

Press release

Current Global Economic Crisis Provides Catalyst for Driving Organizational Change

Results of Second Annual Global Survey on Change Management Released by Celerant Consulting and the Economist Intelligence Unit

LEXINGTON, MA – September 29, 2009 – More than half of global business executives (59 percent) say that the current economic crisis has revealed shortcomings in their organization that they are attempting to address and two-thirds (66 percent) of participants state that their organization is using the crisis as an opportunity to drive change that would have been difficult to achieve in better times, according to new research by Celerant Consulting.

During times of economic uncertainty it is commonplace for companies to attempt to simply weather the storm and not invest in organizational changes that will ultimately result in more efficient and effective business practices. However, a survey of 561 senior executives across Europe and the US, sponsored by Celerant Consulting and carried out by the Economist Intelligence Unit (EIU), reveals that only 6 percent of firms in the survey have suspended change programs – structured approaches to implementing and managing change within a company – as a result of the financial crisis and the majority (60 percent) of firms are continuing with and even accelerating existing change programs while also launching new ones.

“Smart executives and companies realize this is a time of opportunity—a time to take advantage of passive competitors and down markets by changing the rules through aggressive and vigorous operational change and innovation,” said Bill Hendrickson, executive vice president, Celerant Consulting. “There is a danger, however, that firms are using the crisis to launch change initiatives too rapidly, with too heavy a focus on short-term objectives. Those that can effectively implement a combination of long- and short-term change programs as well as engage employees’ hearts and minds, ensure commitment from senior management, and establish clearly defined objectives will be well positioned for growth as we emerge from this current economic environment.”

How Can Success be Achieved?

The hardest part, according to the survey respondents, is “winning hearts and minds” (33 percent). Both this year and last, the survey respondents single this out as the most difficult element of any change program. It is one thing to get people to state their commitment to a change initiative, but if they have not truly bought into the change, the program will ultimately fail. Equally as tough a challenge for change programs, according to respondents, is keeping to budget and timetable (33 percent)—as a result of the worsening economic conditions since last year’s survey, this concern has escalated in importance, from ninth place in 2008 to second in 2009.

Additionally, the top reason change programs do not succeed is the lack of clearly defined or achievable milestones and objectives (reported by 29% of respondents). The second most commonly cited reason for failure is a lack of commitment from senior managers (19%). Last year’s survey also cited these as the top two reasons for failure.

What Does the Future Hold?

Seventy one percent of respondents say that their companies are dealing with the changes resulting from the financial and economic crisis, "reasonably well", while 8 percent believe that their firms are dealing with the impact of the crisis "extremely well".

To view the full survey and industry-specific findings please visit our website at www.celerantconsulting.com.

Notes to Editors:

1. The Economist Intelligence Unit surveyed 561 senior executives across a range of industries in North America and Europe between July and August 2009 on the topic of change management.
2. All of the firms represented in the sample have annual revenue in excess of US\$500m.
3. Just under half of the survey participants hailed from the automotive, manufacturing, energy and natural resources, telecommunications, and chemicals sectors, with the remainder coming from 14 other sectors.

About Celerant Consulting

Celerant is a global management consultancy that provides international strategy and business transformation consulting and delivers operational improvement that helps the world's leading companies to achieve and sustain real gains in bottom-line performance.

Celerant's difference is simple – we believe that once we have fixed a problem for a client, it should stay fixed.

First we spend time understanding the needs of an organization. Then we analyze the challenges faced before recommending a tailored change program designed to deliver measurable results, now and into the future. This involves our industry experienced consultants working side-by-side with people in the front line of your business – from the Boardroom to the shop floor – to ensure the delivery of sustainable and measurable benefits.

As a result, last year Celerant delivered over \$1bn in annualized sustainable savings to its clients.

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About the Economist Intelligence Unit

The Economist Intelligence Unit is the business information arm of The Economist Group, publisher of The Economist. Through our global network of about 650 analysts, we continuously assess and forecast political, economic and business conditions in 200 countries. As the world's leading provider of country intelligence, we help executives make better business decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies.

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