



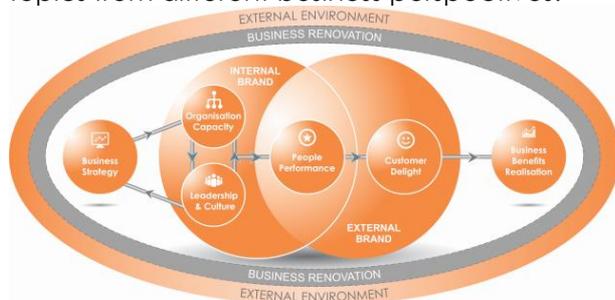
# The Future Proof Organisation

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## Background

In reflecting on what the themes and topics of the 2016-2017 series of articles should be, we were of the opinion that the current (and expected future) economic, political and social challenges are important issues to engage with, as they create a context that will test the resilience and endurance of most organisations.

As in the past, we shall again utilise the Business Value Model™ to discuss these themes and topics from different business perspectives.



**Figure 1: Business Value Model™**

The BVM utilises the following logic:

- The realisation of specific business benefits (such as operating profit, top-line revenue and market share),
- are dependent on the creation of customer delight (loyal and satisfied customers),
- which is a direct result of the delivery of value added products / services
- by high performing people;
- who work in an fit-for-purpose work environment (organisation capacity with

## The Idea in Brief

In this article the authors explore what it means to future proof your organisation. They summarised current research and the feedback received from senior and executive leadership on what they regard as the characteristics of a “future proof” organisation. The Business Value Model (BVM) is utilised as conversation framework to unpack this research.

respect to business process, organisation structure, human capital, information flow and technology),

- who are led and managed by capable, competent and credible leadership
- towards a common goal and strategy
- that addresses the dynamics of the competitive landscape in an innovate manner that builds the business brand and reputation.

In this article, the first in our series for 2016, we explore what it means to “future proof” your organisation.

For the purposes of this article we summarised current research and the feedback received from senior and executive leadership on what they regard as the characteristics of a future proof organisation.

For each element of the Business Value Model™ we have summarised the factors that have an impact on that particular element and the derived “future proof” characteristics to effectively deal with the impacting factors.

## The External Environment

The current macro external environment trends in South Africa can be summarised as volatile

and unpredictable. For purposes of this article the trends were grouped into four categories, namely, political, economic, technological and social.

## Political

The key political issues may be summarised as follows:

- Continuity of the ruling party as government has brought about consistency in policy formulation that enables integration of all social groups
- Democracy has allowed for multiple opinions/perspectives in terms of country governance and ruling
- The South African government shows lack of reasonable response in combatting corruption, if it is considered that more than R700 billion has been lost to corruption since the beginning of the country's democracy
- South Africa continues to experience high levels of crime, with a total of 1.8 million crimes being reported over the last year
- The South African government compares well to its African counterparts in terms of government effectiveness, but ranks very poorly when compared internationally.

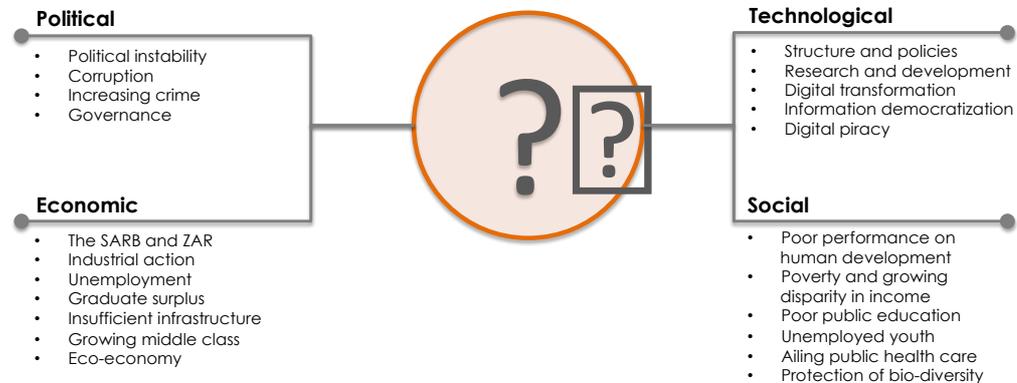
## Economic

The key economic issues may be summarised as follows:

- Research indicates that the SARB intends to increase inflationary pressures to mitigate volatility, with inflation targeting set to remain as a key focus area for the foreseeable future
- A negative economic growth rate is predicted in the near future, based on potential economic shocks in the form of political reshuffling
- The South African Rand (ZAR) will remain undervalued and higher levels of currency volatility will remain for the near foreseeable future
- Negative industrial action, in the form of the restructuring of, for example, the mining sector, will have a direct negative impact on

the economy

- Unemployment in South Africa is currently at 25%, with more than 5.2 million citizens with no formal employment
- The educational divide, in terms of supply



and demand of skills, will widen, resulting in increasing levels of graduate surplus in the economy

- The issue of insufficient infrastructure will be re-formalised in terms of focus on the financial sustainability of infrastructure, instead of operational stability of the infrastructure
- An increase in number of the South African middle class has brought about a hybrid consumer, offering increased revenue potential to the economy
- The eco-economy is currently experiencing an external shock and this shock will have a longitudinal impact on tourism as a source of income for the country's economy.

## Technological

From the perspective of technology, the key macro trends may be summarised as follows:

- Current growth rates indicate that the Information and Communication Technology sector is the fastest growing sector within the South African economy
- Sound structural and policy administration by the South African Government, as evident from the deregulation of the telecommunications industry, increase in provision of wireless operator licenses, the updating of the King Code and the Report on Governance for South Africa deserve a mention
- Government-sponsored research and development initiatives have seen a decline in growth rates compared to BRICS partner countries
- An increase in digital transformation and

regional integration by means of collaborative Government-sponsored Internet connection initiatives, with specific emphasis on the 'South Africa Connect' policy

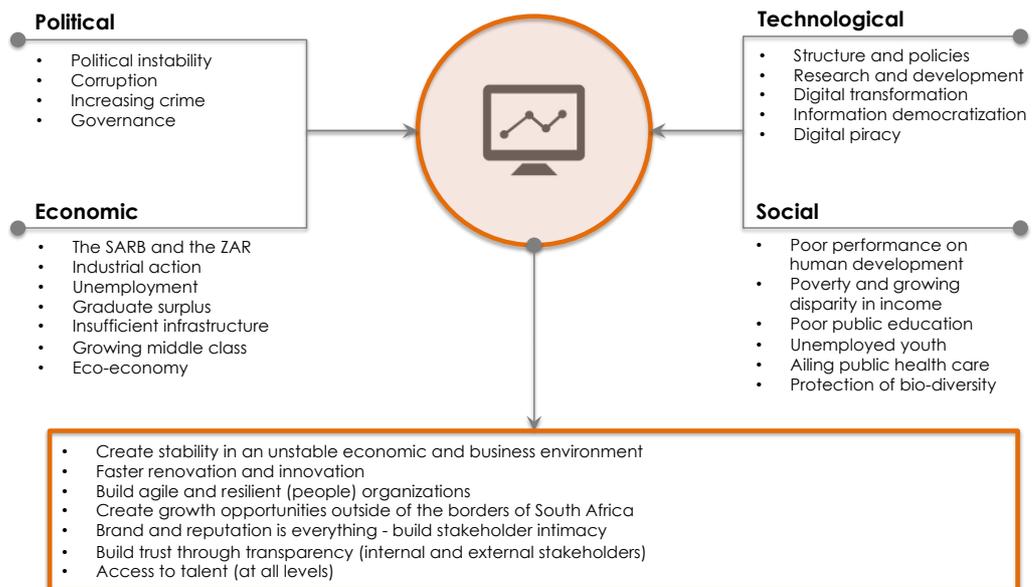
- The current South African ICT landscape is characterised by information democratization via increased cellular phone adoption, use and access rates.
- Regardless of the levels of Government participation in Intellectual Property, high levels of software piracy is currently stunting growth within the South African ICT sector.

## Social

From a social perspective the key macro trends may be summarised as follows:

- Human development within South Africa remains problematic
- The disparity in income in South Africa remains high with more than 10% of South Africans living in extreme poverty;
- Due to the poor public education system, government is increasing its annual budget expenditure on education
- Unemployed youth remains a main challenge and strategic priority for government
- Since 2009 the public sector has remained the largest creator of jobs in the South African economy
- Major disparities between quality of services and costs when comparing public and private health care systems remain prevalent in the current social environment
- Continuous pressure on the South African national health care system persists
- The government's focus on the protection of biodiversity is creating potential "green" job opportunities.

From a macro external perspective these are some of the major challenges South African organisations will face in future.



In the context of the macro external trends illustrated above, the following section aims to identify the characteristics of the Future Proof organisation (an organisation that proactively and deliberately builds the capacity to deal with external challenges now and in the future). The Business Value Model™ will be used as framework for thought.

## Strategy

Future proof strategy starts with a conscious and deliberate decision to pursue a specific competitive business strategy. Business engages in strategic thinking, strategy formulation and innovation to ensure sustainable competitive advantage by making the appropriate decisions based on environmental conditions and opportunities.

The economic and business environment (global, regional and local) has an impact on business operations, performance and future sustainability. It is important to clarify at this point that stability does not equal NO change. Stable organisations are those that manage to reduce the debilitating anxiety that comes with instability and uncertainty.

In an unstable economic and business environment a key consideration in future proofing the organisation is to create stability in an unstable external environment. In the absence of environmental stability investors and employees (current and potential) will look to

business for stability.

Stable organisations are better positioned to build resilience, react to changes in the external environment and changing client and consumer needs.

In the current global economic environment where change is the norm, strategy, growth and innovation are required to achieve a sustainable competitive advantage.

Future proof organisations regard renovation and innovation as part of their competitive strategy. The key to renovation and innovation is speed, and organisations will be required to renovate and innovate faster than their competition. Organisations that will successfully grow and innovate, are those who understand that innovation means different things at different levels in the organisation. They are also clear about the purpose of innovation.

### Future proof strategy

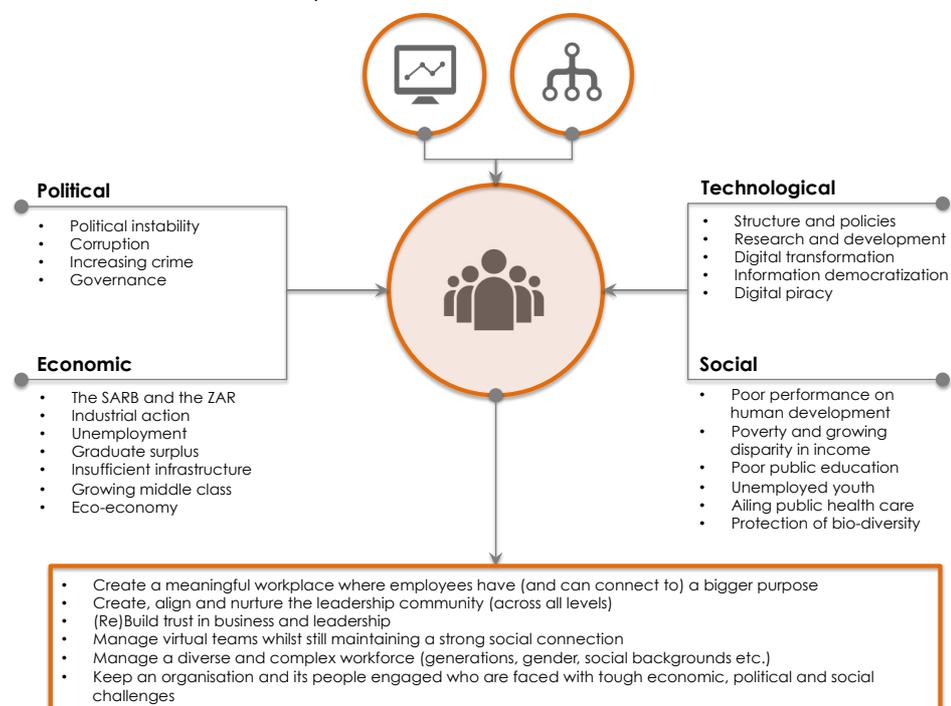
In summary: Future proof organisations, from a strategy perspective, may be characterised as organisations that:

- Deliberately create stability in an unstable economic and business environment
- Are able to renovate and innovate faster than competitors and incorporate this into the "DNA" of the business
- Build agile and resilient (people) organisations
- Create growth through expansion (capitalise on opportunities outside of the borders of South Africa)
- Understand that brand and reputation is everything and therefore build stakeholder intimacy
- Build trust through transparency with internal and external stakeholders
- Actively find new ways to access talent at all levels.

## Leadership Excellence and Culture

The work of the leadership in an organisation is to ensure that the organisation is successful in terms of its defined measures of success.

With the possible exception of self-owned businesses, leaders (managers) are also employees, and in this capacity they are expected to make a contribution to the purpose / vision / objectives of the organisation.



Leadership has the task of building collaborative teams, of teaching a common vision and organisation principles, and instilling and encouraging trust. This task clearly cannot be the responsibility of THE leader and should be something driven by a community of leaders. Viewed from this perspective, leader within leadership communities should want to display the behaviours that will lead to the achievement of these expectations.

In a future proof organisation the building and nurturing of leadership communities is a key element of business strategy. Leadership communities are also important from the perspective of talent building, succession planning and culture entrenching. Seen from

these perspectives, creating and nurturing a leadership community is both a strategic imperative and a strategy for risk mitigation.

Increasingly organisations are realising that a meaningful workplace and a connection to purpose dramatically improve levels of engagement and, ultimately, people performance. Creating a meaningful workplace is also seen as the top priority by many senior business leaders and, some would argue, has surpassed leadership as the biggest challenge in the organisation.

In South Africa the challenge is increased by the current social and economic pressures faced daily by employees, such as crime (not feeling safe), social unrest and simply making ends meet at the end of every month. Add to this the loss of trust in leaders to lead, and you could have a “depressed and purposeless” workforce.

To curb the emotional impact a strenuous external environment has on the larger social system organisations operate in, future proof organisations develop, through its community of leaders, a meaningful workplace. The meaningful workplace also has a significant contribution to make in countering the social impact of the virtual work place.

In their research on the future of work, PWC refers to the future workplace as a flexible work environment made up of a diverse mix of people supported through technology to enable virtual teaming. Concepts like the “coffice” (coffee shop office) is evolving and the virtual workspace is becoming increasingly popular. The virtual workplace can, however, be a lonely environment and the future proof organisation creates novel ways to connect with, engage and manage virtual teams.

## Future proof leadership excellence and culture

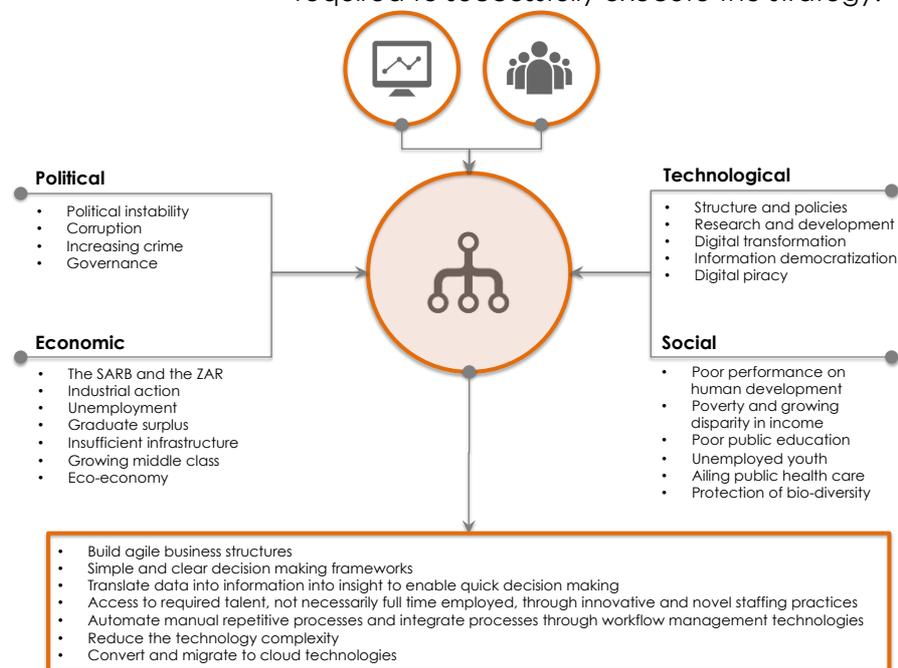
In summary future proof organisations, from a leadership excellence and culture perspective, may be characterised as organisations that:

- Create a meaningful workplace where employees have, and can connect to, a bigger purpose
- Create, align and nurture the leadership community across all levels
- (Re)Build trust in business and leadership
- Find ways to manage virtual teams, whilst still maintaining a strong social connection;
- Effectively manage a diverse and complex workforce (generations, gender, social backgrounds etc.)
- Keep the organisation and its people “emotionally healthy” and engaged.

## Organisation Capacity

Organisations that execute strategy effectively understand that execution is not possible without the requisite organisational capacity.

Future proof organisations have one thing in common – they plan for and are deliberate in coordinating, planning and executing the work required to successfully execute the strategy.

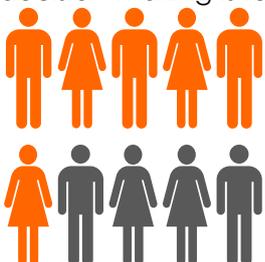


Organisations continue to grow and expand in a volatile and unpredictable environment where conventional wisdom and solutions are no longer valid. According to Havemann (2014), successful organisations ensure that aspects

such as strategy, processes, structure and talent are aligned and directed towards collective purpose. The future proof organisation builds agile business structures where difficult links between functions are easily and quickly bridged as customer, market and business requirements change.

There are masses of data in the world and the challenge of the future proof organisation is to structure the selection and manipulation of data into meaningful knowledge and to subsequently leverage the knowledge to develop the requisite insight to inform strategies and actions. More often than not, the issue for business is not a lack of data, but the ability to translate such data into the insights that will lead to sustainable business benefit.

Using information to inform quick decision-making in a volatile business environment is a key requirement. The ability of organisations to deploy clear decision-making frameworks supported by accurate information that enables level-relevant decision-making, greatly improves the organisation's ability to act and react quickly in a changing environment. Quick decision-making is further supported by insight and agile business structures.



More than 50% of executives are concerned about the quality of talent in their organisations

A recent study by the Society for Human Resources Management (SHRM) determined that finding the right people is one of the biggest challenges that organisations will face in the next 10 years. This challenge is intensified for local and international

organisations by failing education systems globally, as well as the mobility of talent. In addition to this, talented employees are choosing to work differently and no longer full-time. According to PWC, up to 20% of the workforce could be contractors (those looking for portfolio careers) by 2022. The challenge for

organisations does not end with finding talent. Once talented employees have joined the organisation, they have to be trained and retained. Future proof organisations are serious about achieving their strategic goals and therefore invest heavily in the development and retention of talent. This is easier said than done in an already difficult global economic climate, where resources such as time and money are scarce.

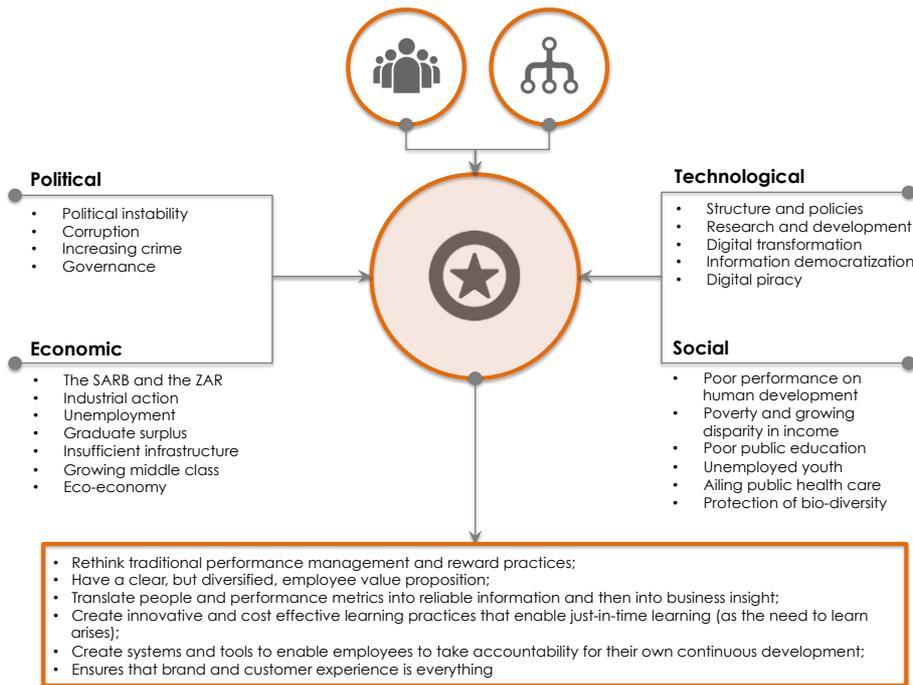
### Future proof organisation capacity

In summary: Future proof organisations, from a organisation capacity perspective, may be characterised as organisations that:

- Build agile business structures where difficult links between functions are easily bridged as customer, market and business requirements change
- Use simple and clear decision-making frameworks, supported by available and accurate information to enable level relevant decision-making
- Translate data into information, into insight, to enable quick decision-making
- Have access to required talent, not necessarily full-time employed, through innovative and novel staffing practices
- Automate manual repetitive processes and integrate processes through workflow management technologies
- Use full system functionality, instead of using various systems for specific functions (reduce the technology complexity)
- Convert and migrate to cloud technologies.

### People Performance and internal brand

In an ever-changing environment, organisations are rethinking the way they manage employees. According to Deloitte, rethinking organisation management, including performance management and reward, is one of the biggest necessities for the future proof organisation.



internal brand, may be characterised as organisations that:

- Rethink traditional performance management and reward practices
- Have a clear, but diversified, employee value proposition
- Translate people and performance metrics into reliable information and then into business insight
- Create innovative and cost-effective learning practices that enable just-in-time learning (as the need to learn arises)
- Create systems and tools to enable

With the increase in diversity in the workplace and the choice of talent to work in a non-traditional workplace, organisations are also faced with rethinking the traditional employee value proposition. A successful employee value proposition includes a consistent and common theme that employees relate to about their workplace. It also includes the internal brand that attracts the best potential talent to apply, while allowing the organisation to retain its top talent. The future proof organisation has a clearly defined EVP that is diversified enough to attract and retain a diverse workforce.

Given the rate of change, organisational and individual learning will have to increase if organisations are to have any chance of being successful. Traditional learning methods and processes simply are not good enough any longer. Organisations and individuals have to find new ways to learn, unlearn, and learn faster than before. Future proof organisations employ new and novel ways, such as virtual learning, to provide employees with just-in-time access to knowledge and skills in consumable learning "chunks". Employing technology also allows for virtual teams to learn together.

### Future proof people performance and internal brand

In summary: Future proof organisations, from the perspective of people performance and

employees to take accountability for their own continuous development

- Ensure that brand and customer experience is everything.

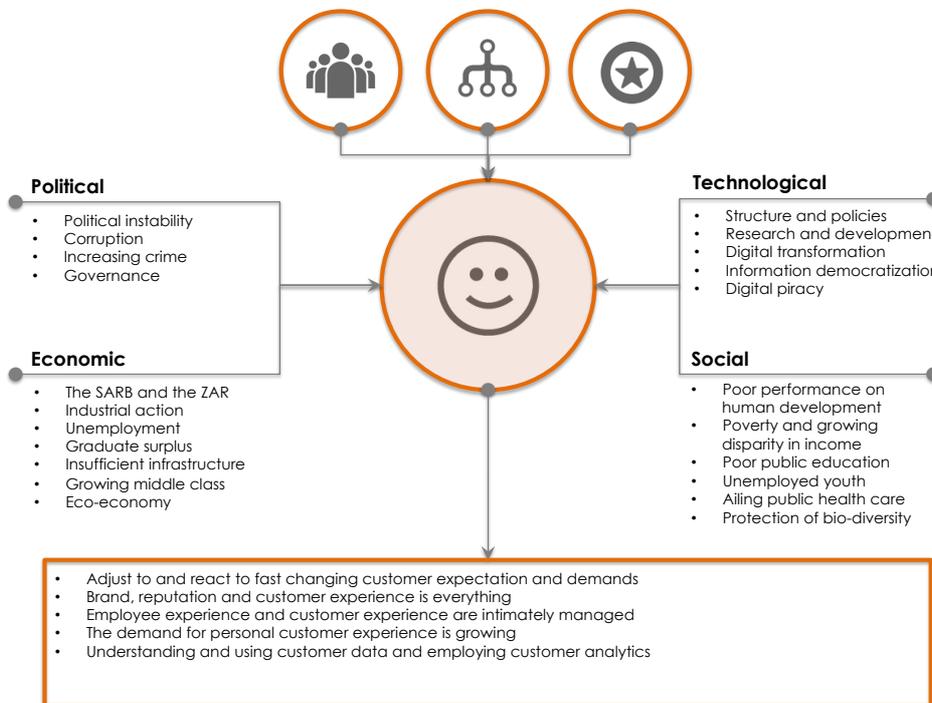
## Customer Delight and External Brand

The (personal) customer experience as a strategy is growing in importance. Organisations understand that in a digital, fast moving and connected environment their ability to manage and "control" the customer experience is vital.

The degree to which organisations are able to quickly adapt in reaction to changing customer needs and demands is a critical capability of the future proof organisation. Consumers are spoiled for choice and technology is making it easier for consumers to source products and services from anywhere in the world.

The customer experience and the employee experience are becoming more and more intertwined, to the point where the one cannot exist without the other. The employee experience (internal brand) is a key determinant of the customer experience. Organisations that manage this "co-dependence" proactively are seeing the positive results.

Understanding what your customers want and need is the start to any great customer



provided on aspects such as Leadership, Culture, People, Process and Technology, all of which combine to create the capacity organisations have to execute strategies, plans and actions.

As always, we also invite all our readers to engage in conversation with us about this article. Questions, comments, challenges – all will be welcomed as input that also shapes and enriches

experience journey. Using customer data intelligently to predict and provide services and products to clients before they ask, is the next step in making this journey a personalised and mutually beneficial one. Future proof organisations have access to important customer data and have the ability to translate this data into customer insights that inform business decisions.

### Future proof customer delight and external brand

In summary: Future proof organisations, from a customer delight and external brand perspective, may be characterised as organisations that:

- Adjust to and react to fast-changing customer expectation and demands
- Employ clear and deliberate customer experience management tactics
- Understand that brand, reputation and customer experience is everything
- Link employee experience and customer experience
- Utilise personal customer experience approaches
- Understand and use customer data and employ customer analytics.

### Final remarks

In the next few articles in this series, we shall focus on the organisational capacity to be created by leadership in order to formulate and implement strategy. Specifically, articles will be

our own thinking.

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