

A blurred background of people walking in a hallway with a clock on the wall. The scene is captured with a motion blur effect, suggesting a busy, fast-paced environment. A large blue diagonal shape is overlaid on the left side of the image, containing the main title text.

Addressing Emerging Challenges 2021



Emerging Challenges for Organizations

- New opportunities and challenges are presented every day as the business world is rapidly changing.
- Organizations face increasing uncertainty, both internally and externally.
- Digitalization and consumerization are driving organizations to create new revenue streams and rethink how they operate.
- M&A volume is increasing as companies look for ways to uncover new revenue streams, increase market share, and differentiate themselves.
- Companies must innovate to stay ahead of the competition.
- Business processes must be continually optimized to gain competitive differentiation.
- Every business faces data risks, privacy and security concerns, and rigorous compliance requirements.

How should organizations respond?



1 Build in flexibility to support the unknowns.

There have been several instrumental [business trends](#) brought on by digitalization in recent years, and they are continuously challenging organizations to be agile. Quickly evolving environments and stakeholder demands, a constant influx of disruptive technology, increasing volume and transparency of information, and a competitive market for top talent are drastically transforming the way organizations work.

The key to keeping up with these ever-changing trends is to remember this: *agility wins.*

There are **four** important shifts that organizations can put into practice now that will help them become and remain agile.

1 Build in **flexibility** to support the unknowns.



1

Aligning their vision across the organization:

Co-creating value with and for all stakeholders in an organization starts with a shared vision and purpose. It helps all parties feel personally and emotionally invested in the organization, achieves buy-in and higher engagement levels, and allows the organization to pivot quickly with their vision at the center.

2

Adopting rapid decision learning cycles: There's no way to know exactly what the future holds, so the best way to minimize risk is to embrace uncertainty and be the quickest and most productive in putting new methods to the test. Gone are the days of the "waterfall" approach – organizations must now focus on speedy iteration, constant experimentation, and impactful outcomes. One way that agile organizations practice rapid iteration is by working in one- or two-week "sprints" where the goal is to produce a single primary deliverable within that short burst, hold frequent check-ins to discuss progress and roadblocks, and set goals for the next sprint.

1 Build in **flexibility** to support the unknowns.



3

Empowering employees to take full ownership:

When organizations put their people at the center rather than encouraging a top-down approach, it creates space to develop visionaries. Giving them the opportunity to take ownership of the shared vision and bring fresh perspectives to the table cultivates an entrepreneurial drive, encourages proactivity, and boosts initiative. Agile organizations invest in leadership who empower their people with greater transparency of information, as well as intentionally hire individuals who are entrepreneurial and driven to act in strategic, team-oriented ways.

4

Re-evaluating the technologies enabling products and processes:

Long-standing and legacy systems often lack the ability to be responsive to changing requirements and new opportunities, and 89% of executives believe that their organization's ability to generate value will increasingly be based on the limitations and opportunities of technology architecture. Evaluating the systems an organization has in place to support their vision, processes, and outcomes is not a one-and-done investment. Instead, it is a cyclical process that should be consistently evaluated to determine how it supports the business now and, even more importantly, how it will respond to change in the future.




2 Evaluate and invest in systems that enable rapid response to change.

Core technology systems can either accelerate business performance or significantly limit it. Both business and IT executives agree that technology – or better yet, the right technology – is crucial to mastering change. In fact, the [top 10% of companies](#) leading technology innovation achieved 2-3x revenue growth as compared to their competitors.

After evaluating the unique challenges and need for rapid change that all organizations have faced since 2020, many businesses are taking a hard look at where they now stand, how they got there, and where they want to focus next. It is clear now more than ever that technology truly is crucial and imperative for business success, but it doesn't have to be a necessary evil.

The most crucial aspect of technology is its ability to be flexible and adapt to change. The companies with the most success in 2020 and beyond were those that had adopted digitalization prior to the pandemic. They saw the value of implementing new technology that can be nimble and responsive, and as a result, they were able to quickly adapt to new challenges. For example:



2 Evaluate and invest in systems that enable rapid response to change.

- When the pandemic forced restaurants and food services to shut down, FMI, the Food Industry Association, teamed with an AI-based talent exchange to fill in supermarket labor gaps with restaurant and food service workers.
- Starbucks' mobile app, which was in place well before 2020, became a lifeline for now-required contactless payments. Starbucks also used its technology to create a seamless new workflow for baristas and deployed new espresso machines that could predict necessary maintenance.
- When travel came to a halt, Red Roof hotels began booking rooms as a daily workspace. Now, they've found themselves as a challenger in the co-working market.
- Rolls-Royce redesigned its entire supply chain, secured new parts, orchestrated operations, and within five weeks was building ventilators.

2 Evaluate and invest in systems that enable **rapid response to change**.

Organizations are now operating in a new era of technology, and without consistent evaluation of the performance and flexibility of their existing systems, they are likely to get stuck in a technology rut.

Agile organizations should invest in new technologies with the future in mind rather than implementing solutions only to solve an immediate need. 'Quick-fix' solutions can easily result in havoc and immobility down the road. As changing requirements, new opportunities, data risks and many more aspects of the business landscape rapidly change, organizations need to be well-equipped with systems that support them in the present but will also be standing at the ready to meet future needs as they arise.

The top 10% of companies leading technology innovation achieved 2-3x revenue growth as compared to their competitors.



3 **Develop business models that revolve around the customer.**

Just as the business environment is constantly changing, so too is the customer experience and the level and type of service customers expect. Customer centricity is reshaping B2B beyond organizations simply stating that they are “customer centric”.

In the past, working with a seller revolved around the requirements and convenience of the seller rather than the customer. Now, because customers have access to so many choices, the tables have completely turned and customers are the priority for every business, no matter the industry.

Bringing the customer to the forefront is a way of doing business that fosters a positive experience at every stage of the customer journey, builds loyalty and satisfaction, and results in referrals for more customers.

[Consumer behavior indicates](#) that B2B clients are increasingly looking to develop long-term partnerships rather than engage in one-time transactions, taking the customer’s relationship with the organization from price-based to trust-based.

3 Develop business models that revolve around the customer.



Why does this matter?

When companies meet buyers' expectations for a trust-based relationship, they will attract and retain customers more easily, which in turn increases sales and boosts profit. Additionally, they will outperform non-customer centric organizations in their space. These **four** guidelines will help organizations achieve a much more customer-focused approach.

1

Operationalize customer advocacy: Having true empathy for customers increases the company's ability to identify with customer needs, why they need it, and how the business can proactively respond. According to PwC, currently only 38% of U.S. consumers say the employees they interact with understand their needs.

2

Hire for customer centricity: Hiring can't simply be about the right skill set anymore. Organizations should find out how candidates have gone above and beyond for customers or advocated for them in past roles.



3 Develop business models that revolve around the **customer**.

3

Facilitate direct interaction with customers: Leaving customers in the dark will only bring organizations further from customer centricity. By involving customers in the design and roadmap development process, organizations foster a customer to company partnership. This can be done through customer advisory boards, user groups, and letting employees observe sales and support calls.

4

Focus on your employees: Customer-centric companies have happier and more satisfied employees than other companies that do not focus on customers. In one survey, 82% of customer-centric companies have employees who are glad to continue working with the company, which is staggering compared to only 20% of employees in other non-customer centric companies.





4 Enable IT to partner with
and **propel** the business.

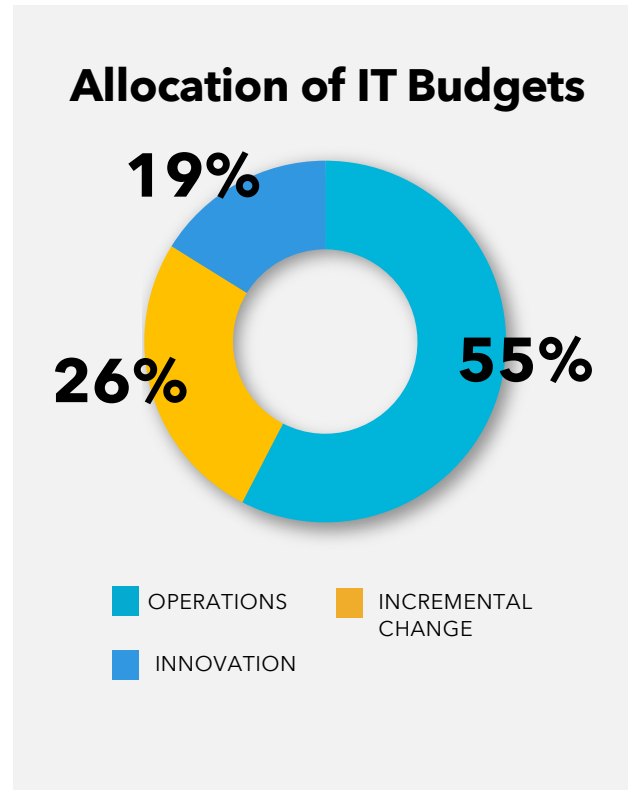
4 Enable IT to partner with and **propel** the business.

According to Deloitte's *CIO Insider*, the average IT department [invests 55% of its technology budget](#) on maintaining business operations and only 19% on building innovative new capabilities. And while maintaining business operations is not unimportant, it's just as important for IT teams to partner with the business to drive forward and prioritize innovation.

We see this as a symptom of a greater problem, where IT is stuck playing "whack-a-mole" and putting out fires for support and new requests instead of focusing on value-added strategic initiatives.

This is a result of placing too much emphasis on choosing 'quick-fix' solutions rather than the one that will bring the greatest long-term benefit. Repeatedly piling up point solutions causes unnecessary complexities in the organization's technology stack and leaves no room for IT leaders to focus on the future.

In fact, a [McKinsey study](#) showed that 87% of global CIOs said the complexity of their existing systems prevents them from investing in the next generation of services.



4 Enable IT to partner with and **propel** the business.

Business happens, and a host of daily issues can easily sidetrack any strategic IT investment. But choosing quick fixes adds 'technical debt' to your IT balance sheet, which is the measure of a company's burden that stems from aging and inflexible computer systems.

Instead, developing a business-technology strategy that aligns with both IT and business executives can help clarify the role of technology to drive the organization forward. [Reports show](#) that when IT is a strategic partner to the business, respondents were greater than three times more likely to say that IT is very effective at implementing bottom-up innovation and bringing new ideas to the business.

The inability to align these objectives often stems from the inflexibility and costliness of legacy ERP systems.

However, the disruptive nature of the latest generation of technology is designed to mitigate these issues.

- *Cloud services reduce the pain of upgrades*
- *APIs enable data to be validated and exchanged in real-time*
- *No-code and low-code tools enable business units to develop and customize their own applications that **don't** require re-engineering with new releases*

These modern solutions can significantly reduce the complexities of existing technology infrastructures, ultimately eliminating IT's hyper-focus on putting out fires, lowering unnecessary costs, and opening the door for an innovative business strategy driven in part by IT and the right technology investments.

Pulling it all together



Take advantage of the benefits that propel your business into the future

Emerging challenges and opportunities in business are not slowing down – in fact, they will continue to evolve rapidly, and it is important for organizations to put strategic practices in place to not only be prepared, but to help take advantage of the situations.

Placing emphasis on flexibility and agility, systems that enable rapid response to change, customer-focused business models, and strategically partnering with IT are action steps that organizations can take now to address these challenges and opportunities. There is never one isolated solution that will take an organization to the next level, so focusing on a cross-functional strategy will support change, adaptability, and growth from all angles of the business.

At Nextworld, our mission is to help organizations rethink internal business processes, enhance workflows, and redefine the ERP experience. To learn more about how we help organizations leverage technology to propel business forward, [visit our website](#).