

Knowing + Doing = Being



Know+Do publishes monthly *think papers* for its subscribers and clients highlighting different issues that promote the philosophy of '**knowing+doing=being**'. Our approach is: if you cannot define where you want to **BE**, how can you **KNOW** your plans are correct and what you are **DOING** will help you reach your goal? This is the third paper in a series on 'managing change'.

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How to steer whilst rowing?

Think Paper No 3. Series 2: Managing Change

The question in the title is a quandary that many managers and indeed workers have told us they currently identify with. However, ever since man (or woman) first took to water this has been an issue that successive generations have sought to solve and establish better solutions. Such solutions enabled people to travel further and further and perhaps more importantly to also return safely.

History shows us that countless civilisations have taken to the water to fish, trade, invade and travel. Starting with one man coracles, Viking long boats emerged that crossed oceans, culminating in today's super tankers that criss-cross the globe. Each succession though had to build on the rudimentary fact that they had to both navigate and power the vessel. The further afield people went the more information that was needed to achieve a desired outcome.

Information about currents, tides, winds, weather amongst others were all important to aid navigation. Successful journeys were charted and such charts became prized possessions later as they enabled others to follow and avoid any known hazards. Of course, the unexpected can occur though, and a calm sea can quickly turn into a destructive force with a change in the weather adding more immediate challenges to be overcome. Prior training and experience creates an efficient crew that pulls together under such challenges. Watch any documentary on an ocean going yacht and the thing that strikes you is that in times of need everyone is clear about their role and that they understand how what they are doing adds to the overall objective. The speed and effectiveness of communication is critical at these times but is required to be in place before the event - think about the tragic consequences of the Costa Concordia cruise liner as it ran aground off the coast of Italy. Passengers talked about the chaos and confusion of the evacuation procedures and the seemingly lack of preparedness of the staff to cope with event as it unfolded.

If you subjected your business to proper scrutiny could you say that all staff know how to steer whilst rowing or do you as the business leader take the helm alone? I was at a business event last week when the speaker asked the 100+ audience how many of them had a mission statement for the business and if they had one, was it currently guiding the business? Worryingly, about 90%

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replied 'No'; it came as no surprise then to find out that about a similar amount also didn't have a clear set of values for the business. It seemed then that these businesses were caught up in the day to day activities of running a business without a clear focus on an overall objective and the necessary value set for making decisions.

In a previous *Think Paper*¹ we outlined the steps to writing a personal mission statement. However, the scale of organisations missing or not using a mission statement was worrying. All the more so, as our work at *Know+Do* constantly reinforces this fact when helping organisations undertake strategic reviews to meet the necessary changes brought about by fluid market conditions. Many organisations seem to have fallen into the busy trap, in that they are focussed on the day-to-day workloads or particular projects to the detriment of the big picture and their reason for being. This is a common trap that we can all fall into and for many it is a coping mechanism that avoids having to face the fact that the scale of change might have just tipped us off balance and we're not that sure where we need to steer anymore. In the midst of a storm our survival instinct kicks in and we don't care if we're blown hundreds of miles off course as long as we survive.

However, if we read the conditions and prepare by carrying the right resources and training for such an eventuality, we are able to not just survive but also steer as close to our destination as possible. Staying with the nautical theme, I remember reading about how the Ghurkhas enroute to the Falklands war trained by navigating around their transport ship blindfolded so that if the ship was bombed they would instinctively know where they were heading. The Ghurkhas were leaving nothing to chance and not waiting until an accident happened before taking action. This level of preparation is one of the reasons why the Ghurkha regiment has amassed 13 VCs and is so highly regarded and feared in battle.

How prepared are you at the moment? When was the last time you reviewed either your organisation and/or your marketplace to see if you are properly prepared? If you're in the middle of fighting fires it can be difficult to find the time to step back and strategically review the business but far too many businesses cease trading because they don't make the time. Like the public health adverts for HIV of the late 1980's organisations need to ensure that they "don't die of ignorance". If you haven't done an organisational check and a market review recently, then you are leaving your organisation very exposed to being swamped or overwhelmed by changing conditions.

Many organisations we support perceive that this sort of review is highly complex and time consuming but there are a number of simple models that can be used to help analyse an organisation's position within a commercial marketplace. Without this understanding it's virtually impossible to develop your organisation sustainably and we find that businesses are wasting significant time and resources fire fighting avoidable issues. Two of the most commonly used models are called a SWOT and a PESTEL.

¹ <http://knowanddo.com/archives/1035>

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In this Think Paper we'll look at a PESTEL process in more detail, future papers will consider a SWOT but for reference, a SWOT focuses on analysing the Strengths, Weaknesses, Opportunities and Threats of an organisation as a whole, or a particular project or team within an organisation. The PESTEL model (which is sometimes known simply as PEST) looks at the Political, Economic, Social, Technological, Environmental and Legal factors. The main differentiator between the two models is that a SWOT analysis measures an organisation or team, a proposition or idea whereas a PESTEL analysis measures a market.

It is advisable to undertake a PESTEL analysis first to help determine the marketplace and identify any areas where a SWOT analysis would be needed. It's our experience that more businesses have heard of or undertaken a SWOT than have heard or used PESTEL. We've been surprised as well by the amount of organisations that have completed a SWOT when they were first established and then never repeated it. Before *Know+Do* invest anytime in a particular project or venture we undertake a quick SWOT analysis to see how it may impact on our business. We would suggest that organisations undertake a PESTEL analysis to help them understand their current marketplace. In many cases it will have significantly changed due to a whole host of factors especially in the current financial climate.

A PESTEL analysis is useful whether you're in the public, private or voluntary sector. All business is impacted by the 6 PESTEL factors outlined above. Many smaller organisations don't see the relevance of undertaking a PESTEL. It shouldn't be a one-off process either and we advocate that the model is worked through from time to time as all of the factors are constantly changing. However, even larger organisations should ignore this at their peril. Think of MySpace the social media company. Launched in 2003, it enjoyed phenomenal growth and was bought by News Corp in 2005 for \$580m. By 2007 it had over 300m registered users and was valued at \$12bn; then it imploded and was sold last year for \$35m. What went wrong? Well arguably they forgot to steer whilst rowing. Many analysts point to the fact that they didn't have the talent to steer the company to enable it to keep up with its market place. An article in the LA Times highlighted "*A lack of a single, unified vision for MySpace hampered the social network, which was slow to respond to the rapidly evolving technological landscape*".

MySpace also forgot to engage with its audience – it was a social media company that forgot to be social. Users found the interface clunky and blogged about the issues but MySpace didn't respond effectively. Facebook launched a year after MySpace, capitalised on its rival's mistakes and grew quickly becoming the dominant player in the social media market. One of its key abilities is the fact that its CEO Mark Zuckerberg sets product strategy. He steers whilst others row and the company is constantly ensuring that its product is fit for purpose.

Whatever your size or marketplace we would encourage you to take the time to work through a PESTEL and then a SWOT to give you an idea of exactly where you are and what you should be focussing on right now. Failure to do so could see you rowing faster and faster to disaster and not navigating safely into harbour.

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The following overview of the PESTEL analysis provides an outline of what is required when considering using the model. We would suggest using large blank sheets of paper for each factor with plenty of Post-It notes that can be rearranged and discussed after any initial brain dumping. The purpose of a PESTEL is to help you consider the strategic drivers which are impacting on your organisation. What are the factors in your marketplace? If you operate in the public service market place many aspects of the model will likely appear under more than one heading. The following example shows some of the points to ponder under each factor.

Example PESTEL Model Framework:

Political	Economic
<ul style="list-style-type: none"> ➤ Current national policy / plans ➤ National strategic documents & Consultations impacting on you ➤ Local commissioning consultations & Strategic planning processes ➤ Local government / decision making structures & annual reports ➤ Local healthcare needs – NHS Bill 	<ul style="list-style-type: none"> ➤ The budget & pre-budget review ➤ Current political view on public finance & business growth ➤ Your local authority's spending review process ➤ Sources of grant funding & investment ➤ Potential new markets & sales opportunities
Social	Technological
<ul style="list-style-type: none"> ➤ Current health & social trends at local & national level ➤ Make up & demographics of your local population or marketplace ➤ Hot topics or key words in the media ➤ Public reaction to recent local events ➤ Reach into local marketplace 	<ul style="list-style-type: none"> ➤ Is your information communication technology up to date? ➤ What systems & processes are prevalent in the market place? ➤ If you are in service delivery, what's considered best practice? ➤ Have your staff training & qualifications needs changed?
Environmental	Legal
<ul style="list-style-type: none"> ➤ Environmental regulation ➤ Reduction of carbon footprint ➤ Sustainability ➤ Organisational environmental impact ➤ Local impact of adverse weather 	<ul style="list-style-type: none"> ➤ Employment law ➤ Health & safety regulation ➤ Equality & diversity law ➤ Money laundering / tax compliance ➤ Sector specific regulatory compliance

It can help working through a PESTEL with someone who has undertaken one before as they are able to help advise and suggest places to quickly find information. Once you've been through the process it's much easier to repeat it. Completing such an analysis will provide you and your colleagues with the vital business knowledge needed to 'steer whilst rowing'.

PESTEL Master Class – 4th July 2012

Q. Do you want to be guided through a PESTEL process?

In response to requests from earlier *Think Papers* we will be running a Master Class on how to undertake a PESTEL analysis on the 4th July 2012 in Central Manchester.

Our own PESTEL analysis highlighted that for many smaller organisations training budgets have been severely hit by the current financial climate and the government's austerity measures. In line with one of our company values of *Sharing* we have slashed our normal price by 80% to help give something back and to support local businesses review and plan their future growth. Places are limited so please book early.

For more information and to book view <http://knowanddo.com/?p=1137>

We hope to see you there!

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