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## Planning for the future

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IN THE SEARCH for new markets and to beat the competition, companies and managers need to better prepare for the future. The shape of future competition will be very different. The marketplace in the future will also be vastly different with new and more sophisticated customers. It is therefore increasingly vital for managers to have a strategic plan that will enable their companies to face future challenges with greater fortitude and success.

Strategic planning requires managers to be able to anticipate what the future holds. Developing scenarios of the future is one such technique to better prepare for the future. Anticipating change is another vital ingredient for success. Envisioning the future whereby one creates the future is another essential success factor.

To win in the future marketplace, companies need to do two things well. Firstly, they need to continually improve themselves so as to achieve maximum operational efficiency. They can do so by re-engineering their business operations and benchmarking international best practices. Secondly, they can also start preparing by getting teams within their organisations to look specifically at the future. These special task forces will try to evaluate key trends and assess how the company can cope better with future challenges and strategic change. Without an active process of planning for the future, a company can get so engrossed with the present that they will lose out on future opportunities and threats. A pro-active process is necessary to get companies to strategically focus on the future. A strategic focus on the future is needed as companies may find that their customers may no longer want to buy from them as their tastes and preferences change. The nature of competition too can be different. Hence, managers need to develop a long-range vision. Visioning can be facilitated if managers scan the business environment to identify key trends.

To plan better for the future, it is vital for managers to be able to make predictions about what the future will look like. One must be able to identify and assess strategic trends. The process of environmental scanning is one useful tool to help identify these trends. When planning, a good manager will take into account the strategic trends that will likely have an impact on his business, industry and competition. The ability to see beyond the present and to look forward to future trends, opportunities and threats is a technique that good managers must develop. The process of analysing the business environment you operate in is sometimes known as external analysis. It is a key component of the strategic planning process.

External analysis or environmental scanning involves an in-depth and critical analysis of the key trends that are likely to change the operating business environment and thereby impact on the business. These would include political, economic, social, technological and international trends. It would therefore be useful if managers start analysing these trends. They should ask how likely will such a trend occur and what is the impact on the company. By evaluating these trends, companies will be in a much better position to cope with future challenges.

Professor Charles Handy, a renowned management thinker, has written about the sigmoid curve which is an S-curve. All companies go through the S-curve. They first emerge, then grow, consolidate and stagnate. If they

are not careful about the future, they go into a stage of decline. Just look at the major companies of a century or even 30-50 years ago. How many of them are still in business today? Look at the problems leading companies such as IBM and Apple Computers now face. It is therefore imperative for managers to be able to assess emerging trends and develop an action plan that will enable them to embark on a new S-curve which will help them to grow again. The illustration below explains Handy's S-curve hypothesis:

Before a company stagnates and goes into decline as illustrated by the first curve, top managers need to restructure their businesses. The restructure will bring about profound changes to enable them to embark on a second curve that will give their businesses a new lease of life and therefore, renewed growth. In this regard, organisational transformation and the ability to manage strategic change is a key imperative.

Again, this management of change and organisational renewal requires the managers to appraise the external business environment they operate in. Just what must they look for when doing the external analysis? Firstly, they must assess the political environment. Will there be changes in government policy or in key ministerial positions that will have an impact on the business environment? Lately, there have been rumours of an impending cabinet reshuffle. What will this mean for business? How will it affect your company? Does it make any difference to your strategic relationships or business plans if there are changes in ministerial portfolios?

Secondly, one needs to assess the economic environment. What are the key economic indicators one must watch out for and how will these impact on your business? Will there be a cyclical slowdown? Can economic growth rates be sustained? What can you do to better prepare your companies for future economic challenges and trends?

Thirdly, one needs to evaluate social trends. These will include social demographics - changes in population growth, the ageing of the population, gender trends and ethnic composition have to be taken into account. Again, what do these mean for your business? Do you see new opportunities posed by an ageing population? Do you see prospects created by increasing urbanisation? Trends in lifestyles that will affect your customers' purchasing decisions have also to be taken into consideration.

Fourthly, one needs to look at technological trends. How advance is your current state of technology? How do you anticipate changes in technology so that you will not be affected by technological obsolescence? Where do you access new technologies? Being able to identify technological trends become very important as Malaysia moves up the technology ladder. You do not want to be a dinosaur in the 21st century. Being able to cope with technological changes is therefore vital to survive and better compete in the next millennium.

Finally, one has to identify and evaluate international trends with the increasing globalisation of business and growing international competition. This is even more pertinent when our Prime Minister Datuk Seri Dr Mahathir Mohamad continues to push Malaysian businessmen to go regional and global. Globalisation and regionalisation bring new challenges and opportunities.

Hence, to cope better with the future, one needs to develop the ability to identify emerging trends and assess how they will impact on your business. You will then be better able to cope with future threats and seize new business opportunities.

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