

WHITE PAPER

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EMBRACING AND MANAGING CHANGE IS VITAL FOR BUSINESS SURVIVAL

**Managing change requires leaders to be alert to and aware of
the total business environment.**

The Fortune 500 was introduced in 1955. Of the original 500 companies, only 71 remain on the list. How many times have we witnessed the demise of once powerful companies? They were led by well educated, knowledgeable leaders. What happened and more important, why? Many of these companies have seen their strategies become obsolete. New technologies and changing customer preferences have impacted the way they do business. Competitors who engaged change and capitalized on it, did in fact, gain a competitive advantage.

Many business leaders who have developed precise strategic visions did not or could not communicate them to other key leaders within their organization. Leaders must set goals that can be measured and they must get their management teams to buy in at the outset, not mandate participation or cooperation. Managing change, any kind of change, requires an alertness to and an awareness of the total business environment. Many leaders fail to consider the resources necessary to assimilate change in order to make it a reality. The result is a short term, superficial program that quickly disappears. Leaders must realize that the very strategies that once helped them achieve their present successes now may impede future growth. A recent editorial in *Crain's Chicago Business*, (July 25, 2011) noted, "Reinventing a company is painful, expensive, and scary. The only thing worse is watching your competitors run away with your market."

Two things to consider to turn this situation around are analyzing your core competencies and asset management. What does your organization do best? If your company does not have a core competency that you consider essential, what can you do about it? Are competencies for sale? According to a *Harvard Business Review* article authored by Gary Hamel and C. K. Prahalad, they identified three central aspects of core competencies: "they must provide wide access to a number of potential markets; they must make customers perceive that the company's products are beneficial, and they must be difficult for competitors to imitate". Examine your company closely to ascertain its core processes, and search for a strategic fit of those characteristics into markets with similar characteristics. This exercise will provide clues to new strategies and goals.

An asset such as technology can be exploited. Let us imagine that a product is commercially viable and that a market does in fact exist for it. It is not a foregone conclusion that such a product will sell. The perceived competitive advantage must be weighed against the best commercially available alternatives. The greater the perceived advantage in terms of reliability, ease of operation, and savings of time and effort, the more quickly the market will adopt it.

Often this new world of real markets and competition overwhelms both novice and experienced companies and their leaders. Accordingly, many look to strategic alliances with partners who can sell and distribute into a particular vertical market of interest. Effectively managing the company's assets may be as simple as conducting and investigative exercise every six months to determine where the company's real strength lies, or it may be as complex and costly bringing in an outside consultant to probe the organization.

Another modern tool is the internet and the many software programs that have been developed for it. Company websites, utilization of e-mail, use of Intranets, are just a few examples of e-business. Coupled with globalization, trade and outsourcing, and 24/7 availability, this becomes the commonplace way of conducting business for many companies. Banks are using social networks to reach out to consumers about everything from bank fees to product features. Discover Financial, American Express and Citigroup have launched Facebook or MySpace pages. The e-world has reshaped the way traditional communication tools are being utilized, however, the fundamentals have not changed...only the creation and delivery process.

Corporate leaders, executives, managers and supervisors all need to be aware of change on many fronts and how to manage it for their company's benefit. It is a never-ending quest that provides plenty of on-the-job training for the executive officer and the leadership team, no matter how many years of collective experience they bring to the company table. Their commitment is to manage change effectively, leverage all of their core competencies and marshal all of their talents to create new value for the company.

As every disclosure statement seeks to make painfully obvious about a portfolio's performance, "past success is no guarantee of future trends." The same applies to a firm's leaders, to the assets that the company has tallied, and to the company's most talented individuals.

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