

## Press release

### Lack of manpower primary obstacle to innovation says chemical sector

London, 22 October 2007 – Most chemical companies see innovation as an increasingly important part of their business strategy, but at the same time they struggle to find the manpower to resource this properly. This paradox is revealed by new research carried out for Celerant Consulting (Celerant), the global management consultancy specialising in operational improvement, in partnership with ICIS Chemical Business.

Over two-thirds of those questioned said that innovation had become more important to their companies' strategy in the past five years (68.5%), yet 44% said that a lack of manpower is the key obstacle to delivering successful innovation projects. This was almost three times as many as the second most common barrier.

Despite the importance of innovation to strategy, only one-third of companies questioned have business units specialising in stimulating innovation and developing new ideas. This possibly explains why 42% say that their customers are the single most important group in providing ideas for innovation, compared to only 17% who think it is their internal research team. By a small margin, companies say they innovate in order to develop new products which allow them to remain competitive in existing rather than new markets (59% and 55% said they are very important respectively).

Only 50% of respondents indicate that their company has a formal management system and processes in place to measure innovation effectiveness. Most companies (70%) use return on overall investment (ROI) as their main metric to measure R&D effectiveness, but a high proportion (53%) also used the proportion of new products in the overall mix as a measure.

**Tim Durston, Vice President of Celerant's UK Chemical Practice,** said: *"Innovation is clearly a priority in the chemical sector, and it is encouraging that some companies are handling it in a systematic and professional way. However, all too frequently the line between innovation and development becomes blurred. Creativity is inherently disruptive but, in terms of long term business value, significant.*

*"For many, enhancing existing technologies and products becomes a system that becomes established over time and often unnoticed. It delivers regular returns and organisationally is an acceptable situation to manage. Shifting this norm toward the long-term viability of businesses is challenging. It is therefore crucial that the innovation process is properly managed and talented resource transformed into engines of real growth."*

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**Notes To Editors:**

**About the survey**

The survey interviewed 110 subscribers to *ICIS Chemical Business* in North America and Europe to investigate the link between the importance and effectiveness of innovation in the chemical sector.

**About Celerant Consulting**

Celerant Consulting (Celerant) is a leading global management consultancy specialising in delivering operational transformation across a broad range of industry sectors.

Celerant helps leading companies worldwide achieve and sustain world class performance from their operations. The essence of its approach is Closework® where consultants work side-by-side with people in the front lines of the business to ensure sustainable and measurable gains. Celerant embeds long-term behavioural change into the culture of the client organisation – the key to sustainable change.

In 2006, Celerant delivered over \$1 billion in annualised sustainable savings to its clients. Over the last 20 years, Celerant has become the largest independent firm of business operations consultants with revenues of \$145 million in 2006.