

The challenge of PERMANENCE

1 Emerging demands

The challenges of permanence are caused by instability of the context which affects the dimensions of organizational competitiveness.

2 The dimension of value

The value of a promise arises from the encounter between what a company produces and what people perceive.

3 Competitive strategies

The combinations of stable structure and dynamic structure are essential for transforming development opportunities.

4 Lose competitiveness

In organizations, vulnerability begins with rigidity and an inability to generate new responses for new situations in the environment.

5 Points of vulnerability

The cycle of vulnerability, involves the difficulty of responding to something new, the impossibility of transformation and fear of disintegration.



Emerging demands

In unstable contexts, the transformation in conditions of the environment transforms the positions of actors, changes the rules of markets and redefines threats and opportunities. All these movements challenge the relationships with stakeholders and impact on the corporate resources, strategic decisions and tactical movements.

The permanence of a company and organization is not a property that depends exclusively on their characteristics (“what we are” or “what we have”); it depends on their capacity to deal with the dynamics of new situations and challenges that arise in the context.

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 for different people. From this point of view, we define competitiveness as the ability to interact with the social dynamics. Competitiveness is the result of a set of positions and movements that a group or organization must do to maintain their participation in the economic or social context.

The fact of “being more” (bigger, more innovative, older, etc.) Or “having more” (more size, more talent, more money, more market share, etc.) does not define the permanence. By contrast, permanence is defined by the ability to the company to maintain their participation in a context with new set of rules. The permanence of an organization depends on their movements in context.

The competitiveness is related to the responsiveness of an organization facing new demands and requirements and involves two dimensions. The first dimension refers to the presence of the organization. This means “being perceived” by different stakeholders. This is a conceptual existence associated with certain characteristics. The second dimension is related to the social value of the organization that allows the priorities of decision and the choices of people. This means “being valued” by stakeholders. This involves a predisposition to decide favorably for the proposal of organization. Thus, competitiveness is not related to the “power,” “strength” or “size” of an organization. It is related to the ability to be perceived and valued in a volatile context by different stakeholders.

Competitiveness arises: on one side from corporate design of proposal, and other from the appreciation of people. The value of a corporate proposal (company or institution) is defined in a context of social interaction that transcends the physical field of products, organisms and buildings. The space of proposal development is not only a physical space. The development space is a “virtual space” which involves the mind and people’s feelings. In this subjective space experiences shape a personal meaning about the proposal.

A company not only compete with other products or brands. A

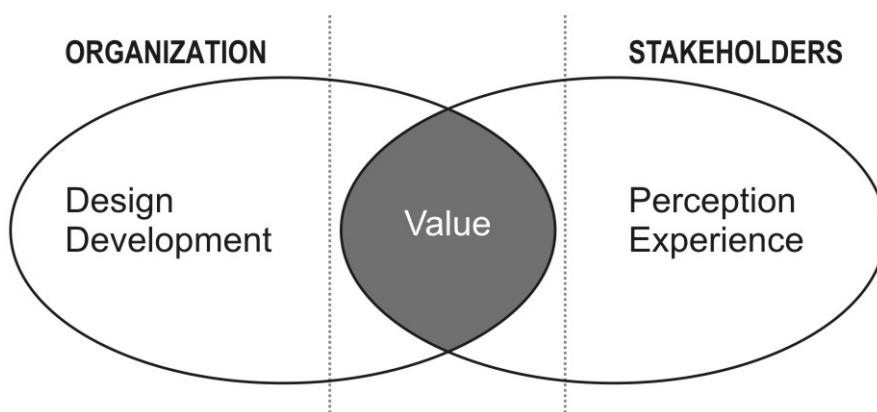
company competes with credibility, trust and interpretation. In this “virtual” space, determinants of perception can be: beliefs, values, ideas, habits and attitudes. Physical qualities of the proposal satisfy concrete necessities; but the symbolic qualities (attributes with the promise and the services) build a conditions of perception. If the organization doesn’t develop symbolic categories, it doesn’t generate references for an appropriate perception of the proposal and therefore it won’t get the interest in its stakeholders.

The company is a productive structure. So, it is not enough that company have good intentions and develops its work professionally if nobody chooses its proposal. All productive process loses sense if the stakeholders don’t feel identified. The permanence of organization will have existence from its relationships with the environment. In the case of a company, this circumstance is usually more visible. The company can develop an excellent product, but if nobody buy it, the system disappearance. To create and maintain strong linkages, the proposal that the company carries out should contemplate in its design the necessities, the interests, habits and the stakeholders’ expectations. If the organization ignores this point in the design of their proposal, the risk is develop a proposal that does not have any correspondence with its stakeholders’ interests.

The dimension of value

What does it mean the value of a promise? Who defines the value of a promise? To answer these questions, we might note two aspects. From the company or organization, value is generated in a sequence of activities, processes and information to design, develop and communicate the proposal. On the other hand, from the social context, the value is generated by the perception and experience of different stakeholder with the proposal of the company or organization.

In this sense, the value of a promise arises from the encounter between what a company produces and what people perceive. People do not choose directly related to the attributes of a promise. People choose based on their perception of what solved these attributes in their daily needs. The “value” is not related to economic cost. This is a concept consisting of perceptions and emotions.



IN A FEW WORDS

Competitiveness is defined by the valuation that people have about the promise of a company or organization. The core of relationships is based on managing the value of promise in the different stakeholders. The management of value does not mean controlling decisions or behaviors of the actors, but involves generating perceptions and experiences on the social valuations.

The permanence of a company or organization depends on the dimension of the proposal and the value of its promise. In this sense, competitiveness strategies have three functions: 1) design a transcendent promise, 2) create value conditions of the promise in the context, and 3) expand a framework of favorable decisions on different stakeholders.

To create a positive context of social valuation is important to understand the function of a product / proposal on the everyday lives of people. The promise must make sense for everyday life circumstances of stakeholders. The circumstances of decision (the conditions that determine the decision of the people) change with the movements of context, and when circumstances change, the decisions also change.

Competitive strategies

Stability, in classical terms of the absence of disturbances it is just an illusion. We probably cannot choose the game once we get involved, but we can define how we participate and what movements we make under these competitive conditions. In emerging context, the stability is very volatile. This lack of stable parameters challenges the strategic moves of organizations.

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 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 complementary of stability and flexibility provides further possibilities for adapting to environmental conditions.

These architecture integrates two levels:

STABLE STRUCTURES to ensure a base of sustainability (profitability) and predictability. This involves doing the regular work more efficiently.

DYNAMIC STRUCTURES to generate new opportunities to explore development processes. This involves doing things in a different way.

These combinations of stable structure with dynamic structure are essential for transforming development opportunities. This architecture allows a company or organization actively adapt to the living conditions of the context.

People choose the proposal of an organization based on the subjective perception of the offer. The perception arises from the interaction between people and the organization. Habits, beliefs, attitudes, opinions, experiences, are intertwined to generate an image, trust and credibility. This image affects the quality of linkages and the decisions of people.

Why organizations lose competitiveness?

THREE POINTS OF VULNERABILITY

Inefficiency is a survival response. An organization becomes inefficient because of weaknesses in its structure to respond to the demands of its environment. The inefficiency is related to the collapse of the rigid design that leaves the organization without a repertoire of responses against the demands of the current context.

Inertia is a response when the organization does not know how to address the new conditions of interaction. Inertia is caused by fear generated by “the unknown”. Thus, organizations become inert because they do not know how to take a step in front of a context that defies their living conditions. Human systems do not get sick from external attacks, but rather become sick because of the difficulty or impossibility of processing external shocks.

Resistance is a response when an organization cannot find meaning and perceives these “unknown factors” as a threat to its existence. This situation impacts on the commitment of people. Emotions depend on a chemical equation that prepares the body for a definite answer. Emotions are activated upon recognition of a certain situation. That chemical equation when mixed with thoughts generates personal experiences that define the responses and daily behaviors.

Organizations face a new space where the dynamics and speed of economic, social and technological processes have increased the instability of context. This transformation of the context is manifested in three aspects: greater heterogeneity of the actors involved in social situations, faster interaction with deeper structural changes and the exponential multiplication of new situations.

Human systems are sensitive to the context conditions, like other living systems. But human systems have the singularity that our sensitivity does not have mechanical or genetic neutrality. Our singularity is seasoned by interpretations, ideas, emotions, perceptions and values. This means that the context for people is an incomplete puzzle (which permanently changes), which defines an unfinished picture of reality (because we always have to resolve empty spaces of puzzle). The interesting thing is that only humans can understand that they are taking everyday decisions based on a context that has the scope of an incomplete puzzle with unfinished images. Therefore, depending on what we see, what we feel, what we think and what we project, our decisions will be more or less attuned to the facts.

The responses of people to something “new” depend on how they describe their living conditions. Each contingent of context introduces a gap in the subjective images that people have of the context. The essential factor for survival depends on how those gaps are filled. This means which ideas, emotions, concepts, experiences, memories, etc., complete the internal image to give meaning and significance to these external aspects.

In organizations, vulnerability begins with rigidity and an inability to generate new responses for new situations in the environment. Organizations stay in a state of vulnerability when dealing with the present based on the past. This situation is exacerbated in contexts of transformations.

Why do organizations fall into the paradox of failure? When decisions are based on outdated paradigms that do not correspond to the dynamics of these interaction terms, their decisions not only enlarge the problems, but also strengthen the structural vulnerability of the system (organization, company or society).

The cycle of vulnerability is shaped when three structural conditions appear in an organization: **1)** when the organization lives suffocates in its own routines, which transform everyday life into a compulsive stereotyped sequence of actions; **2)** when its activity is based on structural symptoms that transform the possibilities of development into a set of hypochondriac behaviors and **3)** when it becomes emotionally fragile and reduces its movements to a territory of hostility and threats. In this context, the everyday organization is focused on managing the constraints, rather than the generation of alternatives and possibilities for development.

These conditions create the cycle of vulnerability, which could be expressed in a formula that involves: **INEFFICIENCY** (the difficulty of responding to something new), **INERTIA** (the impossibility of transformation) and **RESISTANCE** (the fear of disintegration)

inefficiency + inertia + resistance = vulnerability