

Press release

U.S. business leaders respond to downturn by ramping up internal change

Lexington, Massachusetts, May 29, 2008 – More than half (56%) of U.S. business leaders are responding to the credit crunch by increasing spending on change programs, new research by Celerant Consulting reveals.

A survey of over 600 senior executives across Europe and the United States, carried out by the Economist Intelligence Unit (EIU), reveals that over half of U.S. business leaders say their planned change programs – structured approaches to implementing and managing change within a company – are a direct response to the credit crunch. Accordingly, over a third (37%) of U.S. leaders plan to increase their spending on change initiatives over the next 12 months, while only 16% intend to spend less.

Search for efficiency drives change

The quest for operational efficiency is driving change programs. Over half (59%) of U.S. business leaders say that improving their company's operational efficiency is the top issue on their agenda. In a further sign that the credit crunch is impacting corporate behavior, the same executives see reducing costs (48%) as being more important than increasing revenues (25%).

Doomed to failure?

Despite the increasing number of change initiatives, the EIU survey suggests the majority will fail. Only 10% of U.S. leaders questioned said that *most or all* of the change programs they have undertaken in the past five years have been successful. The most significant challenges faced by U.S. companies in executing change programs include winning the hearts and minds of staff (51%), overcoming a lack of buy-in from local managers (31%) and a failure to implement the agreed business strategy (31%).

Bill Hendrickson, Executive Vice President at Celerant, said: "A slowdown always puts the question of 'how do we respond?' on the table – and frequently, the answer becomes 'we need to change'.

"Yet many leaders themselves admit that the majority of change initiatives do not work; what should they do to ensure they successfully manage the process of change?"

"In order to successfully deliver change, leaders need to inspire people with a sense of urgency, have a clearly communicated vision and plan and continually motivate staff. As change management becomes part of day-to-day management, only those leaders who can successfully execute it will survive and flourish."

Ralph Hargrow, Global Chief People Officer at Molson Coors Brewing Company, said: "You have to speak to people personally, to have them understand and embrace the promise of change. That requires a lot of work. Broadly speaking, the easier it is for individuals to understand and embrace the personal benefit of a change for themselves, the easier it is to win their hearts and minds. The more difficult it is to paint a vision, the more difficult it is to effect and embrace such change."

-Ends-

Sector specific findings are available in the following areas: *Manufacturing, Chemicals, Energy and Natural Resource, Automotive and Telecommunications.*

For more information or interviews, please contact Sarah Ellis at Brodeur at 617-587-2884 or Charles Spofford at Celerant at 781-274-7390.

Notes to Editors:

1. The EIU interviewed 607 senior managers across ten countries in Europe and the United States between March 21 and April 18, 2008. 23% of respondents are U.S.-based.
2. 98% of firms in the survey have annual revenues in excess of US\$500m.

About Celerant Consulting

Celerant is the largest independent global firm working in the operations management sector of the consulting market. It delivers operational transformation and helps leading companies worldwide achieve and sustain world class performance from their business operations.

Celerant's difference is simple: it believes that once it has fixed a problem for a client, it should stay fixed. The essence of Celerant's approach is that its consultants work side-by-side with people in the front lines of business – from the boardroom to the shop floor – to ensure the delivery of sustainable and measurable benefits. Celerant embeds long-term behavioral change into the culture of its clients' organizations – the key to sustainable change – a unique approach called Closework®.

Last year Celerant delivered over \$1bn in annualized sustainable savings to its clients and over the last 20 years it has become the largest independent firm of business operations consultants, with annual revenues of over €110/\$170m in 2007.

For more information about Celerant visit www.celerantconsulting.com.

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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