The Importance of Adaptability

The importance of adaptability for our organizations and as leaders has never been more pronounced than it is today. In 2011, Harvard Business Review published an article about how adaptability was the new competitive advantage. As we have seen in the last two decades, businesses that don't have the flexibility and versatility to react to their changing market environment simply will not survive. In a world where changes are occurring more rapidly, adaptability is a core survival strategy. Just look back at some of the major companies that went out of business since 2000.

You can add to this list the thousands of other local and regional business that have met the same fate. The common denominator of their failure was an inability (or unwillingness) to adapt to the changing environment in which they found themselves. In almost every case, the sources of business failure are linked to a failure to implement technologies that have already been developed, a disregard for changing customer demand, a complacent attitude toward new competitors, and/or an unwillingness to change their existing behavior and business practices. During the pandemic, the ability to adapt was essential for many businesses to sustain themselves and remain in business.

Pets.com (1998–2000)	**Circuit City (1949–2009)**
Polaroid (1937–2001)	**Blockbuster (1985–2010)**
Compaq (1982–2002)	**Borders (1971–2011)**
Tower Records (1960–2004)	**Kodak (1889–2012)**
Sports Authority (1987-2005)	**Toys 'R' Us (1948–2017)**
General Motors (1908–2009)	**Pier 1 Imports (1962-2020)**

We have heard from many of our guests on the podcast how they had to overcome supply chain issues to produce product, adapt services due to labor shortages, transition to remote working, and modify their wage and benefit package to attract and retain workers. Those companies that did so successfully are still in business, and the rest are not.

I also found it of interest that many during this time of transition were focused on positioning their organizations to expand their operations, based upon what they had learned during the pandemic. That included how to attract future talent, developing training pathways to provided skilled labor into their workforce, and moving their supply chains back to the U.S.

Rick Warren, a pastor and author, once said that "irrelevance occurs when the speed of change inside an organization is slower that the speed of change around it." That is true for any organization, no matter what business you are in. So many organizations today, in both the public and private sector, are often so focused on their next quarterly profit sheet or building next year's budget that they fail to ask themselves a fundamental question: "Where does our organization need to be a decade from now, and what will it take to get there?" While that answer is different for every organization, one thing is universal: if you don't build an organization that has an adaptive culture, recognizes the importance of innovation, and embraces change and new ideas in a rapidly changing environment, you likely will not survive.

What can we learn from these organizations that failed to adapt to their changing environment and are no longer in business?

- When organizations embrace stability and the status quo, they create an inertia that severely limits their ability and capacity to change. That is a danger to long-term survivability.

- Organizations that fail to recognize new technologies, changing customer demands, and are complacent about their competition create significant vulnerabilities for their longevity. Many don't survive.

- Organizational culture is a key factor in any change process. Organizations must appreciate that relationship and focus on developing an organizational culture that can adapt quickly -- well before change is necessary.
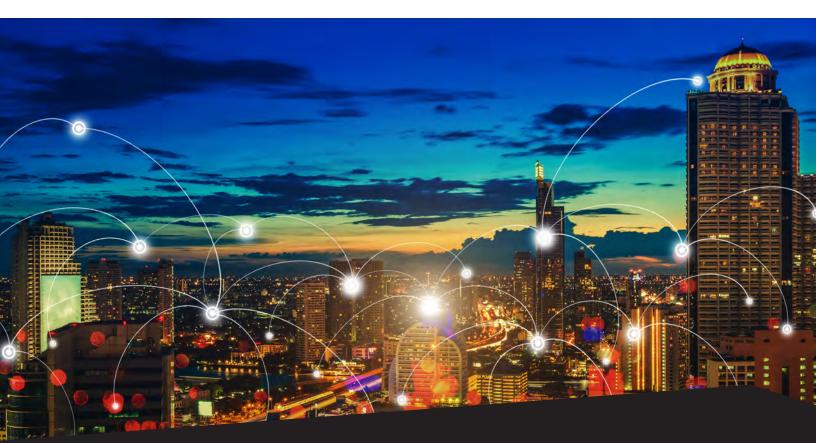
- When foundational interest takes priority over innovation (such as a leader who has become an institution in the organization and is unwilling to change, entrenched employee groups who wish to maintain the status quo, or a governing body that fails to act) even though they recognize that change is necessary, their failure to change is likely to create unsustainability.

- Leadership that fails to act on those emerging issues during its tenure and leaves it to the next generation of leaders to solve often creates a scenario for the inability of an organization to sustain their economic viability and health of the organization into the future.

Ask yourself this: how fast could your organization adapt and change if it had to in order to remain in business? The external environmental changes that are occurring today are materializing so quickly in many professions that the luxury of time to adapt has reduced significantly.

A New Industrial Revolution

When The Adaptive Corporation was published in 1985, Alvin and Heidi Toffler theorized what organizations must do not only to survive, but to prosper in a social-economic environment that is fundamentally different from the industrial era in which they were born. An excellent observation, and one that is extremely relevant for those that are now in leadership positions. Today, the Fourth Industrial Revolution (4IR) has begun, characterized by the growing utilization of new technologies such as artificial intelligence (AI), cloud computing, robotics, three-dimensional (3D) printing, the Internet of Things (IoT), and many others, which have created disruptive innovations in every aspect of our lives. Each of the first three previous industrial revolutions ranged from 80 to 44 years, however with 4IR change will occur at an exponential rate compared to the first three. The 4IR reflects new ways that technology is integrated into daily life, merging the physical, digital, and biological worlds in a number of fields, including robotics, AI, nanotechnologies, and others. This will affect all disciplines, economies, and industries (Schwab, 2016). What will that mean for you as a leader?

From a leadership perspective, as the world around us continues to speed up and become more complex, adaptability has become an essential quality and requisite skill set to be a successful leader today. The speed of change that we are experiencing in our lives and in our organizations is quite phenomenal, and if predictions are correct, the speed of change will exponentially increase, continuing to increase into the remainder of the 21st century. These changes are not only occurring in technology, but in business and organizational models, working environments, workforce expectations and perspectives, and in generational differences.

The Fourth Industrial Revolution will require a new leadership paradigm, which will force many to rethink how they have typically managed and led in the past. Our organizational structures today, the processes we use in them, and our leadership hierarchies for many organizations are legacy systems, not designed to effectively operate at the speed with which organizations need today and in the future. That will only become more pronounced in the years ahead.

The same is true for the employee systems that have been created in the past, which will not be effective for the changing nature of work and skill sets that will be needed in the future, many which are already emerging today. If you want to build an adaptable organization, then you have to attract the right talent and to do so, organizations will have to put people at the center of their discussion. While technology may be the driver of the Fourth Industrial Revolution, it will be the people you have assembled with the right skills and mind sets that will differentiate your organization from your competition. This will be the key success factor for your organization to maximize the use of the technology and innovation that will be available. It will also be a key factor for your organization's long-term sustainability.
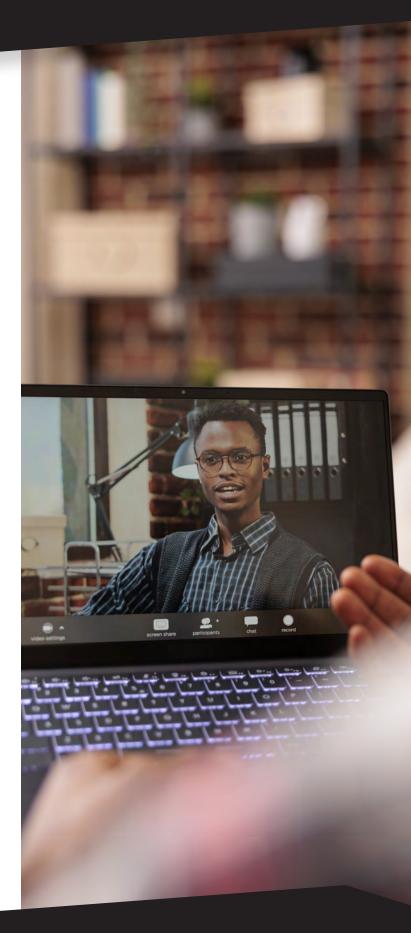
For you as a leader, the path forward may require adopting new or the refinement of your own leadership behaviors. Look at your organization today and ask yourself if it is ready for the changes that are occurring in society, and how those changes will impact your organization. What changes need to begin now for you organization to remain relevant in the future? As we witnessed with

many organizations and people over the past two decades, the inability to adapt to their changing environment has led them to be no longer relevant.

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It was J Paul Getty who said, "in times of rapid change, experience could be your worst enemy." While I believe experience to be especially important, without the ability to be adaptable to the changes that are occurring around you, it will mean very little. So, are you ready for the changes that are occurring, and are you positioning yourself to be successful in a rapidly changing work environment? If not, you better start!

Chief B's Key Leadership Takeaways

Having the honor of speaking to great leaders in their profession in **The Leadership Crucible Podcast**, we make notes on the key leadership takeaways that are discussed. Will share those with you in hopes that it help you to reflect on your own leadership style, but also to provide some potential talking points that you can discuss with your team. Doing so is a great way to understand your teams, gain perspective on topics, helps you to gain a deeper understanding of how your individual team members think. It is an excellent way to build you team.

- ☑ Build your emotional intelligence and agility if you hope to remain relevant.

- ☑ Continuous learning keeps you relevant, no matter what level of the organization you are at.

- ☑ Seek other opinions to challenge your own perspectives.

- ☑ Create a safe work place environment where people feel safe in voicing their opinions.

- ☑ Adaptive leaders will view challenges as opportunities to learn and improve their own skill sets.

- ☑ Developing agility helps prepare people to deal with uncertainty.

- ☑ Developing the right skills and mindsets will differentiate you and your organization from the competition.

- ☑ Study trends in other industries and organizations to see who is excelling and adapting to change.

- ☑ With the speed of change, the challenge for leaders is learning faster the world around them changes.

- ☑ To keep up with rapid change, organizations will have to migrate to rapid experimentation and implementation, learning as they go, and cycling lessons learned back into their product and services immediately.

- ☑ Putting your people at the center of your organization will be essential for long-term sustainability. Building your culture and needed skill sets and promoting employee engagement in the development of visioning the organization's future will be critical for organizational success.

- ☑ Creating partnerships, internally and externally will be key to the success of every organization.

Readers are Leaders

I believe that, to be a good leader, one must be on a continuous quest to gain more knowledge. The leadership benefits of reading are wide-ranging. John Coleman's article in the Harvard Business Review, "For Those Who Want To Lead, Read," highlights that the leadership benefits of reading are wide-ranging. Evidence suggests that reading can improve intelligence and lead to innovation and insight, and, for example, some studies have shown that reading makes you smarter through "a larger vocabulary and more world knowledge in addition to the abstract reasoning skills."

Reading has many benefits, but it is underappreciated as an essential component of leadership development. To that end, we'll provide a few suggested titles for you to consider reading.

Human+Machine: Reimagining
Work in the Age of AI
by Paul Daugherty and James Wilson

The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World
by Ronald Heifetz, Marty Linsky,
and Alexandra Grashow

Culture Ignited: 5 Disciplines
for Adaptive Leadership
by Jason Richmond