

# Seven steps to prepare business leaders for a turbulent world



## What are the qualities and skills they must have to better handle the risks

Today's business leaders face a more dynamic environment than before. On one hand, pandemics are placing curbs on human activities, and disrupting supply chains. On the other, geo-political shifts (such as the rift between China and the US) and new trade agreements are changing the global business landscape. Greater volatility in weather conditions draw attention to climate change and the importance of environmental sustainability. Technological change continues unabated. Regulation related to digital technologies and data is being introduced in different jurisdictions at varying speeds.

Of course, there are opportunities as well. Pharma and vaccine companies, online communication platforms and manufacturers of digital devices have seen a major growth in a dismal 2020. What qualities and skills must future business leaders have to better handle the risks and grasp the opportunities in this increasingly turbulent world?

## **Avoid decision-making biases**

Human beings tend to pay more credence to data that support their own hypothesis.. Minimising biases such as anchoring, confirmation bias, and stereotyping is an essential ability to avoid mistakes in a turbulent world.

## **Practise scenario planning**

Trying to predict the future can be futile. But building alternative scenarios is helpful to be better prepared for whatever happens. Companies such as Shell have historically demonstrated

## **Identify and assess risks**

Identification and mitigation of risk is supported by the ability to pick up weak signals early, as emphasised by the late management guru CK Prahalad. Tapping local intelligence, interaction with a wide range of stakeholders including non-profits, and leveraging extended networks all help in flagging issues early.

## **Ensure business continuity**

During the initial weeks of the pandemic, local *kirana* stores were our lifeline as e-commerce players struggled with disruptions in supply chains! Clearly, a better risk analysis of supply chains and contingency plans can ensure business continuity.

## **An entrepreneurial mindset**

Too much focus on risks can result in lost opportunities. Managers need an entrepreneurial mindset that continuously scans the environment for new opportunities Smart entrepreneurs are intelligent risk-takers and not gamblers. They test assumptions and pivot when earlier assumptions no longer hold.

## **Appreciate technological changes**

Many of the new opportunities are centred on data and digital technologies. Older companies such as GE and Honeywell are trying to re-cast themselves. Older tech companies are embracing newer approaches — IBM and Microsoft are embracing the cloud. Artificial intelligence and machine learning are becoming the staple of business innovation. The manager of tomorrow should adapt to, and exploit technological change.

## **Collaborate**

Today, the largest companies often reach out to start-ups for the latest technology. Start-ups reach out to large companies for regulatory support and market reach. Large companies collaborate with other large companies for strategic experimentation — for example, Ford's efforts to explore the changing contours of mobility. Clearly, business leaders across industries need to be able to forge and sustain relationships to be successful in the current era.

The challenge before business schools is to enhance focus and find effective ways to help individuals internalise these skills and perspectives, rather than allowing them to remain as a theory.

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