

Corporate Strategy + Insolvency

How To Prepare For And What To Do In Scary Times

Scary times are increasingly being accepted as a part of our day-to-day life. For some of us Scary Times are with us today.

Scary Times generate fear. Fear is a by-product from the anxiety created from uncertainty. Uncertainty can come from many sources;

- Fluid Economic Conditions – both up and down
- The Technology Race
- Changing and Demanding Social Times
- Unplanned Succession Issues – for the family business
- Operating in a Dynamic Business Environment, etc....

These are only some of the reasons why Scary Times are upon us.

With the correct strategies there is no need to fear Scary Times. In fact with adequate prior planning and structuring, Scary Times can be the time when you make some of your best business deals, consolidate a commanding position in your market place or even venture into new territory.

To cater for Scary Times you will need appropriate strategies and structuring. These will remove the disharmony in an Organisation by intrinsically eliminating its “blocks”. When the correct settings are in place it leaves the Organisation with no other avenue for its output than to perform efficiently. I call it “profit by design”.

The Primary concept of “Scary Times Operation” is that your business model must be intrinsically structured and balanced so that it will not only function at its optimum potential but with sustainable integrity it will be able to weather any shocks. In fact, at the top end of the scary times model this is how the business will be able to take up new and exciting opportunities, when others are fighting for survival.

The model has relatively simple concepts, the implementation at the micro level is where the detail occurs. As this paper is an introduction to the model I will concentrate on the primary concepts.

Planning for the unexpected can be broken down into 3 broad steps;

1. Identification
2. Structuring
3. Commitment

Step 1 – Identification

Some organisations refuse to acknowledge Scary Times; others believe they have them under control.....few in fact actually have it completely worked out. One key element to operating in Scary Times is to remove or at least limit or control to a certain degree that which is unknown. You must be able to identify these risks to the business before counter measures can be set up to deal with these. In most cases these strategies will need to be adopted and implemented well in advance and are “designed into” the Organisations intrinsic Culture and business unit - Just recognising that risks exist is not enough.

It is difficult to recognise ones own habits and faults without the use of an “external mirror.” The cliché of “not seeing the forest for the trees” or even “the fox being unable to smell his own scent” has led many businesses to operate below their full potential or at worst risking the wholesale failure of the organisation.

Without advocating the unco-ordinated use of a bevy of consultants, advisors, mentors, corporate coaches etc.....optimal structural issue recognition comes with the assistance of an appropriate outside party.

It is interesting to observe the recent press surrounding good corporate governance. There is a real place to be had for Independent Board members, advisors, and coaches. (For an excellent article on good Corporate Governance I invite you to view an article on the de Vries Tayeh website by going to this address: <http://www.devriestayeh.com.au/documents/CorporateGovernance.pdf>)

Some of the reasons why an Organisation refuses to enlist good outside help can be highlighted with these quotes:

- “It won’t happen to me.”
- “I have it all under control.”
- “If it isn’t broken, lets not fix it.”
- “I can fix it myself.”
- “Things are not that bad and just have to get better.”
- “I’ve been in the game for long enough to know.”

The correct party to Partner an Organisation through the process of getting set for either “optimum profit” or “scary times drought proofing” is one who has:

1. the correct skill set.
2. relevant experience, not necessarily industry specific.
3. a hands on approach, to not just produce a report but be there to assist with implementation.
4. the correct personality match for the Organisation.

An independent set of eyes, ears and mind will have a much greater impact than someone adding this role to their already busy schedule.

Step 2 - Structuring

Businesses are varied and unique, like people. This is not surprising as they are made up of people for the purpose of serving the customer. Profit is the reward for good service.

Scary Times Planning will clearly need to be tailored to the individual circumstances of the Organisation and the immediate and likely future challenges it will face.

With the correct planning and implementation an Organisation can:

- Ensure sustainability throughout the entire Economic Cycle.
- Be structured to capitalise on opportunities during both good and bad times.
- Drought proof itself against the unexpected “big shock”.

When planning a successful structure, regard must be had to the 3 key elements of a business, being:

- a. People
- b. Information
- c. Culture.

As mentioned earlier, if “People“ make up the business, “Information” will give it fluency. Then with a blend of the Organisation’s own “Culture” creates the Organisation’s actual output of goods and/or services. The market will then decide upon its acceptance or otherwise of the Organisation. Which finally will determine an Organisation’s continuity of existence and the level of its health (profitability). It really is that simple.

The sustainable, successful business will always be working towards positive outcomes in these three key areas, which will encompass the following characteristics:

(a) The People:

It is essential that people are aligned to the:

- i) Corporate direction
- ii) Your values
- iii) Their own satisfaction and nourishment.

Let’s be realistic, it is difficult to have these 3 aligned at all times. Despite the constraint imposed by reality, it is important to strive to optimise this alignment. Without an outside perspective it is especially difficult to optimise alignment of the 3 elements from within the organisation because you yourself are an element within the equation.

(b) Information:

The essential elements for good information flow with which the people can operate with must be:

- i) Clear
- ii) Accurate
- iii) Measurable
- iv) Objective

(c) Organisational Culture

Now that you have the first two ingredients of “People” + “Information” in place, the next step is to develop a process which has as its intrinsic values, integrity and quality. When matched with People & Information the results are that the organisation output is a product which is exactly positioned in its target market.

Steps 1 and 2 sound very straight forward, but the multi faceted dynamics of a specific organisation make it a task that would require a high level of skill and experience, not just found in text books.

Step 3 - Commitment

The implementation of Steps 1 and 2, is not a short-term project as it goes directly to the long-term sustainability of a business. It will not render immediate results such as a quick cost cutting exercise which slashes and burns.

The results will often appear intangible, not be immediately and easily measurable. The mantra is one of patience and commitment to the longer-term project. However, with commitment to the process and the assistance to carry it through real and significant changes will take place within the Organisation which will be sustainable for many years beyond the quick fix of say a one dimensional cost cutter.

It is not uncommon that the first real tangible benefits emerge after 18–24 months after commencement. After this the results should escalate significantly with the right formula.

Conclusion

Scary times rather than to be feared can be exciting times for those who have had the foresight to get their organisations structural house in order. These people will possess the multi-dimensional foresight to recognise, plan and structure a sustainable business with a commitment to integrity, value and service.

There is no time like the present to start preparing for scary times. By getting your business right you cannot only weather but profit from Scary Times.

For the organisation that finds itself past this point, if the willingness remains there are other more serious strategies, which if implemented correctly will not only ensure its continued survival, but through the restructuring process give it a positive boost not only correcting the existing imbalances but “drought proofing” it for future “Scary Encounters.” This process is the subject of another topic but please feel free to contact me if you have a particular interest in this area.

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