

FIVE KEYS TO BUILDING A SUCCESSFUL ORGANIZATION

This tool lists five keys to building a successful organization, based on research into what successful leaders do. Leaders can use this as a checklist to make sure they have considered all the crucial questions in building and managing their business.

The Five Keys

1. The business domain is clearly defined – in terms of the customer's objectives and the specific market segments to be targeted.
2. The forces at work in the business environment are extrapolated into the future on the basis of cause and effect, and a logical hypothesis as to the most likely scenario is stated simply and succinctly.
 - Taking advantage of your existing system and offering “additional” products or services is normally the best (lowest-cost) way to succeed.
 - Under-investment is the quickest way to kill a new product/service.
 - Concentrating on a few key factors of success in a given business is usually the most effective strategy.
 - Pay close attention to the target customers, the specific nature of the product/service you choose to provide, and its justification in terms of those users.
 - Consider the ease of competitors' entry into your segment and how barriers could be raised; pay close attention to the estimated size of market.
 - Inability to articulate a strategy into a single inclusive natural sounding sentence is a sure sign there's something wrong with the strategy itself.
3. Of the many strategic options open to the business, only a few are chosen. Once the choice is made, people, technology and money are deployed very aggressively. By concentrating more resources in support of fewer options, the company gains a bigger edge over its competitors. This causes quick divergence between successful and unsuccessful companies.
4. The company paces its strategy according to its resources. It maintains tight focus on its priorities. It guards against over-reaching itself.
5. Management adheres to the basic assumptions underlying the strategic choice as long as those assumptions hold. But if changed conditions demand it, management is prepared to change even the basic direction of the business.

