

THE JANUS VIEW: *Changes and Transitions 2011*

Now in January, named for the Roman god, Janus, who had two heads and stood in doorways representing opposite directions; one head looking back, the other looking forward; the old, the new; the future, the past; the Millennium decade past, Twenty – Twenty, the future, we begin the New Year.

From the 2010 Annual Report of one of the USA's oldest and largest mutual funds, the following:

"Scary headlines, troubling events and disappointing news often set off a cloak of fear and insecurity ... a difficult time?" And, three pages later: *"As the world economy has been improving, profits at major corporations have risen sharply ... opportunities are plentiful?"*

The past decade was difficult, uncertain, dangerous and painful and demanded the best from all

A Janus view indeed. The disruptive philosophic idiom: is the glass half-empty? Is the glass half-full? "...there's the rub that makes calamity" Which matters?

The past decade was difficult, uncertain, dangerous and painful and demanded

the best from all. For those who took control of their destiny it matters not that the glass be half-empty or half-full, it matters only that there was something in the glass.

Those with 'something in the glass' responded to the challenges, becoming more efficient by trimming costs, visiting with suppliers, chatting with customers, guarding capital spending, managing cash flow, reviewing processes and investing in staff development and training. Successful companies did not focus on 'the glass.'

Instead, these successful companies focused and positioned themselves as early beneficiaries of the coming economic recovery. But what is it that will come? Likely, more questions than answers. Quite unlikely, a return to previous levels

of labour, inventory, non-productive assets, enterprise silos and all we did and knew we shouldn't have.

Forecasting? The 1939 wit and wisdom of Sir Winston Churchill reflecting on Russia "... *as a riddle wrapped in a mystery*

inside an enigma" offers little comfort as do the econometric models, indices and pundit prophecies. Alternatively, as quipped by noted author Michael J. Gelbth, "... *The best way to forecast the future is to create it.*"

Indeed, we are part of the global ecosystem and must constantly scan the environment for signs of change. What activities will engage us? Is our future in alignment with our vision, purpose, mission and stakeholder mandates? What are our expectations and perceptions of the probability, impact and speed of change? What are the risks, threats, or opportunities that come with change?

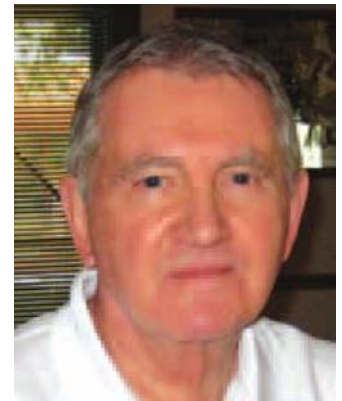
As we accept the mandate to create our future, comes again a question: where to begin?

We begin with a view towards the horizon. And, as we look towards 2020, we need to revisit and re-examine our vision, purpose and mission; and, to develop objectives and set strategies to satisfy each.

"What you can do, or dream you can do, begin it; boldness has genius, power and magic in it."

A couplet controversially attributed to J.W. von Goethe suggests the first step of the decade is to take the first step.

As we take the first steps forward into 2011, with



By Joseph Cervenak*

clarity and a sense of direction, yet with a reminder of core principles, it becomes essential to create a contemporary set of practices and in so doing establish a 'new normal'. Using the precept of a 'new normal' based on the implications of current trends, strategic and operational practices require a comprehensive, conceptual and functional understanding of what needs doing ... a Janus 'look forward.'

The look forward embraces cultures, demographics, globalisation, political climate, academia, societal values and, certainly, technology. All are pieces of our business; scenarios that directly involve and affect our key practices with people, processes and production.

2011 - Eleven for ELEVEN

Eleven approaches to our business with 'new normal' perspectives and practices.

1. Cash-free cash flow:

Judicious spending of cash presents opportunities for new product development, bargain acquisitions and debt reductions equating to today's solvency and tomorrow's growth and profitability.

2. Customer Loyalty:

Recent across-industry studies find that perceived customer value, customer service and quality are the main factors contributing to customer loyalty. Customer loyalty translates to high customer retention and, in turn, to higher customer spending and positive word-of-mouth recommendation. Read as: customer loyalty pre-empts competition.

3. Inventory:

Computer models, texts, algorithms, notepads and other wizardries help to determine a level of inventory, and they all work. Modern inventory practices centre on JIT (just in time), Kanban (scheduling), lean (creating only for value) and they too work. Accounting considers inventory an asset, as it does cash. However, cash is consumed to purchase inventory. However, without cash we have lost opportunity. All inventory is an expense. Exacting management is vital, lest it become the *bête noir* of profitable business.

4. Technology:

Chris Wilford, corporate vice president and general manager Microsoft Small-Midmarket Business Solutions, builds a business on the precept that "where

there is a browser, there is an office." The magic is there in cyberspace, online, and with web-enabled devices. There are the ubiquitous mobile devices, smart-phones, mp3s, iPods, Kindle readers and iPads. All prove their worth if they are used. Going forward utilising technology is an absolute must investment.

5. IT:

Cloud computing – 'back then' it was ASP, recently SaaS and now cloud computing. Yes, while it has shortcomings it is becoming mainstream. Easy to use, reasonable in cost when compared to software and license pricing, It is mobile and makes available powerful solutions while paying for only what is needed. This one deserves a budget.

6. Risk:

The deadly 'new normal,' the quiet sleeper is awakening. Significant in exposure, far-ranging in scope and possibly catastrophic in consequence, risk awareness requires comprehensive and imaginative examination of strategies, operations and processes, functions, projects and service; and, as the source of threat to people, assets and product. A top-level mandate for creating an identification, evaluation, prioritisation and intercession practice and plan is an absolute must. Boring as it may be, reading ISO 31000:2009 could help to keep the proverbial 'barn door' closed before it's too late.

7. Sustainable Energy and Green

'Going Green' could be the most complex, confusing and significant challenge of our

time. Human need, protecting the environment, corporate compacts, consumer bent and competitive posture add to the dollar spend question. Early study suggests that the public face and practice of green 'is good, and can be profitable.' Follow the leader? When Walmart mandates ...

8. Strategy:

"The rate of change in the global business environment is unprecedented, forcing organisations to challenge many of the assumptions about how they operate..." Mike Rake, Chairman, KPMG International. A creatively defined strategy is an environment for rethinking the business model – before working on the business – to looking at markets and trends, at competition and customers; and, at the organisation itself — and only then do we develop a flexible and sustainable profit model to ensuring that future direction will be successfully implemented. Time for serious skulduggery.

9. Supply Chain:

Decreed for the 'new normal' is positioning the supply chain as a value chain and as an enabler of revenue and margin growth. Alignment to strategy, integration within the enterprise, collaboration with customers and suppliers; and, synchronization across the global chain. Voilà! ... revenue and margins grow.

10. Training and Development

"Any use of a human being, in which less is demanded of him and

less is attributed to him than his full status, is a degradation and a waste."

Norman Wiener, in his book *The Human Use of Human Beings* challenges us to prepare ourselves and the next generation for responsibilities greater than ever imagined. 'New normal' thinking demands thought leadership, going beyond the basics and utilising the brain's right-brain creativity capabilities. The challenge is real, the payback enormous.

11. Fast-forward to 2014:

Panama Canal – by now it is on everyone's radar. Well beyond the hemispheric and equatorial Americas and the Caribbean, its impact will be remarkable. A critical examination of all possible "what if" scenarios is needed. 'What if we're not the transshipment hub... what are we?

Yes, the past decade has been difficult, uncertain, dangerous and painful and has demanded the best. Now we look forward knowing what must be done. We are alert to the emerging trends that are transforming markets and to the 'new normal' of business. We look forward and shape outcomes rather than react. We raise our glasses filled with high expectations and see the horizon in the perfect vision of 2020 with clarity, determination and focus, yet with serenity and calm. And we toast to an auspicious 2011.

Cheers! 

**Joseph Cervenak is managing principal of Kemper-Joseph, LLC, www.kemperjoseph.com. Email: info@kemperjoseph.com*