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When Disruption Reigns, Let Your Customers Show You The Way

How Responsive Enterprises Thrive In Uncertain Times With Customer-Centricity, Operational Effectiveness, And Agility

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Executive Summary

The so-called unprecedented times of the past few years have only emphasized a reality that has been 20 years in the making — enterprises were, are, and will be buffeted by constant change. Between shifting customer expectations, supply chain realities, and the impact of digital technology, the pace of change has never been faster. Organizations that combine delivering customer-centric value with nimble evolution will be in the best positions.

Celerity commissioned Forrester Consulting to evaluate the state of enterprise responsiveness and adaptability. Forrester conducted an online survey with 418 respondents and eight interviews with digital strategy decision-makers at large North American enterprises to explore this topic. We found that all enterprises are buffeted by a constant stream of changing business factors. Responsive enterprises that focus on customer-centric efforts have enjoyed better performance over the past five years and are prepared for future success.

Responsive enterprises are more likely to survive and thrive amid significant and constant business upheaval.

Responsive enterprises embrace change to create competitive advantage. They lead by iteratively evolving capabilities and culture to reimagine their business and reinforce resiliency in the face of constant change.
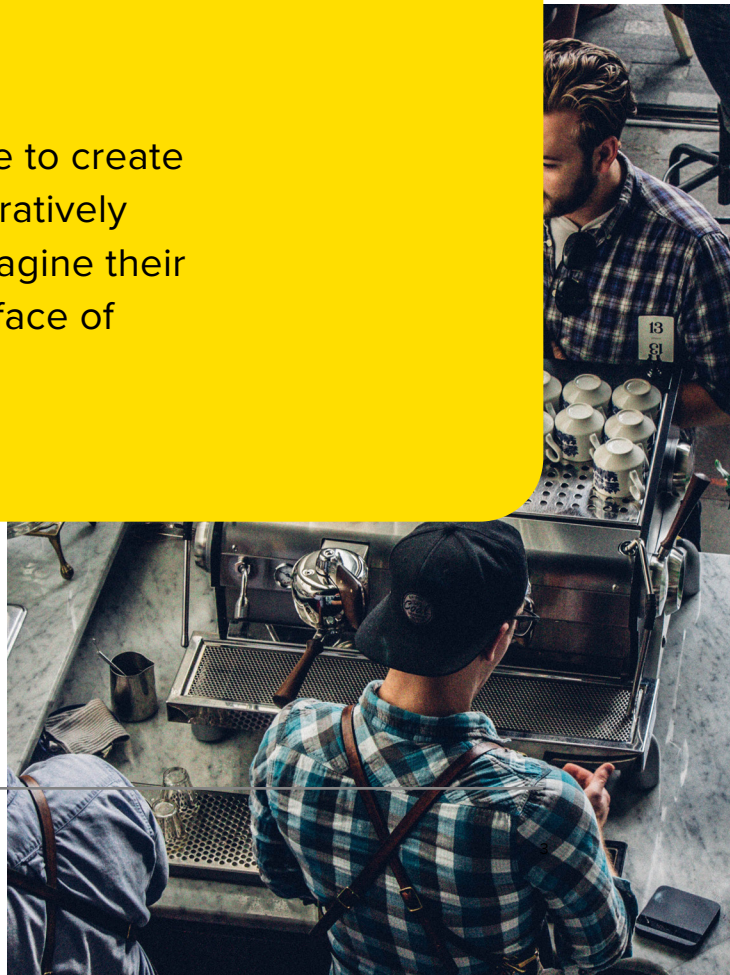
Key Findings

Brands are adopting customer-centric strategies to navigate the increasing pace of change. Most decision-makers in this study recognize that the pace of change over the past five years has accelerated — in their competitive landscapes, customer expectations, how they keep their siloed organizations connected, and the emergence of environmental, social, and governance (ESG) expectations. To help organizations respond, leaders navigate by understanding what their customers need.

Organizational headwinds hamper enterprises' ability to change. Most respondents face a broad range of limitations as they try to address change in their business environment. The principal barrier most business leaders struggle with is overcoming silos in teams, data, and insights. As businesses mature on their journey to becoming responsive enterprises, they must focus on building a shared understanding of customer insights to ensure strategies are aligned to customer-centric outcomes.

Responsiveness requires a synthesis of customer-centric efforts, operational effectiveness, and agility. Most firms have made only incremental progress towards responsiveness. However, we found a broad range of actions underway that demonstrate the change required for an organization to compete. Firms are reworking talent and culture to achieve agility through adaptivity, creativity, and resilience. This is admittedly hard work, but this study demonstrates that it's well worth the investment and effort. More responsive businesses are considerably more successful at achieving their key goals.

BRANDS ARE FOCUSING ON CUSTOMER NEEDS TO NAVIGATE THE INCREASING PACE OF CHANGE

The decision-makers in this study are aware that the foundations of their business strategies are in a constant state of flux. More than half of respondents indicate that the pace of change has accelerated over the past five years in their competitive landscape, customer demands and expectations, how they keep their increasingly fragmented organizations connected, the emergence of ESG strategies, and the fast-evolving technology partner landscape.

In the face of constant and accelerating change, organizations are aligning their business objectives and strategies for more customer-centric outcomes. For example, study respondents report that their primary goals for this year are meeting customer demands and expectations, understanding how customers' needs will shift in the future, and managing organizational change to better align with delivering customer value (see Figure 1).

"We thought we had a handle on how quickly things can change — but that was completely invalidated by the pandemic. During the onset, long-standing policies were getting changed on a whim."

IT leader, financial services company

Figure 1

Brands Are Laser-Focused On Customer-Obsessed Goals And Outcomes

"What are your company's key business goals for this year?"

● Rank 1   ● Rank 2   ● Rank 3

Meeting customer demand and expectations

| 16% | 13% | 12% | **41%** |

Understanding our customers' changing needs and preferences

| 14% | 11% | 10% | **36%** |

Accelerating our response to shifts in customer and market needs

| 9% | 12% | 14% | **36%** |

Implementing organizational changes to better align with our evolving customer, product, and service strategies

| 10% | 13% | 13% | **35%** |

Managing changing technology partners and capabilities

| 13% | 11% | 12% | **35%** |

Staying ahead of our competition

| 11% | 11% | 8% | **30%** |

Developing our environmental, social, and governance (ESG) strategy

| 7% | 11% | 12% | **30%** |

Connectedness — across the enterprise as well as across partners' and customers' ecosystems
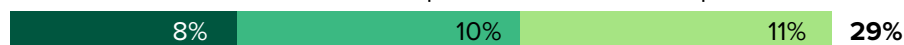
| 8% | 10% | 11% | **29%** |

Base: 418 North American digital strategy decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Celerity, November 2021

"Fundamentally, customer service is all we really are. Our CEO says there are no spare customers. The pivot that's happened recently, though, is we realized we needed to be proactive in understanding their needs, [instead of] waiting for someone to complain or for them to stop coming."

Operations leader, travel company

Customer-centric objectives are also among the best-funded initiatives today, as 45% of respondents indicate their organizations will be making significant investments in meeting customer demands and 43% plan to significantly boost spend on understanding customer needs over the next 12 months.

Interestingly, as decision-makers project their key objectives two years into the future, they plan to maintain their focus on meeting customer needs and expectations. They also plan on pivoting to a deeper focus on executing and operationalizing these customer strategies — in effect moving from understanding to action. The importance of implementing organizational changes to be more customer-centric in the future jumped from the fourth most important business objective to second place. Staying ahead of competitors shot up from sixth to third place with surveyed decision-makers. Conversely, the objective aligned to understanding customers' changing needs and preferences slid from second place to sixth. Rather than suggesting understanding customers will be less important, this indicates the groundwork on customer understanding will be well-established within a couple years for many enterprises and they will move on to building responses.

MOVING FROM UNDERSTANDING TO ACTION IS EASIER SAID THAN DONE

The current state of customer-centric efforts among brands shows that investment and intention aren't enough to become customer-obsessed. The evidence? Just one-third of respondents say their organizations consistently meet customer expectations today, and at best 40% say they feel highly confident in their firms' abilities to translate and combine various data into insights and action. These, of course, are connected — the ability to refine data into insights and action has a direct influence on an organization's ability to keep on course towards customer-centric strategies and business planning. The ultimate goal of customer-centric efforts is a concept called customer obsession, the practice of putting the customer at the center of leadership, strategy, and operations decisions. Forrester believes customer obsession enables companies to sense and respond to any set of market circumstances.[1]

Customer-obsessed enterprises thrive in all market conditions by fundamentally putting the customer at the center of all major decision-making.
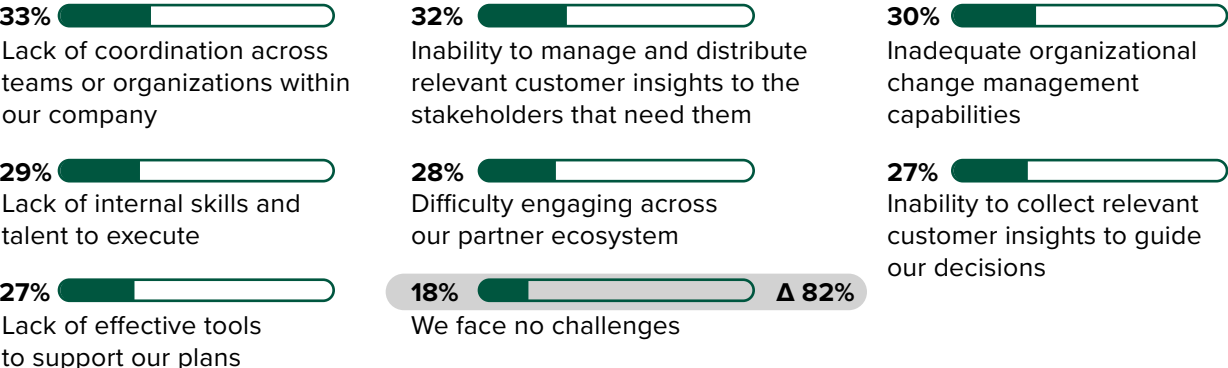
Responding to change with customer-obsessed strategies requires enterprises to put customers first rather than leaving traditional concerns like process efficiencies at the center of operations — a significant change for most companies. Indeed, while the vast majority of respondents say they experienced at least one challenge responding to business change, they are most likely to say that a lack of coordination across teams within their company hinders their responsiveness. Beyond these silos, respondents are most likely to struggle with managing and distributing customer insights (which help align business functions behind a customer-centric vision) and with navigating the general challenges associated with organizational change management (see Figure 2).

"There are so many lessons [we have learned] over the past couple years, but at the same time it's hard to apply them sometimes. When you're a large enterprise, it's not easy to turn the ship on a dime and develop processes to get there. Fundamentally, the change management aspect is the biggest challenge for us."

IT leader, retail company

Figure 2

Aligning The Organization Behind Customer-Centricity Proves A Major Challenge

"What barriers does your company currently face when responding to changes in its business environment?"

33%
Lack of coordination across teams or organizations within our company

32%
Inability to manage and distribute relevant customer insights to the stakeholders that need them

30%
Inadequate organizational change management capabilities

29%
Lack of internal skills and talent to execute

28%
Difficulty engaging across our partner ecosystem

27%
Inability to collect relevant customer insights to guide our decisions

27%
Lack of effective tools to support our plans

18%
We face no challenges

Δ 82%

Base: 418 North American digital strategy decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Celerity, November 2021

Many respondents are struggling with a lack of coordination across key teams tasked with bringing their responsive strategies to life. For example, most respondents indicate that their organization tasked the marketing function to lead customer-centric efforts at their organization. From a legacy standpoint, this makes a good deal of sense — the marketing role is accustomed to dealing with customer data and translating it into action — but it's also a mark of relative immaturity as enterprises should seek to embed customer-centric efforts across their organization. Most respondents run into trouble quickly when they attempt to translate customer-centric ideas into a plan of action, as they are most likely to hand the tasks of ensuring business resiliency, shifting operations, and handling change management off to IT roles. This risks creating a break in the circuit. Indeed, fewer than one-quarter of study respondents say they have excellent coordination between key business functions today.

MOST FIRMS HAVE MADE MARGINAL IMPROVEMENTS ACROSS THREE CRITICAL PILLARS OF RESPONSIVENESS

Responsiveness involves effective implementation and coordination across three dimensions — customer-centricity, operational excellence, and agility:

- **Customer-centricity.** Customer-centricity measures how effectively an organization orients its business strategies to understand and deliver against customer needs.

- **Operational effectiveness.** Operational effectiveness deals with how effectively an organization aligns its people and processes to deliver customer value.

- **Agility.** Agility focuses on how well an organization can pivot existing business strategies based on market and customer insights to become more effective, adaptive, and resilient.

Across these dimensions, most respondents' organizations have made, at best, marginal improvements over the past few years. The average responses indicate that just 16% of respondents saw a significant improvement in customer-centricity, 22% saw significant improvement in operational effectiveness, and 23% significantly improved agility over a five-year window (see Figure 3). Facing an accelerating pace of business change, that's not sufficient. Organizations of all sizes and kinds should look to accelerate their improvements in these critical areas, and this study's responsive enterprise maturity model demonstrates the advantages of shoring up these key areas.

Figure 3

Most Firms Have Made Incremental Progress On Key Responsiveness Dimensions

"How has your company's ability in each of the following changed over the past five years?" (Showing "Significant improvement")
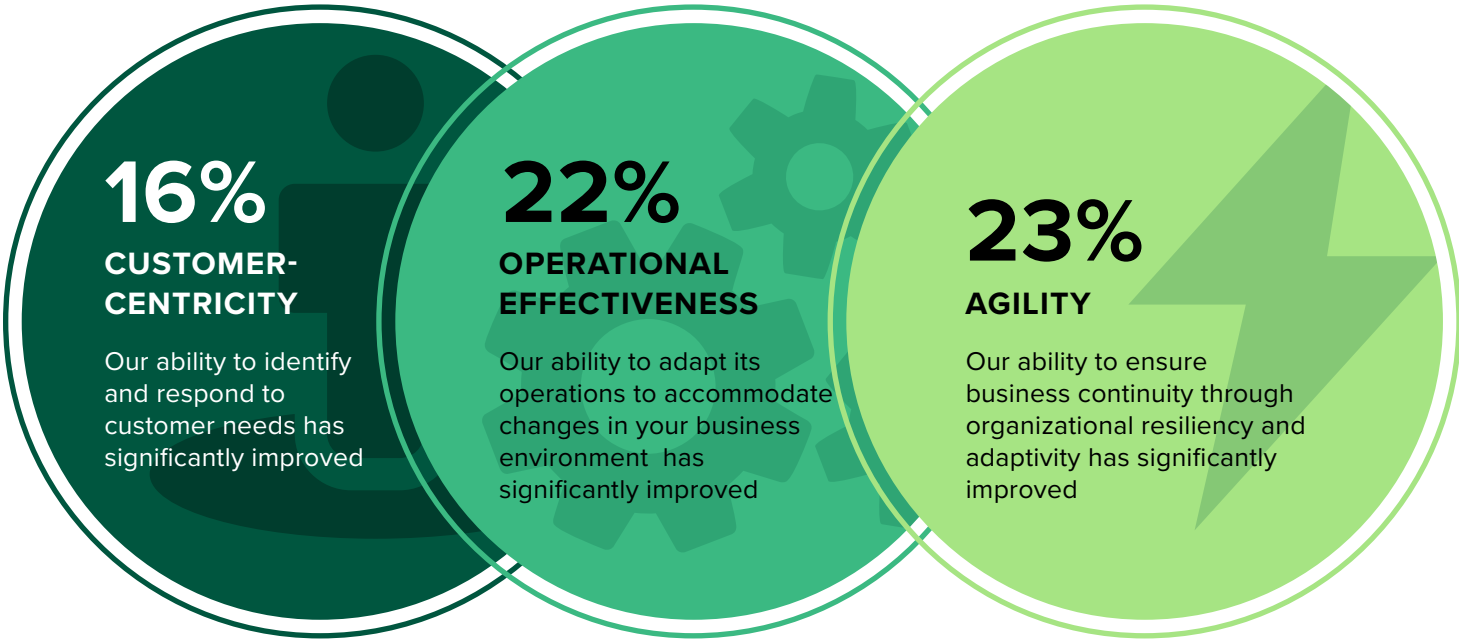
16%
CUSTOMER-CENTRICITY
Our ability to identify and respond to customer needs has significantly improved

22%
OPERATIONAL EFFECTIVENESS
Our ability to adapt its operations to accommodate changes in your business environment has significantly improved

23%
AGILITY
Our ability to ensure business continuity through organizational resiliency and adaptivity has significantly improved

Base: 418 North American digital strategy decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Celerity, November 2021

Responsiveness rests on a firm's ability to be customer-centric, operationally effective, and agile. But what does it mean to embody each dimension, and how are organizations performing today?

CUSTOMER-CENTRICITY: FOCUS ON CULTURE, STRATEGY, AND PROCESS

Enterprises that are customer-centric must align their whole organization against customer needs. Doing so requires data and technology capabilities, but true commitment is expressed in how the organization orients its culture, strategies, and processes to deliver customer value. In this study, respondents scored their firms highest on customer-centricity across the three capabilities:

- **Culture.** Customer-centric cultures feature senior leadership that understands and agrees on the importance of customer-centricity and has committed themselves to improving how well their organization can understand and respond to customer needs. This is through the right investments in people, technologies, and planning. One-quarter of respondents say this description completely matches their current culture.

"Customer-centricity is critical in a competitive market like ours — if you don't do well by your customers, you'll be replaced rather quickly. But even then, it's not just about today — what are they going to need from us in five years, and how can we match our strategies in advance of demand?"

Marketing executive, manufacturing company

- **Strategy.** Highly customer-centric enterprises have a clearly articulated vision for how and why they need to create customer value, and they routinely review and adapt their strategies to respond to changing customer and market conditions. Customer-centric organizations view long-term customer objectives as more fundamentally important than near-term financial goals and work hard to balance customer and business needs. Only 25% of respondents believe their organizations' strategies are completely aligned with this vision of customer-centricity.

- **Process.** Exceptionally customer-centric companies believe that doing the right thing for the customer is more important than adhering to established tasks and processes. They ensure that employees are empowered with technology and insights to help create value for customers and have clearly described what behaviors employees should embody to help the company drive customer loyalty. Just 29% of respondents describe their organizations' processes as completely aligned with this vision.

OPERATIONAL EFFECTIVENESS: EXAMINE YOUR COMPANY'S VISION, STRUCTURE AND TALENT

Operationally effective enterprises are able to shift operations quickly and effectively as market conditions change. This requires vision, structure, and talent to accomplish. In this study, respondents score their firms lowest on operational effectiveness across the three capabilities:

- **Vision.** Organizations with effective vision execute their digital strategy based on a clear and concise mandate from the CEO and executive leadership. They encourage employees to take measured risks to support experimentation, and they empower their company to leverage digital ecosystems to create new products or services and extend opportunities for customer engagement. They are able to effectively collaborate with their technology partners and suppliers to build better products and experiences for customers. Just 24% of respondents feel that their company's vision matched this description completely.

- **Structure.** Operationally effective enterprises align their organizational structures around recurring customer journeys and lifecycles, actively working to synchronize business functions with customer needs and supplier/partner capabilities. They break down internal business silos by organizing into cross-functional teams that create better products and services for their customers. One-quarter of respondents describe their company's current structure in these terms.

- **Talent.** High-performing firms have companywide programs to find, hire, and nurture employees' digital skills, and they invest in skill development at all levels of the company. They empower employees with digital tools to improve processes and collaborate with customers and partners to develop better products and experiences. Only 25% of respondents believe their organizations foster digital talent in this way.

"It's funny, I was interviewing someone for a technology leadership role with a long track record in technology strategy the other day. In our discussion, we both agreed that strategy is easy, it's the execution that's hard, especially on the scale of multiyear technology investments. Just ensuring that they stay in line with broader corporate objectives and outcomes, then understanding how to measure those contributions, can be daunting."

IT/operations executive, travel company

AGILITY: EMBED ADAPTIVITY, CREATIVITY AND RESILIENCY INTO YOUR BUSINESS STRATEGY

Enterprises that embody agility in their strategies help ensure business continuity through organizational resiliency and adaptivity. Reaching this state requires that an organization redoubles its efforts in adaptivity, creativity, and resiliency. Respondents indicated that their companies' agility effectiveness lies in between the high point of customer-centricity and their challenges with operational effectiveness.

- **Adaptivity.** Highly adaptive enterprises foster innovation by encouraging rapid experimentation and fast failure. They develop data-driven insights to identify and experiment with new technologies, and often partner with startups or outside firms to identify new business opportunities and innovate products or experiences to meet them. They embrace and support constant change to keep ahead of the competition, and they create the technology architecture, business operations, and organizational structure to quickly and efficiently support major changes to their processes and strategies. Twenty-seven percent of respondents' organizations qualified as highly adaptive in this study.

- **Creativity.** Adaptive organizations foster creativity in their operations, marketing, product creation, and culture. They dedicate time for employees to focus on innovation, not just their normal day-to-day job tasks. Just 26% of respondents say that their company matched this description of creativity.

- **Resiliency.** Highly resilient companies actively gather insights about business continuity risks to be ready for them. They structure their organizations to be flexible so they can easily change and quickly absorb unexpected and disruptive events like pandemics, civil unrest, supply chain disruptions, etc. Fewer than one-quarter (24%) of respondents say their organizations met this level of resiliency.

"Our strategies are never set in stone, really. It's about getting away from a waterfall approach, where someone spends a year in a room to develop a strategy and do their part, then pass it off to another year's worth of implementation. Now we get our architects and our builders in the room together and let them work in a synchronized way."

IT executive, financial services company

Based on these results, it follows that few organizations are effective at each of the dimensions of responsiveness, and fewer still can execute effectively across all of them. Overall, 15% of respondents' organizations are considered highly responsive based on the evaluations, and the differences between these firms and the lowest performing 15% reveal stark contrasts both in their approach to responsiveness as well as the outcomes that arise from their respective strategies.

MORE MATURE FIRMS TAKE RESPONSIVENESS SERIOUSLY

Organizations that respondents consistently rate highly across the dimensions of responsiveness are more likely to prioritize and invest in these capabilities than their low-maturity peers. They are 22% more likely to prioritize customer-centric initiatives (though even 80% of low maturity firms recognize its importance), are 41% more likely to see operational effectiveness as important, and are 46% more likely to prioritize agility in their digital strategies. These organizations are twice as likely to invest in responsive capabilities that respondents consider most important, including those customer-centric capabilities like meeting customer demands and expectations and better understanding customer needs. In short, the organizations recognize that these abilities are driving differentiation and market share for them and are doubling down on their competitive advantage as a result.

MORE RESPONSIVE ENTERPRISES ARE RICHLY REWARDED FOR THEIR INVESTMENT

The respondents from mature organizations in our study don't just work for companies that are better at adjusting to changing business conditions, the organizations deliver far better business outcomes compared to low-maturity respondents as well. For one, they are more likely to achieve their key business goals. They are more than three times more successful than low-maturity respondents at meeting customer demands and expectations and at understanding customers' changing needs and preferences. Finally, they are more than six times more successful at increasing their speedy

response to changing customer and market needs — comprising the study's most important business goals.

More responsive companies outperform their peers in the bottom-line financial metrics that define business success as well. Respondents from responsive companies report more positive outcomes from the past five years. These metrics include that high-maturity organizations are 66% more likely to report increased revenue, 58% more likely to have increased profit, 53% more likely to have improved earnings per share, 67% more likely to see their market valuation increase, and 66% more likely to have increased their share price (see Figure 4).

Figure 4

More Responsive Firms Outperform Their Peers On Key Business Metrics

MATURE FIRMS

66%
more likely to have increased **Revenue**

58%
more likely to have increased **Profit**

53%
more likely to have increased **Earnings per share (EPS)**

67%
more likely to have increased **Market valuation**

66%
more likely to have increased **Share price**

Base: 418 North American digital strategy decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Celerity, November 2021

Finally, respondents with mature enterprises are extremely likely to specifically credit their organizations' customer-centric efforts, operational effectiveness, and agility for this success. For example, 97% of respondents from high-maturity organizations report that finding ways to be more customer-centric is either important or mission-critical to their success at key business goals, the same number who credited their efforts at improving their business agility. Meanwhile, 92% of respondents say their organization's focus on operational effectiveness is crucial to their success.

Strategic Partnerships Drive Responsiveness Excellence

Very few entities have the wherewithal to go it alone in building a more responsive enterprise. They require strategic partners for aid with technology, best practices, and managed services to build a foundation that let them quickly and effectively adapt to change. Respondents' organizations are most likely to see external partners as critical for customer insights, data, and analytics, as well as digital transformation assistance, agile transformation and coaching, and big-picture vision and strategic planning.

Furthermore, respondents from more mature enterprises are actually more likely to describe external services as either important or mission critical. Overall, they are more likely to say their organizations' external partners play an important or mission-critical role driving their company's success across each of the responsiveness dimensions and are more likely to highly prize the role external partners play across the individual capabilities that comprise responsiveness as well (see Figure 5).
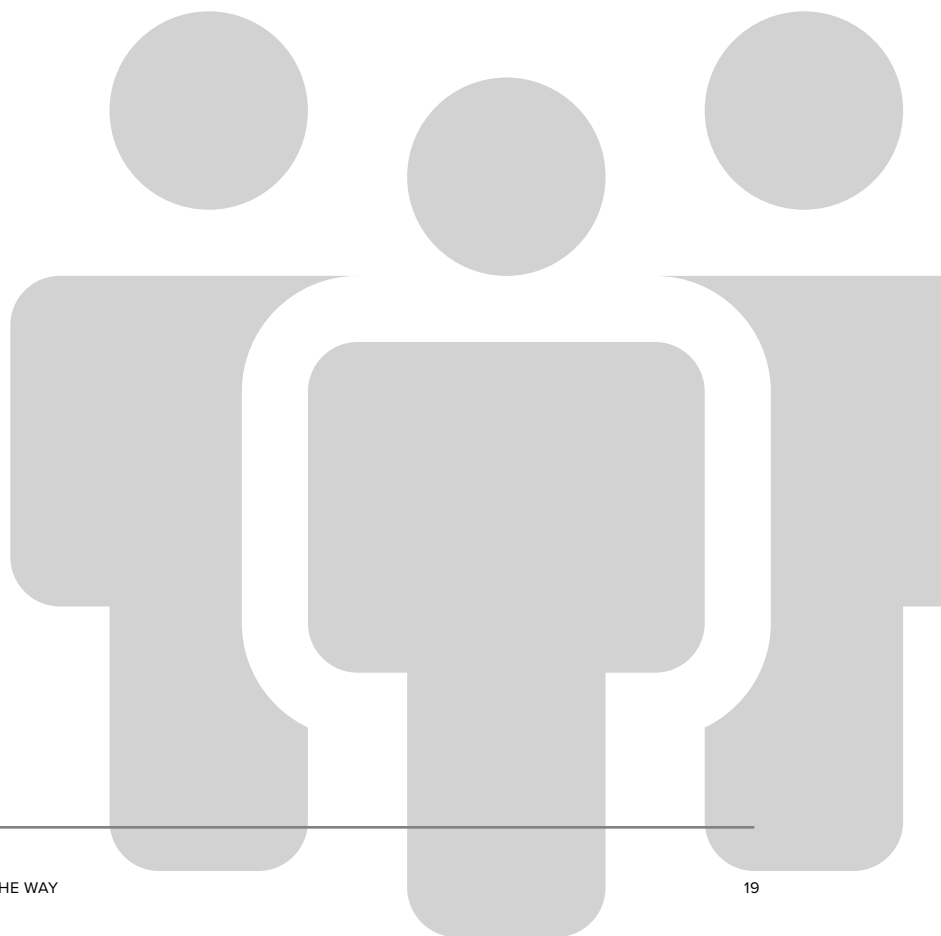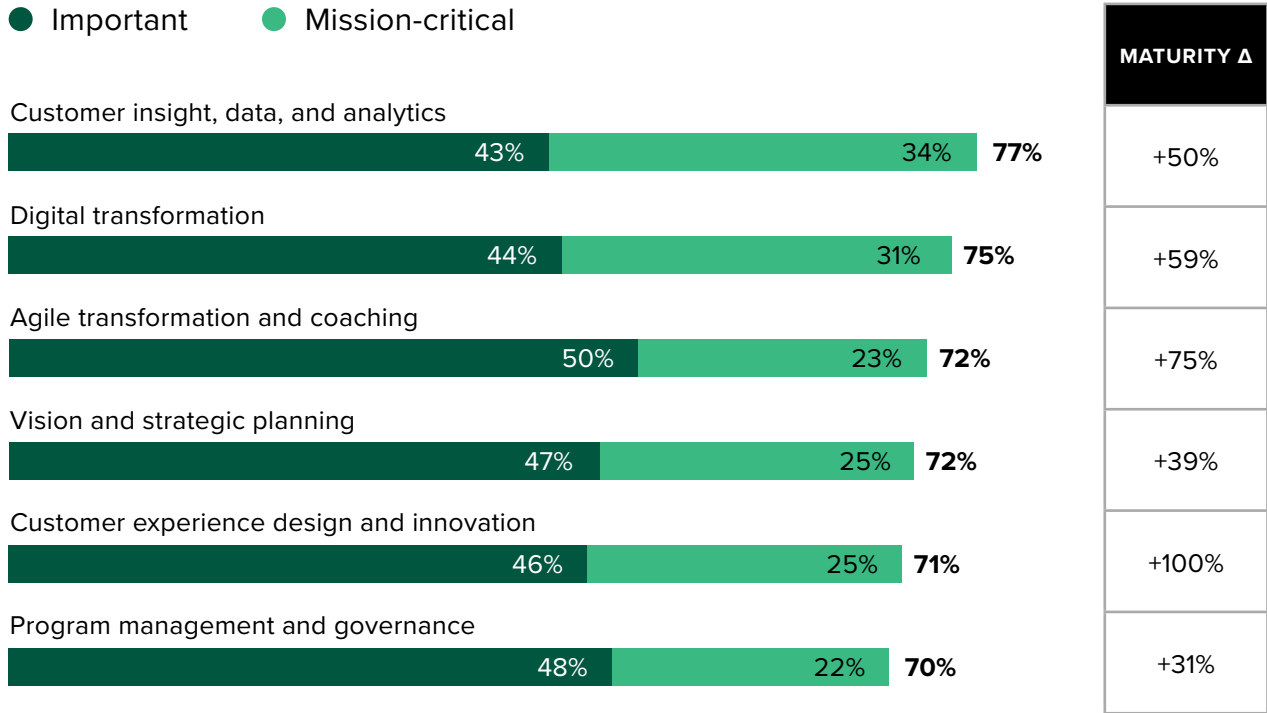
Figure 5

External Partnerships Play A Crucial Role In Driving Organizations' Responsiveness

"How important are each of the following capabilities that external partners provide to make your company more responsive and resilient?"

● Important   ● Mission-critical

Capability	Important	Mission-critical	Total	MATURITY Δ
Customer insight, data, and analytics	43%	34%	77%	+50%
Digital transformation	44%	31%	75%	+59%
Agile transformation and coaching	50%	23%	72%	+75%
Vision and strategic planning	47%	25%	72%	+39%
Customer experience design and innovation	46%	25%	71%	+100%
Program management and governance	48%	22%	70%	+31%

Base: 418 North American digital strategy decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Celerity, November 2021

"Our partners offer quite a lot, but one critical area where we got help was in understanding agile and design thinking — not just application but how to do it on our own. Something like that, I don't want to be ultimately reliant on someone else."

Customer experience executive, telecom company

Key Recommendations

Forrester's in-depth survey and interviews with digital strategy leaders about the state of responsiveness at their companies yielded several important recommendations:

Elevate responsiveness to a strategic objective.

Work with your leadership peers to develop a common understanding of your firm's intentions and current strategies relative to greater comprehension of customers' changing needs and expectations and responding to them. Begin by transforming inside-out targets like revenue growth to customer-led goals like improved customer success.

Develop a roadmap for achieving responsiveness.

Bring a planned and coordinated focus to customer-centricity by measuring the effectiveness of your firm's ability to understand and deliver against customer needs. This must include improved operational effectiveness as core to driving customer value delivery. The new focus must also enable the firm's overall agility — its ability to pivot existing business strategies based on market and customer insights.

Make customer-centricity reach from process all the way to culture.

It's easy to think of customer-centricity as a set of established tasks and processes that ensure that tech and insights empower employees to help customers be successful and loyal. However, also make customer-centricity a strategic framework by optimizing customer value creation through routinely reviewed and adjusted responses to changing customer and market conditions. This will help to engrain customer-centric goals in your firm's culture and drive consistent focus on investments in people, technologies, and planning.

Include the operational side of effective responsiveness.

Apply customer-centric efforts across your operations as well as customer-touching capabilities like sales, marketing, customer service, and fulfillment. This requires a customer-centric vision for operations that includes experimentation as well as tech ecosystem empowerment and collaboration. These key factors improve both customer and business value realization. Some of this will play out through structures and breaking down silos by improving customer and partner journeys. Operational effectiveness will lean heavily on digitally skilled, empowered, and enabled employees.

Keep ecosystem-wide agility in your sights for optimum responsiveness.

Adaptivity in your organization begins with data-driven insights into emerging needs and opportunities, then moves to shifting business operations to leverage flexible technologies for innovative digital responses. All of this is possible if your organization quickly and efficiently supports the necessary process and business changes. Ensure that your organization's responses harness human creativity to differentiate from competitors' digital-only moves. Finally, keep in mind the unexpected disruptions that we now experience all too frequently and recognize that the ability to sustain customer impact requires resilience as its own form of agility.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 418 digital strategy decision-makers in North America to evaluate the state of enterprise responsiveness and adaptability. Survey participants included decision-makers in IT, operations, and marketing. Questions provided to the participants asked about their organization's approach to monitoring and responding to significant changes in their business environment. Respondents were offered a small nominal incentive as a thank you for time spent on the survey. The study began in August 2022 and was completed in February 2022.

Appendix B: Demographics

REGION: NORTH AMERICA	
US	**62%**
Canada	**38%**

INDUSTRY	
Manufacturing and materials	**16%**
Healthcare/life sciences	**15%**
Telecommunications services	**15%**
Retail	**15%**
Financial services/insurance	**14%**
Transportation and logistics	**13%**
Travel and hospitality	**12%**

SIZE (REVENUE)	
More than $5B (12%)	**12%**
$1B to $5B (20%)	**20%**
$500M to $999M (23%)	**23%**
$100M to $499M (45%)	**45%**

DEPARTMENT	
IT	**54%**
Operations	**24%**
Marketing	**21%**

RESPONDENT LEVEL	
C-level executive	**21%**
Vice president	**22%**
Director	**57%**

Appendix C: Endnotes

[1] Source: "Customer Obsession Explained," Forrester Research, Inc., May 3, 2021.
[2] Source: "Operating A Customer-Obsessed Enterprise," Forrester Research, Inc., May 26, 2021.

Note: Percentages may not total 100 because of rounding.