A few months ago I was asked to give a speech to AWCI’s Industry Executives’ Conference & Committee Week. It was decided that the topic should be “Managing in Uncertain Times.” This is the first in a series of six articles dealing with this topic.

Let’s start with these three questions: What certainties were destroyed on Sept. 11? Are things any less certain today than before this terrible tragedy? Why is the topic “Managing in Uncertain Times” on our minds?

Certainly, our feelings of being an impregnable nation are shattered, our sense of security is less, and the economy went through a tremendous downturn last year. Such a tragedy and such an economic downturn leave us feeling a great deal of uncertainty.

For most of us, when we think about uncertainty, we tend to think in terms of when things seem to have taken a turn for the worse.

But, were this 1999 or 2000, how certain then was the future? Continued economic growth, continued increase in equity markets and continued growth in the construction industry were the forecasts or expectations for many of us. The future seemed pretty certain.

But, if we think about those expectations, we know that the honest answer has to be “yesterday was no more certain than today.” As a result, when the downturn comes and when we feel much less certain, we often find it difficult to look into the future.

In 1994 Professors Gary Hamel & C. K. Prahalad wrote an article called “Competing for the Future.” In this article they outlined the results of their detailed study of how companies look into, plan and compete for the future. They asked senior executives the following three questions:

- What percentage of your time is spent on external rather than internal issues—on understanding the implications of a particular new technology instead of debating corporate overhead allocations?
- Of this time spent looking outward, how much do you spend considering how the world may change in five or 10 years, rather than worrying about winning the next big contract or responding to a competitor’s pricing move?
- Of the time devoted to looking outward and forward, how much do you spend working with colleagues to build a deeply shared, well-tested perspective on the future as opposed to a personal and idiosyncratic view?

The answers fall into what they call their “40/30/20 rule.” This says that executives spend about 40 percent of their time looking outward. Of that time, about 30 percent is spent looking three or more years into the future. Of that time, about 20 percent is spent building a collective view of the future.

The math then is 40% \( \times \) 30% \( \times \) 20% = 2.4%.

But let’s round it up to 3 percent. If the average executive works a 50-hour week (2,500 hours per year), then 3 percent of 2,500 is only one and a half weeks per year dealing with the uncertain future—a rather frightening statistic.

To succeed in the uncertain future, one must devote substantial time to looking outward and forward.

About the Author
L. Douglas Mauk is president of the Executive Advisory Institute, Yakima, Wash.