

Wake-up call for UK organisations as new study reveals big shortfall in agility

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Fewer than one in four UK organisations are fully equipped to react to changes in today's fast changing, competitive marketplace, new research reveals.

Only 22% of organisations have the necessary 'agility' to respond quickly to customer demands, adapt to solve problems or offer flexibility in their approach. Overall the study shows that agile organisations have higher productivity, sales growth and satisfaction than non-agile organisations.

This is the finding of new research published today (27.10.09) by the Institute of Customer Service, in association with the Advanced Institute of Management Research (AIM Research).

The study, 'Agility in Services – Capabilities for Difficult Times', analyses the concept of agility in relation to performance and improvement. It reveals that most organisations have much to do in order to become agile, and sets out a four-step 'roadmap' to help them build agile systems according to their needs.

The study reinforces the Institute's customer service model that requires all aspects of an organisation – strategy, culture, people, and processes – to be focused on, to enable rapid response to the marketplace and customer demands.

Jo Causon, Chief Executive of The Institute of Customer Service, comments:

"Customer service is the only sustainable competitive differentiator in the marketplace today. It's not just about surviving the recession, but making UK plc more competitive in the global marketplace going forward.

"It is not easy to adjust your business practices to meet the changing needs of your customers, but it is essential - and there is no room for complacency.

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“This research should act as a wake-up call to organisations. It clearly demonstrates that being customer-focused is not enough - organisations need to be agile across multiple fronts to meet the changing needs of customers.”

Agility is defined as ‘the ability to respond rapidly and effectively to unpredictable change and turbulent markets’. It combines two important components – responsiveness, which is the ability to respond to a wide range of externally-induced changes – and multi-competence, which is the capability to excel simultaneously in multiple criteria so that the organisation can easily realign itself to meet changed consumer demands.

The study’s analysis of the capabilities required for agility in UK organisations revealed service quality, a flexible workforce and rapid new service development to be the most significant, although it was also evident that only a limited number of organisations had the ability to make changes rapidly.

Agility and responsiveness were found to be driven by a range of capabilities from people to systems, showing significant relationships with IT usage, shared values, job enrichment and incentive policies.

While most organisations recognise the importance of agility, few have strategies in place to achieve it. However, there is much untapped potential for agility; while only 22% were agile (combining responsiveness and multi-competence), 36% of organisations were highly responsive and 40% were multi-competent. Even in smaller organisations, which were found on average to be more responsive and multi-competent, there is still potential for increased agility.

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In line with the AIM Research policy to impact on management practice, the study's 'Roadmap for Agility' sets out a four-step route to building agility through a set of organisational and operational capabilities. In summary these include:

1. Diagnose the level of agility
2. Identify where agility is most needed
3. Create the agile organisation
4. Build agile process and systems.

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Notes for Editors

1. The research was carried out by Professor Chris Voss and Chao Wang of the London Business School.
2. The findings of the report are based on a survey of 64 people in a range of organisations in the UK in late 2008 and early 2009. The survey document was developed using current academic literature on agility and performance.
3. AIM Research is a UK leader in the field of management research. It brings together academics, business, public sector and policy thinkers to develop world class research that has an immediate and significant impact on management practice. It addresses four main themes: Sustained Innovation, Promising Practices, Services and Productivity and Performance. AIM's research is designed to shed new light on challenges facing the UK and to inform practitioners and public policy debates. www.aimresearch.org

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