

The life cycle of Business – Planning for success

By Tom Bouwer

Businesses, governments, leaders and followers come and go. They all have a natural life-cycle over which they have little control unless they know where they are in the cycle and plan the next steps. This does not mean that life will end, rather that it can evolve according to your plans, having taken into account the external influences and applied the appropriate actions.

Our survival and growth strategy should be based on an understanding of where we are in the current cycle, continuously review our position within the cycle and know when to plan for the next cycle.

It follows that eternal success in business is not a given. The rewards are there for those who know what they aim to achieve and then apply themselves in a focussed manner to identify and optimise the opportunities and to circumvent the obstacles.

There will always be circumstances beyond our control and some failures are inevitable, however a continuous review cycle will provide the key to the essential realignment and appropriate action.

Windfall experiences could occur, however in general, sustained success is not easy, it requires good planning and hard work. One of Winston Churchill's observations says it, 'kites rise higher against the wind than with it'.

One thing is therefore certain, there will be a state of continuous change which generally includes a combination of failures and successes. All things are subject to a 'life-cycle' (depicted by the Sigmoid or Life-cycle Curve) which depicts growth and demise. We can avoid or minimise the negative impact provided that we understand where we are on our current cycle and prepare ourselves for the next cycle. If we don't prepare adequately we could simply continue on a downward spiral.

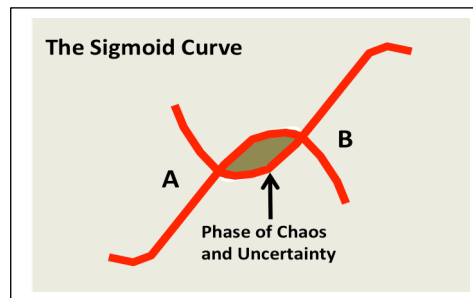
This is illustrated by some of the spectacular failures which have been said to include Enron, Polaroid, Betamax, Swissair, PANAM, Woolworths UK and Commodore Computers. Most readers would recall many more examples especially those close to home or those that have been reported in the press from time to time.

The simple example in the life cycle of nature demonstrates the principle, namely the sowing, cultivating and reaping of crops – where the cycle must proactively be repeated annually.

These lifecycles typify business cycles, where the start and end are far less definitive and more difficult to predict.

Charles Handy, businessman, teacher and author, uses the Sigmoid Curve, or classic life cycle curve, to explain the changes that impact individuals and organisations, he also maintains that the rate of change is ever increasing. This means that you should plan to develop along successive curves over time.

He furthermore believes that not leaving the first curve at A (in other words planning and launching the organisation on to a new cycle) will lead to the death of an organisation.



The implication is that an 'organisation' must reinvent itself periodically to remain alive and to thrive. The situation can be driven by a number of factors, both internal and external, which must be identified and continuously monitored.

The frequency with which an organisation should 'reinvent' itself will depend on a number of internal as well as external factors. Either way it would probably be every 2 – 4 years or more frequently depending on a range of influencing factors, some of which you have control over and others where you have none, for example the PESTLE factors. (Political, Economic, Social, Technological, Legal and Environmental) You should consider the impact of these factors on your business and decide on how to turn them to your advantage.

There are many ways of setting about the process of planning, including a 'do it yourself' initiative, or by using an external source of facilitation. It all comes back to the method that you believe in and are able to exploit and apply to your best advantage. Each will have its merits and its drawbacks, but let us have a look at some of the harsh realities.

There are many good books which contain advice on business development and problem solving, however the downside of the direct application of 'advice' from such sources, without factoring in the specific 'personality' or 'culture' of your own organisation and its people is that you are 'pasting' someone else's solution onto your problem without fully understanding or aligning its relevance to your own specific circumstances.

Generally, examples that are quoted are based on the conditions relative to a specific or model organisation and its own set of circumstances and personality, as well as it's unique ability, or inability to address its own specific requirements.

Yes, the processes may be good but without aligning them to your own circumstances, and the culture of your organisation, the solution may fall short of your expectation or requirement.

Furthermore, organisations seldom fully unpack the reasons why a specific business situation has occurred and consequently they are unable to devise the best way to go about rectifying it. Typically their interpretations and commitments become too superficial.

Each organisation has its unique profile and it is the alignment with, and engagement of this profile in pursuing a solution that will deliver the required results.

It all starts with the understanding the current scope and culture of your organisation, where you are now, where you want to be, and then how and with what strategic action you could achieve your desired outcome.

The question that we need to ask ourselves is, are we ready to deal with the 'uncertainties', are we in fact clear about what they are, better still, are we ready to commit to and are we in fact able to turn our current circumstances to our positive advantage.

We should 'take heart from' The Scientific American Journal – Mysteries of the Mind, which believes that an individual with a clear picture of their future will be able to endure more hardships and hang in when times are tough. This is because the future picture unleashes energy that pulls the individual into the future.

However, no matter how hard we try, if we don't 'do it right' we could become a statistic of failure.

No one said that it was easy. The failure rate amongst new business ventures has been variously reported, and there is no authoritative source, as 50% failure in the first year of operation and 90% within the first five years – which has been disputed and now quoted as 30% failure in the first 2 years and a 49% failure rate within the first 5 years. (These figures are from international sources and vary from one economic region to another)

This still means that one half of all 'new businesses' fail within 5 years. A frightening thought!

Robert Kaplan and David Norton in the 'The Strategy Focused Organisation', cite a high failure rate of organisational Strategies (organisations that have positively defined their strategy) as the result of poor strategy implementation. They say that businesses fail to meet their objectives "not necessarily because they don't have a good strategy but because of the poor implementation of their strategy", showing the importance of not only the elements of planning but more specifically the commitment to and management of the strategy execution. If you do not follow your road map how could you expect to arrive at your destination?

Consider the rise and demise of world leaders, of businesses, of technologies and of individuals, some of whom have successfully re-invented themselves and others who have disappeared from view.

The disappearance of a 'life' can be ascribed to a number of factors, including poor individual vision, phase in lifecycle, action of competitors, loss of relevance, the impact of PESTLE factors, and so on.

As you will see the situation is driven by many factors, both internal and external, and must therefore be continuously considered, monitored and acted upon.

One of the more spectacular reasons for failure, and there have been some spectacular ones both in business and in government, could be what is referred to as 'group-think' which inhibits the exposure of some real challenges.

Group-think occurs where individuals are inhibited from contributing their views, no matter how irrelevant they may appear to be.

This occurs for example when the leadership in the organisation discourages individual thought and effectively disregards what may be considered 'unpopular' input.

Consider the 'Bay of Pigs' example where President Kennedy asked his close advisors – 'how could we have been so stupid?'

Stupidity is not the explanation. The group that made the decision was one of the greatest collections of intellectual talent.

Irving Janis describes the blunder as 'Group-think', which occurs when too high a price is placed on the harmony and morale of the group, so that loyalty to the group's previous policies or to the group consensus overrides the conscience of each member.

'Concurrence-seeking' drives out the realistic appraisal of alternatives.

The above examples paint a dismal picture however the point of this discussion is the more important consideration of business life cycles and the importance of a continuing review and realignment where necessary.

Let us turn back to the serious intent to succeed, and look at some other experiences that highlight the importance of defining and implementing an appropriate business strategy.

In the today's age of the increasing rate of change, the cycle of planning followed by execution, with continuous monitoring and evaluation, must be seamlessly followed by the development of second and subsequent life-cycle curves.

This must be done to avoid a slow demise or the inevitable failure.

It should be noted that new ideas can coexist with old and that they could be mutually supportive, provided that they are unemotionally and proactively applied. This is particularly relevant where more than one generation is involved and egotism starts to play a role in the business review process.

The lesson in all of this is that 'organisations' must reinvent themselves periodically to remain alive and to thrive. As we have seen this is not a simple exercise, but it means that one should:

- conduct a regular 'Situation Analysis', what does your environment hold for you now and what is your current position in your lifecycle,
- consider all of the potential impact areas and their specific impacts,
- define your ideal business outcome,
- measure the extent of possible deviation from the ideal outcome and its relative impact,
- prepare a clear action plan and monitoring and review process to drive future business success.

The point must be made that the actual review and planning process is much more comprehensive than the points mentioned above!

The importance of the monitoring and evaluation of your performance and the continued compliance with your plan towards the achievement of expected outcomes cannot be overstated

Continued success is therefore linked to having a clear understanding of your position along your lifecycle curve, compliance with your strategy and then to be in a position to choose the right time to totally review your strategy.

Charles Handy says this about the paradox of our times - "the things that got you where you are, are seldom the things that keep you there".

As we have seen from the rate of business failure many organisations do not follow a process of strategic review and effective strategy implementation.

However many of those that do so also fail, and there are many reasons, one of which could derive from the method that was adopted in the review process.

As we know, the libraries are full of publications with advice, often based on research into specific successes and failures, however the advice, whilst appropriate in those circumstances are not necessarily of general application. It is therefore important to apply a set of 'tools/rules' that are directly applicable to your own circumstances and needs and that suit the leadership culture of your organisation.

A good case can therefore be made for engaging an experienced facilitator that can add structure to your strategic planning processes and apply the disciplines that avoid the pitfalls referred to in some of the dramatic examples mentioned above.

A good facilitator with a proven methodology is able to defuse the typical tensions amongst members and drive a truly comprehensive review as well as bring additional benefits during this process, including those from a team building and leadership development perspective.