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SWITZERLAND'S TOP 500

FUELING TRANSFORMATIONAL GROWTH

CONTENTS

EXECUTIVE SUMMARY

To keep up with competition, changing market trends, and rapid technological shifts, companies need to invest in transformational growth – requiring a relentless focus on cost reduction to unlock the required capital. Furthermore, corporate citizenship is experiencing its heyday as companies protect their "license to grow" under the spotlight of today's unprecedented level of public awareness.

Working closely with the University of St. Gallen Institute of Management, we surveyed Switzerland's Top 500 firms on how they strategize along three dimensions: growth, profitability, and sustainability. Our research shows that Swiss firms consider all three dimensions to be very important, with almost half of our respondents already pursuing an integrated strategy that tightly links growth, profitability and sustainability targets to each other.

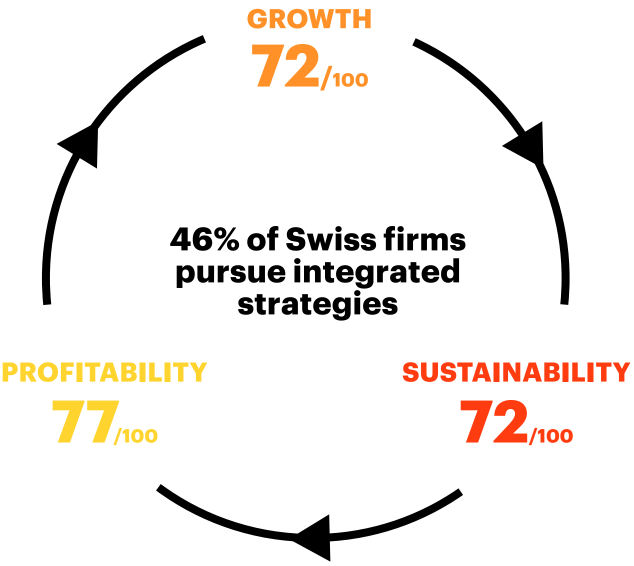
Both Switzerland's 2017 Growth Champions and their peer firms stressed the need for such integration (prior US-based Accenture research [1] finds that almost two-thirds of companies believe in the importance of an interdependent strategy), yet it was the 2017 Growth Champions that pursued a larger variety of interventions, and pushed harder for growth. Comparing the answers of the best performing firms of the sample, Switzerland's 2017 Growth Champions, with those of their peer firms, we distilled insights about their success strategies that are of value to other companies.

Our results and recommendations are organized in nine key insights and feature those strategic initiatives ("interventions") that have particularly been pursued by this year's Growth Champions.

Specific interventions on the agendas of the Growth Champions were: Enhancing customer experience, exploring new geographic markets and customer segments, creating new value propositions through digital technologies, expanding reach though ecosystems and programmatic M&A activity. At the same time, Growth Champions paired zero-based budgeting techniques with process excellence and automation in order to reinvent their cost base and achieve true cost excellence. Last but not least, this year's top performers realized the critical importance of corporate sustainability as a "license to grow". Growth Champions deployed a mix from a wide range of sustainability interventions to strengthen customer trust and meet society's increasing expectations on corporate citizenship at large.

FIGURE 1: KEY FINDINGS OF 2017 TOP 500 STUDY

Strategic Importance for Swiss Companies
(0–100 scale)



Strategic Interventions of Growth Champions

GROWTH

1. **Focus on superior customer experience**
2. **Explore new markets and customer segments**
3. **Expand reach and ecosystems**
4. **Use digitization to create entirely new value propositions**
5. **Engage in programmatic M&A activities**

PROFITABILITY

6. **Avoid short-term cost cutting and aim for sustainable cost excellence**
7. **Apply zero-based budgeting to control costs**

SUSTAINABILITY

8. **Emphasize good corporate citizenship**
9. **Strengthen customer trust through a mix of sustainability initiatives**

INTRODUCTION

Reconciling growth, profitability, and sustainability in strategy has always been a challenging exercise. Switzerland's 2017 Growth Champions have mastered this task once again, boasting an annual top line growth of above 7% and higher profit margins than their peers over the past five years. What can we learn from these top performers?

Today's market environment is challenging. It is characterized by shifting market demands, intense competition, and political and economic uncertainties. At the same time, remarkable advances in technology reshape industries and offer unprecedented opportunities for bold innovators. Swiss companies take on these challenges from a cost base that is inflated by the country's strong currency. Even more than other companies, Swiss firms therefore need to invest wisely and fuel their growth through high cost efficiency. Furthermore, Swiss firms are expected to live up to the highest standards of corporate citizenship.

With this year's Top 500 report, we investigate the strategic interventions Switzerland's firms have undertaken along the growth, profitability, and sustainability dimensions to outcompete their rivals. We thereby revisit themes from previous Top 500 studies, including the relevance of international markets, M&A, corporate citizenship, and the use of digital technologies – yet, in an integrative manner that also scrutinizes whether firms settle for trade-offs or pursue integrated strategies that move them ahead on multiple dimensions at once. In doing so, this year's study also tests a major claim of the Digital Revolution: Digital technologies are seen as enablers of better products, processes, and seamless experiences at competitive or even lower costs and prices, allowing digital innovators to outcompete rivals in both growth and profitability [2]. Interestingly, this year's Top 500 Growth Champions were also found to have made greater progress in their digital journeys by Accenture Switzerland's Digital Index analysis [3].

This report proceeds as follows: In the first chapter, we identify the major business threats and opportunities as perceived today by the leaders of Switzerland's Top 500 firms. In the second chapter, we present Switzerland's 2017 Growth Champions, which have outperformed their rivals in both top line growth and profitability. The third chapter highlights how this year's Growth Champions differ from their peers when it comes to strategizing for growth, profitability, and sustainability. The final chapter summarizes this year's Switzerland's Top 500 study.

THE SWISS MARKET CONTEXT: STRATEGIC THREATS AND OPPORTUNITIES

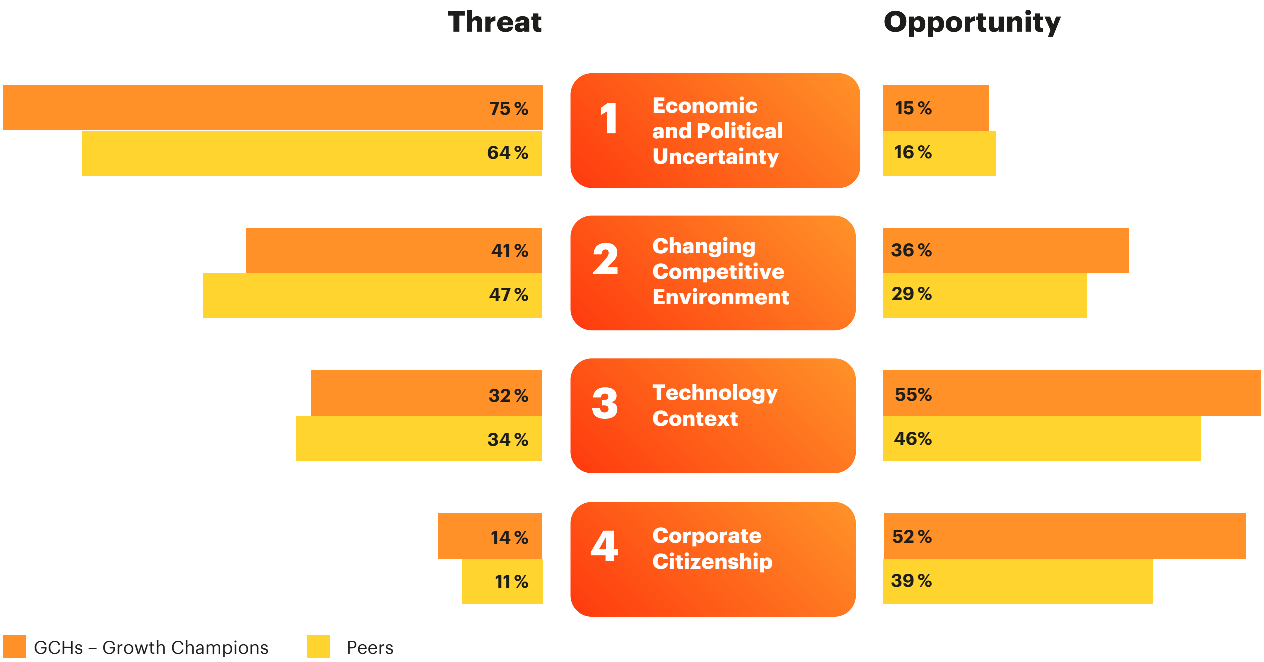
Swiss firms are challenged to operate in business landscapes that are rapidly changing. These changes are fueled by a variety of factors, such as a fast-paced technological change, disruptive competition, changing market demands, and macroeconomic instability, to name but a few. Executives of Switzerland's Top 500 firms have given us the inside view on how their companies see their business environments.

According to the business leaders of Switzerland's 500 largest firms, macro factors can be critical threats, but also catalysts for exploring new opportunities. These macro factors can be clustered into four main categories: At the top of their worries rank increasing global economic and political uncertainties. On the other end of the spectrum, technological change and digitization are perceived as significant opportunities.

1. ECONOMIC AND POLITICAL UNCERTAINTY

As Swiss firms operate on a global scale, economic and political uncertainties that strongly affect international operations are highlighted as critical threats. For example, political and economic turmoil negatively affect global supply chains and stress profitability targets. Furthermore, riding the currents of a stronger Swiss franc has proved to be particularly challenging, forcing Swiss manufacturers, whose profitability heavily depends on export sales, to adjust their pricing strategies and cost structures.

FIGURE 2: STRATEGIC THREATS AND OPPORTUNITIES FOR SWISS FIRMS [4]



2. CHANGING COMPETITIVE ENVIRONMENT

Swiss firms perceive the increased expectations of customers regarding products and services as an opportunity. At the same time, the increased price sensitivity of customers and the appearance of competitors with low cost structures are considered as threats. Seen together, these results suggest that Swiss firms are sensitive to profitability issues, but at the same time they focus on growth opportunities by adapting to changing customer needs and expectations.

Interestingly, the appearance of new agile competitors emerges as an opportunity, while the blurring of industries is considered as a threat. This implies that Swiss firms feel confident in quickly adapting to changing customer demands, but are less prepared for reinventing their overarching business models.

3. THE TECHNOLOGY CONTEXT

Technological change and digitization that radically transform today's industries are perceived as significant opportunities by Swiss firms. This indicates that they are open to adopt new digital technologies to increase operational efficiency and create new value propositions. At the same time, cyber and data security concerns are perceived mainly as a threat, which could imply that Swiss firms are less prepared to tackle cybersecurity issues and comply with the increased regulatory burden related to data protection.

4. CORPORATE CITIZENSHIP

Higher expectations for corporate citizenship from shareholders, customers, and the public at large are considered as an opportunity rather than a threat.

As such, Swiss firms recognize the increasing importance of creating shared value for business and society, as well as the growing impact of sustainability trends and trust on profitability, differentiation, and growth.

SWITZERLAND'S 2017 GROWTH CHAMPIONS

This year's analysis found 50 firms to have outperformed their rivals in both top line growth and profitability. These Growth Champions managed to achieve profitable annual top-line growth above 7% over the past five years – leaving rivals and the overall economy far behind.

The 2017 non-financial services Growth Champions recorded an average top-line growth of 7.4%, compared to -0.4% of the rest of the non-financial services firms. Moreover, they have been able to reach a profitability margin that is, on average, three times higher than that of one of their peers. As Figure 3 depicts, not all Growth Champions performed the same way in terms of top-line growth and profitability. Some companies, especially in retail, have been particularly aggressive to grow their revenues (e.g., through M&A) but reached a level of profitability that does not match the 10.8% average of the other Growth Champions.

> **The performance threshold for becoming a Growth Champion is high. Growth Champions beat the average top-line growth (CAGR) and profit margins of both the overall sample – representing the Swiss economy at large – and their direct competitors.**

FIGURE 3: REVENUE GROWTH AND PROFIT MARGINS OF NON-FINANCIAL SERVICES GROWTH CHAMPIONS

Revenue CAGR and Profit Margin Matrix (Growth Champions by industry, past 5 years, selected companies highlighted)

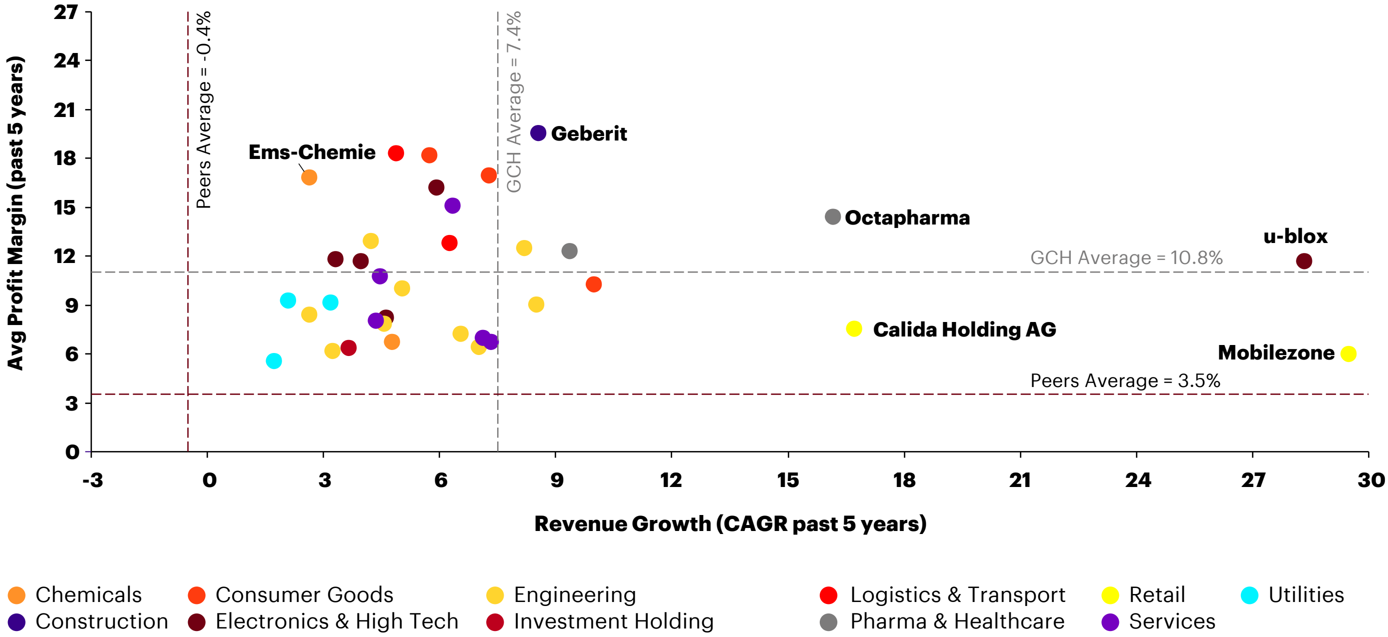


FIGURE 4: FINANCIAL PERFORMANCE ANALYSIS, GROWTH CHAMPIONS AND PEERS

	INDUSTRIAL		BANKING		INSURANCE	
	Revenues CAGR past 5 years		Total Assets CAGR past 5 years		GWP CAGR past 5 years	
	Growth Champions	Peers	Growth Champions	Peers	Growth Champions	Peers
	7.4%	-0.4%	7.4%	2.5%	7.0%	0.8%
	Profit Margin past 5 years		Return on Assets past 5 years		Profit Margin past 5 years	
	Growth Champions	Peers	Growth Champions	Peers	Growth Champions	Peers
	10.8%	3.5%	0.7%	0.5%	13.0%	5.9%

Other companies, mostly in electronics & high tech, have grown their top line at slower, one digit pace, but managed to reach higher profitability. Only few players, active in pharma & healthcare and construction sectors, have been able to outperform the other Growth Champions both in term of top-line growth and profitability level.

Turning to the financial services industry, 13 banks and two insurance companies managed to outperform their competitors and become Growth Champions. Despite the harsh environment characterized by low interest rates, increased regulatory focus, and more demanding customer expectations, these banks outcompeted the market significantly by taking a proactive approach to addressing regulatory topics and pushing their innovation agenda forward.

The 2017 Growth Champions in banking recorded an average top-line Total Assets CAGR of 7.4% (Return on Assets: 0.7%), compared to the 2.5% (Return on Assets: 0.5%) of the rest of the banks. In insurance, the average Gross Written Premium CAGR for Growth Champions was found to be 7% (Profit Margin: 13%), compared to the 0.8% (Profit Margin: 5.9%) of their peers.

Tables 1 to 3 list this year's Growth Champions for the industrial goods, commerce & services, banking, and insurance sectors. Interestingly, few firms outperform consistently and remain Growth Champions over multiple years. Remaining at the top is hard: Only 29 of the 50 Growth Champions were also Growth Champions last year, and only one has been a Growth Champion for five consecutive years.

TABLE 1: LIST OF 2017 GROWTH CHAMPIONS: INDUSTRIAL, COMMERCE & SERVICE

Company	Industry	Revenue CAGR	Average Profit Margin
Ems-Chemie AG*	Chemicals	2.6%	16.8%
Sika AG*	Chemicals	4.8%	6.7%
Geberit AG	Construction	8.6%	19.5%
Lindt & Sprüngli AG*	Consumer Goods	10.0%	10.2%
Richemont*	Consumer Goods	7.3%	16.9%
The Swatch Group SA*	Consumer Goods	5.7%	18.1%
Agta Record AG*	Electronics & High Tech	4.6%	8.2%
dormakaba Holding AG	Electronics & High Tech	3.3%	11.8%
Sonova Holding AG*	Electronics & High Tech	5.9%	16.2%
Tecan Group AG	Electronics & High Tech	4.0%	11.6%
u-blox Holding AG*	Electronics & High Tech	28.3%	11.6%
Belimo Holding AG*	Engineering	4.2%	12.9%
Bühler Holding AG*	Engineering	3.2%	6.1%
Burckhardt Compression AG*	Engineering	8.2%	12.4%
Dätwyler Holding AG	Engineering	2.6%	8.3%
Endress+Hauser AG*	Engineering	5.0%	10.0%
Schindler Holding AG*	Engineering	4.6%	7.8%
Bossard Holding AG*	Engineering	8.5%	9.0%
Schweiter Technologies AG	Engineering	7.0%	6.3%
SFS Group AG*	Engineering	6.5%	7.2%
Artemis Holding AG	Investment Holding	3.6%	6.3%
Jungfraubahnen Holding AG*	Logistics & Transport	4.9%	18.3%
Pilatus-Bahnen AG	Logistics & Transport	6.3%	12.8%
Bachem Holding AG*	Pharma & Healthcare	9.4%	12.2%
Octapharma AG*	Pharma & Healthcare	16.2%	14.4%
Calida Holding AG	Retail	16.7%	7.5%
Mobilezone Holding AG*	Retail	29.5%	5.9%
Aduno Holding AG	Services	6.3%	15.0%
Bad Schinznach AG*	Services	4.4%	8.0%
Interoll Holding AG*	Services	7.3%	6.7%
MCH Group AG*	Services	7.1%	7.0%
SGS SA*	Services	4.5%	10.7%
Burkhalter Holding AG	Utilities	1.7%	5.5%
Elektrizitätswerk der Stadt Zürich	Utilities	3.2%	9.1%
IWB Industrielle Werke Basel	Utilities	2.1%	9.2%
Average of Growth Champions		**7.4%**	**10.8%**
Average of full sample		**1.6%**	**5.2%**

* Prior year Growth Champion. Revenue CAGR and Average Profit Margin are calculated for the past five years.
  Data source: Accenture Research, Dun & Bradstreet, S&P Capital IQ.

TABLE 2: LIST OF 2017 GROWTH CHAMPIONS: BANKS

Banks	Total Assets CAGR	Average Return on Assets
Bank J. Safra Sarasin AG*	14.2%	0.5%
Banque Cantonale de Fribourg*	9.3%	0.7%
Swissquote Bank Ltd	9.0%	0.6%
Cornèr Banca SA	8.7%	1.0%
Union Bancaire Privée (UBP) SA	**7.9%**	**0.7%**
Schaffhauser Kantonalbank	7.7%	0.7%
Graubündner Kantonalbank*	6.8%	0.8%
Habib Bank AG	6.1%	0.6%
Thurgauer Kantonalbank	5.7%	0.5%
Schwyzer Kantonalbank*	5.6%	0.5%
Basellandschaftliche Kantonalbank*	5.5%	0.6%
Luzerner Kantonalbank AG	5.5%	0.6%
Neue Aargauer Bank AG	3.7%	0.5%
Average of Growth Champions	**7.4%**	**0.7%**
Average of full sample	**3.7%**	**0.5%**

* Prior year Growth Champion. Companies in bold have been Growth Champions for five consecutive years. Total Assets CAGR and Average Return on Assets are calculated for the past five years. Data source: Accenture Research, Dun & Bradstreet, S&P Capital IQ.

TABLE 3: LIST OF 2017 GROWTH CHAMPIONS: INSURANCE

Insurance firms	GWP** CAGR	Average Profit Margin
Schweizerische Mobiliar*	2.6%	11.4%
Swiss Re AG*	11.3%	14.6%
Average of Growth Champions	**7.0%**	**13.0%**
Average of full sample	**2.0%**	**7.2%**

* Prior year Growth Champion. GWR CAGR and Average Profit Margin are calculated for the past five years.
Data source: Accenture Research, Dun & Bradstreet, S&P Capital IQ.

** Gross Written Premium

SUCCESSFUL STRATEGIES FOR TRANSFORMATIONAL GROWTH

Strategy is becoming increasingly complex and interdependent: To counter an erosion of their competitive advantages, firms in most industries need to find new avenues for growth. To find these and appeal to increasingly demanding stakeholders they need to drive down costs and adopt corporate citizenship practices that qualify them to grow. Switzerland's Growth Champions managed to charter strategies that reconcile these goals.

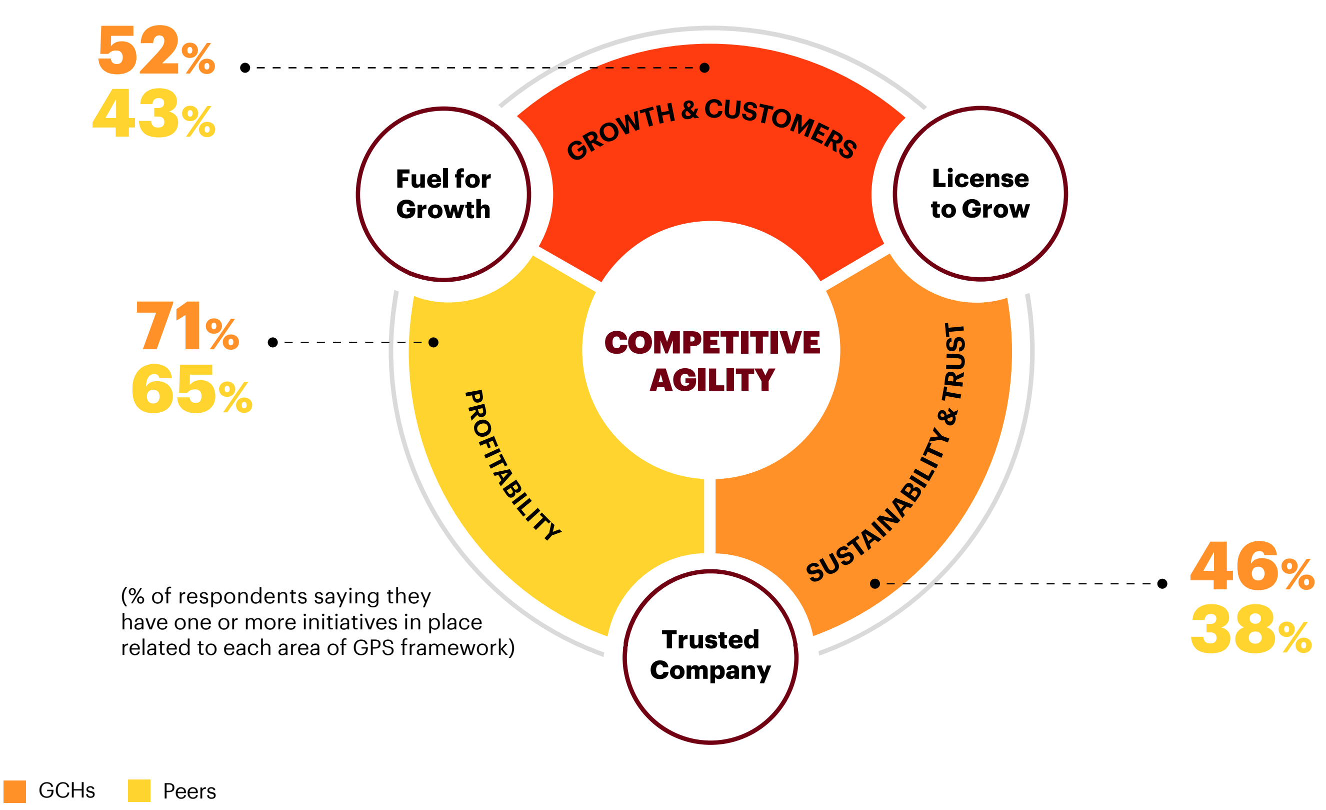
Today's most admired firms are true all-rounders. They manage to repeatedly tap new growth opportunities, easily fend off attacks from their highly efficient cost bases, and shine through outstanding sustainability effort and corporate citizenship. This raises the benchmark for all firms to excel along the corporate goal dimensions of growth, profitability and sustainability (GPS).

While the respondents of both Growth Champions and their competing firms uniformly agreed with the critical relevance of the three goals dimensions, it was Switzerland's Growth Champions that executed a larger number of growth and profitability interventions (see Figure 5).

We further found that Swiss firms not only push hard for each of the GPS dimensions, but also do so in an integrated manner. 46% of Swiss companies explicitly interlink their growth, profitability, and sustainability interventions – compared to 64% of the firms recently surveyed by a similar US-centric Accenture study [1].

One key source for this trend is the rapid progress in digital technologies and beyond, as argued on the next page in a short excursus on Accenture Strategy's GPS model. The model is subsequently used to structure the insights from this Top 500 survey.

FIGURE 5: SWISS COMPANIES' GPS INTERVENTIONS



EXCURSUS: ACCENTURE'S GPS FRAMEWORK

Back in pre-digital days, customers settled for low levels of innovation or quality when it came with a low price tag. This willingness was founded in the experience that innovative products have historically always been more expensive. Digital and related organizational innovation have blown this law-like relationship between innovation and costs into smithereens [5]. Customers now increasingly demand value, performance, service and innovation at low costs [6]. This impacts on strategy making: As innovators capture market shares and drive down the costs of industries, incumbent firms need to wholeheartedly join the challenge to secure their survival. They must do so though along the digital playbook, adding to the "where to play" and "how to win" questions the "what to disrupt".

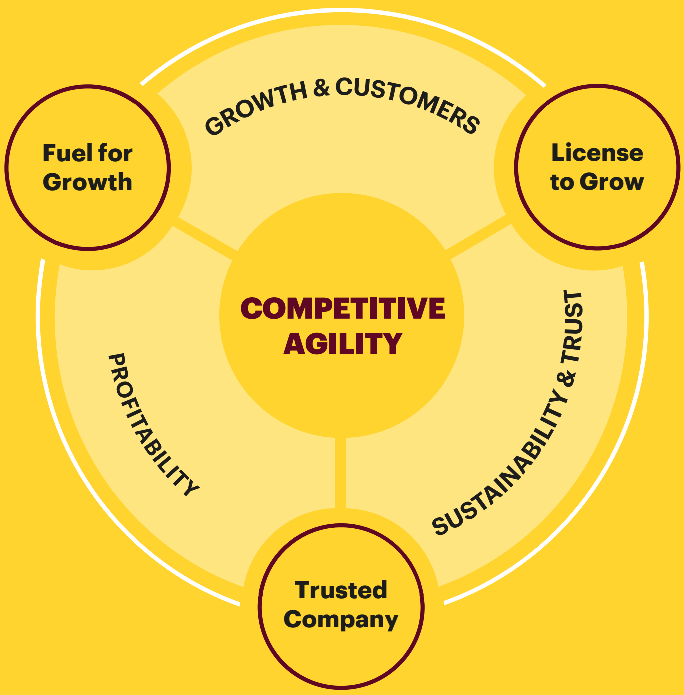
Given the increasing speed of market evolution, placing bets on where markets are moving to has become critical to firm growth. Challenging the status quo of industries and shaping their future structures has become an integral part of growth strategies. At the same time, a relentless cost focus is needed to fend off disruptors and fuel the own capacity to innovate and grow. In the spotlight of social media and ubiquitous information, organizational reputation, trust and a larger societal mission have been added to the core map of topics strategists must focus on.

In today's world, competitiveness requires an interdependent strategy between Growth, Profitability and Sustainability (GPS). Accenture's GPS framework adds depth to this map through the interventions innovators launch along the growth-, profitability-, and sustainability dimensions of different industries. Each GPS strategy element encapsulates a distinct set of levers and actionable themes.

The GPS model's growth & customer dimension elaborates on the future of growth, highlighting the need to be brilliant in the current core offering while, at the same time, place bets on rapidly evolving industry trends such as technology-led business model revolution.

This dichotomy is at the heart of future growth and requires strategists to repeatedly review if their firm's offerings are truly excellent from the customer perspective and where opportunities to branch out and innovate arise. In changing industry landscapes, profitability is less a goal of its own, but the ultimate fuel for seizing the growth and investment opportunities at hand. Innovators see an abundance of opportunities – if trusted by investors, organizational efficiency may fully be converted to growth in these transformative times, as for example, the case of Amazon.com, Inc. illustrates.

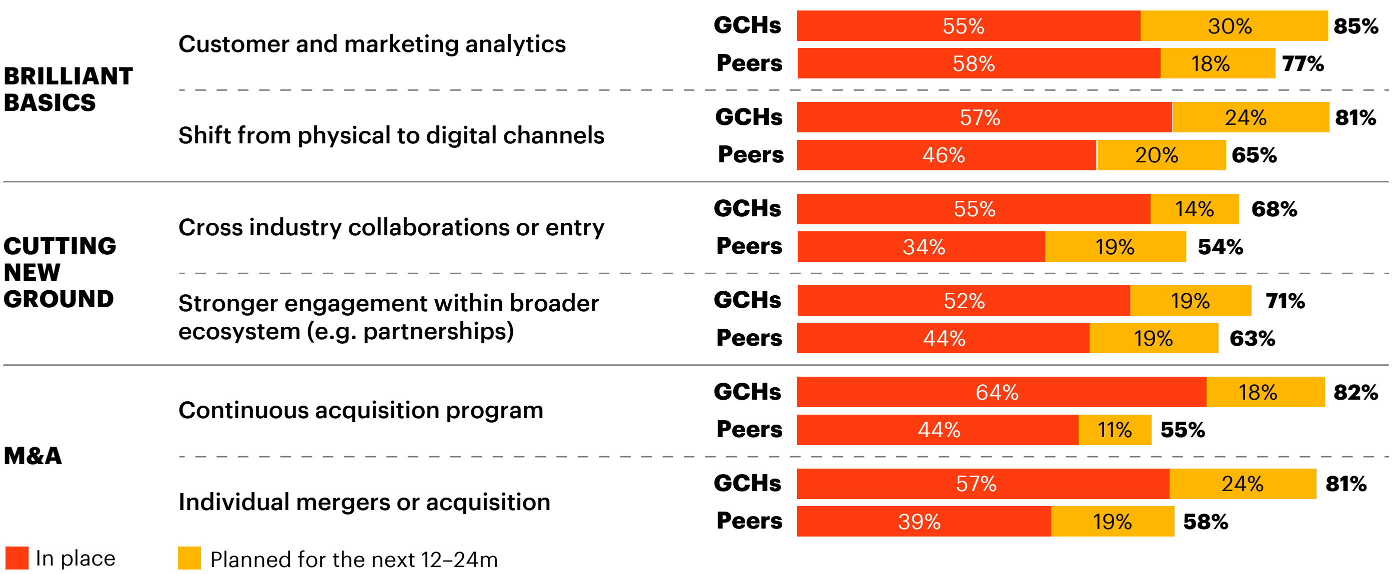
We propose a closed loop-model that radically challenges the cost base and fuels savings into growth. Finally, the framework's sustainability & trust dimension points out the concrete ecological and societal themes that can be leveraged to increase trust and goodwill at customers and other stakeholders. As the product and service qualities of firms increasingly level out at very high levels and customers grow more attentive to larger concerns, it is and the societal trust in a firm and its corporate citizenship that grants it the ultimate license to out-grow its rivals.



1. GROWTH & CUSTOMER INTERVENTIONS

Our research shows that Swiss firms strategize for growth through a variety of strategic interventions. These interventions nowadays are often closely linked to digital capabilities and solutions. As Figure 6 depicts, Growth Champions are more advanced than their peers when it comes to getting the basics right. However, what truly differentiates the best performing firms is how they cut new ground through ecosystem partnerships and programmatic M&A. Next, we discuss our key findings regarding Switzerland's 2017 Growth Champions' interventions for growth.

FIGURE 6: SWISS COMPANIES' GROWTH AND CUSTOMER INTERVENTIONS



FINDING 1

GROWTH CHAMPIONS RECOGNIZE SUPERIOR CUSTOMER EXPERIENCE AS KEY GROWTH DRIVER

Our findings show that best performers put customer experience at the heart of their growth strategies. This allows them to intensively engage with their customers and understand what they value most, and subsequently embed this acquired knowledge into improved product/service offerings. The latter is critical because even the most satisfying customer experience cannot compensate for an unattractive, obsolete or overpriced product. Growth Champions excel on both customer experience and product/service innovation at the same time.

Apart from capitalizing on new growth opportunities, an improved customer journey and product/service offering can enable firms to create more efficient operating models that save costs and eventually fuel investments back into further growth interventions.

SUPERIOR CUSTOMER EXPERIENCE
(% of respondents saying it is important or very important)

86% GCH

80% PEERS

PRODUCT AND SERVICE INNOVATION
(% of respondents saying it is important or very important)

67% GCH

65% PEERS

> "Our focus is on customer and employee satisfaction, both in digital and analog forms of interaction. We want to provide our customers with the best possible products and services – including digital services. New technologies and a fast-changing environment require us to stay flexible and react swiftly by trying out new approaches and thinking outside the box. Always bearing customer interests in mind and keeping our employees closely involved in the process, we aim for an optimal balance between innovation and successfully established business practices."
> **Markus Hongler, CEO, Die Mobiliar**

FINDING 2

GROWTH CHAMPIONS EXPLORE NEW MARKETS AND CUSTOMER SEGMENTS

Our study highlights that Switzerland's best performing firms are exploring new geographic markets and customer segments much more than their peers. In today's business landscape this move proves to be critical: Expanding into new geographies and customer segments allows firms to discover new revenue streams, to adapt to shifting market and customer demands, as well as to counteract protectionist rulings (i.e., rulings that might not allow them to easily enter those markets in the future or distribute their products across borders).

EXPANSION TO NEW CUSTOMER SEGMENTS
(% of respondents saying it is important or very important)

46% GCH

31% PEERS

EXPANSION TO NEW GEOGRAPHIC SEGMENTS
(% of respondents saying it is important or very important)

50% GCH

20% PEERS

FINDING 3

GROWTH CHAMPIONS CONNECT TO THE ECOSYSTEM

Growth Champions fuel growth through engagement with the broader ecosystem – on one hand, to enhance their knowledge base and to stay on top of rapid technological developments, on the other hand, to open up new markets and grow. As Growth Champions engage with external partners they are able to quickly access and harness the power of new ideas, to learn fast through trial and error, and eventually use partnering to minimize cost and maximize flexibility when it comes to offering new solutions or entering new markets, industries, and customer segments. In this respect, novel digital technologies that expand the boundaries of what firms can handle become a key strategic asset.

CROSS-INDUSTRY COLLABORATION OR ENTRY
(% of respondents saying they have it in place)

55% GCH

34% PEERS

ENGAGEMENT WITH BROADER ECOSYSTEM
(% of respondents saying they have it in place)

52% GCH

44% PEERS

FINDING 4

GROWTH CHAMPIONS USE DIGITIZATION FOR ENTIRELY NEW VALUE PROPOSITIONS

Our results show that Growth Champions are more advanced than their peers – both in terms of "brilliant basics" (e.g., use of customer and marketing analytics, shift from physical to digital channels) and "cutting new ground" (e.g., use of new technologies to create value propositions that would otherwise not be possible). Peers have realized the need to act, but are less advanced, especially when it comes to cutting new ground.

> "To achieve our strategic goal of innovation leadership, mastering digital transformation is of key importance. Due to digital transformation, our customers will have an even greater say, and will directly influence our service offering. Consequently, we are investing substantially in developing access solutions as a service and in increasing the pace of innovation with the aim to make dormakaba even more competitive globally."
> **Riet Cadonau, CEO, dormakaba Holding AG**

In essence, top performers adopt a forward-looking perspective, leverage investments in digital towards innovating products, services, and overarching business models, and are overall more advanced in their digitization journey.[7]

> "Increasing client demands, new technologies and a challenging market environment are driving banks to go digital. At Schaffhauser Kantonalbank, we take a long-term view and put our clients at the center of our digitization strategy. Digitization allows us to re-think how we deliver value to our clients. When we review our processes, we embrace a transformational view – not incremental. We provide our client advisors with robust technologies so that our clients immediately recognize the benefits. Going digital is not an option – organizations that fail to invest in a holistic approach will soon realize that their clients have 'logged out'"
> **Roberto Zimmermann, Head Retail Banking, Schaffhauser Kantonalbank**

MY COMPANY USES NEW TECHNOLOGIES TO CREATE VALUE PROPOSITIONS
(% of respondents saying it is important or very important)

82% GCH

67% PEERS

SHIFT FROM PHYSICAL TO DIGITAL CHANNELS
(% of respondents saying it is important or very important)

57% GCH

46% PEERS

FINDING 5

GROWTH CHAMPIONS ENGAGE IN M&A ACTIVITIES TO ENHANCE THEIR INNOVATION CAPABILITIES

While Growth Champions tend to use multiple means of growth, mergers and acquisitions play an important role in their growth strategies. 81% of Growth Champions report that they have actively engaged in acquisitions or are planning to do so within the next 12–24 months. In addition to being more active, Growth Champions also appear to be more systematic in their acquisition behaviors than their peers.

We separated the acquisition activity of Swiss firms into selective opportunistic acquisitions and continuous programmatic acquisition activity. Selective transactions are characterized by individual acquisition transactions that happen infrequently. Continuous acquisition programs are reflected by multiple, frequent transactions aimed at a specific strategic goal.

On the right, we show the percentages of Growth Champions and peer firms which reported that they have an acquisition program in place. We find that the difference between Growth Champions and their peers is especially striking with regards to continuous acquisition programs. 64% of Growth Champions report that they have a systematic acquisition program in place. This is in stark contrast to their peer group from which only 44% of the firms report that they have continuous acquisition programs.

Growth Champions use acquisitions to realize multiple different goals. While their ultimate goal is to grow faster, they aim at doing it mainly by acquiring new capabilities and products, enhancing their innovativeness, and by tapping into new markets.

> **Exemplary statements given on the purpose of M&A:**
>
> "Our main motivation for M&A is to move forward with the digitalization of our industry."
>
> "We use M&A to acquire the right know-how and people."

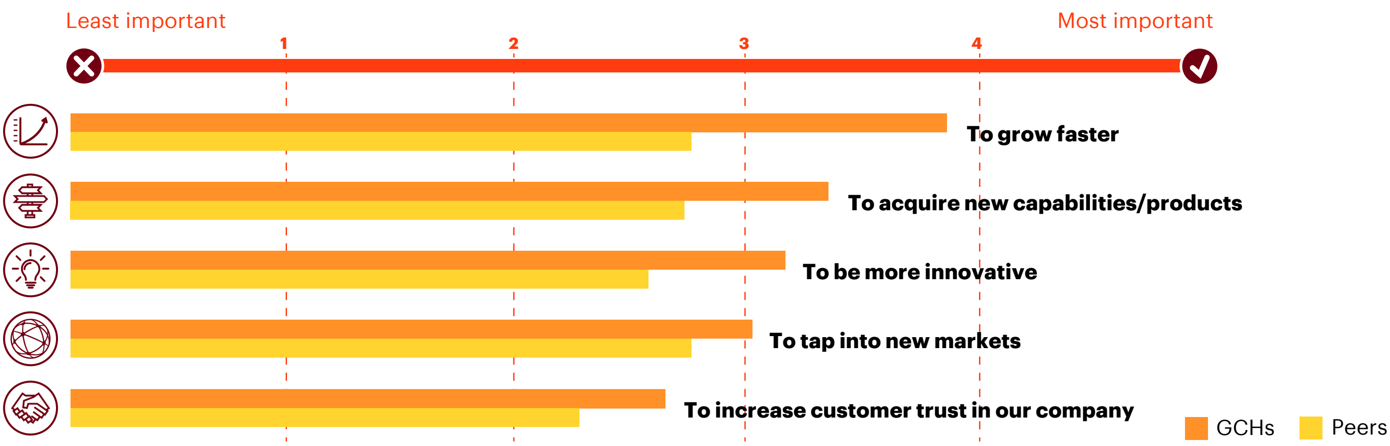
CONTINUOUS ACQUISITION PROGRAM
(% of respondents saying they have it in place)

64% GCH | **44%** PEERS

INDIVIDUAL M&A
(% of respondents saying they have it in place)

57% GCH | **39%** PEERS

FIGURE 7: TOP 5 REASONS FOR ENGAGING IN M&A



GROWTH & CUSTOMERS: ACTIONABLE RECOMMENDATIONS

1. Ground your value proposition on superior customer experience
2. Expand into new markets and customer segments
3. Use digital to create new value propositions
4. Increase innovation capacity through M&As and active orchestration of the ecosystem
5. Make acquisitions a continuous programmatic activity

2. PROFITABILITY INTERVENTIONS

This year's Top 500 study points to the fact that cost cutting and cost control are overall very important for Swiss firms. This result comes as no surprise given the intensified pressures that emerge from today's challenging local and global economic trends and the need to free up resources for major transformational investments. But how do Switzerland's 2017 Growth Champions realize cost excellence to improve profitability and fuel growth?

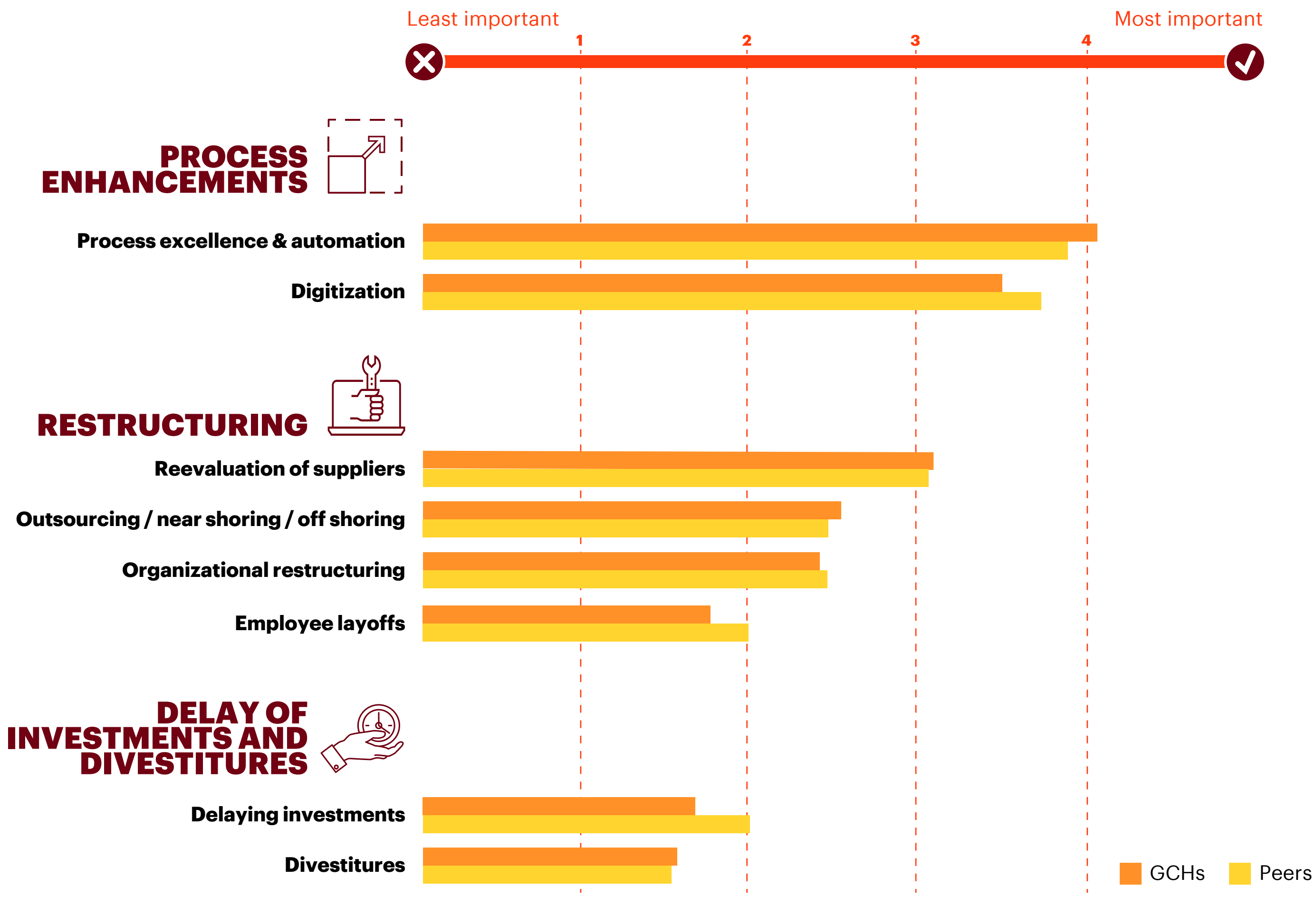
FINDING 6

GROWTH CHAMPIONS AVOID SHORT-TERM COST CUTTING AND AIM FOR SUSTAINABLE COST EXCELLENCE

Our research finds that Growth Champions move away from short-term measures such as delaying investments or divestitures and employee layoffs. In particular, they target their cost control efforts toward more sustainable and intelligent cost reduction approaches, such as process excellence and automation. Such efforts enable companies to innovate processes, improve efficiency of operations, and achieve firm-wide cost reductions.

Importantly, the focus on fundamentally transforming the cost base allows not only for sustainable cost reductions, but also for the creation of opportunities for future growth. For example, investing in digital-enabled process improvements can have a great impact on bottom line, as well as top-line growth.

FIGURE 8: PROFITABILITY INTERVENTIONS



FINDING 7

GROWTH CHAMPIONS APPLY ZERO-BASED BUDGETING TO CONTROL COSTS

Achieving sustainable cost reductions requires not only the adoption of novel processes and technologies, but also putting in place a budgeting plan that enables companies to create a viable cost structure. Our study finds that Growth Champions are significantly more likely to utilize a zero-based-budgeting approach than their peers (almost 66% of Growth Champions allocate budget from zero vs. 51% of peers) – and apply this approach in several functions within the firm (from production and supply chain, to internal operations and delivery).

Justifying budgets based on each function's needs and costs for each new period – instead of doing this based on information from the previous year – allows Growth Champions to manage costs and interdependencies that exist across different units more efficiently and effectively.

ADOPTION OF ZERO-BASED BUDGETING
(% of respondents saying they have it in place)

67% GCH

51% PEERS

Closed Loop Framework

Zero-based budgeting (ZBB) is familiar to most modern organizations. However, driving profitability gains requires more than simply budgeting from zero. Firm-wide cost reductions become today an imperative need.

As such, companies must put in place a sustainable closed loop approach that provides deep visibility to all expenses in order to identify, eliminate, and prevent unproductive expenses on an on-going basis. In contrast to answering how to reduce the costs by a few percent, the critical question today becomes "what should the costs be?".

PROFITABILITY: ACTIONABLE RECOMMENDATIONS

1. Avoid short-term cost-cutting interventions that can backfire in the long run
2. Focus on process excellence and automation to achieve sustainable firm-wide cost reductions
3. Apply zero-based budgeting to reinvent the cost base

3. SUSTAINABILITY & TRUST INTERVENTIONS

This year's Top 500 survey covered a wide range of sustainability topics in order to shed light on the major drivers that lead Swiss firms in their sustainability interventions. As firms get easily caught up in relentless efforts to increase growth or reduce costs, they must not forget that achieving long-lasting competitive advantage requires corporate sustainability as a third key strategic dimension. Our findings below show how Switzerland's 2017 Growth Champions strategize on sustainability and how they differentiate themselves from their peers.

FINDING 8

GROWTH CHAMPIONS EMPHASIZE ON GOOD CORPORATE CITIZENSHIP

Meeting customers' expectations on corporate citizenship, improving brand reputation, and securing long-term growth and profitability emerge as the strongest drivers for Growth Champions, differentiating them from their peers.

This demonstrates that the best performers take into strong consideration what their customers think about their role within the social, environmental, cultural, and economic environment.

In addition, Figure 9 illustrates that Growth Champions pursue sustainability interventions in order to secure long-term growth and profitability more than their peers – further supporting the notion of integrated growth, profitability and sustainability strategies.

FIGURE 9: RATIONALES FOR SUSTAINABILITY INTERVENTIONS

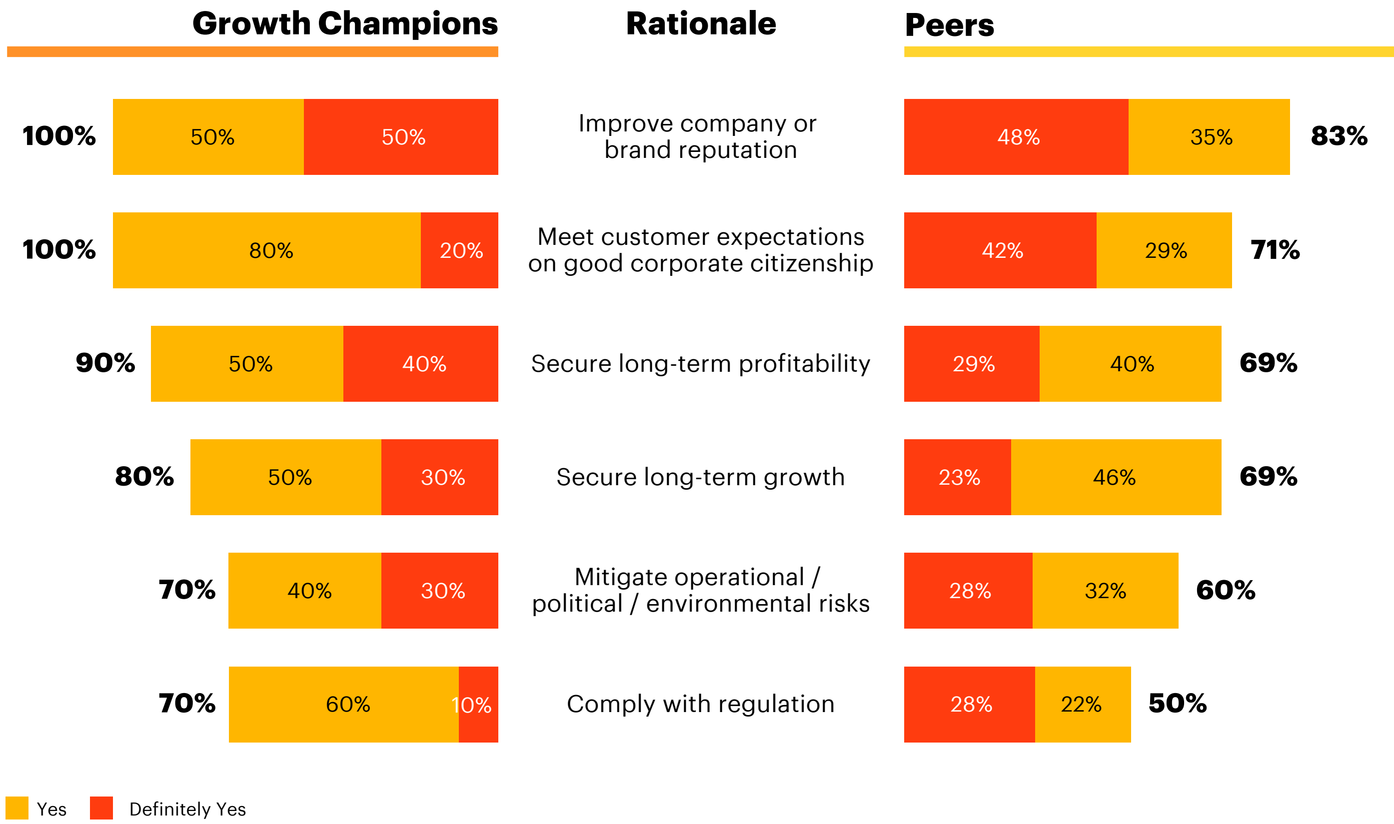


FIGURE 10: SUSTAINABILITY INTERVENTIONS BY INDUSTRY

Financial Services

50%

of respondents say they have in place **customer trust monitoring systems** (e.g. net promoter score)

Consumer Goods

54%

of respondents say they have in place **circular supply chain systems** (e.g. use of renewable energy, bio based or fully recyclable input material to replace single lifecycle inputs)

Engineering

55%

of respondents say they have in place **product life extension systems** (e.g. extending working lifecycle of products and components by repairing, upgrading and reselling)

Pharma

30%

of respondents say they have in place **recovery & recycling systems** (e.g. recovery of useful resources / energy out of disposed products or by products)

Retail

30%

of respondents say they have in place **sharing platform systems** (e.g. enabling increased utilization rate of products through shared use / access / ownership)

FINDING 9

GROWTH CHAMPIONS STRENGTHEN CUSTOMER TRUST THROUGH A MIX OF SUSTAINABILITY INTERVENTIONS

Our research spotlights that customer trust is of outstanding importance to all Swiss firms. But what distinguishes top performers from their peers when it comes to sustainability efforts for increasing customer trust? Transparent communication and data privacy are critical for maintaining and strengthening customer trust. This is vividly depicted from our results for both Growth Champions, as well as their peers. However, as sustainability issues become increasingly complex, top performers are the ones that put forward a portfolio of complementary strategic interventions in this direction. Growth Champions improve customer trust through a mix of various efforts that range from public relations and donations to publication of customer reviews.

Following a more holistic sustainability approach that pairs different interventions across multiple strategic dimensions allows best performers to meet a broader range of expectations of society at large – which is often reflected in improved customer trust.

"Dätwyler focuses on selected niche markets and distinguishes itself through customer-specific solutions, such as system-critical sealing components and time-critical electronic components. For the benefit of our stakeholders, we strive to deliver sustainable profitable growth. This is reflected by our 100 years of corporate history as well as by our membership in the UN Global Compact. We are convinced that by reducing our resource consumption and waste volume per revenue unit, we create added value both for our company and society."
Dirk Lambrecht, CEO Dätwyler Group

SUSTAINABILITY & TRUST: ACTIONABLE RECOMMENDATIONS

1. **Leverage sustainability interventions to protect long-term growth and profitability**
2. **Strengthen good corporate citizenship to safeguard a positive impact on customers and society**
3. **Use a variety of sustainability interventions across multiple dimensions to strengthen customer trust**

CONCLUSION

Switzerland's Growth Champions execute a greater variety of strategic interventions across three fronts: growth, profitability and sustainability. This allows them to fuel transformational growth and perform better than their peers in today's demanding business landscape.

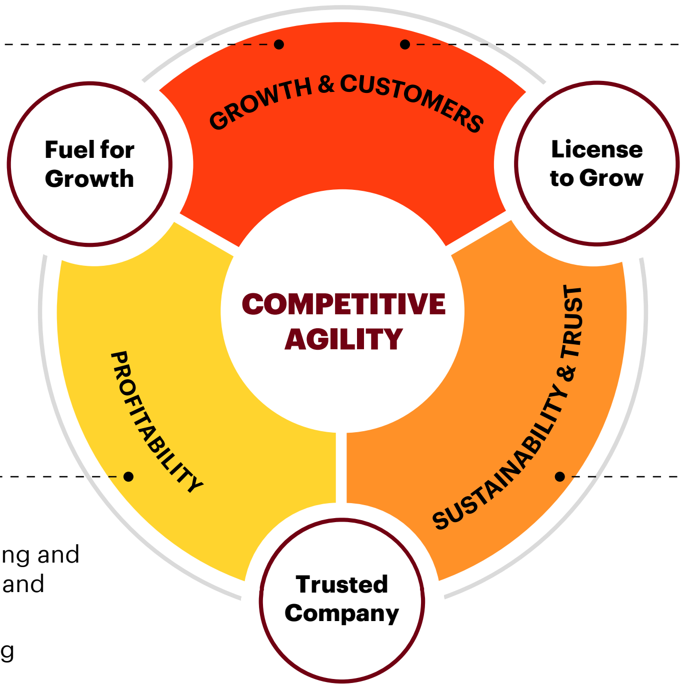
As the 2017 Top 500 Study is released, Swiss companies are facing a challenging business landscape: Rising economic and political uncertainties, the emergence of new competitors, a rapid technological change that disrupts industries, and higher expectations on social impact provide opportunities and threats alike.

Our research found that most Swiss firms consider all three strategy dimensions – growth, profitability, and sustainability – very important. A closer look at the bigger picture reveals that nearly half of Swiss companies already pursue integrated strategies. As Digital changes the rules of competition, firms are urged to drive more integrative strategies to succeed. This necessity is highlighted in Accenture's GPS framework (see also p. 12), and reflected in the responses of this year's Switzerland's Growth Champions.

Figure 11 summarizes the key recommendations derived from the strategies of Switzerland's best performing firms and vividly depicts that Growth Champions are the ones that win across all three strategic dimensions.

While these insights are valuable to all firms, implementing strategies that build on them is not an easy task. Executing an integrated strategy that links growth, profitability, and sustainability interventions is challenging, in particular in large organizations that are governed by silo structures, processes, and cultures. Therefore, execution is key and a one-size-fits-all approach will likely not work. A key pillar to realize benefits is a value management office that interacts closely with all stakeholders to maximize alignment, steer the effective realization of benefits across all parties, and make a firm's strategy truly connected and inclusive.

FIGURE 11: GROWTH CHAMPIONS' GPS INTERVENTIONS



1. Focus on superior customer experience
2. Explore new geographic markets and customer segments
3. Connect to the ecosystem

4. Use digital to create new value propositions
5. Engage in M&A activities to enhance innovation

6. Avoid short-term cost cutting and aim for process excellence and automation
7. Apply zero-based budgeting to reinvent the cost base

8. Demonstrate good corporate citizenship
9. Strengthen customer trust

METHOD

The empirical foundation of this year's Top 500 study is a survey that was jointly conducted with the University of St. Gallen (HSG) Institute of Management and the HSG Alumni organization. The survey was sent to 7,161 executives of the largest Swiss companies. 253 executives responded. 22 respondents represented firms we identified as Growth Champions and 231 respondents were from other companies.

To identify Switzerland's Growth Champions, we studied the financial key performance indicators (KPIs) of the 1,088 largest Swiss firms, as given in the Top 500 list compiled by *Handelszeitung*. 282 of these firms are from the Banking and Insurance industries, while 806 represent 18 other segments of the Swiss economy. From this overall sample, we considered firms as potential Growth Champions if they were headquartered in Switzerland and their financial data could be retrieved for the 2011 to 2015 period. Real estate companies were not included because of their highly volatile results.

Our analysis then identified companies as Growth Champions if they achieved average revenue growth (CAGR) and profit margins in the 2011–2015 period above the corresponding averages of the overall sample and the firms' direct industry peers. Firms' top lines were measured as total assets for banks, gross written premium for insurance firms and revenues for all other companies. Profit margins were calculated from the firms' net incomes and corresponding top lines.

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[4] (1) "Economic and Political Uncertainty" is the composite average of the answers to "Economic and political uncertainty", "Strong CHF", and "Increased regulatory requirements".
(2) "Changing Competitive Environment" is the composite average of the answers to "Increased price sensitivity of customers", Competitors with lower cost structures", "Disappearing industry borders", "Shorter product lifecycles", "Increased customer expectations", and "Appearance of new agile competitors".
(3) "Technology Context" is the composite average of the answers to "Cyber and security threats", "Technological change", and "Digitalization".
(4) "Corporate Citizenship" presents the results for the answer choice "Higher expectations for corporate citizenship".

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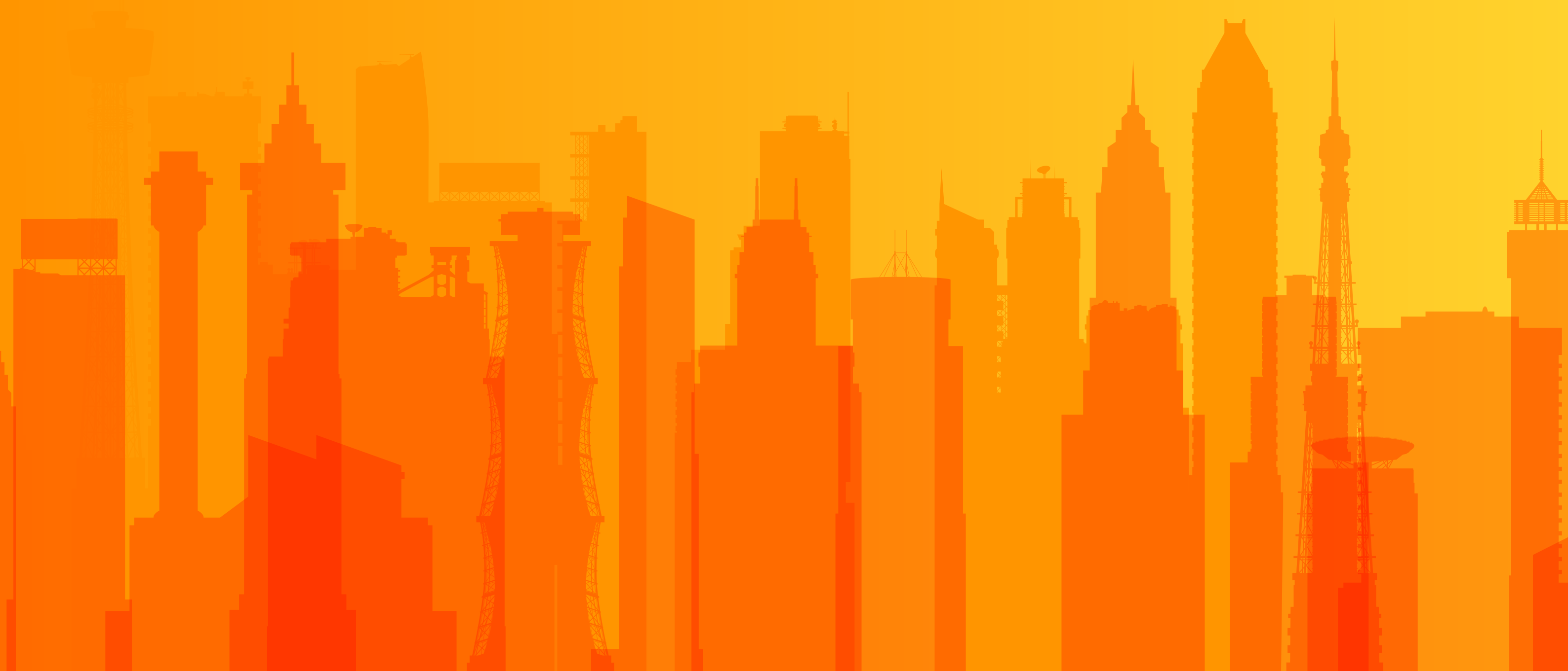

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