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Kienbaum Change Study on the factors for success in uncertain times

Many enterprises are not fit for the changes ahead

- » Only one in six companies manages to respond in time to their customers' changing preferences
- » Competition remains the strongest driver for the evolution of agile companies
- » Agile companies move beyond their past recipes for success

Gummersbach, 17 June 2015 Many companies fail to keep up with changing markets: Only 15 percent of businesses can respond as quickly as they need to the new expectations of their customers, even though 63 percent see this as a vital ability. This is the stark result of a recent study by the consulting specialists of Kienbaum.

“Agility – by which we mean the ability of an organization to respond quickly to change – has become necessary for survival, especially for companies working in highly competitive markets or with customers whose preferences and behaviour tends to change at short notice. For them, it is particularly important to pre-empt such changes and to respond quickly and flexibly to them. However, there is a substantial gulf between the expectations and the reality in the economy”, Jens Bergstein, author of the study and consultant at Kienbaum, believes.

For the new change management study, Kienbaum has spoken to more than 200

top executives, line managers, and project leaders in the German-speaking markets, asking about their experience and the success factors in the evolution of agile organizations. “Given the conditions in the economy, with their discontinuity, uncertainty, and ever-faster pace, companies are facing a major challenge: To become agile. Agility is a fundamental meta-competence that companies have to possess in order to master or actively shape the changes ahead of them”, Achim Mollbach, the study’s co-author, explains.

Top executives standing in the way of agility

Many change projects that are meant to increase this type of agility fail because of poor decisions at the very top: Frequently, top executives do not live up to their responsibility for successful change management. They stop their own enterprises from making the leap towards becoming agile organizations.

Another cause for the limited agility seen across the economy: Many companies are still beholden to old routines or past recipes for success. The Kienbaum study reveals a particularly large gap between the vision and reality at non-agile companies. Many businesses also still consider change management a one-off, temporary project and not a permanent responsibility of all managers. “You cannot cage in change in a single project with a start date and an end date. Change has become a constant process for private and public organizations alike. Their agility, that is, their constant and constantly refreshed ability to adjust quickly and flexibly to changes or to introduce these in the first place in their markets, is of major importance here“, says Kienbaum’s change specialist Jens Bergstein.

The more intensive the competition, the greater the momentum for change

The greatest external driver of changes is intensive competition in the market: 59 percent of companies consider their competitive environment to be the most important engine for constant change. By comparison, only one quarter of all respondents see technological evolution as a particularly relevant occasion for change.

Agile companies do social media well – and not just on the outside

Even though most of the participating companies admit that their agility does not yet live up to their own expectations and the standards required in the market, there are companies that are more agile and companies that are less agile or not agile at all. Agile enterprises, for instance, use modern means for internal communication. They employ their own social media channels within their organizations, cutting through the cobwebs of old and slow information and coordination structures and creating newer, faster, and more flexible networks. Another hallmark of agile companies: Their top executives take important decisions immediately, instead of postponing them or delaying them with lengthy coordination or sluggish administrative procedures. Agility can also be promoted with more fluid hierarchies or with “breathing” systems and procedures that immediately notice the changes around them and in the markets and respond flexibly to them.

“One should never underestimate how a culture of trust promotes agility in companies, as our participants confirm: Such a culture encourages people to find custom solutions actively and immediately in direct interaction with the client, instead of waiting for instructions from above and without having to go through the hoops of overblown and rigidly bureaucratic planning, controlling, and reporting processes”, Achim Mollbach of Kienbaum explains.

The study's authors Dr Achim Mollbach (achim.mollbach@kienbaum.de) and Jens Bergstein (jens.bergstein@kienbaum.de) are available for more information about the Change Management Study 2014/2015 “Agility – Surviving Uncertain and Unpredictable Times in Business”. The study is available free of charge from Heike Ragusa (heike.ragusa@kienbaum.de).

Kienbaum is the market leader for executive search and HR management services in Germany and ranks among the top management consultancies in the industry. With its integrated approach to consulting, Kienbaum supports companies from all leading sectors of the economy through their change processes, from the design of the concept to its eventual realization. Kienbaum combines proven HR competence with comprehensive know-how in the areas of

strategy, organization, and communication.

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