

# **The Shindler Perspective, Inc.**

## **Never Accept the Status Quo**

**By Marty Shindler**

Never accept the status quo is one of the lessons we have learned from recent US and global events. According to various news reports, federal, state and local law enforcement officials missed some clues that in retrospect might have allowed them to take action before the September 11 terrorist attacks.

Going forward there is no doubt that these agencies will take a fresh and hard look at the way that they manage their operations. They, as we the people, recognize that the way they approach their jobs in the future will change significantly. They have learned to never accept the status quo.

The business world can benefit from these hard lessons recently learned. There are lots of informative clues and messages that we all receive continuously as a part of our businesses that affect how we fare with our customers, suppliers and competitors. Some of these are big picture, macro based items that apply across the board, while others are more specific and cannot be universally applied.

Assessing the messages and the information in a timely and accurate manner and taking appropriate action to make changes can make the difference between success and failure for companies, for profit and non-profit organizations and others. The business school textbooks are full of case studies supporting this.

In The Innovator's Dilemma, described on its cover as "the revolutionary national bestseller that changed the way we do business," author Harvard professor Clayton M. Christensen describes numerous instances of why great companies fail. Among the primary reasons for these failures is how companies manage disruptive technological change in determining what products to produce or not to produce and failure to recognize the signs, not necessarily for what their customers need today, but for what they may need in the future.

Business schools are leading the way in training future executives with programs centered on change management. U.S. News & World Report, a publication that regularly assesses trends in US higher education, published an interesting Special Report entitled *The Need to be Nimble* in its September, 2001 edition. The report described what is going on at several leading US business schools in establishing change management programs. These schools recognize that organizations that *accept change* as a *normal* course often have higher success rates than those who do not.

Bentley College and The Sloan School of Management at MIT, two schools mentioned in the article, are institutions from which management of The Shindler Perspective graduated. According to the article, "At Bentley College, feed-back from graduates, students, and employers received in late November is used to revise and update courses for class the first week in January." This timely implementation of recommendations exemplifies the philosophy behind the Bentley program.

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Forward, out of the box, thinking companies have realized that to change is *inevitable*. This is not meant to imply that change is to be done haphazardly or for its own sake. It is meant that at all times in the course of our daily business dealings, we must be on the alert for signals that might indicate a change of direction, however subtle, in new and emerging markets and in our internal and external relationships.

On a macro economic basis, the myriad of regular pronouncements from various governmental and private enterprises that measure and report on financial indices serve a very useful purpose. Among these indices are unemployment rates and claims filed, new housing starts, the consumer price index, consumer confidence and US factory production.

Trends in these statistical reports as well as the absolute numbers in any given reporting period must each be analyzed separately. Often the stock market indices react to the latest report released.

Monitoring various aspects of our businesses on a *regular* basis may have positive effects. Taking action on a *timely* basis can make the difference between success and failure.

For most businesses, particularly small to medium size organizations, there are a number of steps that may be taken to keep a close watch on and to recognize potential changes that may slowly creep into our businesses.

The following areas for review may already be a fundamental part of the ongoing analysis done at some companies. However, due to the recent events, many companies are stepping up the review and analysis effort.

These include:

- Periodic review of the organization's primary and secondary missions, i.e. the basic goals and objectives around which the company functions. Occasional rethinking and rewriting of those objectives can provide subtle, but important change to their interpretation.
- Periodic review of the corporate structure, including those of key divisions and subsidiaries, as a means of identifying ways in which change may be brought about more easily and effectively. Often a change or realignment of personnel will prompt a fresh look at operations. This must be carefully balanced against the need to provide organizations important continuity.
- Close review of existing products and services to understand what is selling and what is not. This is intended to be more than just a review of basic sales data, but more a way to look at the trends over a predefined period of time and to analyze changing trends in the mix of product sales over time.
- Discussions with key customers at various levels within their organizations from different levels within your organization. The different levels are important to gain a perspective of what is truly happening throughout the customer's company and to remove, if possible, the views of entrenched management.
- Understanding customers' current needs as well as future customer needs, even if the customer has not yet voiced them. This is the essence of being able to anticipate and manage with disruptive technologies.
- Regular review of supply chains to fully manage the company's need to get the requisite raw materials as and when required without disruption. An understanding of the other businesses and industries in which suppliers are involved may provide vital clues to how your supplies may flow in the future. This is proving particularly useful as global shipping practices are changing.

- Regular review of pricing structures for vital supplies against the quantities used over a prescribed period of time. Companies that have long practiced just in time (JIT) inventory control are beginning to reassess the quantities required to be on hand, particularly in light of recent world events.
- Regular review of distribution channels to insure a steady means of getting product to market. As with supply chains, distribution channels need to be managed in their own right but also as a means of providing clues as to changes that are imminent or portend future changes.
- Regular assessment of the competition, watching for changes in their management, supply chains and distribution channels and key customers that may provide clues important to your company.

These are but a small number of the areas that companies should monitor. The rapid rate of change in our society has been impacting our daily business operations for awhile. Major disruptions, as a result of recent world events, will require a fresh look at how we do business and how we make decisions. The status quo itself will need to be continuously redefined.

Many of these reviews can be achieved internally through the regular process of management communications, detailed financial reviews, strategic planning and annual personnel reviews. Other times, outside and independently thinking personnel should be used to facilitate the reviews and to eliminate any preconceived notions and biases that may be inherent when in house employees are involved exclusively in these reviews. In other words, utilizing an objective third party may *preclude* falling back on what had been the status quo.

In addition to analyzing these tangible results and systems, it is important to understand whether or not management is amenable to change. Some companies do business a certain way because they have always done it that way, while others are more flexible and innovative. Understanding an organization's management style is an important indication of how it will fare in the future, especially in turbulent times.

Never accepting the status quo will allow us to maintain and enhance our competitive edge. The ability to impact even fundamental change can play a dramatic role and enable us to succeed where others may fail.

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