



TenStep Supplemental Paper

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Evolving Strategies for Survival

At the worldwide level, the global giants such as Disney, Ford, Sony, Motorola, IBM, General Motors and HP have slipped in performance from the 'excellent' category to the 'OK' category.

What went wrong?

Recent studies have revealed that organizations seldom fail for want of effective tactical or operational decisions or policies. It is the religious adherence to the outdated and rigid organizational strategies that often plot the downfall of even the most well established organizations. The prevalent marketplace is extremely dynamic. No organization, however big or successful, can thus afford to survive by merely defending its market position – instead, it has to create opportunities for its own survival.

Is this a new trend or is it just a passing phase? In the good old days, organizations used various means to maintain their market positions. Well-established organizations thereby sustained their momentum of success. In recent times, the success of the aforesaid organizations has become less persistent, indicating the need for organizations to create their own future rather than rest on past laurels.

Forces that matter

Despite the evolving market dynamics, conventional strengths such as customer loyalty, brand strengths, strong market research fundamentals, excellent distribution network, competitive human resources and intellectual property rights still matter in terms of gaining the competitive edge. However, market deformities such as technological discontinuities, regulatory changes, geopolitical abruptions, alterations in industry structure, new employee culture and aspirations, all emphasize on the urgent need for the new generation managers to have the added dexterity to adopt and adapt to new strategies. In the prevailing conditions, strategic resilience is of paramount importance. It necessitates a sustained adaptability to market forces through both proactive and reactive measures. To achieve a sense of resilience, managers should successfully overcome the cognitive, strategic, political and ideological challenges. After all, a successful manager is one who can devise strategies that conform to emerging opportunities and tap incipient trends.

Is it possible to predict the future?

A manager cannot be a fortune teller. Yet, he should be both a visionary and one who can foresee the future of the organization. Let us consider the IT industry. Post 2002, there has been a significant decline in the fortunes of the IT industry. With a sudden fall in demand for IT services from both the manufacturing and services sectors due to the economic depression, leading computer manufacturing and networking organizations suffered huge setbacks. The three main reasons cited for the sudden slide were the downturn in the telecom segment (one of the key buyers of software services and



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computer/networking equipment), dotcom bust and economic depression that forced organizations to significantly reduce their IT budgets.

At least two of these factors should have been anticipated. For example, dotcoms never had a viable business model, hence were heading for failure from day one. The telecom companies were purchasing equipment primarily through vendor financing and investing huge amounts in setting up fiber-optic networks much faster than they can be utilized. Since increase in bandwidth has been significantly bigger than rise in demand, the telecom companies would have wiled under mounting debts sooner or later. In the case of IT spending, it is very difficult for any industry to sustain a double digit growth in capital spending. In other words, an 'effective' manager would have the foresight to visualize the onset of the dip in fortunes for the IT industry well before it actually happened.

Role of HR department

The success of any organization depends largely on its human resources, particularly on its managers and top management. This, in turn, entails the recruiters to ensure that the managers who are recruited are equipped not only with the right mix of skills and attitude but also have the visionary power and foresight. Organizations must successfully and proactively adapt to changes in the marketplace to stay ahead of competition. After all, the survival of the fittest theory still holds good more so in the marketplace.