

Managing Today and Tomorrow

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The challenge for organizational sciences is to build organizations capable of creating and delivering value over a sustained period. This is an extremely difficult venture. Typically, businesses seem to have their day in the sun and then decline, either absolutely or relatively, as new businesses emerge and grow in different sectors of the economy. So here we share with the reader some organizational sciences propositions:

1. Sustained success will occur only when strategic leaders are able to both manage for today and manage for tomorrow.

Managing for today involves fine-tuning current operations, introducing incremental changes with strategy staying reasonably fixed. These changes are smaller and more evolutionary, and the focus is on managing the complexity of the business. Ideally, vision and values are in place, deeply embedded in the organization and accepted by all. A key managerial concern is ensuring that the strategy is well understood and clear performance criteria are established and met! When managing for today, the organizational structure is assured to have been designed appropriately, as are the control system and performance management system.

Management for tomorrow requires different skills. To have the foresight and knowledge to imagine how the organization will look in the future requires creating a vision of what the business and the environment is likely to look like. To move toward realizing such a vision demands not only good leadership skills but also an understanding of what capabilities will be required and specific actions to acquire and develop them. The challenge often requires we loosen up thinking in the organization.

Leaders, managers, and employees must be open to change, willing to listen, keeping information systems open to external as well as internal inputs. Senior managers should not become over dependent on formal systems or their immediate staff. Useful insights may come from suppliers, customers, intelligence research and technical bodies, and other such sources.

2. Leaders and managers must create key indicators of change along all dimensions-technological, socio-demographic, political and so on.

The key is not so much to identify trends but to spot turning points of inflection in growth curves.

The company that is constantly surprised by change is unlikely to deal with it well.

Given an uncertain future, a strategy cannot be set in concrete. It must evolve as the world and the market evolves. At the same time, it needs to create a sense of common direction. Strategy making is an ongoing process, not something that is done occasionally on a tight planning cycle.

Organizations have to continually develop new ideas, a succession of initiatives over time.

3. Changes in strategy should be driven by changes in circumstances, and not merely by the passage of time...

4. We can link today and tomorrow by recognizing that long-term sustainability of success depends on two factors: 1) the sustainability of competitive advantage in a given market or industry 2) the rate at which new industry sectors emerge and the ability of the organization to alter its scope and capability to complete on these new sectors.

The point is that unless the organization continues to entrance in very concrete ways its advantage and develops new ones, its competitiveness inevitably deteriorates. Sustainability for success involves a knowledgeable process of ongoing change and transformation, adapting to a continuously changing world.

5. Organizations have to ensure the invention and development of offerings that will create value in an uncertain future, as well as creation of value through present offering.

If no value is created in the short term, the organization will lose the support of customers and stakeholders. However, if there is only short term focus, the organization will have no future.

When the organization is in difficulty, it is because its strategy and its underlying assumptions no longer fit reality. Assumptions about the nature and form of competition, what values customers are seeking, or the factors

driving success become outdated. This is why the maintenance of an external perspective is a key element for strategic leadership.

An early warning system is needed to see when the existing business model is in danger of becoming inadequate.

Fundamental reinvention of strategy is much more difficult in practice than in concept. It requires profound innovation and creativity for developing new products, services, and markets plus a deep understanding of the industry as it impacts the business.

The implementation of a new strategy may make existing capabilities out of date, requiring the organization to cannibalize existing products and even threaten existing jobs. Previously successful organizations often demonstrate a resistance to change; they perceive the world through the status quo or business as usual eyes.

It is much better that we change and transform our organizations than allow the market or the competition to do so. Yet some organizations find this undertaking very difficult. They reinvent once but then stop! For this reason in many industries, relatively unknown companies that create and exploit new positions and opportunities have humbled once formidable companies with seemingly unassailable positions.

To ensure sustainability of success an organization needs a portfolio of strategies focusing on the short and long range. This undertaking signifies working with a leadership dilemma: how much to invest in current business versus how much to invest in a new business. Leaders have to manage today and tomorrow's realities.

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