

How can tech CEOs win when the path is uncertain?

"Uncertainty is the new normal for today's business leaders, especially in the technology world where evolution - and even reinvention - is expected on a daily basis," says George Brocklehurst, senior director analyst at Gartner. "We're in a period where many forces threaten to disrupt the status quo, including trade disputes, Brexit and an economic recession."



George Brocklehurst, senior director analyst at Gartner

Leading through these changes will require CEOs to have both the flexibility to make quick decisions in a dynamic environment and the discipline to stay focused on strategy in the face of uncertainty.

Consider the path of a swimmer coming down the lane during a race. The turns can be a dangerous place - start the turn too early or too late and swimmers lose momentum, adding precious seconds to their time. But the turns are where some of the best swimmers gain an advantage, planning their execution early so that they land in the right spot at just the right moment for a strong push off the wall. These winning swimmers rely on strategy and focused execution to beat their competitors.

Brocklehurst explains how tech CEOs can prepare their organisations for the upcoming turns by strengthening their core

under three pillars: ***Strategy, cost and talent.***

Close the gap between strategy and execution

Major turns result in permanent changes. This means that a reactive approach will not be enough for companies to survive in a new paradigm. Ensure sustained success by readying the business for disruption before it strikes. Scenario planning will be essential in preparing the company to adapt as turns unfold.

Capture and revisit the scenarios your organisation could face in a turn, and identify the actions needed to capitalise on opportunities. Underpin your scenario planning with a cash strategy. Define and begin monitoring the strategic assumptions, issues and triggers that will be the leading indicators of a turn.

Dedicate time in executive meetings to aligning the leadership team on strategy and ensuring that all execution activities map back to it. Regularly assess the need for strategic change, and prepare to deploy those changes quickly once identified.

Drive cash efficiency and efficacy

In turn, it is crucial that the entire executive team optimises cash management, considering it as a priority in all decision making. Companies with ready access to cash lead in the turns, as they are poised to invest as an opportunity arises.

“During a turn, companies often stop discretionary spending, reduce staff size, skimp on training and pare capital expenditure,” says Brocklehurst. “However, winners think longer-term and prepare for the recovery.”

Companies that win in the turns carefully use resources to create and protect their sources of value, while reducing spend on less profitable business. Tech CEOs must develop a closer affinity with their balance sheets to improve the dynamics of cash use and cash flow. Outside of the balance sheet, create readily accessible key performance indicators (KPIs) to inform on the liquidity of the organisation.

Narrow your customer focus to increase the impact of investments. In other words, “know” your best customers, and be prepared to say “no” to your worst customers. Demand generation is one of the most urgent and critical challenges for tech CEOs. This challenge will heighten in a turn, driving higher costs of customer acquisitions and sales costs.

Finally, take steps to improve your market price position to protect margins. Discounting is a significant cost for technology and service providers. To mitigate the need to discount, develop price model options that align and scale to your value story and cost base.

Maximise the impact of top talent

Healthy, high-performing teams are essential to winning in the turns. However, scarcity of talent is a concern in the

technology industry - in 2018, 90% of the S&P 100 were recruiting for the same 39 roles.

A top-performing employee in a complex role can offer as much productivity as multiple average performers. Study the economics of value creation of your business and determine which roles have the greatest influence on creating that value. Then, align top performers with the most impactful roles.

Finding top talent in a recession will become increasingly difficult. The imperative, therefore, is to set aside a budget to reskill or upskill, engage and retain the talent you have. Create a culture of adaptability that will ensure top performers stay with your organisation through the turns.

While uncertainty may be the new normal for today's business leaders, remaining focused on strategy and the bottom line in the face of change will help tech CEOs to ensure their organisation survives - and thrives - in the turns ahead.

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