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In June 2011, 480 executives gathered at IMD for one week at Orchestrating Winning Performance (OWP). The OWP program stimulates participants by challenging beliefs and existing practices. It provides a platform for the exchange of insights on global trends and how these will impact organizations and individuals in the future. Based on these trends, individuals need to decide how to harness complexity to their advantage to find the "sweet spot" on the wave of global trends.

Proactively Riding the Global Waves



It goes without saying that in today's ever-changing world, it is critical for managers and companies to be ahead of the curve – to shape trends rather than just reacting to events, to ride the wave. As surfers know, there is a "sweet spot" with every wave: If you are too proactive and get ahead of it, you'll be pummeled; wait and watch too long and the wave will take off without you, leaving you dead in the water. How active are companies and managers at finding the "sweet spot" on the many waves they encounter?

This was the theme of a number of questions we put to participants during OWP to get a sense of how proactive they and their companies are in terms of responding to global trends. What we found are companies and managers that are primarily responding to global trends by complying with standard practices.

Much research has focused on proactivity, mostly on an individual level. Proactive behaviors can be considered to be "taking initiative in improving current circumstances or creating new ones." Proactive people "identify opportunities and act on them, show initiative, take action, and persevere until meaningful change occurs."ⁱ As uncertainty increases, adaptive and proactive behaviors lead to more effectiveness in organizations. Research has, for instance, shown that team-level proactivity is positively related to

productivity, customer service, job satisfaction, organizational commitment and team commitment.ⁱⁱ

By combining the work of Miles and Snowⁱⁱⁱ with the proactivity literature, we can identify three types of organizational/ managerial proactiveness:

Reactors are managers/organizations that frequently see change and uncertainty occurring around them but are unable to initiate new procedures or policies. *Reactors* are caught in a sort of "unknown environment" because they have no consistent strategy. Thus, they are forced to wait until the external environmental pressures force them to change their behavior.

Analyzers are managers and organizations that spend their time analyzing the processes and policies of their competitors and of the industry. The players in this group look to see which processes and policies look promising from the external environment and then they immediately move to "adopt" them without causing too much change or disruption in the organization. *Analyzers* play along to get along. However, the adoption of another player's policies and procedures leaves *Analyzers* with no real competitive advantage in the marketplace, except over *Reactors*.

Prospectors are managers and organizations that are focused on searching for market opportunities and regularly experimenting with potential responses to emerging trends. In doing so, *Prospectors* see every situation or crisis as an opportunity, no matter how good or bad it looks, and strive to influence the future events generated by the situation. Because *Prospectors'* ideas come from past experience and experimental creativity, their practices are difficult for others to adopt and implement. *Prospectors* usually create the change that other actors in the market adopt.

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During OWP 2011, we conducted a survey about the proactiveness of managers and companies regarding global trends. In the first part of the survey, respondents were asked to indicate the level of proactivity based on responses such as “doing nothing,” “going to wait and see,” “being compliant,” “implementing best practices” and “developing new practices.” *Reactors* were identified as “doing nothing” and “going to wait and see.” *Analyzers* were identified as “being compliant” and “implementing best practices”. *Prospectors* were identified as “developing new practices.”

With respect to global trends, most respondents state that their companies are *Analyzers*. Our results show that most managers think their companies are “implementing existing best practices” or are “complacent” in dealing with future global trends.

This report looks at some of the major trends relating to *Analyzers*, *Reactors* and *Prospectors*.

Technology and changing consumer/industry dynamics are at the top of the list for *Prospectors*. As one OWP participant commented: “The biggest challenge we have encountered (in new markets) has been between standardization and localization. In the home market the company has a good brand, but in foreign markets the products and price don’t fit. The company works to change the industry landscape in these countries by bringing in standard materials.” Commoditization and localization of products forces managers and companies to focus on being ahead of the curve. Thus, proactivity is forced upon the manager/company from the outside.

Technological changes are potentially less driven from the outside. Yet, Moore’s law* argues that computing power doubles every two years. If Nick Carr is correct and technology has become a commodity,^{iv} then managers and organizations need to focus on creating a significant competitive advantage in the way they utilize technology.

* Moore’s law describes a long-term trend in the history of computing hardware.

Top 4 Prospector Trends

Trend	Prospectors	Analyzers	Reactors
Working to be at the forefront of technology	38.37%	54.65%	6.48%
Working to be a global leader in technology	30.81%	49.42%	19.77%
Changing consumer dynamics	30.23%	66.28%	3.49%
Changing industry dynamics	29.65%	62.21%	8.14%

Sample = 172 OWP respondents

Top 3 Reactor Trends

Trend	Prospectors	Analyzers	Reactors
Train top talented women	22.09%	51.74%	26.16%
Hire critical talent in BRIC	18.60%	55.81%	25.58%
Retaining knowledge from retiring senior workers	14.53%	62.79%	22.67%

Sample = 172 OWP respondents

Top 3 Analyzer Trends

Trend	Prospectors	Analyzers	Reactors
Managing internal knowledge to ensure growth	8.72%	74.72%	16.86%
Promoting stakeholder demands in the company	16.86%	73.26%	9.88%
Implementing accounting control to avoid surprises	20.93%	72.09%	6.98%

Sample = 172 OWP respondents

Articles in the press and discussions with top management teams suggest that everyone agrees we need to do more as far as training top talented women is concerned, and yet 78% of participants feel that their companies have fallen behind the wave in this respect. This is also true for hiring critical talent in the BRICs. If there truly is a “War for Talent,” then it would appear that many managers/companies are falling behind. As one OWP participant mentioned, managers/companies need to offer women and BRIC employees long-term career strategies to ensure that they have the leaders of today and tomorrow. Mentoring and coaching by senior workers might be a way to transfer the knowledge while at the same time developing women leaders and workers in the BRICs.

The resource-based view of the company shows that the people and knowledge are a key competitive advantage. In order to ensure this advantage, a company needs to effectively manage its internal knowledge. While many KM systems and management tools exist, managers and companies need to be proactive in the implementation and utilization of the systems. In short, beyond just utilizing these systems and tools, managers and companies need to make sure they work for them.

As Michal Horak of Peikko Group Oy observed, “In many markets, there is corruption. Therefore, new management tools are put into place: electronic auction, outsourcing certain activity, annual contracts to have a fixed price and new logistic tools.” This shows the importance of developing and implementing the right internal processes and systems such as accounting control processes to prevent surprises. However, this might just be an act of “fixing” what is absolutely necessary and less about proactively managing trends.

Besides looking at the proactivity of companies, we also examined the proactivity of the CXO team and managers themselves. In order to do this, we presented our questions in a different format. Using a traditional 5-point scale –

Strongly Disagree (1) to Strongly Agree (5), we asked managers how proactive their CXO members are.

Chief Officers' Proactivity			
	Average Score	Percent who strongly agree	N/A
Chief technology officer	3.76	22.37%	20
Chief financial officer	3.70	20.12%	3
Chief knowledge officer	3.50	16.83%	71
Chief human resources officer	3.36	14.53%	-
Chief marketing officer	4.0	28.47%	35

Sample = 172 OWP respondents

Most managers feel that their companies' chief marketing officer (CMO) is the most active. This is not surprising in light of the recent economic slowdown. CMO activity may also be a function of “voice.” CMOs are probably more communicative about their projects and ideas than other officers in the CXO team. For the CTO it may be a question of perception rather than voice, since technology is changing rapidly, so therefore our CTOs must be proactive. Thus, CTOs and CMOs appear to be more active because they are “analyzing” and “reacting” to events in the marketplace rather than actually prospecting and riding the edge of the wave.

We also asked managers how proactive they are with regard to certain trends. While stakeholders and consumer-centric strategy scored high, trends like the growing use of social media to interact with consumers and understanding and managing the different generations scored lower. This suggests that managers are not embracing new technologies, like social media, and are finding it difficult to understand the differences between generation Z and previous generations. This means that potentially they might have trouble dealing with future employees.

Proactivity can be seen as a double-edged sword. While innovation and cutting-edge ideas are what companies want, proactive employees are not always seen in the best light. After reviewing a number of people and their traits, Frohman found that many of these proactive people were not always considered “high potential.”^v This is partly because proactivity is seen to go against conventional thinking and that going against

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the status quo is not considered to be “positive behavior.” Proactive employees are generally action-oriented, purpose-driven and willing to struggle in the face of adversity over a long period of time, acting as change agents. The challenge is to strike the right balance between encouraging proactive employees to lead the way and recognizing the barriers to proactiveness within organizations in order to avoid change for the sake of change.

If your company is an *Analyzer*, is that where you believe it really should be? If not, can you be an agent of change to help it to become a *Prospector*?

This paper has been compiled using data provided by participants of IMD’s OWP program 2011. It will be the first in a series of reports produced using this comprehensive data.

References

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Orchestrating Winning Performance

To be a successful leader you must challenge your perspectives, harness complexity, face the future and drive superior performance. OWP is an invaluable opportunity to augment the knowledge, skills and awareness you need to succeed, particularly in the current business environment.

Who: For individuals and teams

- What:
- Anticipate global business trends
 - Boost your performance, broaden your perspectives and expand your global network
 - Design the program that suits you

Dates: June 24 – June 29, 2012