

BusinessPlus+ Newsletter

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Business Essential Briefing: Dynamic Business Capabilities

The Committee for Economic Development Australia (“CEDA”) recently issued an interesting report titled “*Dynamic Capabilities: How Australian firms can survive and thrive in uncertain times*”.

The report was based upon the outcomes from surveying some Australian businesses. There were some informative lessons determined from the survey information, particularly in relation to the importance of dynamic business capabilities in today’s business environment.

Ordinary business capabilities are the basic skills needed to run a business in normal times. They are largely operational and focused on efficiency. **Dynamic capabilities are more forward looking and strategic. In environments that are highly volatile, uncertain, complex and ambiguous, these capabilities help businesses to maximise their chances of long-run survival and success.**

This cycle of sensing, seizing and transforming is essential for ongoing viability and success in a world of changing customers, markets, technologies and a dynamic environment. Firms with stronger dynamic capabilities are more resilient, productive and profitable, enabling them to support more innovative cultures.

Some of the report’s key findings are summarised in the diagram below:

Firms with stronger dynamic capabilities are more resilient, productive and profitable, enabling them to support more innovative cultures. They can:



Sense opportunities, threats, and customer needs



Seize opportunities to satisfy customers, shape markets and capture value



Transform themselves when renewal is needed

CEDA’s survey of 149 business leaders revealed significant differences between the most dynamic quarter of firms and least dynamic quarter:

63% of top firms had higher productivity

compared with

54% of the weakest firms

85% of the top firms had higher net profits

compared with

61% of the weakest firms

After June 2020

54% of top firms innovated by overhauling their management processes

compared with

26% of the weakest firms

In the first few months of the pandemic

The full CEDA report “*Dynamic Capabilities: How Australian firms can survive and thrive in uncertain times*” can be accessed [HERE](#)

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