

# Business Survival in the 21st Century

Business Survival in the 21st Century: Ten "musts" for the savvy CEO in the year 2000

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To what extent does history repeat itself, thereby establishing experience that society can learn from? Bear in mind that everything occurs in cycles %œä from the life span of the amoeba to the history of human civilization %œä and that change is our only constant.

Those individuals and businesses that can quickly react to change have greater flexibility, enabling them to take advantage of the options and opportunities that the 21st century will offer.

Those who can quickly react to change will also have the ability to survive the economic downturns that may occur in the new millennium.

Cliches and oft-quoted aphorisms may be mundane, but they get the point across. Three tired but true examples follow:

- \* History repeats itself.
- \* There is nothing more certain than change.
- \* Today is the tomorrow you worried about yesterday.

I'm reminded of these three truths whenever I'm driving to meet a client and hear the 30-second stock-market rundown on the news. How long, pray tell, since you heard a market report that did not refer to "the technology-laden NASDAQ?"

Ah, those Internet stocks! So new! So creative! So revolutionary!

Amazon.com and the like might be the best equity investment on the planet. That's not for me to say. But "new"? Well, yes and no.

The spring-suspension horse carriage was once a dynamite newcomer. And before it was the Motor City, Detroit was the wood-stove manufacturing capital of the United States.

The point is this: Human life is a cycle, history is a cycle, and anyone who doubts that business will continue to unfold in cycles - however different the dynamics, catalysts, timing and duration of those cycles might be - simply isn't paying attention to the aforementioned truisms.

This amazing string of good years the American economy is enjoying, even amid economic disaster

elsewhere, will come to an end. If I could tell you exactly when this will happen, and how it will impact which segments of the economy, I would be a genius.

But a genius I'm not. A near lifelong career advising troubled businesses has made me aware that companies must proactively and continually prepare themselves for change.

The successes and failures of the businesses I have counseled have convinced me that flexibility and fast adaptability to change are the keys to success in the 21st century. Flexibility not only means your best shot at weathering the inevitable downturns - it also gives you the best shot at capitalizing on options and opportunities.

All these years of guiding troubled companies through tough times have given me a unique insight, providing me with the experience to identify 10 critical "musts" for any business that wishes to achieve and sustain flexibility. Here are my "musts" for businesses that hope not only to survive but to flourish in the new millennium:

1) Manage information systems. State-of-the-art data processing software and hardware need to be developed and used by a trained work force. Upgrades should be reviewed regularly. I feel this is critical for a company to compete effectively as the fast-changing process of information systems evolves.

2) Market on the Internet. A greater number of goods and services will be offered and purchased through this exciting and dramatic marketing source. The trend to market and sell via a more personal process - such as a company sales force, sales representatives, marketing associations and other methods - will diminish.

3) Manage communication systems. The days of local, regional and national management conferences within a company will be severely reduced - if not totally eliminated - in the 21st century as businesses rely more on video and audio meetings and teleconferences.

4) Consolidate your customer approach. There will be great industry and supplier cooperation in the 21st century. Individual businesses and competitors will join in consolidated efforts, such as joint ventures, mergers and acquisitions, to obtain business and enable them to survive. Those companies who fail to recognize this trend - already in process - are doomed to fail.

5) Develop outside professional support. It is impossible to obtain accurate, cost-effective advice from professionals such as attorneys, accountants and other advisors without developing these relationships over time. Often advice from outsiders - usually objective - meets resistance from management unless a mutual respect has been established between the advisor and the CEO. This usually cannot be established immediately as a problem begins to surface or a crisis is developing, so develop these relationships ahead of time.

6) Diversify your customer base and industry. Businesses can often adapt to serving a multi-customer

base in more than one industry. Businesses who are determined to develop this kind of diversification will survive specific industry downturns that will occur as the nation changes its living and buying habits in the 21st century.

7) Communicate with employees and labor support. Business management in the 21st century will recognize the importance of communication and input from the work force. Trained, dependable employees will be at a premium in the 21st century and competition for these individuals will be intense. Companies will tend to rely more on input from this valuable resource as decisions are made concerning their future.

8) Develop diversified financial and capital support. More companies will rely on corporate and shareholder support in the 21st century as management takes advantage of this cost-effective source of funds and shareholders recognize the value and necessity of retaining earnings in lieu of unrealistic dividends.

Stock values for companies whose shares are now over-trading will plunge. In the final analysis, the shareholders of those companies who will grow strong from what may initially appear to be a poor management decision will be richly rewarded as these companies survive and become the acquirers instead of the acquired.

9) Be aware of global impact. This applies to businesses of all sizes as the media bombard us with information on an hourly basis. Businesses must develop a process of ingesting, digesting and analyzing information as it becomes available to determine if local, state, regional, national and global developments will have either a short- or long-range effect on the business, and adapt accordingly.

10) Plan ahead for transition of management. The most successful, well - run companies will fail during any period if management has not planned for transition at all levels. More and more individuals will retire early in the 21st century to enjoy life or to begin new careers. These individuals will hold many key positions %0%ä from president to shop foreman %0%ä and these positions can best be filled through a process of mentorship and existing personnel training. Businesses will be hard-pressed to lure replacements from other companies.

History does repeat itself. It has for centuries, and it always will. Great nations will rise and fall. Businesses %0%ä entire industries, in fact %0%ä will fall by the wayside in the wake of progress as one century's innovations form the threshold for the next one.