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# Volatility, Resilience and the Role of Operations

A quick look at the main insights

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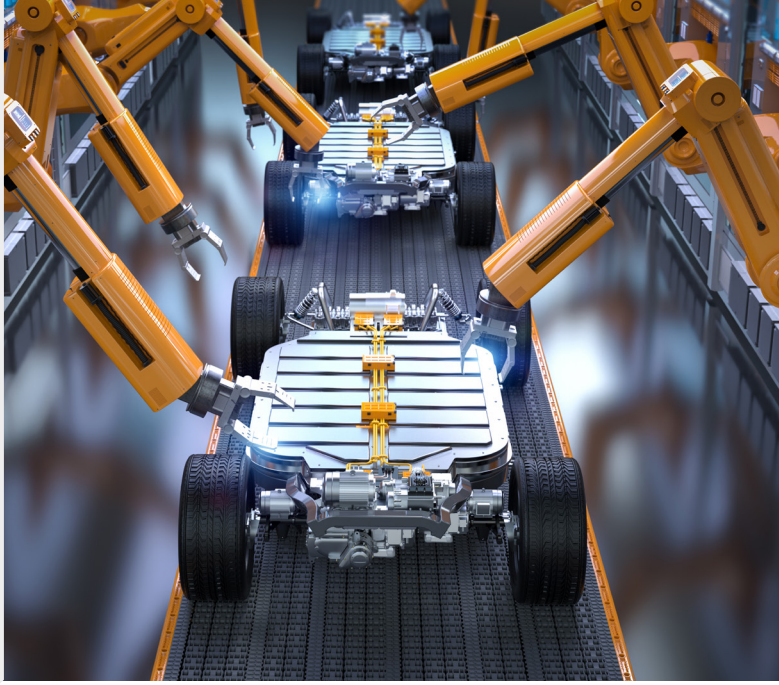


> Traditional, stability-oriented operating models were never designed to withstand the repeated external shocks that companies have endured in recent years. Now is the time for companies to review and reset their operational pillars, realigning them with the organization's overarching ambitions.

## Continuous disruption is challenging operations

Over the last few years disruption has become a constant challenge for businesses. Volatility has become ingrained, putting companies on the back foot as they react in piecemeal fashion to unforecastable shocks. According to the 2025 AlixPartners Disruption Index, 67% of businesses now report high levels of disruption, and 62% expect fundamental changes to their business models in the coming years.

It is clear that reacting to successive and sometimes simultaneous shocks in isolation is unsustainable. It is a pattern that drains management focus, overloads teams, and erodes profitability. While no company can control geopolitical crises, pandemics, or macroeconomic swings, they can control how their internal operations are structured and run, building their own platform of resilience.

Today's operational failures are rarely due to a lack of capability. More often, they stem from historic systems built for a more predictable world, with outdated priorities and siloed planning. At this point what is needed is strategic and operational clarity and consistency. Consistency in strategy does not mean inflexibility. It means a coherent direction, maintained as tactics evolve. Companies that know what they want to excel at can align their resources, talent, and decisions in a coordinated way, even during times of turbulence.

At the center of this alignment lies operations, where supply chains, factories, workflows, and product development can work together. Companies must make deliberate choices on how to design and coordinate the operational system as a whole: done well, an operational strategy reset will enable companies to improve efficiency, control costs, and maintain quality.

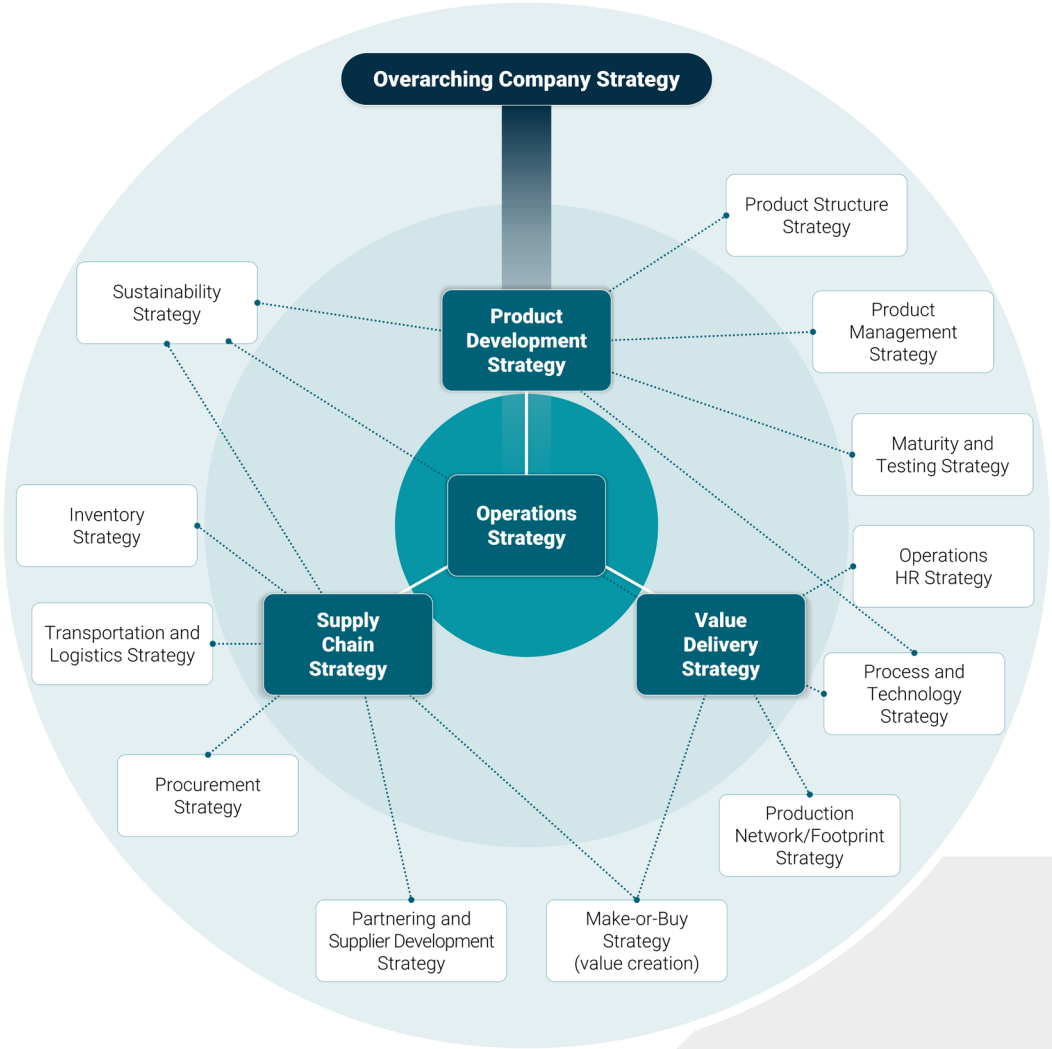


1 https://www.alixpartners.com/disruption-index/

# Elements of operations strategy – a COO perspective

In the absence of an integrated operations strategy, different operational functions often work in silos, with disconnected goals, timelines, and constraints. Strategies, if they exist, are often developed independently within the existing R&D, manufacturing and procurement functions. From a COO's point of view, this fragmentation hinders the definition of a clear and coherent plan (COO agenda). Companies must address this inconsistency by developing a shared operating plan across the three operational pillars of product development, value delivery, and supply chain.

**Figure 1:**
**Core strategies and sub-strategies**




### Product Development Strategy

Defines *what* the company builds, and *how*. The product development strategy and process translate customer needs and market opportunities into product concepts that can be realized because they are technically feasible and economically viable. The scope of this strategy includes product portfolio planning, architecture, testing, sustainability, and the integration of new technologies.

### Supply Chain Strategy

Governs *from whom* products are sourced and delivered. It ensures the company has the right materials, partners, logistics systems, and inventory policies in place to balance efficiency, flexibility, cost, resilience, and customer expectations.

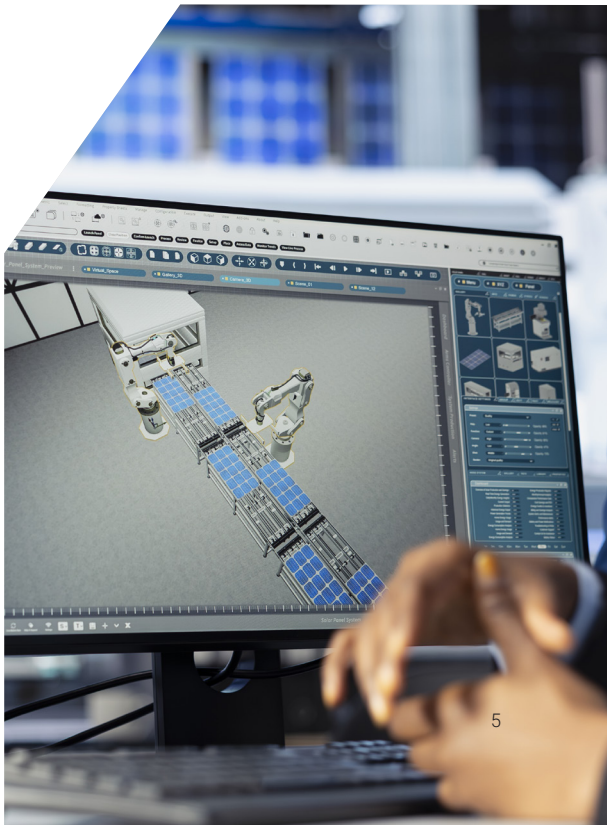
### Value Delivery Strategy

Determines *how* and *where* value is created within the company. It encompasses the configuration of the production footprint, the deployment of enabling technologies and processes, and the optimization of workforce capacity and capabilities. It defines the internal, operational backbone that turns ideas into real products.

**Each of the three operational pillars rest on a set of interdependent sub-strategies.** If these sub-strategies are not aligned around common goals, the system breaks down. Most companies struggle with this because functional teams plan sequentially and independently. Product teams commit to designs without manufacturing input, or operations invests in capabilities that don't match future product needs.

**Resilient operations strategies must confront trade-offs up front,** shifting from reactive coordination to integrated planning and decision-making. Product development must consider what can be built and sourced. Manufacturing must prepare for future product needs. Supply chains must balance efficiency with flexibility and risk. Achieving this requires cross-functional understanding and experience to align goals and decision-making across traditionally independent domains.

Overall, the framework provides COOs with a clear approach to define and drive their agenda. It helps them to identify areas of concern and manage the interfaces between R&D, manufacturing and procurement. It allows to identify gaps between the desired target state and the current reality.



# Operations strategy and leadership ambition

The strategies and the sub-strategy variants of product development, value delivery and supply chain cannot function in isolation. They need to be adjusted and fine-tuned in the light of the **leadership vision** of the company. Vision is about where the company chooses to compete, whether it be on cost, quality, customization, speed or disruption.

In the discussion that follows we use both lenses: the operations lens, and the vision / leadership ambition lens. Designing an optimal operations strategy is the primary concern, but in the bigger picture operations strategy is a fulfillment mechanism for corporate leadership ambitions.

The three pillars of product development, value delivery and supply chain are interdependent and mutually reinforcing. For example, a product development approach centered on customization through modularity or advanced innovation will directly influence the technologies needed in manufacturing and the capabilities required from suppliers. Similarly, limitations in production capacity or supplier availability will shape the feasibility and direction of new product development.

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Most successful companies focus on only one or at most two dimensions for their leadership ambitions. That allows operations strategy to be narrowed down to what best supports the organization's vision.

In the case of companies with a **COST LEADERSHIP AMBITION,** the primary emphasis is on value delivery and supply chain operations, built around standardization, scale, and efficiency. Product development is deliberately limited in scope as the strategy is focused on proven products with long lifecycles. Development efforts are focused on manufacturability and complexity reduction while the overall strategy is driven by minimizing the total cost of ownership across the product lifecycle. Supply chains are designed for bulk purchasing, lean inventory management, and tight integration with the production network. Manufacturing is typically located in low-cost regions through nearshoring or offshoring, while high-cost areas host standardized, automated volume hubs to maintain consistent output at minimal cost.

| Leadership ambition | Product Development Strategy | Value Delivery Strategy | Supply Chain Strategy |
|---|---|---|---|
| **Cost** | **Standardization & Efficiency**<br>• Standardized, scalable product portfolio<br>• Focus on proven tech stack<br>• Minimal viable features<br>• Long product lifecycles | **Scalable, Low-Cost Delivery**<br>• Focus on low-cost near- and offshore production<br>• Automated high-volume production hubs onshore<br>• Streamlined, low-skill ops; in-house only for core products with volume leverage | **Leverage & Volume Efficiency**<br>• TCO-driven procurement, with a transactional focus (low-cost countries)<br>• Lean inventories<br>• Freight cost optimization |
| **Quality** | **Customization & Platform Leverage**<br>• High-tech stack with lifecycle validation & testing<br>• Design for reliability<br>• Brand-driven sustainability | **Integrated & Specialized Value Chains**<br>• Onshore/nearshore key capabilities<br>• Specialized plants with selective automation<br>• In-house control of core IP | **Integration & Quality**<br>• Segmented sourcing<br>• Strategic partnerships, long-term co-development<br>• Inventory balanced with service level |
| **Customization/ Variety** | **Modularization & Engineering Focus**<br>• Modular product platforms<br>• Customer co-development<br>• Variant management | **Mixed Footprint, Focus & Flexibility**<br>• Configure-to-order capabilities<br>• Standardized plants for high volume base parts<br>• Flexible assembly near market | **Supplier Variety & Partnerships**<br>• Inventory buffers for late-stage customization<br>• Supplier variety and strategic partnerships |
| **Speed** | **Short Lifecycles & Design Adaptation**<br>• Focus on design adaptation<br>• Short product lifecycles | **Lifecycle & Design Adaptation**<br>• Focus on high volume plants and flexible, digital machinery | **Supplier Speed & Standardized Products**<br>• Focus on sourcing different suppliers and supplier management<br>• In-house logistics |
| **Disruption** | **Speed & Breakthrough Innovation**<br>• Agile MVP-focused rapid development with early testing and failure tolerance<br>• In-house innovation (high R&D)<br>• Flexible architectures | **Flexibility & Innovation**<br>• Flexible modular plants<br>• In-house: highly skilled workforce with newly developed technologies (high R&D)<br>• Agile, project-based delivery | **Co-innovation & Flexible Sourcing**<br>• High-tech development partnerships<br>• Hybrid sourcing (flexible parts, with partnerships for stand-alone solutions) |

Figure 2: Strategy archetypes based on leadership ambitions

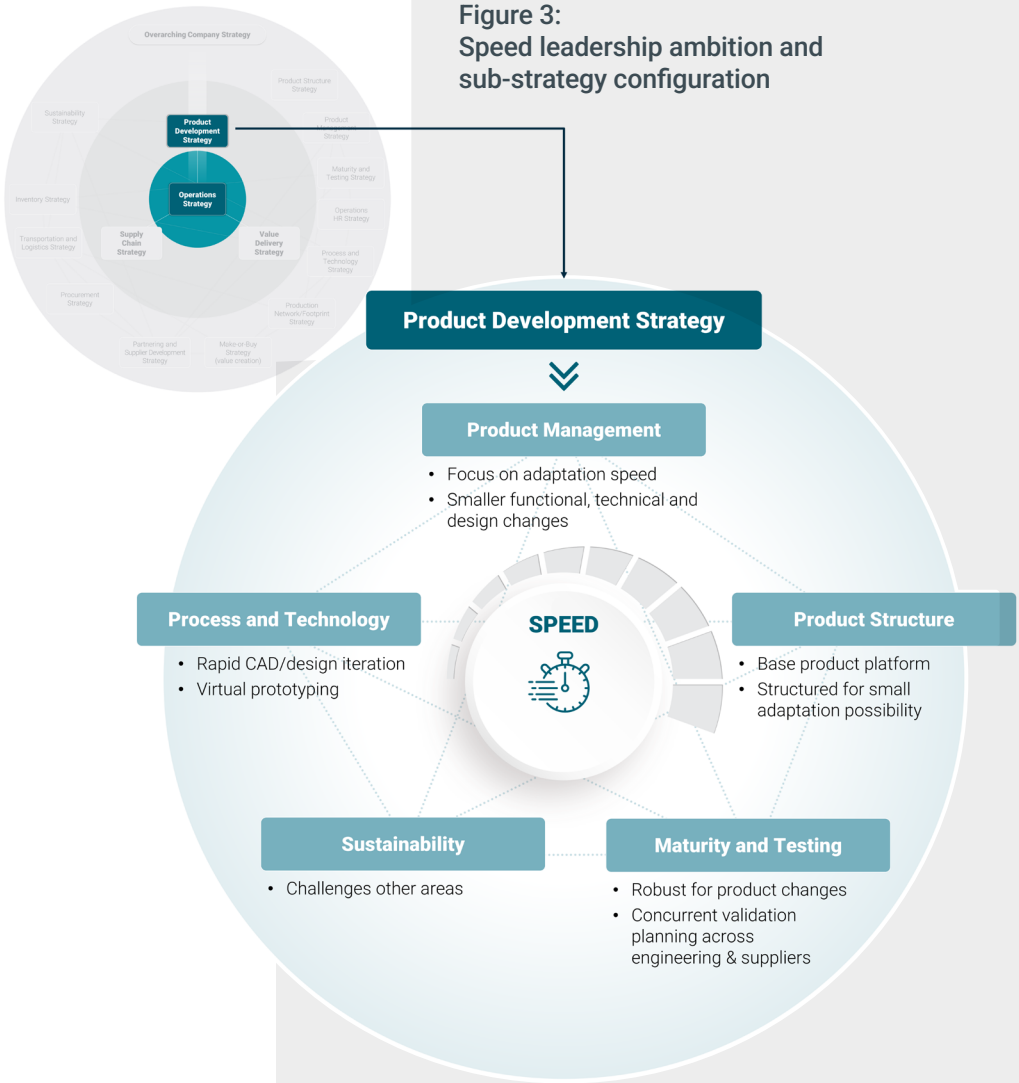
# Inside the product development strategy

A clear and well-aligned **product development strategy** is the foundation of a successful operations strategy, translating customer needs and market opportunities into realizable product concepts. This acts as the central compass, answering the critical question:

> How can we deliver what the customer wants effectively and efficiently?

Several interdependent sub-strategies must work in close alignment. **Product management** defines the scope and priorities of portfolio decisions, connecting market needs with operational capabilities and deciding where development resources will go. **Product structure** determines how the product portfolio and platforms are configured for flexibility, cost and manufacturing needs, defining the degree of modularity, the use of standardized components, and the variant logic that governs customization. **Process and technology** cover both digital and physical technologies and define how products are developed and

Figure 3:
Speed leadership ambition and sub-strategy configuration



produced using the most effective tools and methods. It ensures that development teams are equipped with the right technologies and workflows to deliver quality solutions efficiently. **Maturity and testing** define when and how products are validated, from early prototypes through production, to ensure they meet performance, safety, and compliance standards. The **sustainability** dimension runs across all three operational pillars and challenges product development throughout its entire cycle, ensuring that products align with the long-term environmental goals of the company and its stakeholders. This means choosing materials responsibly, optimizing manufacturing processes, and designing for durability, reuse, and recycling.

Product development strategy guides supply chain and value delivery strategies, defining needed capabilities while incorporating feedback on what is feasible and economically viable. The strategy creates an integrated loop of information: product management sets the 'what', product structure makes it buildable, process and technology determines the 'how', maturity and testing ensures reliability, and sustainability aligns product development with long-term environmental goals.

Where the **LEADERSHIP AMBITION IS FOR SPEED,** operations builds on a proven base product, with a product management strategy focused on rapid, small-scale adjustments in design and functionality to meet market needs. This requires a product platform that supports modifications without major rework. Processes rely on rapid CAD, virtual prototyping, and automated concurrent testing to shorten cycles, avoiding the need for a full-scale testing program. The emphasis is on fast, market-driven variants rather than complete redesigns. To match this pace, the supply chain and value delivery must be equally fast, making strategic partnerships and flexible delivery capabilities essential.

# Inside the value delivery strategy

**Value delivery strategy** goes beyond focusing on reducing cost and improving scale. It centers on building and orchestrating internal capabilities that serve as the foundation of a company's competitive advantage. As product portfolios become more complex and technologically advanced, organizations must determine which elements of production deliver unique value, and develop the internal structures required to support it.

> At the heart of value delivery strategy is the triangulation of three interdependent sub-strategies: Production Network and Footprint, Process and Technology and Operations HR.

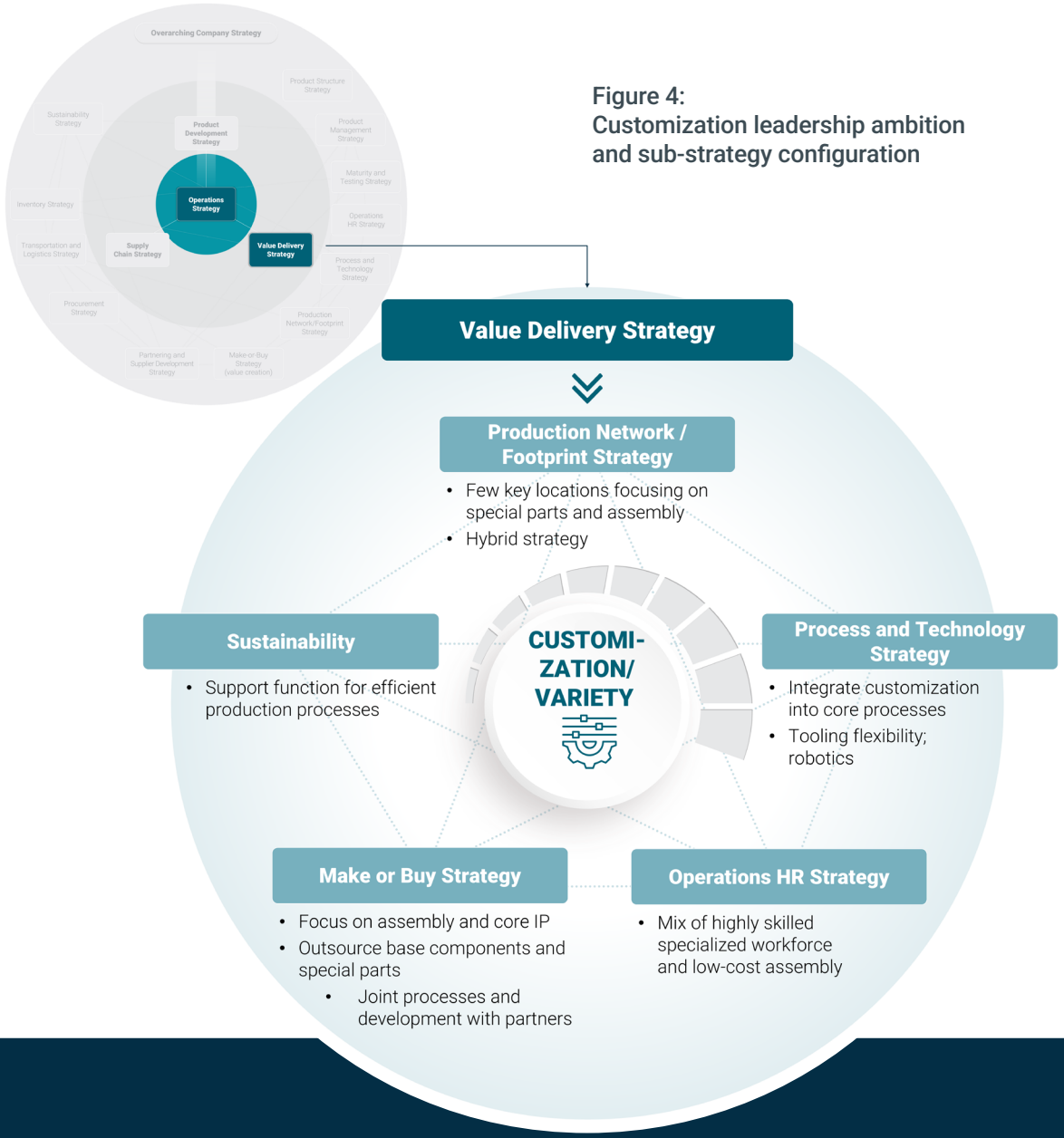



**Figure 4:**
**Customization leadership ambition and sub-strategy configuration**

Companies with a **CUSTOMIZATION AMBITION** can adopt a hybrid strategy for their production network, with centralized plants for standardized base components and regional customization hubs near key markets. Customization hubs require creative and technical capabilities, while the core plants focus on process efficiency. This approach demands modular product architecture, and from an HR perspective two strands to the workforce are required, one doing highly skilled, specialized tasks and one doing low-cost assembly work. The make-or-buy strategy will be to keep assembly processes in-house, and to outsource base components when it is cost effective. Customized parts will also be sourced from suppliers, and this demands strong supplier integration.

Each element influences and constrains the others, ultimately shaping the organization's capacity to generate value. The **production network and footprint** define the possible locations of production and allocate responsibilities to each site, ensuring that each plant has a clear role, whether as a regional hub, high-tech center, or cost-efficient volume producer. The goal is to support the fulfillment of the product portfolio efficiently by integrating factors such as proximity to key markets, labor availability, logistics infrastructure and cost. **Process and technology** govern the right mix of process design, automation, and technological infrastructure, while **operations HR** identifies the talent needed to create value across the organization.

This strategy and its sub-strategies form the backbone of in-house value creation and provides the foundation for make-or-buy decisions, incorporating supply chain capabilities. They enable companies to clearly define which capabilities are essential to retain internally, and where external sourcing can complement the overall value chain, and they are therefore contingent on an effective supply chain strategy. As with product development, **sustainability** acts as a guiding filter across all value levers as environmental goals influence the choice of production sites and processes.

# Inside the supply chain strategy

A well-coordinated **supply chain strategy** is central to business success because it directly determines how well a company meets customer expectations for speed, flexibility, quality, and sustainability. The supply chain strategy is an invaluable part of the operations strategy as it builds the foundation for all value delivery efforts.

The design of supply chain operations begins with **make-or-buy** decisions, deciding which capabilities to build or keep internally and which to source externally. Strong market intelligence is essential here. Decisions are guided by core competencies, total cost of ownership, and supply risks.

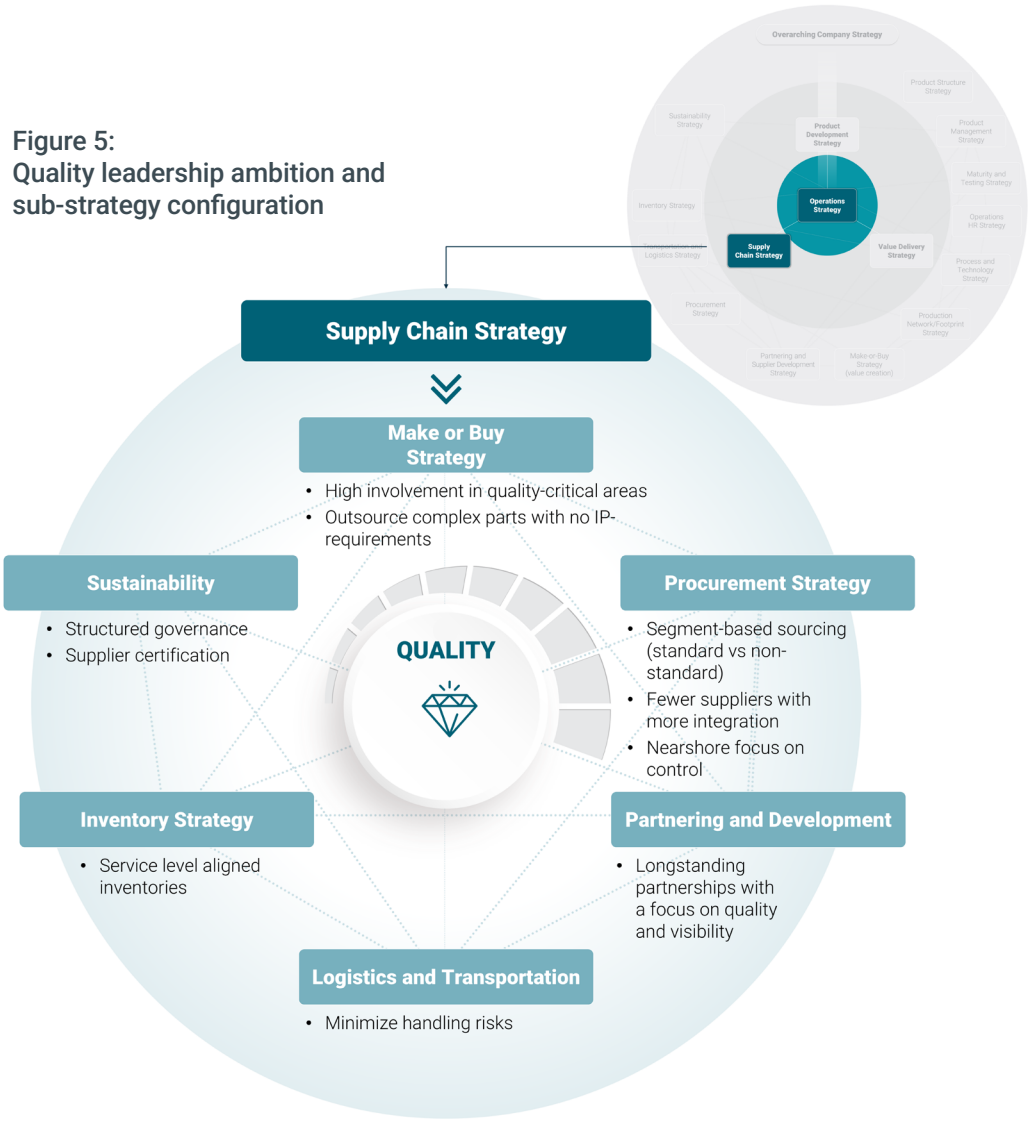
Building on this foundation, **procurement and supplier development** must adapt to the complexity of the product portfolio and supplier base. Sourcing choices may range from onshoring for speed and control to offshoring for cost advantages, with decisions continuously updated based on data and market conditions. These strategies balance cost, quality, and reliability while mitigating supplier dependency and risk. When standard transactional sourcing cannot ensure resilience or quality requirements, companies turn to long-term partnerships, joint improvement initiatives, and shared digital tools.

**Logistics and transportation** ensure the efficient, reliable flow of goods across the network. Logistics may be managed as a basic service or leveraged as a differentiator. Resilient logistics systems emphasize visibility, flexible routing, and digital control platforms to adapt quickly to disruptions.

Finally, the **inventory** strategy ties everything together by balancing availability, cost, and risk. Depending on product type and demand volatility, companies may rely on lean just-in-time approaches, vendor-managed inventory with trusted suppliers, or safety stock buffers to absorb uncertainty. As in all three pillars **sustainability** must influence sourcing, logistics, and packaging decisions.

The supply chain can build an internal self-reinforcing feedback loop using supplier and product performance data to create an operating model that continuously refines itself.

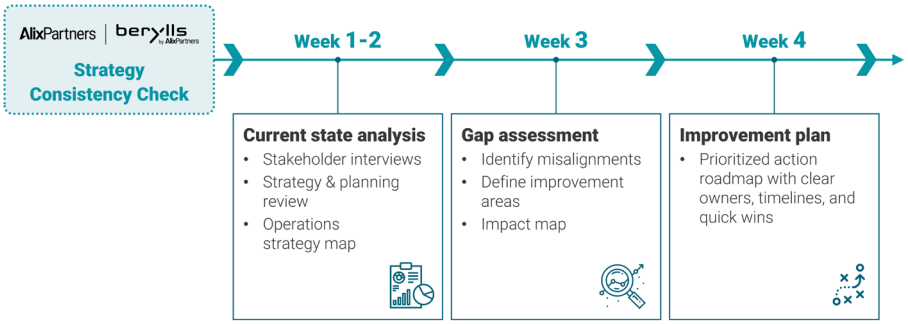
Figure 5:
Quality leadership ambition and sub-strategy configuration




When the **LEADERSHIP AMBITION IS QUALITY**, the supply chain is vital for ensuring that customers receive defect-free, high-performance products. In the make-or-buy strategy, companies retain critical, high-value, and IP-sensitive components in-house to safeguard standards, while outsourcing complex parts to trusted suppliers with proven expertise. Sourcing is typically segment-based, relying on fewer but more deeply integrated suppliers to maintain tighter control and consistent alignment with quality requirements. Strong, long-term partnerships with suppliers are built around shared quality metrics, joint process improvements, and continuous capability development. In logistics and transportation, reliability and damage prevention take priority, with material flows synchronized to production to minimize handling risks. Inventory strategies are service-level aligned, ensuring the availability of quality-critical components. Finally, structured governance and supplier certification ensure compliance with both quality standards and broader ethical and environmental requirements, reinforcing trust in the brand.

# Taking action to create a consistent strategy

**Figure 6:**
**A fast and focused consistency check**




**Companies need to know whether their operations strategy is aligned with the overall business strategy.** This demands deep understanding of all the underlying sub-strategies across the three pillars of product development, value delivery, and supply chain. **Are they appropriately designed, connected and supported by a working feedback loop?**

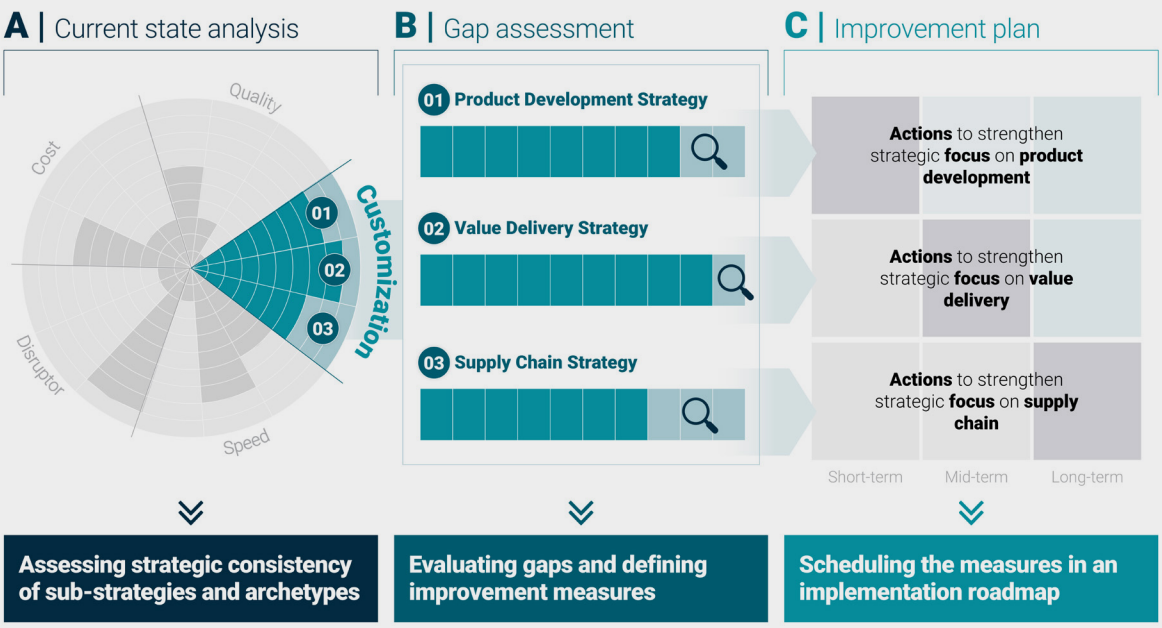
At AlixPartners/Berylls, we specialize in identifying and resolving strategic, financial, and operational disconnects. Our Strategy Consistency Check is change-oriented: we move rapidly from analysis and gap assessment to practical, actionable roadmaps.

**The Strategy Consistency Check is a rapid, hands-on process that evaluates whether your product development, value delivery, and supply chain strategies are aligned with leadership ambitions.** We gather insights from interviews with the COO and their senior team, and from analysis of key documents related to each of the three pillars. In the first two weeks we build a detailed picture of the current state of operations, followed by a one-week gap assessment. In the final week an execution plan is developed and delivered with a clear focus on one or more of a company's guiding ambitions: cost, quality, customization, speed, and disruption *(see chart below as an example)*.

At AlixPartners/Berylls, we know where and why execution fails. We have supported companies in their most critical moments: when supply chains break down, when launches stall, when costs spiral, and when performance collapses under the weight of misalignment, leading to costly restructurings.

**It shouldn't have to get that far. With the right visibility, operational issues can be identified before they turn into urgent crises. Leadership teams can spot the early warning signs so they can act proactively, adjust in time, and avoid the steep cost of reactive course correction.**

**Figure 7:**
**From current state analysis to operational improvement plan**



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## ABOUT US

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.