

WHITEPAPER

# Future-Ready, not Future-Proof



# Future-Ready, not Future-Proof: embracing not resisting change

COVID has been challenging for business leaders because it has involved seismic change. But maybe change itself is not the problem.

Change is not intrinsically bad: most successful businesses were disruptive in their own right, started by entrepreneurs who wanted to create change.

It's also not that COVID arrived so fast – companies are hit by unanticipated bumps in the road all the time, from big hits (the financial crash of 2008) to the mundane (the fires, floods and other problems that hit businesses every day).

Change isn't the problem. It's our attitude to it:

- The more we hone our business models and discover success, the more entrenched we are that “our way is the right thing to do things”.
- The larger a business grows, the more embedded its working practices become. It's harder to think differently – which is why disruptive competitors can steal market share.
- And businesses with scalability and a large footprint are also the easiest to leverage for debt – which reduces resilience and subtly further embeds the existing business model.

Indeed the [Financial Times reports](#) that small independent businesses are weathering the COVID storm far better than the big chains, thanks to operational agility and a lower cost base.

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# Flex with tech

Kaihan Krippendorff, author of “The Way Of Innovation” **points out** that companies quite rightly adopt a business model that works – but the flipside is that “they will choose to protect that business model *until the alternative becomes too costly to ignore.*”

It’s therefore in the nature of a business to try to future-proof itself; to shore up its current business model. And when a major crisis occurs, the application of money and resources might well mean that those efforts succeed. There will be businesses which successfully weather COVID through deep pockets and brute force alone.

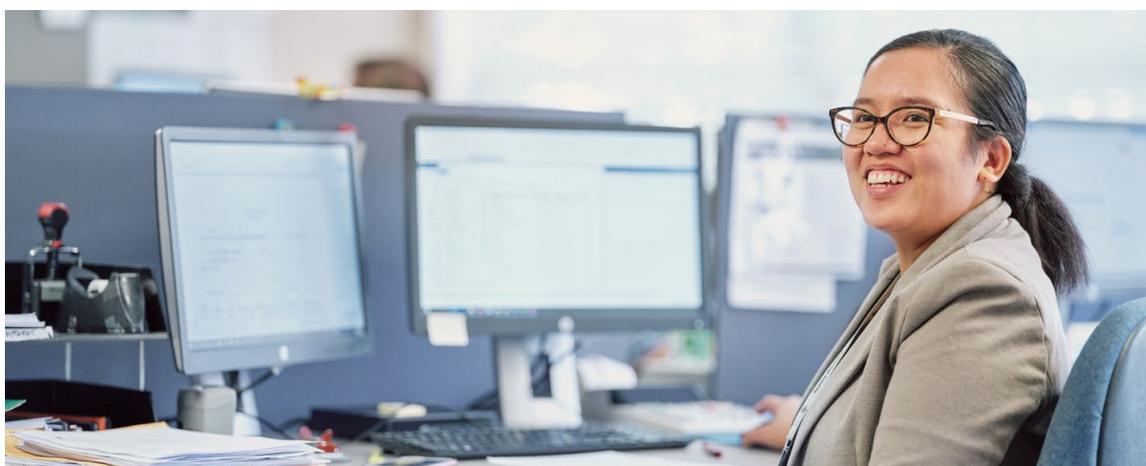
But many others will fail. With size, they have become strong, but also brittle – and when the stress becomes too much, they break instead of flexing.

Instead of future-proofing, it’s wiser, cheaper and easier to be future-ready; to prioritise agility in order to go with the flow of events rather than fighting to keep an increasingly untenable status quo.

Furthermore, some of the barriers that made shoring up an existing business model the right thing to do have now been dramatically mitigated. Twenty years ago, deep pockets were valuable because changing to meet circumstances was costly. Today, with the right application of technologies and people, it’s much easier to alter course and follow new strategies. Krippendorff again: “Why should a company have to choose just one business model? In older, slower, analog days, companies had to offer one form of pricing. But in a digital world in which you can isolate and target small increments of customers, you can offer different pricing schemes for each. In the ‘olden days’, you mass produced one product, but today you can customize. We used to distribute primarily through one channel, but now we use multiple.” His point is that technology allows us not just to cut costs, but also to reduce risks by appealing to an extraordinary range of customer groups and communities.

A senior analysts at Accenture, Tim Jellison, predicted this in an extraordinary prescient report going back to 2012, writing (of the tech industry – but applicable to most businesses today): “We fully expect that most of the industry’s largest players will require at least five different business models to maintain their leadership positions.” Technology gives businesses a greater chance of being more things to more people, and therefore weathering any storm.

# The people at the heart of resilience – and the leadership needed to support them



But technology is a distant second priority compared to your team. Those ‘embedded working practices’ we mentioned above, for example, seem innocent enough but will hold back agility.

In a [McKinsey podcast](#), Sherina Ebrahim, a senior partner in McKinsey’s New Jersey office, explains that agility is “giving [employees] the room to make decisions quickly. It is giving them the autonomy to pull in the right people when they need them, so that they can get the right insights at the right time. And they can actually make choices to move faster than what our traditional, hierarchical, matrixed organizations will allow them to do... If you’re on a team, you feel quite empowered. You feel like you have an end goal. Everyone on the team, no matter what part of the organization you come from, is incentivised on that end goal—not what my function or chapter expects of me.” Being future-ready means pulling down the hierarchies of old business structures and empowering everyone – with the right leadership – to achieve more.

Ebrahim’s words are particularly important because they highlight that people are at the heart of corporate agility. We see technology as an enabler, but technology can only support people and the decisions they make. Indeed the very word “company” means a group of people, aligned around a goal.

Nurturing that agility requires a new set of management skills. Top-down direction won’t serve businesses well today, not least because in our current remote-working world, barking orders creates a one-way street where employees feel even more pressured and (just as importantly) good ideas from the shop floor never percolate upwards.

**Analysts Deloitte suggest** that modern managers must instead cultivate a collaborative ‘supportive management’ style: “Having frequent check-ins [leads] to micro-goal setting and [gives] employees the opportunity to receive constant feedback.

This ‘coaching’ approach allows management to easily assess and measure progress whilst also boosting team-productivity which, in turn, keeps employees engaged – giving them a sense of purpose and achievement in reaching goals. Increased communication between management and employees allows issues and concerns to be voiced, allowing time to more easily anticipate or resolve them. Commitment from the top, to adopt such a supportive management approach, [is] beneficial to all.”

Ebrahim’s agile teams need independence to get the job done fast. Agile management, then, cannot even expect to have a constant handle on life at the coal face, and their job is no longer to give orders. Instead, management’s job is to learn constantly from independent teams (whether that’s understanding the status of the operation or getting advice from their individual areas of expertise) and then to apply that knowledge to ongoing strategy. This new relationship requires:

- **Humility:** egotistical managers will not do well in the future-ready organisation
- **Transparency and honesty:** **Industry Week recently noted**, “What has changed during the pandemic is a significant shift toward employee communications. One executive told us that 70% of all communications resources are now allocated to employee engagement.”
- **Creativity and problem solving:** managers must be there to apply their insight and experience to solving problems and dealing with things when they go wrong (rather than ascribing blame)
- And the ability to **delegate and be hands-off:** in the words of consultants **McKinsey**, “Set up structures to enable rapid decision making [and] create networks of local teams with clear, accountable roles.”

COVID has certainly been a jolt to the system, but we were already living in changing times. The talent pool is evolving fast (to the point that some businesses may choose to educate staff in-house). Consumers want more of their suppliers: from ethics to a sense of purpose. And every business must contend with an increasing degree of digitalisation demanded by customers.

None of these pressures are disappearing, and the pandemic is just an accelerant. Size and deep financial resources will no longer insulate any business from what the futurist, Tom Cheeswright, has termed “high-frequency change”. Instead, even the smallest business can survive – with supportive leadership and a motivated team.

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