



The Seven Business Lessons of 2003

– Learn them or Lose in 2004

1. MANAGEMENT

“It’s The Economy, Stupid” Works in Politics, but it’s a Miserable Way to Run a Business

Executives who portrayed themselves and their companies as victims of a bad economy should not expect to be natural benefactors of an improving economy. What we have experienced over the past few years is more likely classified as a “Darwinian Economy” and the least fit companies have already disappeared. 2004 may be a rebound year for many, but it’s still a survival of the fittest competitive landscape. Less or marginally fit companies will be this year’s losers. Organizations that actively manage the process of continuous improvement will flourish.

2. SALES

If Everyone is a Consultant, Who is Selling?

Consultative selling was a breakthrough 20 years ago, but it’s old and tired. Generating sales is a matter of growth which is, by definition, a leading indicator. Consultative selling is a discipline of selling to pain. Pain, in any form, is a lagging indicator. Sales organizations that have learned to sell to highly targeted prospects, by solving current and *anticipated* prospect problems offer the most value; sales people offering the most value get the most valuable orders.

3. OPERATIONS

Really...Pick 2: Fast, Cheap, Good

Companies without a viable value proposition, that relegate operations executives to “back of the house” matters will long regret this. Strategic positioning is essential for succeeding in the Darwinian Economy, as “afab” (anything for a buck) companies will find their market opportunities more limited than ever before. Corporate alignment is hardly a soft science.

4. HUMAN RESOURCES

Actions Not Activities

Return on Assets is no passing fad, and neither is outsourcing HR. 2003 put an exclamation point on it: Human Resources departments must be much more than “busy”, they have to be productive.

5. IT

Outputs, not Inputs

With the exception of the Concorde, human history shows that once a technology genie gets let out of its bottle it never gets stuffed back in. So relax IT leaders, you are still very much the future and a growth economy still very much depends on you! The lesson learned is that “cool” features and functions are relevant only to you; solve business problems by helping Operations pick 2 of the 3 (among others). Results matter.

6. FINANCE

Thankfully, No Longer the Only Adults

Financial executives who thought they alone understood or cared about financial restraint should have learned in 2003 that they have willing partners throughout the organization. In 2004 Finance can now work closely with business units to engineer success within the next phase of this Darwinian Economy.

7. IN A WORD...

VALUE

Companies that fail to create unique value for the markets they serve will not survive 2004. People who fail to generate value for their employers will be outsourced.