

REPEATABILITY

Building Enduring business for a world
of constant change.

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The nature of successful strategy is changing in three ways. First, it is much less about a detailed plan than about a general direction—almost a strategy built around deep capabilities that can be improved, adapted and reapplied.

Second, strategy is now less about anticipating how the world will change, than about rapid testing, learning, changing and adapting. Some of the great stall outs like Nokia have occurred because of failure to adapt to change.

Third, effective strategy is becoming increasingly indistinguishable from an effective organization.

The best strategies are those that the organization readily embraces, mobilizes around quickly and provides feedback on.

When the full organization understands deeply the strategy, its ability to learn and adjust to change will have a good chance of being better than its competitors.

Complexity is the silent killer of growth strategies.

Complexity creeps up on companies, confounds learning, slows response time and saps organizational energies.

Our data shows that simplicity, focus, and mastering the art of continuous change nearly always trump strategies of radical change.

We think that successful companies harness the power of continuous improvement and adaptation. We call them *great repeatable models*.

Nike's repeatable model is built on four core interlocking capabilities: 1. Brand management, 2. Athlete partnerships, 3. Award winning design and new materials, 4. An efficient supply chain to asia as it has no own manufacturing.

Sustained success in a world of more rapid change is not easy. It requires the simultaneous ability to focus and improve your deepest strengths of the past while at the same time adapting your business and adding new capabilities for the future.

The design principles of great repeatable model companies is a. a well differentiated core, b. clear non negotiables and c, closed loop learning

Repeatable models are not..

1. It is not the performance of a repetitive task like a robot.
2. It is not the mechanical replication of a business concept
3. It is not an endless to do list
4. It is not the repeatability of the non strategic functions.

The Airline business, arguably the toughest business, in the ten years between 2000 and 2010, the airline industry lost \$200 billion in shareholder value. During this decade, 90 pc of airlines did not return their cost of capital.

In the airline business, two stood out Ryan air and Singapore airlines(SIA).SIA has been profitable since 1972 when it started, a rare record.

Nokia is the world's leading mobile handset manufacturer and at one point, the sixth most valuable brand in the world. A national treasure of Finland, it accounted for 1.6 pc of Finland's GDP.

In the first era of mobile phones, Nokia was differentiated on cost, reliability and the breadth of its channels. It had strong core principles and created a powerful culture.

Stifling bureaucracy at Nokia led to lack of action on early smart devices innovation said the Herald Tribune.

A few years before Apple introduced the iPhone in early 2007, the prototype of an internet ready, touch screen handset with a large display made the rounds amongst senior management at Nokia. The hesitancy to invest heavily early enough allowed Apple, RIM to jump out in front in smart devices.

Perhaps if Nokia's leaders had retained that external focus and had not been absorbed, as it appears, in the need to manage internal complexities, the company might still be the undisputed leader !

In a world where the pace of change is increasing, the ability to decide and act more effectively than adversaries is critical.

Clarity and agreement around the uniqueness of a company, its root source of competitive advantage and a rigorous view of its full potential to grow is important to know.

The founder of Lego, Kirk kristiansen was a carpenter who made houses and furniture. When the depression happened in 1932, he could not sell enough furniture so he started making wooden toys to boost his income. Lego means play good.

If employees organized themselves in a self organising manner, if done consistently, it can increase the speed of the business. If you do things faster , you capture more of the growth.

Non negotiables is a short phrase to describe a rich idea. The idea is to translate the most important tenets of the strategy into a few prescriptive statements that people throughout the organization can understand.

Apples Core values

- 1. We believe we are on the face of earth to make great products**
- 2. We constantly focus on innovation**
- 3. We believe in the simple, not the complex**
- 4. We believe we need to control and own the primary technologies behind the products we make**
- 5. We participate in markets where we can make a difference.**

Apples Core values

6. We believe in saying no to thousands of projects so that we can focus on a few that are meaningful.

7. We believe in deep collaboration in our groups.

8. We don't settle for anything less than excellence.

9. We have the self honesty to admit when we are wrong.

Routines are habits of an organization. As with people, these are not easy to change.

The average person makes the same new year's resolution ten times in a row without lasting change. No wonder, more than 70 pc of change initiatives in organizations fail completely.

Nike's Eleven maxims

- **It is in our nature to innovate**
- **Nike is a company**
- **Nike is a brand**
- **Simplify and go**
- **The consumer decides**
- **Be a sponge**
- **Evolve immediately**
- **Do the right thing**
- **Master the fundamentals**
- **We are on the offense. Always**
- **Remember the man.(Bowerman who made the early shoes and designs)**

More than 2/3 rds of global CEOs say that the ability to adapt is becoming a much more important factor in competitive advantage in their industry.

The reasons people do not adapt are : 1. Pure denial, happy with the past biz model. 2. Ignorance of the change in their industry. 3. Energy deficit, no real energy to address the challenges. 4. Fear itself.

Top performers in a wide range of fields have better organized and consolidated their knowledge, enabling them to approach problems in fundamentally different and more useful ways. In general, the knowledge of top performers is integrated and connected to higher level principles of the subject.

Apple was founded on April 1, 1976. Except for a short period in the six months of the internet bubble, Apples stock price for more than twenty years , 1980-2002 was between \$ 1 and \$ 10.

Today it is \$600.

**Apple has the following methods
to collect feedback :**

The genius bar

Net promoter score

Store level data collection

Online data collection

Superior speed and quality of decision making is a competitive weapon that is becoming of increasing importance in a world of increasing speed and complexity.

Frontline employees are the best source of information any company can have , if it managed correctly.

Jim Collins spoke of level 5 leadership as the qualities of a leader to balance humility and focus on building the details of the company with a strong determination to a few long term goals.

Leadership best practices :
Focus on what really matters/Co
create and communicate/Create
processes to force feedback.

The teams in the best performing organizations had external focus in more than 70 pc of their work, whereas worst performing teams were the opposite.

**Defining a level of
specificity is important if
teams need to achieve
better.**

Senior executives at poorly performing companies argue that the “day to day battles” prevent them from stepping back and looking at their business fundamentals . They also don’t confront business model challenges as a result.The enemy of change is day to day fire fights.

**A lasting repeatable model
requires a good leader and an
enthusiastic management team
that focusses on simplicity.**