

# Staying ahead of the fittest!

It's no longer enough to survive, companies must also stay ahead in the rat race to succeed. And for this, they must constantly innovate and reinvent themselves. Easier said than done, you might retort. But elephants can dance, as IBM proved. And so can you...

When Will Rogers famously commented, "Even if you are on the right track, you'll get run over if you just sit there," he would not have dreamt how apt his words would be even decades on. His immortal words hold true especially for businesses that must continuously evolve to thrive in today's brutally competitive commercial environment. With the Internet and the WWW changing the way business is done by providing a level playing field for small companies to effectively compete with large conglomerates, no one can afford to rest on their laurels. For, smart, agile and new competitors are waiting in the wings to strike when you are least expecting it.

Running an efficient organisation that delivers high-quality products and services at reasonable prices is essential for business success, but it is no longer sufficient to ensure survival. And even though factors like customer satisfaction, productivity improvement, elimination of waste, automation of business processes, faster order processing, etc are essential for survival, they are no longer the key differentiators. Then what are those crucial factors that differentiate the best from the rest, the winners from the losers, and the leaders from the followers? Let's see...

## Innovate or perish

According to latest research findings, the only way for companies to compete is to constantly innovate. The avenues to improve the bottom line have been exhausted and the only way to move forward is to sustain top line growth and increase profits. So, the top management focus must shift from operational issues to growth and innovation.

In the last few decades, the companies that constantly innovated were the winners. They created new products, developed new marketing strategies, improved and revamped existing products, developed new business and sales models, and thereby made inroads into the market share of organisations that were just maintaining the status quo. Some of the well-known examples are Dell (which revolutionised the PC market), McDonalds (that redefined the fast food market), and of course Apple. Apple is one company that thrives on innovation. If you look at the number of new products that Apple has brought out in the recent years—iMac, iBook, iCube, eMac, iPod, iTunes, iPod Mini, Mac Book Pro, Mac Book, Mac Pro, iPod Shuffle, iPod Nano, Apple TV, iPhone, iPod Touch, and so on—you will realise why other companies are merely playing the catching up game, but never quite succeeding.

For innovation, an organisation needs to create an environment conducive to it. Organisations must not only stimulate innovation, but also prevent resident nay-sayers and idea killers from destroying

**Survival of the fittest, a fundamental law of evolution, is true in the case of businesses too. Evolution, in fact, is the secret to survival. Only those businesses that adapt to new environments and evolve, survive.**

the innovative spirit of others. Today, innovation is no longer a luxury; it is the key to survival of companies.

### **Kaizen, the spirit of Japan**

Kaizen or continuous improvement is one of the best ways of improving the efficiency and effectiveness of an organisation. Even though it is a Japanese concept, it can be applied anywhere. The Kaizen strategy requires never-ending efforts for improvement involving everyone in the organisation.

The difference between innovation and improvement is that the former involves a drastic improvement in the existing process and requires large investments, whereas Kaizen signifies small but continuous improvements as a result of coordinated and continuous efforts by all employees. It can be a reduction in the response time, the elimination of an unnecessary process, introduction of a safer working practice, creation of a device to improve the efficiency of a worker, and so on.

### **Continuous learning**

Learning is a lifelong process. It keeps employees up-to-date with latest technological developments and helps them in improving their efficiency as they learn to use newer and better methods, practices, tools and techniques.

It is up to the HR department to create an environment that promotes learning. Well stocked libraries, computer based training (CBT) programmes, computer assisted

learning (CAL) facilities, etc should be made available to employees. A skill inventory of all employees would help the HR department in conducting courses and training programmes aimed at filling up the gaps in employees' skills sets so that it matches the long-term strategies of the organisation. For example, if an organisation is planning to switch from UNIX to Windows, then the employees who are not familiar with Windows should be given training to make the transition smooth.

There are different types of learning, each with different objectives. There are induction courses, refresher courses, soft skill courses, programmes to impart new skills, inspirational and motivational programmes, and so on. Ideally all the above learning opportunities should be provided for the continuous progress of the workforce.

### **Reinvent to rise**

Survival of the fittest, a fundamental law of evolution, is true in the case of businesses too. Evolution, in fact, is the secret to survival. Only those businesses that adapt to new environments and evolve, survive. The

two aspects of a business enterprise's evolution are strengthening core competencies and diversification.

All businesses have their core competencies. For example, the core competency of a car manufacturer is making cars while that of a publisher is to bring out books. If a car manufacturer improves the quality of its cars, makes them safer, more fuel efficient and comfortable, while keeping the prices as low as possible, it is strengthening its core competencies. The car manufacturer can further improve its chances of survival and stay ahead of competition by setting up an R&D unit that will help develop new, powerful, and fuel efficient engines, setting higher standards in passenger safety and comfort, creating aesthetically appealing and cost-effective designs, and so on.

Diversification can be either horizontal or vertical. In the case of horizontal diversification, the organisation enters into areas that are related to its core competency. For horizontal diversification, the company acquires or develops new products that appeal to its existing customers. For example, car manufacturers can diversify into auto accessories, spares and so on. In vertical diversification, the company moves into the business of its suppliers like steel manufacturing or tyre making so it could produce the materials required for its core business. Diversification gives entry into new markets, provides new business opportunities and reduces the financial risk. It can be achieved through mergers, acquisitions and by starting new business units. The advantages of the first two strategies are that you get a new product and set of talented people, and

**Technology should be made an ally and organisations must embrace technological developments rather than fight them.**

also eliminate a potential competitor.

### The tech savvy win the race

Technology should be made an ally and organisations must embrace technological developments rather than fight them. Technology can help in automating many business processes thereby improving productivity and reducing human error. Employee productivity can increase dramatically by use of technology in day-to-day activities. For example, using a spreadsheet for data analysis, using an auto-responder for an out-of-office reply, or using video-conferencing for managing a multi-site project can save a lot of time and money.

The advanced data analysis and decision support tools that are capable of predicting the future, determining trends from historical data and giving accurate forecasts and projections, can help decision-makers to take informed decisions faster and react to changes in the business environments. These tools like data warehouses, OLAP, data mining, etc, provide organisations with the power to always stay ahead.

Companies should consider technology as a competitive weapon and should create an environment where new technologies are welcomed and used to their fullest potential. Technological obsolescence is a sure recipe for disaster and organisations that want to survive should avoid it at all costs.

### Continuous training

For continuous learning to take place, organisations must provide

**Technological obsolescence is a sure recipe for disaster and organisations that want to survive should avoid it at all costs.**

continuous training to its employees. The training can be done by in-house experts or external consultants and can be conducted anywhere—in-house, outside the organisation or at dedicated training camps.

In-house training is mainly conducted to familiarise employees with the company culture and values, about what is acceptable and what is not, and so on. It is also ideal for imparting technical skills that the employees will require .

Another type of training that is vital for employee growth is in soft skills, or people skills. They are non-technical, intangible, personality-specific skills that determine a person's strengths as a leader, listener and communicator. In today's highly competitive business environment, soft skills are as important as technical skills. Soft skills help employees effectively interact with people from diverse cultures. It helps them improve their communication skills, learn new languages, improve their body language, and become good ambassadors of their organisation. These courses also address the problems that can occur in a multi-cultural work environment, like cultural differences, accepted

social behavior and etiquette when interacting with customers or colleagues from different parts of the world.

Yet another kind of training is called experiential learning where employees undergo training by performing various tasks aimed at improving their self-confidence, shedding inhibitions, promoting teamwork, developing leadership qualities and so on.

Gone are the conventional and traditional training methods, as organisations invent newer, more effective and enjoyable training modules that are more appealing to employees, and ensure total participation, thereby producing better results.

### Companies that care the most, reap the most

Employees are the most valuable assets of an organisation. So hiring and keeping the best talent is of utmost importance today. A highly motivated and creative workforce can help organisations scale greater heights and stay ahead of competition. Some of the traits common to all the top employee-friendly companies are an informal and flexible work environment, challenging assignments, a fun filled and enjoyable work culture, comfortable and often luxurious workplaces, excellent perks, ample scope for personal and professional growth, and so on. Here the small and medium sized organisations have an advantage over the bigger companies as they can make the workplace more interesting and working conditions more informal as the number of employees is less. Companies are vying with one another

**Companies should consider technology as a competitive weapon and should create an environment where new technologies are welcomed and used to their fullest potential.**

in offering more goodies in an attempt to woo the best and keep them happy. So the concept of the caring organisation is emerging and it is here to stay. Companies that realise the value of employees and do everything possible to keep them happy will be the market leaders, as it is employees that make or break a company.

### Information and decision-making

This is the information age and information is a must for survival. Organisations need to not only know what is happening within, but also what's on out in the real world. An organisation must also make the best use of its historical data. The three kinds of information—about the day-to-day operations, historical information and information about the external environment and competitors—when combined, organised and analysed would give organisations the ability to manage its operations, predict the future and learn from the past. When used effectively and presented at the right time in the right format, the decision-makers of the company will be able to make good decisions faster than the competition.

Quick, faster and better decisions are an important factor that decide the survival and success of an organisation. But another equally important, but often overlooked factor is the level at which an effective decision can be taken. For example, if someone calls the customer care centre with a serious grievance, it should be solved immediately. But if the customer care executives do not have the necessary authority to offer a solution and all they can say is that, "We will look into the matter and then get back to you as soon as possible," then the chances of the customer being satisfied are nil.

**Organisations must not only stimulate innovation, but also prevent resident nay-sayers and idea killers from destroying the innovative spirit of others.**

Organisations must train employees to take good decisions and communicate effectively with clients and customers, and also empower them to do so. Here, soft skills training and delegation of power are important. This will free the top management from the day-to-day fire fighting and give them enough time to concentrate on other strategic issues.

### Change management, the new mantra

"It is change, continuing change, inevitable change that is the dominant factor in society today. No sensible decision can be made any longer without taking into account not only the world as it is, but the world as it will be... This, in turn, means that our statesmen, our businessmen, our everyman must take on a science fictional way of thinking."—Isaac Asimov.

Change is one thing that all businesses have to cope with. How well an organisation manages change is one of the factors that decides its success. New technological developments are revolutionising the way we think, work and do business. The business environment is changing with the introduction of new business models, the addition of new rules and regulations, and the entry of new competitors. The customer preferences are changing so fast that most new products have a very short shelf-life.

In such an environment, the success of an organisation depends on

factors like how fast the organisation can adapt and adopt and how quickly and effectively it can respond to changes. The speed with which an organisation can react to changes determines its agility. Large organisations should find ways to become agile to effectively compete with smaller competitors as they can react to changes more quickly and effectively. Empowering employees to make decisions, creating small profit centres, dividing the organisation into small divisions, etc, are some of the techniques bigger organisations can try to improve agility.

### Staying ahead; a recipe for success

The business environment is becoming highly competitive and to survive and stay ahead of the competition, managements must make their organisations leaner and smarter. Factors like ability to innovate constantly, improve continuously, use technology effectively, anticipate, adopt and react to changes quickly, etc, can determine whether a company becomes an industry leader or just another one of the pack. To become globally competitive and maintain its competitive edge, an organisation should hire the best talent, keep them happy and make the best use of their talents. The four factors that are critical for the success of any organisation are people, innovation, information and technology. ■

*Alexis Leon*

*He is the managing director of L and L Consultancy Services Pvt. Ltd. He has written more than 40 books on computing, IT and management topics. He holds a master's degree (M. Tech) in Industrial Engineering. He can be reached through his Web site at <http://www.alexisleon.com/>.*

**Today, innovation is no longer a luxury; it is the key to survival of companies.**