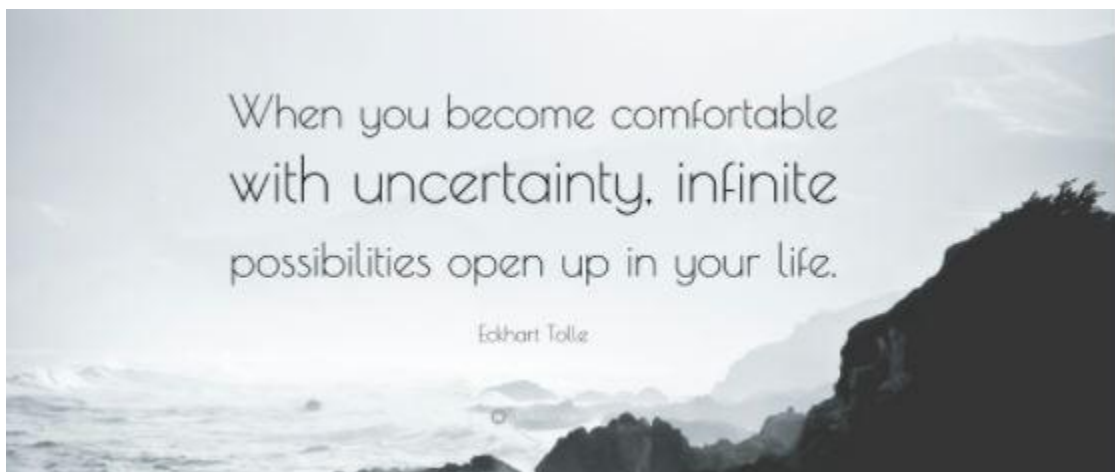


“Craving for Certainty in Uncertain World ”

*Strategies for Securing Future for
Organizations*



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Craving for Certainty - Unknowns Are More Than Knowns

Uncertainties of the future occupy our minds all the time. Thirty six years back, Aniruddha Guha and I realized our vision for travelling around the World on Motorcycle¹ covering a distance of 48100 kms. on road through 23 nations across four continents on a tight shoe string budget of USD 10 a day. In absence of internet, emails, GPS and with no ready access to telephones, we were struggling for information. Planning for world tour was a real challenge – which routes to take? Will we be able to drive in snow? What if we run out of money? What surprises await us at country border crossings? Will we get spare parts for motorcycle and many more such questions? Unknowns were more than the knowns.

Yet we did it. Did it with determination, adaptability, enthusiasm, belief and tremendous help and support of family, friends and strangers we met on the way.

For centuries, we humans have been craving for certainty. We experience uncertainty at an Individual level, corporate level, National level and International level.

Even in normal times, organizations facing lot of uncertainties and deal with them with established policies, processes, governance and organization structures. Current ongoing covid-19 crises is forcing leaders to search for newer ways and means of surviving the crisis and securing the future

Organizations Are Searching for Answers to Key Questions

For decades organizations having been using “Forecast-Plan-Sell-Earn-Reinvest-Grow” model. Like every year most organizations begin their next year annual business planning and budgeting cycle in July – September period. But this year is very different. Due to Covid-19 pandemic, most businesses like aviation, hospitality, MSMEs are experiencing huge drop in business. Customer needs have changed. Newer regulations are frequently been introduced. Uncertainties for now and into the future remain. Business leaders are finding it really difficult to plan for year 2021. As a result reliance on our business as usual “Forecast-Plan-Sell-Earn -Reinvest-Grow” model is at risk.

1. *How do we get more certainty in this uncharted world?*
2. *What are the new emerging customer needs and expectations?*
3. *Will existing knowledge, management techniques and frameworks be still relevant for securing the future of organizations?*

Given this scenario, like many of us, I have also been asking myself:

1. *How do we get more certainty in this uncharted world?*
2. *How do we secure future of businesses?*
3. *What are new emerging customer needs and expectations?*
4. *Will existing knowledge, management techniques and frameworks be still relevant for use for securing the future of organizations?*
5. *What new strategies, operating models and techniques will we need for the future?*

Strategies for Securing the Future in Ever Increasing Uncertain & Complex World

Based on my experience of working with my customers from diverse industries, government entities, interactions with business leaders, I am listing below key strategies organizations can consider for securing their future. These are listed under following four broad categories:

- A. **Customers** (Understand what customers need & why?)
- B. **Understand External Business Environment** (Make sense of continuing changes, Strategic Partnerships, Regulations, and Competition etc.)
- C. **People and Organization Culture** (People capabilities for future, Tolerance for Uncertainty etc) and
- D. **Operational Excellence** (Survive current state, Organize on How to deliver What Customers Want - Processes, Digitization, Agility, Identify Emerging Risks etc.)

Strategies for Securing the Future in Ever Increasing Uncertain & Complex World

1 Customer Focus Understand what customers want & why 1. Go back & Listen to your Customers 2. Redesign products/ service offerings 3. Revisit customer experience	2 Understand External Business Environment 1. Anticipate Changes /Connect the dots 2. Comply applicable regulations value chain. 3. Scenario planning 4. Connect & Collaborate globally.
3 People and Organization Culture 1. Encourage Dissent and Tolerance for Ambiguity 2. Build people capabilities for future	4 Operational Excellence 1. Manage with Agility & Speed 2. Go Digital / Accelerate digitization 3. Innovate & Redefine Industry 4. Identify Emerging Risks

*Note: Initiatives detailed above not in any particular order or priority.
There are strong linkages among them and are interconnected.*

Initiatives detailed below are not listed in any particular order or priority as there are strong linkages among them, e.g. changes in external business environment can impact types of strategic partnerships needed for delivering customer experience leading to review of business processes, metrics and technology. Also it is not a complete list. It can vary depending on the external business context in which organization is operating, maturity of its management systems, people capabilities, resources etc. Having said that I strongly believe listed strategies are generic and are quite relevant and appropriate for most organizations in the world

1. **Go Back & Listen to Your Customers:** The most important and logical starting point, for any organization, is to go back to their customers & listen to them. With so many changes in the business environment, customer needs & expectations have changed such as integrating health & safety controls in service delivery as needed. Organizations need to understand:
 - a. *What “job” their customers are trying to accomplish in the given circumstances?*
 - b. *What “problem” their customers are trying to solve in the given circumstances?*
 - c. *What causes their customers to buy their products and services in the given circumstances?*
 - d. *What are the major drivers of customer satisfaction and customer experience?*

Understand customer’s challenges, their aspirations and may be even help them articulate their needs and expectations is absolutely essential.

For above, organizations can use many currently available useful tools such as “Jobs to Be Done”² theory developed by Prof. Clayton M. Christensen, Harvard Business School (HBS), Kano Model³**Error! Reference source not found.**- a Theory for Product Development and Customer Satisfaction” developed by Professor Noriaki Kano, Japan.

2. **Revisit Products/ Service Offerings, Customer Experience and Competitive Positioning:** With the changes in customer needs and delivery channels, it is but obvious for organizations to review their current product/ service offerings and redesign them. This includes reviewing and improving/ innovating delivery methods, channels, customer experiences, customer journeys etc. E.g. Tele-medicine by health care service providers, or Design of offices spaces, Integrating health & safety protocols in routine business e.g. DULOG, one of UAE's leading & reliable movers has integrated strict health & safety protocols in packing, moving and unpacking of personal effects. Some of the tools organizations can use are mapping "new" Customer Journeys, Kano Model³**Error! Reference source not found.**, and "Quality Function Deployment" tool developed by Dr. Yoji Akao and Shigeru Mizuno and other commonly used techniques like Market Research.

3. **Anticipate Changes /Connect the Dots in the External Business Environment:** External business environment has a direct and significant impact on internal operations of any organization. With rapid changes in external environment, organizations need to have robust management systems of continually engaging with its Regulators and all other external strategic partners/ stakeholders. Plus they also need to continually research the macro business environment, competitive forces and "Connect the relevant Dots" and use the insights for charting its strategic direction and evaluating its ability to achieve key outcomes. E.g. regulations for "social distancing", e-learning in schools and safety of children at school are impacting the design of future of school building. Major changes "sensed" in environment need to be shared with relevant functions, customers, strategic partners, Boards etc. International management systems standards like ISO: 31000 (Risk Mgt.), 9001 (Quality Mgt.), Excellence models like EFQM, require organizations to establish a system for understanding the external business environment and are good to refer by organizations.

4. **Use Scenario Planning:** Covid-19 pandemic gave us a wakeup call challenging the status quo of our socio, economic and environmental life. With the current increasing volatility in external business environment, 2020 annual business plans, based on forecasts made in 2019, have become unattainable for most organizations. For some, these plans are no longer relevant. E.g. With falling sales revenue, plans for expansions/ new investments are being reviewed/ put on hold by many organizations.

Instead of relying on business as usual forecasts, organizations can consider developing multiple alternate scenarios such as "Pessimist, Normal and Optimist business scenario."

Instead of relying on business as usual forecasts, organizations can consider using Scenario Planning using "Knowns and imagine Uncertainties in the future". Organizations can develop multiple alternate scenarios such as "Pessimist, Normal and Optimist business scenario. These to be based on extensive research, reliable data, imagining different business scenarios, gut feel etc. Each different scenario will require developing detailed plans, targets, resources and building agility into the operations as dynamic changes in external environment will require businesses to quickly adapt to alternate scenario using different business plans and resources. Scenario planning is widely used by Military, Oil & Gas sector etc. Seminal book "The Art of Longview" by Mr. Peter Schwartz, American Futurist who used scenario planning successfully at Shell, oil & gas major is good to refer.

5. **Manage with Agility & Speed:** EFQM 2013⁴ model has explained Agility as "an organization's ability to identify and respond effectively and efficiently to changes to opportunities and threats"; "use mechanisms to identify changes in their external environment and translate these into potential future scenarios for the organization etc."

Though concept of agility has been around for some time now, but covid-19 crises has created an urgent need and importance of building agility into processes, structures, budgeting, strategy planning, decentralize decision making etc. enabling organization to be flexible, adaptable and speed up decision making, innovate and embrace change. E.g. to treat Covid – 19 patients, China built working hospital in 10 days (unthinkable), brick & mortar retailers quickly adapted to e-commerce model, schools started e-learning etc. Apart from organizations, employees and customers also quickly learnt / adapted to use digital technologies in their day to day life.

As per McKinsey & Co.⁵, agile companies achieve greater customer centricity, faster time to market, higher revenue growth, lower costs and greater engaged workforce.

Covid-19 crises has created sense of urgency and importance of building agility into processes, structures, strategy planning, forecasting, budgeting, decentralize decision making etc.

Since business forecasting for year 2021 is going to be difficult, we shall see lot of Agility in action. Depending upon actual business performance in 2021, to minimize risks and to seize new business opportunities, organizations will need to become truly agile and quickly adapt to changing business environment e.g. change their planned strategic initiatives, priorities and re-allocate resources. With continuing business uncertainties in 2021 and beyond, need for managing business with agility is only going to grow.

6. **Compliance to Increasing Regulations:** Industries such as health care, aviation, finance, pharma etc. are as such highly regulated. To control spread of covid-19 virus, governments globally have been issuing lots of regulations for other industries which were not that much regulated e.g. tourism, public transportation, retail etc. Organizations are now required to understand and implement newly issued regulations at short notice not only for them but across the value chain including their customers. This requires organizations to not only to be agile but must have excellent communication protocols with rigorous compliance verification and reporting system in place. Regulations will continue to be there in near foreseeable future. Organizations need to have systems in place to be proactively engaged with their Regulators so as to plan implementation of forthcoming regulations well in time.
7. **Go Digital / Accelerate digitization:** With proven benefits of speed, customer experience, improved processes, less cost, need for analytics, business transformation; reduced environment etc. going digital is not a choice for most organizations anymore. It is a question of how soon to go digital. Earlier going digital gave competitive advantage to organizations that started sooner than their competitors. For the countries who have established Information Communication and Technology (ICT) infrastructure, organizations need to catch up and go digital to produce their products, services and serve customers.
8. **Connect & Collaborate in an Interconnected Borderless World:** For decades organizations have established strategic partnerships around the world to solve global problems, access and share expertise, provide value to their customers, develop new products, reduce costs etc. Most recent great example of collaborative working is of developing vaccine for Covid-19 – Research labs, Pharma companies, Donors, NGOs, Volunteers; Governments etc. are working together, across continents, to beat this pandemic at the earliest with an effective, safe and affordable vaccine. With continuous emergence of newer technologies, innovations etc., connections and collaborations are critical to success. Organizations need to identify key strategic suppliers in line with its purpose,

values, and objectives and develop, maintain and enhance mutually beneficial strategic partnerships. As building and maintaining trustworthy long term partnerships is not easy, some of the key factors to consider are:

- a. *Ensure alignment of strategic objectives between collaborators;*
- b. *Establish communication protocols between collaborators and within each collaborating company;*
- c. *Clearly define roles and responsibilities of all collaborators;*
- d. *Establish applicable and meaningful measures of performance measures (KPIs).*

Organizations can consider adopting ISO: 44001 - Collaborative Business Relationship Management Systems Standards for developing and managing strategic partnerships.

9. **Encourage Dissent and Tolerance for Ambiguity Among Employees:** I am reminded of an interesting episode shared by Mr. Akio Morita, ex Chairman, Sony Corporation in his book “Made in Japan”. “Mr. Akio Morita, as Dy. President of Sony Corporation, usually had a clash with Mr. Michiji Tajima, Chairman of the Board of Sony Corporation on differing ideas. One day Mr. Michiji told him “Morita, you and I have different ideas. I don’t want to stay in company like yours where you don’t have the same ideas that I have and we are sometimes in conflict”. Morita said *“Sir, if you and I had exactly the same ideas on all subjects, it would not be necessary for both of us to be in this company. It is precisely because you and I have different ideas that this company will run a smaller risk of making mistakes”*. To embrace change and ambiguity, creative ideas and active collaboration among people from different functions and levels will be needed more than ever and it is but natural there will be dissent during ambiguity and change. It’s for leaders to create a culture of “free speaking” - “It’s Ok to disagree with boss”. Only then richer and better decisions will be made and there will be no fear in the organization.

“Sir, if you and I had exactly the same ideas on all subjects, it would not be necessary for both of us to be in this company. It is precisely because you and I have different ideas that this company will run a smaller risk of making mistakes”. – Akio Morita, ex Chairman, Sony, Corporation, Japan.

10. **Build People Competencies for Future:** Some of the important people skills and competencies needed for managing business now and in future are critical thinking, creative thinking, collaborative working, self learning, problem solving, data analytics, writing algorithms, business continuity, scanning and sensing external environments, etc. Leaders have a responsibility to invest and develop their people for future so as to remain competitive and succeed - now and for future.
11. **Innovate & Redefine Industry (Disruptive Innovation):** Professor Clayton M. Christensen of HBS explains disruptive innovation as a *“phenomenon by which an innovation transforms an existing market or sector by introducing simplicity, convenience, accessibility and affordability where complication and high cost have become the status quo – eventually completely redefining the industry”*. E.g. Computer industry innovated from big expensive mainframe computers afforded only by Governments and large corporations to mini frames to desk tops to laptops & now smart mobile phones which millions can afford now and are very easy to use. Similarly in automobiles, within few years of launch of Ford Model T car, Ford reduced its price from USD 850 to USD 300 so that millions can afford and use. Harnessing the creativity of employees, strategic partners, and community, to

redefine the industry, improve product, services and operating model etc. are critical to have a successful and sustainable innovation program for securing the future for organizations.

12. **Establish Enterprise Risk Management (ERM) System:** More than ever, it is now essential for organizations to establish a robust and an effective ERM system to identify emerging risks and implement effective plans to mitigate risks. Managers, Leaders and Boards should regularly monitor emerging risks and implementation of mitigation plans. Based on my experience of conducting ERM exercises with organizations, some of common major shortfalls in ERM are:

- a. Lack of true leadership commitment to ERM. It ends becoming a “tick box” exercise;
- b. Lack of integrated and comprehensive ERM within the organization. Different functions within same organization have their own risk management system e.g. Infmn. Security management, Finance have their own RM frameworks which are neither aligned nor integrated with enterprise RM.
- c. ERM framework deployed is not holistic. E.g. ERM does not include risks involved in strategic supply chains which are so critical in today’s borderless world.

Adopting ISO 31000, Risk management – Guidelines provides guidelines, principles and process for managing risks by any organization regardless of its size, activity or sector.

Concluding Thoughts: Uncertainty and complexity is here to stay. To manage, succeed and sustain in times of uncertainties leadership must establish a culture wherein in continuous learning and quickly adapting and responding to changes is a way of routine working. Need to establish robust management systems to anticipate and prepare well in advance. More the organizations are prepared for uncertainties the better they can deal with it. E.g. Coalition for Epidemic Preparedness Innovations (CEPI), which develops vaccines to stop future epidemics, is one such example. Building agility and speed, fluid organization structures and digitization is essential to manage businesses, survive, sustain and secure the future. And continue to meet customer needs and enhance their experiences.

More the organizations are prepared for uncertainties the better they can deal with it.



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