executives, including CEOs/presidents (11%), with the rest evenly divided among COOs, CFOs, CMOs, CIOs, CTOs, CHROs, Chief Digital Officers, and Chief Sustainability Officers. All executives represented companies with revenue of US\$1 billion or more, with more than half (50%) coming from companies with more than US\$5 billion in revenue.

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