




Outlook 2023

the next  organization
growing business

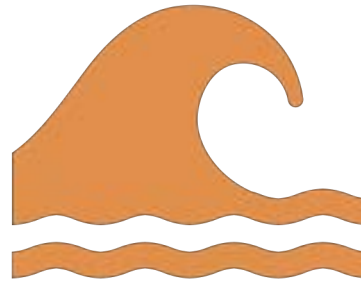
Our society
on the move

Outlook 2023: Our society on the move

Organisations operate in a constantly changing environment. An environment where social, ecological and economic developments come as consecutive waves with high and low tides bringing in challenges that need to be overcome.

The Next Organization identified the main trends for 2023 that are predicted to be a challenge for organisations and elaborated to turn these challenges into growth opportunities.

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Experience first

Customers show a growing demand for a total experience, rather than just a product or service. Flexibility, communities and a seamless experience across channels are essential to attract and retain people.



Purpose driven organisations

People are increasingly critical. Critical of what kind of work they do, who they work for, who they work with and where they buy their products from. This makes it all the more important for an organisation to think about its purpose, integrate it into all aspects of the organisation and execute it.



Dynamics of the economic landscape

Economic volatility and ongoing supply chain disruptions set the stage for 2023. Resilience, operational efficiency and a focus on automation are needed to achieve financial- as well as sustainability goals.

Hybrid customer experience

Customers used to roughly walk the same path leading to a purchase, but nowadays the customer journey is becoming increasingly individualised. Online and offline experiences intertwine, and the challenge is to bring the best of both worlds together in a hybrid shopping experience. The increasing presence of the metaverse adds an extra dimension to integrate into current customer strategies and drives companies to further develop an immersive overall experience.

Along with this development, utilising the power of your (in)direct network can help to develop and enhance the overall experience, impact and profitability of your business model, strengthening your position as an organisation.

Because consumers expect a seamless experience across channels, companies can expect negative consequences if they fail to deliver. Customers are very demanding and unforgiving. The entire customer journey must run smoothly to prevent people from leaving.

“Put customer experience at the centre of the organisation and make sure all channels are well aligned. Listen carefully to your customers' feedback and quickly take action to resolve issues.”



Zara

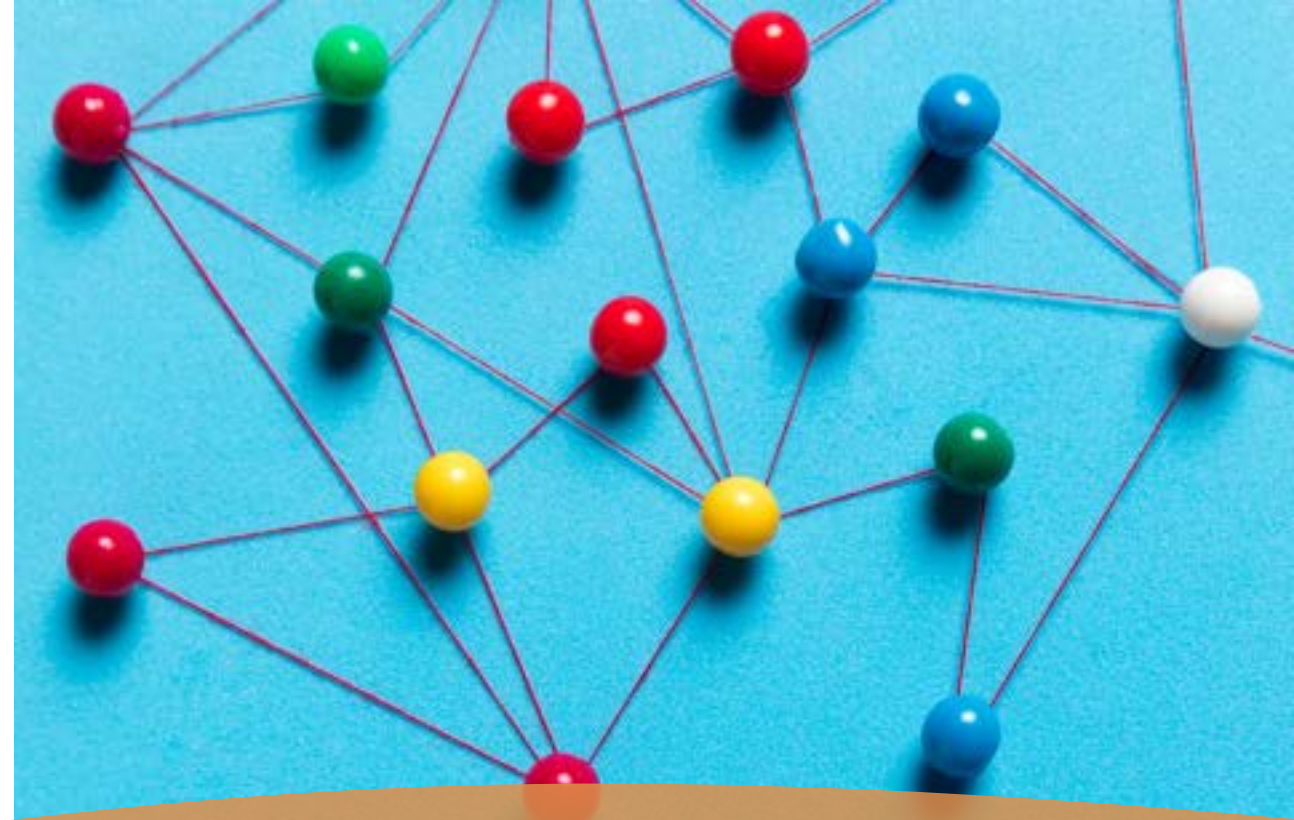
Clothing brand Zara manages to create a perfectly aligned customer experience across their various channels. Customers have the opportunity to view clothes online and physically try them on in a store. Or vice versa, a store can also be the place to get inspiration and then have the purchases sent home. In everything the customer decides and however they choose to interact with Zara, the experience is smooth and creates a cohesive experience.

The community beyond

More and more organisations realise that just their product or service is not enough to attract customers. A total customer experience is crucial and an important feature is connecting people around the brand. Communities are widely used by many companies to bind people to their brand. For customers, a community creates connections between people with similar interests, beliefs and/or needs. For organisation, a community is a source of additional feedback and the ideal way to increase customer loyalty.

However, it is not enough to just have a community platform for truly added value. There is a proliferation of communities, and customers are getting tired of the many communities without added value. To engage, just having a newsletter or a forum is not enough. The experience has to be bigger than the product alone and tailored to the specific needs of the target group. A community should connect and respond specifically to customer needs, thereby offering real added value beyond the product or service.

“Create real added value with a community by putting the customer at the centre. Clearly identify needs and build an environment that meets them.”



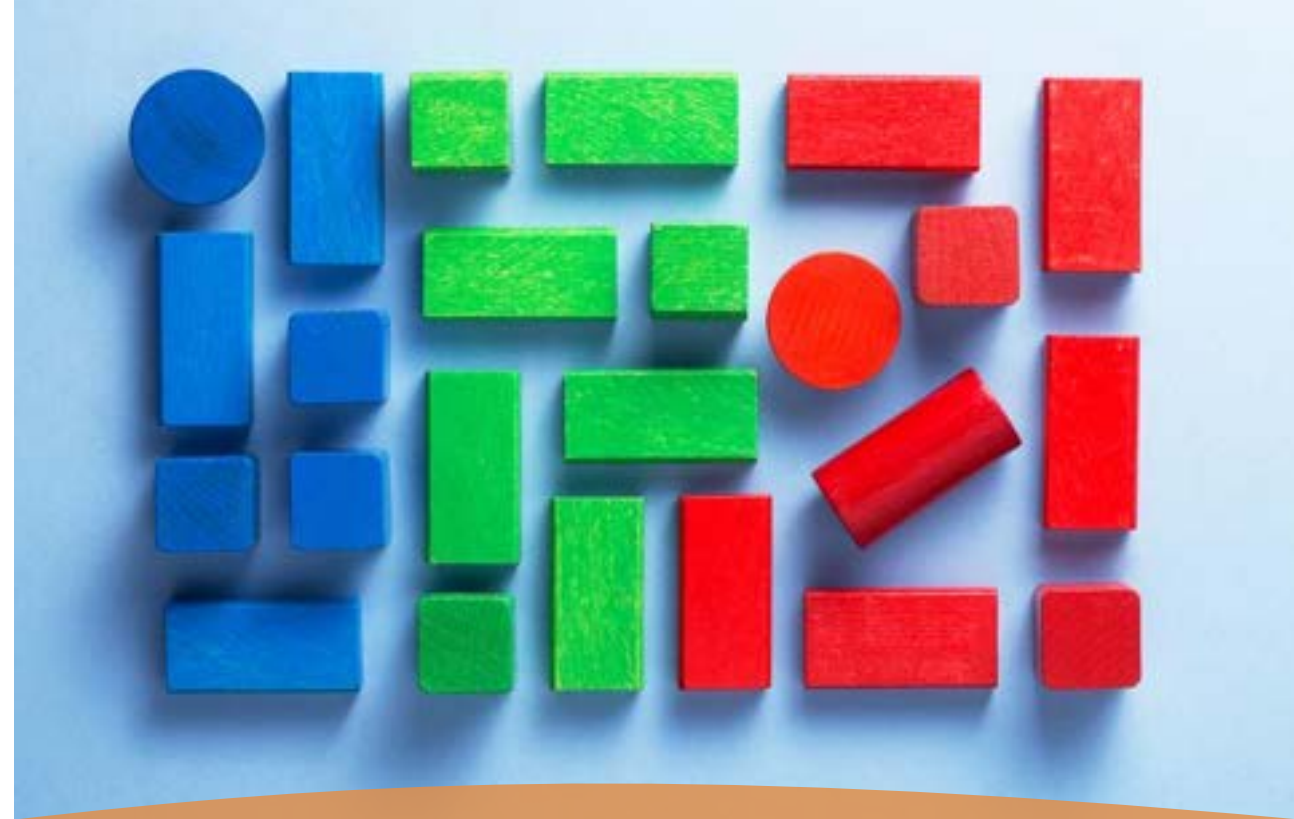
LEGO Ideas

With LEGO Ideas, LEGO has managed to create an online community with nearly 2 million users by precisely matching to the user needs. Since its launch in 2014 the number of active users has kept growing and because of constant improvements LEGO Ideas is more popular than ever. The users are encouraged to share their own creations with each other and collaborate or join competitions. In addition, users can pitch ideas for new LEGO products and many of these have actually come to market. As a reward, the fan designer receives 1% of the total profits of the design.”

Modularity-as-a-Service

We have seen a clear trend towards a service-oriented society in the last two decades. Both online and offline, more and more products are sold in the form of a subscription rather than a stand-alone product. Subscription-based products offer increased flexibility and lower purchase costs for the customer. However, this transition will not be enough in the future to maximise the customer's experience.

Customers are not only demanding more flexibility, but also more customisability. Extensive freedom in what they buy from an organisation is becoming the new normal. Both in B2C and B2B context there is a rising need for adjustability. Products that are offered as a service and are also continuously adaptable will have a big advantage. Modularity-as-a-service.



“Offer a customisable product or service. With an ongoing ability to customise, the customer gets the ultimate experience of freedom.”

Alkondor

Alkondor is a facade specialist that offers complete modular facades. They offer what they call a "facade-as-a-service", which gives customers the freedom to customise the facade and make adjustments as they go. Parts of the facade can be modified as requirements or preferences change. In addition, parts can be easily replaced due to the modular system. In doing so, Alkondor is working towards fully sustainable and circular facades.

Retention by design

The days of customers staying with one brand is not obvious anymore. It is increasingly easy to compare products and switching costs are getting lower. Therefore, customer retention is a bigger challenge. So, we believe organisations should focus on retention by design, through true added value and value experience of products and services.

Attracting a new customer is on average five times more expensive than retaining an existing customer. Therefore, with the increasing risk of people switching, focusing on retention is a logical step. Every step of the customer journey should not only be focused on the purchase, but also on the engagement and development of loyalty.

“Make sure to pay attention to the customers you already have and stay relevant. Support value creation and loyalty by putting people and experiences first.”



Viggo

Viggo offers urban transport. Their service is designed in such a way that they respond precisely to the needs of their customers and let them experience the brand in each contact. Viggo combines leading technology with zero-emission vehicles. Innovation, sustainability and technology are recognised in their services. For instance, the perfectly designed and realtime dashboard on your (upcoming) ride and automated administration with a full driving history including CO₂ savings. This experience makes you come back, which makes this an example of retention by design.

Attract and care for true talent

The continuing tight labour market is a reality for the foreseeable future in many parts of the world. There is a continuous balancing act of power, switching from employer to employee and the other way around. Retaining and attracting new talent requires an attractive total package deal. This includes purposeful work, development opportunities and flexible working conditions.

Moreover, specific expertise and specialised jobs are in growing demand from both personnel and employers, contributing to the already viscous labour market. Employees are looking for meaningful work, for an organisation they identify with. As a result, they are looking for more specific jobs rather than generic careers.

It does remain a challenge for employers to find real talent, and we see that organisations are also critical in this regard. After all, hiring new employees who are not the right fit for the organisation will not stay with the organisation for the long-term.



“To attract and retain talent, be critical for the right fit, but offer an attractive total package deal and a purpose drive organisation. In addition, appropriate usage of digitisation and automation makes organisations less dependent on human capital.”

Patagonia

“It is very important to understand what you put into people and what you get out of them”. Patagonia, a clothing brand, has an employee turnover rate of only 4%. How do they achieve this? They have built a company culture that is focused on three elements. Firstly, they create a culture where employees can grow and thrive. Secondly, they support employees to be their best selves both in and out of the workplace. And lastly, they listen to employees' needs by staying in dialogue with them.

Sustainability goals under pressure

Attention to sustainability is no longer a "nice to have," but a must. Customers will expect organisations to commit to sustainable developments, and if they neglect to do so, organisations will be strongly criticized for it.

However, when organisations are in a more difficult economic situation, sustainability is one of the first things to be sacrificed. This causes customers to question how sincere their sustainability goals really were. The organisation's credibility decreases which affects the corporate image negatively.

We believe the way to go is by finding the synergy between social, ecological and economic sustainability. Organisations have to see how social and ecological sustainability contribute to economic sustainability. When these three aspects are integrated into the organisation and reinforce each other, you can achieve a future-proof organisation, from which contributions to sustainability goals are not questioned"

“Make sure sustainability is an integral part of all business aspects. If it is intertwined with the core of the company, it cannot simply be cast aside in more difficult economic times. This way the goals remain achievable and reputational damage avoided.”



BOCCA

Bocca is the first and so far only coffee roaster in the Netherlands to manage the entire coffee chain. In addition, they are B-corp certified. To receive this certification, you must provide evidence of socially and environmentally responsible practices in which you contribute to building a sustainable economy. This makes Bocca a great example of integrating sustainable initiatives to the core of the organisation.

Transparency due to critical judgment

More and more people are questioning the credibility of governments and organisations. Causes are the "greenwashing" by large organisations, the allocation of the World Cup to Qatar, and the collection of data by "Big Tech" companies.

As a result, customers are becoming more sceptical and are losing trust in companies' (marketing) statements, which greatly reduces their effectiveness. It When a credibility is questioned, it may also permanently damage the (corporate) image and reduce the commercial value of an organisation. Because customers are more critical of what an organisation says and does, it is increasingly important for organisations to be transparent.

“Provide transparency to improve trust and credibility. (ESG) reports should be detailed and show a clear vision followed by decisive actions. Doing so, organisations can differentiate themselves from competitors and improve the commercial value of their brand.”



Nudie Jeans

Nudie jeans aims to become the most sustainable denim brand worldwide. To reach this, transparency is an important part of their goal. One way they do this is with The Apparel and Footwear Supply Chain Transparency Pledge. An initiative developed to promote deeper and broader transparency in supply chains by getting companies to publish information about the factories in the production stage of their supply chains.

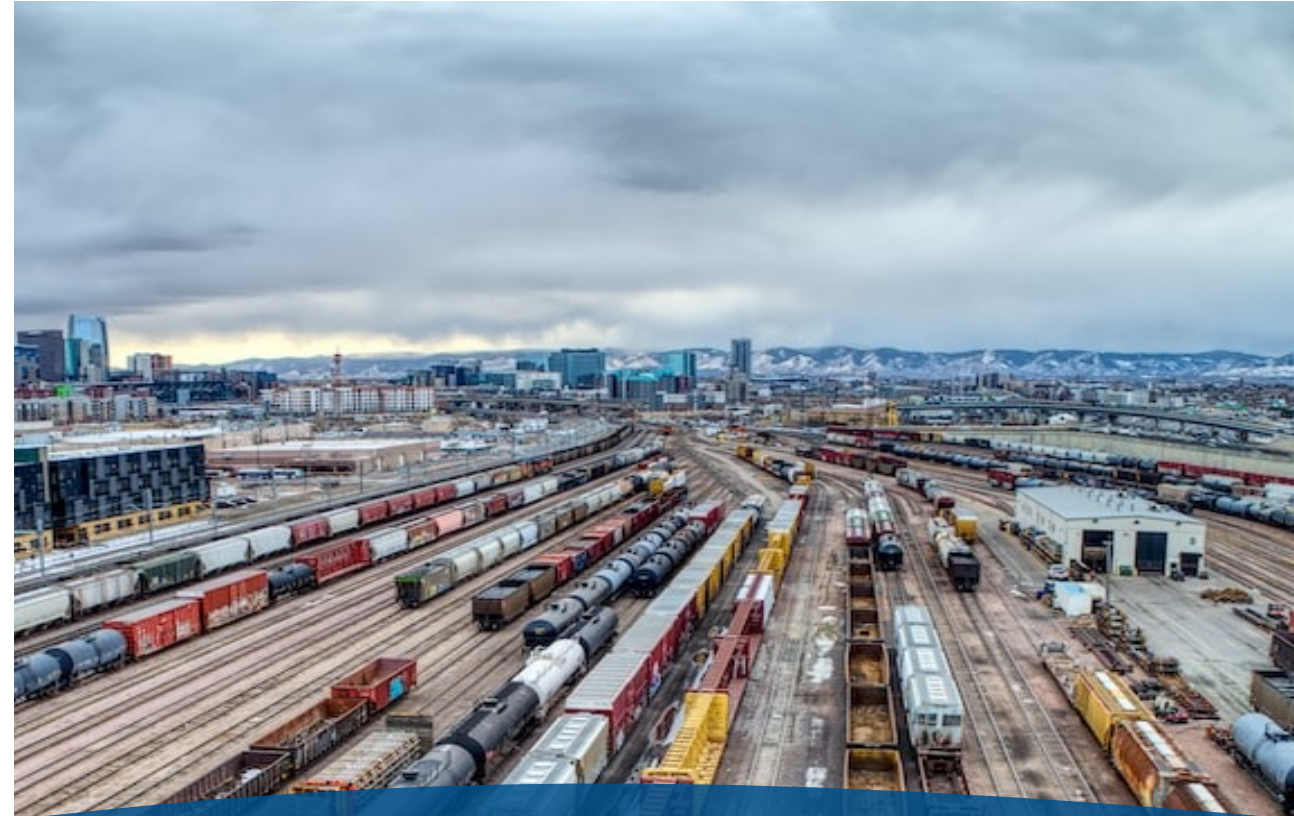
Economic volatility

As for 2023, it looks to be a year with a lot of economic uncertainty. Among other causes, the economic uncertainty is caused by the war between Russia and Ukraine (which has resulted in a war between Russia and 'The Western World'), supply chain disruptions, rising food and energy prices and tensions between China and the USA.

These developments have made businesses and consumers reluctant to invest money. Furthermore, due to central banks around the world simultaneously raising interest rates in response to inflation, the global economy is weakening rapidly. Inflation in 2023 is expected to be approximately 6%, suppressing consumer buying power even more, which makes social inequalities even larger.

Although a significant decrease of economic growth in China and temporary local recessions in the US and Europe are expected, a global recession will most likely not occur. The world is likely to see significantly below-trend growth in 2023, reaching 2.2%.

“Prepare for continued economic volatility. Reduce energy consumption, improve operational efficiency to limit the overall environmental footprint and improve financial performance.”



Wave of bankruptcy expected

Extremely high energy prices and the end of corona support make that in 2023, 4,100 companies are expected to fail in the Netherlands, which is a raise of 77 percent compared to 2022. This would mean that annual number of bankruptcies will return to pre-corona levels.

However, the number of bankruptcies doesn't tell the whole story. Most businesses don't go bankrupt, but simply stop if the outlook doesn't look bright. In the first six months of 2022, 76,000 companies were liquidated, the highest number since 2007.

Supply chain disruptions

In the past two years Supply Chain Management has been about tackling various obstacles. After COVID-19 and the blocked Suez channel, now the war in Ukraine has increased global geopolitical fissures.

The war distorts the global market, leading to trade inefficiencies such as longer trade routes. Furthermore, lockdowns are still a local disruptive threat in China, while extreme weather is a greater operational risk in shipping. This means global supply-chains are still vulnerable and exposed to volatility. But fortunately, the pressure on supply-chains is easing and slowly returning to normal. This creates the opportunity to take a proactive stance and take another critical look at the supply-chain.

“Prioritise supply-chain resilience and long-term sustainability. Create more independence and flexibility to be resilient to future disruptions while remaining focused on long-term goals.”



The Ever Given

The dependency, and associated risk, of Europe on Asian manufactures became very clear in 2021. The Ever Given ran aground in the Suez Canal, blocking it for almost a week and impacting at least 10% of global trade. Roughly 54 billion worth of goods was delayed due to this blockage, resulting delayed shipping, additional costs and large knock-on effects. This stresses the importance of a well-thought-out supply chain strategy. A so-called 'glocal' manufacturing process, might be a helpful solutions for large supply chain risks.

Digital first

Due to digitisation, connectivity and automation, we are in the midst of a transformation of how we serve customers and the way we manufacture products. This transformation will be the fourth industrial revolution, also known as industry 4.0. The acceleration of digitisation and automation will be extended to smart and autonomous systems powered by connectivity, data and machine learning.

Industry 4.0 will highly automate manufacturing processes with the help of Internet of Things (IoT). IoT allows machines to communicate with each other, allowing production processes to run continuously without human intervention. This will significantly increase the efficiency of the general industry and lead to so-called 'smart factories'.

“Map processes and analyse in which area IoT can automate these processes. It is important to look at the transition to Industry 4.0 and the impact on operations in a broader context.”



Digital twins

A digital twin is a computerised twin of a real-life object such as a machine. This digital twin can be used to run simulations and find shortcomings, maintenance frequency and insights for further product development.

Simultaneously, assigned personnel can learn to operate the machine and handle repairs and maintenance before the real life object has even been built.

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