

Setting Business Direction

In the Age of Discontinuity

Breakfast Seminar – 7 June 2006

MENKUS
& ASSOCIATES

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The discussion covered the growing prevalence of major discontinuities across most industries and how leaders can utilise them.

Most industries seem to be facing significant change requiring a major change in direction. These are often unexpected. However, they can sometimes be predicted. Winning companies will generally be the ones that create or utilise discontinuities, rather than those that only belatedly respond to them.

The way plans are created and used needs to be changed to reflect that the occurrence of discontinuities is predictable, even if the exact discontinuities aren't. And, the challenge of making change is even more difficult when faced with a major discontinuity.

Key

Major topics covered

Menkus & Associates summary conclusions, based on

- Comments, observations and questions from participants

Benefiting from strategic discontinuities

Most industries seem to be facing significant change requiring a major change in direction. These are often unexpected. However, they can sometimes be predicted. Winning companies will generally be the ones that create or utilise discontinuities, rather than those that only belatedly respond to them.

- Discontinuities seem to be affecting most industries. Examples at the seminar included media, financial services, technology, professional services, retailing, and IT services. All reported major changes that require fundamental shifts in operations, target customers, offerings, etc.
- Technology is a key driver, but many factors can be involved: regulatory changes, shifts in international competitiveness, changes in values and lifestyles, etc.

- Some can be foreseen, others are relatively unexpected when they happen. As an example, the development of the Apple ipod was fairly predictable, in that competitors had been trying to do something like it for years. What was not so easy to see was all the various factors that Apple pulled together that made it so effective.
- Identifying potential or emerging discontinuities can be difficult.
- One risk is thinking something big is going to change, and then finding out it doesn't.
- It is important to keep some resources focused externally – and particularly on the periphery of your industry.
- Using networks to pick up on changes can be valuable.
- You don't have to be the victim of discontinuities. Often you need to notice where the old ways of doing business have become too rigid or limiting and start to create a discontinuity consciously.
- As markets become more global and more commoditised, identifying and exploiting discontinuities is perhaps the major opportunity for significant corporate profits.

Leading the internal response

The way plans are created and used needs to be changed to reflect that the occurrence of discontinuities is predictable, even if the exact discontinuities aren't. And, the challenge of making change is even more difficult when faced with a major discontinuity.

- It's best not to try to have a single grand plan, but instead a clear overall goal with implementation that can be flexible as things change.
- Planning needs to be focused on supporting key decisions, in light of the almost certainty of future discontinuities. This means a consideration of potential scenarios, particularly those that seem most unlikely now.
- You want to balance diversity of views (which helps see new things more quickly) and alignment around a single view (which makes for faster implementation).
- You need to empower younger employees, who are likely to see new trends more directly.
- People cling to their existing plans, even when things have changed dramatically. It's easier in the short run, often their bonus is based

on delivery of the plan and not on responding to changing circumstances.

- It is important to move from a “them and us” model [of change and implementation] to a “we” model.
- Most employees don’t have the understanding of the current business that management has, so it’s no surprise that they also don’t understand the need for major change.
- You have to keep repeating the message: a simple repeated message, with opportunities for discussion about what it means for me – not just big events.

Menkus & Associates is the management consultancy that helps business executives lead their organisations through turning points with alignment and momentum.

We run a series of breakfast seminars to stimulate peer to peer discussion among a diverse group of business leaders on issues of strategic clarity, organisational alignment and high reliability action.

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