

# Management of the possibilities



The economic context generates daily challenges to the classical management parameters. To address the current instability we need to transform traditional processes to keep attuned under these conditions. We are living an historical moment that presents us two profound changes. On one hand, a global change related to a new landscape full of unexpected situations. On the other hand, a change related to the personal skills for dealing with instability. Which resources do we need to advance in unknown territories? This question contains a fundamental shift for managers. This transformation means the passage from the *“administration of the known”* to the *“management of the unknown”*.

Just review some headlines in every newspaper, anywhere in the world. The images of this historical moment could be represented by a few words: complexity, uncertainty and confusion. The growing complexity conditions lead to think that the instability, with its forks and breaks, will be the permanent state where stability periods appear like transitory moments. Under these

conditions, the profitability in the present is no guarantee of the permanence in the future. In the current dynamics of the events is impossible to keep the hegemony of a cycle (economical, political, cultural, productive, etc.) without changes. That is an illusion, because the changes are much faster than in other historical moments and have deeper impact on the structures and corporate projects.

We have been educated for the stability. We continue training people to be effective in known territories. But the current conditions of competitiveness show a completely different situation. How we prepare to live in unstable contexts? How we prepare to be effective if the conventional management models are collapsing? The classical framework of managers reduces the possibilities of organizational development. For this reason, the leaders often fall in confusion reacting to fit the events within their limited perceptions. How to work these limitations to achieve better performance? How to develop new personal skills to deal with the growing instability?

## The collapse announced

In the early nineties a series of academic papers began to present new perspectives to face a new social and economic context. Some of these texts were introduced by academics from prestigious business schools from Europe and the United States. In other cases came from scholars from different disciplines such as anthropology, philosophy, physics and sociology. These works integrated foreign concepts to the field of Management in the pursuit of new theoretical framework with two key objectives. The first objective was to understand the dynamics of a new world after the fall of the Berlin Wall. The second objective was to develop new management concepts to meet the challenges of this new context. Despite the theoretical innovation, many of these proposals were excluded from the political debate dominated by neoliberal ideas for nearly two decades. At the beginning of XXI century, the economical system started crumbling and many of the social movements, productive ideas, politicians and

intellectuals ignored years ago became important again. Beyond time, many of these works are currently valid to explain the fluctuations in economic systems, the financial turbulence the cultural consequences of globalization, the geopolitical transformations in the world and the impact of the technological revolution which we are experiencing today. This "multiplication of the disorder," announced twenty years ago, now converging at a new historical turning point which determines the life of companies and organizations. This change of context can be characterized by three factors:

- THE FIRST IS THE INCREASE OF ACTORS INVOLVED IN THE DYNAMICS OF EVENTS. These actors have different scales of resources and structure. The multiplication of actors expands and diversifies the interests involved in the economic sectors, beyond the classic main characters.
- THE SECOND FACTOR IS A DEEP NETWORK OF INTERDEPENDENCE. This structure of relationships is generated by the speed of the transformations and the volatility of interaction. This dynamic extends the impact of mutual effects in space (effects may appear in different places), and in the time (the speed impact and consequences of these effects).
- THE THIRD FACTOR OF TRANSFORMATION IS THE EXPONENTIAL CHANGES. This means the multiplication of "the new" manifested in a series of increasingly fast breaks (in the sequence of appearances) and deep (in its level of transformation).

## The strategy of possibilities

When we refer to possibilities we are not talking about force and control. The strategy of possibilities is not based on force or control (to remove actors of the territory or limit their influence), is based on the capacity of movement to continue participating actively in these conditions of life. Work from the possibilities implies processes to explore alternatives and design opportunities for a company or organization. In summary, the strategy of possibilities is

based on the capacity of movement to generate development alternatives to address the shifts of the context.

Economic cycles are becoming shorter and the succession of changes has increasingly profound impact on the business landscape. For example, small movements of a social groups, innovations in a small business, individual actions in social networks, local political decisions of a country, can be amplified in a way that can transform lifestyles, production systems, technologies, political structures, etc. In this frame, we can characterize two levels of transformation.

- A. THE TRANSFORMATION IN THE COMPETITIVE CONDITIONS: generated by the diversity of actors with different structures in different territories. For this reason, many of the current changes can be generated by small actors from territories traditionally underestimated. Therefore, restrict the analysis of the context to control the movement of some companies and government decisions it is a strategic mistake.
- B. THE TRANSFORMATION OF THE PROCESSES OF PLANNING: generated by permanent change in the rules of interaction that changes the conditions for business development. Planning based of a timeline is a strategic mistake because the variable "time" does not guarantee the permanence of structural conditions.

These conditions of instability in the economic context can generate three levels of impact for a company. Could impact in the cycle value of products; could impact on the business model or in the "core business"; and finally could impact on the strategic direction. In the three cases, it is important to consider an attitude of exploration. This means keeping alternative movements. We need to be warning to emerging situations that appear in the landscape because the possibilities do not necessarily mean positive conditions. This means that the movements of the system are open to different outcomes. In this game there are no predetermined results. Traditionally, the classic Management has been focused on optimizing the limitations. This management model is based on the idea that we share a limited territory, where other players

are enemies that restrict access to limited resources. From this perspective, the possibilities are limited and growth alternatives are incompatible between actors: "while some companies grow, others must be out of the territory." In this context, the administration becomes "an obstacle race" where the manager's role is reduced to take the way everything that disturbs the planned course of action.

To face this new competitive place, it is necessary to work on five factors that allow a company or organizations to keep a competitive participation under these conditions.

1. ANTICIPATE THE LOCAL IMPACT OF THE GLOBAL COMPLEXITY: related to enlarge the capacity of reading the context and comprehension of new actors and variables to define a dynamic positioning to deal with new kind of social processes.
2. TRANSFORM INSTABILITY INTO OPPORTUNITIES OF DEVELOPMENT: related to maintain alternative ways of action before taking action, to design a map of possibilities. It is the ability to create new conditions for development.
3. DESIGN ARCHITECTURE FOR MOVEMENT: related to the capacity "to live in movement" that is materialized in a platform to explore possibilities and manage development alternatives to keep the capacity of interaction.
4. PREPARE TEAMS FOR THE UNKNOWN: related to new personal abilities to face unstable contexts, expanding the personal resources to drive decisions under uncertainty and lead projects in new competitive areas.
5. DO IN THE PRESENT WITHOUT LOSS THE FUTURE: related to handling different complexity levels in everyday decisions; to keep the work focus in the present articulated with goals in the future. It is the ability to manage a big picture of interdependent factors.

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