



The Era of the Nimble Research Agency

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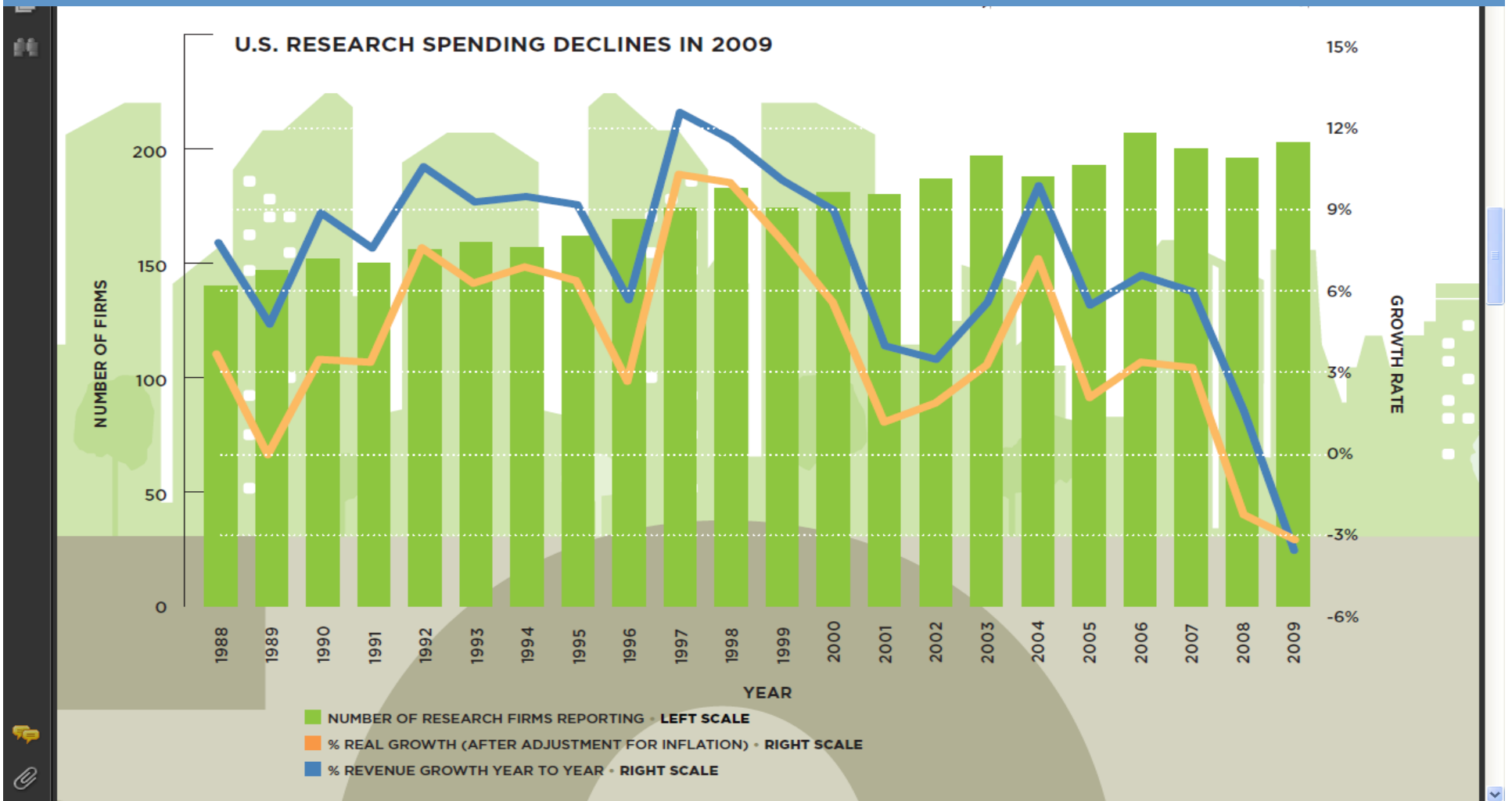
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Content

- i. Cost Pressures in the Industry
- ii. The decline of inflexible, cumbersome research companies
- iii. The concept of the “agile” research company
- iv. Making cost leadership sustainable

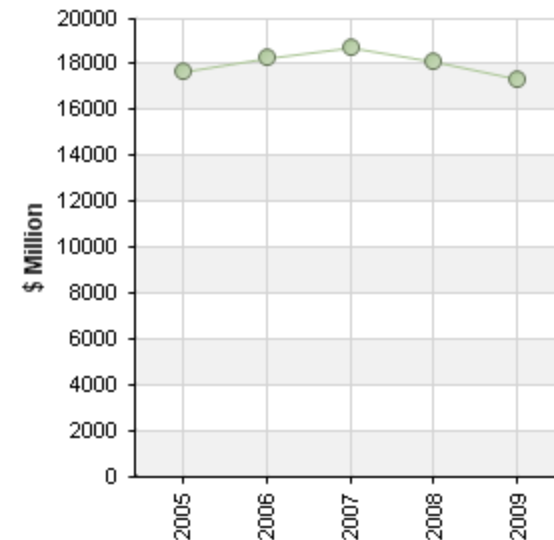


Price Declines

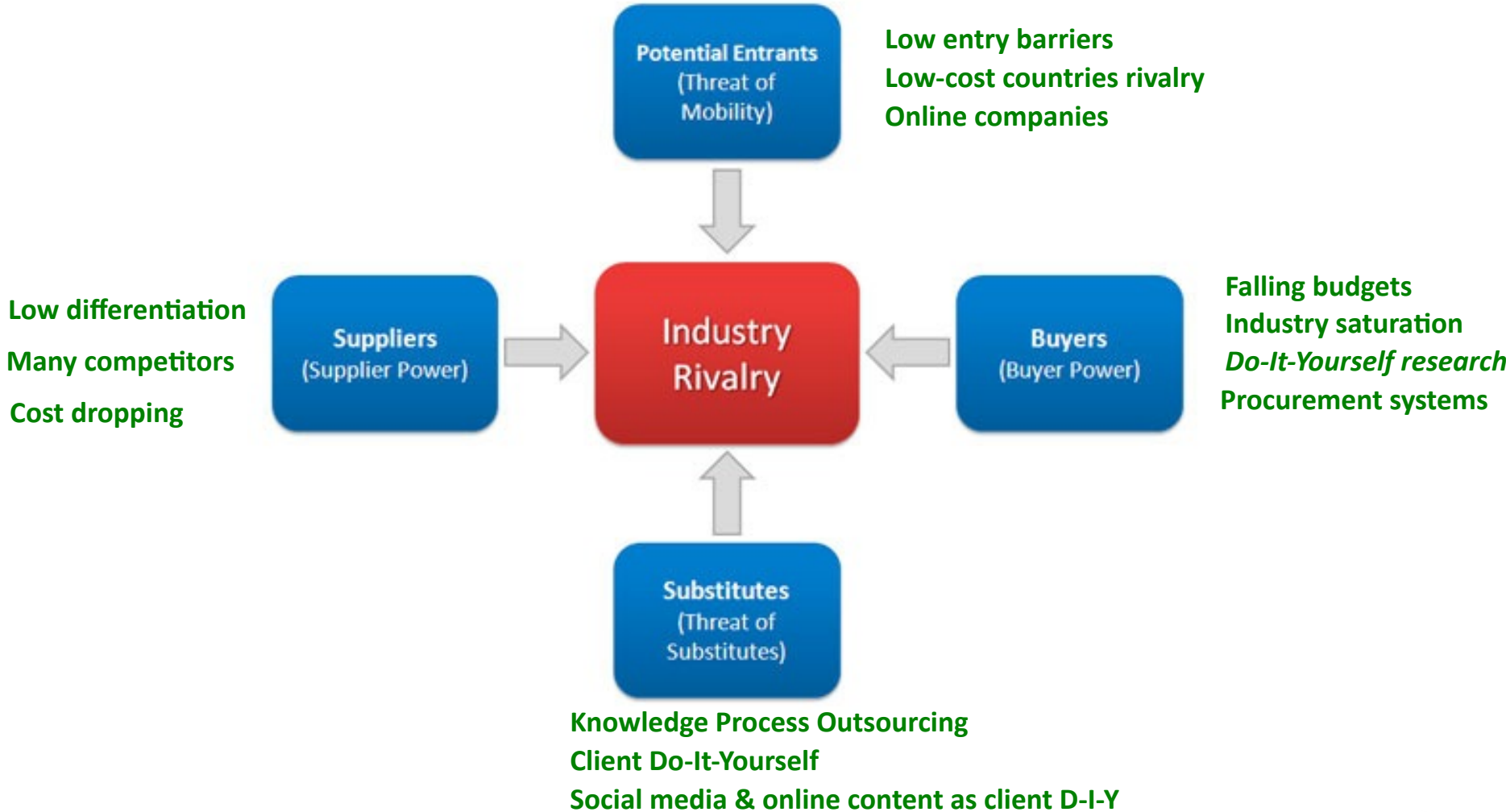


US Industry Revenue

- From 2005 to 2007:
 - Slight increase
- Since 2007:
 - decreasing slowly to a lower level than 2005



Porter's Five Forces for Analyzing Profitability



Adapting to the new normal

How some companies react...

Same prices, costs ☒ Premium, but margins still threatened)	Lower price, same costs ☒ More business at lower margins
Same prices, lower cost ☒ Very attractive, but may lose clients	Lower price, lower costs ☒ Attractive

- **Goal**
 - Become more cost competitive without sacrificing quality.

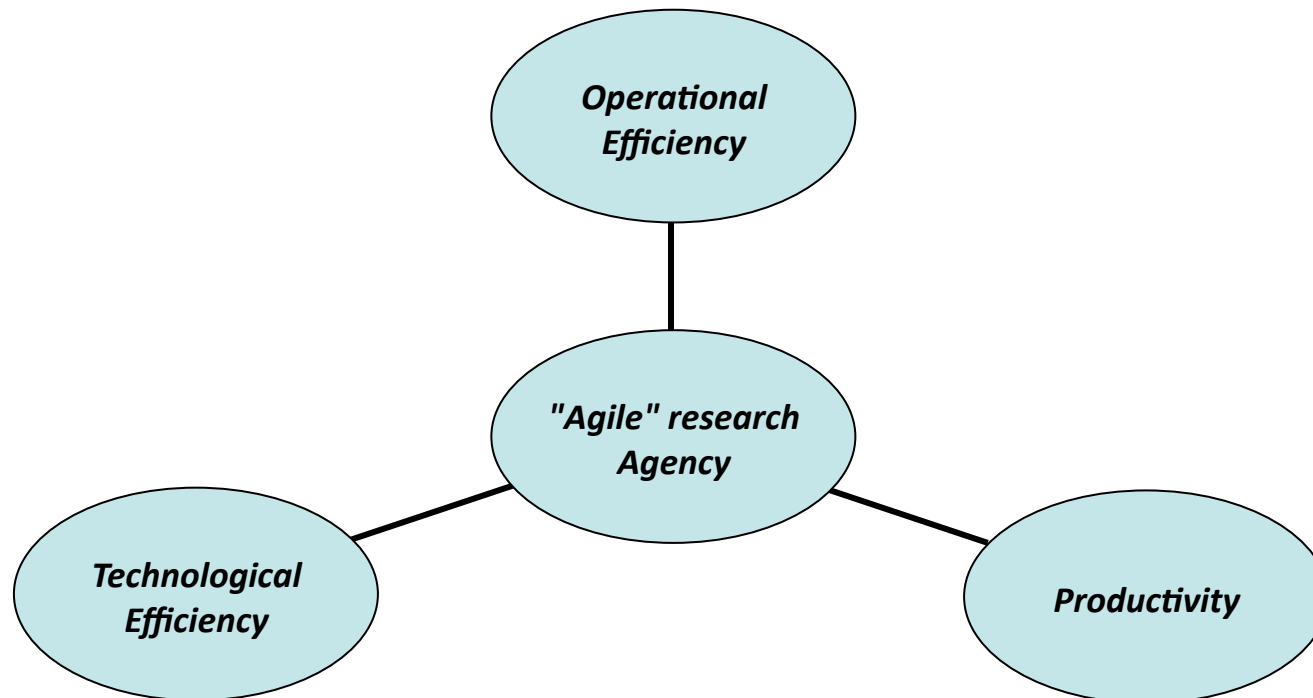


Consider...

- *“The best companies will learn how to maximize returns from people who think for a living”* –McKinsey Global



Vision for the “agile” research agency



Operational Efficiency: Workplace

- **Reduce waste**

- Small changes can make a big difference together.

- **Workspace productivity**

- Office Environment

- Organize for rapid information diffusion
- Average US square feet per employee fell from 700 sqf in 1970 to 200 sq feet in 2010.
- Jones Lang LaSalle forecasts average sqf/employee to fall to 50 sqf in 2015



- Culture of teamwork
- Employee learning & training



Operational Efficiency: Processes

- Simplify processes, eliminate unnecessary work and lower ‘variability’
 - What % of time is spent on key processes & revenue generating activities?
- Careful deliberation of the project pipeline
 - Retention of customers = lower customer acquisition costs.
 - Careful assessment of risk / reward.



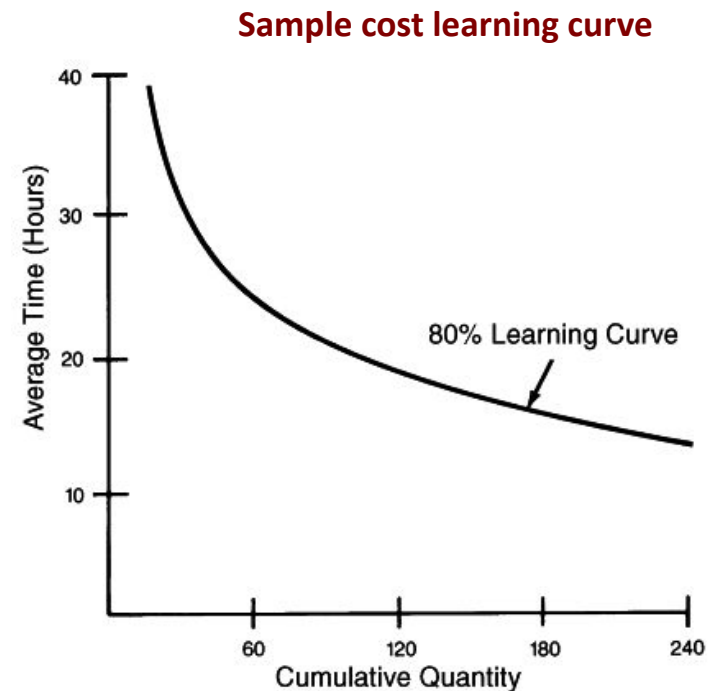
Technical Efficiency: IT Systems

- Build efficient panel & recruitment databases
- Implement smarter analytics
 - Post mortem & financial analysis
 - Analyze project turnaround time
- Build CRM systems
 - Greater customer loyalty
 - Rapid information sharing
 - Cloud computing can lower IT costs
 - E.g. Harris Interactive



Productivity

- Rebuild corporate culture:
 - Culture should be a competitive advantage that is hard to replicate
 - Employee engagement through incentives & common identity
 - Skillset should emphasize cost control
 - Example: thrift is rewarded; recycling
- *Specialize* to lower cost structure
 - Economies of scale benefits
 - Attractive experience



New managers: inspirational leaders

% of respondents, n = 763



Sources: McKinsey Global survey results, "leaders through the crisis and after"



Human Capital Efficiency

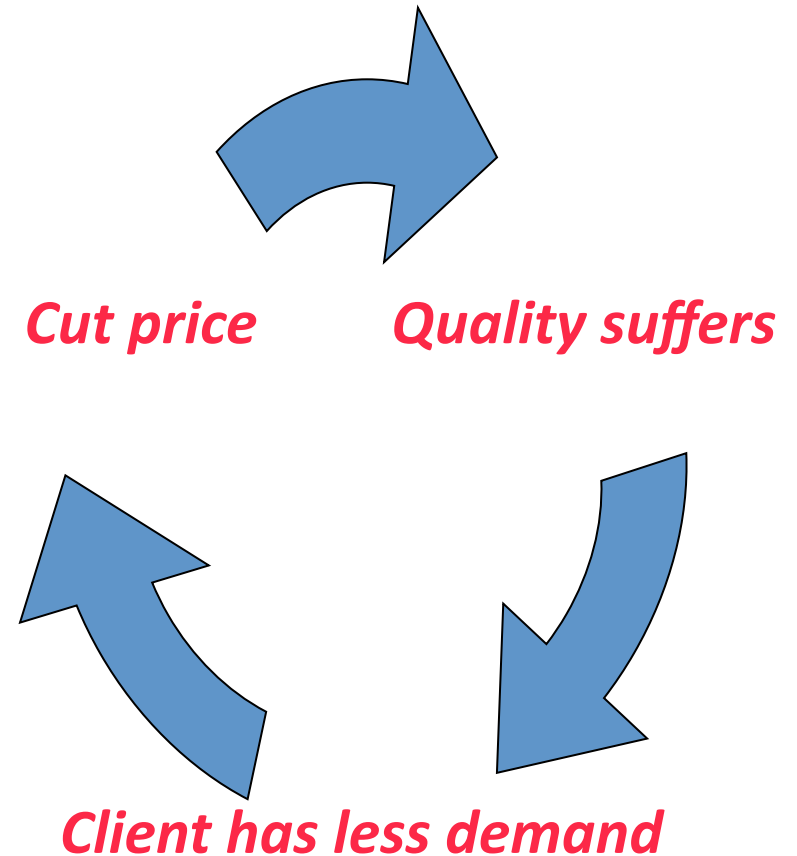
- Employ talented, productive staff to lower costs
 - Institutional Training
 - “Learning chair”
- Boosting skillsets
 - Hiring staff with backgrounds in accounting, management and finance
 - Partnerships with Academia
- Motivate staff to lower employee turnover costs



Discussion: your thoughts?

The price/quality death spiral theory

- Firms cut price because of competition.
- Suppliers struggle with quality because cost-structure cannot change quickly.
- The value of research is reduced for clients.
- Clients demand less research and choose substitutes
- Price falls further.
- Who wins?



Limitations

- CRM failure rate is high
 - 45% percent of CRM users reported failure in their CRM initiatives in 2009.
- Expensive tradeoffs from specialization
- Routines & structures must be in harmony
- Willpower: Results are not always immediate
- Multitasking can interfere on the company' performance



Is it sustainable?

- Being lower-cost is not necessarily a sustainable advantage
- To be sustainable
 - Consistently done by firm
 - Difficult to replicate



Making Change Sustainable

- Ask “*What are we doing right*”?
- Make change *easy*
 - Identify the change as clear as possible
 - Build routines
 - Motivate with emotion
 - Customize the workplace
- Understand that resistance may just be caused by ambiguity

Adapted from “Switch” by Heath



Conclusions

- *As the industry slows, researchers can embrace the “new normal”.*
- Researchers can adapt and adjust on:
 - Workplace
 - Processes
 - IT Systems
 - Human Capital
- But there are limitations to those changes and they need to be sustainable.

