

Seeing the future

In the third article in our series looking at what it takes to be a great leader, David Parmenter discusses the importance of being prepared for and embracing change

Management guru Peter Drucker once said 'the future is already here'. He was pointing out that signs of change present now are signalling the massive shifts to come. Great leaders spend time looking for these signals and then prepare the way forward for their organisation.

Drucker said that leaders need to organise themselves to see the opportunities. He warned them not to be complacent, pointing out that it was inevitable that someone's revolutionary idea is around the next corner. All organisations will face times when change is catastrophic, and comes suddenly and forcefully. Insightful leaders have to see the warning signs and make the painful decision to ditch businesses that were once successful but are now in decline. This allows them the opportunity to move into new business areas where they can once again be market leaders.

Blue Ocean Strategy by W Chan Kim and Renée Mauborgne is the quintessential book on the topic of exploring new opportunities. They point out that it is easier to find new areas of business (blue oceans) than fight tooth and nail for a dwindling market (red oceans). Stage show franchise Cirque du Soleil is an example of blue ocean thinking. Dance, opera and circus were merged together into a great new spectacle where there were few competitors. As an added advantage, because all their performers are treated equally, they moved away from billing star performers, with their high costs and associated demands.

Leadership expert Jack Welch was at the forefront of many of the moves that General Electric (GE) made under his leadership. He saw change as an opportunity. He led the e-commerce and Six Sigma revolutions that were to have such a profound impact on GE. Welch is quoted as saying: 'Control your destiny or someone else will', 'Change before you have to', and 'If you don't have a competitive advantage, get out of the game'.

Big, hairy, audacious

Big, hairy, audacious goals (BHAG) were first mentioned in Jim Collins's book *Built To Last*. Collins said BHAGs should:

- * be so clear and compelling that they require little or no explanation
- * fall well outside the comfort zone of an organisation's staff, although they should have reason to believe they can pull it off

- * be so bold and exciting in their own right that they would continue to stimulate progress even if the organisation's leaders disappeared before they were completed
- * be consistent with an organisation's strategy.

One of the greatest BHAGs was former US president John F Kennedy's: 'I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the Earth.' This simple statement galvanised the whole American scientific community for a Herculean effort.

Outside-in

Drucker said leaders needed to look at their organisation from the outside in. They need to define their business from the customer's perspective. They also have to be aware of all the potential customers out there, asking how they can tap into potential demand.

He also said that great organisations should ensure senior management spend some time each year directly interfacing with customers, eg having a week where they serve customers as frontline workers. After the hands-on week, senior management are refreshed, look at the operations from an outside-in perspective, are more aware of the bureaucracy that is getting in the way and are a much tighter-knit team.

Leaders need to be aware of signs of corporate decay, indications that their organisation is on the slippery slope to oblivion. Check out Jim Collin's *How the Mighty Fall*.

Next steps

1. Spend three hours a week looking for blue ocean opportunities
2. Create a BHAG for your team
3. Email me parmenter@waymark.co.nz for a checklist on 'seeing into the future'. ■

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