

In the age of hope and fear

Tony Manning

The smartest people in the world are struggling to make sense of the future. Their conversations are finely balanced between hope and fear. Business strategists would do well to bank on continued good times ... and prepare for shocks.

Watch the talking heads on CNN or CNBC, and it's easy to be confused. Typically, two "experts" armed with the same facts will see the world in two quite different ways. One bumbles happily about continued growth in the global economy providing a powerful tailwind for company profits; another warns of an imminent downturn, strong headwinds, and trouble for business.

When business cycles are mentioned, the optimists say, "This time it's different." The pessimists – who would rather be called realists or pragmatists – shake their heads and say, "Only a fool would think that this time it's different."

There's no getting away from the fact that these are exceptionally good times for companies worldwide. In little more than a decade, some three billion people – half the world's population – have become capitalists. They're shopping like made for everything. It might be tough competing for their time, attention and money, but there are plenty of them. Add up all that spending power, and it's a juicy target indeed.

But how long can this spend-fest continue? How sustainable is it in the face of global terrorism, worries about oil prices, massive economic imbalances, rising debt, concerns about property prices, and the many other threats that the bears talk about?

The answer: no one knows.

But one thing we can be sure of. The optimists won't be right forever. Sooner or later, the pessimists will have their day.

Which brings us to another question. How can you "future-proof" your business?

The obvious first step is to pay more attention to what's ahead. Get your whole team involved in "sensing" activities – listening to customers, watching competitors, tracking economic signals, and so on. Talk to banks, analysts, economic think tanks, consultants, and others whose insights might be invaluable.

Next, spend time trying to make sense of what all that information means. Share ideas. Challenge assumptions. Look for patterns. Discuss various scenarios.

With luck, this will alert you to critical changes before they hit. It's plain common sense to prepare this way. But don't for a moment convince yourself that you can rely on your foresight. The forecasting method has not been invented that will tell you with 100% accuracy what's ahead.

So you need to do two other things as well:

1. Build and conserve critical strengths. Decide exactly where in the market you intend focusing, and exactly what capabilities and assets you need to compete. Invest in what will make you stronger; get rid of the rest. Cut

every cost that you can. And keep some of your powder dry for when you'll need it.

2. Design flexibility into your organisation, so you can ride whatever white water lies ahead. Keep the activities you must own or control, and outsource the rest. Break down silos, and get people talking across departments, divisions, countries. Rethink your alliances, systems and processes, and try to make sure that none of them locks you in place.

Throughout history, mankind has lived in "interesting times." There have always been risks and uncertainties ahead and it has never been possible to see what's around the next corner. This time is no different, and it is utterly brainless to imagine that it's safe to just keep doing what you're doing.

Sense. Build. Flex. Put these three words where you can see them every morning. Think about what they mean to your company. Do something about them today. And tomorrow. And the day after.

The future will be here before you know it. Be ready.

Tony Manning is an independent strategy consultant and the author of nine books on management. He can be reached at (011) 884 2635 or www.tonymanning.com.