

INSURANCE INSTITUTE OF ZIMBABWE (IIZ)

ORGANIZATIONAL AGILITY: SURVIVAL PRINCIPLES FOR TURBULENT TIMES

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VICTORIA FALLS
13 November, 2017**

ROAD MAP

- 1. DEFINING TURBULENCE**
- 2. THE LAYERS OF VOLATILITY & THE EMERGING VULNERABILITIES**
- 3. THE STRATEGIC RESPONSES ESSENTIAL FOR SURVIVAL**

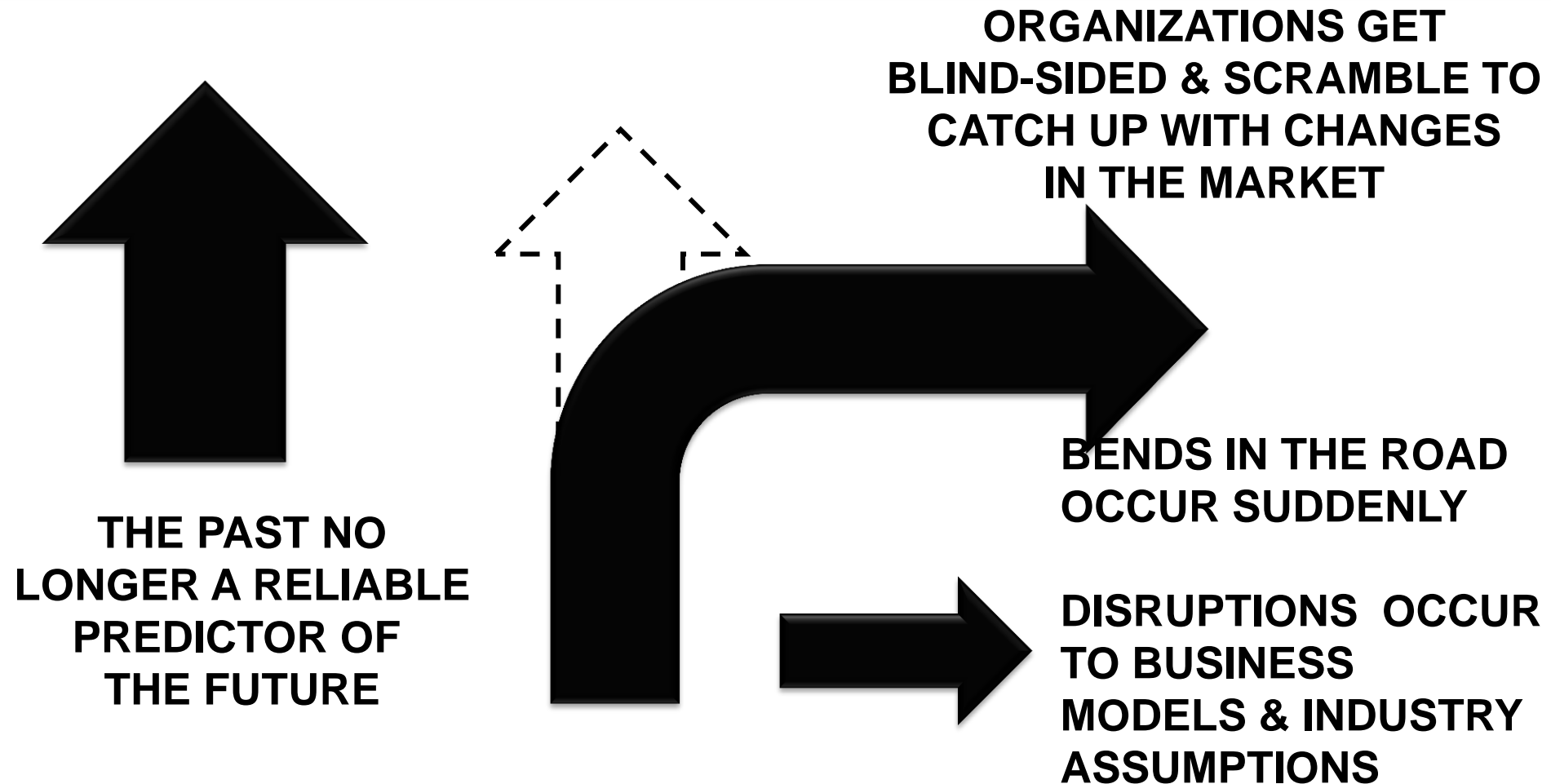
1. DEFINING TURBULENCE

THE STATE OF THE EXTERNAL ENVIRONMENT IS TURBULENT

V = VOLATILE
U = UNCERTAIN
C = COMPLEX
A = AMBIGUOUS
**H = HOSTILE/
HEALTHY**

**WE OPERATE
INSIDE A
PERMANENT
EARTHQUAKE
ZONE**

TURBULENCE AS A STATE OF FREQUENT SURPRISES OR UNEXPECTED TURN OF EVENTS

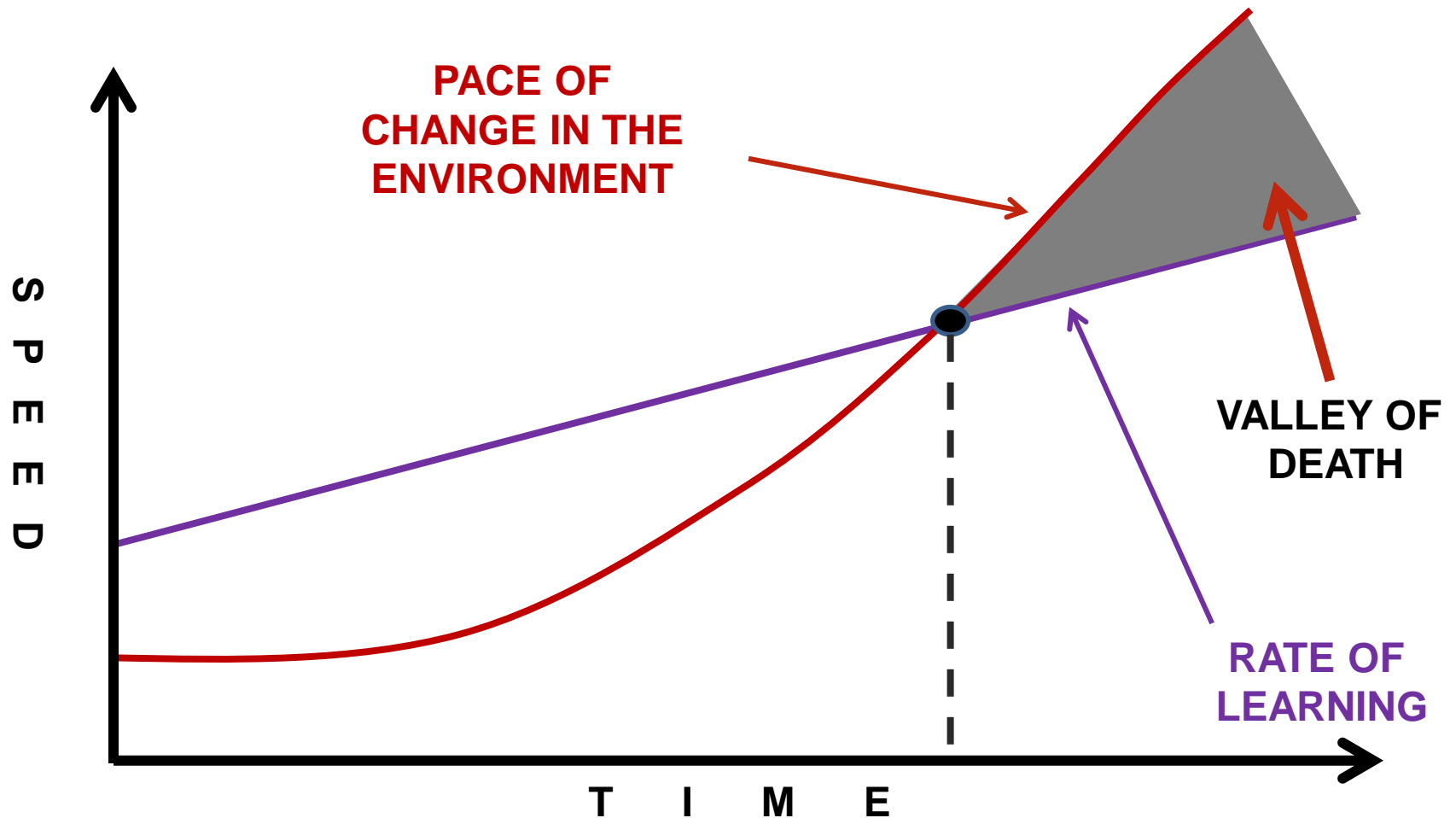


TURBULENCE CAN ALSO MEAN THE FREQUENCY OF MISSED OPPORTUNITIES

**TURBULENCE
IS NOT JUST
ABOUT
THREATS TO
YOUR
BUSINESS
MODEL**

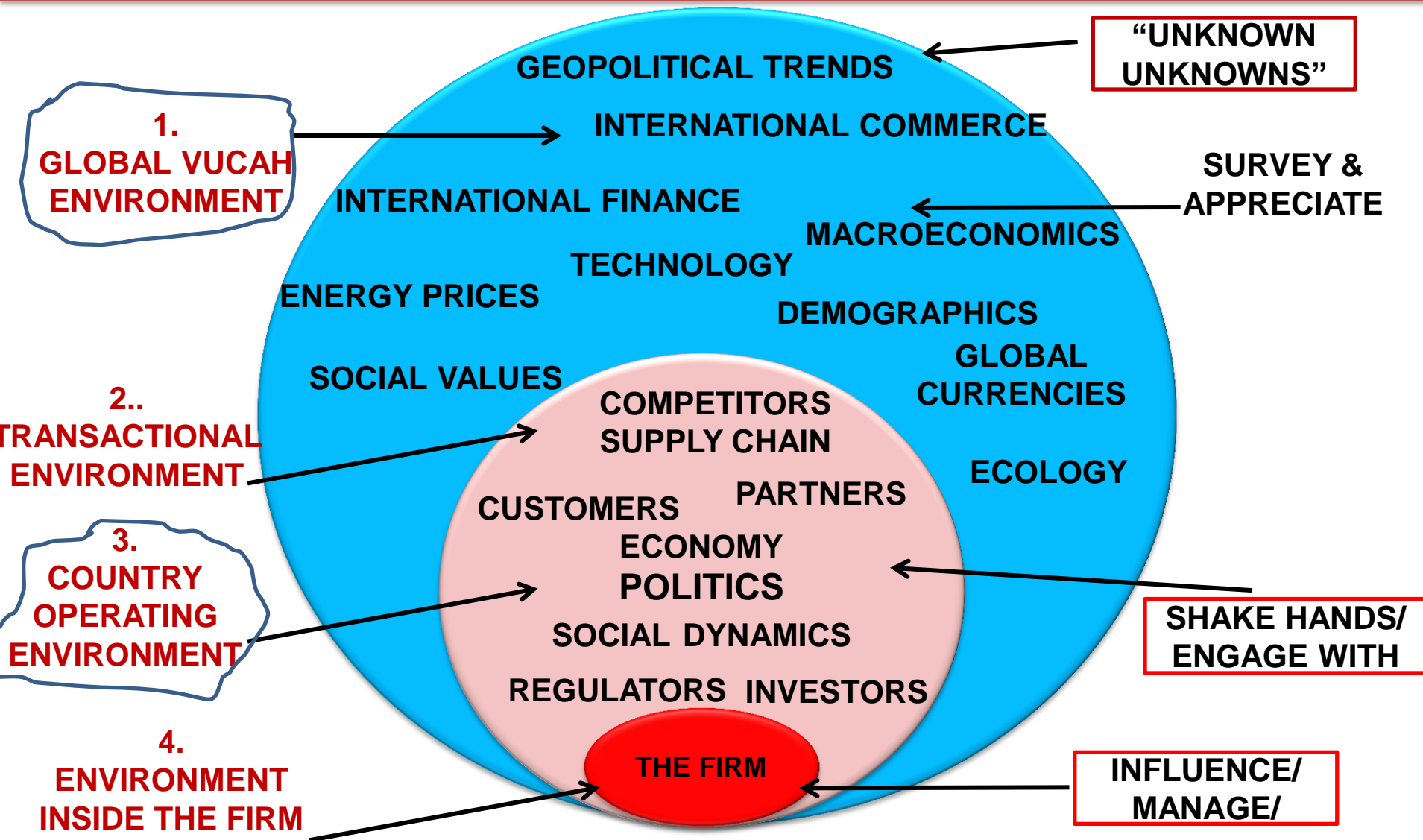
**IT IS
INCREASINGLY
ABOUT MISSED
OPPORTUNITIES**

ULTIMATELY MANAGING TURBULENCE IS ABOUT HOW AN ORGANIZATION ADAPTS TO ITS ENVIRONMENT



2. THE LAYERS OF VOLATILITY IN THE OPERATING ENVIRONMENT

FOUR LAYERS OF TURBULENCE IN THE OPERATING ENVIRONMENT



TURBULENCE ORIGINATING IN THE GLOBAL ENVIRONMENT

**1.
DISRUPTIVE
TECHNOLOGIES**

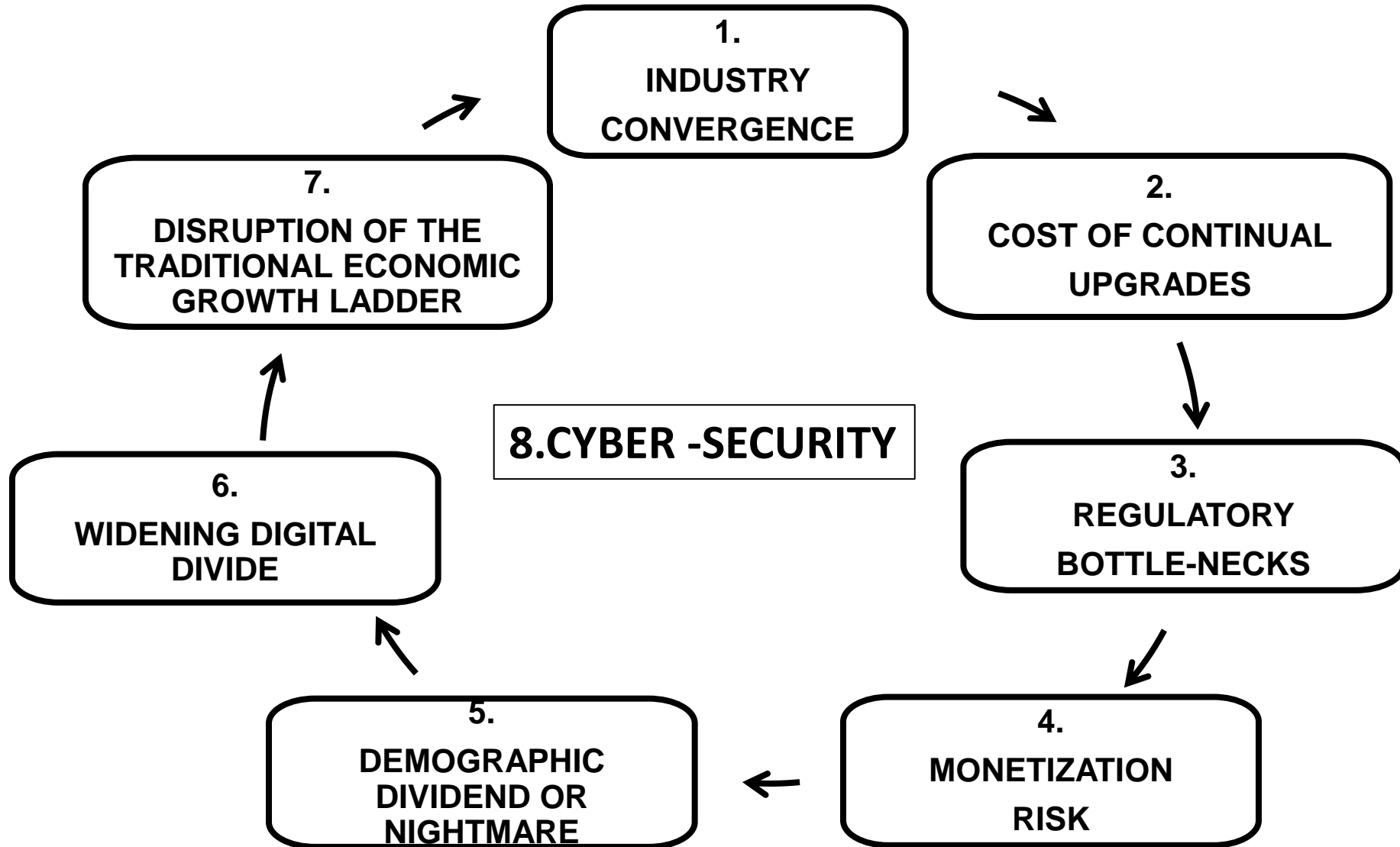
**2.
DISRUPTIVE
BUSINESS
MODELS**

**3.
DEMOGRAPHIC
SHIFTS**

**4.
DRAMATIC
CHANGES IN
CONSUMER
ASPIRATIONS**

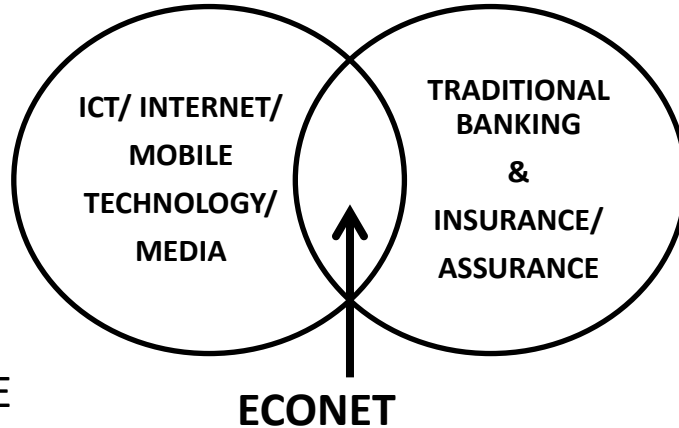
**THE EMERGING
VULNERABILITIES
DRIVEN BY THESE
GLOBAL FORCES**

EMERGING VULNERABILITIES



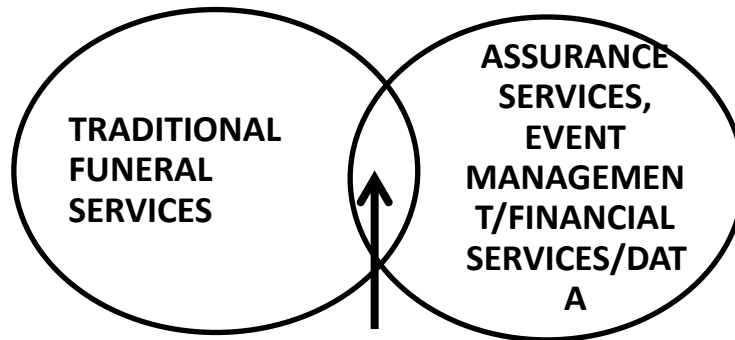
#1. CONVERGENCE IS COLLAPSING INDUSTRY BOUNDARIES

- TELECOMS
- MNOs
- BANKS
- MICRO-FINANCE



THE GREATEST THREAT FOR THE INSURANCE INDUSTRY WILL COME FROM OUTSIDE THE EXISTING BOUNDARIES OF THE INDUSTRY.

- UNDERTAKERS
- INSURERS



NYARADZO

**THE QUESTION YOU NEED TO ASK IS:
“ WHAT SOLUTIONS DO YOU PROVIDE & WHO ELSE CAN PROVIDE THEM BETTER?”**

1. COST OF RELENTLESS UPGRADES COMING IN EVERSHORTENING CYCLES

*UPGRADES OF TECHNOLOGY &
SOFTWARE WILL BE REQUIRED AT AN
EVER INCREASING FREQUENCY. THERE
WILL BE NO CHOICE. IF YOU DON'T
UPGRADE YOU WILL NOT BE SUPPORTED
BY THE VENDOR AND YOUR SYSTEMS
WILL FALL BEHIND THOSE OF YOUR
COMPETITORS*

3. REGULATORY BOTTLE-NECKS WILL INCREASE

*THE INDUSTRY WILL DEVELOP FASTER
THAN THE REGULATORS LEADING TO
SIGNIFICANT BOTTLENECKS THAT WILL
REQUIRE MANAGEMENT*

4. WILL THE DRAMATIC DEMOGRAPHIC SHIFTS BRING A DIVIDEND OR NIGHTMARE?

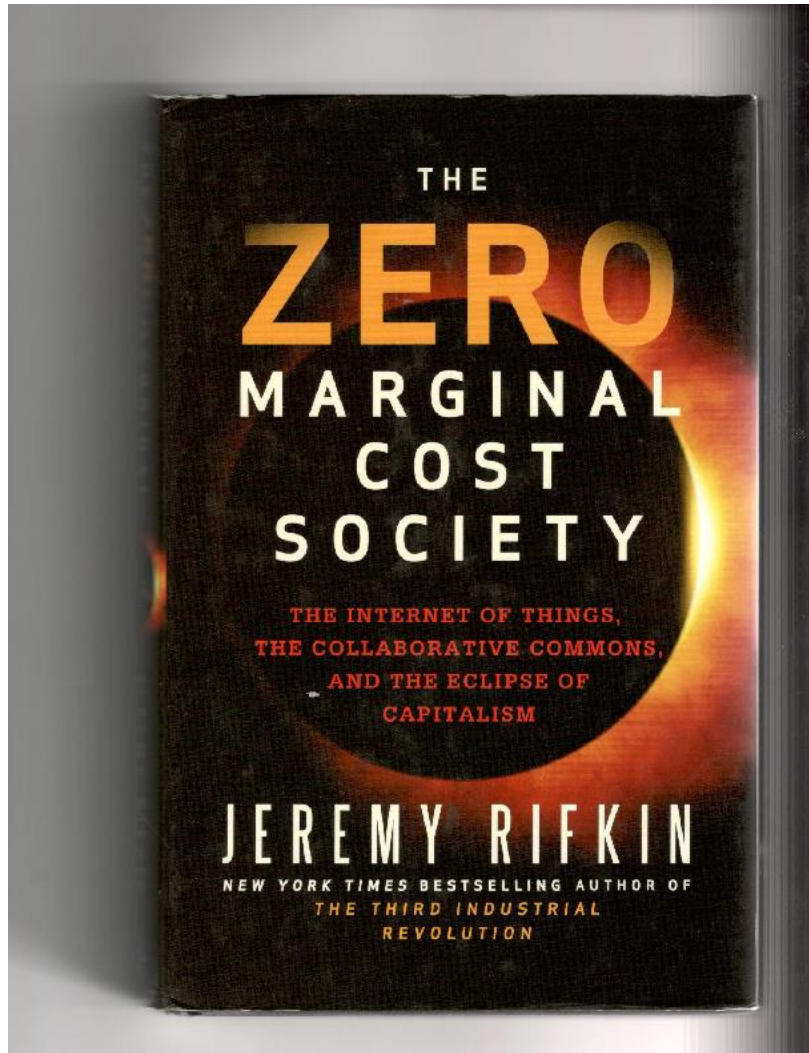
THIS WILL ARISE FROM THE FOLLOWING:

- *LONGEVITY OF LIFE AS A RESULT OF ADVANCES IN BIOTECHNOLOGY & LIFE SCIENCES-CREATING THE 4:2:1 PROBLEM*
- *URBANIZATION UNACCOMPANIED BY EMPLOYMENT CREATION-RESULTING IN URBAN GHETTOS THAT INCREASE RISK*
- *HIGH POPULATION GROWTH RATES IN DEVELOPING MARKETS*
- *DIGITAL DECIMATION OF THE WORKFORCE*

#5. MONETIZATION RISK

- **IN THE ERA OF DIGITALLY DRIVEN COST STRUCTURES MAKING MONEY OUT OF PRODUCTS & SERVICES WILL BECOME HARDER**
- **EXAMPLES ABOUND**
 - **WHATSAPP DESTROYING THE BUSINESS MODEL OF VOICE TELEPHONY**
 - **DIGITAL /ONLINE MUSIC UPENDING THE MUSIC INDUSTRY**
 - **ONLINE MOVIES- VIA NETFLIX AND OTHERS DESTROYING THE CINEMA INDUSTRY**
 - **MASSIVE OPEN ONLINE COURSES (MOOCS) UNDERMINING THE BRICK & MORTAR EDUCATION MODEL**
- **THE ADVENT OF THE ZERO MARGINAL COST SOCIETY**

ZERO MARGINAL COST SOCIETY DRIVEN BY DIGITIZATION



- DIGITIZATION DISRUPTS COST STRUCTURES – PRODUCTION COSTS ARE TUMBLING ACROSS THE BOARD
- THE COST OF CUSTOMIZATION EVEN AT AN INDIVIDUAL LEVEL IS FALLING RAPIDLY
- FROM ANALOG \$ TO DIGITAL CENTS

CRITICAL IMPLICATION FOR BUSINESS MODELS

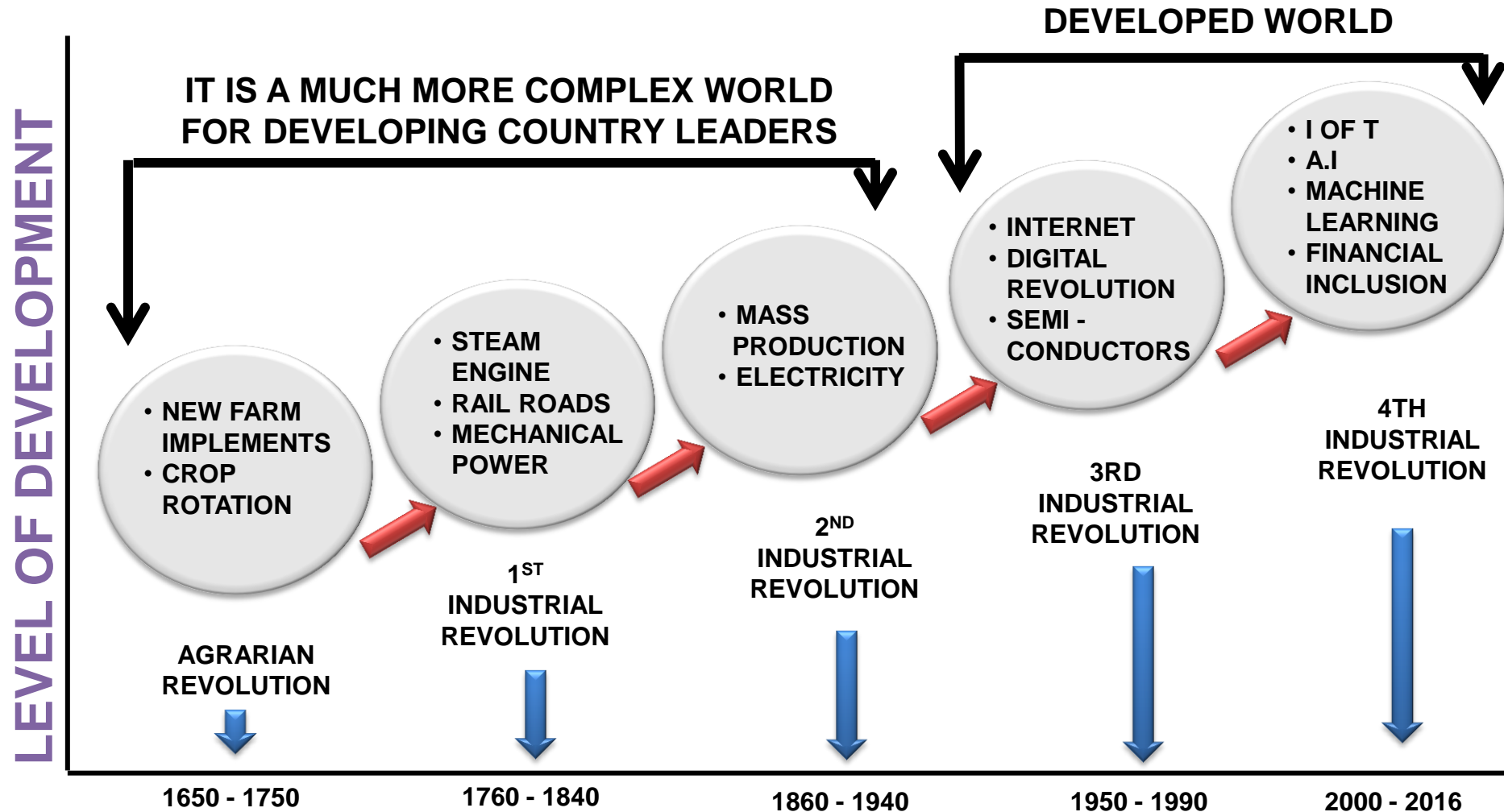
HOW ARE YOU GOING TO MAKE MONEY?

REMEMBER

***THE INNOVATOR'S DILEMMA:
When New Technologies Cause Great Firms
To Fail***

By Clayton Christensen

#6. IMPLICATIONS OF THE WIDENING DIGITAL DIVIDE FOR AFRICAN LEADERS



WHAT OPTIONS DO ORGANIZATIONS HAVE?

1.

**DISENGAGE AND
MOVE AT OWN
PACE**

2.

**RIDE ALL HORSES
AT ONCE**

3.

LEAPFROG

4.

**SIT STILL AND
LIVE OUT STORM**

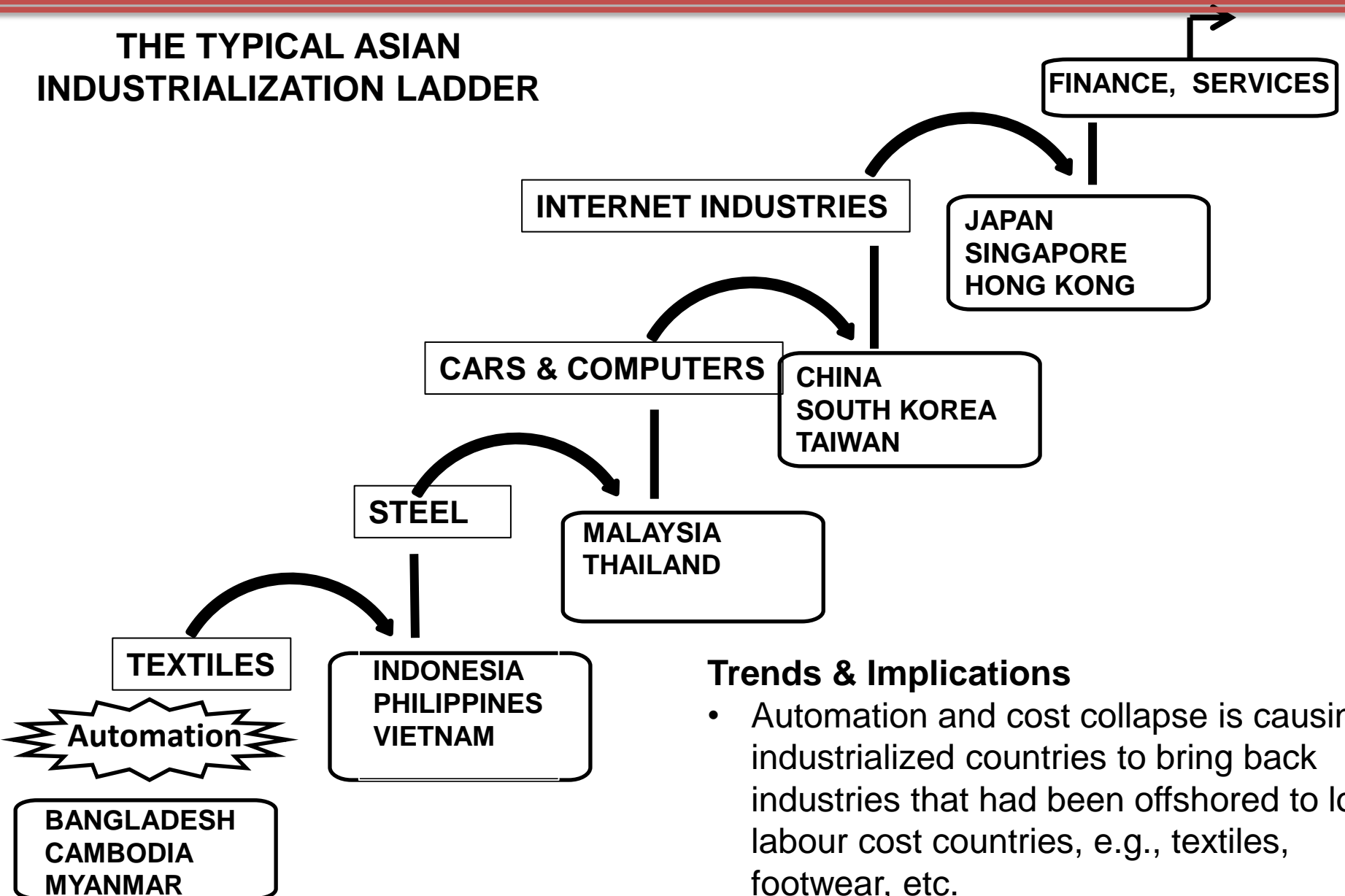
WHAT WILL AFRICA`S ROLE BE AT THE DINNER TABLE OF CIVILIZATION?

- **WILL AFRICA BE ON THE MENU?(AS IT WAS BETWEEN 1880 & 1914)**
- **WILL AFRICANS BE THE WAITERS?**
- **OR WILL AFRICANS BE DINERS?**

Professor Patrick Lumumba

#7. DIGITIZATION WILL DISRUPT THE TRADITIONAL INDUSTRIALIZATION LADDER

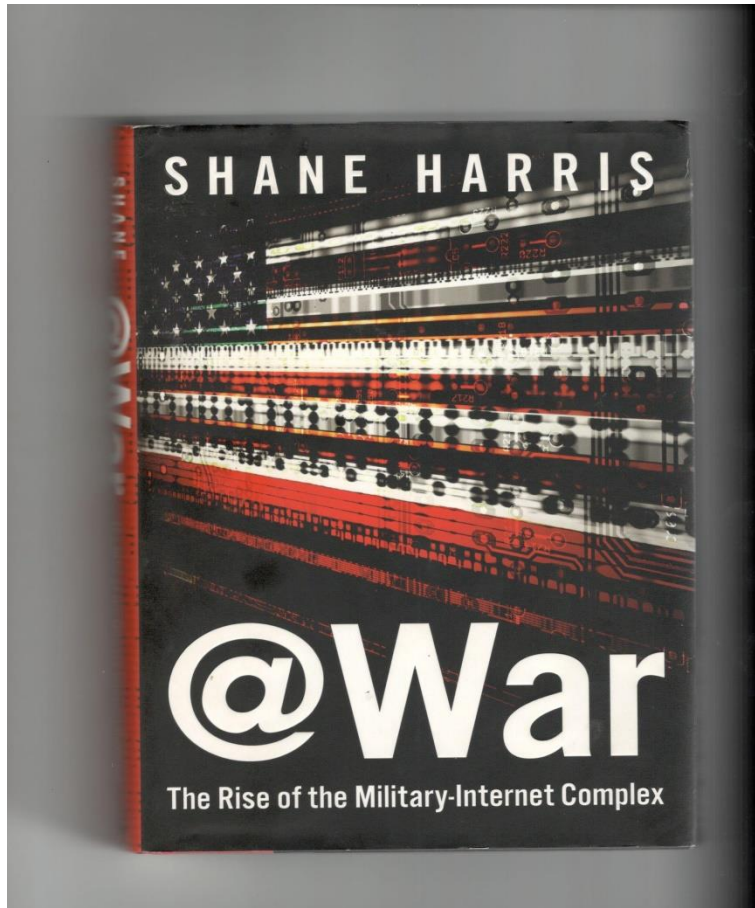
THE TYPICAL ASIAN INDUSTRIALIZATION LADDER



Trends & Implications

- Automation and cost collapse is causing industrialized countries to bring back industries that had been offshored to low labour cost countries, e.g., textiles, footwear, etc.

8. SECURITY OF DATA IS A MAJOR EMERGING RISK



THE ARMIES OF NATIONS WILL INEVITABLY MEET ONE ANOTHER ON THE CYBER BATTLEFIELD. BUT THE ARMIES OF CORPORATIONS WILL MEET THERE TOO!

VOLATILITY ARISING FROM THE COUNTRY OPERATING ENVIRONMENT

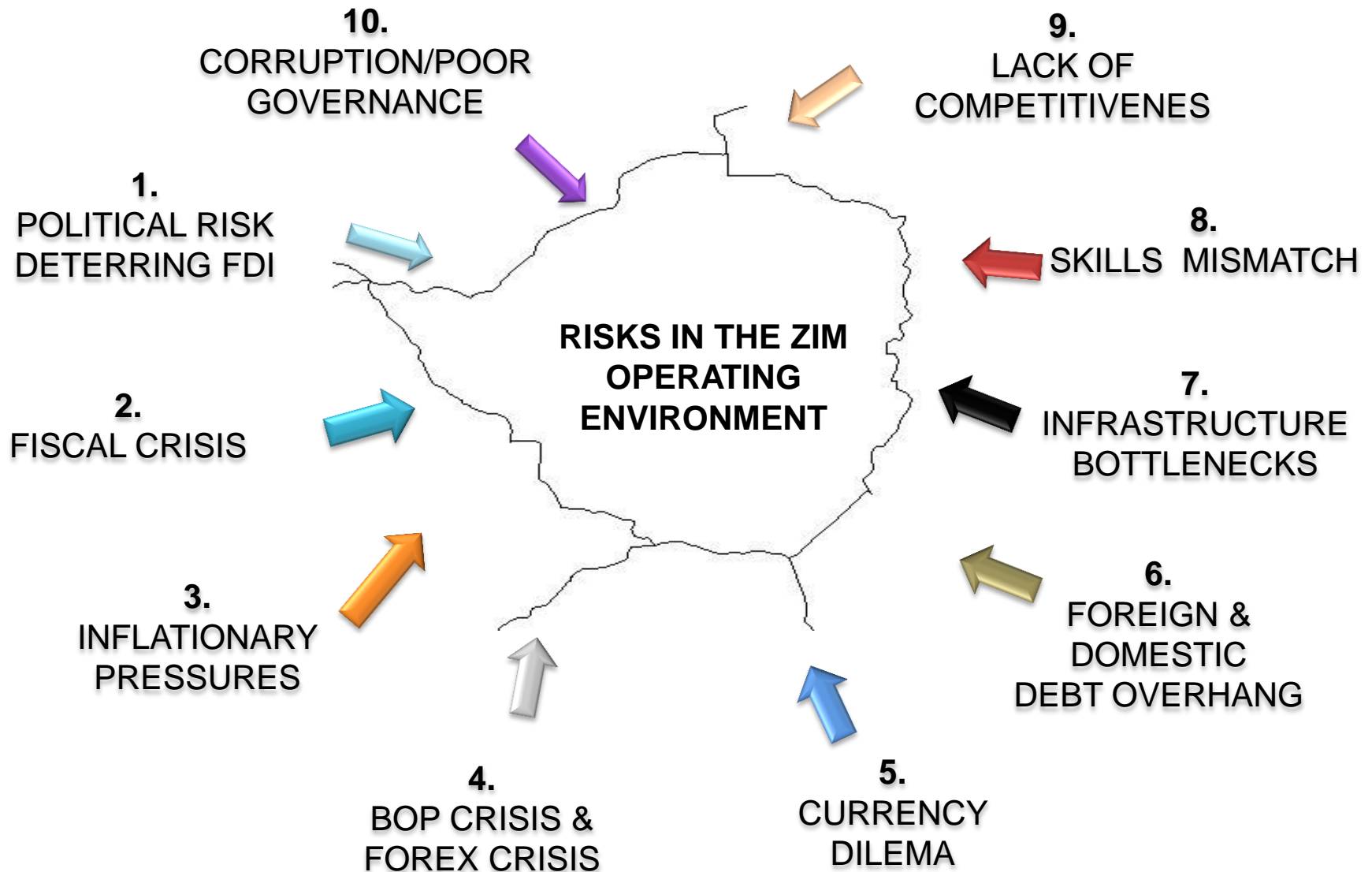
**1
POLITICAL
SCENARIOS**

**2.
ECONOMIC
SCENARIOS**

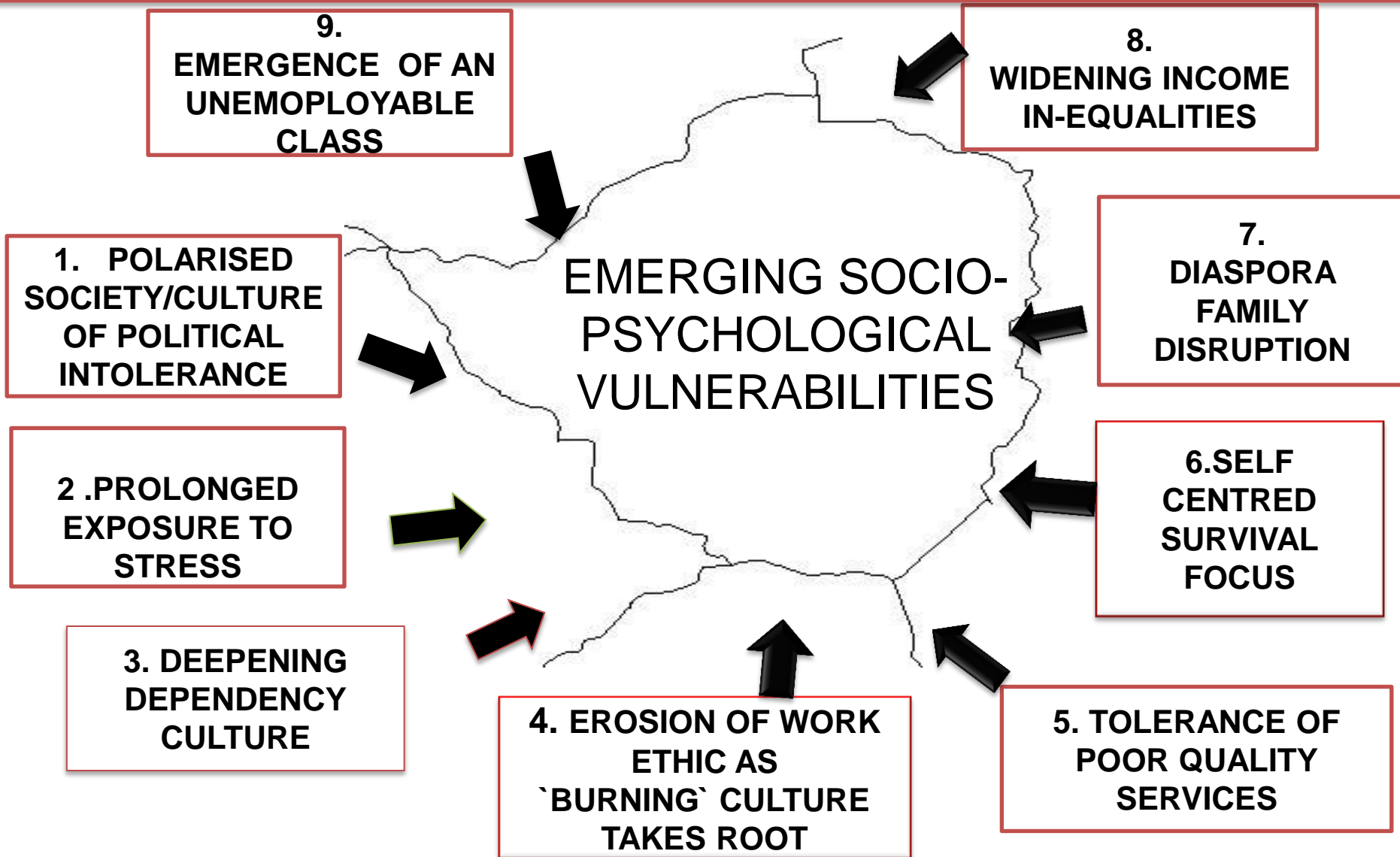
**3.
REGULATORY
ENVIRONMENT**

**4.
SOCIO-
PSYCHOLOGICAL
DYNAMICS**

VULNERABILITIES COMING FROM THE COUNTRY OPERATING ENVIRONMENT

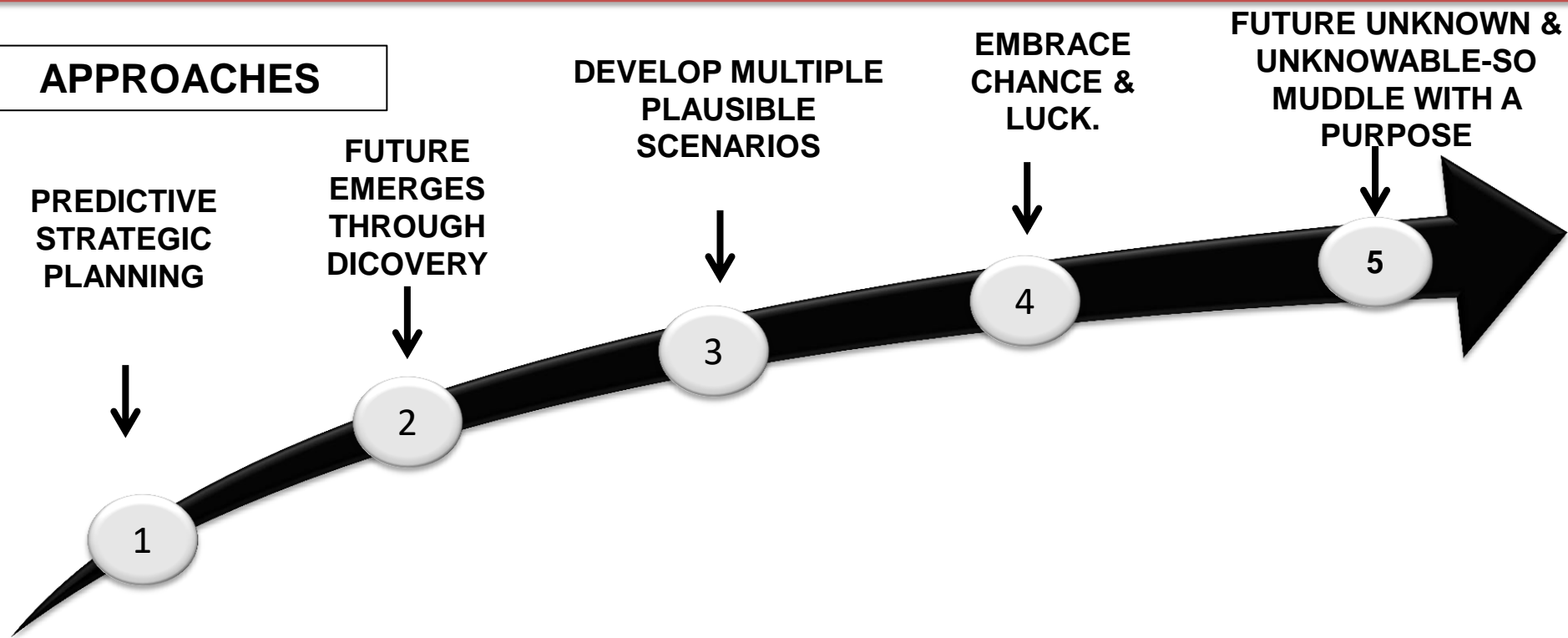


SOCIO-PSYCHOLOGICAL VULNERABILITIES IN ZIM



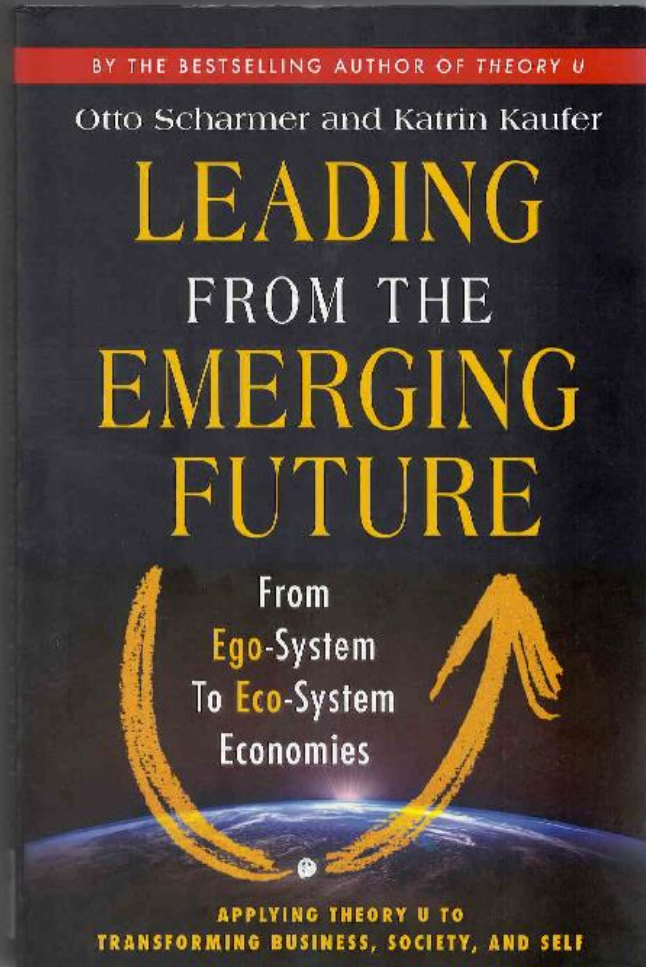
ESSENTIAL PARADIGMS FOR MANAGING IN A TURBULENT ENVIRONMENT

#1. RECOGNIZE THAT THE PAST WILL CEASE TO BE AN ACCURATE PREDICTOR OF THE FUTURE



**THIS WILL REQUIRE ORGANIZATIONS TO
SHIFT FROM STRATEGIC PLANNING TO
SCENARIO PLANNING**

LEADERS NEED TO BE AWARE OF THE EMERGING FUTURE



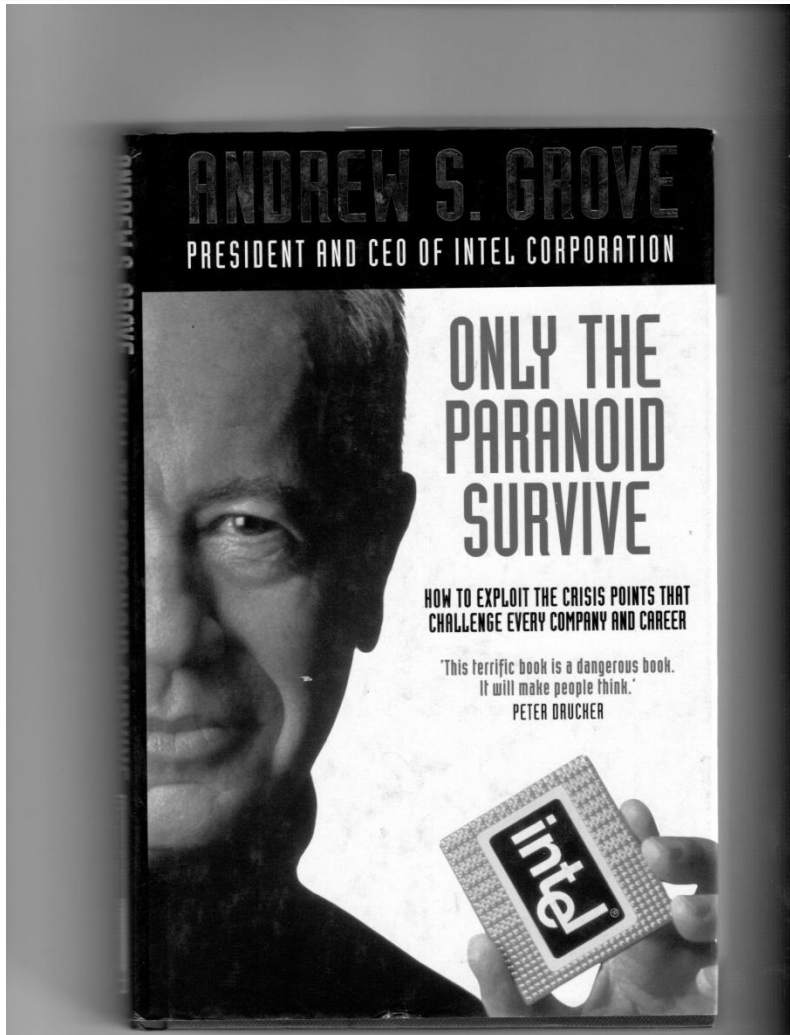
OTTO SCHARMER (2014)

UNDERSTANDING
FUTURE TRENDS
IS NOW MORE
RELEVANT THAN
FOCUSING ON
CURRENT & PAST
REALITIES

2. BE OPPORTUNITY DRIVEN RATHER THAN THREAT FIXATED

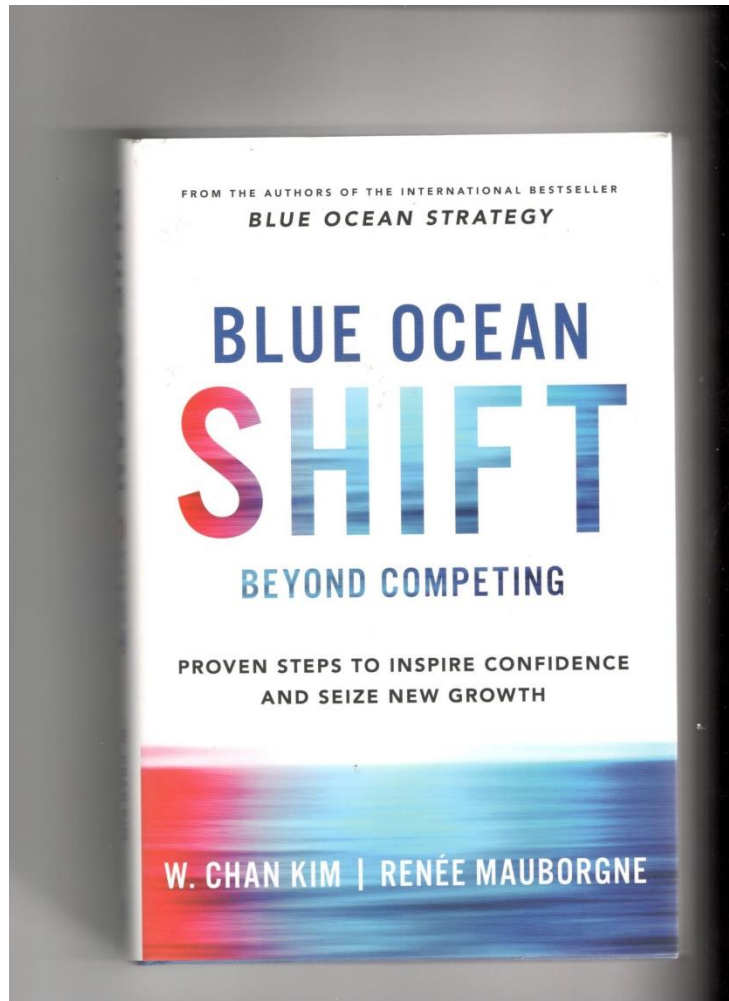
THE BIGGEST RISK THAT YOUR
ORGANIZATION MAY FACE IS NOT THE
THREAT OF DISRUPTION BY COMPETITORS
BUT THE OPPORTUNITY COST OF NOT
EXPANDING YOUR HORIZONS INTO NEW
BUSINESS VENTURES THAT LIE OUTSIDE
YOUR CURRENT BUSINESS MODEL

MIND-SET OF THREAT FOCUSED ORGANIZATIONS



- ALWAYS BE ON THE LOOK OUT FOR COMPETITORS
- DEVELOP THE GUARDIAN SPIRIT ACROSS YOUR ORGANIZATION
- KNOW THAT YOUR COMPETITORS ARE OUT TO TAKE YOUR MARKET SHARE-PROTECT IT
- BE PARANOID OR YOU WILL BE AMBUSHED & ELIMINATED
- DEFENSIVE

MIND-SET OF OPPORTUNITY FOCUSED ORGANIZATIONS



- HUNGRY & DISCONTENDED
- ENTREPRENEURIAL
- PIONEERING
- THINKING BEYOND COMPETITION
- FOCUSED ON CREATING & CAPTURING
- AGGRESSIVE/OFFENSIVE
- BLUE OCEAN MIND SET

#3.BUILD RESILIENCE INTO YOUR ORGANIZATIONS

- **DESTROY SILOS WHEREVER THEY EXIST**
- **STREAMLINE COST STRUCTURES ACROSS THE BOARD**
- **INCREASE INTEGRITY OF SYSTEMS OF CONTROL AS THE VOLATILITY IN THE ENVIRONMENT RISES**
- **FIND STRATEGIC PARTNERS WHO WILL GIVE YOU ADDITIONAL CAPABILITIES-DON'T WALK ALONE !**

#4. TAKE URGENT ACTION TO PRESERVE BALANCE SHEET VALUE

- **SHIFT TO MORE RESILIENT ASSET CLASSES**
- **SHIFT TO HIGHER GROUND IN TERMS OF ASSET QUALITY**

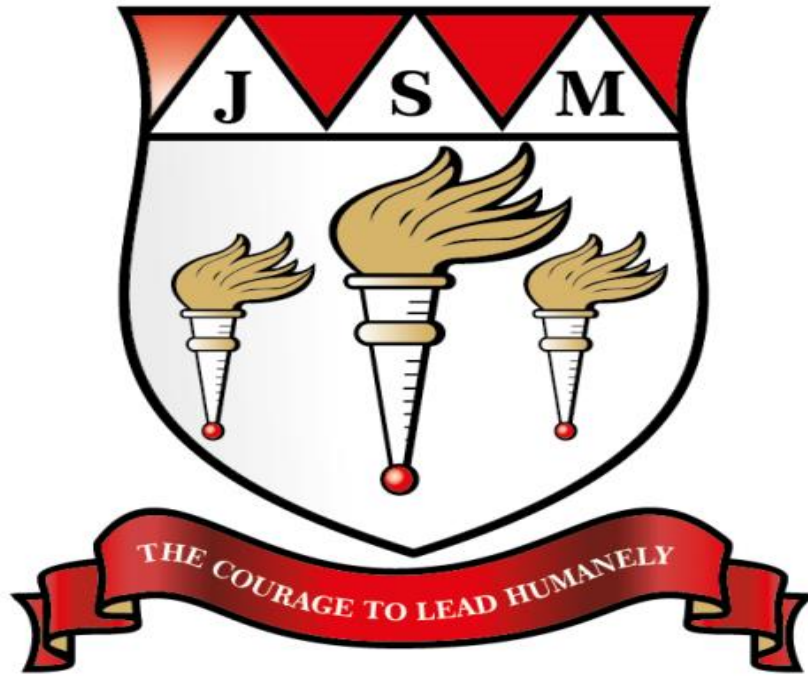
CONCLUSION

MY PARTING MESSAGE

THE CURRENT OPERATING IS FRAUGHT
WITH DANGER BUT ALSO PREGNANT
WITH OPPORTUNITIES.

BUT REMEMBER THAT THE PAST IS NO
LONGER A RELIABLE PREDICTOR OF
THE FUTURE

**THANK
YOU**



PATHWAYS AFRICA

UPLIFTING LEADERSHIP STANDARDS ACROSS AFRICA