30 Business Practices for Remaining Competitive in a Changing Economy

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The pace of economic change is accelerating due to powerful dynamics like information technology, globalization, and social media. While change can create tremendous opportunities for businesses in the form of new market opportunities and new ways of working, change can also create uncertainty. In fact, economic uncertainty dominates the list of top concerns plaguing businesses today.

With a rapidly changing economy creating both opportunities and risks for almost every business, it's critical that companies effectively manage this change. To help with that effort, here are 30 best practices, organized into five higher-level categories that are designed to help businesses manage change.

Build a resilient, flexible, highly distributed organization

Dynamic markets require companies to change quickly. Companies must be able to take advantage of new market opportunities and respond to market risks in a matter of days as opposed to years. Organizations that are flexible and resilient outperform their peers in rapidly changing markets. And companies that organize themselves in a highly distributed manner tend to be the most resilient and flexible of all. That's because these companies can tap into global markets, highly skilled labor pools, and specialized groups of partners and suppliers.

1. Target and test global market opportunities.

Highly distributed organizations are capable of targeting local and regional markets around the world. That provides companies with larger target markets. In fact, 70% of the world's purchasing power lies outside of the United States. Historically, this has been difficult to do given geographic limitations, but the internet makes marketing and selling to a broader market, remarkably straightforward. A variety of technologies such as self-service advertising tools and video conferencing platforms make it possible to target and engage prospective customers no matter their location. Furthermore, many of these tools make it possible to run small tests to gauge the strength of a particular geography before deciding to make a full investment in the market.

2. Build a highly distributed, skilled workforce.

Great employees are critical to a company's success, particularly in rapidly changing markets. But location often prohibits companies from hiring truly great people. Over 60% of companies already allow their employees to work remotely because a distributed workforce offers companies a number of benefits. First, companies can hire people from a larger, global pool of employees. It's easier to find specialized skill sets in this broader talent pool. Second, employees who can work from their preferred location are usually happier and more productive. Third, a remote workforce can deliver significant cost savings to a business. A recent study estimates that U.S. companies can save up to $20,000 per employee by having them work remotely.

3. Develop a distributed network of partners, suppliers, and experts.

Many businesses have already created distributed networks of suppliers and partners. A leading example of this trend is companies in the west sourcing goods and materials from Asian manufacturers. For example, the United States imported about $400B in goods from China in 2011 and although not all of these imports were wholesale goods, a huge percentage of the imports were. More recently, companies have begun to leverage networks of expertise. From closing the books, to developing a call center script, to resolving a complex legal issue, the Internet is providing companies with a deep bench of expertise that was previously not available to most companies.

4. Invest in technology that enables communication across the organization.

The highly distributed organization is only as good as the technology that enables it. Fortunately these days, there are built-for-business communication solutions that keep employees connected and collaboration possible from anywhere. Use of technologies such as video conferencing is growing at a torrid pace. In 2011, the video conferencing market grew 20.5% to $2.7B in total revenue. Mobility is another technology that enables effective communication and collaboration among employees, customers, and employees. It's no wonder that enterprise mobility will be a $40B market in 2016.

5. Adopt management practices specific to the distributed organization.

A distributed organization is different than one that is centralized. Most management practices are built around the centralized organizations where workers are located in the same office and customers are geographically close. Examples of management techniques that are required in a more distributed environment include: conducting regular check-ins with employees and customers; establishing clear guidelines and expectations with these constituencies that guide behavior; and making sure that manager and leaders are available on an ad hoc basis to collaborate on specific issues.

Hire and engage the best workers available

Great employees make great companies. Hiring and retaining top performing talent is easier said than done though. In rapidly changing markets, companies that are able to hire and retain top talent are at a distinct advantage given that it's usually the top 3-5% of the workforce that helps a business set its strategic direction and lead in the execution of that strategic plan. Moreover, once established, a culture of excellence can become a magnet for attracting other top candidates. This creates a virtuous cycle of talent that can offer a significant advantage to companies competing to attract the best and the brightest.

6. Identify exceptional talent using a variety of online tools.

Sourcing high quality candidates has never been easier thanks to a plethora of online tools that help companies identify top talent. As might be expected, social media is playing a critical role. According to a recent study, 98% of recruiters are using LinkedIn, 42% are using Twitter, and 33% are using Facebook. There are also sites and communities specific to certain industries and markets. For example, in the software industry, StackOverflow has become a quasi-de facto tool for evaluating software developers.

7. Don't be afraid of the remote workforce.

As discussed above, location often gets in the way of hiring the best and brightest employees. Don't let it. In a changing economy, it's critical to hire the most skilled person for the job, regardless of location. This is particularly true of knowledge workers where there's rarely a true need for close physical proximity between employer and employee. The fact that a range of business technologies now makes communication and collaboration easier and more effective than ever only amplifies the benefits of a remote workforce. It should comes as no surprise then that 54% of companies think a majority of their employees will work remotely by 2017.

8. Engage employees on an ongoing basis.

Employee engagement has taken center stage in recent years due to a number of studies that demonstrate a direct link between workforce engagement and corporate performance. In the aggregate, the impact of employee engagement on overall economic activity is staggering. Gallup estimates that disengaged employees cost $300B in lost productivity in the United States alone. Employee engagement impacts a multitude of business activities, including strategic business metrics such as revenue and profitability, as well as less tracked metrics like safety incidents and employee absences.

9. Make collaboration technology a core driver of employee engagement.

Technology has quickly become the foundation of many employee engagement and internal communications programs. There are two primary reasons for this. First, most of the best practices associated with engagement and the communications programs that support them are made possible by social collaboration platforms. The core act of communicating is an example of this, as is the measurement of program effectiveness. Second, these technologies have become much easier to use in recent years with significant usability improvements and the introduction of SaaS-based software offerings.

10. Use high performing teams and groups as incubators.

Just about every company has teams or groups of employees that outperform the rest of the organization. There's a lot to learn from these groups, especially when it comes to engagement and communication. That's because high performing teams usually exhibit high rates of engagement with each other thanks to effective communications practices that they have developed on their own. One blueprinting exercise that can be very helpful when creating a program is to spend time watching how high performing teams collaborate and sharing these best practices with the rest of the organization.

Make collaboration the foundation of the business

Companies that foster internal collaboration among employees and external collaboration with customers and partners have a significant advantage over the competition. Collaboration impacts a multitude of business activities, including strategic business metrics such as revenue, customer satisfaction, and profitability, as well as less tracked metrics like safety incidents and employee absences. While true collaboration used to be a daunting task for many businesses, recent years have seen the advent of easy to use collaboration technologies and processes.

11. Embrace various forms of online collaboration.

A variety of collaboration tools make it easier than ever to communicate with customers, partners and employees without having to incur traditional communications and travel expenses. While traditional forms of communication, such as teleconferences and in-person meetings will continue to be used for collaboration, newer collaboration tools are emerging and beginning to replace more traditional means of collaborations. These platforms take their cue from how people create, share, and consume information online. Valuable collaboration capabilities like video conferencing, real time chat, shared screens, social workspaces, and document sharing have made online collaboration a reflection of the real world.

12. Collaborate with employees in a deep, genuine way.

At a high level, most executives now understand the business benefits of improved employee engagement. In fact, according to a recent McKinsey study, approximately 80% of executives believe that employee collaboration is critical to growth. Interestingly, only 25% of those same executives describe their organization as being effective at employee engagement. To close this gap, businesses should stop relying on a general understanding of how employee engagement is linked to corporate performance and develop a specific business case that can guide efforts to improve engagement.

13. Remember that customer collaboration makes or breaks companies.

Collaborating with customers is arguably one of the most important things that a business can do. Effective customer collaboration leads to better products and happier customers. Both of these things are two of the most important drivers of revenue growth. With recent technology advances, customer collaboration doesn't need to involve a lot of time or money either. While the benefits are compelling, few companies are far enough down the external collaboration path to be realizing tangible benefits. For example, a recent study by Forrester claims that only 27% of companies see improved customer experience as a result of collaboration. That's a shame given the promise that customer collaboration holds.

14. Create a culture of collaboration.

Most collaboration programs fail when leadership starts signaling that communication inside of the organization is not a real priority. Sometimes this signaling is explicit, but more often than not, it's implicit. This implicit signaling occurs when people do things like repeatedly cancel meetings, stop publishing business updates, erect barriers between groups of employees, hide information that can and should be shared with employees, and shut down mechanisms that allow for multi-directional communication.

15. Build collaboration programs to be flexible and scalable.

Internal communications programs can and should be built to scale across the organization. With the right technology and processes, a program can scale to a large number of people, geographies, and groups throughout a company. It's critical to do this given that one of the most important objectives of internal communications is to make sure that everyone is on the same page. More tactically, make sure that every employee is able to easily access the information they should have. Far too often, employees will cite the difficulty associated with accessing information as a barrier to effective internal communications.

Make innovation a core competency

In times of economic change and uncertainty, it may seem counterintuitive to invest in innovation. To many business leaders, it makes more sense to defend the base. But the best companies in the world are constantly investing in innovation; they know that we live in world of quick and constant change, where, in order to survive, you have to be forward-looking and adaptive. In fact, companies that make innovation a core competency in good times and bad consistently outperform their peers.

16. Recognize that innovation wins in a knowledge economy.

Most of the world's high growth businesses are companies that depend on knowledge to succeed. In most markets, knowledge quickly becomes a commodity due to technologies like the Internet. As a result, it's critical that firms continue to innovate in order to stay ahead of the commodity information curve. This requires an investment in the time, money, and resources to create a culture of innovation.

17. Make innovation a pillar of company culture and organization.

Companies that excel at innovation have made it a part of company culture and deeply embedded it into the fabric of the organization. One tactic used by innovative companies like Dow Chemical is to allow employees to shift roles on a regular basis. This creates opportunities for employees to explore new ideas in new settings and also creates higher employee satisfaction ratings.

18. Understand the link between sharing knowledge and information.

Many business leaders have a mental picture of innovation that includes a small group of employees wearing white lab coats. In fact, everyone in the organization should be in charge of innovation, and knowledge-sharing is the currency that drives that. Today's technology makes it easier than ever to share information in a truly collaborative manner.

19. Let every employee drive innovation.

Google has been lauded for letting employees spend 20% of their time on non-core projects. 3M allows researchers to spend 15% of their time exploring new ideas. 3M also demands that employees must share their innovations with others. Both companies are examples of organizations empowering rank and file employees to drive innovation. Distributed forms of innovation that enlist the help of many employees rather than a few employees stand a much greater chance of success. Call it the wisdom of the crowd.

20. Recognize that innovation takes many different forms.

Not all innovation results in a massive new product or service for the business. These "big bang" innovations are in fact very rare. Many companies are better off encouraging innovation at a smaller scale. Creating small, new efficiencies for an existing business process or improving an existing product can be the difference between your business's successful future and it's demise.

Strive to be efficient and nimble

Efficiency is critical in a challenging economic environment. Companies that operate efficiently realize higher margins than their competitors do. They also increase their chances of surviving disruptive changes because they are able to adapt more quickly to disruptive changes in the market. In fact, many businesses already recognize this and are leveraging a variety of tactics in order to become more efficient and nimble. As a result, U.S. companies have never been more productive.

21. Build a capital efficient business.

Many businesses face greater capital constraints in the current economic climate, but they also require much less of it. This is certainly true in information or digital industries, where trends such as cloud computing, online communities, and open source are driving costs down significantly. Take game development as an example: in the offline/retail world, it might take $30M to develop and market the game. In the online world, even wildly popular games like Friends for Sale require less than $1M to develop and market. And these days, capital efficiency isn't merely a digital phenomenon. Even "offline" businesses require less capital as they source goods and services from all over the world and develop new markets more efficiently.

22. Tap into labor on demand.

There are now over 9 million temporary workers in the United States alone. And then there's the global workforce that is now available to U.S. businesses because of globalization and the Internet. While that might not be a comforting fact for economists, the global workforce is a resource that companies can use to access specialized skills and labor at low costs. Almost every skill required to build and run a business is now available on an a la carte basis. Skills range from the engineering resources available on freelance sites to on-demand customer service from business process outsourcing companies.

23. Leverage an abundance of inexpensive technology.

Whether it's Software as a Service (SaaS), cloud computing, open source, or ad-sponsored software, most technology that a business needs is available at an extremely low cost compared with historical standards. With hardware, software, bandwidth, and storage costing one-tenth of what it cost 10 years ago according to some observers, any business can now take advantage of enterprise-class applications and services to support all of the major business functions. From obvious applications such as CRM software to more arcane services such as community-powered customer service, enterprise-class functionality is now available to any business at a low cost.

24. Engage in lean product development.

It's now possible to develop and launch products and services in a matter of days or weeks. Amazon EC2, Rackspace Cloud, and other cloud computing offerings make application/service development and hosting easier than ever. And while many of these capital efficiency tips center around the Internet, there are also developments in the purely offline world that are enabling small businesses to be more capital efficient. One of the more exciting advances is the emergence of "desktop manufacturing" technologies that allow small businesses to develop three-dimensional prototypes using nothing more than a PC and 3D printers.

25. Develop a lean "supply chain".

While globalization has enabled western businesses to source supplies and raw materials from manufacturers in Asia for some time now, a new set of tools is allowing every business to take advantage of these distributed suppliers. The notion of a lean supply chain is being extended beyond the realm of manufacturing to other markets as well. For example, companies can now leverage networks of product developers and designers online. These platforms, which embrace online collaboration as a mission critical element, deliver speed, usability, and compelling economics.

Leverage an abundance of easy to use technology

The Internet has fueled a proliferation of business applications and services that used to be expensive and difficult to use. Many of today's technology discussions focus on the raw computing power that's being made available to everyone, but some really exciting developments are occurring in the business application market where new applications are transforming business as we know it. These new applications and services share a number of common characteristics: they are often social in nature, mimicking the features of many social media platforms; they are typically delivered via a software-as-a-service model; and they place a premium on usability.

26. Make online collaboration ubiquitous and always on.

The collaborative work environment is creating acute demand for new collaboration platforms. And clearly email leaves many professionals looking for more effective ways to communicate and share information with each other. In a survey of # of business executives from Focus. com on effective business collaboration, only 34 percent of respondents said they can get to all of their emails daily, and 44 percent said email is the greatest obstacle to efficiency. There are a number of requirements that organizations should look for when evaluating collaboration tools including: support for both internal and external collaboration; ease of implementation and ongoing use; the ability to integrate with existing modes of communication, processes, and workflow; and support for a highly distributed, diverse group of users.

27. Utilize applications that are delivered via the cloud.

The move to cloud computing continues. While security remains a concern for some companies, the benefits of the cloud model grossly outweigh the risks. Cloud computing can deliver enterprise-class functionality and technology to any business that wants it, regardless of size. Hosted applications deliver particularly compelling benefits as they make formerly advanced capabilities to small and medium size businesses. Some of these capabilities are truly transformative. For example, many companies are now able to take advantage of things like mobile computing as a result of the cloud. Cloud computing also delivers secondary benefits such as reducing total cost of ownership, as well as faster adoption and implementation cycles.

28. Place a premium on applications that deliver a compelling user experience.

Almost every business professional is now a regular user of information technology thanks to the ubiquitous nature of the Internet even in their personal lives. This has led to a profound change in business technology as employees recalibrate their expectations of the technology they use at work. With the consumerization of IT, organizations must be certain to invest in technology that is available on demand, without lengthy implementation cycles. Companies must also emphasize usability when evaluating new technologies. This is particularly true in areas such as Customer Relationship Management systems, collaboration, productivity, and human resources software where large numbers of employees without specific training use software on a regular basis.

29. Recognize that mobility is the future of information creation and consumption.

Mobility is one of today's top technology trends. According to CompTIA, 85 percent of executives work remotely at least occasionally and 53 percent work remotely frequently. Reliable access, the proliferation of tablets, and app development are making mobility a true and sometimes preferred alternative to working from the office. That means that employees and customers must be able to interact with a

company's employees and applications using a mobile device. While large enterprises will spend an estimated $174B on mobility in 2017, most companies are better off investing in applications and solutions that natively support mobile end users. Fortunately, many collaboration platforms ship with native mobile applications.

30. Embrace big data and big information.

Big data (or more generally big information) has the potential to enable better business decisions. The Internet, new forms of collaboration, and technology that captures an increasingly large amount of data are exposing data and information to companies at an ever-increasing rate. While the initial wave of information and data can seem overwhelming, the benefits of making decisions based on more information can be significant. It's important for organizations to adopt technologies that allow them to collect, share, and analyze information in an easy and scalable manner. Thinking about how the average employee would prefer to interact with and leverage such information is a good starting point for most companies.

Conclusion

In summary, the economy is changing at an accelerating pace due to a number of different dynamics. While these changes can present daunting challenges, they can also. produce remarkable new opportunities for businesses to pursue. The aforementioned best practices are designed to help businesses capitalize on the new opportunities and overcome the risks that a rapidly changing economy presents.

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