

Extrakt

Management im Umfeld von Komplexität und fundamentaler Veränderungen

Lernen vom Aussergewöhnlichen anhand gelebten
Managements in Venezuela

DIPLOMARBEIT

der Universität St. Gallen
Hochschule für Wirtschafts-,
Rechts- und Sozialwissenschaften (HSG)
zur Erlangung des Titels
Executive MBA HSG

vorgelegt von

Marco Betz / Eggersriet

Genehmigt auf Antrag von Herrn

Dr. oec. HSG Mathias Müller

Einreichungsdatum

26.09.2018

7 Anhänge

I English Abstract for the Interviewees

We are living a global transformation, which is promoted by the globalization, digitalization and a shift of social values. All, and especially the economic, organizations are faced with complexity, uncertainty and an increasing level speed of change. Swiss organizations are challenged to adapt and develop in order to be ready for this change and to remain successful in the future. The profound characteristic of the transformation and the fact that the change is accelerating lead to the consequence, that there are few references on how to manage an organization in such an environment.

A survey in Venezuela, a volatile and highly complex environment, with fundamental changes, provides an insight, how organizations behave in such an environment in order to be successful and prepare for the future. This paper provides Swiss organizations with an additional perspective to the existing literature on how a volatile and complex environment with fast changes can be managed, based on the insights into the management of complexity, uncertainty and change as it is lived in Venezuela. Four principles have been identified in Venezuela and several applications and recommendations for Swiss organizations have thereof been derived.

Four principles for management in the environment of fundamental changes with high complexity

From the research results, various successful management approaches emerge, which are expressed in four principles for management in the environment of fundamental changes with a high degree of complexity. The individual application of each principle and the focus vary from organization to organization.

„Create allies“

In an environment of high complexity and unpredictable changes organizations are highly exposed. Faced with risks and opportunities in an uncertain environment, allies offer support and open new business opportunities. Many Venezuelan companies have built a network of allies by personal relationships and tight relations with stakeholders. They have achieved this by long-term-relationships and in-depth knowledge of their partner's needs.

„Be alert and act quickly but consciously“

In a permanently changing environment, organizations must be very alert on smallest changes. In unexpected events, they have to decide quickly. In a volatile environment, small changes can have significant impacts. Hence decisions and actions have to be taken very consciously. Therefore, organizations have to act with foresight, be prepared for all possible eventualities and create a sensorium for minor changes.

„Create change competence“

In order to manage in a complex and rapidly changing environment, organizations have to adapt and change permanently. However, this requires a competence for change. This means on the one hand the willingness and on the other hand the capability for change. The survey companies promote and demand both, the cultural aspect of willingness and the ability to change. The focus is always on the future challenges.

„Reinvent yourself permanently“

Organizations must always question their business models and business area with regard to their future earning potential and have to adapt or even replace them. The same applies for the way business is conducted and its processes. In times of fundamental transitions, organizations are required to make these adjustments permanently. Newly introduced methods are valid for a short time and have to be replaced again with the changing environment.

To the identified four principals, different applications can be derived, which are based on the insights from the investigated Venezuelan companies.

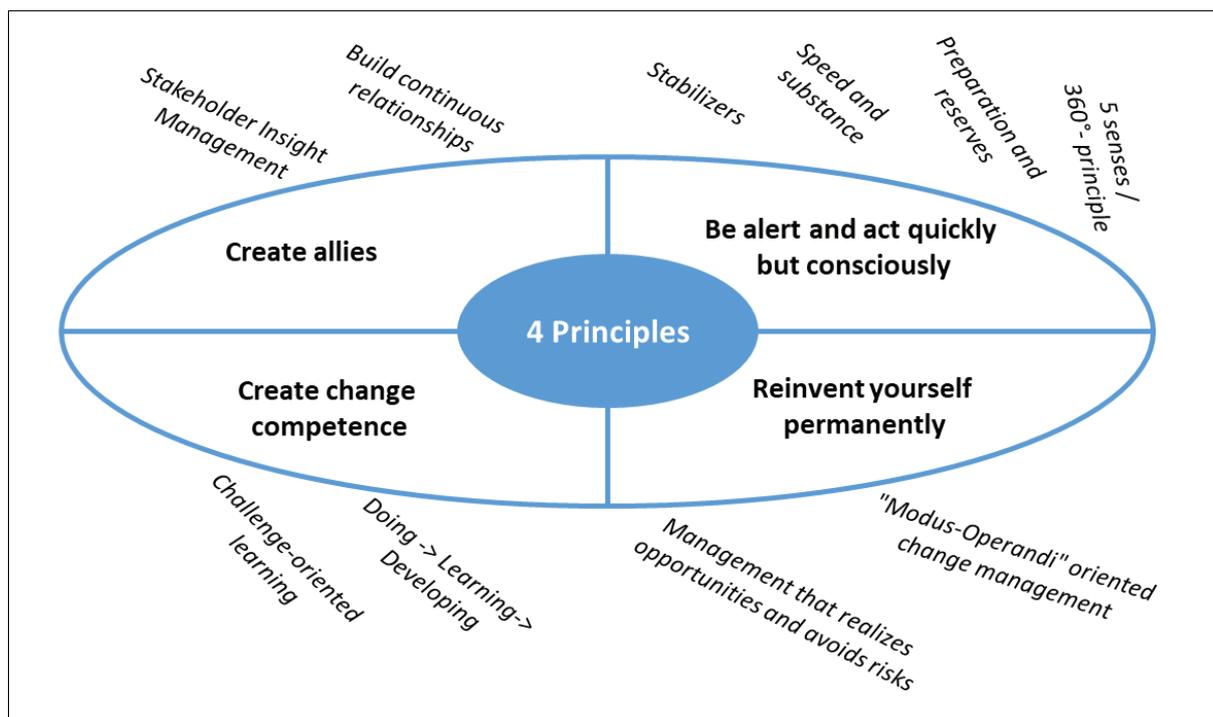


Illustration 8: Principles and their applications for management in fundamental change and high complexity (Own illustration)

Recommendations for Swiss organizations to apply the four principles

Recommendations for the application of principle 1: „Create allies“

“*Continuous relationships*” can be formed if one gets involved with the business partner and dedicates time on a personal level to them. Continuity can be built up as well through long-term characterized relationships; e.g. with a supplier who then can quickly support in production gaps or an investor, who can offer a liquidity bridge. Former employees have also a potential for a long term relationship; e.g. if they set up their own business and could cooperate probably in new joint projects in the future.

Another application is the concept of “*Stakeholder Insight Management*”. It follows the Customer Insight Management from marketing and is applied on various stakeholders. By deeply knowing and satisfying the real needs of a stakeholder, a very specific benefit can be created and a strong relationship can be built. An employee, for example, can be made an ally, if a very specific need can be met by the organization. As well suppliers have high potential to be made an ally, e.g. through a reference project, which can open up new markets to them.

Recommendations for the application of principle 2: „Be alert and act quickly but consciously“

One element of the application “*preparation and reserves*” is planning. Scenario analyses are an instrument for anticipating the effects of possible changes. Assumptions have to be questioned all the time and together with real information, the planning has to be adapted to the changed reality. A further element is the consideration of all possible eventualities, such as the insolvency of an important customer, macroeconomic distortions, political developments, new technical possibilities or even environmental catastrophes. A third element is the management of reserves of critical resources. For example, „Just in time“ concepts can be implemented in production, but reserves must be maintained for specific, critical materials, which have a risk of failure.

The “*5 senses / 360° principle*” requires that everybody of the organization is actively present in the different organization’s environments spheres and consciously absorbs signals of changes. For example, the participation in fairs and congresses can give new (technical) impulses, the exchange in networks and (industry) associations gives insights into economic or political changes. Socio-cultural changes of values can even be observed at lunch with one’s own children. In order to achieve a maximum diversity of information, the entire organization should be involved and knowledge has to be shared.

The concept of “*speed and substance*” in the decision making can be transferred to the very simple example of meetings. By the participation of all relevant members of the organization, the topic can be evaluated from all points of views (substance of the decision) and then it can be decided without any delay (speed). It can also be applied for the generation of initiatives. Many ideas can be generated in one joint workshop. Then, clear responsibilities are defined, so that decisions and further developments can be made quickly.

Possible “*stabilizers*” are routines in teams (e.g. common regular lunches or sports activities), cultivation of factors which are stable for the employees (e.g. the work space) or sense making through

the tasks or by strengthening the feeling of „we together“. The basis for stabilizers is intensive and congruent communication within the whole organization.

Recommendations for the application of principle 3: „ Create change competence “

The principle *“Doing -> Learning > Developing”* reflects that an essential aspect of increasing the change capabilities already arises through the daily practice of small and big changes. This implies that organizations can increase their change capability by creating an environment in which employees are motivated and challenged to deal permanently with new issues and tasks. The experience shows that dealing with new topics gives employee self-confidence and trust for new challenges.

“Challenge-oriented learning” increases the technical abilities for managing future challenges. A company in an industry that is challenged by digitalization can achieve this by recruiting executives from industries that have already experienced a high level of disruption by digitalization. Knowledge for future challenges for example can be proactively learnt in internal courses, which are specifically designed for the company’s specific issues. A possibility is the visit of management schools by the leaders, in order to raise awareness for changes and challenges for the business.

Recommendations for the application of principle 4: „ Reinvent yourself permanently “

A *“Management that realizes opportunities and avoids risks”* reduces engagements in business fields, which do not have future earning potentials and uses their competences and resources in fields that offer future opportunities. An example is expensive retail space in the city that are converted into gastronomic and leisure area.

“Modus-Operandi oriented change management” acts differently. The aim here is to ensure the existing business fields by constantly adapting the way in which business is conducted with focus on future requirements. Examples could be the change of earning models in the pharmaceutical industry with payment for drugs according to the therapeutic achievements or adjustment in the financing of the business thanks to new platform technology.