

Knowledge: One Key To Competitive Advantage

By Tom Northup, December 2007

A few years ago our business cycle was much longer than it is today. With the ever-changing pace of technology growth, a greatly shrinking world and the instantaneous transfer of information, a dramatically shortened business cycle makes managing a company more challenging than ever. I'm sure everyone can cite examples of industries that have been greatly impacted by these changes.

To be successful, CEOs must gain new knowledge and learn to use it. "No great manager/leader ever fell from heaven. Leadership is a learned skill, not an inherited one."

Keeping up with change in key markets is a continuous process. CEOs who proactively react to change understand that knowledge is an important key to success. They continually learn new methods of managing and leading their companies. Without this new knowledge they cannot react to the ever-changing marketplace or lead the company to the next level.

All organizations have a present and a future. During the present, companies use new knowledge to program the future. To create a future that is different from the present, CEOs must change the actions they take and the way they think today.

We are all familiar with the saying: Keep doing the same thing over and over and you will continue to get the same results. Today, with technology and information rapidly changing and expanding, I think it is more appropriate to say: If we keep doing what we have always done we will NOT get what we have always gotten.

Your company gets the results, good or bad, that you designed it to get. If your vision for the future differs from your current situation, if you want better results, you must change the design. Otherwise you will continue to get the same results you are already achieving.

CEOs must continually update their awareness of their industry. They must manage and lead more effectively so they can proactively react to change. They need knowledge.

How we gain knowledge

A few years ago, when time was not so compressed, companies could take a carefree approach to learning. Today they don't have that luxury.

In technical, management and leadership situations where the outcome is vital to the business, many CEOs discover that they don't have the necessary expertise. They must develop strategies to learn new material, behaviors and attitudes.

First, companies need technical knowledge that affects products or services. Equally important companies need up to date information that will help them manage and lead their organizations more effectively.

Product life cycles are now very short. For instance software products can have a life of less than one year. To be successful in this demanding environment, successful CEOs must develop a high performance culture where employees become a team of enthusiastic, motivated,

confident, committed people working together with a high degree of cooperation on behalf of a future to which they have all committed themselves.

The traditional method of learning is to read books, industry journals and internet information. It's a good method but there is a problem with the sheer amount of information available, some of which, particularly from the internet, may not be valid or may already be dated.

A better way, one that has worked for years, is to gain information and put it to use through developing alliances. Successful CEOs don't try to do everything by themselves. They find other leaders who have the expertise they need. Through mastermind alliances, they develop organizational excellence that drives results and gets them the success they desire.

Some areas in which alliances work include:

1. Technical Requirements

Many executives regularly confer with others who have technical expertise beyond what is internal to the company. This can take several forms: a technical board of advisors, an industry group or simply personal relationships with outside experts.

2. Functional Areas

A typical example is sales. Companies often reach a plateau when the sales department grows to the point where employees and processes would benefit from experience not available in house. Successful CEOs seek expert advice.

3. People Development

Most companies have maintenance budgets, for instance IT. How many have a budget to develop their most important asset, people? Personnel development is specifically designed to improve effectiveness by changing behaviors and attitudes. A small improvement in the effectiveness of key people has a great impact on the bottom line.

4. Strategic Planning

Organizations with a specific plan significantly out-perform other companies of equal capability. In a study of small to medium sized companies, those with strategic plans had 45% higher revenue per employee. The message is simple: planning develops focus; focus drives performance; performance drives results. Planning creates a strong competitive advantage in the marketplace.

Attitude toward knowledge

Effective CEOs understand that people actually work for themselves. As leaders, they regularly seek personal and professional improvement, thereby serving as role models for the individuals they hire to fill key positions in the organization.

Through the miracle of compounding, if you improve yourself just 1% a month, a tiny amount, you will double your effectiveness in less than five years. This powerful tool gives you control over your life and can double your effectiveness several times over during your career.

One of the most effective attitudes a successful CEO can have is to share power with key personnel. This is an effective method of planning, developing best thinking, creating positive change and molding a culture where people want to work.

CEOs build on these attitudes by developing a culture where people can meet their personal goals as they help the organization meet its goals. In this environment a company can accomplish great results..

Summary

Successful CEOs understand that learning is a lifelong journey. They continually seek personal and professional improvement and regularly put it to use. They develop high payoff activities for themselves and their key people to accomplish. If they didn't, daily routine would get in the way and keep them from generating the results they expect.

Successful CEOs also understand that an important high payoff activity is to build a culture where learning and sharing knowledge becomes routine. They involve their management team in developing the direction and initiatives of the company, thereby creating emotional and intellectual commitment.

The result of continuous learning, implementing new knowledge, sharing power and building a positive culture is organizational excellence. The motivated, committed management team builds competitive advantage in the marketplace by being proactive and leading change initiatives rather than by being reactive and following.

Knowledge is a key beginning. A John Wooden quote says it best. "It's what we learn after we know it all that counts."