

Surviving And Staying Ahead

To survive and thrive in today's brutally competitive business environment, tech firms must find ways to continuously move ahead—and to stay ahead—of their competition. Here's an insight on the factors that differentiate the best from the rest, and the leaders from the also-rans.



Joe Tiller, a famous football coach, said, “It’s always a chess game, and you’re trying to stay one move ahead of the competition.” Tiller’s words are as applicable to business as they are to football. Today, the Internet and the WWW (World Wide Web) are changing the way business is done, by providing a level playing field for small companies to effectively and efficiently compete with large conglomerates. No longer are cash-laden behemoths safe in their market-lead positions—those could be taken at any time by smart and agile new competitors.

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. Customer satisfaction; early adoption and effective use of technology; better data collection, analysis and decision-making; automation of business processes, etc. are all essential for survival.

Innovate or perish

Many research firms and industry analysts indicate that the only way for companies to compete is to constantly innovate; avenues for improving the bottom line have been exhausted, and the only way to move forward is to sustain top line growth and increase profits. So CEOs and the top management must change their focus from the operational issues to growth and innovation. According to Rosabeth Kanter, "To stay ahead, you must have your next idea waiting in the wings."



Some well-known examples of companies that constantly innovate are Dell, which revolutionised the PC market; McDonald's, which redefined the fast food market; and - of course! - Apple. Consider the barrage of new Apple products in recent years—the iMac, iBook, iCube, and eMac; the iPod and its multiple variants and versions; iTunes, the Mac Book, Mac Pro, Apple TV, the iPhone, and more. With such ceaseless innovation, no wonder other firms are always trying to catch up with Apple, and never quite succeeding! According to Apple CEO Steve Jobs, "Innovation distinguishes between a follower and a leader." Today, innovation is no longer a luxury; it is the key to survival.

Innovation does not happen automatically; organisations need to foster it, to create an environment that is conducive to innovation. For example, at Google, employees can spend 20 per cent of their time on exploring and developing their own ideas. Some of the best Google applications and products are the result of such projects. Organisations must also prevent innovation stoppers and idea-killers from stamping out the innovative spirit of employees. In his book "The Myths of Innovation", Scott Berkun defines an innovation stopper as "a person with the power and motivation to kill new ideas." Idea-killers are those whose response to new ideas are, "We have tried it before" or "We don't have the time/budget."



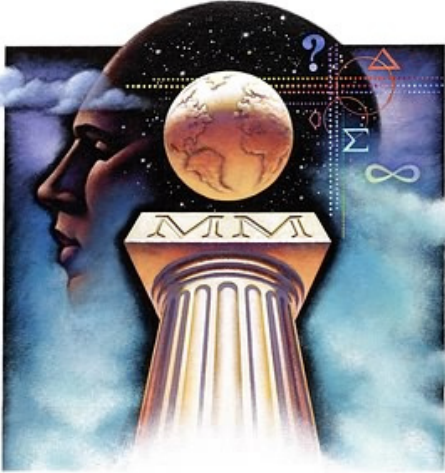
Continuous learning

Continuous learning keeps employees up-to-date with the latest technological developments, and helps them improve their efficiency with newer methods, practices, tools and techniques. In his book, *The Fifth Discipline: The Art and Practice of the Learning Organisation*, Peter Senge stresses the importance of making an organisation a home of continuous learning, where people continually expand their capacity to achieve the results they truly desire. New ideas, new knowledge and new findings are used to anticipate and to innovate.

Again, organisations need to provide employees with an environment that promotes learning, as well as ample learning opportunities. Well-stocked libraries and computer facilities are a necessity. HRD should study employee profiles to fill the gaps in employee skill-sets, in accordance with the organisation's long-term strategies. For example, before a switch from UNIX to Windows as the main operating system, employees who are not familiar with Windows need to be trained to ensure a smooth transition.

Continuous evolution

The phrase 'survival of the fittest' - one of the fundamental laws of evolution—is true in the case of businesses too. Tech firms that adapt to new environments and evolve are able to survive and thrive even during difficult times. The two aspects of evolution are diversification and strengthening of core competencies.



All organisations have core competencies which they should identify and strengthen. For example, a car manufacturer should find ways to improve the quality of cars, make them safer, more fuel efficient and comfortable, while keeping prices as low as possible.

Diversification can be either horizontal or vertical. In the case of horizontal diversification, the organisation enters areas that are related to its core competency—like acquiring or developing new products that appeal to existing customers. For example, a car manufacturer can diversify into auto accessories. In vertical diversification, the company moves into

the business areas of its suppliers. For example, the car manufacturer could diversify into manufacturing steel or tyre-making so that it could produce what's required for its core business.

Diversification, if done properly, gives entry to new markets, provides new business opportunities, and reduces financial risk. Diversification 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 a set of talented people, while eliminating a potential competitor.

Kaizen—continuous improvement

The Japanese concept of Kaizen, or continuous improvement, is one of the best ways to improve the efficiency and effectiveness of an organisation.

The difference between innovation and improvement is that innovation often involves drastic changes to the existing process, and requires large investments, whereas Kaizen signifies small but continuous improvements—the result of coordinated and continuous efforts by all employees. Improvements could range from the elimination of an unnecessary process to the introduction of a safer working practice.

Such small and minor improvements can have a dramatic impact on the overall performance of a company. Consider the example of AZ Technologies, which conducted touch-typing training for all its employees when they found that 95 percent of employees used computers for at least four hours a day. The productivity improvement was dramatic—many employees were able to save hours, as their typing speed doubled or tripled.

Recruiting and retaining the best...

Employees are the most valuable assets of any organisation. But recruiting and retaining the best minds is not an easy task—it takes a lot of work, coupled with really innovative and creative plans.

Google (the best company to work for, according to Fortune magazine, 2007), offers

goodies such as stock options, an informal work environment, free meals, a spa, free on-site medical care, free transportation, hair saloons, gyms, massage parlours, childcare, on-site notaries, car services, and more. It's no wonder that Google gets more than 1,300 résumés a day!

According to the 2007 Business Today study of the best company to work for, Microsoft India has topped the 2005 and 2006 winner, Infosys. The reasons? A host of innovative strategies, including leadership development programmes, recognition of talent, seamless internal branch transfers, excellent compensation packages, an exemplary mentoring system, assistance with finding homes, school admissions, childcare, etc.

All the top employee-friendly companies have informal and flexible work environments, 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.



Business agility

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 due to the introduction of new business models, addition of new rules and regulations, and entry of new competitors. Customer preferences change so fast that most new products have a very short shelf-life.

In such an environment, the success of an organisation depends on how fast it can adapt, and how quickly and effectively it can respond to change—its agility. When an organisation has to adapt quickly, the responsibility of problem solving will go to its employees. Innovative and apt solutions for each new situation can be created quickly by the collective intelligence of employees. According to Kouzes and Posner (Management 21C, 2000), the secret of high-performing organisations is that everyone within



them knows that leadership at all levels is expected and rewarded, and that individuals everywhere are responsible for making extraordinary things happen.

Jack Welch, the former CEO of General Electric, has popularised the concept of 'boundary-less organisations'. These are firms that are not limited by the horizontal, vertical or external boundaries imposed by a predetermined structure, and where cross-functional

teams dissolve horizontal barriers, while external partnerships and collaboration overcome the firm's boundaries. Obstacles like hierarchy, bureaucracy, unnecessary regulations, and geography are removed, to achieve outstanding business performance—enabling the company to respond quickly to environmental changes, and to spur and stimulate innovation.

Change is continual...

"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*

Staying ahead...

To survive and stay ahead of the competition, the management must run leaner and smarter organisations. Whether a company becomes an industry leader or remains just another in the pack, depends on its ability to constantly innovate and

learn, continuously improve, use technology intelligently and effectively, anticipate, adopt, and react to changes quickly. Organisations 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. **IT**

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