

## SIMPLIFY COMPLEXITY

**Global economic turmoil continues to plague business cycles, posing cumulative challenges to management in an increasingly complex, volatile and unpredictable market.**

By **Sandra Burmeister**, CEO,  
Landelahni Recruitment Group

**A**s energy and water shortages extend their reach, the focus has moved from yesterday's knowledge economy to today's resources economy. We are feeling the impact of the globalisation of markets and the global mobility of human resources. At the same time, financial constraints are still in place alongside over-capacity.

As the lack of predictability and certainty becomes an accepted notion, business agility is critical. Keeping wired into what is happening – locally and globally – is the only way managers can develop the resilience to cope with ambiguity and adapt quickly to dynamic changes.

The global recovery has been erratic at best, forcing many companies simply to tread water. Within the maelstrom, the essential qualities of leadership have shifted towards a more collaborative, consensual, value-based style. As described in the book, *Apples are Square*, the "control and compete approach ... is being replaced by a softer set of leadership qualities: service, humility, compassion, transparency, and inclusiveness."

We are moving to a new template for leadership. This is heralded by sea changes such as the appointment in 2007 of Drew Gilpin Faust, as the first woman president of that eminent institution, Harvard University, where just a few years earlier she would have been barred from crossing the threshold of the faculty club.

Harvard Business School tries to cultivate leadership qualities which it believes are fundamental to good leadership today: "Things like judgement lead to sound decision-making, an entrepreneurial point of view, the ability to listen and communicate effectively, a deep sense of one's values and ethics, and the courage to act, based on those values and ethics." These are the leadership qualities that can harness the power of the team, as organisations battle to mobilise the workforce for speed and flexibility.

And we're not just talking about leadership at the helm of the organisation. Small units

remain the core of the business when it comes to execution of strategy. So focus on your people in the front line. Without good management at the front line, small units stumble, no matter how sound the business strategy. To achieve consistent revenue growth and profitability over the long-term, develop small units, pinpoint future leaders early on, and coach and mentor them to fulfil their potential.

While the SA economy remains in recession, there remains the need to get back to basics – the three building blocks of managing a business. But it's not as easy as it sounds.

We have an entire workforce – up to their mid-thirties – who have never been through a major recession before, and many have found it difficult to redirect skills learned in an expanding market. One of the trends we've seen since the start of the downturn is young CEOs exiting the business and 'greybeards' coming in to navigate the organisation through cutbacks and restructuring so as to build a sustainable base.

You need to manage your costs and keep them low so as to achieve competitive pricing and grow your customer base, even in a tight market. You need to find operational efficiencies and eliminate peripheral products to focus on your core business. Consistent excellent service to customers remains the key. It's only on that basis that your business will be sustainable in the long term.

Once you've addressed internal operational efficiency and you're running a lean organisation, it's time to find new revenue streams and new markets or geographies and develop new products and services. Management must be wired in to external market intelligence and work out ways of how to access market intelligence better and faster. You need to keep in touch with the market, so that you have the agility to respond quickly to new opportunities or threats.

It remains a time for managers to roll up their shirtsleeves and get back to basics – while keeping an eye on likely future trends. Stick to your core business and continue to trim extraneous costs, but keep your eye on the big picture so that you can be ahead of the wave when new possibilities present themselves. ■



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