

**THOUGHT
LEADERSHIP
REPORT**



**EMPOWERING
DIGITAL WORKPLACES**

EMBRACING FLEXIBILITY TO STAY AHEAD



FOREWORD

Dear reader,

For small and medium sized businesses (SMBs) across Europe, 2018 will be a year of unprecedented challenge and opportunity. Fundamental regulatory changes such as the introduction of GDPR, a widening skills gap in the labour market and a consolidating business landscape will require decision-makers to make substantial changes. They will need to make careful investments to chart a course for success.

Fortunately, Europe's SMBs are ambitious. Despite challenging market conditions they are doing everything they can to seek out and reap maximum benefit from the new opportunities available to them. What's more, they recognise that boosting their agility is vital for achieving this.

In a business context, agility is both the mind-set and the ability to respond quickly. An agile culture should be open-minded, allow for taking measured risks and welcome processes that allow for quick decision-making. The workplace technology should allow the business to scale quickly or evolve its strategy in a cost-effective way.

The findings detailed in this report show that business leaders are actively investing in agility. Predominantly, this is through new workplace technology they believe will enable their employees to work smarter.

Ultimately, it is the responsibility of the decision-makers to invest in the right technology and foster the best working environment possible to help their business thrive.

I hope this report provides you with useful insight to reinforce your decisions and guide your business to a successful future.



Javier Diez-Aguirre
VP Corporate Marketing
Ricoh Europe

EXECUTIVE SUMMARY

Last year, employees across Europe told us they were excited about the potential of workplace technology to help them be more productive at work.

The natural complement to this employee insight was to dig deeper into the attitudes and outlooks of their bosses. On the back of this, we reached out to SMB leaders to get their take.

Through a pan-European survey of **1,608 SMB** leaders across **23** countries, we found that agility is a top priority for them. What's more, they see workplace technology as a crucial enabler of this agility and essential for future success.

Here are some of the most interesting things that we found:

In 2018, improving agility is a top priority for business leaders at European SMBs.

86% of business decision makers actively focus on improving agility as a business goal. What's more, improving agility features highly on the business agendas of **75%** of European decision makers.



A key element to improving agility is investing in technology that enables people to work differently.

Over half (**52%**) of business decision makers at SMBs think that if their business doesn't introduce new technology soon they will fail within 5 years. **87%** of SMBs believe the introduction of new technology is important to the success of their business.

The main driver for investment is to capitalise on new trends and opportunities.

Enabling the company to respond more quickly to new trends and opportunities is the primary driver for half of SMBs to introduce new technology.

Technology's capacity for smarter working is considered critical to long term business success.



believe productivity-enabling workplace technology lies at the heart of their organisation's ability to thrive.

SMB leaders focus on workplace technology with tangible benefits.

Leaders believe automation (72%), data analytics (64%), document management technologies (62%) and video conferencing (56%) will have the most positive impact on the way they work.

The use of data analytics to improve digital workflows is seen as an essential enabler of agility.

Business leaders are acutely aware of where they can make productivity gains in their business. Data analysis (50%), followed by management (41%) and financial (39%) processes are key areas for improvement. Furthermore, 60% of business leaders use analytics to spot new trends and opportunities, another key factor in securing long term success.



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WHY AGILITY HAS BECOME A TOP PRIORITY

Employees across Europe are embracing their new digital workplaces and they want technology to empower them to work smarter.

That was the key finding from a prior survey Ricoh Europe conducted of **3,600** employees from businesses of all sizes across **23** countries.

We spoke to employees because they are the ones who will be working with these new workplace technologies – such as robots and artificial intelligence (AI) – in their daily lives. They are the ones on the front line, using technology to be more productive and serve their customers better every day.

But what about the leaders of these companies, especially small and medium-sized businesses? How are they responding to the demands of their employees? How are they using innovative technologies to grow their organisations?

As leaders of their companies, these people naturally take a **“macro”** view of the priorities for their business. They think in strategic terms about how they will survive and thrive over the coming years.

So it was interesting that one finding emerged consistently from our latest research: business agility is now a top priority for SMBs across Europe.

86% of SMB leaders said they are actively focused on improving the agility of their firm. And **75%** said agility is high on their firm's agenda for 2018.

All of this is prompted by a need to thrive in an increasingly fast-paced and digitally driven environment, where competition is tougher than ever and customers are demanding more.

Thanks to the internet and smartphones, start-ups today can grow quickly to threaten incumbent firms, often disrupting a market by taking a fresh approach that appeals more to customers. And because of the global reach of these technologies, rivals can come from anywhere and reach users almost instantly.

The threat from fast-moving challengers is certainly a worry for many businesses. **54%** of SMB leaders believe that competitors are faster than they are at introducing new products and services.

In response to this transformed business landscape, no single strategy is **"best"**. The only sustainable way to thrive over the long term is to be as agile as possible. With that agile approach, companies can more easily pivot their business model, drop unpopular products and introduce new ones, and respond to new customer expectations as and when they need to.

So SMBs are, in effect, fighting fire with fire. As technology is a primary cause of this new paradigm, the best way to respond is to adopt technology that helps you become more agile.

87% of SMB leaders believe the introduction of new technology is important to the success of their business. Indeed, **70%** think technology lies at the very heart of their organisation's ability to thrive.

If they don't deploy technology successfully, companies understand the potential consequences. Half of SMB leaders **(52%)** worry that they will go out of business within the next five years if they don't introduce new technology soon. No wonder, then, that a similar number **(51%)** have introduced new technology to respond more quickly to emerging trends and opportunities.

Capitalising on opportunities is key. SMB leaders tend to look for ways to get a crucial edge on the competition and make an immediate impact on the way their organisation works. That ambition shows through in the types of tech that they favour most.

Automation that does away with routine tasks was the most popular technology among the SMB leaders we surveyed **(72%)**. This was followed by the deployment of data analytics **(64%)**, document management technologies **(62%)** and video conferencing **(56%)**.

Interestingly, these findings are in contrast with the views of employees themselves – an issue we'll come back to later in this report.

Nonetheless, SMB leaders obviously appreciate that technology is vital to their future success. An overwhelming **85%** of them claim to have a clear technology vision for their organisation.

Yet this prompts the question: if agility is such a key priority for Europe's SMBs, and they know tech is a major part of the answer, what's holding them back?



THREE FACTORS HOLDING EUROPEAN SMBs BACK

It's good news that Europe's SMBs have set themselves the goal of becoming more agile. But it's easier said than done. Through our research we identified three consistent factors that seem to be stopping European SMBs from being as agile as they could.

1. RIGID PROCESSES

Europe's SMBs are fighting against various processes – both inside their organisation and outside – that slow them down. Nearly two-in-five SMB leaders (**38%**) said that government red tape and industry regulation acts as a barrier stopping their firm from quickly responding to changes in the market.

While these rules and regulations are no doubt well-intended, they can dampen the spirit of innovation within companies. Fresh thinking can be stifled from an abundance of caution, even if there isn't a specific reason to block it.

That caution can mean internal processes aren't scrutinised as rigorously as they could be, and often go unchallenged. When we asked SMBs leaders which elements of their organisation they consider when looking to improve their agility, nearly three-quarters (**73%**) failed to mention their office processes. Internal processes are in danger of becoming a **"blind-spot"** that too many SMBs ignore in their efforts to become more agile.



2. HIERARCHICAL CULTURE

More than a third of SMB leaders (**35%**) admitted their internal hierarchy prevents them from responding and capitalising on changes in the market.

SMB leaders need to shoulder much of the responsibility for this problem themselves. After all, they are the ones who establish their firm's culture through the way they set up their organisation, and how they communicate to and incentivise their people.

That's borne out by the fact that, when asked to explain the company culture they try to encourage, **36%** of SMB leaders described their preferred model as **"a clear structure"** with **"consistency and uniformity"**, where all employees follow a framework set by management. It's no surprise that this kind of culture doesn't deliver a torrent of innovations and cutting-edge ideas.

3. INEFFICIENT TECHNOLOGY

As we've seen, SMB leaders understand the importance of technology in helping them become more agile. But at the moment they don't feel they have enough of these new tools to make a positive impact.

Partly this is a matter of funding. A significant proportion of SMBs (37%) say they lack the resources to invest in new technology. But as tech becomes more and more fundamental to how companies operate – even for SMBs who might not think of themselves as “digital” businesses – managers will need to prioritise their investment in smarter ways.

THE SOLUTION

None of these three factors – processes, culture and technology – should be an insurmountable barrier to greater agility though.

SMB leaders could scrutinise their company's processes with a fresh eye. They can invest in new tools that update physical and paper-based ways of working, such as e-invoicing and document management. And they can start to change their culture by setting a better example from the top, and exploring new team structures that truly empower their people.

After all, business agility is ultimately a mind-set as much as it is about technological solutions.

Innovative tools can certainly improve workflows. They can replace old-fashioned ways of doing things and get them done faster, better and more efficiently.

But without the right mind-set from business leaders themselves, these tools are unlikely to be introduced in the first place or leveraged in the right way. As the ones who set the example for the rest of the organisation, SMB leaders need to have the right attitude and approach to technology if it's going to truly enhance their agility.

There's no question that employees are waiting for this lead. 59% of employees surveyed in our earlier report said that better technology would have a more positive impact on their working day than any other improvement their managers could make, including giving them a pay rise.



FINAL THOUGHT

SMB leaders are right to focus on the return on investment of any new technology. For the good of their business or their shareholders, they need to show that tools they've invested in deliver some immediate benefits. Innovations such as Ricoh's print services, for example, provide a way to improve the efficiency of one of the key processes for any organisation.

But SMB leaders also need to do more to tackle the culture clash within their business. That will require them to communicate better with their employees. They will need to manage their expectations better so they understand what technologies they can expect – and, crucially, why those tools in particular have been selected.

That will help improve not just the level of acceptance among staff, but also adoption and usage too.

Ultimately, agility is a team game. The whole organisation has to change in order to truly reap the benefits from it. That requires a unified culture where everyone is pulling in the same direction and trying to achieve the same goal.

In today's complex business landscape, SMB leaders need both new technology and an overhauled culture if they are to truly empower their people to work smarter.





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