Big Changes Ahead: Are You Ready?

The growth of "big data" has been declared one of the top business trends to watch in 2013.

January 31, 2013

An Oracle survey of C-level North American executives found that 93 percent "believe their organization is losing revenue as a result of not being able to fully leverage the information they collect."

The challenge, writes Hootsuite CEO Ryan Holmes in *Fast Company*, which confronts everyone from data giants like Facebook to small businesses, is how to process and aggregate unprecedented volumes of information about clients and buying trends, and turn it into actionable policy.

Getting ready for the future — whether for "big data" or any other major influence that will reshape your organization — can be daunting.

But as several recent pieces of research by IESE professors and others reveal, keeping up with today's continuously evolving business landscape is possible, provided you shed outmoded organizational structures and mind-sets.

A reality check

To anticipate the future, you need external market information. For many companies, the problem is not a lack of such information, but rather a failure to leverage it effectively.

IESE professors Carlos García-Pont and Paulo Rocha e Oliveira explored the information-sharing processes at 20 multinational firms, and found several common stumbling blocks to watch out for.

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Information Hoarding. Most companies do well at accumulating information. However, sharing that information across the organization, or agreeing on its broader implications, is another story.

"Many organizations will do anything to obtain information. But once obtained, the information is consigned to a bottomless memory pit, never again to be retrieved," say the authors.

Moreover, organizational structures may encourage information possessiveness, limiting information sharing to a need-to-know basis.

The resulting breakdown in information flows limits the data's potential usefulness, while diminishing the importance of making contextual information available for employees.

Overcentralization. Weak interdepartmental interactions and lack of communication are other common problems. Bubble-like structures make employees feel cut off from the bigger picture and discourage information sharing.

To overcome these barriers, the authors suggest implementing a system of cross-divisional information sharing and collaboration. Increasing internal openness, fostering horizontal relationships and using informal as well as formal channels are paramount.

Myopia. Short-sightedness is another major obstacle to change. Many firms get stuck focusing on the day-to-day, like production and sales, leading to reactive rather than proactive behavior.

If companies cannot lift their eyes from the here-and-now to manage and interpret the information they possess, they won't see what is approaching on the horizon. The risk for many will be obsolescence down the road.

To overcome myopia, managers should learn to distinguish between what is urgent and what is important, and encourage a corresponding mental shift in their employees. Rather than thinking about what they have to do, they should be thinking about why they have to do it.

Overall, the challenge of remaining in business requires a balance between what needs immediate attention, and what deserves your undivided attention as you envision the future.

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Becoming a forward-looking company

Apart from these problem areas, IESE's M. Julia Prats and Remei Agulles add that learning and growth are also critical for managers to understand and prepare themselves for future challenges.

The ability to learn from experience, both your own and that of others, is not easy, but it is ultimately what distinguishes a forward-looking company. Those managers who are impatient to meet targets, and who do not allow adequate time for reflection and discussion, are often those who find themselves falling behind.

Despite knowing the importance of change, "most people have a pronounced affinity for the status quo and prefer things to stay the same," says IESE's Marc Sachon, who teaches on IESE's Short Focused Program, "Driving Change Successfully."

When confronting complex change, executives need to break it down into component parts and develop project plans, with pertinent milestones and activities, so that change becomes actionable and manageable.

Adapting today in preparation for tomorrow

Becoming an effective agent for change may require adapting your own skill set to meet the big, disruptive shifts that are likely to reshape organizations and workplaces in the future.

In a recent issue of *IESE Insight* magazine, two researchers from the Institute for the Future listed 10 specific new skills that every worker will need, to navigate the emergent environment and achieve success in the next decade.

Many of these skills relate back to knowledge and "big data": computational thinking, cognitive load management, new media literacy and sense making. More important than the gathering of information is one's ability to process, make sense of and make profitable use of that data.

"Big data" is just one of many forces poised to change the way we do business. The key is to commit to a culture of learning and change, in order to stay nimble and sustain your business for whatever next year's trend happens to be.

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