



## Coming Crisis in Business Continuity

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Particularly after September 11<sup>th</sup>, the term *business continuity* has dominated many strategic planning sessions throughout Corporate America. While we are all familiar with business continuity as it relates to Information Technology, CPath Solutions has concluded there is an equally significant challenge confronting companies of all sizes where business continuity has an entirely different meaning.

Although companies may have an easier time recruiting new employees than they experienced in the frenzied dot.com era, a recent Accenture survey of Fortune 1000 executives showed that 73% believed they were still fighting a pitched battle to recruit and retain talented people. While “good help is hard to find” is hardly a new sentiment, CPath’s analysis of this situation strongly suggests the challenge today is greater than ever before, due to three key factors:

- 1) The baby boom generation, dominating executive and senior management ranks across all industry sectors today, is rapidly reaching retirement age; positioning the next generation of leadership is a crucial mid-term goal;
- 2) Although most companies tend to retain cultures, corporate culture is generally not as distinct or unique as it once had been, therefore organizations are not as cohesive as they need to be;
- 3) In the 1990’s “job-hopping” was considered smart career management, and few next-generation leaders have developed organizational/management skills equal to their technical/functional capabilities.

Accordingly, companies that fail to properly manage to these matters will be faced with a crisis of business continuity where it can hurt them most—their very organizational fabric and foundation. While the next generation of leaders is unquestionably well-educated, industrious, and now experienced in strong as well as weak economies, if not properly cultivated they will be unable to effectively lead their companies in this hyper-competitive global marketplace.

Today’s business leaders bring more than tactical expertise to their roles, they can also be considered active sociocultural anthropologists of their businesses. In many instances, these leaders grew up within an industry or company and have an intuitive feel for even the slightest shifts in company behavior and can properly execute strategies in advance of disaster. Equally, as stable figures these leaders have been able to inspire workforces in ways that would be difficult, if not entirely impossible, for less-established successors. We see signs

of this happening on a near daily basis, as many mid-level or rising business executives have been less willing to make decisions—particularly when there is a perceived high degree of risk—due to the many poor choices made during the dot.com-to-bomb era. Where present-day executives can draw on experiences within their own field or company to guide their decision-making processes, those that have been little more than “guest stars” in many organizations have no such pool to draw from. As sociocultural anthropologists they are intimately familiar with industry or company nuances rather than anecdotally aware. CPath does not find it surprising that executives we would consider sociocultural anthropologists were not associated with Enron, Global Crossing, Worldcom, et al. Even if one were inclined to make an argument that Merrill Lynch—a well-established firm run by experienced industry and company professionals—undermines our case, we believe that Merrill was guilty of going against the better judgment of its anthropologists by succumbing to “the new rules” and “the new breed”.

The strain on company culture puts even the most established firm on tenuous ground because the “we” that formerly bonded and defined a given company now most likely resembles a collection of “us’s”. While we believe that a rising level of independence—in thought and action—has served companies well in many ways, the cost has been a loss in true corporate identity. Sports fans instantly connected with Jerry Seinfeld’s observation that in the era of free agency fans no longer rooted for their favorite players, but worshipped laundry as the only constant is a team’s uniform (and with the big dollars tied to licensed apparel, even the laundry changes pretty regularly these days!). In Corporate America the team has become its own collection of free agents, many as talented as those that shift from team-to-team in professional sports, but company identity has suffered. Without a collective history, without a link to a shared experience, a portrait of even the most notable company founder looks as anachronistic as the “Our Founder” bust on Farber College’s campus did in “Animal House”. Certainly, we are not implying that companies should remain static, but without a deep sense of “who we are”, “what we stand for”, and “why we’re here” evidence shows organizations neither seize opportunity nor rally out of trouble fast enough.

There are 2 facts: (1) we cannot slow up the baby boom generation’s aging process (2) we cannot change anyone’s past employment history. Owing the reader more than our observations, CPath also has designed remedies for companies of all sizes.

Training, as is traditionally defined and offered, is not enough. To close this gap companies must cultivate their next generation of leadership by combining hands-on mentoring as well as training reinforcement. Companies are wise to customize their people development solutions by investing in a fully integrated program. Although present-day leadership must be actively involved with this process, we do not believe it is constructive if they carry the responsibility. Experience shows that full reliance on internal mentoring reaches a point of

diminishing returns as a result of the inevitable friction that surfaces between “the old guard” and “the new breed”. For these purposes, under these circumstances, value judgments—oftentimes innocent and unintentional—overshadow the best people development efforts. Our experience shows this to be particularly true at the higher levels of management, and where the most talented people are involved.

It is therefore advisable that companies select capable third parties to construct and implement fully integrated executive management development programs. This may be easier said than done because training companies do not usually include a staff of proven professionals that can cultivate executive talent through hands-on mentoring while most business consultants do not offer significant training competencies. Because the operative word for successfully cultivating talent is *integration*, it is unwise to hire a consultant to handle one piece and a training company to handle the other.

Alternatively, companies can recruit experienced professionals with track records of sustained success for other employers. Managers, particularly upper-middle and senior levels, who have worked their way up in other organizations will be able to operate as “outsider-insiders”. Having been part of shaping a company’s culture these professionals will be able to make significant contributions almost immediately for organizations in need. As outsiders to their new firm, these professionals will be able to assert a unique brand of credibility and authority for both emerging leaders and the company’s more established executives. Recruited as fulltime employees these professionals will be inside the company, able to play leading roles assuring business continuity for their new employers.

Companies that truly understand and believe that their most critical investment are the resources they dedicate to human capital will undoubtedly find the strategic partner best suited for them to assure true business continuity.

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