

Beyond Great Book Review

'The eternal search for an enduring company'

Book Review for Hindu Business Line, appeared on 2 nd November 2020

Academicians, practicing managers and consultants are always on the search for the formula of enduring companies that outlast others and reshape themselves. The first big book on this quest was 'In search of Excellence' around 1984. After that we had many more books like 'Good to Great' and now three BCG consultants, Arindam Bhattacharya, Nikolaus Lang and Jim Hemerling have written a new book '*Beyond Great*'.

This book is about improving your customer centricity, getting the best talent and being mindful of society amongst lots of disruption. The authors identify the three sources of disruption – Technology, Economic nationalism and Social change. I think everyone is aware of the shift/impact/inroads technology has made on/into every aspect of business. The world is getting more protectionist and if a company does not do good in every country it operates in, then it will be seen as a parasite. The authors talk of TSI – Total Social Impact in the context of doing good in society.

The business world is always looking for a formula to copy and if the formula comes from large companies, then the reportage becomes even better. In this book, the authors define the concept of beyond great in three parts:

1. Growing beyond
2. Operating beyond and
3. Organizing beyond

In growing beyond, the authors talk of doing good to society, doing everything digitally and playing on a global stage vs a local stage. I think the last point of playing a globally refined game is relevant since boundaries are mere lines in a digital world. I think everything contributes to this: the global media reach, global search reach, and global talent.

In operating beyond, the authors focus on the ability to build an eco-system, being flexible and having data running through the chain. The ability to build an eco -system is not a natural thing for most executives and companies; *Being Great* highlights this well. This is because in every deal, someone thinks of themselves as bringing more to the party and hence deserving of more of the profit pie. In my experience, a good eco system partnership must be a win-win relationship where both gain compared to before but is never a 50-50 share of the profit pie. The biggest area of partnership is in sharing customer relevant data without violating the boundaries of privacy. The ability to cross sell one need with another need will become more prevalent when ecosystems share data. This type of sharing can also be with the government. There are many governments which are open to private enterprise using their data and benefiting from it.

In organizing beyond, the authors talk of being focused, fast and flat, thriving with talent and being in an always on transformation mode. This is about culture and how you do things and hence according to me, the most difficult area of the three to get right. I believe the concept of focus will be a challenge because what is the focus today can be a milestone

tomorrow or simply a fad for the moment. Every organization wants to be fast and flat but the combined knowledge of years of operating models prevent the organization from getting there. The speed of the organization is directly proportional to the urgency displayed by senior managers. Senior managers display urgency if they feel the heat of the marketplace and they are held more accountable. Many people talk of a two speed or a three-speed world, I would apply that to an organization. In my experience, a typical organization works at three speeds – the senior management speed, the middle management speed and the junior management speed. The junior managers are the most enthusiastic and turn around things the fastest, the senior managers are next and the middle managers are the slowest since they are buffering between the two speeds. An empowered middle management is needed if the organization needs to be fast.

Always on transformation mode in the book is a good point because of the sheer speed at which things are happening right now. The pandemic is a good example, companies have innovated, brought new products and services to market in double quick time. An always on transformation mindset needs enormous resilience and positivity. This is very difficult for young, inexperienced managers. Resilience comes from the accumulated learning after taking a few knocks in life and business.

There are many examples in the book from the usual list of classic companies, Siemens, Natura, Master card etc. highlighting that digital businesses and eco systems grow when the regulations and policies are enabling. I think that's an important thing in the new world for every business to think about. Hence timing is crucial.

What defines a beyond great company will be debated – in the past we looked at revenue and profit growth, in some cases we added market share, in other cases we added transformation and market creation. The number of variables to define for a successful company has gone beyond 50 now and it is unlikely that every company will be able to deliver on all 50 measures. I liked most of the company examples in the book, I agreed with many and disagreed with some. I really liked the examples where the direction played out over years as opposed to being a fad for a year or two. I liked the example of Natura the best, as it was an example of commitment to eco system, to society and also to the consumer.

A past BCG study said that the average life of a company in 1960 was 60 years and today it is between 15 and 20 years. So, in the future it is possible that a company that merely survives 20 years will be beyond great and 'Awesome'!

Shivakumar
24 October 2020.