

We must learn to be equally good at what is short and sharp, as what is long and tough.

TRADING UP: The Urgent Leadership Challenge

With the global economy continuing to ride a recessionary rollercoaster, it's vital that companies Trade Up to a New Way of Working and reap the benefits of focused innovation.

Radical changes are taking place across the world of business. Models that have been with us for years have been swept aside and new ones are rising in their place.

So it's vital that organisations do all they can to future-proof their business. A fundamental rethink now will lead to a fundamentally better performance when the economy gathers steam.

So all eyes turn to the leadership team. 'Where to now?'

Tough times to live. Even tougher times to lead. Rising loan defaults, deleveraging of household debt, increasing taxation and deteriorating employment numbers will continue to stifle consumption in 2010. Even after that, the prospects for any significant growth in GDP remain weak.

So it's time for leaders to recognise that the new constant of business is that nothing remains constant. A culture of 'This is the way we've always done it' must be ruthlessly challenged and innovation and experimentation must become an integral part of every business and leadership approach.

Management systems must be social, inclusive and critical of out of date assumptions.

Processes must be designed with an embedded ability to evolve.

Organisational environments must be architected to encourage real learning through action. And the customer must be the alpha and the omega.

Go back to go forwards.

It's no surprise that the future starts with the customer. But unless leaders go back and test all their natural assumptions, not only those that are stated and explicit, but also those that are implied by action or behaviour, the right way forward will continue to be elusive - despite the comfort of a well intentioned customer focus.

So start by mapping all the stakeholders across your value chain, from order to fulfilment. Including the customer and all suppliers of material, parts, finance and information.

From this, you can identify any weak links and judge what the consequences might be of any short term actions on your operational model's ability to respond to changing customer needs and expectations.

For example, it might seem like an easy, short term win to extend payment terms to your suppliers. But if your underlying planning systems don't improve and your back office cycle times aren't reduced, you won't actually improve your business

operationally. You may in fact weaken it, as your security of supply is threatened and your future ability to respond is damaged.

Remember, success is a moving target.

Having identified any weak links in your value chain, listened to the real voice of your customer and gathered all the 'best available' knowledge, leaders must now create the right decision making system for their leadership team.

A system that:

- Accepts that the 'best available' knowledge is just that. The best at any precise moment and not something that roadblocks the future.
- Routinely captures data on the current reality, destroys out of date perceptions and illustrates how the work really gets done.
- Encourages real collaboration by making information available when and where it's most needed.

They must then give their best people the authority and accountability to study the data and encourage well designed experiments to deliver improvements.

Innovation. Not complication.

It's a fact that the best innovation is focused innovation. Test it - Prove it - Apply it. It's as simple as that and anything that complicates matters must be torn up. It's also a fact that

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people learn most effectively through 'practice'. So every innovation must be backed up by 'positive practice'. That way you stimulate your organisation's ability to evolve and determine the new competitive frontier.

Finally, when delivery has been proven in each area, Leaders must ensure that all the benefits of this major investment of leadership time and energy are given real momentum by deploying best practice right across their organisation.

Do amazing things.

In 'The Art of War', Sun Tzu observed that when troops are faced with no possible escape, they do amazing things. So after making all the obvious cuts, there comes a time when Leaders must move their people forward because there's nowhere left to retreat.

That time is now. And Celerant can help.

We have worked with major companies from every industrial and commercial sector to help them to Trade Up. And the delivered benefits of that successful change have increased their shareholder value and grown their market share. ■

