

Importance of business lifecycles

SI IPL Business Insight

Introduction

Rapid environmental and market changes force organizations to regularly go through growth, change, diversification, realignment, M&A situations and reassessment of businesses and operations to compete better.

Such situations call for addressing several strategic, operational and functional challenges across the work unit, department, division or the entire business itself.

The most critical aspect during such phases is to analyze and define a blueprint or a roadmap; resources for the process and assemble a high impact virtual team to enable the transition / transformation.

This process also helps assimilate all decisions points across the organization in a structured manner thus eliminating gaps and risks.

Since the organization is responding to an external environment / market situation, research and assimilation of market / customer / benchmark data is equally important to make the exercise balanced and effective.

Need for the external perspective

Organizations operate with a level of bias and perceptions and this can often limit 'pushing the envelope' during a change, growth or transition process.

Typical gaps could be the speed of execution, understanding of benchmark metrics for the industry, assessment of ability to compete, knowledge of industry cost structures and risks etc.

An external perspective in the process helps speed up the overall approach; bring in objectivity through external practices and research; assess problems without the organization bias and facilitate iterative problem solving using a set of industry standard tools and techniques.

Iterative problem solving

Business problems usually cannot be solved in a clinical fashion owing to dependencies either on the downstream implementation or multiple facets involved in the decision making process or the complexity of the skills and resources needed to solve the problem.

Iterative problem solving involves analysis and breakdown of the problem into manageable activities and resources. It also involves mapping key risks and mitigation during the process as well as ensuring committed intermittent milestones.

Additionally, domain knowledge is crucial to problem solving be it strategic, functional, market or customer challenges. However, domain knowledge needs to be refreshed constantly as the market and industry evolves and this often needs a study of external industry, competition and processes.

Importance of business lifecycles

Different businesses grow through different stages and need to be looked at beyond the 'financial year' milestones – business lifecycles are a practical measure which can span anywhere between 6-36 months depending on the nature of the business, investment cycles, market terrain, customer needs and cost structures.

Understanding and defining business lifecycles helps define strategic milestones, turning points or inflexion points for a business and thus manage business situations in a more predictable manner. It also helps define business plans in a more tangible manner as well as communicate the same with employees in a tangible manner.

Mapping business lifecycles also helps in projecting financial and cash flow requirements over a longer period as well as in formulating better resource plans and reduce inefficiencies.

During such an exercise, communication with people within and customers is crucial and this needs special effort from the management to ensure that the communication is objective, timely and consistent.

In summary...

In today's highly dynamic and competitive marketplace, an organization needs to balance its short, mid and long term goals. These are best spelt out by using a formal approach to define the business cycle that the organization is going through with respect to the industry, its competition, markets and customers.

An external facilitator across the entire journey not only helps define the blueprint for the organization, but also participates in the journey helping the organization solve strategic, operational and tactical issues and reach its business goals, validate decisions with external industry inputs, solidify customer centric initiatives and streamline organizational process to ensure timely inputs and / or course corrections.

Since most of the resources used are from the organization, the learning is institutionalized and assimilated quickly into the organization's body of knowledge. To make the process more effective, metrics are often rolled down across the organization and make managers accountable for their team performance.

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