Leading Growth In Turbulent Times
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Powerful Strategies For Dramatic Growth
If nothing else, the past few years have proved that the world is becoming more unpredictable and more turbulent. Economic volatility, political uncertainty, instantaneous global communication and an explosion in technological innovation have all helped create a world that is erratic, volatile and chaotic.

But how do you take advantage of these conditions to drive your organisation’s future success?

The good news is that turbulence can create many more opportunities than a calm, static business environment. But we believe that you can only realise these opportunities if you:

- **Recognise the drivers of turbulence**, and stay close enough to your customers and markets to understand what’s driving the major changes and can identify the implications for your company;

- **Focus on opportunities rather than threats**, and, in particular, identify ‘no regrets’ moves that are likely to deliver success whatever the level of turbulence that hits your business; and

- **Lead yourself effectively**, and share your inner calm and confidence with your team and your wider organisation.

This paper sets out key insights and effective strategies for success on each of these three dimensions. Turbulence is here to stay. The question for you, as a business leader, is not “How do I survive it?” but “What do I need to do to ensure that my business grows, thrives and prospers?”

### Part 1: Market Turbulence Is Here To Stay – We need to get used it, not just hope it will go away!

#### The 8 Drivers Of Market Turbulence

Since the 1973 oil crisis, the level of turbulence, uncertainty and ambiguity that companies face has risen exponentially, which has dramatically increased the difficulty for CEOs and their executive teams to set out clear strategies for growth. There are 8 drivers of turbulence that reduce any organisation’s ability to predict and forecast the future of their markets, limiting management’s ability to invest with confidence.

1. **Competition Overload.** The level of competition in most markets continues to rise dramatically. The growth of international competition, in particular, has changed the rules of the game. We are all part of globalisation; even if you choose not to take your products and services beyond your national boundaries, your global competitors will be coming to you.

2. **Economic Volatility.** Since 1973, there have been a series of booms and busts, and unpredictable cycles of growth and decline. Finance ministers across the world appear to be relatively powerless to prevent them from happening and can only, at best, seek to minimise their impact on more vulnerable areas of their economies.
3. Consumer Unpredictability. In line with economic unpredictability, shifts in consumer tastes and preferences can also be highly erratic. Following the 2008 economic downturn, for example, consumers kept their taste for high-technology products and were still willing to pay many dollars more for a leading edge smart-phone, but lost interest in environmental issues and were less likely to pay a few cents extra for organic food.

4. Technological Turbulence. Web-based developments have transformed customers’ ability to review your prices and performance against your competitors and, if necessary, use suppliers from other countries. For many CEOs, brought up in the era of slide-rulers, these developments can, at times, be barely comprehensible, but the pace of change continues to accelerate. New developments such as ‘cloud computing’, where companies use the web to access the IT capacity and capability of other businesses, will continue to revolutionize the business landscape.

5. Media Explosion. From individual bloggers and tweeters, to the world’s largest media behemoths, there is no longer any hiding place for your business. If you have acted unethically, even in an individual instance, and often when you have not, someone somewhere will make sure that it is brought to life. You have no option, anymore, but to be totally transparent and authentic in your operations and communications.

6. Customer Power. The relentless rise in competition, the torrent of technological innovation and the explosion in media activity has served to put customers in the driving seat of most business relationships.

7. Unexpected Disasters. In 2010, for example, the terrible explosion at BP’s Deepwater Horizon oil rig in the Gulf of Mexico and the subsequent massive leak of oil into the sea and surrounding coastline created an environmental disaster for the region and a corporate disaster for BP. But how many of you are confident that you could (a) prevent an equivalent disaster for your business, and (b) would be able to respond well in the face of such a catastrophe? I doubt whether many CEOs or organisations would measure up.

8. Geo-Political Power Shifts. Over the past 30-40 years, the US-Soviet Union duopoly has been destroyed and the US is left as the world’s only true superpower. Since 2000 economic and political power has shifted eastwards, primarily to China, but also to India and other Asian states, as well as Brazil and a resurgent Russia. The rise of these countries creates new market opportunities for many corporations but deciding where, when and how best to invest in these markets is a much tougher call.

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In the face of this level of turbulence and uncertainty you may be forgiven for wanting to batten down the hatches and simply ride out the inevitable storms. Unfortunately, this is unlikely to be a recipe for success. On a more optimistic front, all the evidence shows that companies that are able to consistently invest in the business, regardless of the external economic conditions, are most likely to prosper in the medium and long term.

The key to successful strategy leadership in turbulent times is to be proactive and take control. The world may be full of dangers and risks, but it is also a source of endless opportunity, and changes in customer needs, economic conditions and technological innovations can provide the opportunity to create new, valuable revenue streams for your business.

In fact, most business successes occur when a company becomes the first in its market to exploit the windows of opportunity created by shifts in the business environment. These companies may not be the first to spot the opportunity, but if they can be the first to take advantage of it they are likely to reap the rewards.

So what does this all mean for you as the leader of your business? There are seven ‘no regrets’ steps you should take to drive the medium-term performance and strategic position of your company.

1. Make your customers’ lives easier. The frenetic pace and complexity of every day life – both for individuals and organisations – has placed a premium on services that make lives’ simpler and easier. Tesco has built an incredibly powerful brand around the phrase Every Little Helps, and it’s the idea of creating many small ways in which your customers find it easier to do business with you that will drive growth. Sit down with your team and spend some time identifying where, over the past 12 months, you have made life easier and more difficult for your customers, and then agree how you can grow by making their lives easier in 2011. What 3 steps would transform your customers’ perception of how you make doing business simpler?

2. Increase your organization’s speed and responsiveness. Convenience, speed and responsiveness are becoming increasingly important in our fast-paced, technological world. These investments and innovations are second nature to convenience-driven companies such as Amazon and McDonalds. Amazon, for example, now allows its customers to pay a one-off annual fee for which they promise next-day delivery on all purchases, and by 2007 over 40% of McDonalds restaurants were open non-stop. But it’s not just these convenience players who are driving speed and responsiveness; companies with different competitive strategies are also raising their game. For example one of Stuart’s clients, Bristan (the UK’s leading taps and showers business), a company driven by its product innovation, provides a next day delivery service for its trade customers. What are the major blocks to increasing your company’s speed, and how could you explode these barriers to step-change your responsiveness?
3. Develop closer, trusted relationships with your customers.
Given the level of choice available to your customers, and the ease with which they can now switch, you must have strategies to find your customers, satisfy and retain them, and increase their share of spend with you. As in our personal lives, stronger relationships make it more likely that your customers will stick with you. It is far more difficult for your competitors to copy your relationships than it is for them to copy your prices and your products. A key step to better customer relationships is making it easier for your customers to obtain information and knowledge. Just look at Google. It’s ability to share information—for free!—has made it one the world’s most valuable brands. What opportunities do you have to share information and knowledge, and get closer to your customers?

4. Look for ‘the next big thing’.
Most business successes occur when a company becomes the first in its market to exploit the windows of opportunity created by shifts in their external environment. When Steve Jobs returned as CEO to Apple in the late 1990s a business school professor asked him what his strategy would be. Jobs simply said, “I’m waiting for the next big thing.” Jobs knew that Apple’s markets are chaotic, unpredictable and driven by technological innovation and that the company could improve its position and performance by taking advantage of a new opportunity. For Apple, the ‘next big thing’ was iTunes, and its success led to the iPod, iPhone and other product successes that have catapulted the business back to the top of Silicon Valley’s list of winners. What opportunities do you have to share information and knowledge, and get closer to your customers?

5. Exploit your latent assets and capabilities.
In the 1990s IBM transformed its business fortunes by turning its after-sales service support expertise into a front-line consulting business. Understanding and exploiting where you already have potential sources of competitive advantage within your existing business can dramatically accelerate your growth and profitability. You will benefit from the fact that you do not need to invest as much to generate returns and that you can implement more rapidly. Where could you use your existing assets and capabilities to create new revenue for your business?

6. Invest in partnerships.
The high levels of turbulence in most markets, more rapid product life cycles and the surge in technological developments make partnerships a critical element of any growth strategy. Procter & Gamble now targets over 50% of its new product launches from ideas and technologies sourced from outside the company. Where could you use external partnerships to accelerate growth?

7. Relentlessly reduce the costs of complexity.
A key and often-unseen driver of your operating costs is the inherent complexity of your business organization. Complexity comes in many forms, including the number of product or service lines you offer, excessive management layers, lengthy and involved decision-making processes, unclear accountabilities, a large number of corporate objectives and programs, and too many performance measures. What opportunities do you have to reduce complexity, drive down operating costs and accelerate profit growth?
Part 3: Turbulence And The Leadership Imperative – To Lead Your Organisation, You Must First Lead Yourself

Turbulent conditions demand leaders that are resilient, that have vision, and that are able to make decisions based on reality, not on how the think things should be, or on their fearfulness.

If you spend a moment thinking about and learning the lessons from our history, you’ll see that the coming year will be a walk in the park compared to past turbulent times. For example, a key factor that helped the people of the UK survive and eventually succeed in WWII was Winston Churchill’s leadership. What did he do that was so special and powerful enough to unite and inspire a nation facing overwhelming odds, and what can you apply to leading your business?

We believe we can abstract at least three principles used by Winston Churchill that will help your business today:

• A clear plan of action or strategy;
• Reality based decision making; and
• The development of personal resourcefulness and the ability to bounce back from setbacks.

Churchill knew exactly where he wanted to take the country and what he wanted to achieve. His decisions were based on external observable reality, not on his own internal fearfulness and finally, he had the ability to bounce back from tactical defeats.

Do you know where you want to take your business in 2011? Are your decisions based on observable reality? Do you possess the resourcefulness needed to bounce back from temporary setbacks?

How economic turbulence can affect leaders

Economic uncertainty often results in anxiety, which in turn results in paralyses of thinking and action. This can produce a crisis of internal personal confidence and external inability to lead, and these feelings can spread throughout the organisation, reducing performance.

When the future is uncertain, we worry. We worry about what might or might not happen; and, especially as a business leader, we worry about our performance and whether we are up to the task.

On a brighter note, this anxiety usually results from your perception of the situation rather than the actual situation itself. Here is a simple technique that you can use to contain your anxiety, maintain a clear focus on what needs to be done, and maintain control of a situation that might feel chaotic.

• First, write down a brief description of the situation that you feel concerned about.
• Second, write down any negative, pessimistic thoughts about the situation.
• Third, write down some reality based and optimistic challenges to those negative perceptions.
• Finally, look at the piece of paper and think! Leaders get paid more than others because they have the ability to think, when others react. You will see all the options in front of you and this will help you to make the right decision.

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Emotions will play a key role in your success over the New Year. Your emotional reaction to future events, and resulting behaviour is caused by your thoughts about the situation, rather than the actual situation itself. If your thoughts about the future are negative and full of doom and gloom, this will guide your business strategy and actions.

On the other hand, if your perception is realistic, acknowledging the uncertainty, but at the same time looking for new opportunities, this will result in feelings more akin to excitement and optimism, and a strategy reflecting this more positive and realistic attitude. Three things are needed to be able to achieve this.

• First, you need a well thought out, reality-based, and clear plan of action for the future. In other words you need an optimistic, results-based strategy. This will provide the framework to guide your decisions in turbulent times.

• Second, you should constantly remind yourself, that our feelings and actions are not a direct product of the situation, but rather of our perception and thoughts about the situation. This will help you to see the opportunities and not just the threats.

• Third, You need to develop the resourcefulness needed to respond in a calm and thoughtful manner to any problems that will necessarily arise.

The good news is that you can develop your resourcefulness. Developing supportive relationships at home or with loved ones, accepting support, setting realistic goals and taking smaller steps, taking a longer term perspective and not blowing the significance of your successes or failures, and looking after your health will help you to stay calm, keep perspective and lead your team to new growth.

Conclusion

The level of market turbulence will continue to rise. To succeed, you must better understanding the drivers of the turbulence affecting your business, identify the growth strategies that are most likely to succeed, and be able to calmly and confidently lead your organisation.

The insights and techniques we’ve set out in this paper will provide you, and your company, with a great foundation for achieving these three objectives and help you to lead growth in turbulent times.

About the authors

Stuart Cross is the founder and director of Morgan Cross Consulting, and helps clients including Alliance Boots, Avon Cosmetics, Groupe Aeroplan and RBS Commercial Insurance to create and deliver powerful strategies for dramatic growth.

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Stuart Cross of Morgan Cross Consulting is a consultant, coach, speaker and writer who helps some of the world’s top companies to dramatically accelerate profit growth.

His clients include Alliance Boots, Avon Cosmetics, Groupe Aeroplan, RBS and PricewaterhouseCoopers.

“I would recommend Stuart Cross to any company looking for creative solutions to challenging strategic issues.”
Rick Mills, Director of Strategy, Alliance Boots

“Stuart helped us create a new agenda that will drive significantly higher levels of growth.”
Stephen Ford, SVP Strategy, Avon Cosmetics Inc

“Stuart brought a new perspective.”
Paul Woolston, Head of Public Sector Assurance, PricewaterhouseCoopers

“I would definitely recommend other leaders looking to develop compelling and robust strategies for growth to speak to Stuart.”
Jeremy Ling, Chief Executive, Bristan Group

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