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Sustainable Change Management:

The 12 traits of successful post-Industrial Age transformations in the volatile, uncertain, complex and ambiguous economic reality

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Learning outcomes

By completing this chapter, the reader will be able to:

- Understand the basic concepts of the Agile methodology using the Scrum process.
- Compare and contrast the advantages and disadvantages of Scrum
- Understand the concept of VUCA amid the current digital transformation and its impact on the business environment.
- Apply the 12 traits to a business case in a step-by-step approach.
- Reflect on the outcome and evaluate the process of change management.

Introduction

Get ready! Buckle up! This chapter is very different from the previous chapters and even the following chapters, in this textbook. It is about change, so it leads by example! A change in the writing style, the structure and the approach. Our approach in this chapter, deviates from the standard academic writing style to a more practical, hands-on, case study-based approach. Most of the content reflects on the first author's vast experience; guiding businesses to cope with the challenges amid the volatile, uncertain, complex and ambiguous (VUCA) economic environment. The main body of the chapter is based on a fictitious case study about Kimlach Shahidi, a business owner and a CEO of a struggling business, seeking to adapt her business to the new economic realities of the Digital Age to

build sustainable businesses and win in the VUCA¹ reality. In telling her story, Ed Capaldi uses a free writing style that makes it easy to read and follow, and hopefully an enjoyable learning tool.

However, it was deemed appropriate that at the outset the reader gets introduced to the relevant academic concepts covered in this chapter which is presented by the second author, the editor of the textbook, and which ties well with the previous chapters, particularly the section that discusses in depth Scrum as a process, following the earlier discussion on teams in Chapter 2.

Welcome to the Digital Age: Adapt or die!

It is not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change that survives. Why is this the opening line of this chapter? It is the sincere belief of the first author that we are at an inflection point in human history. **Industrial age strategizing is dead, the Digital Age is frustratingly adolescent, business & CEOs lifecycles have halved** since the turn of the century. Our hypothesis is simple. As Dylan wrote, the times are a-changing, entrepreneurs and CEOs must adapt to the new economic reality. A new mindset is required, and the strategic planning tools and frameworks that served so us well in the Industrial Age must evolve or be left behind as economies and markets that have become unimaginably complex and increasingly volatile, uncertain and ambiguous. Welcome to the Digital Age.

Given how headstrong and stuck in their ways successful CEOs and entrepreneurs can be, it's hardly surprising that they'd be reluctant to change what's always worked for them in the past. Unfortunately, inflection points are turbulent and relying on past successes will not help you evolve. It's no wonder the average lifespan of a business has, according to some studies, dropped to 10 years, and the tenure of a CEO to half what it was at the turn of the century. The rate of return on assets has fallen by 75% since 1965, and the life expectancy of Fortune 500 firms down to 15 years, and is heading towards 5 years, only 1 in 5 workers fully engaged.² Peter Diamandis, co-founder of Singularity University, goes further and says within 15 years many S&P 500 companies will be extinct. Adapt or Die.

So, if you've got a big audacious goal, be it in making the world a better place, or growing a high impact business, then read on and experiment with these concepts and hopefully we can help you bring it to life. There are no shortcuts, or magical promises. Evolving your mindset and strategic planning to winning in the post-Industrial Age means you've got to do a lot of hard and scary work. What we offer in this chapter is a glimpse at the new mindset.

¹ VUCA is an acronym used to describe or to reflect on the volatility, uncertainty, complexity and ambiguity of general conditions and situations. The U.S. Army War College introduced the concept of VUCA to describe the more volatile, uncertain, complex and ambiguous multilateral world perceived as resulting from the end of the Cold War in the early 1990s. Source: Wikipedia

² Denning, S. [Online]. Available: <http://www.stevedenning.com/slides/agile.pdf> and Deloitte's Center for the Edge: The Shift Index; Kauffman Foundation

The chapter presents and discuss the 12 traits of successful post-Industrial Age transformations. Our case study will cover the story of Kimlach Ajay Shahidi in her quest to adapt her business to the new economic realities of the Digital Age to build sustainable businesses and win in the VUCA reality. Her story is fiction but based on true facts gathered from the thousands who like her have managed through the chaos to rise successfully where so many have fallen.

The following sections of this chapter will present some of the key relevant concepts, then will guide you through the 12 traits and the key tools and frameworks that she used and let you play with some of them.

A change in mindset

It might be useful to start with an age-old piece of advice, recently attributed to Peter Drucker but surely dating back to the days of the Phoenicians and Romans (Figure 5.1). “The purpose of business is to create and retain a customer”. This is the first key difference between the Industrial Age mindset and the post-Industrial Age mindset. The former focuses on shareholder value, the later focuses on customer delight, and this evolved mindset is the key to effective strategic planning – make this happen, make this a reality. Most MBAs, economic journals and the like, continue to proclaim the purpose of a business is not to keep and create a customer, but to make money for its shareholders.

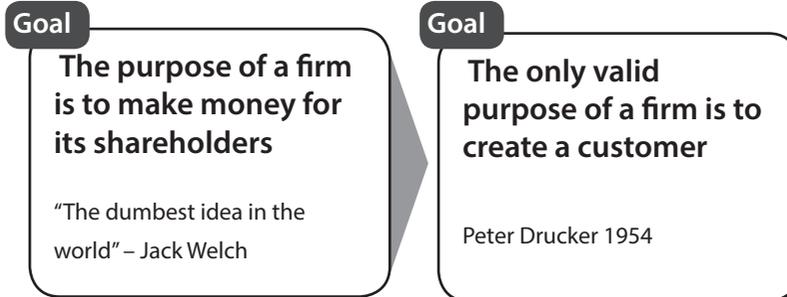


Figure 5.1: A Change in Mindset

Given Drucker is not a product of the Digital Age but as with any revolutionary idea it took time to build momentum, just like Copernicus’s assertion that the Sun rather than the Earth was at the center of the universe.

Thus, putting the customer at the centre and casting making money for shareholders to the side is contrary to Industrial Age thinking and how most businesses are run, and thus revolutionary. This is a serious shift in mindset, but without this shift the tools and frameworks we discuss below will not provide true competitive advantage.