Life in the fast lane

The end of the 'move fast and break things' era?

MILES ADVISORY

If we are to believe Professor Richard Porter, perhaps the most influential and widely read academic in the strategy field in the last 30 years, there are only three basic 'generic' strategies available to us to secure competitive advantage, cost leadership, differentiation and focus. Perhaps, given the sheer volume and prominence of today's subject in the business and academic press currently, we need to add another 'generic' strategy – *speed.*

Indeed, this was one of the main conclusions of our own research into how executives would address the challenges of COVID if you had to do it again. In our recent survey, 70%[1] of respondents suggested that you would do something differently if such circumstances arose again, the biggest single aim being to be faster in how you responded.

Helpfully, there are no lack of commentators, academics, journalists and consultants who will tell us that speed is the 'most important thing for your business's profitability'[2]. Whether it is speed to market (allowing first mover advantage), speed of decision making, speed of developing new products and services, speed of responding to customers, speed of manufacturing process etc., there appears to be no part of our organisation that would not benefit from speeding up.

We are constantly told that customers insist on it (if you are not fast, they will go to someone who is) and employees want it (particularly in the opportunity to innovate and resolve difficulties rapidly).

It would appear that as long as we are moving quickly, we are already ahead of the game.

Increasingly, speed is seen as an absolute necessity in an environment in which, according to some[3], the days of **sustained long term** competitive advantage are over, where we need to constantly and rapidly find **temporary competitive advantage** to stay ahead of our competitors.

And we need to do it quickly as such opportunities are often fleeting, and if we don't take advantage of them first, you can bet our competitors will.

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Speed has become more of a priority than 'getting it right' first time.
In our rapidly changing business environment, the argument is you should not spend two to three years perfecting a product which is out of date by the time it launches.

Indeed, there do appear to be some attractive potential outcomes from being 'fast.' Being first to market does have the potential to confer greater economies of scale and experience curve effects, it allows you to erect tangible and intangible barriers to entry for your competition.

The faster you move the faster you can iterate – learn from your mistakes and do it better next time. Customers in all sectors increasingly expect lightning-fast response times to complaints, it's a qualifying competence.

Suggesting you can complete a consulting assignment (or supply that product / service) in 3 weeks rather than the 3 months your competitors suggested, may indeed win you the contact.

There are also examples of businesses whose entire success derives from them being 'fast'. Rocket Internet – the fastest company to copy an existing successful business model online and replicate it, H&M the fastest clothing retailer at opening stores and getting products from the designer's heads to the shop floor are two good examples.

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The whole speed agenda has potentially huge implications for leaders of organisations. Forget how smart you are, how fast are you? The new rules suggest leaders need to build speed into their organisations, they need to be speed role models, presumably making decisions, reviewing the environment, reconfiguring the business, hiring and firing talent, developing and modifying strategy rapidly and certainly faster than the competition. Hence the focus for many leaders on developing **'dynamic capabilities'[4]** in their companies – the ability to rapidly respond to changes in the organisation's environment, and a fixation on organisational **ambidexterity[5]** – being able to move resources rapidly between core existing businesses and new ones.

So given its importance, how do we get better at it?

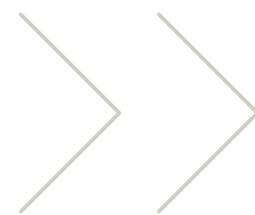. . . . .
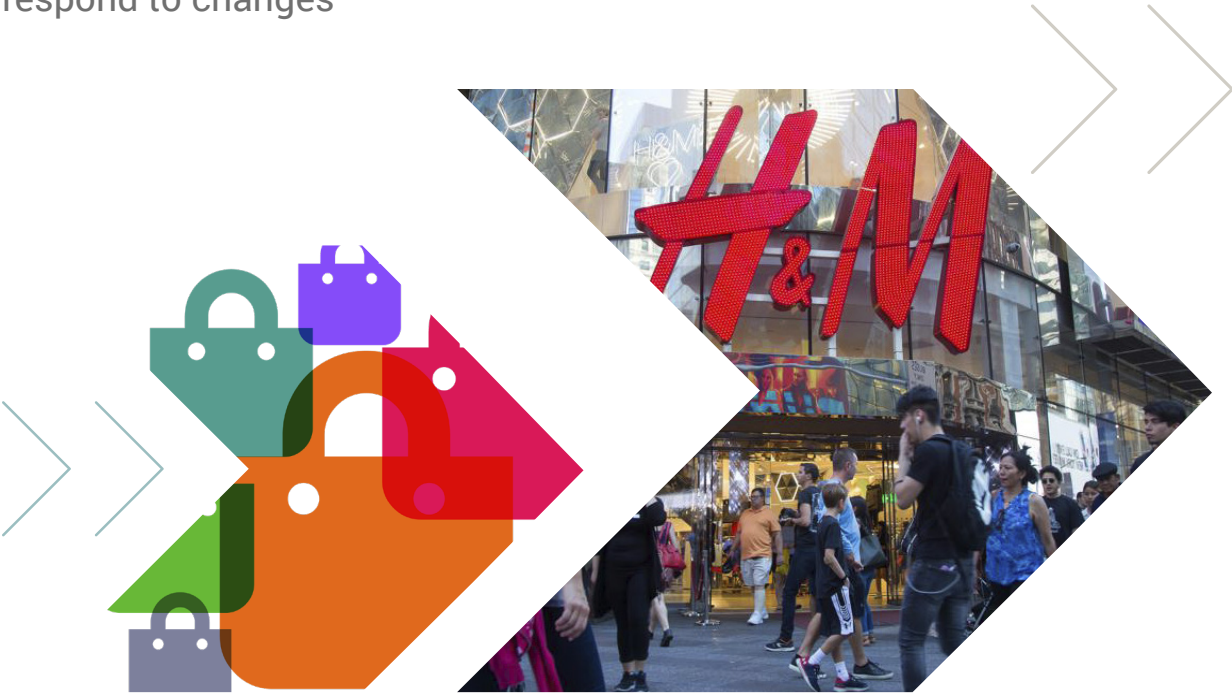
Getting better at speed

As a first step, we are typically asked to define it – what does speed mean in our organisation?

Even this may be harder than we expect. Don't expect there to be a single, established, organisation-wide definition of speed. What's considered fast or slow will typically mean something very different in one team, product / service group, division, national market, or even organisational function to another.

Most early efforts in organisations appear focused on measuring and managing **process speed** – identifying a specific part of an operation that seems problematic, measuring it and looking for bottle necks and opportunities for increased efficiency and

effectiveness. Typically, this focuses on the workforce and the systems / processes it uses every day to conduct the business of the organisation.

We look at how fast jobs get done, how fast products move through assembly, how fast our vendors supply us etc. This may expand to considerations of how fast the workforce as a whole learns, generates ideas, redeploys itself, innovates, and shares best practices.

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Beyond this we move to issues around 'organizational speed' how fast the entire organization moves. Organizational speed can be measured over a variety of factors including how fast decisions are made, the time to market of new products and services, customer response speed, how fast is your response to competitor actions, organizational learning speed, project completion speed, problem-solving speed, and growth speed (i.e., the speed in which the firm moves into new regions, customer categories, and new industries).

We will certainly want to measure how fast our competitors are and match or beat them in key process areas. Hence **benchmarking** has emerged as a key tool in the fight for speed.

We will probably want to look at how well our internal and external value chain is operating as well. Most organizations would probably argue they take speed seriously – mention of it is increasingly a default requirement in most company's annual reports. Well - perhaps senior management do (it's an important buzz word after all and some of your LTIPs may be linked to it), but what about the rest of the organization?

Does everyone get 'the need for speed'. Is speed mentioned in job / role descriptions? If we are taking it seriously, 'speed capability' should be part of everyone's job descriptions, employee performance appraisals, promotion criteria, performance metrics, and reward criteria etc.

Furthermore if we take the 'need for speed' seriously, we need to move beyond having isolated 'pockets' of speed throughout the organization and instead adopt a comprehensive organizational wide approach. We will always be limited in our maximum speed capacity by bottlenecks, particularly when one 'fast' process interfaces with another potentially 'slow' one. As with all consideration of the value and operation of assets and capabilities, it's the interfaces, the linkages between them that tend to be at the heart of an organisation's greatest strengths, weaknesses, and opportunities to improve. If we are only ever as fast as our slowest system, and its interface with others, speed needs to be addressed across all aspects of the organisation in an integrated way covering all major assets, capabilities and the linkages between them.

Luckily, we have an ever expanding and sophisticated range of tools and methodologies (agile project management methodologies, enterprise solution dashboards, consulting frameworks and so on) to help us measure and address the speed issue. These are only likely to get more sophisticated as we measure and analyse more elements of the operation and become more adventurous in their promises of being able to speed up your organization.

But perhaps there is a more important question, particularly for the senior management of organizations (who will need to be the role models for this new culture of speed) than how to increase speed.

Is greater speed always the right answer?

So yes, it's important, yes, it's increasingly a requirement of business rather than a competitive advantage, and there are no end of ways to analyse and increase our speed.

But is it always the right answer?

Being first and fastest to market will usually means you take all of the risks and make all of the (often costly) mistakes. You may be learning from your mistakes, but so will your competitors.

And just because speed allows us to iterate, make mistakes and learn from them more quickly, it does not mean we really learn. Learning takes time for consideration and reflection;

time needs to be built into our daily lives for these processes to happen at the individual, team and organisational level.

There is clearly a tension here if we are expected to always respond rapidly, learning requires periods of application, consideration, and reflection if the learning is to genuinely transform the individual or organisation.

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Some projects and decisions might benefit from a longer timescale and a deliberately slower process, particularly those that offer the opportunity for leaders to adopt a more transformational, rather than purely transactional approach.

Even more so when winning the hearts and minds of employees involves getting them involved in decision making process itself. Not every project or decision may be suited to this approach, sometimes leaders have to step up and make a clear, unequivocal decision rapidly (e.g., how will we respond to the COVID crisis). Workers need rapid reassurance that leaders have a clear view of the road ahead when external crisis emerges.

But for other issues, adopting a longer-term perspective and slower process may actually be beneficial. Solving complex or wicked problems, with high levels of uncertainty, requiring a wide range of perspectives, whose solutions are likely to be tough to implement (potentially as then need to work across the organisation as a whole), may benefit from a process that involves getting a greater numbers of employees involved in the associated analysis, decision making and roll out of solutions.

This will inevitably take time (and patience) to get right. Business academic Keith Grint[6] has some interesting perspectives on this.

Some things just don't move quickly.

We often hear about ambitious aims to change culture, ideally within the reign of the current CEO (an average of 5 years[7]). Culture does not respond quickly.

Cultures evolve over time, particularly if they are strong and enduring. Being too impatient with our culture change programmes means ultimately, they are doomed to have little or no lasting impression on the organisation and its fundamental values and norms.

There are some arguments to suggest we need to build in 'slack' in organisations, spare resources and capacity in our organisations and processes, to maximise employee innovation.

Time for employees to reflect on processes and their practice, time to investigate new ideas and opportunities, time to be passionate about their roles and responsibilities. The need for speed appears to imply removing ALL slack from an organisation, with the ultimate goals of having all resources always working quickly at 100% capacity.

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In some sectors of course, speed is seen as a major danger to the safe and efficient operation of an organisation or industry. Regulations and processes are in place to deliberately slow down the entry of new products and services into markets (e.g., pharmaceuticals, invasive medical technologies, genetic level manipulation of food stuffs, cosmetics etc.). Do we want medical technology companies to be able to design, develop and launch a new heart pacemaker in 6 months?

If we are speeding up critical and important processes (like assessing the safety of a new medical device) we had better make sure the process we are speeding up works, is fit for purpose, is robust and will respond well to being speeded up. If you have underlying process or workforce issues, sub-optimal processes or a process whose value lies in its relative sluggishness (those that require reflection, insight, consideration, iteration and review), then speed is only likely to exacerbate your existing problems (particularly if you don't take the time to reflect on what is going wrong) or to eradicate the very reasons the process worked and was useful.

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This is likely to become particularly significant as organisations increasing draw on and potentially rely on AI, robotics, and machine learning to speed up analysis and decision making.

Decisions that might have taken weeks in the past to process by mere humans, can now be done automatically in seconds.

They are the ultimate solution to the challenge of speed. But are we in danger of creating a speed culture, enabled by automation and AI, where we poor humans are constantly the slowest link in the chain, where we are constantly trying to catch up with our automated systems we created, where we are increasingly removed from processes to speed them up and where the pressure to increase speed becomes more and more acute, far beyond what we as humans can safely achieve.

This becomes even more significant if we decide that ultimately humans are too slow to iterate, innovate and develop new algorithms, and we hand this role over to the software itself.

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Speed in some contexts is seen as the result of processes that are working more and more efficiently and effectively. Teams that work together regularly appear to get faster in terms of decision making and problem solving. But what if this is due to other causes, for example the very negative effects of group think?

What if the team is fast (and hence held up as a role model for practice) because it's limiting its use of information, not seeking new information and deliberately ignoring information that undermines the group's position.

We will be the fastest team in reaching the wrong conclusion.

And there is a body of evidence emerging to suggest that some companies might do better to slow down rather than constantly speed up[8].

Even if we do intend to speed up, it may be beneficial to slow down **first** and reflect on what we are really trying to achieve, how suitable our current systems and processes are and how we might best resolve the tensions around issues like speed, quality, and cost in deploying new solutions first.

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We need not move fast all the time. Perhaps learning to use the 'pause', so important to add meaning in dramatic monologues and most forms of music, is a key requirement for the modern leader.

Being confident enough to be comfortable when processes are moving more slowly, taking the time to get something right first time, slowing or stopping to think and reflect – maybe these will be the qualities we seek in our leadership teams of the future.

The ability to accurately diagnose the situation and choose the right moment to be fast and when to be slow may be a crucial leadership quality we are starting to overlook in our current rush to join the crowd in the 'fast lane'.
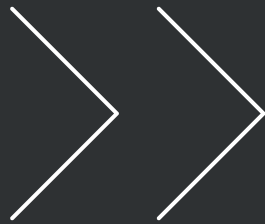
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