



## Future Proofing – The Global Business Trend for 2009

SCG's research of current global business trends point to a common theme – Future Proofing. What does it mean and are you adequately prepared?

---

### What is Future Proofing?

The phrase **future proofing** describes the elusive process of trying to anticipate future developments, so that action can be taken to minimise possible negative consequences, and to seize opportunities. In a time of increasing uncertainty, with the downturn of the global markets, changing business models and a shift in the economic balance of power, attention is turning to survival strategies for the short to midterm.

The number of business failures in Australia alone is expected to surge by as much as 33 percent throughout 2009, and may further peak in 2010, according to recent findings from the Australian Bureau of Statistics (ABS). The crisis that originated in the U.S., has affected European and Asian economies and with so many local businesses feeling the pressure, there is greater anxiety and uncertainty in the market. This is compounded further as some of our largest domestic businesses including Telstra and Qantas announce jobs cuts and Pacific Brands shut down their local plants.

Whether this downturn is a temporary glitch or a prolonged recession, either of these paths - and others in between - have profound implications for industries, markets, and companies. Although this uncertainty presents CEOs with significant risks to manage, it also offers tremendous opportunities for growth and competitive advantage. This is where "future proofing" comes to the fore. Whilst it is quite sensible to focus on cutting as much cost as possible for the immediate future, businesses must also maintain the agility and capability to bounce back as soon, and as profitably, as possible.

### How to future proof your business

So what are companies doing? Many companies can achieve significant cost reductions by transitioning back office and operations to a shared services provider. Others chant Six Sigma and LEAN as their process mantras to efficiency and cost reduction. However, maintaining an efficient and high achieving local work force is also necessary.

People issues lie at the heart of most strategy execution problems and in the kind of world we are moving into, strategies will likely get more sticky, complex, paradoxical, and people-centric. Future-proofing requires businesses to educate their people to know how to deliver business performance through different business models.

In short, businesses need to be cognisant of their people-planning and training over the long term. The top issue will always be talent and, even if talent management becomes subsumed within the bigger problem of managing an organisation's survival capability and dealing with transition, one of the first priorities for businesses in the current climate is to assess their own people capabilities and skill-sets.

One of the first questions to ask is: "What are the strengths of the C-Level Leadership?" This will give a clear indication of what tasks are getting done, and what are getting neglected. In times of crisis, people tend to focus their energy on the tasks they prefer. This gives them the greatest and most immediate satisfaction, but unfortunately, the unpopular tasks (that get delayed and deferred until they can wait no longer - and then they are rushed through and are done poorly) are often some of the most necessary.



For businesses (and their leadership teams) to survive this rapidly changing economic environment intact they need a team which is experienced; they must be seasoned in providing accurate information, have superior commercial acumen, be supportive of those around them during challenging times, and demonstrated success in whatever their chosen field. With the right people on board, most businesses can handle a difficult economic backdrop.

## Future Proofing Your Talent Pool

So how does a business future proof its talent pool? When should a business start building this team of elites? And how can they afford it, particularly in the current climate? There are a number of strategies that can be employed to build a management team early on that is affordable and will help keep the strategic direction of the business sound and the people on track to deliver.

### ***Part Time Vs Full Time***

First and foremost, look at all the options available when building the team around you, and choose the most affordable and appropriate option. Remember, you don't have to engage everyone in your team as full-time employees. This is often the most expensive approach.

### ***Contract Vs Permanent***

Many of the most experienced executives nowadays prefer not to be full-time employees. They are not looking for the traditional employer/employee relationship. Rather, they provide their services on a consulting basis, thereby enjoying the flexibility and independence of contracting - and having what is sometimes termed a 'portfolio' career. They have a wide range of contemporary and relevant experience and provide businesses with a very flexible solution, as they are only paid when actively engaged.

### ***Ongoing Training & Development***

Once you have decided on the skill-set your business needs, and the most appropriate way of engaging them, you need to find the way to keep them for the long term. This is particularly the case with employees. You never want to lose your best people. These people are fully trained, they know your business and its culture and they can take a long time to replace (literally and metaphorically). Just paying more money often doesn't work in the long term. The provision of training, mentoring, career support and flexible work practices are just some of the ideas to consider to excite your team and to keep it intact and engaged for the long term.

### ***Review Your Team Regularly***

Whatever the stage in the business growth cycle, business leaders and managers must continually review their teams. With many new and challenging issues facing business, including the economic crisis, the aging population and increased job portability across all demographics (not only Generation Y), your ability to attract, engage and retain your management team is key to the longer term survival and success of the business.

## Looking Ahead

There is a plethora of management textbooks and training manuals for businesses and managers, but the world has changed a lot since many of them were published. For some 21<sup>st</sup> century businesses, many of the old ideas may simply no longer apply, particularly in the areas of management, team leadership and labour resources. To keep ahead of the game in these challenging times, you need the resources and people around you that are the most relevant in this 21<sup>st</sup> Century environment. Don't be afraid to engage with your management team. Always welcome fresh ideas from young and old alike. Remember, there is no quick fix for future proofing, just intelligent management.