

Master's thesis

Leadership and Service Design programme

Completion year of the thesis 2020

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# NEW ERA BUSINESS DEVELOPMENT- THE ELEMENTS OF PROFITABLE GROWTH

– How to make a service company to reach  
valuable player position in business

MASTER'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Degree programme Leadership and Service Design

Completion year of the thesis 2020 | number of pages 108, number of pages in appendices 1

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# NEW ERA BUSINESS DEVELOPMENT- THE ELEMENTS OF PROFITABLE GROWTH

- How to make a service company to reach valuable player position in business

The topic of thesis was to study the strategic management practices of the company with a strong growth history behind it. Find out whether they met the company's current size and future business requirements at the steering group level. The restaurant industry is highly competitive where changes in the operating environment occur rapidly. In this case, changes must be responded quickly but in a controlled manner.

The aim of the study was to identify the strategic management practices that will be needed in the future for the company to succeed and become a significant player in its field. Qualitative research was chosen as the research method because in-depth information on the phenomenon under study was needed in order to be able to develop management methods. The research methods used were semi-structured and theme interviews, observation and netnography in order to achieve the research goal. The theory section explored new current management perspectives, which are living strategy, emotional intelligence and leading new era organization.

The research was carried out as part of the management consulting work by conducting steering group interviews and observations, participating in management meetings, getting acquainted with the company's operating methods and available material in internet. The results of the study showed that the strategic management methods had not developed due to the company's strong growth to meet the company's new changed business situation and future requirements.

Conclusions of the study were that current steering group work focuses too much on solving detailed day-to-day lower level operational issues without common holistic view of the most important strategic business activities. Correcting this requires prompt consideration of the management roles, tasks, required areas of expertise and composition of the management team.

## KEYWORDS:

Emotional Intelligence, Leadership, Living Strategy, Qualitative Research.

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## LIST OF ABBREVIATIONS (OR) SYMBOLS

AI: Artificial Intelligence. The ability of computer program to think, learn and create logical conclusions.

CEO: Chief Executive Officer. Top leader of the company.

COVID-19: "COVID-19 is the infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. COVID-19 is now a pandemic affecting many countries globally". (World Health Organization 2020.)

DNA: Finnish Tele operator and digital service provider.

EBITDA: Earnings before interest, taxes, depreciation and amortization, measures company's financial performance. Accounting term.

HRD: Human Resource Department.

HR: Human Recourses.

Millennial: generation born between 1980–1994 (Kasasa 2020).

Previous research: Consist of author's own three research to commissioner conducted between 08.01.2019 and 02.12.2019.

QWL: Quality of Working Life.

ROI: Return of Investment. Accounting term.

Service Design: "Service design is a process in which the designer focuses on creating optimal service experiences. This requires taking a holistic view of *all* the related actors, their interactions, and supporting materials and infrastructures". (Interaction-design 2020.)

Steering Group: Consist in this context the following members: CEO, Restaurant Business Director, Chief Financial Officer, Director of Communications and Chief Operating Officer.

Top Management: Consist in this context CEO and Restaurant Business Director.

Y-generation: generation born 1980–1994 (Kasasa 2020).

Z-generation: generation born 1995–2015 (Kasasa 2020).

# 1 INTRODUCTION

The aim of this study is to explore how current management practices can be developed in steering group level to meet the ever-changing demands of the future business environment. Succeeding in a constantly changing business environment requires a clear definition of strategic goals and determined leadership of the company, through values, missions, and emotional intelligence. The research subject is to develop steering group leadership methods in accordance with company's pressures to renew their strategy approach in the context of leading the change.

The networking and the transition to the digital economy have brought regardless of the industry in daily business demands of business transactions transparency, solidarity of the living environment, the importance of values and emotions in business and global markets. Through various news and social media, can be read daily how customers' choices are increasingly guided by the soft values and how responsible companies are working according to their values.

The thesis seeks answers to the *research problem*: how current leadership practices can be better developed to meet the needs of future profitable and sustainable business growth demands. *The first hypothesis* is that current management practices do not meet the prerequisites for profitable business growth in the future. *The second hypothesis* is that management practices requires thorough structuring and strict prioritization of all actions over a different time perspective.

Research viewpoint started with analyzing current steering group management styles by participating in the steering group meetings, identifying appropriate methods how steering group management style transition need to be conducted in order to achieve company values, visions and financial targets in the long run. Therefore, management daily operational routine routines and branding are out of this research scope.

The methods to reach thesis objectives are combination of the literature and company's documentation study, steering group and top management interviews, participation in and observation of steering group meetings, and taking advantage of the company's top management consulting work which is carried out in parallel with the thesis. Author's own three previous researches conducted between 08.01.2019 and 02.12.2019 key findings pointed out the need to develop management methods in fast growing enterprise.

Theoretical framework of the thesis is consisting of leadership, living strategy, emotional intelligence, values and visions basis management in the context of expert organization. The study is commissioned by the CEO of the company, and the research work is utilizing qualitative research methods as appropriate, (chapter 2. Research of the thesis).

#### Author

The author has worked with the commission as a senior management consultant for top management of the company from the beginning of 2019. The author has previous experience in business development both in Finland and abroad in the international global operating environment for several decades. The job descriptions have included the planning and implementation of large-scale projects and services that have been financially significant for the company. The author owns management experience from both the strategic and operational levels of the business development.

#### Thesis structure

The structure of thesis takes into account the commissioner's focus on readability, comprehensibility and the utilization of information in commissioner's future workshops and management development events. The theory sections serve as an academic reference for the commissioner taking into account the diversity of management in different time spans and the age structure of commissioner's staff. The summaries of the paragraphs summarize the key features of the different theories and interpret their essential content from the perspective of the commissioner's business development. The Conclusion and Recommendation sections summarize key research findings and recommendations for corrective actions prioritized across different time perspectives.

#### 1.1 Commissioner

Service company started out their operations as a business lunch restaurant in 2013. The current restaurant business consists of six different business units, which operates in two different locations in Finland. The restaurant chain's business is managed centrally from headquarters. Each business unit is independently responsible for its performance, the chain becomes the general business models for everyone. A centralized chain-based business model aims at cost efficiency, while taking into account local business and

customer requirements in their offerings. The lunch restaurants offerings consist of three buffet-type lunch options: buffet of the day, vegetable and street food alternatives are available to the customers on every weekday. The support services for the lunch offerings are formed in: catering provided for various celebrations, event services to a wider audience and pub services .

During 2020 service company's transformation is ongoing concentrating on their core business, lunch restaurants business development. According to CEO of the services company they concentrate their main resources on lunch restaurants business development in order to better respond the future changed business challenges. Consumers are vigilant, care about their environment and expect business transparency and clean, locally produced products at affordable prices. Customer expectations and requirements are met by using only domestic and local products in the preparation of lunches. The number of disposable and degradable containers has been reduced by the company to shrink their carbon footprint. Restaurants wants to play their part in helping to reduce the food waste. Therefore, all service company's restaurants will start selling food leftovers from the lunch buffet of the day.

According to Restaurant Business Director, responsibility and minimizing waste are important to service company's brand throughout the entire food preparation chain. Service company's restaurants want to provide their customers with an easy way to affect the climate change, reduce the food waste and at the same time eat well at the low-price food also at home.

Service company's strategy is based on steering group meeting held on 14.01.2019 where steering group defined: visions, missions, values and strategy for the year 2021. The vision is that the service company will be a pioneer in their own industry and the most desirable and professional companion. Mission statement consists of the basic idea, they left for customers a good taste which means that they win their competitors by offering a guaranteed quality, exceptional attitude and care. Values consist of passion that they are developing their operations and themselves being initiative and encouraging each other. Courage means that they dare to try and learn their mistakes without judgement. Customer oriented way to work by listening customers and their wishes and strive to exceed their expectations. Performance that they work by profitable way and use all their resources efficiently. Philanthropy by working with their associates to achieve their common goals.



Service company's main strategy was described in the steering group meeting 14.01.2019 by the following way: "We exceed our customers' expectations by providing them with experiences. Profitable growth is sought through additional sales at existing locations and, in particular, the improvement of the sale of farms and new investments and through acquisitions. The profitability of the business will be improved investing in leadership, customer service, sales, raising awareness and competent staff commitment and education". The numerical objectives are: Net sales growth so that service company's turnover will be crossing 10 million Euro's mark annually measured and operational profit level will be 10 % by the end of 2021. Strategic goals will strive to accomplish by increasing sales which means active acquisition of new customer relationships, active contacting with existing customers, further commercialization of the offerings, improving efficiency with active pricing and organizational efficiency by increasing decision making capabilities and trainings in units. According to CEO in steering group meeting in 17.09.2019 strategy, values and visions are going to updated during the fiscal year 2020 to respond better the future business requirements.

## 2 RESEARCH OF THE THESIS

Research subject is given by service company's CEO who wants to develop the fast-growing company in the long run so they can achieve their main goal: "valuable player" in their own industry according to their values and mission. CEO instructed 27.11.2018 the author that do not to tell afterwards what should be done to get sustainable success in business. CEO also wants to verify immediate and concrete results before thesis completion therefore three different researches were executed in order to find out how service company's daily service business is operating, how to develop their service business at the operational level and what are their different visions of the future business models. Those studies results serve as a supportive material for this research.

The author for the thesis is granted unlimited access to all the company's steering group material, documentation, financial statements, future business prospects, unit-specific rations and participation steering group meetings to get an overall picture of the current state of the business and how it works.

### 2.1 Research aim and question

The starting point of the study is to identify the strengths and development areas of service company's current management methods in order to be able to provide development proposals for improving management methods with prioritized development tasks in different time periods. This will give them a better chance to face the future business challenges and achieving the position of a valuable player in their own industry. Research question is: how current leadership practices can be better developed to meet the needs of future profitable and sustainable business growth demands.

## 2.2 Frame of reference

Research framework is described in figure 1. which is related to the concepts of leading an expert organization. Stable leadership is an essential part of company's business sustainability in the short and long run where people, values, visions, strategy as a whole must be taken into account. Entity management requires: good social skills in leadership with emotional intelligence, the ability to recognize weak signals of change, theoretical knowledge of different management methods, and strong knowledge of management practices gained through practical experience. These management requirements are especially emphasized in an ever-changing business environment, which requires a rapid and strictly controlled response to future changes. Context binding in figure 1. describes various variables that affect the leadership style and decision-making process such as large investment decisions, recruitment solutions and organization changes are they executed according to the company's strategy and values or not.

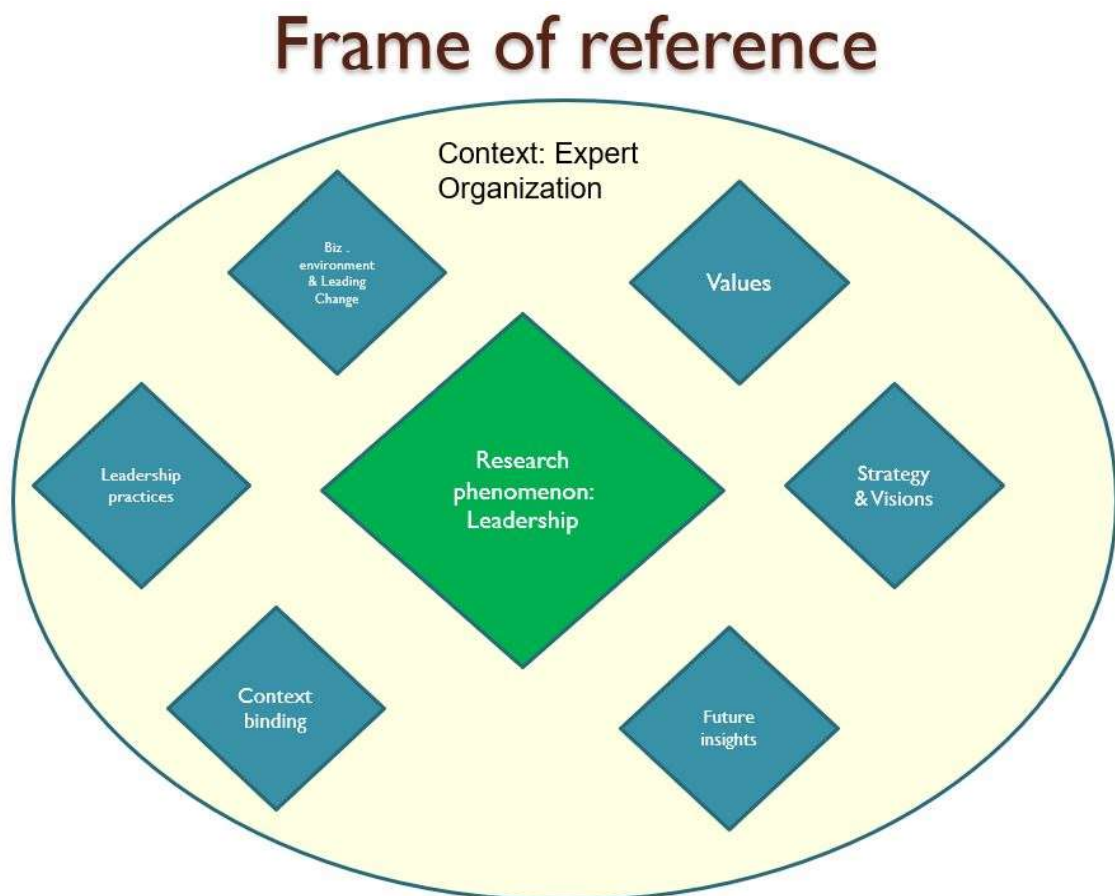


Figure 1. Frame of reference.

Research process chart is described in figure 2. Research starts from reviewing current steering group management styles, meeting arrangements, decision making progress, atmosphere of the meetings, how the management action points are distributed and implemented and how the results are monitored at steering group level. The next steps are to explore the different theories of leadership and research methods that assist formulation of the case, case study and analysis method selection.

## Process chart

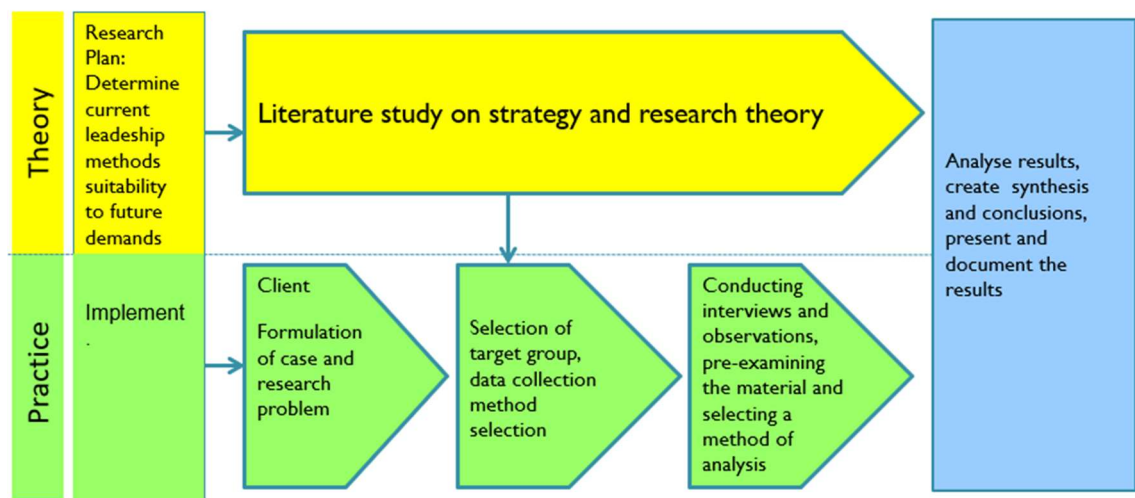


Figure 2. Process chart.

### 2.3 Research and analysis methods

Qualitative Research is an exploratory research. It is used to gain an understanding of fundamental reasons, opinions, and motivations and provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative research is also used to uncover trends in thought and opinions and go deeper into the problem. (Snap Surveys 2011.)

In research literature, the research methods are usually divided into quantitative and qualitative categories. The core of research work is the diversity of methods; when several methods are used, such as surveys, interviews, observations, benchmarking and documentary analysis, the question of differences in qualitative and quantitative research is no longer of particular importance. In addition, it is typical that group methods, such

as brainstorming, are often used to develop expert work. When choosing research methods, the first thing to consider is what kind of information is needed and for what purpose it is going to be used. Different methods provide different information and different perspectives to support development work. It is, therefore, advisable to use multiple methods, as they complement each other, thus providing certainty for decision-making related to research work. (Ojasalo 2014, et al. 40.)

According to (Hirsjärvi et al. 2013, 160–166) typical features of qualitative research are: Qualitative research is a comprehensive obtaining of information and the material gathered in real-life situations. People are preferred as an instrument for data collection. The researcher relies more on his own observations and conversations with his subjects rather than on the information obtained with the measuring instruments. That is based on the fact that a human subject is capable to adapt to different situations. Many researchers also use questionnaires and tests to gain the information from the research subjects.

Using inductive analysis. The aim of the researcher is to reveal unexpected facts. Therefore, the starting point of the research is not to test the theory or hypotheses, but the complex and detailed study of the material. Methods in which the researched subjects' opinions are revealed are preferred in the qualitative research; in other words, their voice needs to be heard. Such methods include for example theme interviews, participatory observations, group interviews and discursive analysis of various documents and texts. (Hirsjärvi et al. 2013, 160–166.)

Selecting the target group appropriately, not using the random sampling method. The research plan will take shape as the study progresses. Research is carried out flexibly and plans can change according to circumstances. Treating each case as unique and investigating gathered material accordingly. Paying attention to the research subjects': language, discovering regularities, understanding the meaning of texts or actions, reflecting. In qualitative research are interested in language traits, inventions of regularities, understanding meaning and reflection. (Hirsjärvi et al. 2013, 160–166.)

According to Alasuutari (2011, 38–47) Qualitative analysis consists of two steps that are interlinked: reducing the observations and solving the riddle. Detecting and interpreting differences between people are important factors in qualitative analysis. They give clues to the researcher as to what is at stake or what makes it understandable. In qualitative analysis, caution must be exercised when making and typing distinctions, since it is

difficult to formulate an unbiased rule in which these differences are related. For this reason, it is important to try to reduce the bunch of raw observations to a minimum number of observations. In qualitative research, solving a riddle means that, based on the clues produced and the clues available, a meaning interpretation of the phenomenon under study is made.

Qualitative research methods are chosen based on this thesis because the study wanted in-depth knowledge on how leadership and organization currently operate in steering group level, how it can be better developed to meet the future requirements, company goals, values and visions. For this reason, qualitative and in-depth information is more important than quantitative and superficial information.

### Interviews

There are different types of interviews and each has its own purpose. The structured interview has a purpose and implementation close to the query. In it, the interviewer has a pre-designed accurate interview body used for all interviews. A semi-structured interview or theme interview is suitable in a situation where the subject of the research is not fully known in advance, and the researcher does not want to direct the respondents. For example, a service company may not be fully aware what aspects do their customers really value in their business, and they want to find out these factors before designing a structured query. An unstructured interview is more flexible than the previous described types and is more like a conversation than an interview. It is suitable for the situations where the researcher wants to go profoundly of what people really think or why they behave in a certain way. An open interview is time consuming and requires a skilful interviewer who can listen, investigate and steer the conversation into the right direction. (Ojasalo et al. 2014, 40–42.)

Unstructured interview is an interview where there is no certain number of specific, well-defined bundles of questions, however, interviewers keep in mind certain topics that they want to address during the interview and to which they want in-depth answers. Unstructured interviews flow like a regular dialog and tend to be more informal and open-ended. Despite not having a list of predetermined questions, unstructured interviews are still directive and have a clear purpose. If an interviewer wants to gain insightful and valuable information from the interviewee, they have to possess the knowledge of the subject and prepare properly. Though, the interviewers want the control over the conversation to be minimal, they still need to know how to steer the conversation in the

right direction so that the interviewee stays on the topic and the discussion stays on the relevant issues. (Study 2019.)

Theme interview is chosen to the research method to find out how the company's top management sees the restaurant industry future and to bring a longer time perspective to developing the business and management methods through visions. Theme interview's target group consist of company's top management representatives: CEO and Restaurant Business Director, (chapter 5.3 Future insights in restaurant business).

Semi-structured interview is selected to the research method in order to obtain in-depth information about current management style, how the steering group members identifies current management practices pros and cons and what is their future ideal target state in management perspective for the company to succeed. Research target group consist of the following members of the steering group: CEO, Restaurant Business Director, Chief Financial Officer, Director of Communications and Chief Operating Officer, (chapter 6.2 Interviews of steering group members).

### Netnography

The purpose of the netnography study is to take advantage of the variety of information available on the Internet about how different key players in the restaurant industry describe the key features of future restaurant from different perspectives. In this context, netnography does not include social media, as the study seeks a holistic view of the restaurant industry future features.

In netnography, the researcher seeks for deep understanding of the research group and its culture. As a method, netnography is based heavily on ethnography, which was originally suitable especially for sociology and cultural research and later in-service design. The researcher's relationship with the subject or online community is based on various texts, images and videos. The texts created by the community in the netnography replace the information that the researcher collects with participatory observation in ethnography. Special features of netnography include computer-based data collection and analysis with respect for the answers' anonymity. (Ojasalo et al. 2014, 117–119.)

The method of collecting and analysing information based on opinions and statements in online communities has been given the name netnography. Robert Kozinets, a professor at York University of Business in Toronto (Canada) is considered to be the founder of this term. He defined netography as a process and result of studying virtual cultures and communities based on Internet communications. (Bstudy 2019.)

Kozinets proposes three types of netnographic data: *Archival data* - gathered based on the observation and stored in net companies history (this type of data collection is similar to the analysis of documents and literature). *Extracted data* - gathered based on the researcher's own work, usually collected through an interview. *Field notes* data gathered based on the researcher's own observations and conclusions. (Bstudy 2019.)

Netnography is chosen as the research method because the aim of the study is to obtain comprehensive, up-to-date information on researches and publications in the restaurant industry in order that to find out what are their insights for the future development of the restaurant. Netnography target group consist of the key players in restaurant branch, (chapter 5.2 Restaurant business challenges in the 2020s).

#### Analysis methods

Systematic qualitative observation of the steering group meetings is used to find out how the meetings are organized, participants act in their natural environment, subjects are dealt, schedules are hold, decision making process proceeds and how the action points are distributed, implemented and the results monitored, (chapter 6.1 Observations).

Gap analysis is used to assess the differences between the current state and the target state so that the precise measures to achieve the target state can be identified and corrective actions initiated, (chapter 6.3 Gap analysis).

SWOT analysis is based on steering group meetings observation material and author's discussions with CEO from the leadership and company's development perspective, (chapter 6.4 SWOT analysis).



## Reliability, validity and saturation of the research

The study aims to avoid errors. Nevertheless, all studies aim to assess the reliability of the study because the reliability of the results varies. Different measurement and investigation methods are used to assess the reliability of the study. (Hirsjärvi et al. 2013, 231.) In a qualitative study, the validity of a study means that the study is what has been promised to study and reliability means that the study is repeatable and the results are similar. Study is assessed as a whole, with an emphasis on internal consistency. (Tuomi & Sarajärvi, 133–135.)

The reliability of a study means the reproducibility of the measurement results and the ability to give non-random results. Reliability means: how accurately measured. The lower the measurement errors, the better the reliability of the measurement results. Reliability can be verified in several ways, for example two researchers end up with the same result, the same person is examined several times and the same result is obtained, in which case the research results can be found to be reliable. (Hirsjärvi et al. 2013, 231; Vehkalahti 2014, 41.)

Another concept related to assessing the reliability of a study is validity. Validity refers to the ability of a meter or research method to measure what it was supposed to measure. Validity is paramount to the reliability of a measurement, because unless the right things are measured, reliability is also irrelevant. (Hirsjärvi et al. 2013, 231; Vehkalahti 2014, 41.)

Saturation means that the same things start to be repeated from one interview to another, and from the point of view of the research problem, there is no new information. The material is sufficient when the same things start to recur in the interviews. (Hirsjärvi et al. 2013, 182.)

## Ethics

The goals of development work must be in high morality, work must be done honestly, carefully and accurately, and the consequences must be practical. Human development is always a matter of development, and the shortcomings and constraints of those works in projects are also shortcomings and limitations of the project. (Ojasalo et al. 2014, 48–49.)

People who were targeted in the research and development (R&D) work need to know what the researcher or developer is doing, what the activities and goals are, and what their role in projects that promote the development of the company's business is. (Ojasalo et al. 2014, 48–49.)

The target group will get real and honest answers in a way that the respondents are not identified, and their anonymity can be guaranteed. The respondents must also know this detail. Researcher or developer in the work community, has to think about the limits of persuasion and coercion. In a research target group asking for their consent to research, the development assumes that the company staff will participate in the development of activities within their organization. Development work must be honest, so engagement, for example, with the customary practices, attitudes and values of the sponsor may be difficult for the researcher. Participants are aware of these issues, but they must not guide the interpretation of the facts. If the facts contradict the thoughts of the sponsor or participants, they must be challenged. In addition, it must be remembered that all people have preconceptions that guide the interpretation of phenomena. (Ojasalo et al. 2014, 48–49.)

## 3 LEADERSHIP OF NEW ERA BUSINESSES

Company strategy answers the basic question of why a company exists and what it wants to achieve. The company strategy must be lively and flexible as possible because business environment is constantly changing. In this case, the strategy should not be superficially reviewed only on an annual basis, but it should always be reviewed through changes in the operating environment and the operational changes and opportunities they bring to the company. Succeeding in an ever-changing operating environment requires a proactive and agile strategy and leadership approach. Successful strategy creation and implementation requires especially to take different people into account in the whole process. Leadership for growth-oriented small and medium-sized businesses emphasizes especially the importance of emotional intelligence and comfort management, which creates psychological security for all individuals of the company. Comfort management is not a traditional top-down management style, but it emphasizes working together, listening to people genuinely, having an open atmosphere, and engaging members in work development and decision-making. The company pursues its common goal in "our family" mindset, whereby the well-being of the individual, the family is conveyed to the client and thereby to the well-being of the family. The following chapters examines the different leadership theories and their suitability for service company's purposes.

### 3.1 Living strategy

Every company, no matter their size, must have a strategy that tells them how to succeed in business. Company's management task is to bring the company's strategy to life so that it transits into concrete action throughout the organization.

According to Ritakallio & Vuori (2018, 11–16) new strategic leadership lives on in the face of constant change, environmental insecurity and new creation. The core of the strategy is the process by which the strategy is continuously developed, renewed and implemented. A more process-oriented strategy is needed as the pace of change in the environment has accelerated due to a combination of simultaneous factors. Those megatrends include advanced technologies and digitalisation, increasing knowledge, globalization, urbanization, climate change, and the aging population. The main reason

for renewing the strategy process is that megatrends interact in a complex way and create discontinuities in the business environment. Combating climate change has pushed up fuel and energy prices. Business environment is briefly described in a state of constant change which requires a new kind of flexible strategic thinking.

Making assumptions is essential for strategy work, because without assumptions it is impossible to create an idea of what may happen in the future. Assumptions and estimates for the future are always uncertain, so it is important to identify critical assumptions that will help to see how chosen implementation strategy might fail. The assumptions identified through the scenarios influence which strategic option the company chooses. The basic idea behind moving scenarios is to recognize and accept uncertainty and create a strategy that shapes as assumptions refine. Creating moving scenarios is not a one-off basis solution, but an ongoing process that identifies critical assumptions in the scenario path regularly and enough often. This will allow the organization to update and refine its operations towards long-term goals. Moving scenarios must not be locked in to only one potential contributing factor. Therefore, it is necessary to update the various scenarios at a constant pace and to consider whether any new factor influences the likelihood of the scenario path occurring. An effective strategy identifies which immediate actions allow for a wide range of long-term goals. Identifying these actions requires identifying several different long-term goals and defining the critical path to them. The ideal goal is to move from being a follower of an operating environment to be a moderator. The psychology and internal atmosphere of the management team influence its ability to create new scenarios. (Ritakallio & Vuori 2018, 19–37.)

Management team members get more creative ideas and are capable to seek different alternatives when the atmosphere is positive. Creating scenarios is also influenced by the ability of the management team to think hypothetically, where several options are considered simultaneously and in parallel. This requires the ability to distinguish between the option and the discussion about committing to it, because in order to truly understand it, people need to temporarily believe in it. Understanding different hypothetical scenarios can involve so strong emotional states that management team members refuse to think of it as a hypothetical alternative, such cases as a business shutdown scenario. In these situations, the management team can challenge itself by asking how does their activity differ from that organization who came in parallel dimension? The question helps the

management team to consider what things it should do differently for a given environmental change. (Ritakallio & Vuori 2018, 38–42.)

Using scenario analytics as part of the start-up process begins with leveraging resources and practices within organization. Linking existing data to scenario assumptions as well as real-time data updating practices to ensure that assumptions and data are comparable with each other. It is important that analytics steer an organization in a way that is based on qualitatively correct interpretations of the data for example investment decisions should not be based on just one good sales week. Analytics can make possible for management team members to visualize things that have never been possible for them. This can also be perceived as a threat in situations where analytics bring results that differ from the leader's thinking and their deep beliefs. (Ritakallio & Vuori 2018, 52–68.)

The leader may react negatively at the emotional level and challenge the analytics validity or attack the idea of using analytics. It is characteristic of people to avoid threatening and distressing situations because this behavior has allowed them to survive. Nowadays, this can lead to a situation where there is no threat if management does not have or look at reports in question. Management's atmosphere must be based on mutual trust, whereby hazards and threats are openly confronted rather than denied. A member of the management team who sees the management team as a safe place experiences much weaker negative feelings when dealing with potentially threatening information than in situations where they feel threatened. A favorable atmosphere is achieved by reducing assumptions and personalization of decisions. People easily identify with their own thoughts and decisions and view divergent information as a threat. In leadership, consistency is valued, and changing the mind is considered to be bad and first signals for weakness. In business, it is wise to make a decision based on the current or recent situation and not based on old opinions. In a management culture open to analytics, leaders are proud of their ability to change their thinking based on new data. Leaders are no longer identifying with certain assumptions and decisions, but with a data-driven process where changing one's thinking and opinions tells about a higher level of expertise. (Ritakallio & Vuori 2018, 52–68.)

Strategic shaping means that strategic renewal takes place by modifying parts and processes of the organization in such a way that the form creates a continuous character. Continuity means that a large part of operations continues as before, but the areas of activity, critical to acting in a new situation are modified to meet the demands of the new

situation. The change is targeted, eliminating the need to rebuild the entire organization from the scratch. On the one hand, every part of the organization itself remains the same, but on the other hand it starts to work in new ways. Continuity occurs on two levels. On the one hand, every part of the organization itself remains the same, but on the other hand, it begins to act in a new way, thus making the transition from the traditional way of acting more continuous and acceptable than a change made in a single crash. In addition to the internal continuity of the different components, continuity is also reflected in the relationships between the different components. In this case, the usefulness of each measure of the organization also depends on the other measures of the organization. Strategy shaping and mobile scenarios are strongly interlinked, because mobile scenarios do not only represent future goal states but also a path for an organization to reach them. Moving scenarios always start from the current state of the organization, creating multiple paths to different target points. Management task is to choose a path that leads to a goal large enough and the likelihood of the success is good enough. (Ritakallio & Vuori 2018, 85–97.)

Implementing a viable strategy requires the creation of semi-structures that do not define tasks and routines in detail but only key roles and priorities. Semi-structures bring the organization closer to the state of self-organization but avoid the chaos that would easily occur if the structures were completely removed. Efficient operation of semi-structures requires intensive communication between different departments within the organization, ensuring effective and coordinated action in response to new situations and possibly changed behaviors. Semi-structures may require targeted top down communication to key people in the company in order to have the best understanding of the situation. This helps the key people to perform their tasks as well as possible, and to collaborate with other departments in the organization. They also know what things can not be changed because they are important for the whole, even if their benefits are not visible at the local level. It is important to define roles and goals in semi structures but leave enough room for action. In communicating responsibilities and priorities, it is essential important that members of the organization are sufficiently aware of both the scenario structure and the external situation. Scenario structure helps to see how things are interrelated and how possible actions can influence on the way how successful the scenario is implemented. An adequate understanding of the external situation ensures that members of the organization first and foremost contribute to the survival and success of the organization as a whole rather than their own success in organization. Communicating in the way that company understands and gets excited about the strategic direction again and again is

key to implementing a viable strategy. When communicating, it is essential that the content of the strategy is simplified so that people understand its key features and experience strongly the benefits and energizing feelings that support its implementation. Strategy management is communication to the personnel, customers and shareholders. Communication implements strategy by building confidence. Strategy communication aims are to make various stakeholders believe that the performance of the organization leads to good results and that is why they should be part of the performance of the organization. (Ritakallio & Vuori 2018, 149–154.)

Strategic leadership is often perceived as too narrow to include only how to differentiate from competitors and how to implement the strategy. Less understood is the importance of building a long-term basis for competitiveness through continuous development of the corporate culture and staff and defining how business decisions should be made. These are key factors that lay the foundation for a company's strength, its ability to act quickly and consistently in changing circumstances. Without a healthy culture and common vision, internal or external crisis cannot be tackled quickly enough. When a crisis is faced, the company begins to politicize and defend its own interests unless the foundation is in order. Personnel and customer satisfaction are the best early indicators of the future development of the company, the importance of which cannot be overemphasized. People's mental well-being is just as important as what they achieve at work. When people are feeling well, they get accomplishments, and when employees enjoy their work, the results of the work are enjoyed by customers as well. Likewise, as a company evolves, people will feel better, and in the best cases this will create a positive spiral that will drive people, customers and the company forward. (Alahuhta 2015, 19.)

A manager's proper use of time depends on the nature of the business and the current situation. The leader must know how to say no and also mean it. There is nothing worth of doing that can not do well and that do not have enough time to do it. It is important for the managers to remember not to disintegrate themselves and keep it mind what is important in every situation for the success of the company. Company's top management must be where it is most needed. Leadership is a purposeful work routine where simplicity, clarity and consistency are essential. (Alahuhta 2015, 19–26.)

The cornerstones of leadership are not only continuous learning, building prowess, but also ensuring the diversity of the company. The true importance of diversity is not sufficiently understood. Too often, the debate is limited to the number of women in management and administrative positions. The more women and men are in the

company, young and experienced, grown up in different cultures, with different education and work experience, the more likely there are naturally people in the company who look at things from different angles. The most important added value of diversity is looking at things from different angles so the company will have a strong ability to see what is relevant and what is not. When planning the direction and strategy of a company, diversity of perspectives is primary important factor. Everyone is forced to simplify and conceptualize their views so that others understand them when there are people from different backgrounds in the same group. In this way, abstract things begin to become concretized in people's minds and common conclusions become clear and simple, and their realization is also determinedly pursued. Continuous learning, ability and diversity are not beneficial without the ability to collaborate and common way of working. (Alahuhta 2015, 130–133.)

Strategy is a source of competitive advantage, at the heart of which are choices to gain a competitive edge. Strategy includes choices about the goal state, business concept or business model (what, for whom, how) and the basis for success (competitive advantage and core competencies), as well as steps to implement the strategy. Another key task of the strategy is to set goals or visions. What are trying to achieve and where the company want to be in a few years? What the world and actions will look like then? These are the basic questions where answer is being sought. Third issue to solve is to find out what the owners want from the company. Whether they focus on long-term profitability, corporate renewal or short-term profits. In addition, the strategy describes how to put competitive advantage into practice. This means an implementation plan that will become the red thread that guides the action. Strategy is important because it sums up the choices the company seeks to succeed in the marketplace and gain a competitive edge. The brighter strategy choices are, the easier they are to communicate and remember. Strategy development cannot be outsourced to consultants because staff, clients and stakeholders need to understand and recognize what is being sought and how to act in practice. (Mitronen & Raikaslehto 2019, 56–62.)

### Three horizon framework

The three Horizon Model Framework combines company's business focus in relation to its future business profitability with it's business timeframe. According to the model, different activities have different meanings and contents, both in terms of the business units and the business. In the three-horizon model, the role of the first horizon is to focus on operating, developing, expanding, and defending existing business. Efficiency, profit



making and cash flow to fund other horizons are the key factors. The primary responsibility for the first horizon business is in the business units. (Mitronen & Raikaslehto 2019, 68–71.)

The operations are heavily profit-driven and are managed on a continuous basis. The second horizon is creating new business and its central role is to increase revenue, which can, in principle take two forms: either by exporting existing business to new geographies or, in particular, scaling the third basket to new ideas and experiments for new business. The key measure of business on the other horizon is revenue and the business plan's expected return, which aims at long-term profitability. The purpose of doing the third horizon is to brainstorm and develop completely new business and future alternatives. This can be done through research and development or through experimentation and within a culture of experimentation. Depending on the company own state, the competitive situation and the market situation, it is possible to balance the path of strategic development of existing, new development and radical thinking. It is possible to choose a model that is balanced or intentionally skewed between different horizons. (Mitronen & Raikaslehto 2019, 68–71.) Figure 3. below describes the three different horizons and their main tasks:

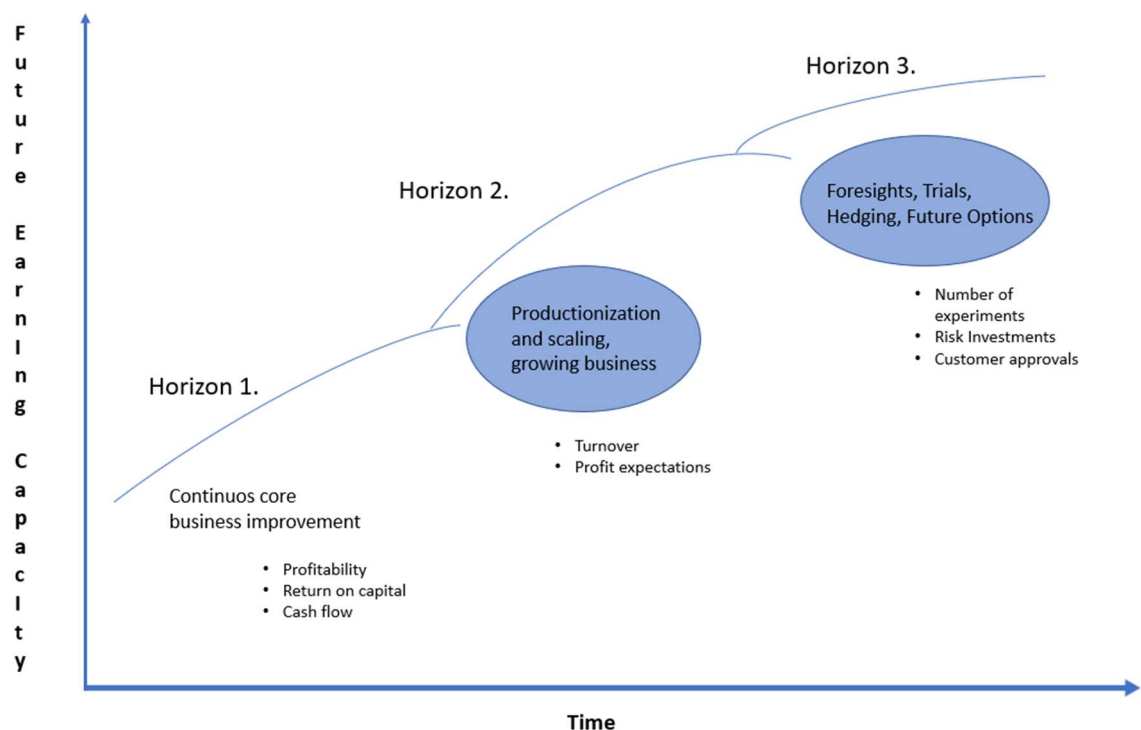


Figure 3. Three horizon model (Mitronen & Raikaslehto, 69).

The board of directors and management see and assume that they are reorganizing the organization in a balanced way, the situation may be different. The following questions can help to test company's strategic position and ability to innovate. (Mitronen & Raikaslehto 2019, 72.)

The first horizon's key questions are: Is the core business profitable enough to invest in future growth?, Is the company's cost competitiveness at the industry's best level?, Is the company sufficiently protected against potential new competitors, technologies or regulation that may change the rules of the game?. If the answer to any or all the questions is negative, then the situation is defensive. In this situation, there is a need to invest in short-term profitability improvement measures, but the key question is how long. Focusing too long on cost-effectiveness at some point, the competitiveness of the core business will be eroded or run into difficulties by existing or new competitors. Unless a new game is developed, the game will be over. (Mitronen & Raikaslehto 2019, 72–73.)

The second horizon's key questions: Are there new businesses that have the potential to produce the same or better earnings and economic value than current business? Are these new businesses competitive in the market or are there a significant demand potentials? Are the company ready to make significant investments to seek growth in new activities? Do investors and owners believe in these new businesses' areas profitability? Will the new business attract the best talent in the industry to company? It is important to openly review the feasibility of new growth projects at some time span. Emergency is not a wise approach, but the management team must have in place objectives, indicators and decision-making criteria how to ramp projects down. At some point the business on the second horizon needs to be mature enough so that it can move to the top basket and will be managed on a sustainable basis. (Mitronen & Raikaslehto 2019, 74–75.)

The third horizon's key questions are: What could be a change in the market or an innovation that destroys business in few years? Do the Board and Management Team have enough time to consider changes in the industry and look for growth opportunities? Is the innovation and trial project portfolio big enough to open significant new business opportunities? Are ideas different than a year ago, what about three or five years ago? Are the procedures and knowledge at a sufficient level to scale the ideas? Can the experiments develop to be specific enough so they can be tested with clients? The purpose of the questions is to determine whether management is awake to possible changes in the business environment, whether it is capable of reflecting on new

innovations and how to implement them, or whether management's thinking is historical and not future-oriented. (Mitronen & Raikaslehto 2019, 76–79.)

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The rapid and strong uncontrolled expansion of the service company has brought with it a less profitable business units with a significant cost structure, which has jeopardized the whole existence of the company. The heavy cost structure of the newly opened business units, with the low volume and unprofitable sales, has led to negative cash flow for the entire company level. The company's total profitability has deteriorated to a level at which it has not received a return on invested capital. The situation has been rectified by strict cost control and the abandonment of unprofitable business units. For the reasons set out above, the company can reasonably be considered to be at a horizontal level 1. in Mitronen & Raikaslehto three horizon model (Mitronen & Raikaslehto 2019, 72–73.) In this case company's main focus is securing prerequisites of economic sustainability and business continuity in short run.

Based on author's previous experience with small and medium and international companies, this is typical feature of a fast growing company. The focus of operations is only and only on strong growth, leaving profitability, common operating models, processes and personnel in the secondary position. The basis for decision-making is not research data and strict facts, but the need to grow rapidly acts as the leading driver guiding all management activities. This kind of operating model is also called in business term the pace of blindness. From the mobile phone world fast market entry at the expense of quality control is one good practical example of the pace of blindness at the international level.

#### Strategy process framework

When creating or updating a strategy, business management needs to know what they are aiming for, what are their strategic goals or vision. Management has to know where to start, what is the current situation and what are the strategic problems. This is followed by preparatory steps to make choices. After the choices, it is evaluated how the strategy will be implemented through various projects or development portfolios, how and when achievements will be evaluated. (Mitronen & Raikaslehto 2019, 92–93.) Figure 4. below of strategic process framework and its key steps will help service company's leaders to outline the key steps in renewing their strategy.

### Simple framework for the strategy process

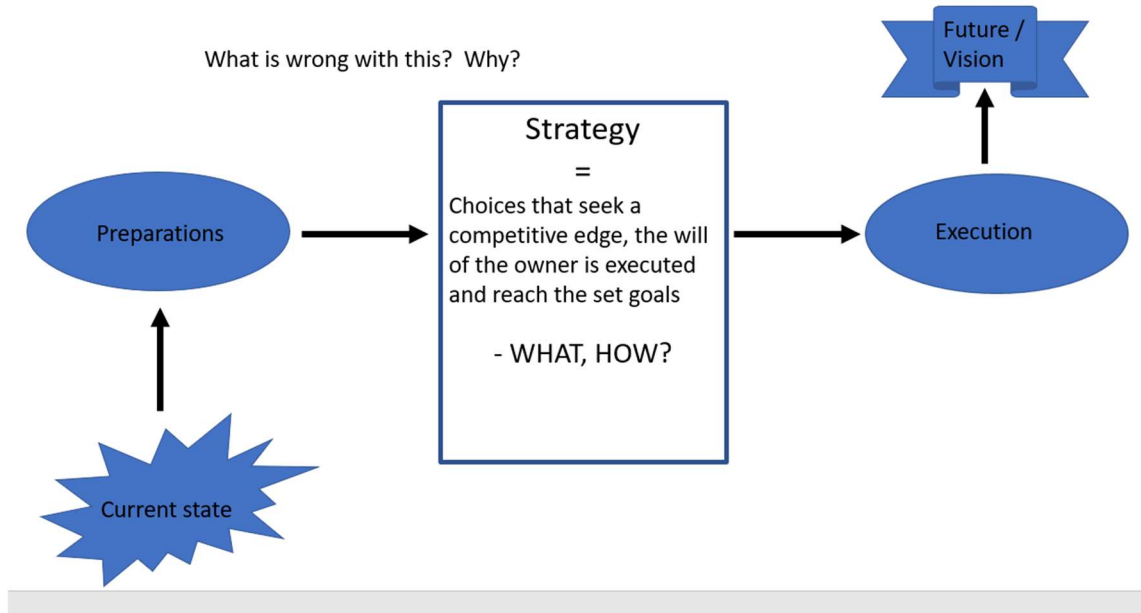


Figure 4. Strategy process framework (Mitronen & Raikaslehto 2019, 93).

Strategic renewal is a switch on or off type of action. The company decides whether it wants to be renewed or not. Renewal does not happen by itself, but it must be reflected in practice. A business development portfolio must include projects and experiments that are truly proactive. Sufficient time should be spent on strategic reflection and work. After that, care must be taken that the work is reflected in the leadership culture and practices at all levels of the organization. One of the most important tasks of corporate management is to secure the future of the company or organization. (Mitronen & Raikaslehto 2019, 243–244.)

For this reason, managers need to break away from their daily short-term tasks to create future success, growth, profitability and cash flow, customer value creation, continuous improvement of the organization's and people's skills and well-being. This requires for the board of directors and management a decision to be innovate, reflection and work to carefully looking at things from many different angles, enough time to be credible, and an experimenting, grow and root approach in business. (Mitronen & Raikaslehto 2019, 243–244.)

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The author recommends based on his various business development projects experience start in stages from a simple strategic model, (figure 4). In this way, new things are easier to perceive and commonly understood in the same way and, if necessary, can return to the previous stage. As policies and methods evolve, more complex models can be adopted if required by business requirements. In the author's opinion, whether it is a small or a multinational company, the best solution is to keep the strategic model as simple as possible. Keeping strategy model as simple as possible is the best solution, because the operating environment is constantly changing and changes must be implemented quickly and successfully throughout the organization. The more complex the models are, the more difficult they are to communicate and perceive. In this case, their successful implementation requires more time and extra work, in which case the operating environment has often already changed before the strategy implementation is completed.

## Conclusions

Ritakallio & Vuori (2018) and Alahuhta (2015) consider strategy as more than a once-stoned statement because the business environment is in a state of constant change. Continuous development of the corporate culture and staff are strategic key factors that lay the foundation for a company's strength, its ability to act quickly and consistently in changing circumstances. Ritakallio & Vuori (2018) and Alahuhta (2015) jointly emphasize the importance of people and visions in the design and implementation of strategy. Successful creation and implementation of a lively and flexible strategy require effective commitment and communication, so members of the organization are sufficiently aware of both the scenario structure and the external situation. Scenario structure helps to see how things are interrelated and how possible actions can influence on the way how successfully the scenario is implemented.

Alahuhta (2015) consider also managers proper use of time in all their actions as a key factor for the success of the company. Company's top management must be where it is most needed, and they have to keep the issues as simple as possible. Company's diversity is one of the cornerstones of company in strategy planning and direction selection. Alahuhta highlight that, leadership is increasingly leading the change, where the key is to show the bright direction and get people involved in the change.

The author consider that Ritakallio & Vuori (2018) illustrates successfully the process of creating a living strategy and how to constantly renew and implement it one piece at a time without disrupting the entire company and endangering its daily operations. Their views and methods combined with Alahuhta's (2015) ideas and Mitronen & Raikaslehto (2019) strategy three horizon model framework provides a good basis for creating a start-up strategy renewal for service company. In this case especially considering diversity possibilities utilization in all organizational team levels structures and actions. This will enable leading from short-term ad hoc action on the path to sustainable success and development in restaurant business. Service company's strategy position is currently based on (Mitronen & Raikaslehto 2019, 93.) horizontal approach on the first level where they have to focus on current profitable core business to ensure business and economic continuity, so that the future business will have the conditions for profitable growth. Essential the first level key issues for the steering group to consider are: What business to maintain, to develop, and what to abandon as quickly as possible in order to overcome the current situation and create the conditions for future business growth.

### 3.2 Emotional intelligence and leadership

This chapter describes how recognizing different types of emotional situations is increasingly emphasized in meeting and leading people today, reflected in well-being and achievement at all levels of the organization.

Emotional intelligence consists of five emotional and social combinations of foundations (Huuhka 2010, 53–54.)

*Self-awareness*: Real-time knowledge of one's own feelings and the ability to use them in decision making. An accurate understanding of own skills and self-confidence based on reality. *Self-control*: Handling emotions so that they do not hinder but facilitate the execution of tasks. Conscientiousness and postponement of pleasure in pursuit of goals and recovery from distressing situations. *Motivational*: The ability to get from the deepest needs of life a power that inspires and guides individuals in achieving the goals, takes initiative, encourages development efforts, and increases guts. *Empathy*: Awareness of the feelings of the neighbor, the ability to see things for them, and the ability to create a sense of community and understanding with different people. *Social skills*: Skillful handling of interpersonal feelings and awareness of social situations and networks, fluent interaction, use of leadership, persuasion and negotiation, and team- and teamwork

Emotional intelligence and emotional skills develop as a person learns to control and motivate himself and use his social abilities. Advanced emotional intelligence can thus be called maturity because it is the result of learning that evolves with life, with the accumulation of experience, and as people grow spiritually. (Huuhka 2010, 58.)

PhD. Emma Seppälä, famous happiness researcher 26:th of March 2019 in Helsinki Work Goes Happy at the evening gala narrate that common belief is that success brings happiness. People believe that in order to succeed, they must sacrifice their happiness for it. Unlike these common assumptions she emphasizes on the importance of happiness, presence, compassion and emotional intelligence in working comfort and coping. Instead of doing too much work and burn out at work, relax, calm down, be present, and be compassionate to own personality and others. In this way, people are more productive, more resistant to stress, more attractive, more influential, more creative and more innovative. Focusing too much on the future instead of the present may hinder success because people are always thinking about the next to-do list task and they believe that striking out the tasks one by one will help them to be more productive. (Businessopas 2019.)

There will always be a colleague at work who will work overtime to show others that they can and they should do more. And people are constantly pursuing their goals, trying to clear their ambitious to-do list. However, research shows that human mind wanders 50% of the time. As a result, person are less productive and unable to connect with others. Instead, if person is genuinely present and focused on the current conversation or task, it will not only see person's performance improves but their work will also become more attractive. Stress makes human self-centered and diminishes their emotional and social intelligence. People get nervous easily or say things wrong, and they probably do not notice how others around us feel. People will become less effective leaders and colleagues. (Businessopas 2019.)

As a result, people inadvertently sabotage their relationships at work. The study shows a strong link between managerial behavior and employee heart disease. Bosses that cause stress to their subordinates are literally damaging to the heart. Ideally, a working day should include an appropriate number of activities that require strict concentration (preparation of presentations, statistics), but also less intensive tasks (data entry, file organization) so that people can be both productive and creative. (Businessopas 2019.)

According to PhD. Seppälä (Businessopas 2019.) three tips for success and happiness at work are: *Take and give time*: People will be more creative, more insightful and more intelligent. *Be kind to others*: Leader will have good relationships with their employees and co-workers. People are loyal to their supervisor. Both the leader and the team will be more productive. People will be happier and healthier. *Please be kind to yourself*: Then will be easier to recover and be happier, learn from mistakes, and get back on feet in life after the inevitable challenges.

If people do not wake up now to learn, understand and lead their own and company's feelings, they will come across a wall. Passionate, creative, magical and genuinely productive people change workplace. There is no shortage of the underperformers in the business trying to compete for execution and the limited intelligence of the human mind against the speed and power of artificial intelligence. The human mind is currently able to hear silent signals, perseverance to excel itself and get the unpleasant things done. In a tranquil senses, there is room for things to come together, whereby one can create something completely unique. In such workplaces, it is safe to express own opinions and feelings and there is a good and genuine sense of doing things. One's voice can be heard without fear of being hurt. Saying does not result in bad things, but in constructive discussions and genuine exchange of ideas. In such a work environment, people can uncover big and crazy ideas that can be the first silent signals of future opportunities. No innovation will come up if one does not feel safe. Because of this, it is important to learn how to manage emotions. (Tuominen 2018, 9–11.)

Understanding and managing emotions is an indispensable meta-skill for the future, for which there are no clear answers in research. For this reason, feelings have to take responsibility for being gracious but steadfast and looking first glance at own way of dealing with feelings in different situations. The function of emotions is to bring information and energy by telling which way to go and where to stay away. One of the core problems of today's working life is overcoming emotions with struggling, pushing forward with just common sense. A wiser strategy would be to listen to emotions that allow to read aloud different signals at different levels than based only on common sense. Emotions give the energy to make important decisions in different situations. On the other hand, part of feelings gets tired and consume energy by asking to stop and reflect. Understanding the language of emotions helps to understand the connections between emotion, thinking and action. From the perspective of the work environment and leadership, top results are achieved in teams with a safe atmosphere that is trusted and



daring to say. The real atmosphere conveys and engages with every action and encounter to company's customers and partners. (Tuominen 2018, 49–61, 125, 137.)

According to adjunct professor Marko Kesti from University of Lapland (markokesti 2019.) Quality of Working Life (QWL) can achieve a sustainable competitive advantage. The company is able to innovate and continually outperform its competitors. In this case, employees are motivated to make the best contribution to the organization. They are also willing to continually develop both their own expertise and the products and services of the organization. According to Kesti (markokesti 2019.) international leadership research has identified the concept of behavioral capital as a source of competitive advantage. The first thing to create a sustainable competitive edge is the commitment of management to organizational development. This sounds obvious, as every leader should be automatically committed to it. Definitely, management is committed to development, but the means are often the wrong one, with no benefits. The traditional emotional approach to performance-based development does not offer a competitive advantage. Management needs to be committed to a new knowledge management approach that will leverage organizational development.

Marko Kesti's (2019) Quality of Work (QWL) provides a new opportunity for knowledge management by accomplishing three important things: QWL predicts future business development. QWL is based on tacit knowledge of employees, and QWL index can be influenced by leadership. Personnel-based sustainable competitive advantage is created by the commitment of management, which is measured in euros because companies are run financially so benefits must be able to be measured in euros. In the table 1. Kesti (markokesti 2019.) has calculated the economic benefits to an average company by improving the quality of work by 5%.

Table 1. Economical benefits of QWL (markokesti 2019).

Action	Impact
Reduction of staff turnover	brings € 60 / person extra EBITDA
Reducing variable costs	brings € 264 / person extra EBITDA
Reduction in personnel costs	including overtime brings savings of € 228 / person
Reduced sick leave	will add € 156 / person to EBITDA
Increase in net sales results in effective working hours	which results in a profit improvement of 1,883 € / person

These figures can be used at an early stage when company-specific analysis has not yet been carried out. Once management is committed to improving the quality of working life, the next step is to authorize the Human Resource (HR) unit to take the necessary steps. The HR department (HRD) will be transformed from a cost center to a profit center. The QWL measurement differs significantly from the traditional personnel survey. Unfortunately, many staff surveys are useless or even detrimental to organizational development. Harmful because they hide the potential for human resource development, for example misrepresentation of well-being at work as a factor in production. The QWL Index for Behavioral Capital is a production factor that needs to be measured at least quarterly. The method only asks questions that are relevant to performance, so 15 focused questions are enough. The QWL survey highlights both the development potential and the dispersion in managerial quality. When each group has responded, a dispersion is obtained. On the one hand, it tells about the quality of supervisors, but also about possible unexpected problems. (markokesti 2019.)

According to Marko Kesti (markokesti 2019.) managerial activity is the most important factor affecting the quality of working life. Major challenges have been identified in immediate supervisors, including two major problems: Managerial interaction skills are poor and the human leadership mindset is lost. Supervisors can be taught good managerial practices, but only after they change their attitude to do so, they put them into practice. Managers must learn from the human cognitive bias that prevents the development of the work community. This will accomplish by developing the QWL index and by taking and embrace it as a part of the organization's daily life. QWL development is simplifying by motivation theory through the following steps:

Step one: Making QWL an important gauge

Step two: Making the QWL index visible in each group by measuring it regularly, and

Step three: Assisting and educating supervisors on ways to improve the QWL index.

Kesti emphasizes (markokesti 2019.) that the effectiveness of development is measured, and the economic benefits can be verified by analyzing personnel productivity. The following measures will provide a sustainable competitive advantage in terms of quality of working life (table 2).

Table 2. Personnel productivity analysis. (markokesti 2019.)

Theme	Action
Management Commitment	Quality of working life is a production factor that want to develop because it improves company's competitiveness
From the HR Unit to Profit Center	Authorizes the HR Unit to carry out development measures (ROI)
QWL Development	Measure and monitor the QWL index at least every 3 months
Ensuring Supervisor Competence	Train supervisors and require a certificate of supervisor competence
HRD Support Service	Provides support for those with poor or undesirable QWL
Continuity	Measure effectiveness and consolidate development into daily life

Organizational development needs to be made an ongoing policy that is part of normal operations. It is advisable to set aside at least three years for a change in management and operational culture. The first good results are achieved already in the first year, because the effective personnel development ROI is good. It is likely that within a few months company will reach the breakeven level of development and from then on, positive earnings improvement is known. (markokesti 2019.)

According to British management guru Lucy Adams (kauppalehti 27.12.2019.) explained that why 1980's Human Resource practices and processes should finally be abandoned or at least updated for the digital age. Adams insist that now is the time for radical change. Organizational HR departments need to take on a new role: creating the conditions for employees to be more agile, productive, collaborative and innovative in their work. The relationship between management and subordinates resembles the parent-child relationship in many traditional organizations. That is not a good thing, it must change. HR must abandon the role of caring parent or nanny and begin treating workers as adults; adults who are fully capable of taking care of themselves and making independent decisions. Adams emphasizes that employees are not teenagers who need strict dress codes and social media manuals. Employees of the 2020's need leaders who rely on their ability to make decisions and develop their skills. (kauppalehti 27.12. 2019.)

Adams (kauppalehti 27.12.2019.) believes that HR departments should learn about consumer business and marketing. Treat employees like consumers, each with their own individual needs. 1980's style 'one size HR processes' are not today. Adams regards the once a year employee satisfaction survey as a completely outdated practice. Many store chains or online services measure customer satisfaction all the time. It is important to measure employee satisfaction as often as possible and with the least amount of lightweight machinery. Sending a complex survey form once a year is not modernity in 2019.

DNA is a Finnish operator company which has begun to support its employees in caring for their aging family members. The goal is that DNA employees can delight their aging relatives with a leisurely service produced by trusted company on a regular basis, in situations where DNA employees have not possibility to meet them as often as they would like. With its latest employee benefits, DNA aims to respond to the growing challenge of caring for the elderly and to develop a more family-friendly work environment. As the population ages, more and more workers are also in the role of a remote caregiver. Being able to reconcile work and everyday life is key to coping. Many workers are overwhelmed by the worries of an aging family member, especially if they live in another city. Family-friendly workplaces are often still perceived as only a concern for parents of young children. However, the care phase of aging parents affects more and more people in employment. Companies like DNA are pioneers in developing family-friendly practices to suit a variety of work situations. (Talouselämä 22.01. 2020.)

## Learning organization and confidence

Recognizing a mistake or failure is difficult for individuals because it is affected not only by the individual's personality traits, face loss, group pressure, but also the possibility of losing a job. This increases the pressure on the individual and makes the error feel worse than it really is. Management practices and how to deal with mistakes in an organization can learn from mistakes and translate them to benefit the organization. The learning organization provides a learning environment that is at the same time the object of learning. In a learning organization, learning takes place at the individual, group and organizational level, whereby the organization can better achieve its goals through the learning processes. Elements of a learning organization are shaped by systematic problem-solving, experimenting with new methods, own experience, own history, learning from others, and knowledge flows across the whole organization. (Kuitunen & Sutinen 2018, 87–88.)

Organizational development into a learning system requires excellent leadership to support it. Leadership is influencing the thinking of an individual in a way that leads to a more favorable activity in terms of achieving the goal. The most important task of management is to identify and remove obstacles in the way of the worker. The goal of management is to allow an employee access to their resources, brainstorming, creativity, knowledge, skills and all their strengths without hindrance. Enabling this may be related to tools or training. Leadership is especially important, but almost forgotten, that it is truly individual-centered, because every act of leadership, decision, always affects the thoughts of someone and the individual. From a management perspective, an individual should be able to take into account in their motivational structure, worldview, value, and life context. The golden rule of leadership is to do to another as a person desires or rather needs to do for them. This is noteworthy because people do not, in principle, have a very good idea of their own skills and prerequisites. From a management point of view, it is justified for an outsider to suggest what kind of encouragement or work tasks people will need. (Kuitunen & Sutinen 2018, 90–96.)

Management practices shape the culture of the organization. Trust is one of the key goals of an organization that learns from mistakes and develops, which means that people, and the community, have a positive, collective view of the future. This is one of the key goals of a learning and developing organization. The basis of trust is one's belief in being accepted just as own person is. Collegial trust comes from the feeling that no one is deliberately harming another and there are no free riders. Management's trust in

staff is reflected in the decentralization of power and the fact that people are genuinely listened to when making decisions. Confidence in leadership arises from the predictability, consistency and fairness of the management's operations. (Kuitunen & Sutinen 2018, 95–97.) Figure 5. below illustrates the different key steps that characterize confidence development over time.



Figure 5. Confidence development (Kuitunen & Sutinen, 97).

Step 1. "It newer happened" means a situation in which a supervisor with the trust of the CEO denies that obvious things have ever happened. This kind of management style cripples the corporate culture as long as the supervisor works in the organization and those who are unable to function in a negative culture are resigning from the company. Remaining in duty part in the company are those who are able to adapt in a negative dening culture. Correcting the situation to build the trust requires a changes in the company's top management. (Kuitunen & Sutinen 2018, 99–100.)

Step 2. "At least it is not my fault" There was no significant improvement in confidence development compared to step 1. however directly lying has shifted to politics. The situation is significantly easier and quicker to remedy than denial, but requires direct and visible action from management, the most important of which is to serve as an example. (Kuitunen & Sutinen 2018, 99–100.)

Step 3. “My mistake sorry” At the third level of the organization culture, mistake perpetrator knows that the consequence is not redundancy but feels obligated to humbly apologize the mistake. Defects are tolerated, but the person who made the defect or bringing them out is not considered an asset to the company. (Kuitunen & Sutinen 2018, 99–100.)

Step 4. “You never believe, what I just learned” Culturally, at the highest level of trust, the person who made the mistake and brought it up can be seen as the hero of the organization, especially if something new is learned collectively from the mistake. The management of the company at least pays attention and at best rewards the doctrine that the employee brings to the organization. (Kuitunen & Sutinen 2018, 99–100.)

Building trust at the fourth level takes time and requires persistent and systematic work from committed teams. Without the commitment of the top management, the work is useless because the change in the corporate culture is not possible to execute as a solo work of HR. The lower starting point in trust creation is, the more patiently management must be able to repeat key messages in order to create a genuine atmosphere of trust. (Kuitunen & Sutinen 2018, 100.)

Listening is more important in a manager’s job than talking, but the leader must also take overall responsibility. The leader must trust own views and judgment capabilities and move forward with courage. A good leader sees also difficult situations as opportunities. The leader should show a clear direction that energizes people and inspires them to work together. The manager must have insight and contact with every key area of the company so that in situations where things are not going well, he can both challenge people through their skills and encourage them and create a new positive flow. (Alahuhta 2015, 18–19.)

Employee self-direction is a major factor in the success of a company. This is possible when there is trust in the company and enough employees want to help others. In this case, the performance of the work should not be measured and evaluated through individual processes but based on the end result. By measuring individual processes, people are guided along familiar paths, where they learn that by doing so they achieve the best results from their own point of view which is not necessarily the target state of the business. By looking at the end results, people are allowed to evaluate and examine their own actions and change their actions to achieve the desired end result. Then they

may find that helping others is the best way to achieve the best result from their and company's point of view. (Kuitunen & Sutinen 2018, 101–105.)

A shouting boss or teacher is a relic of the past. Today's leaders know that the best result is not achieved only by commanding. Children are already taught in kindergartens to recognize their own strengths and to be friendly to others. Nice people are wanted around. Co-operation skills and doing good to others – so comfort, in a way. It is important to learn how to be human and get along with other people you do not immediately like, of those who feel weird and different. In practice, this would mean, for example, making observations of interactions visible in schools: giving positive feedback on good spirit and recording, making them meaningful. As long as collaborative skills are not systematically assessed, it signals to students that it is not so important. Common sense might be that “comfort” is a desirable trait. However, only in recent years has it begun to become a recognized asset in society, including in working life. The ideal leader is no longer hard and distant, and even the co-workers have become increasingly high on the value scale. Google's research project called Aristotle explored which aspects unite the work communities and the teams that are the most successful. The researchers found that the key factor was psychological safety. If it was at a high level, the groups flourished. Above all, psychological security refers to a good climate of mutual trust and respect. Employees feel that there is no need to be afraid of being wrong. The culture of conversation is alternating and attentive. (Helsingin Sanomat, 2019.)

PhD. Seppälä points that in a culture of compassion and comfort, where employees are good to be, and they are willing to do their best. Well-being is not only valuable because it feels good – it is valuable because it has beneficial consequences. The logic goes like this: well-off workers do their jobs better, better workers make the company flourish, flourishing firms make the economy grow, economic growth contributes to overall well-being. Comfort, in turn, is a contributor to well-being. Even difficult issues can be talked about constructively and criticism can be given in a friendly manner. Particularly important is positive and compassionate leadership, as leaders are the ones who influence workplace culture the most. Authority-based old school leadership is a remnant of the past. People do not want to work in such jobs. The Z-generation is looking for lower hierarchies, organizations driven by friendliness and meaning. Compassion and kindness are not a sign of weakness but of intelligence. The basic idea is that good nourishes good. When people are comfortable with others, well-being spreads. Convenience is about interaction styles and working dynamics, working in teams.



Comfort can be practiced; it is conscious activity. Comfort is not only habits, but also deeds: the attention of others and reciprocity, a conscious effort to be nice. (Helsingin Sanomat, 2019.)

#### Commissioner

Service company's leadership style strengths are strong professional competence and genuine listening and taking people as individuals with their concerns. On the other hand, the everyday worries and sorrows of all individuals cannot be carried by management. The roles and job descriptions of the management of the company should be reviewed and clarified in order to improve the competitiveness and performance of the company. This is achieved by giving more power and responsibility to the operational level rather than doing things by themselves. Treating people as human beings would continue to be resource and commitment to common goals would also be strengthened through expanding access to operational development planning and decision-making. This will require the organization structural changes to be flatter and more flexible. Organization and leadership development methods can be measured as Marko Kesti (2019) pointed out.

#### Conclusions

Understanding and managing emotions is an indispensable leadership meta-skill for the future. It should start as an unbroken chain uniting everyone from company's strategic planning to operational leadership of the company to engage people to achieve common goals. Traditional command, correct, control is an ancient and past management style, as highlighted in previous articles from different angles. Employees want to be treated and heard as equal individuals, not as factors of production that are easily interchangeable or replaceable. They want to express their views without being condemned or stigmatized and participate business development and in decision making. From this perspective of the work environment and leadership, top results are achieved in teams with a safe atmosphere that is trusted and daring to say. The real atmosphere conveys and engages with every action and encounter to company's customers and partners producing well-being and competitive advantage for all. Genuine listening, presence and the creation of a confidential atmosphere are the foundation for the continuous and sustainable development of the company, which requires a change in management's thinking and approach to business execution and utilization of new HR practices and measure methods.

Author owns experience with very large projects that extremely important in terms of managing change, first of all to find out and clarify “why” the change is needed so it can be clearly justified and communicated in a straightforward and meaningful way. Simultaneously with “why” justification follows “when” the initial time frames for the change is planned to be implemented. Making a change, that is, “how” to do the trick together. In this “how” phase, discussions and plans for possible implementation are held with key persons and staff that brings out different perspectives and insights on the issues that will affect implementation. After that, the final implementation timetable will be carefully reviewed, and planned implementation will commence. This approach provides a clear direction for action, involving key personnel and the entire staff in planning and implementing change with full commitment.

A practical example of the importance of “why”, “when”, “how” clarification and communication importance in change management is the case study in which an author on behalf of an international company created a new model to produce centralized holistic reporting services for company’s top management. This service model objective was to consolidate three different service providers services into one new service provider and reform the reporting services production. In this case, the different parties were justified from different perspectives as to why this will be done, when it will be done and tentatively how the consolidation will be carried out. Together with different suppliers were sought a solution and an answer to the question of how consolidation will be performed. Transparency and continuous factual communication between different parties key representatives enabled that author and all the suppliers had a common clear picture of what is going on, what each participant should do, what will happen next and how to act in exceptional circumstances. This created an atmosphere of mutual trust that allowed a flexible and successful supplier transition and the success of the project.

### 3.3 Leading in critical phase

Critical stage management means the situation where company has reached the break-even point in the path of fast growth with its current methods. Therefore, there is crucial and urgent need for review management and operating practices from a new perspective. Service company has a history of strong growth. Due to strong business growth, business and management practices also need to be updated to reflect the

current size of the company and future requirements in order to get rid of short-term approaches towards sustainable development in business.

It is imperative to maintain a proactive approach to managing business, highlighted by situations where intensive leadership is particularly important. Successful initiation of the change requires the manager good own consistent action, knowledge of the market situation and the competitive field. The necessary change must be sharply outlined, and the strategy must be clearly defined, and the development programs to be launched must be carefully prioritized. At this point, manager needs to critically evaluate all the key areas of business, the changes need to be executed, and the development measures which need to take an action. The manager must also evaluate if there is a need for immediate changes in the key team composition, as well as the organizational structure, operating method and corporate culture. Once the change starts, the company strategy must be brought to life so that the company is constantly strengthened. The chosen way of developing competitiveness has been firmly embedded in the company. At this point, a vision should be set for the company at the latest to help get all its employees working in the common direction. An important step is to take advantage of the market and technology breakthroughs, where success allows the company to accelerate growth and break with the competitors. By acting open-minded, a company can also take advantage of difficult market situations and turn them into opportunities. (Alahuhta 2015, 28–29.)

The company is never ready, because the operating environment is constantly changing, so the company also needs to constantly renew itself. Everything can and should always be done better when looking up business from a customer perspective. When a company has a clear direction and everyone looks at it, there is always room for improvement in the eyes of its users and customers. The clock frequency represents the way and speed of doing. This has a direct link to company's performance. Competitive advantage is achieved when company's own pace is higher than that of industry and competitors. In case of change, the management of the company must react quickly and start corrective action immediately. Increasing the clock frequency is reflected in the immediate clarification of unclear issues and the frequency of reporting. Everyone understands that it is a good idea to get things done on Monday if they are wanted to be ready on Friday. It is essential to see weaknesses as opportunities if the company is able to strengthen itself in these areas, achieving good growth and improving profitability. The key is to reach a common understanding of the need for change and implement the change. (Alahuhta 2015, 30–50.)

After that, management selects and prioritizes actively developing areas that will lead to a start-up competitiveness improvement “Must-Win Battle”. It is not enough that the management team is enthusiastic about the change. The change requires the entire staff. This puts the focus on change communication and persuades key people to internalize the need for change and commit to implementing the chosen strategy. (Alahuhta 2015, 30–50.)

Kone Ltd. arranged four different workshops for company’s key persons in Helsinki, Chicago, Hongkong and Brussels to familiarize them with the new strategy and its implementation through new development programs. It’s important to choose facilitators who need to be communicative and energetic individuals who are responsible for making sure that each manager talks face-to-face with their team members about the need for change. Monitoring is used to measure the extent to which change communication has spread across the organization. It is important to justify to the staff why need to change and how to change so that change becomes a big common thing. Change message need to be constantly repeated in all company’s different communication channels so that the need for change becomes a common thing. The direction of change must be defined so that everyone understands it, because without a simple and clear message, change will not start properly. (Alahuhta 2015, 30–50.)

Building an overall communication plan for change is a joint responsibility of management, human resources and communications. The plan includes the operating methods, target groups and contents of external and internal communication and defines who, what, to whom and how to communicate. In change communication, it is essential to use enough repetitions, stick to the facts, and ensure a two-way discussion about change and the issues and feelings associated with it. Communication about the change is maintained steadily throughout the process. It is communicated whenever there is something new to tell, the previous message is repeated several times, or it is told that no more information has been received. It is essential that the rumors are not given space and, if they occur, they are cut off from the wings as soon as possible. (Työyhteiso 2020.)

According to työyhteisö (Työyhteiso, 2020) good change communication is: *Truthful*: The thing is told as it is, it is not embellished. *Consistent*: Communication is transparent, easy to understand and the content of the message remains the same, even if it is conveyed in different ways, *Transparent*: the content of the message remains the same even if it

is conveyed in different ways, *Understandable*: Ensure that the content of the communication is understood and unambiguous.

There is a long way from strategy to each employee's daily work duties therefore, the strategy must be made visible to everyone in the company. It is important to create a shared vision that gives all activities a clear direction, turning strategy into action and customer experience. The key to the vision is to define the boundaries of the business so that the focus is not lost or constantly changing. This enables staff to learn how to look at a business through user and customer experience. Customer focus requires a variety of development efforts: defining a customer process where demand creation, customer relationships and sales are at the core, ICT-solutions supporting customer processes, ongoing staff reviews and training. Successful implementation of development programs requires the ability and willingness to learn new things and forget old rigid practices. Development program owners are required to take the glowing fire forward to bring the strategy to life. The vision describes the ultimate goal of the company and it should be as long-lasting, inspiring and bright as possible, and clearly define the boundaries of the company's business. An inspiring vision is not related to money or numbers, but it should bring meaning to work. It is a good idea to define a vision based on global megatrends and look at the company from the perspective of its products, service users and customer. This kind of vision definition helps the entire staff to look at the company from that direction, constantly creating new innovations and openings to improve operations. Assignment of liability is one of the best ways to develop people. (Alahuhta 2015, 51–82.)

According to Alahuhta (2015, 115–117) a difficult operating environment is always a great opportunity to get out of the competitors. In this case, the company culture, vigor and other key factors in its competitiveness make more sense than usual. A precondition for success in turning a difficult situation into an opportunity is that environmental change is anticipated early enough. This is made possible by real-time capture of market data, identification of weak signals in the business environment, listening to customers and staff. The energetic attitude of the company management and all the superiors is absolutely crucial. With an active, encouraging attitude, superiors build confidence in the ability to succeed in difficult situations. Management's trust creation communication and moving forward with the company's own actions is at the heart of it. Purposeful education expands personnel's understanding and skills, but above all it increases confidence in the company and people's confidence in their own abilities. When people see that they

are invested in difficult times, they invest even more in their work. Often, companies reduce training in difficult times, although the opposite should be the case. With the market shrinking, improving productivity is essential for business continuity point of view. The steps to be taken at this time have to be chosen so that they serve the competitiveness and cultural development of the company in the short and long term. Complaining about a weak market situation will never help, but it will reduce energy. It is always worth activating sales. Some activations are generated through increased training, some through new sales opportunities and their follow up.

Alahuhta (2015, 121–126, 141.) emphasizes that the key principles of leadership are: Clear direction and clear goals, openness and directness, focus, simplicity and clarity, correct timelines and activity. The key principles are visually presented in figure 6.

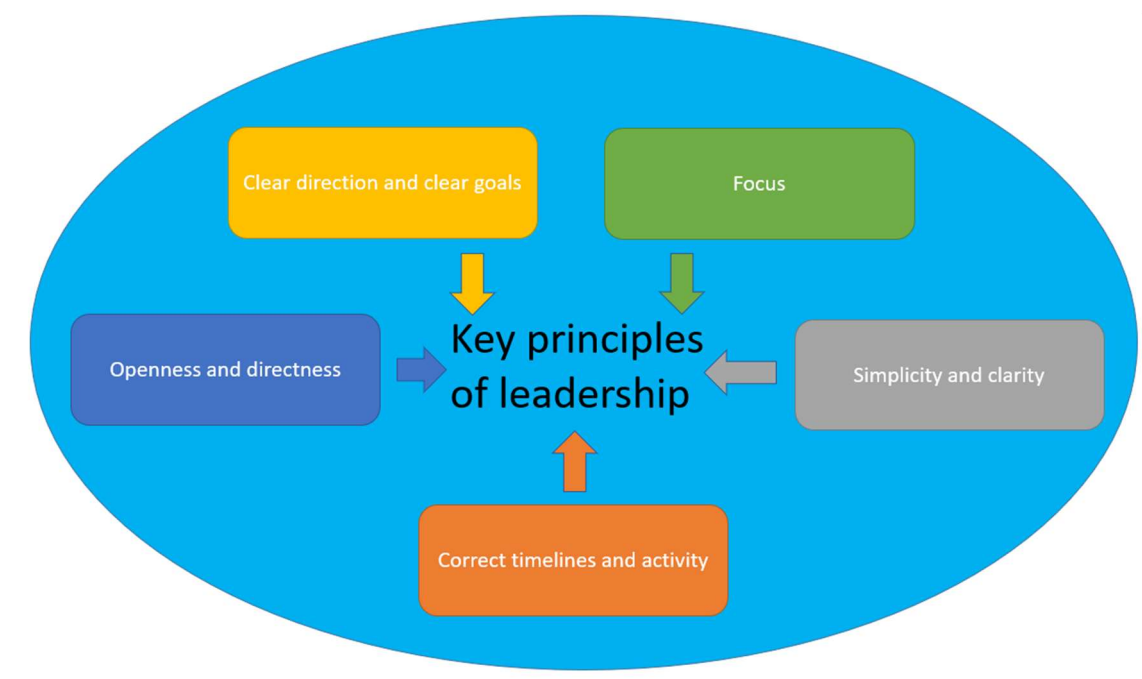


Figure 6. Key principles of leadership.

*Clear direction and clear goals:* Things have probably been thought through thoroughly so that staff have the opportunity to work at full energy to achieve common goals. The company is able to act consistently in situations where markets and business cycles fluctuate then all employees see the direction and goals clearly and they do not start wondering what the “heck” is ongoing. Clear direction effectively prevents bumping and hasty reactions into individual market events.

*Openness and directness:* Top management must lead by example that openness and directness are not only in their small talk. Bad news and opposing views messengers must be encouraged and stimulate, otherwise a decorative and secret culture will spread to the company.

*Focus:* Chosen of area of activity where the company can build a competitive edge and what is done is done well. Activities outside company's core area of expertise can be outsourced to the trusted partners.

*Simplicity and clarity* are the guidelines for everything that is done in a company: When case sounds complicated or difficult to understand, it is an indication that the matter has not been thought through to the end. In this case, things remain confused and complicated, no one internalize the issue and does nothing.

*Correct timelines and activity:* in business, in early stage of huge changes, the right timing sets the winners apart. The winners are those companies that are among the first to be ready for a major market or technology breakthrough. Activity is that people are energized, and they want to achieve results. The management of alertness starts from the fact that each person is made to recognize the significance of their work for the whole. Before the alertness can be improved, the basic principles of human leadership must be in order.

According to Alahuhta (2015, 141–145) good people management includes at least these five basic elements: Building confidence, positive attitude, superiors' interest in human development, good human leadership and burning desire. The basic elements are visually presented in figure 7.



Figure 7. Elements of good people management.

*Building confidence*, is the foundation of everything that is formed when managers stick to what is agreed, avoid bumping, prevent politicking, listen, are straight and present. In a climate of trust, people dare to take risks and try their limits, so they also get more work done.

*Positive attitude* is not to be discouraged, but always try to see how difficulties can be turned into opportunities. Identifying and acknowledging facts are the basis of everything. Difficult situations in working life create a new positive flow if the company has a healthy culture

*Superiors' interest in human development* so that everyone feels to be an important part of their work community. This makes things easier when human development is explicitly set as a goal. Supervisors must have empathy and care about their colleagues. The people at the forefront are the most important people, the task of other organization members are to support them. In organizations of all sizes, it is extremely important that top management has a realistic understanding of what is really going on in the forefront.



There is no possibility to meet always face to face. Present listening is the best way to learn and the best way to show someone that they are important to the company. Listening can give for the leaders many different views on each issue which will assist to get rid of own stubborn conclusions.

*Good human leadership* includes the ability to see the essential. When the supervisor sees things holistically, understanding the whole, leader is able to describe and structure a very abstract thing very clearly and brightly. This allows the supervisor to tell everyone how their jobs are related to the other activities of the company, making assignments smoother, more meaningful and more motivating.

*Leader must have a burning desire* for accomplishment, so that leader's enthusiasm engages with others in the organization.

With the aforementioned leadership fundamentals are in place, leader can build a good activity on them which management of it is largely based on effective communication: what issues are raised and how they are handled, what types of issues are emphasized in management communications, either positive or negative. Difficult things need to be handled by creating confidence in overcoming difficulties. The skill of crystallization is essential in communication, there must be no over-reaching of goals and no grasp of details. (Alahuhta 2015, 145–146.)

The most influential of the activity is the fact that each person is in the job that suits their competences best. One of the most important tasks of company is to find and choose the right person for each job. Of course, everyone should have enough experience and know how to do their job, but above all, as many people as possible should be able to do the job for which they have the burning desire. Then the company has as much human growth and development as possible, and then the company also develops best. This applies to both internal and external recruitment. With the right people in the company, all other decisions are most likely to succeed. (Alahuhta 2015, 147.)

Leading people needs to understand what is important to another, which sets off by learning to know itself. Through this, the supervisors learn what kind of managers they are and how they can motivate people and get them involved in activities aimed at common goals. The concept of time is essential in decision making. Some things have to be given time, like recruiting. There is nothing to be decided before the decision fact is clear. Maximum speed is not the optimum speed in decision-making, because other aspects than the one that comes to the leader's mind first must be considered carefully. There must be a balance between power and responsibility in decision-making. Making decisions requires people whose knowledge and skills are complementary, so that issues are viewed from multiple angles and commitment to decisions is widespread. There must be a clear division of labor and clear responsibilities throughout the organization. This also applies to the division of labor between the Board and management. Good Board has an ability to look at things from many different angles by asking critical questions to management in a stimulating and energetic way. The Board must be able to look at things from the management's perspective, but the management must be able to look at the issues from the board's viewpoint so that a common view is reached on the decisions made and commitment would happen. (Alahuhta 2015, 156, 169, 174–176.)

The role of the leader is to lead. Leader is the servant of organization, who appears at the bottom of the organization chart, supporting others. Leader must be humble and genuinely interested in the front line so as not to get caught up in leader's own imagination, so that leader's activities are focused on other things than own business. The leader is always in danger of starting to act out something he is not. This creates pressures and difficulties over time, so leader should always remember to be own genuine true self so that trust maintains in the leader. (Alahuhta 2015, 191.)

Leading above the deadline (Collins & Hansen 2011, 101–124.) means that company identifies the bad or fatal events, which can cause significant damage to the business or destroying the entire business of the company. According to Collins & Hansen (2011, 101–124) productive paranoia consists of three key steps that company is capable to stay above the death line: building cash reserves and buffers, bound risk or death line risks identification and zoom out, then zoom in business. The key steps are visually presented in figure 8.

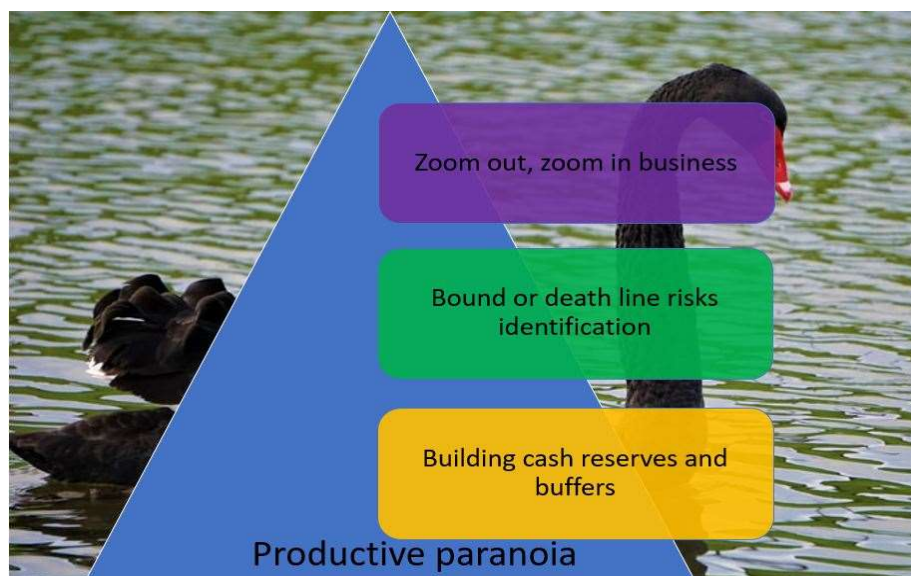


Figure 8. Productive paranoia.

*Building cash reserves and buffers* which is the oxygen of the business means preparation for unexpected events and bad luck before they happen. Black Swan is a low probability disruption, an event that almost no one can foresee, before it hits, but it is possible to predict that there will be some Black Swan event, as yet unspecified. Leading business this means remaining productively paranoid in good times, recognizing that it is what leaders do before Black Swan comes that matters the most. Since it is impossible to consistently predict specific disruptive event, company has to build buffers and stock absorbs for dealing with unexpected events. The company prepares for the future by putting it into place cash reserves and buffers long before the Black Swan hits.

*Bound risk, Death Line risks* are those that kill or severely damage the enterprise, Asymmetric risk are those for which the potential downside is much bigger than potential upside and uncontrollable risk, are those that expose the enterprise to forces and events that it has little ability to manage or control. Any decision or situation could involve more than one form of risk; the categories of risk are not mutually exclusive.

*Zoom out, then zoom in*, remaining hypervigilant to sense changing conditions and respond effectively. Leaders focus are on their objectives and sense changes in their environment; Leaders push on perfect execution and adjust to changing conditions. When leader senses a danger, they immediately zoom out to consider how quickly a threat is approaching and whether it calls for change in plans. Then they zoom in, refocusing their energies into execution objectives. Rapid change does not call for

abandoning discipline thought and disciplined action. Rather, it calls for upping the intensity to zoom out for fast yet rigorous decision making and zoom in for fast yet superb execution. (Collins & Hansen 2011, 101–124.)

Productive paranoia capable leaders are obsessing about what can go wrong. They ask repeatedly questions: what the worst-case scenario is, what is the upside and what is downside, what is out of our control and continuously pondering and asking what if, what if alternatives. Taking the time available before the risk profile changes, whether short or long, to make rigorous and deliberate decision produces a better outcome than rushing with decision. (Collins & Hansen 2011, 124.)

Empirically validation is a good way to find out what is working and why it is working. Fire bullets and then cannonballs describe this kind of leading approach. A bullet is low-cost, low-risk, and low distraction test or experiment where the company validates what will actually work. Based on that empirical validation, they then concentrate their resources to fire a cannonball, enabling large returns from concentrated bets. In many case companies will not know ahead of time which bullet would hit or be successful. The main purpose for the bullets is to find out what may work in practice, before any large investments and putting extra effort to execution, launching a cannonball. There are two different cannonballs, calibrated and uncalibrated. A calibrated cannonball has confirmation bases on actual experience, empirical validation, that a big bet will likely prove successful. Launching an uncalibrated cannonball means placing a big bet without empirical validation. Uncalibrated cannonballs can lead to calamity. The companies will pay a huge price when big, disruptive events coincided with their firing uncalibrated cannonballs, leaving them exposed and vulnerable. When even a successful company periodically makes a mistake of firing an uncalibrated cannonball, they tend to self-correct quickly and learn from their mistakes. Failure to fire cannonballs, once calibrated, leads to mediocre results. The basic idea is not to choose between bullets or cannonballs but to fire bullets, then fire cannonballs. (Collins & Hansen 2011, 81, 96–98.)

The successful leaders (Collins & Hansen 2011, 36–38.) displays three core behavior that, in combination, distinguish them from the leaders of the less successful comparison companies. Successful leaders core behaviors are: Fanatic discipline, empirical creativity and productive paranoia.

*Fanatic discipline:* They display extreme consistency of action, consistency with values, goals, performance standards, and methods. They are utterly relentless, monomaniacal, unbending in their focus on their quests.

*Empirical creativity:* When faced with uncertainty, successful leaders do not look primarily to other people, conventional wisdom, authority figures, or peers for direction; they look primarily to empirical evidence. They rely upon direct observation, practical experimentation, and direct engagement with tangible evidence. They make their bold, creative moves from a sound empirical base.

*Productive paranoia:* They maintain hypervigilance, staying highly attuned to threats and changes in their business environment, even when and especially when all is going well. They assume conditions will turn against them, at perhaps the worst possible moment. They channel their fear and worry into action, preparing and developing contingency plans, building buffers, and maintaining large margins of safety.

These kind of behavior and way of action helps turn the odds in leader's favor for the following reasons: It builds confidence in leader's ability to perform well in adverse circumstances. It reduces the likelihood of catastrophe when the company hit by turbulent disruption, and it helps leaders exert self-control in and out of control environment. (Collins & Hansen 2011, 55.)

The leader must be aware of the problems and opportunities of the day however, this is not enough. To be a true leader, a leader must look to the future to analyze, address, and consider the diversity of opportunities. Many organizations feel that there is no time to think about the future, because the present moment is too hectic, and tomorrow's challenges are overwhelming. The reflection on what the world will look like in a couple of years will be considered a luxury that now is not the right time. Many leaders work here and now with no principle of dreaming about the future. Unless the leader has the time or the ability to think about the future and the opportunities and threats it brings, at least his subordinates will not. When leaders want to truly lead, they must take responsibility for the future and how it is thought of. The leader must be able to see future prospects and how they are communicated to subordinates, but also how to deal with a much more challenging and frightening future that company meetings are reluctant to talk about. Truly leader must keep the eyes of the future open and hope full. Leader needs to see promising futures and think about what needs to be done to make these happen. The leader must also be able to imagine impossible futures, because things are

impossible only until they become possible, after which they are the facts that surprised many from the ordinary troll to the top leader. (Rehn 2018, 172–176.)

According to Kotter (2014, 62–63) currently and throughout history, leadership has been associated with change. It is not about mobilizing a group to act the same way as they have always acted. It has to do with changing people and their organizations so they can leap into different and better future, no matter the threats or barriers or shifting circumstances. In business today, leadership is the central force mobilizing people to create something that did not note previously exist. That is, leadership creates an enterprise in the first place. And leadership takes existing enterprises and finds new opportunities, makes changes to capitalize on those opportunities, and moves firms into a future where they can grow and prosper. Without sufficient leadership in a rapidly changing world, organizations become static and eventually fail. Management ensures the stability and efficiency necessary to run today's enterprise reliably. Leadership creates need to change to take advantage of new opportunities, to avoid threats, and to execute strategies. The point is that both are essential to help company to win the battle in violative environment.

#### Commissioner

Service company's perspective Alahuhta's (2015) and Collins & Hansen (2011) views on leadership can be utilized by clarifying the customer centric business idea: going through the current state, what, when, where to whom and how service company provides services, how they will do it in the future. A shared view of the current state, and the goal state evaluates what is needed to be done based on the gap between current and goal state. Prioritizing the amount of urgency, time, and dividing action in short- and long-term measurable goals assist to focus on main issues. Achieving carefully thought-out results and looking at things from different angles takes time to make things clear and understandable to communicate and implement. There are no instant wins available. The challenges of leadership are tackled by blowing the game off.

All decisions must be based on the facts and analysis before the decision making, clear common understanding have to achieve about the goals and methods, crystallized and simple communication executed, before any implementation activities. Emotional decision-making must be abandoned and it must be remembered that maximum speed is not the optimum speed in decision-making because other aspects must always be carefully considered so that the risks remain manageable.

Based on author's previous experience on business development: a consistent approach to, whether right or wrong, is easier to correct than a bumping approach to leadership. Simple is beautiful in all actions is a very good rule of the thumb. Implementing a change requires the identification of key persons in the company and their involvement in the design phase in order to receive commitment to common goals. It is not enough for the management team to be enthusiastic about things. The prerequisite for success and making the change is the enthusiasm of the entire staff which is achieved through the involvement of staff in the planning and implementation of the change and through systematic communication.

Service company has all keys for success still in their hands. The atmosphere of the company is open minded, and people are treated as an individual. Things are talked about baldly and straightforward way at all levels of the organization. Service company has a talented, evolutionary and innovative staff whose skills and innovation ability just needs to be harnessed towards common goal.

### Conclusions

Alahuhta, Kone Ltd. former CEO (2015) emphasizes customer-centric thinking at the heart of doing everything. A company needs to look at things from the perspective of what customers think about the company, its products and services, in order to develop continuous competitiveness and vitality in the company Things can always be done better. Trust are at the heart of leadership. People have to be taken as individuals, genuine presence and listening are one of the most important leaders' capabilities. Prioritizing, looking at things from many different perspectives before making a decision helps keeping things clear, simple, communicative and creates genuine commitment and effective implementation. Leaders need to have a clear view of what's going on in the front line to keep the interface to real business life.

Author's opinion is that Alahuhta (2015) brings well together the key foundations of successful leadership, which is well applicable also to smaller companies. Leaders must always bear in mind that their ideas are not a step-by-step guide to success. The world is changing, and the importance of people's appreciation and relation to work is constantly changing. For millennials, the importance of work is not so performance-driven and work-centric than previous generation in work life. Millennial emphasizes comfort, individuality, empowerment and fun in their work, and they appreciate the flexibility in working hours. The main purpose of the work is to finance their leisure

hobbies and different acquisitions. This poses to the leaders new challenges for people management, recruitment and business development and continuity.

Collins and Hansen (2011) shares Alahuhta's (2015) thoughts when they pointed out how vital for business is to lead above the deadline. This means that leaders and employees have to be aware of the common goals with required actions, business and customer structure in order to build a strong cash reserve for bad days, capability to identify the different risks in their business environment and prepare in advance the impact of external change factors on the company's operations. This is overlooked by many companies in their high growth phase, when the focus is solely on growing their business. One-sided growth-oriented focus has led to the situation that the human resources are clapped-out, no common policies have been implemented, no cash reserves are available when crisis is dashing. Black Swan is usually hitting the worst possible moment for a business to do business. Then people do not know what to do and what not to do, which causes extra turbulence in crisis situations. This emphasizes the importance of values, common approaches, proactivity and a customer-oriented corporate culture in order to cope with exceptional circumstances.

Rehn (2018) emphasizes that true leadership consist of the ability to look to the future for the opportunities and challenges it presents. In this case, one of the most important characteristics of leadership is the ability to move away from the daily problem-solving process towards reflecting the future. In practice, author's interpretation is that means that the leader must have his feet on the ground but his head in the clouds so that the first signals of future changes can be detected as early stage as possible.

Kotter (2014) considers that leadership capabilities are particularly needed in new business opportunities and innovation seeking and mobilizing people for creating together new business areas. Similarly, management is needed for operational practices stabilization. Today's continuously changing world both capabilities are essential for company's business continuity.

Alahuhta (2015) and työyhteisö (Tyoyhteiso 2020.) highlighted, in the author's point of view, the important key role of effective and systematic communication in bringing about change. In this case, all parties, both internal and external, have a clear view of the company's current situation and what will happen next. There is no room for speculation, rumors and confusion, but the emphasis is on bringing about fundamental change.



Based on author's consultancy work for service company's top management service company is a strongly growing company whose leadership and management model is based on the work of round table knights and the strong expertise of company owners. This means that issues have been dealt quickly without any formalities and direct action has been taken. This type of management has enabled the company to grow rapidly. The company's rapid growth is also accompanied by growth pains. There are in many cases concurrent projects underway, so they may not be properly scored when new ones kicks off. Staying on focus, prioritizing projects and doing things right to the end properly is a good basic idea of everything to do. This approach calms the operating environment and is more cost effective and productive than current way of working. There is no room for immediate decision with immediate action as the size of the company grows, without duplicated work, hassle and frustration to inadequate information flow in all levels of the company. In this case, corrective measures need to be reviewed from a management point of view in order to involve remedial action all members of the organization and to learn from mistakes.

### 3.4 Leading new era organization

Intelligent leadership emphasizes emotional and mental intelligence in the dialogue between leaders and staff to achieve the shared vision as effectively as possible. In this case, one of the central goals of leadership is to move from submissive to enlightening leadership. Intelligent leadership aims to improve efficiency, rapid renewal, well-being and creativity. The essence of creativity is idea and novelty. The goal of creativity is to find the answers to the right questions. Creativity is influenced by the individual's motivation, stimulation, environment and ability to create associations. The challenge of creative activity in organizations is often the need for quick decision-making and often early lock-in certain decision. The leader's task is to get creative and positive energy flowing. The role of the leader is then to direct, steer energy flows, encourage, and keep things moving. Central to creativity management is the arousal of passion, which is shaped by encouraging and appreciating the atmosphere. Creativity is created through interaction between people and the environment, which requires careful recruitment, leadership, clearing the fairways, and modifying the environment (Sydänmaanlakka 2009, 174–176; Sydänmaanlakka 2014, 8–11, 114–116.)

As the world changes, people's management practices must change from traditional industrial processes to people management. The leader must act as an interpreter, mediator and prominent accountable in critical front-line fighting. In this case, a leader with a good sense of the situation will be able to make strategic corrective actions immediately. The key to a successful leader's success is to consist of people who, in addition to the skills they need, must have the ability and desire to put themselves into play. In leading an expert organization, the role of the leader is to be where the battle is under the pressure of troops, customers and competitors. As the leader delegates his or her role to others, troops become nervous, customers scramble, and competitors take the lead. The core of leadership is the ability to quickly perceive entities from a sufficiently high level in the so-called "Helicopter capability" and the ability to land quickly if any detail, customer situation or competitive situation demands dialogue with the various parties involved. A leader can not outsource key decisions that are directed at people or products. Decisions can not be made based on the messengers' estimates, because the manager must remain familiar with the front line of the business. It is not enough for a leader to be where he is now, but for the future true leader to go where it is going to happen. (Viljakainen & Mueller-Eberstein 2011, 25–28, 44–46.)

The role of a leader is to continually build playgrounds for other people in the organization, whereby leadership becomes an almost invisible activity within the organization. Success requires that the leader is successful in selecting well-motivated and self-motivated subordinates. Leadership should be tailored to the prevailing situation, position should be aligned with the hierarchy of the organization, and employees should be empowered and accounted for according to each ability and maturity. (Viljakainen & Mueller-Eberstein 2011, 51–53.)

Effective leaders make trifle of decisions focusing only on important decisions. The key to effective decision-making is to ask what the decision is about in order to identify the fact about which the decision is being made. Decisions always involve a risk and an opportunity that can be rewarded. There are three types of risk: Reversible risks that cause only minor damage in the event of failure, irreversible risks that, in the event of failure, result in serious damage and significant risks that can not be avoided without compromising business continuity. (Drucker 2008, 123–125.)

Transformative leader is the leader of new era who, by inspiring and motivating own staff, continually achieves outstanding results. A leader can get staff to act by eliciting

and being able to develop leadership also by activating staff to lead themselves. Transformative leader acts like a coach generates a sense of motivation, a sense of shared responsibility, a sense of common purpose and goal with full commitment. This is done by taking care that staff knows the objectives of the organization, focusing the organization's resources in such a way that the conditions for successful operations to achieve the objectives are there and available for the staff. The transformational leader empowers staff by encouraging and developing it by motivating and providing them strong support. Transformational leader picks out the goals and maintains the visions that guides the organization's activity that are based on the staff key value. There are very few formalities and from top to bottom type of management in creative management, which consist of adopting new common values and new concepts implementation in behavior, human relationships in relation to the organization. Planning, decision-making and action are given maximum freedom, individual differences and also conflicting views are allowed, and even valued. (Huuhka 2010, 21–23.)

The concept of quantum leadership is based on a holistic worldview where everything affects everything. Everything in the company's business environment and its organization is constantly influenced by everything and only a constant change is a permanent state. Leader has to accept continuous change and to get success learn how to act and even enjoy being in continuously changing business environment. The core of quantum leadership is a serving leader who, depending on the situation, applies different leading methods based on ethical values. This gives the leader a deep sense of commitment and responsibility in all their work. In a creative expert organization, leadership is focused and emphasized on creating visions, inspiring and motivating, creating value for the organization, reflecting on fundamental goals, and developing the culture of the organization. The qualities required of a leader focus on leading people, because the greatest challenges in a creative organization are in this area. (Huuhka 2010, 24–45.)

The success and excellence of a creative expert organization is based first and foremost on the expertise of its creative staff, its strong commitment to do its best. The benefit of the organization is perceived as a common advantage, its success is experienced as a common success and the work community and colleagues are like their own family. Shared vision and committed goals are experienced important and inspirational like their own and then the staff is truly proud of their own organization and its success. Leading a creative expert organization requires for leader excellent interpersonal, emotional skills

and his own personality integrity. Credibility requires sufficient industry expertise, which does not mean being at the expert level in leading people. Excellent leadership is made up of emotional intelligence and especially how the leader manages interpersonal skills. The visionary and inspirational leader is often not the strongest in practical operational matters. In this case, they may need to coexist the wing man to implement and manage operational matters. The second-in-command will keep leader up to date on resources and start putting the visions into practice. (Huuhka 2010, 24–45.)

People want to do things that are meaningful to themselves, and if employers do not provide opportunities for them, the meanings are sought somewhere else. A new generation of Y or Z representatives are ready to commit to their jobs and to their superiors if they feel they deserve it. Leaders need to understand what meaningful work is and how it affects people. First, the leader needs to realize why he wants to enable his employees to make meaningful work. Leading meaningful work requires understanding the people's deepest needs, interacting skills and being present all that take time and effort. This makes it possible to realize what the workplace and in its daily operations and decisions to strengthen the relevance, or which weaken it. The importance of work is the single most important factor for staying and engaging in work. The experience of meaningful work should not be served as a factor given to people. Meaningful work tells the inspired employee what good they are doing as part of their work community and this has an impact on the entire organization. From the individual's point of view, one of the most significant changes brought by working life is that networking skills become core competence. Presence of self-knowledge and ability to understand what kind of networking complements one's thinking are prerequisites for success at work. (Kilpinen 2017, 164–168)

#### Commissioner

Based on author's consultancy work and previous experience in business development service company's management point of view one of the biggest challenges are related to the unclear future vision, which reflect to their hectic management style. Where they want to be in three years, and how to get there are unclear for management and through it all activities in company. In order to remedy the current unclear situation, working groups should be set up to consider: What is service company's vision, what are their values and how they are reflected in their daily activities, what are their means of achieving the target state, taking into account the importance of creating a meaningful work environment and an open, positive working atmosphere. The team should consist

of management and key persons to ensure the quickest and the smoothest implementation breakthrough. One of the company's main strengths is that people are treated and appreciated as an individual, who has own opinions and values. This provides a good foundation and framework for planning and implementing profitable and sustainable business.

### Conclusions

Successful leading of new era organization requires that the common vision of the organization must be clear, communicative, attractive and attainable in order to strongly build the identity and spirit of the organization. This can be achieved by arranging meaningful work conditions, understanding the people's deepest needs, listening and being present. Vision execution requires also that the organization's staff has the will and skills to accomplish it. The skills can be learned or experienced in working life. Will comes from experience, the feeling of being a valued employee, who is genuinely listened to and who can influence on the development of activities. The organization must also have sufficient resources at its disposal to implement the plans. Management task is to choose the means by which the strategy will be implemented when the vision is pursued. When thinking of ways, management must consider the values of the company in order to operate on a sustainable basis. All activities should be focused, consistent and systematic, taking into account the emotional intelligence, so that the process progresses towards the organization's vision accomplishment.

## 4 VALUES AND LEADERSHIP

Values meaning appear in all business operations. How people in the organization behave, feel compassionate, are friendly, listen to others, express their opinions, enjoy themselves at work, communicate. Well-off staff also shares their well-being with others. The values purpose is to show the whole staff of the company why work here and how our family works. All this is directly reflected also in the customer interface. The better the work community feels, the better the customer satisfaction will be. Therefore, a strategy defining starting point is customer-oriented approach combined with the well-being of staff, so that the company will also be successful and well. Achieving the goal requires shared values that are reflected in everyone's daily work.

### 4.1 Definition of values

Values reflect what is believed in the organization and whose definition often raises the ideal level of enthusiasm and expectation in the organization, which can lead to frustrations and blatant disparities between reality and ideals if no concrete change in values occurs functionally. Values can also be defined as a concept of values, virtues, ideals and beliefs, whereby values are more than concrete situations. Values can also be described as something what is considered important, the choices done between different things, belief in what goals are better than others, ability to say yes or no to things which are thinking up important or less important. Values are anchored in both emotion and reason that influence on value choices. At company and community level, values are a common will. (Kauppinen 2002, 21; Aaltonen & Junkkari 2003, 60–61.)

Values can be categorized as everyday values that meet basic needs and ethical values that meet people need to be something. Everyday values are functional, primitive and practical values such as self-interest, much, doing, food, raw business, money-out and value of ownership. Ethical values are enduring values of education and top values that meet the need to be something and belong to something, what is right, common interest, mature business and mutual added value. (Aaltonen & Junkkari 2003, 65–68; Kauppinen 2002, 76–78.)

According to Kauppinen (2002, 76–78) corporate values can be classified into four sets of values, which are: *Economic values* that emphasize the importance of financial performance and profit making. *Customer values* are aimed at listening to the customer, responding to customer challenges and achieving good customer satisfaction. *Co-operation values*, which include internal efficiency, communication, and overall optimization values and *development values* that emphasize people, innovation and renewal.

#### 4.2 Values and vision management

The mission defines the purpose of the organization's existence, or its role in its future operating environment. Vision, in turn, is a view and will tied to the time of an organization, a combination of long-term goals. The values are related to the vision-level leadership process, which defines the will and anchors the vision. Values influence how an organization defines its will or vision. Vision and values together form a description of will and end result, which includes clarifying the will into a communicable form, creating a long-term common focus, and engaging through value anchoring. Value anchors link current observable actual behaviors and actions to a goal-oriented approach. (Kauppinen 2002, 48–50, 98–99.)

A good mission tells exactly where to go, and values tells how to get there. An efficient mission answers to the question, "how to win this business." This is done by balancing what is possible and impossible with giving people a clear sense of direction towards profitable activities and the inspiration that they are part of something big and important. The values must be so descriptive that people can see them as a mission march instruction on how to win. Creating values must be an iterative process, with the company management creating the first version, which is repeatedly worked on by the rest of the organization. Management task is to show up to make sure they have succeeded in creating an atmosphere where people feel they have a duty to influence. (Welch 2005, 13–18.)

According to Kauppinen (2002, 92–100) vision management is a derived interpretation of a common vision for different units, groups and functions of an organization, seeking a common understanding through a genuine dialogue between management and the organization. Vision management is also about directing will, resources, organizational integration and proactive co-ordination. The goal of vision management is to transform an organization's operations from reactive to proactive.

Company's management owns the responsibility of vision management. From an organizational perspective, leadership from the perspective of the individual, the vision gives meaning to collaboration and coordinates daily choices and actions. Vision awareness is important because it inspires people to influence others to achieve the vision. Creating a preliminary vision is a management task. Management can use other members of the organization or external experts to help create the vision, but the end result should reflect the space management is taking to the organization. Valuing is a key part of a forward-looking management process because genuine will is based on common values, which are anchors to the will. Visions are anchored to existing values that are given targeted content. An essential part of vision management is value anchoring, without which visions remain external and do not become guiding views. In the vision management process, values are linked through dialogue and understanding to vision desire, whereby values are internalized simultaneously as the visions gain their understanding. In an organization, lower-level visions are derived from upper-level visions whereby, as the interpretation of the vision becomes more concrete, understanding deepens and spreads within the organization, visions become anchored, perceived as 'theirs'. (Kauppinen 2002, 92–100.)

#### Commissioner

Based on author's consultancy work for service company's top management and steering group and top management interviews the conceptual definition of vision, values, mission in strategy work is identified as a clear area of development that is currently reflected in all daily activities.

According to the author's previous experience in business management roles in different sizes of companies the more precisely the company's common values and goals are planned and communicated, the easier it is to take the operational implementation through. Similarly, the weaker they are made, the more difficult they are to be jointly understood and implemented. In this case, the business lacks both a strategic and an



operational basis and there will be challenges to run sustainable and continuous business both in strategic and operational level unless existing practices are reformed.

### Conclusions

Kauppinen (2002) emphasizes the importance of values and visions in successful and sustainable business development and management. On the other hand, Kauppinen may focus too much on executive-level central importance when considering visions and values, partly ignoring the importance of staff participation in planning, designing and implementation. Welch (2005), for its part, clearly highlights the importance of people, values and iterations in the design and implementation of visions. Alahuhta (2015), Mitronen & Raikaslehto (2019) and Ritakallio & Vuori (2018) pointed out the key role of the staff in planning designing and implementation of company values that enables continuous development of the corporate culture and company's ability to act quickly and consistently in changing circumstances, (chapters 3.1 Living Startegy and 3.3 Leading in critical phase).

## 5 FUTURE CHALLENGES FOR BUSINESS

Predicting the future is difficult because the world is constantly changing and where nothing else is certain but uncertain. However, it is possible to get weak first-hand signals of future opportunities or threats, which could possibly happen. Detection of the first wings of change requires the company management and all company personnel to be awake, constantly scanning the operating environment to detect any changes early enough. This will allow the company to react proactively for future changes more softly than in a forced situation and gain a competitive edge over the industry.

The following chapters describe trends, weak signals, general outlook in restaurant industry, possible expected changes in business environment, consumer habits and service company's top management sights of the future.

### 5.1 Trends and weak signals

A weak signal is an indicator of a potentially emerging issue that may become significant in the future. Weak signals supplement trend analysis and they can be used to expand on alternate futures (Sitra a 2019.) Trend is a common tendency or direction of a development or change over time. Megatrend is in question if it occurs at global or large scale. A trend can vary from: strong to weak, ascending to descending or it can be stable. There is no guarantee that the previously observed trend will continue unchanged in the future. Megatrends are the great forces in societal development, which are likely to affect all areas of society and the future over the next 10 to 15 years. Megatrend is defined as a large, social, economic, political, environmental or technical change, which formation is tardy progressive. Once set in motion, megatrends will affect a wide range of activities, processes and concepts, as well as government and society, possibly for decades to come. The trend is an upward pattern of change that is likely to affect large social groups or even municipal government, requiring responses and new measures. (Foresight Platform 2019.)

## Megatrends

According to Sitra Megatrend Cards (Sitra b 2019.) there are megatrends that will likely affect insignificant amount in the future business and environment regardless of the industry, in one way or other. Following main points were picked up Sitra's Megatrend Cards (Sitra b 2019.) from the future restaurant business perspective.

*The structure of work will change:* Platform economies and new organisational models will challenge the traditional employee-employer relationship. Work can be organised, and its benefits shared in many ways. The traditional division between unemployed, employees and entrepreneurs will not necessary apply in the future as the number of retired people working as freelancers, people whose work is project-based and people in a variety of in-between situations will grow.

*Creativity begets work and well-being:* As work becomes digitised, more positions emerge in the creative areas where machines can not be used as substitutes. Arts and experience are areas in which most people look for meaningfulness.

*Decision-making will become problem solving:* In a world with information, it is increasingly difficult to find straight answers. In the future, decision makers, information providers and solution providers should learn from each other. Instead of making on-off decision matters, people should be committed to taking a joint journey of learning and development.

*Emphasis on meaningfulness in business and management:* As both consumers and employees, people want to commit themselves to a bigger purpose than to the mere seeking of profits.

*Emphasis on social capital:* There is an emphasis on social capital, both from the viewpoint of well-being and from perspective of working life. Social capital means social networks, and the trust and reciprocity created them.

*Understanding of the globe's bearing capacity* is increasing the earth is morphing into a small planet for the great human species, both ecological and spatially.

*Peer and sharing economies will become more common:* Collaborative production and consumption and peer and sharing economies will become more common operating models. Technology will enable the easy production, consumption and sharing of

increasingly diverse things. Transformation and new operating methods will be seen in more and more fields, whether it be food, transport, tools, housing, hobbies or sports equipment.

*Focus on consumer health and wellbeing:* People are increasingly able to look after and improve their health. The scope of well-being also covers our experience of inclusion, meaningfulness and understanding our own possibilities. On the other hand, health and well-being may be the factor that is increasingly separating and dividing different parts of population.

*Smart goods and services will become more common:* Ecological approaches combined with technology will create increasingly smart consumer goods and services with competitive quality and attractiveness. There will be an emphasis on the ease of use on the user's perspective.

*Extending lifespans and an aging population:* People live longer and there will be a shift towards older people in the population's age structure. Young people in Western societies will become a minority. Young people can not be held solely responsible for the assimilation of new methods, technologies and sustainability in their activities. On the other hand, functional ability may become a more important factor than age in the future.

*Virtual and augmented realities will be more common:* In virtual reality, people become immersed in a wholly simulated world, whereas augmented reality supplements the real visible environment. Both modified experience of the living environment and enable new skills. For example, various kinds of entertainment, travel and cultural experiences can become possible in an entirely new way without the need to move from one place to another.

*Hypoconnectivity will grow:* The use of web-services will increase and spread, and hypoconnectivity- the constant connectivity of everything will continue to grow

*The circular economy will become increasingly significant:* A circular economy is an economical model in which the production and use of goods or services minimise waste; materials remain in circulation and their value is maintained. A circular economy not only includes recycling, but also sharing, leasing, repairing and recycling, themselves practices that require new technologies.

*Robotization* enables services which are either or wholly or partially automated or makes wholly automated production possible. Technology companies, for example, are developing personal robot assistant.

*The use of Artificial intelligence will spread:* Artificial intelligence helps people interpret large amount of data and act together, enabling a new way of talking advantage of collective intelligence. At the same time, there are several ethical questions associated with artificial intelligence, such as the transparency of the algorithms, the responsibility involved in the decisions, the ownership of used data and distortions in the data.

Some of the megatrends describes above are recognizable as weak signals of changes, which are going through in the next section.

#### Weak signals

According to Sitra (Sitra a 2019.) the interpretation of weak signals in practice means, that following weak signals are affecting the restaurant business in the short run by the following way:

*Meaningful living environment and care* means that customers demand more information and transparency about where and how food is prepared. Awareness of requirements for how sustainable development and the circulation economy has maintained in the restaurant has grown and it is growing significantly.

*Job descriptions and meaning of the work change:* The need for personal service and interaction between restaurant staff and customers will increase in the near future instead of traditional restaurant services “only by the separate request”. Generation Z and millennials work is not the most essential value of the life but merely a means of financing leisure activities and separate purchases which they hold in great esteem. Leisure time and the opportunity to socialize are valued more than shift or evening work, which are typical restaurant work phenomenon. New values put increasing pressure on restaurant management about what and how to hire reliable professionals with social interaction skills for permanent employment relationships.

*Digitalisation, Robot and AI (Artificial Intelligence) services:* Digitization will rapidly spread as part of the production and exploitation of restaurant services and information on a larger scale. Robot and AI requires large financial investments. Small and medium

size companies this means that they have to wait leading edge peer to peer solution where they can share the investment costs with others.

*Peer and sharing economies will become more common:* The prolonged downturn and the resulting decline in purchasing power make it increasingly necessary to seek peer to peer opportunities in procurement, logistics, employment, analysis and exploitation of information in order to get success in business.

*Virtual and augmented realities* will be common part of will become more widespread in restaurants to provide customer experiences and services in the near future. This will quickly spread to restaurants as virtual games and their offerings became more common because this will not demand large financial investments for the restaurants.

## 5.2 Restaurant business challenges in the 2020s

According to presented theories, online communities are considering the following key phenomena affecting in the restaurant industry of the future:

Transparency no longer stands out. Restaurant operations are becoming increasingly transparent. Customers expect restaurants to also help the consumer to make sustainable choices. Eating out in restaurants becomes a daily thing. Restaurant dining will be even a stronger option in the future to feed the hungry alongside the traditional grocery store and home cooking. (Keskpro 2018.)

More and more people come to the restaurant without making a table reservation. Customers' demand for more flexible service makes restaurant process management and customer service more demanding. In the future, intelligent solutions and automation will be developed to facilitate staff routine, such as ordering goods. Experiences will count as much as the good food. Good food is not enough - people are adventurous and want to be surprised regardless of the choice of restaurant. (Eater 2019.)

The rivalry between restaurants is growing, and the differentiating, experiential elements of restaurant dining are emphasized. More and more people are choosing "kalsarigourmet" - quality take-away food. Take-away food must offer the same visual experience as eating on site. Besides being visually pleasing, the packaging must be sustainable. This has already been implemented in restaurants for example Woodshed home delivery. The pace of renewal is accelerating. Restaurant concepts need to be

modified even in faster cycles. Customers' varying requirements make it challenging to stay on top of the change. Successful restaurants are proactive phenomena. The restaurants of the future will go where the customers are: they are more and more pop-up in public areas, such as museums or clothing stores. (Keskpro 2018.)

According to many restaurant business owners, the future in their sphere is speed. Of course, in an unstable economic situation, it is also worth focusing on affordable prices. People always want to eat simpler dishes, and at the same time, service plays a crucial role, because today time is the most precious commodity. There are hardly any people who, having come to a cafe and a restaurant, will be satisfied with a half-hour waiting for their order. As practice shows, average customers are willing to spend about 5-10 minutes waiting for their meal. Already, many institutions have begun to actively introduce automation systems that significantly accelerate the service of visitors. In the future they will be used everywhere. (Smart Touch 2019.)

In restaurant establishments, the most important thing is to guarantee the customer high-quality and fast service. The applications themselves should not be overloaded and run as quickly as possible even in the case of a large number of reports. When a restaurant implements high-quality automation program, they can count on real success in the shortest possible time. The electronic menu is considered an ordering system, thanks to which the guest, using the tablet's screen, can independently track the assortment of offered items, at any time with the help of the waiter, make an order or ask to bring drinks. The presence of an electronic menu is a guaranteed increase in business efficiency and the level of service: with the help of fast and full-fledged execution of orders, the institution's income will increase, and full-fledged automation will help reduce the load on employees. (Smart Touch 2019.)

Effective customer interaction. Thanks to the discount cards introduced into the automation system, it will be possible to monitor the behaviour of visitors. For example, if a regular guest does not start to visit the company so often, the customer should call back and find out which service is not to be liked. Thanks to feedback, it is possible to quickly and efficiently build the main processes in the company. Customers really like being paid attention to them, so with a high degree of probability they will come again and advise a restaurant or cafe to their relatives or friends. Moreover, with the help of automation systems, it will be possible to digitize statistics data in order to correctly formulate staff motivation, because earlier it was difficult and ineffective to implement. (Smart Touch 2018.)

Loyalty program. The loyalty program is considered not only a short-term marketing tool, but also a strategic and integrated initiative. It will not be enough to provide the customer with a discount and a bonus, since customer loyalty is formed using a thoughtful chain of actions. After working out the details at all stages, it will be possible to guarantee real efficiency. The loyalty program itself and its success will depend on the level of quality of the project support: then are talking about regular analysis of performance indicators, creating new mechanics, choosing relevant communications for different groups, and so on. (Smart Touch 2018.)

Protection against dishonest personnel. Most restaurateurs today are faced with yet another problem: concerning with theft by staff. Employees can paint products, fake reporting, provide discounts on dishes to their friends and acquaintances. In the near future, when the automation system is introduced, it will be possible to monitor online what is happening in the cafe online, as well as receive special reports. Electronic invoice orders are stored in the system (and the waiters need to print them on a special device and provide them to the customer), which significantly reduces the chance of fraud. The employee will have to “deposit” to the cashier exactly the amount that previously went through the main accounts. Among other things, it will be possible to limit the rights of personnel associated with certain actions in the system. For example, company can turn off the ability to provide discounts to employees. As a result, the automation system will be a real chance for the business to reduce all unnecessary costs. (Smart Touch 2018.)

Global brands effectively integrate restaurants into their offerings. Ikea meatballs are about as popular as their furniture. An astonishing two million meatballs are eaten in IKEA's 340 store cafeterias worldwide every day. (Mashed, 2019.) There is a newcomer on the Finnish market – Japanese famous brand Muji. The founders of Muji created an ascetic, high-quality, affordable products without a brand name or designer name. Packaging simplification is one of the main messages of the brand. Products sold in Muji stores will remain unchanged for years, emphasizing sustainable consumer thinking. Restaurant as part of the overall offering and it is located inside the store. Muji restaurant in Kamppi sells lunch that includes traditional and authentic Finnish and Japanese dishes. (Taloussanommat 2019.)

The world's captivating robots can be found a plot for almost every mediocre sci-fi movie, nowadays it can be a reality in the service industry. Oracle suggests that it could also see this technology infiltrating kitchens, with the latest technology enabling staff to ‘talk’ to appliances while they work. In many restaurant chains, self-service machines have



overtaken traditional man-made services, but the use of self-service machines could also extend to the preparation and creation of the food itself. (Econsultancy 2019.)

In 2018, tech start-up company Momentum Machines applied for permission to open a robot-only type of restaurant. Robotic restaurant project progress is difficult to find detailed information but this example shows that robots can be potential replacement both services and chefs. Companies like Heston Blumenthal have been experimenting with dining as a sensory experience for years, it is now going beyond what is on the actual plate, with utilizing virtual reality being used to transport diners emotionally to another place entirely. Samsung is one of the first tech brands to get on board, rolling out its Gear virtual reality (VR) glasses to restaurants that want to create more than just a bog-standard meal. (Econsultancy 2019.)

On a larger scale there are many major changes in the restaurants' business environment that will affect restaurant operations in one way or another; Climate change, urbanization, lack of cultivable land, food safety and water saving. There are many reasons why new food production technologies are now of interest worldwide. There is a tremendous pressure to change the food system, for both climate and environmental reasons, but also for health reasons. The burden of malnutrition on the national economy and on people's own health is huge. The change requires that the technologies are truly deployed from research institutes, says Lauri Reuter, VTT (Technical Research Centre of Finland) researcher. (Talouselämä 2019.)

The IRT Table – an interactive table for HoReCa (Hotels, Restaurants and Catering), malls, and airports is no longer an item from a SciFi movie; it offers customers a state-of-the-art ordering system, entertainment and a new way of communication. The waiter-independent ordering system, with sharp graphics and smart suggestions, allows and encourages guests to order more and more. With IRT technology they do not have to collect their orders in one large list or wait for their waiter's recommendations. According to Interactive Restaurant Technology recent research indicates that this innovative feature alone can increase the average restaurant bill by up to 32%. IRT tables can already be found from the restaurants in Russia, Canada, UK, Ukraine, UAE, Cyprus and Estonia. (Interactive Restaurant Technology 2019.)

## Conclusions

It is crucial important for the restaurant entrepreneur that they continuously monitor the operating environment, avoid language barriers in communication and strengthen their networks capabilities in order to be able proactively prepare for the future challenges.

*Continuously monitor* the operating environment so that weak signals of the changes in the business environment can be identified as early as possible. Adapting service design an integral part of continuous business development in order to find out what customers' really want and how the customer experiments can be improved. Map company's target customer groups. It is essential important to think about what kind of customers company wants to reach and what needs and desires do they have. Taking into account how to develop products, product concepts and services directly together with the target customers. Invest and develop the product selection. Some customers appreciate internationally renowned brands and quality, while others look for local specialties.

*Avoid language barriers.* Mutual language facilitates communication. It is crucial to make sure the restaurant has menus and drinks lists in the most common languages (at least English), serving the majority of customers.

*Strengthen company's networks.* Network with area business, for example other businesses in different business region. It is essential to be visible and remember the old rule of thumb in all business activities "Out of sight is out of mind". Make sure that business can be found on the social media services mostly used by travellers, such as TripAdvisor, Facebook and Foursquare and also TimeOut, not so known in Finland. The restaurant and business information should be up to date with local news so new and old customers know where and why it is worth of coming. Advanced technical solutions in service production and news coverage should be utilized in communication. First of all, be proactive in all company's operations. It will save the staff from extra effort, time consuming activities and unnecessary and unexpected expenses.

### 5.3 Future insights in restaurant business

This chapter consist of the theme interviews with service company's CEO 07.11. 2019. and Restaurant Business Director 14.11.2019. Theme Interviews purpose was to gain deep understanding and perspective of the past, current and the future restaurant business development from the point of service company's top management.

## CEO's interview

According to CEO the restaurant culture development in Finland is very slow compared to other European countries; for example there was a prediction that the popularity of the seafood restaurants will grow significantly as it did in other Nordic countries, but the break-through still has not happened. Unfortunately, for the majority of mid-range restaurant visitors in Finland prefer pizza or kebab type meals; these choices seem to remain the most popular so far. The importance of vegetarian food in Finland was also supposed to be a rapidly growing phenomenon, however, in reality it also turned out to be a rather slow process, though as the trends, such as environmental consciousness and concern for sustainability grow; the consumption of vegetarian meals will also grow in the future.

Customer consumption habits in Finland have changed slowly but significantly and will change also in the future, therefore it is crucial for restaurant business success to follow new consumption trends and changing customer behaviour in order to remain on the top of the game. Meals during business hours and locally produced food importance show the tendency to only grow in the future. Easy and user-friendly ordering options, fast delivery methods, simplified payment methods and usage of different customer-friendly technologies will play the key roles in successful business development in the future. Other key issues any restaurant business has to implement into its operations in the future are cost-efficiency, sustainable development, increased utilization of biodegradable packaging materials and usage of locally produced, preferably organic, goods. CEO takes Kotipizza as an example, who started to use eco-friendly materials for their packaging. As a result, the prices for pizzas have increased, but the sales have significantly increased as well. Service company's restaurants are now selling the left-over lunch food for a fixed price per kg, which resulted in a very positive customer response.

Alcohol consumption in restaurants in Finland has changed; the customers enjoy alcoholic beverages mainly with meals. If the government regulated alcohol consumption policy does not change, the restaurant owners will suffer from alcohol sales losses and will be forced to quit business operations; for example in Helsinki eight-night clubs closed their doors during the fall of 2019. Another negative trend in restaurant business in Finland nowadays and by the looks of it also in the future is the shortage of professional restaurant staff, said CEO.

At the end of the interview CEO highlighted that the following trends will remain and needs to be followed to remain successful in the business: company responsibility and transparency, sustainability, local and organic produce and ease, flexibility of restaurant services and the growing importance of Service Design in all the business operations planning and execution.

#### Restaurant Business Director interview

According to Restaurant Business Director restaurants in Finland will play a more important role in people's everyday life in the future. Particularly in the big cities, where life has more pace, there are more single customers, families with no children or tourists, restaurants are being more and more visited on the weekdays, and not just during the weekends or holidays. Dining and free time culture is changing because of the pace of life, possibility to do distance or freelance work, migration and new generations' preferences. Many customers no longer wish to spend time cooking at home but prefer to eat out or take-away. In order to meet this growing demand, restaurant owners need to offer more affordable, but quality food outside the lunch hours.

Restaurant Business Director emphasized that the businesses will still profit from volumes of restaurant goers if the menu prices go down. As an example, he mentioned the situation where economic recession in Finland may last for a while and that will result in fine-dining restaurants' losses, in the meantime mid-range/budget and fast food restaurants can prosper if they offer their customers quality, but affordable meals. Restaurant Business Director also highlights that the importance of healthy and vegetarian food will steadily grow in Finland, and the company's transparency and responsibility will be even more important in the future. When it comes to service company's core business, business lunches, Restaurant Business Director says that the importance of these meals will only grow in the future and will follow such trends as individuality, fast pace, great customer service and experience. Large chains that offer only one-type meals and services at all their locations may suffer from losses in the future.

After Work concept is gaining more and more popularity in Finland, but it is mostly suitable for the big city citizens, where there are many singles and solo visitors from other cities/countries. Restaurants offering After Work menus are mainly located downtown and usually have some other attraction besides basic food and drinks. During the interview, Restaurant Business Director highlights a few times that all the restaurants in

the future and already nowadays should offer more than just food and good service, some experience or special feeling that the customers get when they visit the same place repeatedly, something that gets them hooked.

Restaurant Business Director opinion is that the importance of service design in restaurant business will grow. Business owners do not often have enough time or resources to stop and think what that their customers may want in the future and how to keep their loyalty and grow sales? In the future businesses located inside other supporting business clusters may hire a shared service designer or a marketing professional to develop a mutual strategy for all the clustered companies instead of doing it individually. Creation of business networks and joint ventures will grow during the times of recession; it can help to save costs and enhance the use of human resources, especially in the field of sales and marketing. Restaurant Business Director does not see the need for various business collaborations when the times are good, since ideally there will be no sick or poor when the economy is flourishing.

When it comes to a valid issue of aging population in Finland, Restaurant Business Director said that at the moment retired customers have more money than in the past; they tend to sell their homes in the country and move to centres where all the services are available in the vicinity. They have time and money to spend in the restaurants and therefore are an important customer target group at the moment.

Restaurant Business Director supposed that the technology is a helpful tool for restaurant business owners, the usage of AI in particular to help collecting data, analysing and using it for future development. He says that at the moment the usage of technology in Finland's restaurants is not utilized properly, but he does believe that its importance will only grow and one day we may see the restaurants offering virtual reality experiences as a vital part of restaurant services.

Restaurant Business Director is also concerned about political changes; for example changes in taxation system and if bureaucracy in Finland will remain on the same level, or the laws and regulations may even become tighter it will be more time consuming and this will be out of the restaurant's core business development time.

To conclude, Restaurant Business Director pointed out that the working moral has changed, and this can be verified from the Millennials' and Z-generation' very different spending habits. They are not saving for retirement but live in the moment and are willing

to spend their last money on an expensive cup of coffee or a pair of designer boots. They are more into individuality, experiences and spontaneity, and therefore restaurant business owners have to take that into account. In 40 years, he hopes to see service company's restaurants occupying a niche in catering for businesses, but on a larger scale. Restaurant Business Director wants the customers to have the positive experience associated only with their brand when they visit service company's restaurants. Restaurant Business Director assumed that they can bring more to the table than good food and professional service, as to become a part of that daily experience customers wish to have. Restaurant Business Director believes that technology will help them to achieve their goals, but, in his opinion, nothing can replace a human contact during dining experience, no robot can be as good as human when it comes to the excellent customer service that service company's brand wishes to provide now and in the distant future.

#### Summary of the future insights

Future insight summary is based on the megatrends, weak signals, netnography, and theme interview's main points, which have been viewed from the perspective of the restaurant business.

The pace of renewal of restaurant services will be accelerating in the future. There will be different type of restaurants for every taste. Therefore, restaurant concepts and service design need to be modified and implemented even in faster cycles which are used to today. Customers' varying requirements make it challenging to stay on top of the change or leading the change. Successful restaurants are proactive phenomena.

Restaurants will become multisensory experiences and therefore the staff's interaction skills will become more important factor as a part of overall service image. Sustainable development and the low-carbon economy will be emphasised, and the use of plant-based foods will increase in the future. The rivalry between restaurants is growing, and the differentiating, experiential elements of restaurant dining are emphasized as key factors for success in the future. The restaurants of the future will go where the customers are; they are more and more pop-up restaurants in public areas, such as museums, clothing stores or at private homes.

Based on the theme interviews with service company's top management, the way they see themselves in 3-5 years forward is occupying the same niche they have firmly established themselves in already – business catering. However, they are looking

forward to having a more creative approach and offering their customers an “all in one” experience supported by the advanced technology, but not stripped off human contact and touch.

Maintaining on their core restaurant business is a short-term solution, which purpose is to ensure their daily profitable business operations and create the solid base for sustainable growth in the future. However, author considers focusing on the future perspective as one of the most important business success factors and capability to analyze what these future trends and weak signals changes, if any will mean in terms of: leadership methods, company's values, staff structure and trainings, investments, service concepts, facilities location and design and what will be long term profitable business structures. Essential questions for the steering group to be considered are: Where and how to make a profitable business in the future, what kind of competences are required, what existing business need to be developed, what current business maintained and what business areas have to ramp down. These questions and different viewpoints are start up to plan and design future scenarios and required actions.

## Conclusions

Despite the different forecasts, customers' consumption habits in Finland have changed much slower than expected. Traditional food and fast food are still valued more than different healthy options. This is well reflected for example in fish food consumption is also growing very slowly in restaurants. Partly low demand for seafood is likely to be explained by the seafood high purchasing price and its preparation requires time-consuming work. The importance of alcohol in restaurant supply is likely to diminish in the future due to Finland's strict alcohol taxation policy.

More and more people will come to the restaurant without making a table reservation. Customers' demand for more flexible and 24/7 service makes restaurant process management and customer service more demanding. The importance of quick service and ease of service will be further emphasized in the future. In the future, intelligent solutions and automation will be developed to facilitate staff routine, such as ordering goods in restaurant via intelligence table on the spot, delivering portions from restaurant to home with drone, robots in manufacturing process, utilization of virtual reality in service production. Good food will not be enough for future customers. They will appreciate an adventurous and comfortable restaurant services and want to be surprised regardless of the choice of restaurant.

More and more people will choose take-away food with home delivery possibilities. Take-away food must offer the same visual experience as eating on site. Besides being visually pleasing, the packaging must be sustainable. Customers' appreciation for sustainable development will grow even more. Biodegradable dishes, recycling, environmental and other people responsibilities will be emphasized when choosing restaurant services companies.

There are multiple variables that are influencing restaurant business development now and will continue to do so in the future in one way or another: climate change, urbanization, lack of cultivable land, food safety and water saving. There are many reasons why new food production technologies are now of interest worldwide.

Pensioners will have a significant purchasing potential for restaurants, because so far, the pension accumulation has been at a good level. However, the situation will change in the near future due to increased temporary work, part-time work and trick employment measures, which will prevent future pensioners from accruing a pension with high purchasing power.



## 6 RESEARCH AND ANALYSIS

The study was performed by using various research and analysis methods described in the following sections.

### 6.1 Observation

Observation is a way of collecting data through observing. The researchers have to immerse themselves in the setting where the respondents are, while taking notes and/or recording. Observation can be structured or unstructured. In structured or systematic observation, data collection is conducted by using specific variables and according to a pre-defined schedule. Unstructured observation is conducted in an open and free manner. The main advantages of the method collecting observational data are direct access to the studied objects. At the same time, observation method is time consuming and the observer may have an impact on primary data since observer's presence may influence the behaviour of the observed. (Research Methodology 2019.)

Observation allows a researcher to obtain information about how people behave and what happens in a natural operating environment. Although, when observing different things every day, research observation is not an occasional viewing, but a systematic observation. Observation is used either independently or generally as an additional support to an interview or a survey. Observation allows access to the natural environments of events and it is possible to get information on whether people act as they say they do. The observation work begins already before the actual observation begins, because it requires careful preparations. (Ojasalo et al. 2014, 114.)

The observer may need permissions; observation in public places does not require a permit, but the researcher should act in accordance with local laws and regulations. There are fully passive observers who are not involved in the activities of the researched organization and organizational consultants. Generally, throughout the development of the project the observer fluctuates between these two roles. (Ojasalo et al. 2014, 42, 114–117.)

Observations may be structured or unstructured. Unstructured observation is used when the researcher wants to receive diverse information. The method of observation has

been criticized for the observer being able to disturb the situation to be interpreted by his presence and even change it. This problem can be mitigated by the fact that the observer visits the situation under investigation several times in advance before starting to collect the actual observation material or extend the observation time. This way, the surveyed become accustomed to the presence of the observer and the observer knows better what the event typically looks like and what are the non-normal events. (Ojasalo et al. 2014, 116–117.)

Systematic qualitative observation method was selected for this research as it allows the flexibility to execute unnoticeable observation and obtain a lot of diverse information from real situations. Author was granted the permission to freely observe steering group meetings and participants activities during the meeting and during author's previous three different research execution. Systematic qualitative observation method allowed for observer to obtain information about how people behave and what happens in their natural operating environment. The observation of this research was executed systematically by participating steering group meetings as a role of senior consultant and the material was collected from December 2018 to April 2020. Observation method's results were used as an additional supporting materials for semi-structured steering group interviews planning and result analysis.

#### Observation targets in steering group meetings

Meeting arrangements and strategy: How well beforehand steering group meetings arrangements have been informed and organized, the content of agenda and meeting duration. How company's visions, values, mission and strategy came to the fore at meetings.

Steering Group members activities and attitudes to each other and decision making: Participants speeches and staying on the agenda and schedule. How the decision progress and action points were distributed and implemented. How the monitoring of the achievements has dealt with in steering group meetings. Overall atmosphere in steering group meetings: how the rush and performance pressures were reflected in the meetings.

#### Conclusions

Steering group meetings are generally well-informed and calendar invitations with agendas are available in advance to all participants. Company's visions, values are partly

reflected in the contributions of the participants. Mission and strategic goal repeatedly tend to be forgotten, focusing too much on the day-to-day operational issues of the company.

Steering group atmosphere is generally tolerant and open to new ideas for developing and renewing business. Sometimes feelings can get a little hot, but things are treated openly and not considered as a personal insult. Participants dare to bring actively forth new innovative ideas and even painful issues without fear of judgment which reflects company's values and good togetherness very well.

Decision making and action points distribution for the steering group members sometimes get a little hanging in the air because they are often not addressed to anyone but are expected someone to take a booth for their care. For the above reason there is also room for improvement in the monitoring of achievements. Based on author's role as a senior consultant budgeting, economic monitoring, financial forecasting and reporting have significantly improved from the baseline 2018. Significant work remains to be done in developing and integrating economic systems together with other operational and evolving systems, such as store systems, shift scheduling, billing to provide a real-time snapshot of the current state of the company. This requires extensive functional descriptions of the different activities of the company as well as substantial financial investments.

Based on author's previous experience in large projects and services steering group practices the following development suggestion for steering group meetings are recommended: Duration of the meeting is max one hour so focus remains on the essentials rather than reporting the daily operative issues, which should be addressed in different working groups. Participants have maximum 10 minutes to report achievements, deviations and risks in their own responsibility area and highlight the issues which needs board's decision making and action points distribution. Acting in this way achieves efficient use of time and focuses on decision-making core issues. In the words of the CEO in the steering group meeting 20.01.2020: "We all need to think about what issues we are dealing with in our steering group meetings, how much our meetings cost for the company and how this benefits our company's success"

The work of the steering group should be aimed at ensuring the long-term smooth operation of the company. For this reason, steering group focus must be on achieving

strategic goals. Reflecting following in order of priority, the most important first start up questions will assist to clarify the role and tasks of steering group:

1. What is the purpose of the steering group?
2. What is the right structure of steering group?
3. How the steering group should work and how often it meets?

Once the highlighted points 1-3 have been resolved, the next step is to start considering other management issues:

4. Where they want to be in three years?
5. What they need to do to reach their goal?
6. What are their values, how they are reflected in actions?
7. What skills they have, what they need to acquire, what to develop, what to give up?
8. How to develop their leadership capabilities?
9. How and when they measure their achievements?

## 6.2 Interviews of steering group members

How current leadership practices can be better developed to meet the needs of future profitable and sustainable business growth demands. The answer to this research question is sought in semi-structured interviews with questions to the steering group members that are used to map their visions of the future target state and the current state from a management perspective. Research of the current leadership and dream leadership model is based on semi-structured personal interview of the all steering group members. Research leadership semi-structured interview questions are:

1. What is your dream vision how to run business in the near future 2-3 years perspective to get success in business (missions, values, strategic goal coming true)?
2. What are pros and cons in current management way?
3. What should be done in order to achieve your dream management state?
4. What your competitors says about company's current management style?

Company's steering group members consist of CEO, Restaurant Business Director, Chief Financial Officer, Director of Communications and Chief Operating Officer. Semi-structured-interviews interviewees and timetables are described in table 3.

Table 3. Steering Group semi-structured interview timetable.

Interviewee	Date
Chief Operating Officer	20.01.2020
CEO	23.01.2020
Director of Communications	23.01.2020
Restaurant Business Director	24.01.2020
Chief Financier Officer	24.01.2020

The values in the context of the results means that, in the same theme or among other themes, things having the same meaning came to light in another way. Similarly, in the case of presented values, if not 5/5 do not accomplish, this does not mean that there is disagreement, but their opinion did not appear clearly during the interviews.

*How is it going* expression act as an opening statement and an opportunity to break the ice in order to obtain relaxed atmosphere and free conversation situation. On the other hand, its purpose is to find out how different people feel mentally. The general observation was that people are very committed to their work and may be partly because of this, exhausted.

*The first theme:* What is your dream vision how to run business in the near future 2-3 years perspective / long term interviewees approached in two different ways. Generally, the interviewees found the theme difficult because the theme was not exactly defined. The delimitation was deliberately omitted to receive as deep information as possible on potential business pain points. Some of the interviewees looked at the future in terms of current operations and what should be developed to make them more successful in the future. The second part of the interviewees directly assesses to the ideal state of the future ignoring the current state. Both approaches provided crucial information into company's strengths and improvement areas of current management practices, working methods and how the future was viewed from different perspectives.

Current management and working methods were considered impulsive with a short attention span, emotional basis way to run company. Company's values, mission, big picture was unclear (4/5). Current organization structure was considered too heavy consisting too many directors, managers in all level compared to the size of the company and business (3/5). Research and fact-based decision making, creation and utilization of

common concept, lessons learnt type of approach with which the goal of the organization is to learn from the mistakes made and accordingly utilize its successes were identified development areas (3/5). Correspondingly personnel commitment to the company goals related to the future target state accomplish was identified development area (3/5). Professional recruitment methods and stable financial state were with one consent identified to the prerequisite for reaching the future target state (5/5). Professional management model, clear big picture and business plans including proper implementation plans, required competences were identified to the development areas (3/5)

*The second theme:* What are pros and cons in current management way. The company's core business was with one consent considered to be in good shape (5/5). Short term main objectives were clear for all steering group members (5/5). The perception of the company's big picture was not clear to the members of the management team (4/5). Main focus and prioritization were considered missing in management level plans and decision-making process. These were identified caused by the lack of research and fact-based approach in decision making in current management model (4/5). The biggest difference between the first and second theme turned out how steering group members recognized or saw long-term goals or are there any.

*The third theme:* What should be done in order to achieve your dream management state. This theme was familiar with all the steering group members and they have a common understanding of the required actions. Company vision, strategy, values, mission have to defined and clarified again with clear and simple implementation plan. Organization structure, competences, roles and responsibility areas have to be renewed responding better new defined strategy and values. Internal trainings need to be arranged into all company levels. Key persons identification and all personnel commitment to company goals have to be arranged. Recruitment and management processes need to develop more to professional direction. Responsibility and decision-making should be built as close as possible to the customer interface. The management team should focus more on inventing future business opportunities and solutions. Short-term emotional based management style needs to be overcome at all levels.

*The forth theme:* What your competitors say about company's current management style. It was generally believed that competitors were wondering about service company's organizational structure and how they could afford to keep so many directors and managers without participating to executive work.

Company's management model is considered based on S-group model which is too heavy for current purposes. You are mad or they consider service company as a strange bird in restaurant industry were the phrases which pop up during interviews. On the other hand, competitors are wondering about service company networking capabilities with other companies and the regularly hold events. Some of company's competitors will probably benchmark service company's operating models.

### Conclusions

Steering group members have widely recognized strengths and pain points in their current management model. Running everyday routines with old familiar methods, extinguishing urgent operational fires take all the available time for the management, and therefore there is no time to plan, design and implement renewal of the business and operations. The plan, prioritization how and when to execute corrective actions are missing. For the steering group members to consider: what is their strategy, visions, values, concepts, working methods, required competences, organization structure, how those can be concretized into a communicable form and what needs to be done to make it work in practice in the short and long term. A joint reflection on the above issues should facilitate the development of an overall picture and a shared vision.

Common good practices and concepts are recommended adopted more widely and learning from mistakes to be introduced at all organization levels. Realization can be accomplished by going through things in a positive way for example in the meetings so that everyone talks about their best achievements and also their biggest downside without fear of being crucified. This will assist to build a spirit of community, confidence and learning from each another.

Learning from previous made mistakes and successes is recommended to initiated in steering group meetings as a common way to doing things. Learning process can be accelerated and contributed by creating a room board that gathers the biggest successes and failures. The content of the room board are described in table 4.

Table 4. Learning room board.

Topic	Where or not succeed	What failures	Main reason	What learned	Implemented

It is essential for learning point that room board will be updated for example from two previous main cases part and all the steering group members participated in the room board creation and evaluation process. The room board will be regularly updated for each major project and critically evaluated where succeed or not and whether the results can be used in other deployments. Similarly, in the case of failure, it is estimated what was the main reason for failure so that the same mistakes are not repeated in other projects. This simplified procedure crystallized the key points and assist lessons learned practices implementation regarding the entire company.

### 6.3 Gap analysis

Gap analysis is a method of assessing the differences in performance between a business' information systems or software applications to determine whether business requirements are being met and, if not, what steps should be taken to ensure they are met successfully. Gap refers to the space between "where we are" (the present state) and "where we want to be" (the target state). Gap analysis can also be referred to as a needs analysis, needs assessment or need-gap analysis. The first step in carrying out gap analysis is to set the specific target goals by looking at the company's mission, strategic goals and improvement target areas. The next step is to scan and analyze current business processes by gathering relevant information about what are the current levels of performance and how different resources are currently being allocated to the processes in question. Produced data from different sources such as documentation review, executed interviews, brainstorming and observation can be utilized in an analysis depending on the purpose for which the data to be analyzed are intended to be used. In the final stage, the company compares its objectives with its current situation, then can draw up a comprehensive action plan, outlining concrete measures to fill the gap between current and future states to achieve the target objectives. (Searchio 2019.)

Gap analysis begins with an assessment of the company's current state, which is usually labeled "Current State" in the column. The column lists the company's processes and practices that the organization seeks to improve using actual and specific terms. The focus can be either broad, targeting to the entire company's business, or alternatively narrow focusing on a specific business process in line with the development goals set by the company. The analysis of business priorities can be either quantitative, in which case for example the number of service requests answered in a certain period of time is



examined, or qualitative, in which case changes in the status of service types in the workplace are examined. (Searchio 2019.)

Future state: The future goal status column of the gap analysis describes the goal that the company wants to achieve with its development activities. Target status can be set in concrete, quantifiable terms as an increase in the response rate to service requests over a period of time or at a more general level, such as working towards a more participatory office culture. (Searchio 2019.)

The Gap column lists all possible concrete solutions that can be implemented to fill the gap between the present and the target state. The objectives must be specific and relevant for the development purposes of the business, they must belong to the listed development areas in the gap analysis and the measures derived from them must be active and compelling. A few practical examples of the next implementation steps would be to hire a certain number of new people in customer service to perform customer service tasks, to set up a reporting system to ensure that a sufficient number of staff are performing the tasks, and in particular to implement working methods diversity programs and reserve sufficient resources for it. (Searchio 2019.)

The following table 5. on the next page describes the main features of the service company's steering group current state, target state and the gap between them. Current and target state analysis are based on the summary of:

- steering group meeting's observation materials
- steering group semi structural interviews results
- top management theme interview of the future challenges
- company's vision, values, mission and strategy implementation current state
- previous research development proposals to improve implementation success
- consultancy work for top management

Table 5. Gap analysis

Current state	Future target state	Gap
Strategic goal is set only in a numeric value	Strategy, business plan, values, mission clarified with required organization structure and competences based on sustainable business growth	Current leadership and concept models do not support the target state achievement
Rapid, partly uncontrolled business growth established on emotional basis	Controlled growth in profitable core business areas taking into account cash flow	Business is crawled outside core business. Renunciation of unprofitable business units. Strategy, values, mission definition required.
Decision making is based on feelings and focused mainly ongoing daily hot topics	Decision making is based on facts and studies with sustainable long-term management model	Fact and research basis approach are missing in management planning and decision-making processes
Impulsive way of working	Clear vision, values, mission defined and implemented. Concentration more on the future activities. Proactive approach	Focus and prioritization areas varies daily
Common concepts are missing	Clear common concepts with responsibilities described, documented and implemented	Wheel are discovering again and again
Persistence and predictability are missing in management activities	Business plan updated, responsibility areas, required competences and organization structure are revised	Superfluous redundant work done without knowing each other on a daily basis as situations and priorities constantly changes. Identity and purpose of the real business is unclear
Focus and prioritization are not fixed in planning business, decision making and implementation process	Strategy, business idea, plans, projects, prioritizations and needed actions are clear for everyone	Management and whole organisations big picture are missing, what is the most important issue to solve, time is spent on extinguishing daily fires

(continue)

Table 5. Gap analysis (continue).

<b>Current state</b>	<b>Future target state</b>	<b>Gap</b>
Values, mission definition only high level in a paper and sometimes pop up in management small talk	Values and mission defined, clearly communicated, internalized and implemented	Only drafts in paper, not clarified, internalized and implemented
Strategy, big picture, consistency, learning from mistakes, functional organization and leadership model are missing	Clear vision, business plan, values, agile, flat and flexible organization structure with clear responsibilities implemented	Inefficiency and hassle here and there
Reliability of information is questionable	Integrated systems with open interfaces in use. Data management, active up to day reporting systems in use	Information is stored in different standalone type of systems where the data needs to manually assembled
Management focus on short span daily business	Management role is clarified with responsibilities and competences	Management is largely involved in sub-operational work
Several different working methods in use	Best practices identified and implemented	Common working methods are missing
Organization structure is too heavy	Flat and flexible organization structure with agile leadership mode in use	Too many managers, directors in all levels
Communication methods are varying, communication breaks, miscellaneous information available, black holes in information flow, rumors are spreading	Effective common communication methods in use	Definition of formal communication channels, what, who to whom, how, when are missing
Steering group is concentrated on daily operational issues.	Focus on management issues. Formal steering group practices with strict agenda, required decisions, deviations, follow up	Reporting focused on daily basis operations in steering group level.

(continue)

Table 5. Gap analysis (continue).

Current state	Future target state	Gap
Operational issues are identified	Action points distribution and follow up of the achievements in operational workgroups, not in steering group level	Solution seeking in steering group level
Only economic metrics in use	Qualitative metrics defined	Other metrics are not defined

#### 6.4 SWOT analysis

SWOT analysis is a framework used to evaluate a company's competitive position by identifying its strengths, weaknesses, opportunities and threats. Specifically, SWOT analysis is a foundational assessment model that measures what an organization can and can not do, and its potential opportunities and threats. (Investopedia, 2019.)

The SWOT-figure 9. below was created based on steering group: observations, semi-structured, top management theme interviews main results and consultancy work for top management.

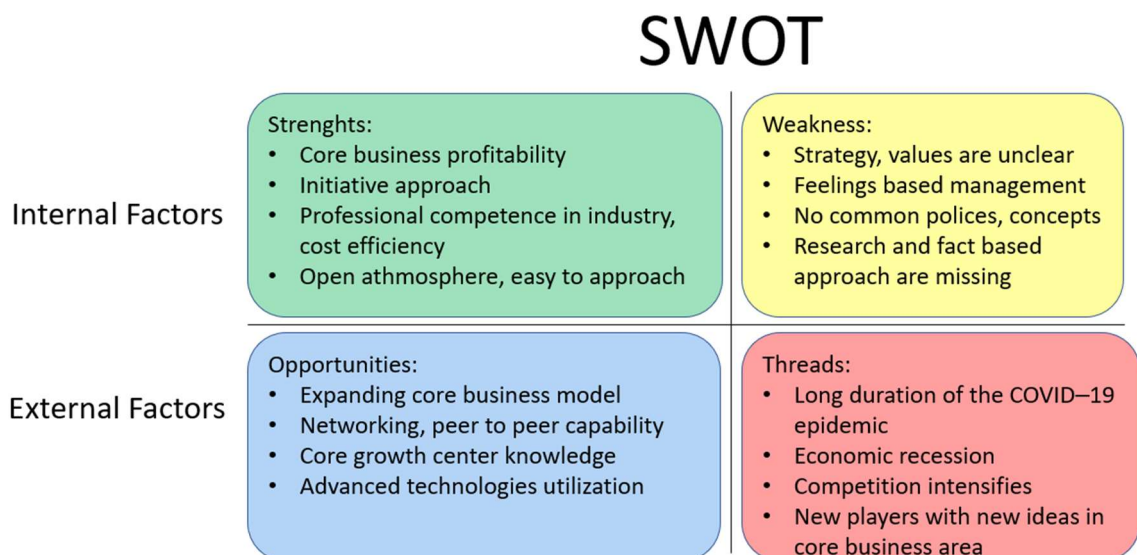


Figure 9. Swot analysis.

The consequences of the COVID-19 epidemic on the restaurant business have had a strong impact on both the financial and operational levels. Due to the exceptional epidemic situation and restriction regulations concerning people gatherings declared by the authorities, the restaurants have had to close their outlets for the time being until the end of May 2020. According to Collins & Hansen (2011, 101–124) the Black Swan is a small probability disorder, an event that almost anyone can anticipate before it hits. COVID–19 epidemic describes well Collins and Hansen definition of the Black Swan.

An unexpected event usually strikes at the worst possible moment for the company. In case of a future Black Swan situation, the company must have a strong cash reserve at its disposal and common refined operating models how to act in exceptional situations. According to Alahuhta (2015, 30–50) the clock frequency represents the way and speed of doing. This has a direct link to company's performance. Competitive advantage is achieved when company's own pace is higher than that of industry and competitors.

### Conclusions

From the point of view of service company, Corona (COVID–19) epidemic broke out at the worst possible moment, when there were no cash reserves in use. Utilizing Alahuhta's (Alahuhta 2015, 30–50.) views of clock frequency, immediate negotiations were initiated with landlords and Monetary Financial Institutes, and layoffs were initiated to balance the costs. An alternative approach to ordering food online with home delivery and take-away option were arranged and introduced faster than competitors. A new operating model is systematically presented on social media. By acting in this way, the company has been able to mitigate the economic impact of the COVID–19 epidemic.

Under normal circumstances, the company's strengths were identified consisting of core business, initiative approach to new things and strong practical know-how. Weaknesses were identified as the lack of a common strategy and concepts, as well as an emotional management style. The expansion of the current core business and strong networking capabilities were identified as future opportunities. The prolongation of the COVID-19 epidemic and the economic downturn were identified as future main threats.

## 7 CONCLUSIONS AND RECOMMENDATIONS

The starting point for this research was to examine how current steering group management practices can be developed in a company with strong business growth behind it. In this case, it was examined whether the management methods and practices correspond to the current changed business situation and future demands and goals or not. Leadership was also chosen as a research topic because there were several significant recent research publications and discussions in the media concerning new strategic leadership approaches, examining how to lead in an effective way a company in a constantly changing operating environment.

The aim of the study was to find answers to the research question and problem: How leadership in the steering group level needs to be developed for a company to get success and look for ways to get them to achieve a valuable player position in business.

The first research hypothesis was that current management practices do not meet the prerequisites for profitable business growth in the future. The second hypothesis was that management practices requires thorough structuring and strict prioritization of all actions over a different time perspective. The hypotheses were based on the observations made by the author during his consulting work for company's top management.

The study provided answers to the research problem and question. Achieving the goals requires: strict prioritization of issues in different time spans, staying focused, reforming the steering group's role, tasks and composition, and making strategic management an integral part of steering group's work. Based on the study results hypotheses one and two were shown to be valid in the study.

At first I got acquainted and gathered the knowledge base from different data sources to support the development task. A considerable number of new perspectives were found on strategic leadership, with particular emphasis on the importance of people and emotions in achieving common goals. Development task was supported by author's previous three operational level researches and author's activities as a senior consultant in the company's top management. The strong commitment of the company's management to the implementation of this research assisted to carry out the research in parallel to author's consulting work.

The research problem support questions scanned how the members of the steering group perceive the strengths and weaknesses of the company's current management style and what is their ideal view of the future leading style. Top management theme interview was used to find out how the company's top management sees the future of the restaurant industry on a larger context. Netnography was utilized in research to clarify how the other players in the restaurant industry see the future prospects of the restaurant branch.

Based on these criteria, development recommendations for the management practices for steering group were created and the author's previous practical experience in business development was utilized.

#### Validity and reliability

The validity and reliability requirements were taken into account when selecting the research method and analyzing the results. Qualitative research was chosen as the research method because of the desire to obtain in-depth information on management practices in steering group and top management level. The subject of the study was considered as a whole, whether the result looks right and gives answers to the research problem.

The validity status of the study can be considered high because the target group was strictly limited, their views on the current and future dream management style were measured in order to receive answers to the research problem. The study covered members of the entire management team. The analysis of the results in reviewing the reliability of the test method took into account the continuing similarity, consistency and objectivity of the findings. Reliability of the study can therefore be considered high, because the consistency between the results obtained by the different research methods were not random but repetitive and consistent throughout the research process. The same results of the management methods strengths and areas for improvement emerged regardless of the different research methods.

#### Ethics

Research were conducted by carefully considering and clarifying in advance what information are needed. CEO and other steering group members were told why and for what purposes confidential information are collected and where stored. The study schedule was created in close cooperation with the CEO so that the implementation

could be carried out flexibly and smoothly. CEO was kept transparently up to date throughout the research and consulting work. The personal interviews of the steering group members are kept confidential and areas for improvement are presented at a general level in this study.

#### Reflection of the used analysis methods

*Gap analysis aim is to recognise* the overall situation and identify the essential measures which needed to achieve the goal. The best result from Gap Analysis will be received when the future target state is defined as precisely as possible. For the purposes of this study, it is highly recommended that the management of the company have defined a more precise target state in order to get the most out of this analysis.

*SWOT analysis look at* the enterprise's internal state in relation to the external environment from the present and future perspectives. The SWOT analysis was well suited to complement other analytical methods used in this study to gain overall picture of the company's current and future business opportunities and challenges.

*The observation method's usage* contributed to understand the meaning and influence on different issues and situations in management behaviour. According to the completion of this study observation method also requires other qualitative methods to ensure that too subjective, too time-, place-, event- and human relationship -bounded view is not given too much weight. Therefore parallel methods were used in this study.

*Semi-structured and Theme interviews* proved to be good research methods in this study supporting other research methods. The interview methods gave to this research in-depth information and approaches to the issues being studied. Careful preparation and analysis of interviews requires time and effort, which may be one of the major drawbacks and obstacles in using interviews more widely in various studies.

*Netnography* is a fast way to collect digital information about a subject under study and receive the first weak signals of changes in business environment. The author recommends the use of netnography in research to gain an external view of possible changes in the business environment. This gives the company the ability to proactively prepare for future changes. Analyzing netnographic data requires however source criticism, especially which sources are considered reliable for research purposes.



Consultancy work together with the company's top management how to develop business carried out in parallel with the research proved to be a good way for the research to gain in-depth information on how the company operates and how management will see the future. The author recommends such an approach as a model for the implementation of future research.

## 7.1 Main results

*Gap analysis:* The Gap analysis highlighted shortcomings in the company's strategic management. The steering group shared vision of the company's values, mission and vision was lacking and concrete means of how they could be achieved was unclear for steering group members. The work of the steering group focused solely on day-to-day operational issues, leaving the strategic approach and the creation of common policies and processes to support it to a secondary position.

*Swot analysis* emphasized the weakness of the current emotional management way to run business and make decisions. Current management style is not based on facts, research and analysis what is reflected in all the company's activities causing confusion, squabbling at work and financial losses. A shared vision of the strategy, an understanding of the importance of the vision of values and mission in management was found to be a clear area for development. The strengths identified were the current expandable core business model, which can be used to secure business continuity as well as the company's ability to network quickly.

On the other hand, the company's current management model and rapid decision-making ability has its advantages which enables to react quickly to the exceptional situations. COVID-19 epidemic are forcing restaurants to either close their doors or consider alternative ways to run their business and mitigate financial losses. Service company implemented new online and take-away business model to temporarily replace the current business faster than their competitors reacts COVID-19 impact on their business. Service company's management's proactive actions to limit cost impacts is also a good practical example of rapid response in exceptional situations. As eases and government sanctions are lifted, the new online and take-away business approach is likely to remain part of the reformed business.

*Observation:* Steering group meetings atmosphere is tolerant and they are open to new development ideas. Participants dare to bring actively forth new innovative ideas and even painful issues without fear of judgment. Steering group decision making and action points distribution and monitoring the results were identified clear areas for improvement. Steering group meetings focuses too much on solving day-to-day operational problems, the solutions of which belongs to the people working in the closer connection to customer interface. The handling of strategic issues remains of secondary importance in the work of the steering group.

*Semi-structured interviews:* The company's values, mission, big picture of the company's goals and the means by which they are achieved remains unclear to the members of the steering group. Common vision of the goal and the means by which it is achieved is unclear for the steering group members. The organizational structure is considered cumbersome, consisting of too many different managers at both the operational and strategic levels. Leadership was considered to be emotional basis leading without prioritization and focusing on key tasks in all different time perspectives that causes confusion and inadequate performance of the tasks. Knowledge- and research-based decision-making are identified as a clear area for development in management. Bringing responsibility and decision-making closer to the customer interface was widely identified as an area for development. Likewise, management should focus more on the strategy issues inventing new business opportunities and solutions than interfering in day-to-day operational activities was identified as a development area.

*Theme interviews:* Restaurant culture development were considered occurred very slow pace in Finland compared to other European countries. Therefore, customer consumption habits in Finland have changed slowly but significantly and will change also in the future. Top management representatives found it that for restaurant business success it is crucial to follow new consumption trends and changes in customer behaviour. Restaurants were seen a more important and essential role in people's everyday life in the future. Dining and free time culture were considered changing because of the pace of life, possibility to do distance or freelance work, migration and new generations' preferences will influence on customers' habits.

The prerequisites for a successful business in the future were seen consisting of company's responsibility, transparency and sustainability in all their activities. Local and organic produce, flexibility of restaurant services and the growing importance of service design in all the business operations planning and execution were seen key to success

in future restaurant business. Top Management representatives saw that the same niche, business catering will be their core business in 3–5 years perspective forward.

*Netnography:* In the future restaurant establishments, the most important thing is to guarantee the customer high-quality and fast service. Restaurant operations are becoming increasingly transparent. Customers expect restaurants to assist the consumer to make sustainable choices. The restaurants of the future will go where the customers are: they are more and more pop-up in public areas, such as museums or clothing stores. In the future, advanced technology as intelligent solutions and automation will be developed to facilitate staff routine, such as ordering goods via IRT Table – an interactive table. It is especially important for the future business to continuously monitor the operating environment so that weak signals of the changes in the business environment can be identified as early as possible.

The research results provide a comprehensive and solid foundation for business renewal and long-term development, highlighting key issues for profitability to be considered and solved. When interpreting research conclusions and recommendations, it is good to remember that they should not be overly generalized to industry-wide conclusions.

#### Conclusions of the used research and analysis methods

The key conclusion, based on observations, semi-structured and theme -interviews and netnography results was that the current management model is overwhelmingly based on hectic approach and emotional basis leadership without activities prioritization in different time perspectives. Therefore research and fact-based information are not used to supporting in planning and decision-making. In this case, the risks will also become large and often unpredictable and unmanageable. On the other hand, agile mode to lead company has enabled the rapid enlargement of the company's business. The second question, however, is whether the rapid enlargement is profitable or not in all respects. Currently, steering group work focuses too much on solving detailed day-to-day lower level operational issues without common holistic view of the most important strategic business activities. Correcting this requires prompt consideration of the roles, tasks, required areas of expertise and composition of the steering group.

It was noteworthy in the results that the development targets were widely identified in steering group, but their implementation was not planned and prioritised. This may be explained by a focus on leadership to solve day-to-day operational problems and extinguishing fires rather than developing strategic long-term operations.

In the analysis of the results, the low prevalence of customer orientation, competitiveness and the importance of emotional intelligence and their emphasis in management were noteworthy.

The root cause of the prevailing practice may be found that there is not enough time to focus and plan the strategy and the factors involved in its implementation. Taking care of operational lower level issues demands all the available time from steering group members. Therefore, a common holistic view of: strategy, values, concepts, how deployments are performed, and results measured are unclear. On the other hand, the realities of life have to be taken into account when evaluating research results, because not everything can be achieved at the same time with strong business growth. Focusing only on business growth leads with ease in many cases to the situation where it is easy to skip irrelevant the need to reform leadership models and practices responding to the new changed situation and future demands. The dominant idea is then that there is no time to reform and what once worked will continue to work, and that is really not the case.

To the research problem: How leadership in the steering group level needs to be developed for a company to get success and look for ways to get them to achieve a valuable player position in business were found answers in this study. The following chapter 7.2 deals with recommendations for short- and long-term remedial actions that are viewed from a business continuity perspective and how to achieve a valuable player position in the business.

## 7.2 Recommendations for remedial actions

In a situation where a company lacks or does not have a common understanding of strategic goals, values, business plans and concepts with implemented general practices combined with business profitability challenges, there are only two ways to progress: regenerate or die.

### Short term immediate remedial actions

The economic impact of the COVID-19 epidemic is very significant and long lasting, especially for the restaurant industry. The restaurant industry is a very service-oriented customer interactive service event based on personal contact. Restricting the mobility of people creates a situation where money does not move either. Fixed costs, on the other hand, remain the same unless the situation is responded to quickly and proactively.

Negotiations with landlords on rent reductions and with financial institutions to transfer loan repayments beyond the COVID-19 crisis will help at the financial level. Staff immediate layoffs, in turn, mitigates financial losses. Great adversity creates correspondingly great new opportunities, forcing to think in a new way, out of the box in order to survive. The rapid implementation of a new business model: take-away lunch and ordering food online and arranging home delivery utilizing collaborative networks are good practical examples of responding faster than competitors reacts to the changed business situation. Service company has adapted its business to the new exceptional circumstances by adapting their costs and adopting a new above described business model. According to CEO in mobile meeting 06.04.2020 with author order volumes have grown significantly and costs have been adjusted successfully. CEO told in face to face meeting with the author in 06.05.2020 that the number of customers on the first day of May was more than 500 people to whom they sold special first of May package. The number of visitors and sales positively exceeded their expectations. The following remedial actions need to look at from the perspective when the COVID-19 crisis is over in terms of its economic and operational impact assessments have been carried out and authorities have removed constraints.

Safeguarding and continuously improving the core business requires an absolute prioritization of all operations and a focus solely on improving profitability and cash flow, which are the cornerstones of current operations and future business performance. There is an urgent need to get rid of unprofitable business units in one way or another. This can be done in two ways: by transferring the business in its entirety to another party, or alternatively, downgrading the business and incurring fixed costs until the lease of the property is transferred to a third party. Precise cost calculations will show how losses can be minimized.

Obtaining additional funding without focusing on the above-mentioned improvement issues will not solve the profitability issues but will slightly delay business impoverishment and increases only owners' debt burden.

In this crucial important financial situation, it is imperative for profitability and business continuity to prioritize and determine in advance the corrective operations, criteria and dimensions that will be used to evaluate the achievement of short-term goals before moving on to defining and planning long-term goals or any other operations.

In analyzing and improving current profitability, it is necessary to find solutions to the following issues and to take concrete corrective actions including adequate impact calculations to correct the situation as a matter of urgency:

1. what is the cost structure and how it can be streamlined cost effectively and quickly without compromising company's core business. This will have a positive impact on cash flow and profitability.
2. what company's core business is made of, what are its key success factors and vulnerabilities. This will help crystallize and clarify focus and priorities in different time perspective.
3. what kind of business to maintain, develop and what business need to abandon as soon as possible. What are the sub-areas where the smallest actions will bring the greatest benefits to the fastest. This allows to focus on targeted operations and investments on the right things that will quickly impact on profitability and the cash flow.

Once the most vital and crucial for business profitability and continuity questions above have been resolved and implemented, the next step is to consider and seek solutions to the other second important short-term points:

4. how things are prioritized, how to stay on focus, and what kinds of fact-based information and calculations are needed to support decision making and successful implementation.
5. how to renewal management practices and decision-making processes.
6. how people learn from their mistakes and apply the best practices.

Current business situation can rightly be called how to overcome the struggle for survival because business expansion has not been profitable in all respects but it has had a strong impact on the overall profitability of the company. One of the most important things is to identify and maintain the support structures that subsidize organization operational capability so that the urgent required action points 1-3 will not endanger the entire business or organization existence.

Evaluation the duration of this critical phase is based on author's previous work experience in similar situations. The results of this study refers that it will take to October

or November of year 2020 to overcome this critical phase, if urgent repairs are started immediately and without delay.

After this business stabilization phase management must begin pondering and planning for the long-term goals and the necessary measures relating thereto. Preliminary mappings can start earlier, but the main focus and all activity must be focused absolutely on surviving the critical stage beyond. When the struggle for survival phase becomes an opportunity to win the case with a goal level achievement of about 75–80%, it's time to start planning about the long-term actions and how to achieve long-term goals.

#### Long term remedial actions

The main focus of management activities is then on strategic goal and its implementation planning. Securing and sustaining future business conditions can be approached by building a shared vision and developing concrete action plans to get people to do their best, or even surpass themselves, in common mission accomplishment.

The following question templates can assist to prioritize and focus on finding answers and developing concrete action plans:

1. what is company's long-term goal, what it actually means in business (what, where, how to whom), not only expressed in terms of numerical turnover or other metrics. Concrete and well documented business plan with different *mutatis* calculation patterns required.
2. what are the values that guide all people activities. How values are concretised and reflected in daily operations and how their success are measured.
3. how customers are kept satisfied and how to develop business towards customer centric model.
4. how to take care of the mental well-being of company's staff, their well-being at work, their ability to participate in planning and decision-making, while respecting individuality. How this is reflected in day-to-day management.
5. what is the dream team construction that will make the visions come true, what kind of know-how and competences are required. What competences

and know-how have to acquire, buy as a service, what competences need to give up in the long run, and how to develop continuous learning.

Once the aforementioned highlighted and relevant key issues have been resolved, the next step is to consider and seek solutions to the next, important long-term goals:

6. who are and how to identify the keypersons in all organisation levels who need to be involved in defining and designing the common goal and visions. How to engage keypersons to commit the goals achievement.
7. how to generally communicate: who, whom, channels, affairs, internally, externally and definition of what are clear and easy understandable communication models. How to communicate the change and values synchronously and how to measure the success of communication.
8. what kind of organization structure should be created in order to achieve common goals take into account future business demands related to agility, flexibility and flat organisation structure.
9. how long-term goals are broken down into short-term goals and how and when achievements are measured and in what forum achievements are flown through. What are common road map and milestones in company's journey towards achievement of the main goal.
10. what concepts and common supporting working methods need to be created and how to implement them.
11. how to continuously analyse and utilize the weak signals and megatrends in restaurant industry and changes in our business environment.
12. what it takes to reach the goals: time, money, investment in people and the environment, action and extra effort.



## Conclusions of remedial actions

The important thing is to prioritize common goals, stick to plans, make measurable goals clear, and keep plans and their implementation as simple as possible. The main goal has to be broken down into its own measurable sub-goals and realize that not all goals can be achieved at once and simultaneously.

Success requires strict prioritization, absolute adherence to the goals, and look at the reality from a holistic perspective. Systematic leadership pattern, whether right or wrong, is easier to correct than bumping one. All plans and actions should be carefully documented to maintain a common understanding, create a possibility to utilize staffs' tacit knowledge and to enable easy return to the matters if needed.

Current financial state requires that all main investments that are not already ongoing should be frozen for this fiscal year. Next fiscal year investment planning is highly recommended based on the research, all-inclusive realistic calculations, risk evaluation and common decisions must be based on facts and researched knowledge.

In summary, service company has all the prerequisites for successful and profitable business growth, as the core business is structurally strong and the main development areas and tasks are clearly prioritized in different time perspectives in this research. In that case it is possible for them to achieve valuable player position in their own branch. Achieving this goal requires immediate corrective actions, strict prioritization, staying on focus, creating and implementing common approaches as the business environment is changing at an accelerating pace and competition will soon intensify due to prolonged economic downturn. During these unstable conditions the winners of the future are companies with a strong corporate culture, consistent operating models and an agile, flat and flexible organization structure with constant ability and willingness to reform.

The author would especially like to thank all the members of the service company's management team and staff for their positive, open, and helpful attitude towards doing this thesis. Proposal for the following research topic is: How successful the creation and implementation of short- and long-term plans has been - Have they achieved a valuable player position in their industry?

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Appendix 1. Semi-structured interview's questions

**Brief introduction: Welcome and telling the purpose and duration of the unstructured Interview:**

**Opening: How is it going?**

**Background information:**

Place:

Date:

Duration:

Role in company and steering group:

**Topics:**

**Q1. What is your dream vision how to run business in the near future 2-3 years / Long term perspective to get success in business (missions, values, strategic goal coming true)?**

**A1.**

**Q2. What are pros and cons in current management way?**

**A2.**

**Q3. What should be done in order to achieve your dream management state?**

**A3.**

**Q4. What your competitors says about company's current management style?**

**A4.**