

Markets and Business Flexibility

'Companies don't innovate. Markets do.' Eric Beinhocker

Do markets possess greater business flexibility (BFL) compared to a company, or not for profit organisation?

Because markets are extremely flexible on pace, as well as on the spread of outcomes, and because markets don't sleep (economic activity simply moves time zones), the answer is effectively yes. It follows that for enterprising companies to survive, they need to capture and retain some of that flexibility too, as a form of sustainable competitive potential. In other words, flexibility is a ticket to the market game.

Let's examine the range of markets more closely. Here are 8 examples and some comments about the **flexiscribes** (things that code for flexibility), that companies can embrace:

Recruitment labour market

These are medium BFL on pace and inflexible on requirements. Labour skills change quite fast in certain functions, especially IT roles.

Job agencies pivot fast to understand employer needs and recruit accordingly. Where:

- the duration of demand for certain skills is uncertain,
- the relevant skills of the job applicants for a newly emerging role is uncertain,

people can be hired into fixed term roles to help gauge the fit.

Fill-in temps (less skilled perhaps), can also be hired, until a permanent person can be hired into post. The use of fixed term roles is a flexiscribe.

Commodity markets including utilities.

Market prices tend to change rapidly with supply changes. Or with demand changes. Perhaps driven by technology advances (substitution or component ratio changes). A flexiscribe is holding an option to bring more supply of the commodity on stream - dig faster, open the pipe valves, or empty the freezers, warehouses and storage tanks when prices rise.

Produce markets

These include trading in items with a short, shelf life (perishables). Where freshness is prized e.g. fish or cut flower markets, prices change rapidly during the relatively short trading period each day. Sellers might show great ingenuity in finding ways to:

- prolong shelf life,
- shorten the time to market,
- incentivise early demand.

Multiple supply routes, product preservatives and freezer/chiller capacity are some flexiscribes

Online retail markets

Because the cost to add product range online is minimal, suppliers can be high BFL on product range e.g. Amazon. Or for niche retailers, high BFL on customer location & shipping services instead. The FL relating to the pace of sales is also high, driven by the customer.

Multiple supply routes & automated distribution are some flexiscribes.

Financial markets

These typically show high BFL, both on the pace of transactions (flash trading happens in fractions of a second) and range of products & services traded.

The innovation in designing new financial products & services is a flexiscribe.

Property markets

These show medium BFL on pace of transactions and apart from designer properties, low to medium BFL in range of stock (type and location) also.

The availability of land to build on is a flexiscribe.

Membership body markets

These can rate low BLF in both pace & range of services. The body might be a media company with a subscription service, a membership gym, a regulator (regulating various protected professional titles such as doctors), a professional body such as a trade union. Or a sports club. The membership body may want to limit its growth, to preserve the value of its accreditation to employers & maintain standards of quality.

The online membership register has almost infinite capacity to add more members who meet the criteria for membership. The bottleneck resource is the validation and membership 'housekeeping' function. The bottleneck is the place to develop flexiscribes. Process automation may well become one of these.

Remediation markets

These include recycling providers, waste management companies and brownfield site-clean-up service companies. Thinking of remediation in the wider sense as a market is itself a relatively new concept. Limited examples (cleaners and rubbish disposal services) have however existing through the ages.

To date, remediation markets have shown low BFL on pace and range of products & services. However, with rising populations and environmental degradation, remediation demand is growing steadily. They present a prime opportunity for introducing supply and demand BFL on both pace and range.

A flexiscribe is the company's ability to innovate new remediation solutions. These may be a combination of economic incentive changes (deposit schemes for cans and bottles)

and technical solutions. For example, polluted land clean-up, or biodegradable plastics development.

Lastly, if investing in the above flexiscribes (specific to each market) helps companies capture & retain some BFL of their own, is there a way to amplify company level BFL?

One additional approach is to examine the 14 business **flexitypes** (communications flexibility, design flexibility, resource flexibility, product flexibility, service flexibility, process flexibility, system flexibility, project flexibility, channel flexibility, management flexibility, procurement flexibility, contract flexibility, business model flexibility and stakeholder flexibility) to achieve greater BFL for sustainable competitive potential. See separate articles/blogs on business flexitypes.

A second approach is for the company to encourage its staff to invest in their own flexibility (professional and personal). See separate articles/blogs on this also.

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