

## **NEW YEAR'S RESOLUTIONS FOR UK plc**

As employees return to work after the Christmas break, many will be hoping to keep to their New Year's Resolutions. High on the list will be working off the festive flab with a new fitness regime at the gym. But, according to the UK's leading network of business researchers, it isn't just individuals who need to make some big changes if they are to have a fitter 2006.

UK firms, too, should adopt six New Year's Resolutions if they want to beat off the challenge of overseas rivals and close the productivity gap with other leading industrial nations. That's the message from the Advanced Institute of Management Research (AIM), the UK's research initiative on management.

AIM has grouped six important research findings into a 2006 wish list for British management. Each resolution is backed by a major research project led by one of the UK's leading business academics. These include professors George Yip, Lynda Gratton and Julian Birkinshaw of London Business School; Rachel Griffith of the Institute for Fiscal Studies; Dr. Tim Edwards of Cardiff Business School; Professor John Bessant at Imperial College; and Dr. Michel Leseure of Aston Business School.

"January is a time for introspection: a time to ponder what we've learned in the previous 12 months, and begin anew," says Professor Robin Wensley, Director of AIM. "UK firms also need to think about where they are headed and what they can do to improve themselves."

Six New Year's Resolutions for UK management:

**1. Move up the value chain:** UK firms must stop competing on cost and start competing on value. Before setting off on the path to higher value, however, companies need a thorough innovation health check. "Innovation is not simply about new ideas," says Dr. Tim Edwards ([edwardstj@cardiff.ac.uk](mailto:edwardstj@cardiff.ac.uk)), AIM Scholar and lecturer at Cardiff Business School. "It is also about implementation – the successful absorption and exploitation of ideas. Companies must ensure that the necessary conditions exist – in terms of skills, resources, and the ability to absorb new ideas."

Read more at: [http://www.aimresearch.org/publications/exbr\\_pathways.pdf](http://www.aimresearch.org/publications/exbr_pathways.pdf)

**2. View offshoring as an opportunity:** The UK is actually a net *exporter* of business services. Moreover, the increase in the business services industry in the UK has been very beneficial for the UK economy. Business services have accounted for over 50 per cent of job growth in the UK over the last 20 years.

"The message is that, to date, offshoring has made a small but positive impact on the UK business service industry," says Dr. Rachel Griffith, Senior AIM Fellow and deputy director at the Institute of Fiscal Studies. "On the evidence, the idea that offshoring is damaging an increasingly uncompetitive UK business services industry is a myth."

Read more at: [www.aimresearch.org/publications/exbr\\_offshoring.pdf](http://www.aimresearch.org/publications/exbr_offshoring.pdf)

**3. Be more ambidextrous:** Ambidextrous organisations effectively combine two diametrically opposed organisational qualities: adaptability and alignment. Adaptability is about focusing on the future -- the ability to respond to change, to be nimble, to progress. Alignment is about maximising the present -- leveraging existing ideas, and exploiting markets.

"Organisational ambidexterity allows companies to manage the present and the future at the same time," says Julian Birkinshaw, AIM Senior Fellow and Professor of Strategic and International Management at the London Business School. "Over the long term, these organisations outperform companies that do not."

Read more at: <http://www.aimresearch.org/publications/ambidexterousrpt.pdf>

**4. Anticipate strategic change:** Companies that are able to anticipate and adapt to change without experiencing a crisis are called strategic transformers. Researchers, led by senior AIM fellows, Professor Gerry Johnson of Strathclyde Graduate School of Business and Professor George Yip of London Business School, analysed more than 200 top UK companies, but were only able to identify eight that achieved both superior long term performance and "transformational change", including Tesco and Cadbury Schweppes.

"The companies we call 'strategic transformers' anticipate change and alter their strategy without a dip in their financial performance," says Professor Yip.

Learn more by emailing the author [gyip@london.edu](mailto:gyip@london.edu)

**5. Manage discontinuity:** Avoid floundering in the face of disruptive change – by developing a twin-track, parallel approach to innovation. Even the most successful corporations can fail during periods of innovative turmoil and discontinuity. But it doesn't have to be this way.

"Companies should adopt parallel routines for managing innovation related to discontinuous events, alongside their routines for managing innovation in stable conditions," says Professor John Bessant, Senior AIM Fellow and Professor of Innovation and Technology Management at Imperial College, London. "Developing parallel routines is not easy but the companies that succeed in doing so will have a significant advantage over those that do not."

Read more at: [www.aimresearch.org/publications/discontinuityrpt.pdf](http://www.aimresearch.org/publications/discontinuityrpt.pdf)

**6. Make best practice stick:** Adopting best practice is the route to corporate high performance. Unfortunately, UK firms are slow to identify best practices and, when they do so, seem unable to implement them effectively or sustain them.

AIM offers a Five Step process for adopting best practice. "Every organisation has its own optimal configuration, its own best fit of context, structure, and control," says AIM Scholar Dr. Michel Leseure of Aston Business School. "Imposing a one-size-fits-all solution makes no allowance for the organisation's optimal configuration. Best practices must be tailored to the specific situation of the firm."

Read more at:

[www.aimresearch.org/publications/010705bestpracticereport.pdf](http://www.aimresearch.org/publications/010705bestpracticereport.pdf)

#### Notes for Editors

Set up in 2002 to look at ways to improve the UK's productivity and performance, AIM now includes more than 200 of the UK's leading business school academics and researchers -- making it larger than the management department of any university in the world. AIM Research is funded by the Economic and Social Research Council (ESRC) and the Engineering and Physical Sciences Research Council (EPSRC). For more information on AIM visit [www.aimresearch.org](http://www.aimresearch.org)

For more information contact:

Professor George Yip, Lead Senior Fellow, AIM, email@ [gyip@london.edu](mailto:gyip@london.edu), tel 020 70262 5050 or 07775 948762

Professor Andy Neely, Deputy Director, AIM, email: [aneely@london.edu](mailto:aneely@london.edu), tel: 0870 734 3000 or 07050 052035

For General Press Enquiries, Please Contact: Claire Fitzpatrick, Communications Officer, AIM, email: [cfitzpatrick@london.edu](mailto:cfitzpatrick@london.edu) or tel: 020 7000 0517 or 07967 092137