



COMPETING IN A FUTURE OF UNKNOWN UNKNOWNNS

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At a Glance:

- Major structural movements in technology, demographics, and geopolitical intervention has created a constantly changing competitive environment
 - Infrequent waterfall decision processes must become dynamic, malleable sprint cycles that deliver incremental value
 - Competing in a future of unknown unknowns will require a change in mindset, empowering nimble teams, and embracing calculated risks
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In this ever-evolving competitive environment, businesses are faced with relentless pressures from external threats and potential new market disruptors. Organizations must alternate their focus between managing current competitors while strategizing against upcoming unknown threats in an unknown future market landscape. While withstanding present day pressures maintains the business of today, the agility of the firm and the ability to reinvent on the go will define the business of tomorrow. Businesses are consequently in a demanding position to compete with theoretical enemies and meet the hypothetical needs of the future consumer to remain successful.

In order to achieve these goals, the old-era thinking must be changed. The step-by-step, waterfall process from design, development, testing and finally to implementation needs to be reconsidered. This rigid method relies on a one-way translation from customer-facing representatives to back-office development teams.

The business of tomorrow requires that structured models be transformed into dynamic living organisms. This allows organizations to constantly analyze changing variables, iterate with tangible feedback, and adjust course in real-time. By turning long marathons into short sprints, businesses become a malleable fluid that can adapt to current trends, modern technologies, and present surroundings.

This modern approach was first introduced in 2001 when a group of individuals were looking for a better process to develop and deliver software. These developers had found

that existing procedures were ineffective and noticed that projects were never completed on time or within budget. This systemic ineptitude helped this group establish a new development method built on being customer-focused, open to new ideas, and collaborating early and often.

These concepts are now applied to many functions outside of software development and underpin the modern successful business. While this idea is almost 20 years old, a few major global structural movements have made agility, adaptability, and malleability a necessity today.

1. **Giant leap in technology and connectedness.** Smartphones, tablets, and other portable electronics have allowed people around the world to be connected all the time. Sentiment shifts and emerging trends can occur spontaneously, and organizations must be prepared to act immediately. The importance of being responsive and proactive have made technology a lead priority within all companies.
2. **Ageing of the golden millennial generation.** The golden millennial generation now spans young adults entering the labour force to experienced managers being groomed to be the leaders of tomorrow. This group has only known a world with computers, phones, and the internet at your fingertips. Millennials will soon become the largest living adult generation and the most powerful consumer group. This unique age class is defined by being technology savvy, prioritizing prompt satisfaction, and able to explore alternatives globally. Businesses must have flexible systems in place to be able to adapt quickly and as necessary to meet constantly changing consumer needs.
3. **Rise of regulatory uncertainty and risk.** Businesses must understand the macroeconomic constants in the environment in which they operate. However, governments and regulators globally have increased their scrutiny into the operations of many businesses and these organizations are now faced with a variety of moving goal posts. Since even the slightest legislative revision could potentially have significant compounding effects downstream, being able to understand the latest

geopolitical conditions and seize arising opportunities is an important foundation to business success.

As these tectonic changes unfold, a successful organization needs to be able to adapt against any number of threats from any direction. An agile system and structure will allow organizations to dynamically adjust accordingly. In order to prepare for a future of unknown unknowns, businesses must make conscious decisions to adopt certain mindsets.

First, organizational reengineering starts from the top. C-suite leadership must make a concerted effort to change their style from a command, control, and directive approach to a fast, focused, and flexible ongoing process. Enterprise-wide objectives should be set from organizational leaders and a focused number of goals should be prioritized across the organization.

Once the company vision is clearly communicated, leaders must then empower adaptable and nimble teams. Unlikely solutions to complex problems can be found from anywhere within the organization. By creating a support system to create the conditions for success, these small, autonomous teams develop ownership mentality and have the agility to implement directional changes as necessary. Nurturing self-sustaining ecosystems and enabling internal communities will foster conviction throughout the enterprise. Leaders create a culture of accountability while guiding all organizational members with the same fundamental set of principles, goals, and long-term vision.

Self-governing teams must then be mobilized to deliver maximum value by working through small feedback cycles. Traditional infrequent strategic decisions must be transformed into a more continuous, organic approach. Real-time planning allows an organization to allocate its scarcest resource, human capital, efficiently and effectively. With short sprints that deliver incremental value, strategic directions can be examined and evaluated much quicker. These feedback cycles provide the ability make course corrections as soon as possible and helps mitigate the costs of misguided decisions.

Nevertheless, in order to fully capitalize on the agility of the firm, businesses must remove barriers to change and be open for risk-taking. Leaders must encourage exploration, discovery, and embrace calculated risks. Having teams immersed in ongoing discovery, value can be delivered at the beginning, middle and end of any cycle. Organizations cannot be afraid to make potential game-changing adjustments at any point in the development process as they have the security and understanding that short sprints massively de-risk those decisions and minimize the magnitude of sunk costs.

These cultural shifts within an organization are monumental challenges and take time. An initial application of these methods should start at a small scale and gradually be adopted as practical. In practice, certain agile techniques may reshape some functions while the same techniques may be futile at transforming others. A concurrent integration initiative may be necessary to ensure that traditional departments and empowered, cross-functional teams can co-exist constructively within the organization. Leaders should experiment with these concepts to determine the characteristics that best suits their people, such as the timing of sprint cycles, size of nimble teams, and measures to ensure a continuous approach is undertaken. When adaptable teams are mobilized to take informed calculated risks and adjust with tangible feedback, innovative ideas become a concrete reality.

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