



## What can your company be best in the world at?

The above question is both as stunning in its simplicity as it is difficult to answer. It is the central concept of the compelling business analysis book 'Good to Great' by Jim Collins first published in 2001. In it Jim and his team summarise the results of years of work studying and comparing the activities of good companies (those that match general stock market performance) from great companies (those that performed on average 6.9 times better than the market over a 15-year period). He draws conclusions on many aspects of business from leadership to recruitment but a central idea is called the hedgehog concept – for reasons that you can discover in the book.

The concept has three questions:

1. What can you be best in the world at?
2. What are you deeply passionate about?
3. What drives your economic engine?

As a business, if you have the answers to all three questions the secret to success lies within – Collins uses a diagram with three intersecting circles to illustrate the concept.

Tantalizingly, Collins points out that the answer to question 1 may not be the activity that your business is currently involved in even if it is profitable and you are growing.

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The importance of passion is self-evident, starting and running a business is hard with many setbacks in the road so if you don't have a passion for your project you will probably tire of the challenge at some point. The third aspect also requires little explanation. Frankly, if your passion doesn't generate a profit then unfortunately it is not viable at least in its current form. This question also implies a more forensic analysis of where the profit is generated within a business. Once identified, you will have the option to fine-tune your procedures to maximise the most profitable elements.

Once you have identified the specific business that your company can be supreme at you must engage on a deliberate and determined process of implementation of a simplified strategy that step-by-step drives your plan forward. Each step is small and may have an imperceptible effect on the direction but by sticking at it the business develops momentum – Collins likens it to a flywheel. Eventually it becomes easier and the growth shows what might be described as positive feedback – success breeds success.

I am struck by the comparison with Dave Brailsford's concept of 'marginal gains' from the totally different sphere of competitive cycling. Brailsford believes that turning good cyclists into world-beaters is not done overnight but is the culmination of many, small improvements over time all focused on the same goal – to be the best. He led British cycling to the pinnacle of the sport.



A key element to achieving your goal is the compilation of the right team around you and so your recruitment skills will need to be tested. Clarity of vision is also important and the discipline to persist with the plan and be single minded about focusing on what you are best at. If you are correct in your analysis, given sufficient time the results should take care of themselves.

I can illustrate this point with a clear case study. Earlier this year the Swedish car



manufacturer Volvo declared that by 2020 no one will be killed or seriously injured driving a new Volvo car or SUV. Volvo has been a byword for driver safety for decades and the team just keeps the development going forward. I have to declare an interest, in that I am a fan and have owned a series of Volvos over the years and safety has always been a key factor in the buying decision.

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The brand is much more than that however, representing a benchmark in build quality and mid-to-high end luxury. That said, most of the stand-out innovation has been safety oriented and so this latest claim is I suppose the natural destination. Whether you like the brand or not you have to admire the focussed, determined approach that the company has adopted seemingly over its entire history and the mark has never been more successful than today.

World leading companies are fanatical about their products and obsess about the details and how they affect the user experience – Apple’s Steve Jobs was a classic example of this approach. Standing out from the crowd can be achieved in any area of the experience from customer service, ease of ordering, delivery, packaging to ease of use and design – a thousand details that all amount to satisfaction or disappointment within the user. Nowadays you can reach out through social media and other channels to project your message and your passion and commitment to improving the user experience must be seen as authentic and shine through such interactions. If you are successful in this your will reinforce the brand and confirm the perception that you have a world-leading offer.

All this will take time though, there are few overnight success stories at least ones that remain successful for decades after. Perhaps one of the challenges of modern business is that we are all too often looking for a fast return on investment rather than the bigger prize – long-term, sustainable success.

Written by Andrew Low of Discussing Business Ltd, July 2016.

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‘Good to Great’ by Jim Collins was first published in 2001 and is now available through numerous publishers.

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