

# EXPLORING CONTEMPORARY MANAGEMENT CHALLENGES: Balancing Attention to Short and Long- term Business Needs

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Research Assignment 2005-06;  
Combined Findings

# THE ASSIGNMENT

- Understand the challenge – behaviors and actions that achieve appropriate balance:
  - Short-term profit from focus and efficiency
  - Long-term growth from innovation and opportunism
- Interview at least two managers with a reputation for meeting the challenge
- Document findings, give personal analysis
  - Specifics - behaviors and actions
  - Concepts – what can we learn, replicate, avoid?
- Provide summative insights/recommendations

# INFORMATION RECEIVED

- Fifty-one papers
- Twenty companies
- Variety of approaches to the interview questions and method of integrating analysis

# COMBINED FINDINGS

- General agreement that the challenge is really how to give adequate time/money/commitment to the long-term (that's the part that gets squeezed out given the urgency of short-term demands). Also a never-ending ongoing challenge (you never "fix" it and move on).
- More organizational approaches to the challenge mentioned than personal ones
- Variety of different "frames" for behaviors that address the challenge, largely influenced by the company or industry examined:

# COMBINED FINDINGS

- Vision issue; the more clear the vision, the more attention that will be paid to the long-term
- Structural issue; must have organizational groups or positions dedicated to both needs
- Policy/process issue; need forums/gates to represent both sides during decision making
- Resource/investment issue; must be able to assign some resources to the long-term
- Goal/accountability issue; use a balanced set and review progress on both short and long term
- Culture/leadership/rewards issue; attention reflects attitudes from the top – how “balanced” is the CEO?
- Customer relationship issue; the closer you stay to current and potential customers, the more balanced you will be

# COMBINED FINDINGS

- What is the “appropriate” balance?
- Initial assumption is 50-50, but...
  - 25% to immediate margin-generating activity (sales and cost cutting), 50% to medium-term revenue generation (product modifications, market expansion), 25% to long-term business generation (new products/markets)
  - 60-70% to core products/markets, 20-30% to emerging/peripheral products/markets, 10% to revolutionary technologies
  - Depends on position in the technology adoption cycle (more attention to short-term early in cycle, more to long-term later in cycle)
  - Depends on the time horizon of the “short-term”
  - Think of executing long-term strategy on a daily basis

# TIPS

## *Personal*

- Model departmental/organizational balance through your own daily prioritization of personal time and tasks
- Surround yourself with people who are strong where you are weak (e.g., they think long term, you think short, or vice versa)
- Build processes that force you to consider both sides (planning sessions, decision gates, etc.)

## *Organizational*

- Diversify your long-term investments
- Use smaller innovation efforts to acquire resources and expertise in pursuing larger ones
- In innovating, physical/administrative separation and limited visibility helps (fewer constraints, more resourcefulness)

# TRAPS

- “Hiding behind the process”; assuming the process will take care of the balance rather than ensuring adequate action is being taken on the long-term
- Becoming complacent regarding the long-term because you have a strong, steady market
- Treating economic/business downturns as the time to save rather than to invest
- Underestimating the amount of time and attention needed to succeed in the short-term (as well as the long-term)