

LEADERSHIP Excellence



Warren Bennis

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Three Wise Leaders

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Transformative Growth

Architect it with operating blueprints.



by Faisal Hoque

THE GLOBAL TRANSFORMATION underway represents *extraordinary risk*. Business strategies that embrace new socio-economic models and couple powerful new technologies are transforming the way we do business and the nature of the marketplace. Yesterday's economic and business models are inadequate to ensure tomorrow's success. It is time to move forward. Only *new thinking* will do.

Transformation is a proactive process that begins with a passionate need to effect a larger change in the environment. It is nearly identical for every organization: introduce a new goal, add the variable (*exogenic factor*), and transform it into creativity and innovation. Transformation might encompass a single, large-scale revamping, but it is usually *myriad changes*—some large, some small; some planned, others unanticipated—all in a pixilation with influence that spreads. An essential driver is *thinking differently about established ways and means; revisiting economic, business, social models*.

Transformation is not a silver bullet. It only rarely produces permanent results. Instead, it is the result of careful, deliberative, strategic planning and progressive cost-benefit analysis that considers tactical issues and follows the evolution. Once activated by the exogenic factor, it opens the gates to transformation, creativity, and innovation. Once released, creativity and innovation can produce both an *anticipated* and *unanticipated* sustainable impact on the institutional model, culture, and world in *transformative ways*.

Progress can't be achieved by doing the same things we've always done and expecting different results. Unless new, progressive models are employed, *true transformation* can't occur. Yet leaders often place the emphasis on *financial analysis, quarterly reports and balance sheets*. This is insufficient for understanding, tracking, and governing the performance in volatile markets, since:

- Operating managers often work in relative isolation from the market and its operating functions, producing the

familiar myopia that often occurs.

- Leaders often have limited ability to guide and oversee operations because of *inconsistent access* to key information.

- Board of Directors and Investors have a limited view of operations, lacking the *perspective* or *information* needed to know how to guide enterprises.

Operating managers are tasked with growing the business and reporting clear sailing up the lines of management. It's tricky navigation, especially when *cost containment is driving so many decisions* today. Lowering costs is important, but it must be factored into a strategy. Today, **four new and emerging operating challenges must be addressed:** 1) accurately *evaluating growth potential*, while balancing organic versus inorganic growth; 2) developing *sustainable processes* to reach or exceed revenue growth goals, cut costs to preserve recurring dividends, and protect top- and bottom-lines for enterprises; 3) implementing *strategies for building sustainable brand recognition*, and brilliant management teams; and 4) demonstrating *progressive, demonstrable, repeatable results* to leaders, boards, and investors that will sustain the firm.

Establishing specific objectives and applying reliable performance indicators are keys to a manageable process. Every enterprise should be using *transparent operating blueprints* that connect the dots between *financial reporting* and *actual operations* in order to accurately represent such information.

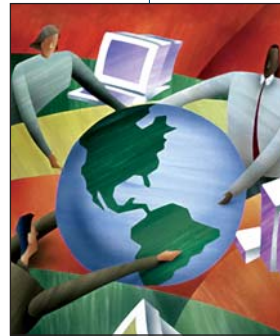
An operating blueprint provides two strategic enablers: 1) *360-degree Enterprise Models* (business, process, organization, technology), facilitate asking "what-if" questions and test scenarios that help vet problems and issues *early* and visualizing the end-to-end business goals and execution strategies before beginning costly and often irreversible strategy implementations; and 2) *Impact Analyses and Scenarios*, with which to alter factors, create multiple output scenarios, evaluate the end-to-end impact of each scenario, and arrive at the optimal solution.

An operating blueprint allows owners

and managers to work together based on converged intelligence of market opportunities, execution capabilities, and business model differentiations. No contractor would build a house without blueprints—and an enterprise operational structure and processes are no different. Methods of *guesstimation* must be replaced with precise metrics that provide verifiable outcomes.

Properly implemented, operating blueprints enable enterprises to: 1) *maximize ROI* at an earlier stage in the funding lifecycle of each initiative, and collectively across the organization; 2) *boost transparency* between strategy, funding model, and execution model; 3) *prioritize and guide* improved performance, value, and sustainable growth.

In times of market volatility, success is driven by *recognizing major challenges and identifying the strategic imperatives* to address them. This



requires *new structures*, creating and sharing new kinds of business knowledge, understanding and applying emerging socio-economic models, and developing repeatable, reusable *transformational processes* enabled by accessible technologies. Operating blueprints provide

the basis for a *predictive, sustainable plan* for managing these challenges and *opportunities for growth and future success*.

Why do businesses fail? In some cases, the product or service is no longer needed; but the secret reason is *the reluctance or inability to adapt to change*. Why is change so essential?

- **Change** is the key factor in progress and in achieving goals.

- **Innovation** is the vital ingredient in the individual or institution's ability to make effective and practical use of change. It is the great *what if* factor in decision-making and the entity's *raison d'être* to move forward and stay up on the turbulent and changing times.

- **Sustainability** is the manifestation of health and growth, but also diversity: indeed, it is made up in large part of change and innovation.

Achieving these three goals depends on transforming from outdated methods to new, more productive ways of conducting business to produce *new ideas, profound change, dynamic innovation, and sustainable opportunities*. LE

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ACTION: Try using an operating blueprint.