

## Going beyond *insight*.....

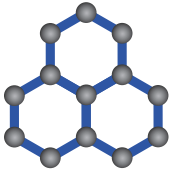
**Graphite i2i** has a mission to increase our client's probability of success in implementing a plan to **create, grow or restore value** in their business. We specialise in bringing **simplicity, clarity and focus** to the **complex issues and uncertainty** businesses are facing today.

We provide regular *Insights* to our clients and contacts to educate, inform, stimulate thought or spark debate. The aim is to help you see your business in a different way and create focus.

### **Growing Certainty about Uncertainty**

considers whether the level of uncertainty currently being experienced is really anything new. It explores the impact greater knowledge is having on strategy and how organisations should adapt their planning process.





## Growing Certainty about Uncertainty

Despite a number of good economic signs globally following a significant period of recovery post-GFC, business and consumers continue to be uncertain about the state of global economies and political stability. At the same time there is a sense that current pace of change will further heighten the level of volatility of potential outcomes for the future.

As a result, many businesses are using this as a reason to avoid growing, developing new plans or taking on value creating risks. Many business owners and CEOs fear that if they undertake any sort of change with this background of uncertainty their organisation would be placed at great risk as the future may not turn out as they expect.

However, there is nothing new about an uncertain future or, indeed, a rapid pace of change. Every generation has seen significant change in their time and considered they live in uncertain times. Over the past forty years we have seen great change, including the emergence of smart phones, the development of the internet, increasing terrorism, a number of wars, financial crises (such as the GFC) and recessions.

In comparison, during a similar length of time from the late 1800s to the early 1900s, the world saw equally dramatic and profound changes. The first flight took place, the first phone call was made, the world was at war, cars replaced horse drawn carriages and electric lights replaced gas lamps in streets. Arguably these changes had a more profound impact on the nature of business and consumers than current changes.

Why then should the current level of uncertainty restrict business from planning for and achieving growth in the future.

"The future has always been uncertain and business has had to create strategies to chart a course as best they can. Plans and forecasts have always been shown to be inaccurate in reality." says Jason Talbot, Principal at Graphite i2i, a consultancy specialising in governance, strategy and finance.

If the level of uncertainty hasn't really changed, then what has changed and how should business adapt?

"What has changed is that we are now more certain about the level of uncertainty. We now recognise more strongly that the future is unpredictable and that our strategic plans for the future will need to be reviewed and changed more frequently."



We now also have greater level of information regarding these uncertain events and can access that information rapidly through various electronic means. "The pace of communication and the speed with which we can recognise deviations from the plan has increased dramatically. We now have the ability monitor performance more closely and adapt forecast assumptions more quickly."

Dr Talbot believes this has fundamental impacts on the way in which businesses should plan for the future in order to grow and survive. Plans can no longer be 'set and forget' and must be constantly monitored and adapted as new information becomes available. There also needs to be a greater focus on identifying and mitigating potential risks that could arise in the future.

"Businesses still need to develop plans and set the overall strategic direction in order to create value. However, there should be a greater emphasis toward ongoing performance monitoring, regular review and risk management."

"There are numerous great opportunities for businesses to grow and create value, even in the current economic environment. Those businesses that can embrace these conditions and adapt strategic governance processes to suit, will thrive and create significant value for their stakeholders."

Traditionally, businesses have reviewed their strategic plans every six months at best (and often only annually). Today we have the ability to obtain detailed, accurate and relevant information on the business, the market and the economy on a daily basis. This ability should be exploited to track the performance of the business against its goals on a far more frequent basis. Where deviations are identified, they can be acted upon more quickly to ensure the business remains on track.

In developing a strategic plan not only should boards and management give significant consideration to performance monitoring, they should also focus on identifying the actual and potential risks that will result. This should also include developing plans to avoid or mitigate those risks, allowing the business to respond far more quickly when those risks become reality.

Uncertainty in business is nothing new, we are just now more willing to recognise it and realise that we are not all that good at predicting the future. We can't predict the future any better now than we could 100 years ago, however we can recognise changes to predictions much more rapidly. Rather than being frightened by this, business needs to embrace it and develop strategic planning processes that capitalise on the new strengths it brings.

This *Insight* is from Graphite i2i. If you would like to know more about how it effects *Implementation* please visit our website or contact us via email.

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