

The Need to Differentiate Between Long-Term and Short-Term Uncertainties in Business

When I saw this headline in a publication recently: 'Drip-feeding support means firms can only plan a few weeks ahead'; I realised that there might be some confusion over planning for the short-term (the now) and undertaking the planning required to ensure business continuity in the future. This coupled with phrases like 'in the new normal', when talking about the future, can be somewhat misleading. I have seen many businesses fail during the current COVID crisis. Some of these were already teetering on the edge of failure prior to the Pandemic only to be 'pushed off the cliff' due to the detrimental effect of COVID. However, if companies want to ensure that they are in a position to thrive in the marketplace, then there can be no 'new normal'; change will be constant.

Due to the uncertainty brought about by the COVID Pandemic and, in some cases, the uncertainty and confusion over our new relationship with the EU following the outcome of Brexit, many organisations have had to react to change; rather than to take a more proactive stance. Stakeholder expectations (customer, employee, investors and society) have been changing faster than we have ever seen before and they are likely to continue to do so in the future. This, again, required a reactive stance. However, whilst continuing to react to the current changes, businesses also need to look at the longer term.

Long-term planning is all about business continuity and vice-versa. Unlike the short-term reaction required in the midst of a pandemic, long-term planning is about bringing something different to the marketplace. By so doing, businesses can 'cut through' long-term uncertainties by creating something new; something of value to the Customer. Businesses need to be outward looking. If business leaders leverage the 'right' strategies, capabilities and culture, they should be in a position whereby they are receiving feedback, from across the organisation, on changes in the marketplace. What is it that the Customer will need (want) in the future that is not already being provided? Is the business structured in a way that it can support the collaboration required to generate the innovation needed to create something new? Does the culture that has been adopted, throughout the organisation, support change? Does the business have the capabilities that are required to move forward – including people who will champion change?

It would appear that some of the decisions taken in the short-term, such as restructuring with the inevitable reduction in the workforce, have been taken with a view to cutting costs rather than to future needs – a short-term solution to a long-term problem that adds little value. This, in turn, could result in additional recruitment and training costs further down the line together with the hidden costs brought about through reduced productivity; whilst people settle into their new roles. Added to this is the reduction in staff and organisational development brought about by the loss of tacit knowledge (the skills and knowledge gained by people in the workplace) when making posts redundant. This is a clear indication of a lack of forward-planning and, although I might have some sympathy for the need to react to the unknown (COVID/Brexit) in the short-term, failure to take into account future needs could be costly in the longer term.

This highlights the need to distinguish between long-term uncertainty where businesses have an opportunity to plan their own future and, in so doing, champion business continuity and short-term uncertainty whereby they may need to react at a fast pace in order to survive. Having a long-term plan in place, coupled with the agility to make changes with speed and scale, could result in more 'educated' decisions being made in the short-term.