



In a book published as recently as 2002, a major US consultancy presents Enron as the epitome of success and applauds its culture and ability...

My formula for success is rise early, work late, and strike oil.

--Paul Getty

Of the approximately 20,000 firms currently doing business in the United States, it has been estimated that within the next 20 years nearly one quarter of them - or 5,000 firms - will cease operations and go out of business. Another 65% will merge or will be acquired - some multiple times. Only 10% will survive under the same basic legal structure, with some achieving stellar growth and profitability while others will struggle continually for survival from quarter to quarter.

Despite the best efforts by the most capable and brilliant business minds of our time, the science of business management remains stuck in the Middle Ages. Many of the remedies offered up by even its most prominent experts and practitioners are akin to 15th century barbers prescribing bloodletting to their patients with little regard for the specific ailment.

There are, of course, certain fundamental business principals that executives ignore at their peril - and curiously many managers do exactly that. Ignore them. It seems many are too enthralled by the latest book that portends to explain, once and for all, how to succeed in business.

However, once we get beyond the simplest of business principles there is little consensus as to what are the enduring and essential ingredients for sustainable business success. That is not to say that business thinkers have not worked hard to gain new understanding and to prescribe new tools and techniques. In fact, we are awash in them. A search in Amazon.com for books on "business strategy" produced over 70,000 titles.

Many authors begin by examining the *companies-of-the-moment*, those 10 or so companies that have enjoyed the most stellar rise in the pop business charts. The would-be gurus begin looking for common traits that can explain their success. They probe into management practices, looking for common strategies, common decision-making processes, similar organizational designs, similar styles of dress, evaluate the charisma of the CEO and whether he or she knows employees by their first names, how much fun they have, whether or not they have flex hours, how much time they spend talking with customers, what their values are, how long they are in their jobs on average, etcetera, etcetera, etcetera.

However, almost as soon as the analyses are complete and the books are on the shelves, the once great, successful companies almost invariably begin to falter - even as they continue to adhere to the practices that were thought to make them omnipotent.



Organizations get into trouble when they neglect the basics in favor of the latest fad, especially when it was developed from an extended look into the rear-view mirror.

While there are frequently valuable insights to be gained by considering various success models, there are significant limitations as well and the savvy reader will extract the value while maintaining a healthy degree of skepticism and individual judgment. For the life-long student of management science, let me offer the following caveats:

Every business is a unique business

One should never assume that what works for a seemingly successful company can be - or even should be - replicated within your company. Contrary to conventional hyperbole, not all businesses are inherently growth businesses - and they shouldn't all be treated as if they were. The fool is the one who is tragically deluded by either great expectations where there are none or by great limitations where opportunities abound.

Change is the only constant

Wayne Gretzky attributes his success to his focus on skating not to where the puck is, but to where the puck is going to be. Similarly, what worked in the past very likely will not work in the future. Business is dynamic. It is a **complex system**, comprised of and shaped by myriad powerful forces that are forever in flux.

Recently, the most important forces have been technological advancements, the consolidation or splintering of competitive markets, the evolution of customer needs and behaviors, the development of new product and service innovations, the introduction of radically different competitor strategies and business models, changes in governmental policy, and changes in the economic environment.

These forces have impacted individual businesses differently, but most have been affected in some way. Of course, the forces that will play upon business over the next 10 years will be different than the ones we can observe by looking backward.

Fundamentally, success requires clarity and capability

The only way to succeed is to continually work hard to position your business not to where profit has been, but to where profitable growth will occur. That requires foresight and original thinking. You must understand your unique situation, where new opportunities are emerging, and the forces that you must harness to drive success.

In short, you must know **where** you want to go, you must know **why** you want to get there, and you must have the **ability** to make it happen.

At some level, business is as simple as that. But sometimes simplicity is hard to hear above the din of retrospective brilliance.