

What Business Winners Do Right, Where Business Losers Go Wrong¹

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Beginning with the book *In Search of Excellence* by Peters and Waterman (2012), significant management research resources have been spent in an effort to identify the business characteristics that are most shared by business winners. Some studies have also focused on identifying the characteristics that tend to be shared by those business organizations that are not effectively achieving their performance potential; these might be described as business losers. Certainly, a logical strategy for improving business performance would involve avoiding the characteristics of business losers while emulating the characteristics of business winners.

Business Losers Characteristics

Research has identified at least six characteristics that tend to be associated with poor performing business organizations (Table 1). The checklist in Table 1 can be used by managers to evaluate the extent to which the loser characteristics are descriptive of their business organization. In this regard, it is often useful to obtain the perspectives of many organizational managers and discuss in some detail the reasons for perception differences.

1. **Financial Poverty.** Many business organizations suffer from financial poverty because they are often started with inadequate financial reserves or have inadequate funds to invest in needed and critical resources. (Without adequate financial resources, organizations often die prematurely.)
2. **Managerial Short-Sightedness.** This can be demonstrated in many ways (e.g., not planning for the future, short-term actions that jeopardize long-term longevity, and an “if it ain’t broke, don’t fix it” management philosophy).
3. **Managerial Blundering.** This term is used to describe management teams that have botched important decisions (e.g., the Ford Edsel and New Coke fiascos).

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4. **Managerial Ignorance.** At least three types of managerial ignorance can be identified: (1) when management does not know, (2) when management does not know that it does not know, and (3) when management thinks it knows but it does not. (Under these circumstances, there is no incentive to obtain the knowledge that will correct the ignorance.)

5. **Managerial Cowardice.** This term refers to situations where the needed actions are known and the financial resources exist, but the management team is afraid to take and implement the needed actions. (Management is afraid to risk new opportunity investments.)

6. **Organizational Impersonality.** This is a major cause of business failure due to human disconnect (e.g., managers not knowing their workers' names, automated telephone systems, and customers having to pay extra to personally interface with organizational personnel).

Actions

To what extent are any of these business loser characteristics descriptive of your organization? Which loser characteristic poses the greatest threat to organizational survival? What specific actions need to be taken within what time period to eliminate existing loser characteristics? These are hard questions for management. Yet, organizational survival may well be dependent on objective analysis and actions taken on these and related questions involving these six business loser characteristics.

Business Winners Characteristics

Historically, ten characteristics have permeated throughout successful mid-size US business firms (Table 2). The checklist in Table 2 provides management teams a format for assessing the opportunities their organizations have to more effectively acquire and emulate the “winner” characteristics on a four-point scale (none, some, significant, great).

Most of the winner characteristics are self-explanatory. Two aspects of being an innovator seem particularly relevant: (1) the organization's past, present, and future innovation image in the marketplace and (2) future innovation opportunities and the commitment to remain or to become an aggressive market innovator.

The experimentation characteristic (#6) involves the number of experiments in process and, perhaps more

importantly, the source of ideas for these experiments. Organizations that do an excellent job of attending to the fundamental needs of their associates accomplish a significant portion of their experimentations and innovations at the associate level rather than at the top-management and middle-management levels. It is interesting that business winners are more effective at Thinking Like Customers (#8), Rewarding Performance (#9), and Leading by Example (#10) than their less successful competitors. These seem to be three important ingredients for future organizational success and are characteristics where improvement opportunities generally exist.

Actions

Which of the identified business winner characteristics provide your organization with the greatest opportunities? All business organizations have the opportunity to more effectively exploit one or more of these success characteristics. It is hoped that this checklist will provide you and your management team with a more focused direction regarding significant improvement opportunity areas.

Reference

Peters, T.J., and R.H. Waterman. 2012. *In Search of Excellence: Lessons from America's Best-Run Companies*. New York: HarperCollins Publishers.

Table 1. Business Losers.

Business Loser Characteristics		Organizational Evaluation		
		<i>Very Descriptive</i>	<i>Somewhat Descriptive</i>	<i>Not At All Descriptive</i>
Financial Poverty		_____	_____	_____
Managerial Short-sightedness		_____	_____	_____
Managerial Blundering		_____	_____	_____
Managerial Ignorance		_____	_____	_____
Managerial Cowardice		_____	_____	_____
Organizational Impersonality				
	Associates (Personnel)	_____	_____	_____
	Customers	_____	_____	_____

Table 2. Business Winners.

Business Winner Characteristics		Organizational Opportunities			
		<i>None</i>	<i>Some</i>	<i>Significant</i>	<i>Great</i>
Innovation as a Way of Life					
	Historically, Past-Record Image	_____	_____	_____	_____
	Future Opportunities	_____	_____	_____	_____
Create, Develop, Exploit Small Market Niches		_____	_____	_____	_____
Compete on Value Not Price		_____	_____	_____	_____
Develop/Communicate/Live a Strong Sense of Mission and Vision		_____	_____	_____	_____
Attend to Business Fundamentals					
	Finance	_____	_____	_____	_____
	Associates (Personnel) and Customers	_____	_____	_____	_____
Encourage Experimentation					
	How Many?	_____	_____	_____	_____
	Idea Sources?	_____	_____	_____	_____
Attack Bureaucracy		_____	_____	_____	_____
Think Like Customers		_____	_____	_____	_____
Reward Performance		_____	_____	_____	_____
Set Examples at the Top		_____	_____	_____	_____