



VALUE PARTNERSHIP

Expert guides through organisation critical challenges

Leading Change in Uncertain Times

How ready is your organisation?

Research report



1. *Entrepreneurial*
Strategy and planning
2. *External*
Structure focus
3. *Engaged*
Organisational culture
4. *Lean*
Operations
5. *Proactive*
Talent Management
6. *Collaborative*
Leadership culture

Foreword

You have listened to investors and looked at what's happening in your company's marketplace, and you've studied your business metrics. You've identified some key business goals and measures. But how confident are you that your organisation has the capabilities to respond to the critical challenges your business now faces?

Uncertainty and turbulence in the business environment are now a given for many, if not most, firms. And a growing number of leadership teams are now appraising the business environment as part of the process of re-shaping their growth strategies.

However, recent Value Partnership research has revealed that leadership teams are still often overlooking the fact that successful and sustained change in turbulent times requires businesses which demonstrate the agility and adaptability their business environment demands. This research has pointed to six key factors behind sustained success.

We offer these six factors for you, and your team, to use to assess your own organisation. They are described in the following pages. And, just as important, we urge you to use the results of your assessment to decide what your priorities for organisational change need to be.

Your prize? Sustainable performance in the turbulent times ahead.

Simon Court
Founder and CEO,
Value Partnership

April 2013



1. Strategy and Planning

Our new enterprise strategy is based on industry megatrends and the company's core strengths. Our previous strategies were product focused and lagged behind industry trends and shifting customer demands.

Is the strategy of your business keeping up with the times? For example, do you expect to continue with 'business as usual, but better', or does your strategy process accept that you may want to 'pivot' your business model, and even change the business you are in? Are you focused on exploring how customer and competitor behaviour is changing, and the dynamics of your marketplace and the global economy?

Nokia was the market leader in mobile phones, but it misread the way the industry was merging with computing and social media, so it lagged in launching a new business model and product range – and is no longer the market leader. By contrast, IBM could see its markets were being transformed, and it was willing to transform its view of the business it was in: it went from a business model based on manufacturing computers to one that provides business solutions.

Does your business strategy 'live' in the business, not just in the board room? Are people throughout the business contributing to your understanding of how the world is changing? Do they understand the impact of the business strategy on them, and their roles?



Is your business planning process continuous and adaptive, and focussed on performance, or is it more like a blueprint that requires controlled execution? Would you agree with the senior manager in a global engineering firm who told us:

Our 3-5 year planning cycle needs to be realistic and much shorter, given the pace of change.

What types of performance measures does your business focus on? Are they mainly financial, with cyclical reporting? Or does your business focus mainly on customer and organisation behaviour? Are your criteria for investment decisions aligned with the changes your strategy requires?

2. Structure focus

Is your organisation a traditional hierarchy where people focus on job descriptions, rules and controls? Does it stifle innovation and suppress employee initiative?



Or is it a more flexible, customer focused, results-oriented entity that shares intelligence about the external environment internally, and adapts readily to external change?

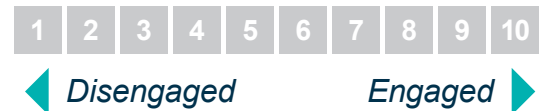
For example, a software development company has a customer-focused service strategy. It's called 'client intimacy' and aims to cultivate relationships rather than pursue transactions.

Do relationships between different parts of your business reflect the internal challenges of running the business, or do they reflect the performance imperatives of the evolving customer and competitor environment?

For example, a sports betting firm has developed a loosely-coupled subcontracting network rather than a classic hierarchy. The central team manages strategy and resource flows, and achieves control through measuring results. This structure is designed to promote innovation, flexibility and rapid change.

3. Organisational culture

Cultures that foster values such as shared purpose, engagement, empowerment, risk-taking, accountability, speed and results are better able to tackle the challenges brought about by increasing uncertainty. Performance under uncertainty is more sustainable where people take the initiative and responsibility, and are empowered by leaders to constantly review and improve how they work.



Would you say that the culture(s) in your business reflect these values?

For example, in an outsourcing firm, all new contract proposals have to be rigorously scrutinised by a team of people from throughout the business before they are signed off by senior managers.

Is there a clear 'line of sight' between your strategy and rewards, and people's understanding of their roles and expected contributions? Are you achieving world class levels of engagement in your business?

4. Operations

Do your business operations pride themselves on their continuous improvement, and their innovation? Are they focused on evaluating and encouraging customer behaviour, and on seeking ways to reduce waste, not only cost? And, at the same time, do they deliver tried and tested products and services?



Does your business planning set goals for, and measure, product and service innovation (*for example, a certain percentage of revenue*)?

Are your business operations seeking performance breakthroughs, either to deliver a step change in their performance, or to pivot your business model to take advantage of new opportunities?

5. Talent Management

In times of transformation and uncertainty, mindset and behaviour are more enduring than skills that can quickly become outdated. This calls for the need for a strategic view of people, and their talents.



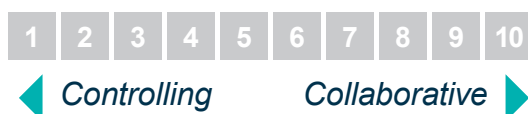
For example, one major retailer recruits, promotes and rewards its staff on values and behaviour. And, as one senior leader in software development said 'you have to look at the person as well as the CV'.

How well does your business manage and develop its talent? Are you rewarding and promoting the right people? Is talent management more than a reactive process of 'plugging gaps'? Do you take a more strategic view, and secure capability before it is needed?

For example, a global telecoms company has created a 'talent hub', including innovation champions, to engage regularly with directors on key business issues.

6. Leadership culture

This is perhaps the most critical factor in strengthening and sustaining the firm's agility. Because it is reflected in the behaviour and mindset of the CEO and the executive team, it influences all the other factors above, and shapes the behaviours and mindsets throughout the whole organisation.



Leaders of agile organisations harness the talents of the team by working together and inspiring the wider organisation – by leading, not just by meeting financial performance goals. Leaders of agile organisations are open to others' ideas and committed to their shared purpose.

How would you assess the prevailing leadership culture in your business?

Keeping things small, simple and clear greatly assists communication and change. Do you find it easy to explain your vision, strategy and organisation? How easy is it to make decisions and implement them? Do you and your colleagues aim to minimise complexity by keeping directions simple?

The CEO's role is vital in driving stretching ambitions and promoting a shared vision. Does your senior team confront the big issues for your business? Does your CEO communicate and build consensus?

Does your CEO see him/her self as the long term steward of the company and see leading change as a constant process not a project?

More in this series

Leading Change in Uncertain Times

Report 1. Are you ready for the challenge?

Report 2. Where is your business on the maturity path?

Time to re-focus your change leadership?

You can use these six factors as the basis for a review by your team of your organisation's change leadership capability.

To do this, you and your colleagues will first need to decide how turbulent and uncertain your business environment is likely to be over the coming few years. How do you rate your overall business environment on this scale?

Environment



Then, ask your colleagues to evaluate the extent to which your organisation demonstrates the six change leadership characteristics described in this article.

For each of the six factors, consider:

- where is our organisation now?
- where does it need to be?
- where are the critical gaps?

1. Strategy and Planning



2. Structure focus



3. Organisational culture



4. Operations



5. Talent Management



6. Leadership culture



Third, consider what you and your colleagues need to do, as a matter of priority, and by when, in order to address the critical gaps you have highlighted. Agree who will take responsibility for what, and when. Decide how progress will be reviewed.

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