

Adaptive Companies and Adaptive Capabilities

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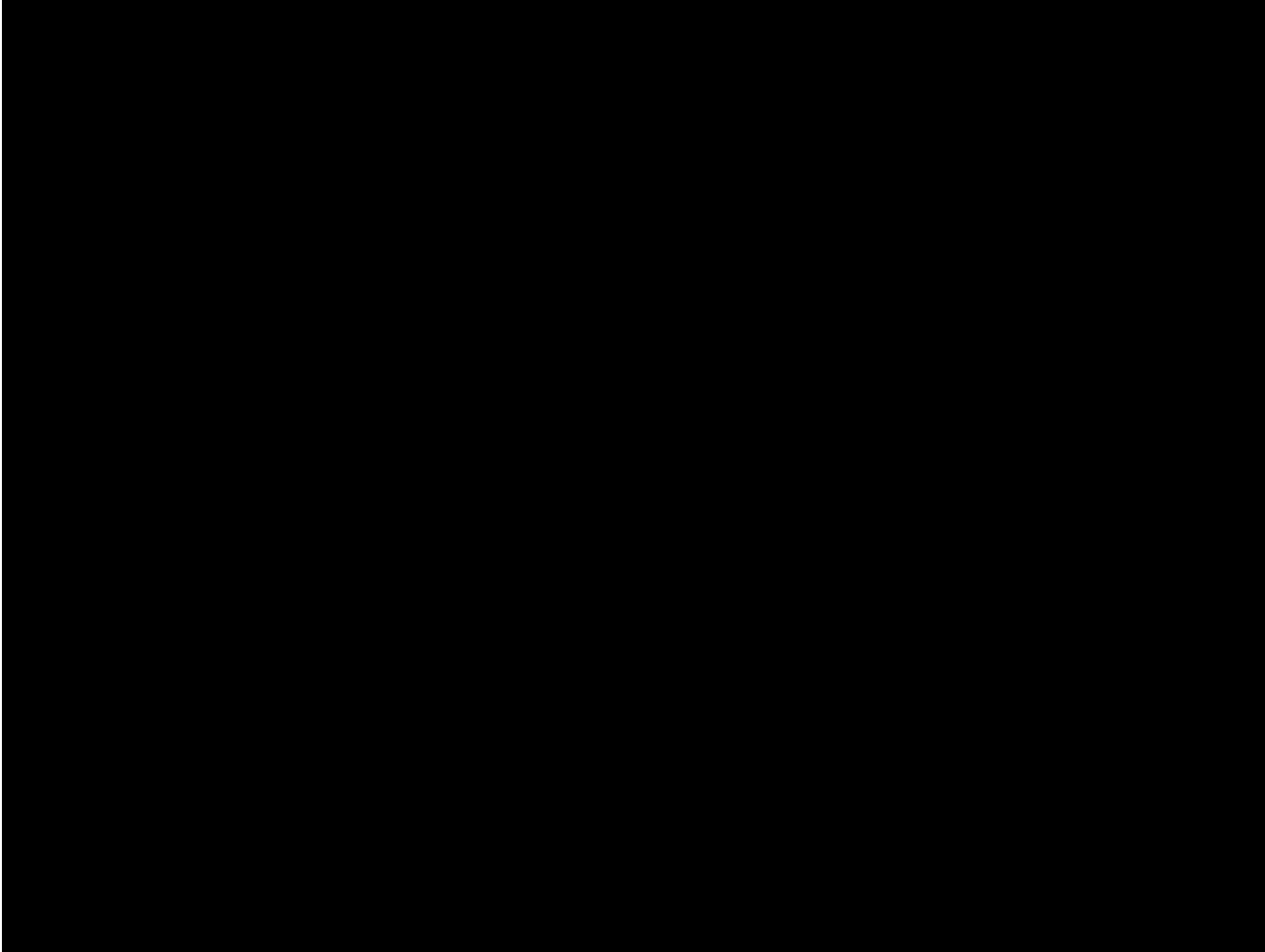
“In a fast-changing world of work, the ability to adapt and develop new learning and skills is a crucial ingredient in a successful economy. Globalisation and the knowledge-driven economy require the UK to develop a more highly-skilled workforce in order to compete within high-value-added sectors of the world economy”

UK Learning Skills Development Agency (Hughes et al., 2002)

“firms will need to move up the value-added chain and embrace knowledge-intensive, high-skilled manufacturing to compete more on quality and less on price”

UK Manufacturing Strategy

“In the future manufacturing firms needs to be open minded, energetic and empowered organisations, continuously adapting, changing and evolving within their global networks producing rapid and innovative responses to opportunities and threats as they emerge”



Manufacturing Examples - Technology

Pharmaceuticals

Faced with...

- High R&D costs
- Shorter product life cycles
- Lower profitability
- Broken business model



Seeking to transform...

- R&D and manufacturing through ***continuous manufacturing***
- Lower R&D costs
- Personalised medicines (high variety – low volume)

Rapid / digital manufacturing

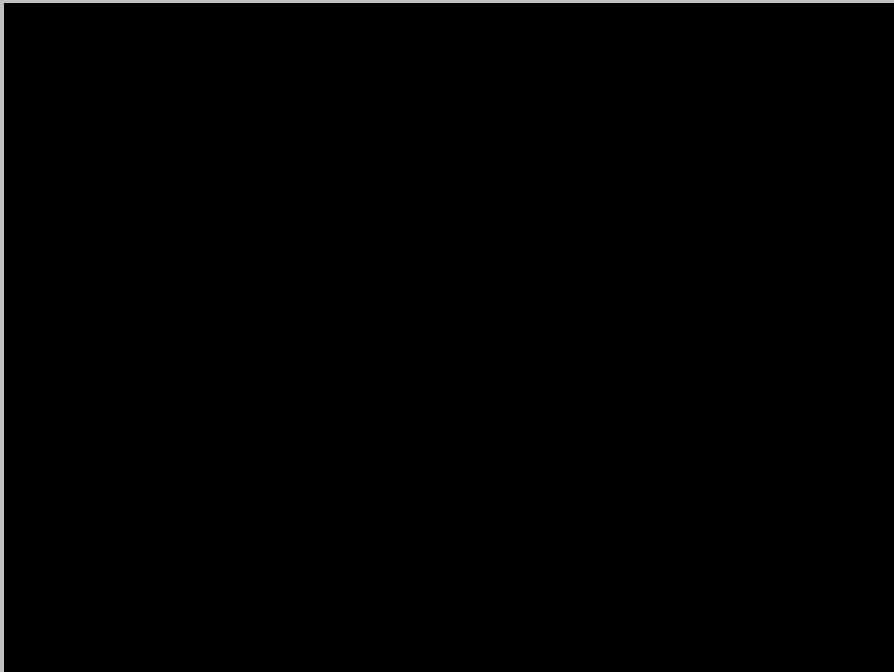
Point of sale manufacturing... changing the shape of supply chains



Manufacturing Examples - Innovation

Open innovation

Exploiting the power of the crowd...



Servitization

Product-service systems creating services not experienced before

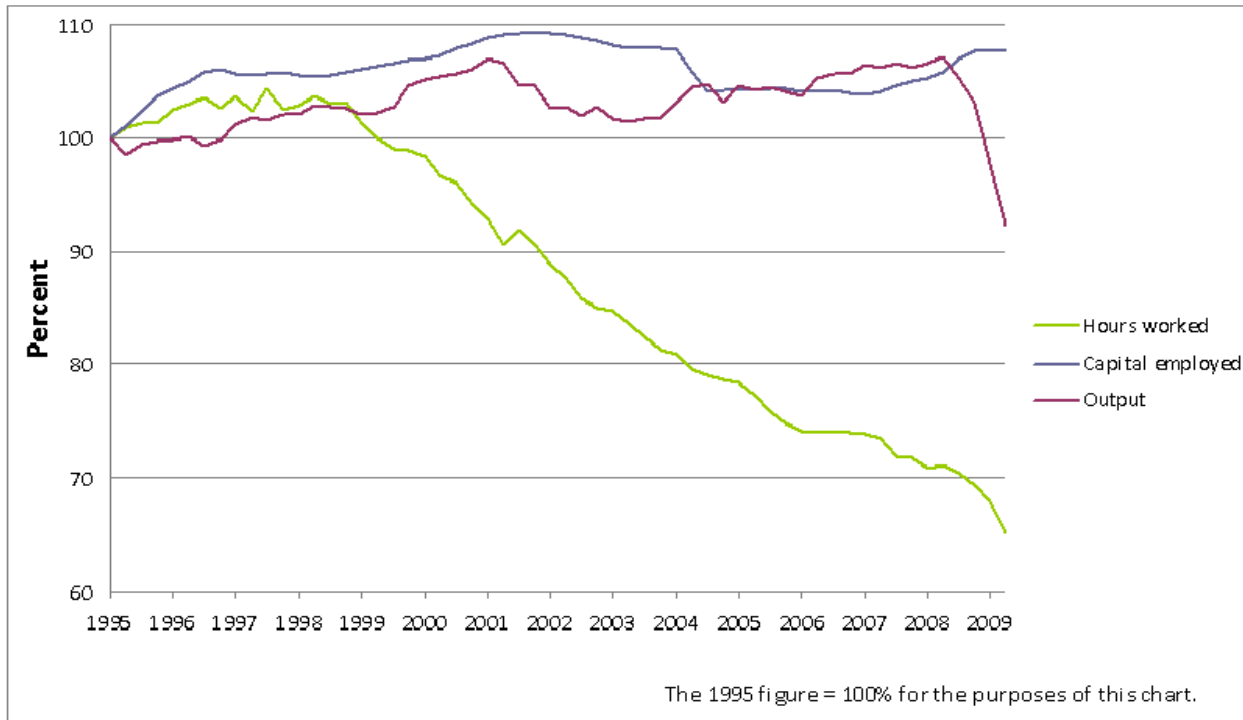


**Manufacturing as we knew it in the past is
dead...**



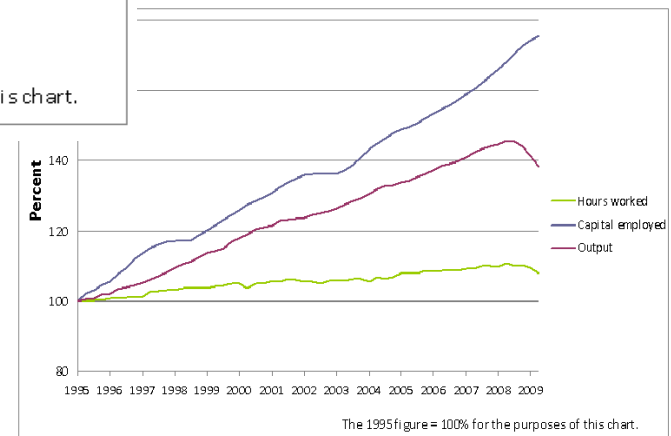
... Long live high value adaptive manufacturing

UK - Manufacturing



Source: Office of National Statistics

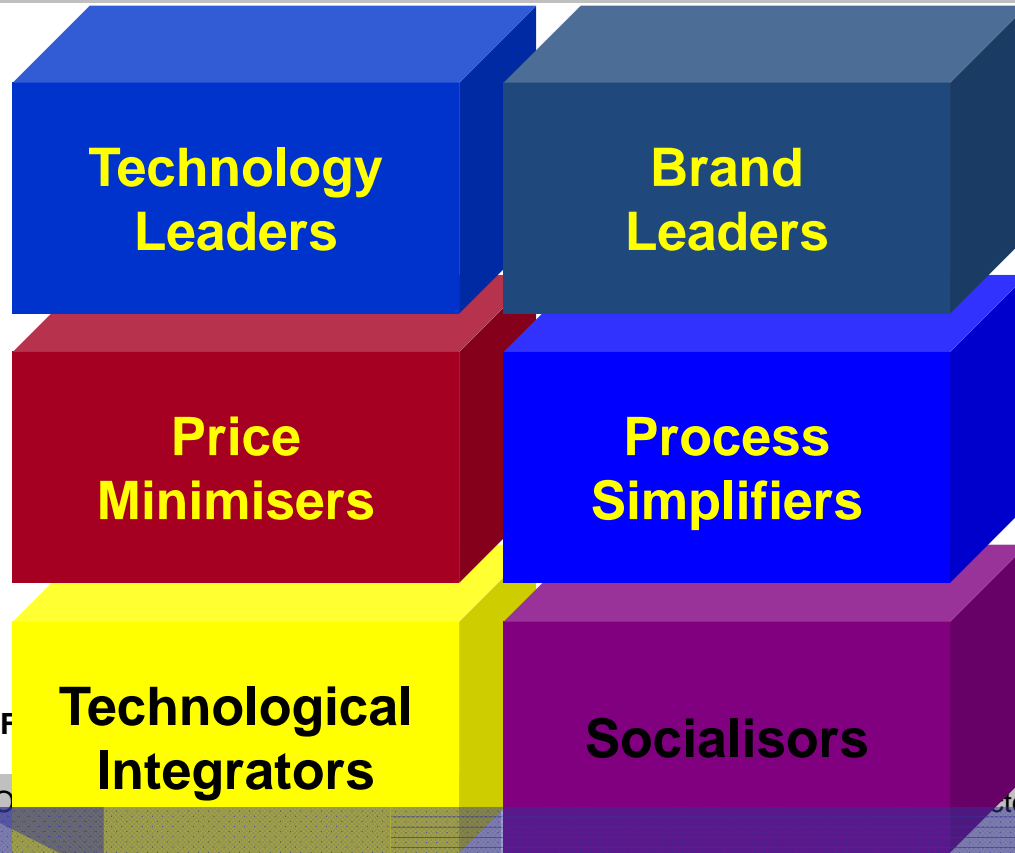
UK - Whole Economy



So...

What is High Value
Adaptive Manufacturing?





Martinez and Bititci, 2006

PRICE	FUNCTIONALITY	TECHNOLOGICAL INTEGRATORS	SOCIALISERS	QUALITY	REPUTATION
1. Premium	1. Original/ Customized	2. Excellent/ Average	2. Comprehensive/ Standard	2. Restricted/ Selective	1. Prestigious
2. Premium/ Competitive	2. Customized	3. Average	3. Standard	3. Selective	2. Prestigious/ Respected
3. Competitive	3. Customized/ Basic	4. Average/ Acceptable	4. Standard/ Minimal	4. Selective/ Universal	3. Respected
4. Competitive/ Leader	4. Basic	5. Acceptable	5. Minimal	5. Universal	4. Respected/ Functional
5. Leader					5. Functional

Finkelstein et al, 2007

“... firms that do not compete primarily on price. Instead they deliver value for one or more of their stakeholder groups by contracting for capability, delivering product/service innovation, establishing process excellence, achieving high brand recognition and/or contributing to a sustainable society”.

TSB/AIM, 2008



“... High value, strategically focused firms that are operationally excellent and demonstrate high levels of resilience with the ability to transform their business model in response to opportunities and threats in their operating environment”.

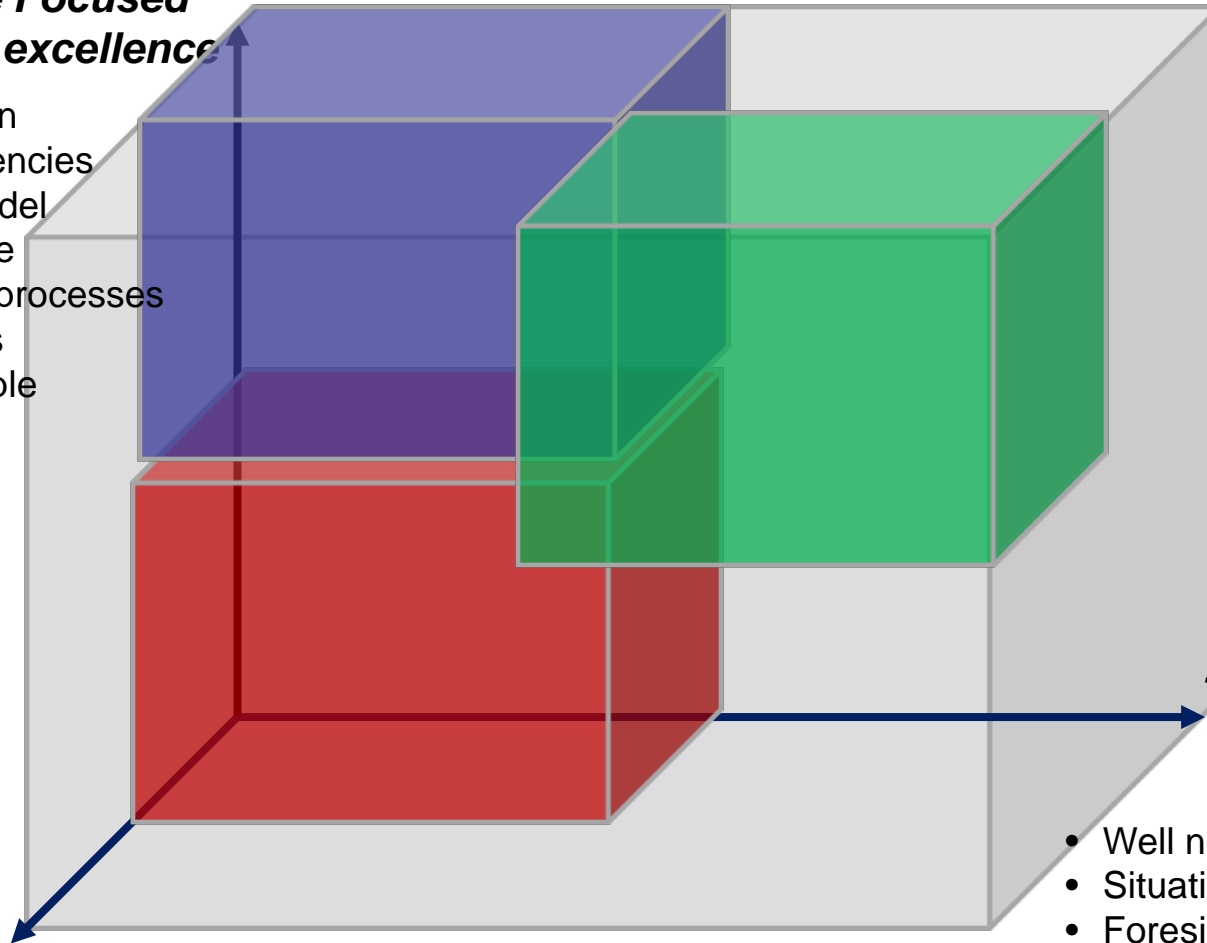


- *ICI transforming from manufacturing explosives to providing a rock-on-the ground service*
- *Rolls Royce transforming from selling engines to selling power-by-the-hour*
- *Highland Spring transforming from a low cost producer competing on price to brand led high value organisation*
- *Linn Products transforming the music industry by moving from selling hi quality HiFi to streaming high quality music supported by high end multi-source HiFi product*



High Value Focused Operational excellence

- HV proposition
- Core competencies
- Operating model
- Profit formulae
- OE business processes
- Focused KPIs
- Focused people



Resilience

- Risk management
- Access to finance
- Friends in the industry/society
- Protected products, markets
- Little competition

Transformational Change

- Well networked
- Situational awareness
- Foresight and anticipation
- Creative/innovative
- Rapid response
- Easy change
- Intellectual flexibility

The Result
Adaptive Organisation

**Adaptive
*mind set***

**Adaptive
*behaviours***

**Adaptive
*processes &
routines***

Embedded Characteristics

Strategic innovation

Resilience

**Agility and
Transformation**

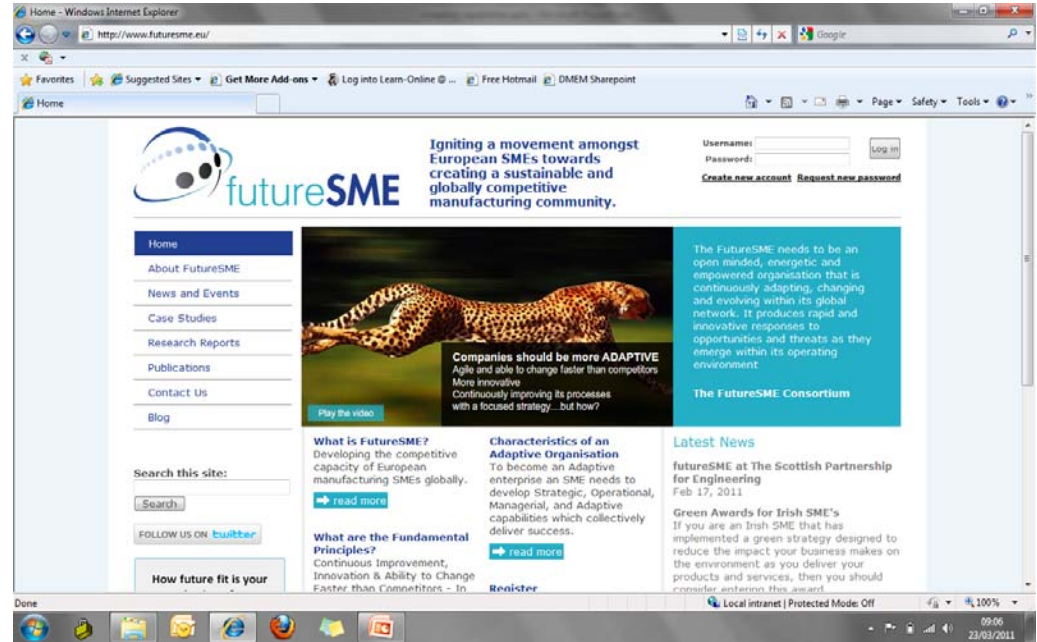
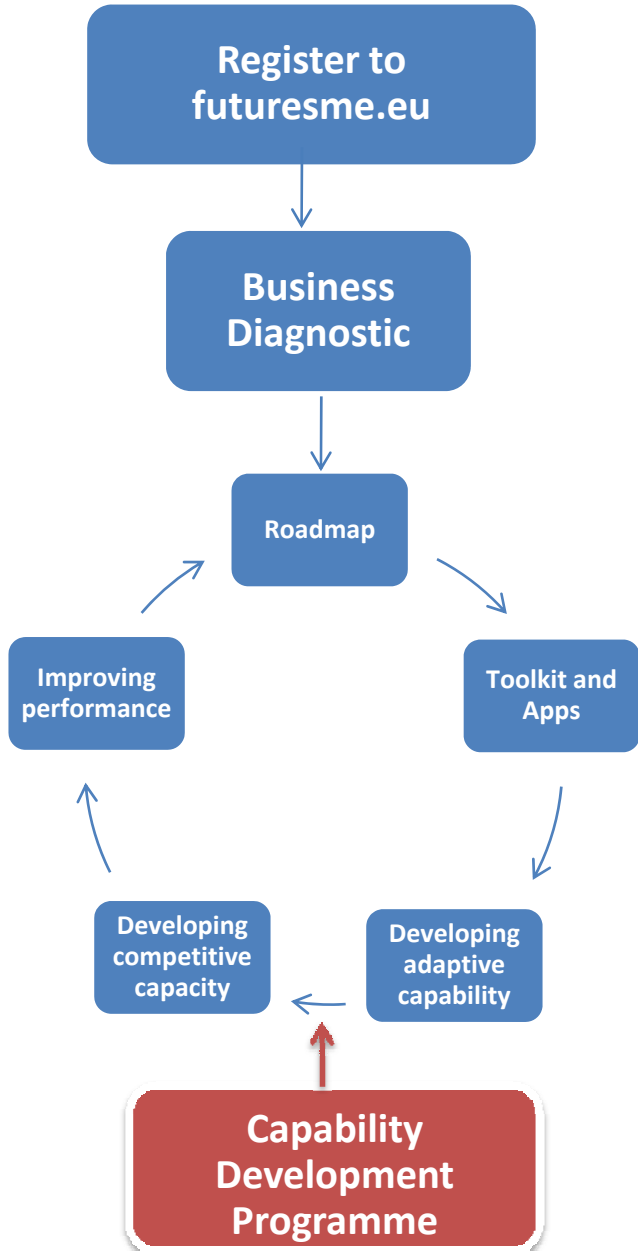
Adaptive Capabilities

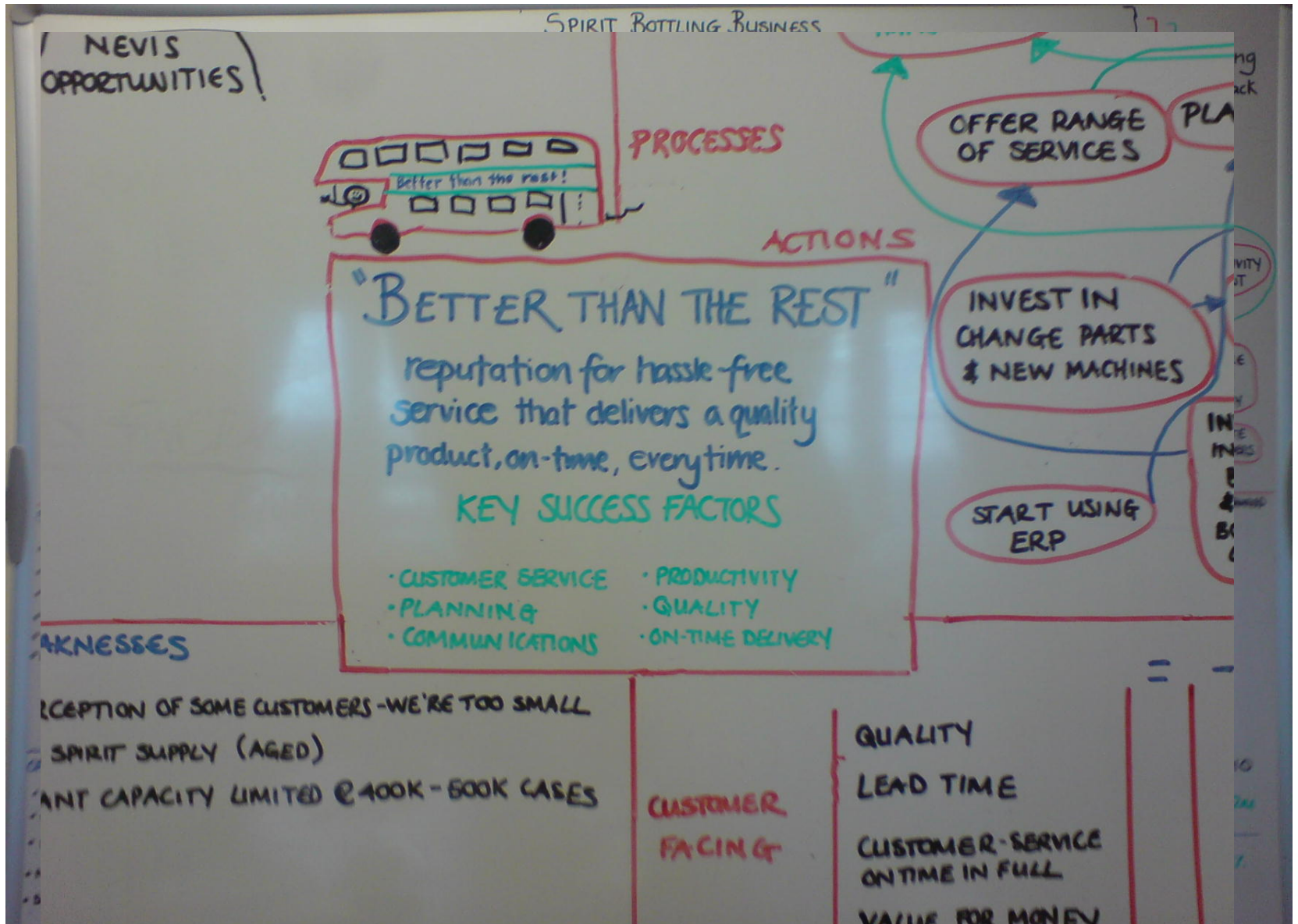
**Strategic Capability
*Focused Business Model***

**Operational Capability
*Efficient and effective
delivery of the business
model***

**Managerial Capability
*Open and empowering
management style***

Foundation Capabilities





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Thank You