



BUSINESS DISRUPTIONS

THE LEADERSHIP CHALLENGE

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LETTER FROM THE AUTHOR



Strong leadership is the cornerstone of a successful business. For over 45 years, our team has worked alongside some of the largest and most successful companies in the world. As consultants, we've witnessed countless business disruptions and with it, exceptional leadership-- as well as leadership that falls far below the mark. Running a company for almost a half-century has given me a unique perspective on the value of strong leadership in times of great change, and the risks associated with not making the cut.

It is with these unique perspectives and experiences that I am pleased to bring to you my latest e-book, *Business Disruptions: The Leadership Challenge*. I believe what you'll find in the pages beyond are tangible tips and tools to help any leader rise to the challenges often faced in business today.

Business Disruptions are inevitable in any operating environment, how a company reacts to these disruptions will be the difference between business success or business failure.

- Tony Nuzio, Founder, ICC Logistics , Inc.

BUSINESS DISRUPTIONS: THE LEADERSHIP CHALLENGE

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“When the rate of change outside exceeds the rate of change inside, the end is in sight.” — Jack Welch

The message here is clear; Are we prepared as a company to manage the external change dynamics with our in-house capabilities?

Businesses must immediately identify these disruptions and immediately react to them in order to ensure long term business survival. The reality is that many companies are just not equipped to properly forecast what change or disruption is coming. Either way, they must be savvy enough to understand that disruptions are inevitable.



The Landscape of Change: *“...I was never the smartest person in the room, and from the first person I hired, I still wasn't the smartest person in the room. And, that's a big deal. But right now everybody in the room thinks and behaves like they're the smartest one there...we can't agree on anything...I can't get traction on anything we need to do...now I've got real problems...this needs to change...” —CEO Financial Services Company*

Sound familiar? Many businesses have tremendous management talent. However, when their businesses are suddenly struck with a business disruption that has never been encountered before, are they really capable of rallying all the troops in a coordinated, same-direction effort? Do they have the ability to immediately create cross-functional teams to not only clearly identify the business disruption challenge, but more importantly, handle that disruption so that it does not “kill” their business?

So where should companies start?

Here are some questions businesses must consider...

1. What really happened here? Are we sure what we 'think' happened did in fact happen?
2. Why did it happen; and more importantly, could it happen again?
3. Was it something the company was totally responsible for, or was the disruption generated by circumstances completely outside the business' control?
4. How will the company be affected by this disruption? What are other possibilities we may have overlooked?
5. Does the company fully understand the magnitude of this business disruption?
6. Why is it important for the management team to immediately address the issue(s)?
7. Can the company be successful in handling this disruption with only company resources?
8. If not, who does the company need to hire, or partner with to ensure the business' long-term survival?

Typical Barriers to Change and Business Disruptions Companies Encounter:

- Resistance to change; denial that immediate action or any action for that matter is required

It's simply human nature and ultimately the number one barrier to successful change and business disruption management



- Limitations on existing business systems to properly identify and potentially challenge any change or business disruption strategy
- Lack of corporate management's commitment to immediately and properly deal with the change or business disruption
- Lack of cross-functional teams to completely identify and implement the required change or business disruption strategies
- Lack of technology to identify and pinpoint the areas in a business that must be changed in order to immediately overcome the disruption and ensure ongoing business success.

Next Steps in the Process

Once the barriers are identified and there is a complete and concerted effort to meet the business disruption challenge, the next steps are:

1. The need to always be one step ahead of the curve; to continually keep pace with any change and business disruption challenge the company will face.
2. More importantly, every business must have the foresight to anticipate what is coming down the pike; this is called a “sixth sense” mentality.
3. Finally, trust the team’s gut.



Most of the time these gut feelings are initial indicators of what is actually coming. However very often companies and their executives fail to properly react to these gut feelings and miss opportunities to properly address change and business disruption actions.

As we see it, there are three key critical components for determining the extent of the disruption and setting the framework for leading change management initiatives to resolve any problems:

1. **Gap Analysis:** Where is the company today; what is the current state? What does the company need to do to ensure the businesses’ survival?
2. **Mapping the Journey Forward:** Businesses need to have a clear vision of what lies ahead. What are the challenges the business will face in the short-term as well as the long-term? Are there any constraints now; will there be any constraints in the future; if so, what are they and how does the company navigate through those constraints to ensure success?
3. **Create a Compelling Vision for the Future:** Businesses need to create a successful path to ensure their short-term and long-term survival goals are met; one which is based on analyzing rational business models and performing on-going analysis; creating buy-in from all key stakeholders and building strong coalitions. The death knell to any business disruption initiative is the lack of total buy-in. Companies need to align purpose, mindset, roles, strategies, performance, and ultimately rewards throughout the entire organization.

Performing **Gap Analyses** and **Journey Mapping** most likely will require businesses to move into uncharted territory, the unknown as it were, and that can be a very scary place to operate in. It will almost certainly include moving from the company's comfort zone to a very complex environment. How a company navigates between these diverse zones will determine just how successful the company will be in succeeding in their change/disruption management initiative.

Some of the changes a business might encounter include merging teams or organizations that may be very diverse in nature and in culture. It may include significant downsizing. It may include the need to immediately outsource key operations. It may include the need to immediately remove or add new products or services.

It may even mean changing a company's value proposition; one which perhaps guided the company for decades.

In order to successfully and properly map a company's journey forward in times of change, leadership will need to clearly identify and resolve primary and secondary constraints so they can achieve higher performance levels. They need to identify which condition or conditions are the weakest; is it people or is it the process, or perhaps a combination of both? They will need to resolve all of these constraints to achieve the highest ROI for the company, but more importantly to ensure the company's long-term survival.

The company needs to create a compelling vision for the future. In order to do this, companies will need to be successful in creating high performance teams that are capable of continually identifying these business disruption threats and have the ability to resolve all constraints each and every time they are encountered. This requires corporate investments in time, talent and finances, all in a collective effort to ensure a successful future.

To start, it's important to identify what leadership characteristics are needed from corporate management teams to successfully deal with these business disruptions

Competency – If management cannot deliver and/or act on the message, no one will follow the plan

Composure – What leaders do during these times will ultimately define their long-term business success

Courage – The need to always do the right thing; the ethical thing. Sometimes leaders need to make decisions that may be unpopular, but those decisions may be the right decision for the continued success of the organization and for its shareholders; it's never personal

So, assuming a company's leadership has at least these three important skill-sets, what obstacles might a business encounter that would inhibit them from being successful in handling these business disruptions?

It's important to remember that there are always two sides of change that should be of top concern to businesses whenever there is a major change and/or a business disruption. The first side is the "Technical" side of change, and the second is the "Human" side of change. Both sides should be of equal concern and of equal importance for all businesses. However in many cases, businesses typically focus on the technical side of change and fail to address all of the circumstances surrounding the Human side of change.

An argument can also be made that the Human side of change is in fact a more critical issue to be addressed than the technical side of change. Businesses will ultimately react as they have been conditioned to react by their long standing corporate culture. Is the business a "people focused" business or a "process focused" business? For those businesses that are "process focused", we urge them to also consider the human side of change; it will have a tremendous impact on the success or failure of change management.

Seven Principles for Team Success:

If companies are going to be successful with their business disruption strategies, they will clearly need to develop a Team Success approach. So having said that, what are some of the elements of a Team Success strategy?

- 1. Everyone needs to be inspired by a purpose** – In professional team sports, it's not one individual that is responsible for the success or failure of a particular game or series of games; it's the entire team's responsibility. To be successful, each teammate must buy-in to the game plan or game strategies. Once there is total buy-in, each member of the team does their part to make sure the outcome always results in wins and not losses. The same philosophy should apply in business where ALL key stakeholders understand the mission and how critical their individual involvement is in the overall success of the business disruption plan. Leave one or more of these key stakeholders out of the game plan and the plan will be ripe for failure.
- 2. Everyone must be focused on the shared journey** – Again, everyone on the team needs to buy-in to the mission and fully understand their part of the plan. Success will only come when there is a shared plan with all of the key stakeholders pushing or pulling in the same direction. Companies that have some team members pushing in one direction while others are pulling in an opposite direction will surely fail. Don't think this can happen? It WILL happen if the mission is not properly strategized, completely understood and followed to the letter of the law by everyone on the team.
- 3. The team must be held accountable and maintain a collaborative mindset** – First, every team needs a leader or leaders. Secondly, that leader or those leaders **NEED TO LEAD!** Sounds logical, of course but very often assigned team leaders fail to lead. And, you can be sure of this, if there is no one to lead, there certainly won't be anyone following.

This also means that no one on the team will be allowed to point fingers at others if there is a problem or a complete failure. To ensure success, everyone on the team must work in a collaborative way and all be held jointly responsible to achieve success.

4. **Ensure the right skills are aligned with the right roles** – The old adage that says “you can’t fit a square peg into a round hole” is very obvious, however companies continually try to achieve success with the wrong people in the wrong roles. Businesses must have full knowledge of the capabilities, strengths and weaknesses of their team members and properly assign specific responsibilities that allow the team members and the entire team to be successful.
5. **Create strong and clear interdependencies which reinforce team agreements** – So we all know that a “chain is only as strong as its weakest link.” So, if a team is going to be successful, everyone on that team needs to work hand-in-hand and support the team to the best of their ability. The team leader has the responsibility to ensure that the team will be successful by ensuring there is no “weak link” in the team’s chain. And, if a weak link should appear at some point, the team leader or leaders need to make an immediate change to eliminate or rehabilitate the weak link.
4. **Advocate strategies to ensure successful outcomes** – Every step of the way, the team leader(s) and the entire team must be focused on winning the battle or, more likely, battles they will be facing as they navigate through the business disruption/change management process. A hitter in a baseball game must keep his eye on the ball if he or she is to be successful. The same is true for the corporate team charged with steering the company to successful outcomes--by never taking their eyes off the mission.
5. **Design a laser-focused implementation plan that resolves all constraints for the highest level of success** – Is the team a strong team with a clear focus? Does the entire team have aligned priorities? Does the team act with accountability, and finally does every key strategy, decision and activity have a single owner who is accountable? Is the team laser focused to ensure total success?

The team must be clear about where shared work exists and who is responsible for what part of that shared workload. The team must also be able to collaborate effectively and have clear and effective rules of engagement.

All team leaders must advocate for total alignment of how to move forward to ensure a successful outcome, each with the perspective of their own role in service to the ultimate results. Committed to communicating a compelling way forward, taking action, changing courses if and when necessary, and delivering tangible results in a way that creates confidence and trust.

If the team's current purpose is not clear and not inspired, it must be challenged to move to a state that inspires the team by its overall purpose.

Secondly, teams that are not of the same mindset are distrustful of each other or are completely unaligned. They must be challenged to move to a high degree of mutuality, trust and total collaboration.

And finally, teams that find themselves with unresolved conflicts, or operate like two ships passing in the night, must create clear systems of on-going meetings and protocols that drive conflict resolution and create specific strategies to monitor key processes and ensure successful outcomes.

When businesses work hard to properly identify and deal with sudden change and business disruptions, especially in a coordinated and collaborative effort, they immediately gain the ability to achieve the following powerful results.

First – Team members begin to adopt and share a common language and establish goals for assessing and raising the performance standards of their entire corporate culture.

Second – CEO's and other corporate executives immediately begin to gain strong confidence in their corporate leadership in an effort to drive more and successful accountability.

Third – The entire corporate team finally understands how to systematically create a clear line of sight right down through their organizations. They make simple yet highly effective sequential investments in allocating time, assigning talent requirements and committing financial resources to create conditions for success.

Highly successful corporate teams charged with identifying and resolving business disruptions also benefit by removing many former constraints, such as ineffective mindsets which cloud thinking and prohibit success. These successful teams immediately gain the ability to practice and adopt feedback and conflict resolution protocols, thereby clearing any remaining obstacles to achieving success.

In turn businesses typically find themselves with new business leaders with restructured roles. Teams begin to align themselves to assure that not only are growth strategies met but future business disruptions can be immediately identified, properly acted upon and resolved without any fear of disaster.

Seven Questions Every Successful Change Management/Business Disruption Team Need to “HONESTLY” ask themselves...

- 1. Are we a strong team operating with a clear purpose and do we have high expectations for the team leader as well as for all team members?*
 - 2. Do we have aligned priorities driven by real and timely data on our current state and are all of our priorities aligned to ensure a successful future outcome?*
 - 3. Do we think and act with full accountability and clearly demonstrate leadership qualities, keeping everyone inspired and continually inspiring others?*
 - 4. Does every key strategy and decision have a single owner who is totally accountable for execution and owns driving key issues for a successful resolution?*
 - 5. Are we clear where shared work exists; are we innovating and collaborating effectively, and do we have clear, concise and effective rules for engagement as well as business protocols?*
 - 6. Are all team leaders advocating their strategy and then aligning positive ways forward, each from the perspective of their role in service of achieving successful business results?*
 - 7. Are we engaging and communicating a compelling way forward, taking immediate action when and if necessary, changing course direction when needed, and delivering tangible results in a way that creates collaboration, confidence and trust?*
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We truly hope that these keys for success to handling change management and business disruptions will be useful in your business. We would really like to hear from you as to how you and your company overcame its business disruption challenges, or perhaps what didn't work and why. We are sure there is much we can learn from everyone's individual experiences.
