BUSINESS RESILIENCE IN THE FACE OF CONSTANT GLOBAL CHANGE

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A key ingredient of good business practice in building a robust and sustainable business used to be long term strategic planning. Today, as the pace and nature of change accelerates, and in the face of global uncertainty, most businesses are discovering that the new, more challenging, ingredient for resilience is frequent strategic renewal. In 2009, the prized strategic competencies are more likely to be associated with innovation and agility than with structure and tradition.

There are a number of perspectives and tools that businesses can use to promote a culture that embraces change and renewal. These tools are designed to increase the general awareness of change, with a particular focus on the environment external to the business, which is almost always influenced by a multiple of global forces. This article introduces a few such perspectives and tools, with priority given to those that together provide a simple and practical means for considering the external landscape, and the impact of external forces on business activities across the operating environment.

A useful framing perspective is provided by Hamel (2002), who suggests that there are two indicators that must be continually considered by every business, to best assess the current effectiveness of its business proposition (or 'business model'). These indicators can be framed into questions, as follows:

1) How well does our current business model lock our customers in?
2) How well does our current business model lock our competitors out?

As business leaders consider their positioning in the competitive environment, with the influence of global and local trends, innovations and uncertainties, it is important for them to be ready to respond to changing customer expectations to maintain customer loyalty. Those businesses that excel at locking customers in and competitors out are able to innovate in a way that

sets new standards in managing and anticipating customer expectations and needs.

An important strategic positioning question for every business is then:

> How do we go about anticipating and addressing changing customer needs and expectations, ahead of our competitors?

Hamel (2007) offers some practical advice to respond to change. He suggests that businesses need to get into their competitors' renewal cycle. In other words, as businesses continually scan the external competitive environment to identify new positioning opportunities, they need to be ready to respond quicker than their competitors in bringing new ideas, products and services to the market.

A good example of the race to be first to market, and getting into the renewal cycle of a competitor, was provided by two of South Africa's major banks, Nedbank and FNB, in 2008. When Nedbank launched their 'Askonce' service earlier in the year, there was talk in the banking industry of FNB having had intentions of launching a similar offering. Nedbank seems to have got to market first, in this instance, and so it could be argued that it got into FNB's renewal cycle in launching Askonce. It can also be surmised that Nedbank may have had to speed up their implementation plan for this campaign knowing that a competitor had similar intentions!

In the now classical 5-Forces Analysis of the competitive environment of business, Porter (1985) introduces another important strategic perspective. He argues that the business, with a finite amount of resources at its disposal, needs to choose which subset of the external forces impacting on it to focus on and address, in order for it to most effectively strengthen its business model (by locking customers in and / or competitors out for longer).

The emphasis on a selective focus remains centrally relevant in a world of constant change, although the five forces (concerning the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, the threat of substitutes, and level of competitive rivalry) are typically all changing much more aggressively than ever before. It is therefore even more important for businesses to make difficult strategic choices, including what to stop doing in order to free up resources to start to focus on more promising opportunities.

There are a number of global 'megatrends' that are fuelling the pace and nature of change that influence the external forces impacting upon the business. These include technology advancement, deregulation, market innovation, and the interconnected nature of global markets. Tools to identify the many elements of change that are associated with these megatrends contribute to appropriate responses in business strategy that support ongoing sustainability.

A 'radar screen analysis' is a practical and effective method for encouraging business teams to focus attention on changing trends in the external environment that may become significant forces that affect business sustainability. It involves creating a simple rectangular frame, divided into three panes, as illustrated in Figure 1, below. The horizontal part of the rectangle represents the strategic planning horizon of the business, with the current date in the left hand corner, the end-date in the right hand corner, and a mid-point date on the planning horizon represented in the middle of the rectangle. These date points can be shown below and above the horizontal sides of the rectangle.

The three panes of the radar screen are made with diagonal lines, to achieve the following representation: The left hand pane is drawn so that it can be used for trends that are at the time of applying the tool seen to be diminishing, and may not be significant for the business by the mid-point date on the strategic planning horizon. The middle pane is drawn so that it shows

exposure to the full strategic planning period, and can be used for trends that are considered at this point in time to be constant across the full planning horizon. The right hand pane is then depicting a space for those trends which are not yet having an impact on the business at this point in time, but are emerging, and are expected to possibly have a growing impact in the second half of the strategic planning period.

Once the radar screen is outlined, the application of the tool with a team within the business is simple.

First, the team brainstorms ideas and suggestions on the external trends that may have some affect on the business. These are captured by the team leader in the radar screen, where they are positioned on the basis of whether the trend is current and diminishing, current and likely to be constant across the full strategic planning period, or not yet current, but may be emerging.

Second, the team prioritises which of these trends are worthy of additional focus, and allocates team members or others to engage in further research and investigation.

Third, the team meets on a regular basis to re-engage in the radar screen analysis of the changing external environment, recognizing that each time they meet, the starting, ending and midpoints on the strategic planning horizon have shifted. The important implication is that it is therefore also likely that the trends themselves have shifted and changed somewhat, and that new trends may be emerging.

Consider the example of the radar screen in Figure 1, below, as it may be applied to identifying general trends that may have an impact on businesses in Sub-Saharan Africa over a two-year strategic planning horizon. Trends are identified through the brainstorming session, and categorized into the three panes of the radar. Then two or three trends that may have a larger impact,

positive or negative, on the business may then be identified for further research and opportunity assessment. If the exercise were to be repeated, then the start, finish and mid-point dates on the planning horizon would be changed accordingly, and the team would once again brainstorm to populate the radar screen with current trends and prioritise their necessary focus on the changing external environment.

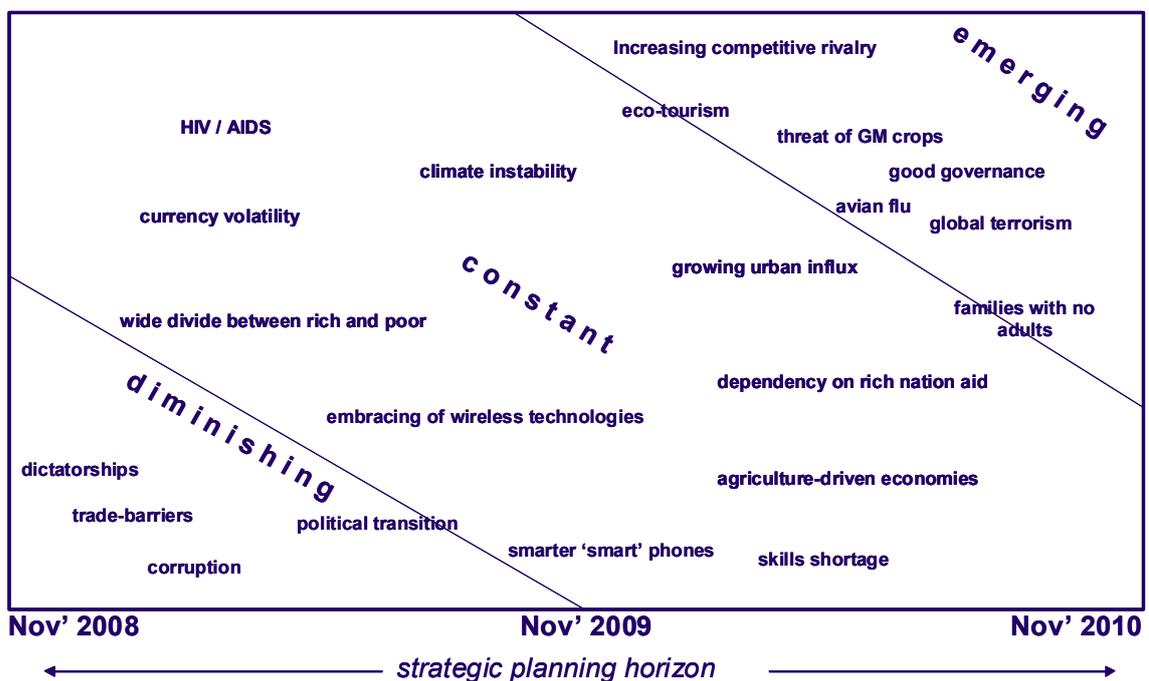## Radar-Screen: Identifying Trends   Example: Sub-Saharan Africa

Figure 1: Radar Screen Tool

There are many other strategic perspectives and tools for responding effectively to a constantly changing environment. It is ultimately less about the tools that are used, and more about using these tools and perspectives to shift organisation culture, to develop an attitude amongst staff at all levels within the business to be aware of, interested in, and willing to respond to global and local forces of change.

About the author

Dr Grant Sieff is CEO of the IC Growth Group, a research, strategy and leadership development consultancy. He teaches at leading business schools as a visiting professor and senior lecturer. Grant has worked as a vice-president for Citibank in Australia and a partner for Accenture. He consults to leaders at the top levels of organisations across African continent and abroad.

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