

# Model for instability



Every human system is open and interacts with other systems generating mutual effects. The activity of an organization is a source of impacts and multiple effects. The ability of a human system (individual, group or organization) to respond depends on the way it internally manages the impact of external events. The subjective perception of the possibilities of action influences the search for alternatives to intervention. From this point of view, we define competitiveness as the ability to interact with the dynamics of a context.

In unstable contexts, the transformation in the conditions of the environment transforms the positions of the players, changes the rules and redefines threats and opportunities. All these movements challenge the interaction conditions and impact on the corporate resources, strategic decisions and tactical movements. So, "being competitive" is not a property that depends exclusively on the characteristics of a company ("what we are" or "what we have"); it

depends on their ability to interact in front of the dynamics of different actors and deal with situations that they generate.

Generally, the concept of competitiveness is often associated with profitability as a synonym for "win" in an economic context. But in conditions of instability, profitability is not a guarantee of permanence. From this point of view, we propose three principles to define competitiveness capacity:

- THE SCOPE OF THE STRATEGIC GOALS that define the vision of a project and establish the dimension of relevance of a brand promise.
- THE CAPABILITY TO INTERACT WITH THE CONTEXT that helps to anticipate emerging situations without falling into structural symptoms.
- THE DYNAMICS OF INTERNAL PROCESSES that allows adaptation to environmental conditions combining stability and creativity.

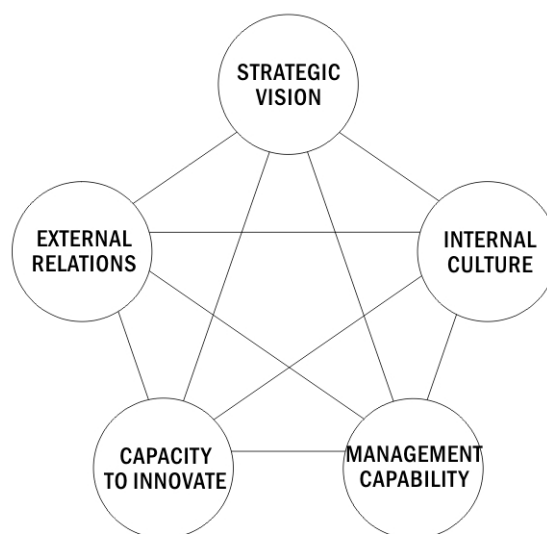
To support this feature of competitiveness it is necessary to have a particular architecture of processes that enable a base of stability (to maintain profitability, production, growth, quality, etc.), with more dynamic and flexible processes that allow exploration of possibilities (innovation, new markets, new habits, new social trends, etc.). This complementarity of stability and flexibility provides further possibilities for adapting to environmental conditions. The new architecture integrates two levels of structure that enable better operational resilience against volatility:

- STABLE STRUCTURES: to ensure a base of sustainability (profitability) and predictability. This involves regular work more efficiently.
- DYNAMIC STRUCTURES: to generate new opportunities to explore development processes. This involves doing things in a different way from the norm.

## The competitive platform

The platform of competitiveness is a system of assessment and management of internal processes that is materialized in five dimensions of analysis:

- **STRATEGIC VISION** is the framework that sets the corporate direction and defines the organizational structure or business model.
- **EXTERNAL RELATIONSHIPS** are the ability to share and manage the social impacts that affect the corporate image held by different stakeholders.
- **INTERNAL CULTURE** is the strength of the corporate culture and involves the management of information, emotions and knowledge.
- **CAPACITY TO INNOVATE** is the ability to create and generate development alternatives and renewal processes and products to respond to the demands of the context.
- **MANAGEMENT CAPABILITY** is the ability to generate results, maintain the value of products and services, and effectively manage interventions in different environmental conditions.



## Evaluation Test

According to your criteria rate the following statements

		Bad	Low	Good	High
VISION	How is your understanding of the organizational vision?				
	How integrated are, the corporate values?				
	How flexible is your organization's working model?				
RELATIONS	What level of preference has the market of your products?				
	How do the public perceive your organization?				
	How much do you know about your stakeholders?				
CULTURE	What is the level of internal communication and integration?				
	How it influences the emotional climate in your performance?				
	How do you consider the expertise of the organization?				
INNOVATION	What is your organization's level of differentiation?				
	What is your ability to anticipate trends in the marketplace?				
	How much do the employees participate in innovation?				
MANAGEMENT	How would you rate your level of results achieved?				
	How does your organization respond to new demands?				
	How professional is the current management?				

Measurement scale      1      2      3      4

The evaluation was developed based on the following variables:

VISION	<i>How is your understanding of the organizational vision?</i>	Evaluate the level of recognition of the strategic parameters of the organization
	<i>How integrated are, the corporate values?</i>	Evaluate the integration of corporate values in practice
	<i>How flexible is your organization's working model?</i>	Evaluate the adaptability of the structure against changes in the context
RELATIONS	<i>What level of preference has the market of your products?</i>	Evaluate how your organization is recognized in the context / market
	<i>How do the public perceive your organization?</i>	Evaluate the level of brand reputation and associated attributes
	<i>How much do you know about your stakeholders?</i>	Evaluate your ability to manage different sectors of stakeholders
CULTURE	<i>What is the level of internal communication and integration?</i>	Evaluate the accessibility of appropriate and relevant information when making decisions
	<i>How it influences the emotional climate in your performance?</i>	Evaluate the organizational climate and emotional framework for making decisions
	<i>How do you consider the expertise of the organization?</i>	Evaluate the ability to learn through sharing formal and informal knowledge
INNOVATION	<i>What is your organization's level of differentiation?</i>	Evaluate the level of originality in the design of your services and products
	<i>What is your ability to anticipate trends in the marketplace?</i>	Evaluate the ability to anticipate changes in the context in which you work
	<i>How much do the employees participate in innovation?</i>	Evaluate the level of participation of people in the development of products and processes
MANAGEMENT	<i>How would you rate your level of results achieved?</i>	Evaluate the current performance level based on the products and processes developed
	<i>How does your organization respond to new demands?</i>	Evaluate the ability to create products or actions according to the different demands
	<i>How professional is the current management?</i>	Evaluate the effectiveness of policies and structures for assessing management performance

## Assessment Methodology

Based on these five areas of development, we can evaluate the competitiveness of a system (company, organization, business unit, department, etc.). This assessment will give a rating for each of the dimensions. A higher score (on a scale of 1 to 4) indicates better competitive resources for interacting with the environment. This is not a comparative study with external parameters or statistical comparisons with the structure or dynamics of another unit: the goal is to achieve a symmetry development of the five dimensions that allows a unit (company, organization or department) to respond more flexibly and effectively to the challenges of the context. The test measures subjective perceptions based on the answers. The principle behind the test is that a higher level of perception indicates a greater integration of the topics. The result of increased integration of the variables is resources that are more competitive.

For the purposes of evaluating the "competitive state" of a system, it is necessary to consider the following criteria:

- A score of 100% represents ideal competitive capacity, so a score above 60% or more indicates competitive development processes
- A score of 50% indicates that there are factors limiting competitive ability
- Scores below 50% indicate a system that will collapse when it works under extreme demands

The interviewee marks the score that they consider appropriate for each statement. An optimal state of competitiveness is where all answers are "High" (score 4 for each of the three statements in each section). Therefore 100% corresponds to 12 (4x3). For example in one section, if the answers are 2 + 2 + 1 = 5, that is 42% of the optimum capacity (5/12). This gives a first evaluation of specific development as shown in this example:

Strategic Vision:  $5/12 = 42\%$

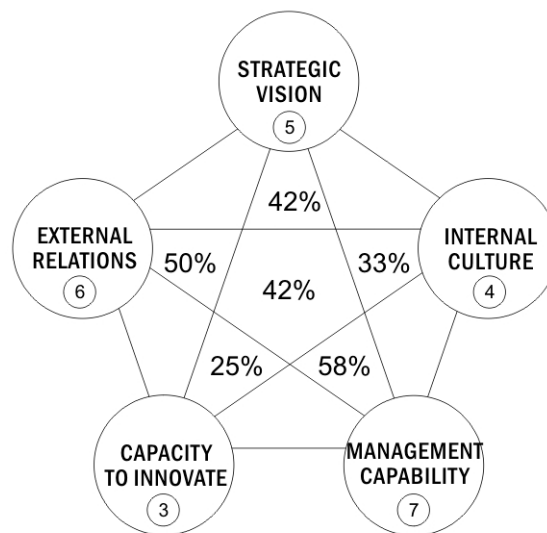
External Relationships:  $6/12 = 50\%$

Internal Culture:  $4/12 = 33\%$

Capacity to Innovate:  $3/12 = 25\%$

Management Capability:  $7/12 = 58\%$

The answers can be used to give an average overall assessment of the entire system. An optimal score of 60 (4 points for 15 statements) is 100%. In the example, the answers sum to 25, giving a score for the system of 42% for the general standard of competitiveness.



## The evaluation questions

1. What are the weakest areas of development (*score equal to or below 50%*)?
2. In what areas are there problems (*variables scored BAD or LOW*)?
3. How you can empower the processes? (*Describe potential implementation actions.*)
4. What are the factors with intermediate skills (*variables with score GOOD*)?
5. How these processes can be consolidated? (*Describe potential implementation actions.*)
6. What are the most developed areas (*variables with score HIGH*)?
7. How can you maintain continuous improvement in these areas? (*Describe potential implementation actions.*)

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