

How Companies Reach the Top – And Stay There

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From global retailers like Wal-Mart and behemoths like Microsoft, Apple and Samsung to start-ups like Swiggy, Pharmeasy and Bookmyshow - we can learn a lot from how today's market leaders stay relevant

Top companies are dedicated to quality, innovation and differentiation; success is incidental - excellence is the real focus

- Sukhdeep Aurora -

The quest for leadership is, perhaps, one of the most deeply-ingrained human traits. In legal terms, corporates are entities or 'individuals' but more importantly, they are made up of people – and they work for other people. So, what is a good indicator of a company having reached 'the top'?

Is domestic and even global market share a reliable metric – or perhaps capitalization, or market value a prudent indicator? Or is being considered the 'best place to work' a good yardstick? While there is no single benchmark, the quest for 'reaching the top' continues to drive companies and individuals.

Getting There

The above parameters are important to gauge a company's progress on a time scale and in relation to its peers. However, paraphrasing Aamir Khan's statement in the movie '3 Idiots', 'strive for excellence and success will follow'. For a company, 'reaching the top' is not a goal but a process and leadership is a by-product of sound focus, ethics and governance.

Really successful organizations (or individuals) never really seem to strive to reach the top. For them, success is incidental - excellence is the real focus.

Staying There

Attaining a leading position is an important accomplishment on any journey, be it of an individual or a company. However, 'reaching the top' also brings with it the responsibility to stay there.

The more attention is directed to your success story with the ease of information flow in today's connected world, the more your competitors and new entrants will gear up to replicate your success story. If a company's success story is the result of a certain business model, you can be certain that others will try to emulate it.

Historically, few companies have consistently maintained their leadership position over considerable periods. A look at the Fortune 500 list shows that over 2500 companies have appeared on the list since 1955, when the list was first published. Some of the biggest and most celebrated names today did not exist just a few years ago, and some of the largest names of the past have succumbed to their competitors.

The Rise and Fall of Brands

Wal-Mart topped the Fortune 500 list in 2010 but was not even conceived of when the list was first published. In India, the mix of companies leading the charts has transformed significantly from 1990 (pre liberalization) to now.

While there can be various strategic, tactical, competitive, regulatory, human and other factors involved in the churn of 'top companies', evidence suggests that those that stay on the top for over two decades have an explicit focus on quality at all levels. Apple, Samsung and Microsoft come easily to mind. Such companies do not rest on their laurels - they innovate, update and upgrade their products constantly.

In a product company, the focus is obviously on the product. However, a services-oriented company reaches and stays on the top because of how it treats its people – employees and well as customers. This is an inalienable aspect of quality for a services company, where a product company can maintain its momentum largely on the quality of its products.

However, even a product-oriented company cannot avoid the backlash of public opinion if it treats its own people badly. No matter how much is swept under the carpet, stories of sweatshops in China, the Philippines and Bangladesh – or a sweatshop approach to delivery and transport services closer home – will unerringly percolate into public awareness. In this enlightened and super-informed age, the fallout of such a negative narrative can and will eventually topple even the hardest giants.

Essentially, staying ahead in the race to top translates into building a high-quality organization. Quality affects the organization in various ways – from improved productivity to higher profitability, and from better customer satisfaction to a positive public perception. Not only does this help the organization to grow and succeed, it also leads to employee growth and empowerment.

Getting To - And Staying On - The Top

While there cannot be any magic recipe to create such an organization, there are some steps that can be taken towards achieving it:

Leadership through Innovation

Corporates today are challenged by innovations originating from across the world, both from within and at times outside the industry. Further, with a conducive entrepreneurship ecosystem, even small-sized companies are challenging their larger contemporaries and even changing industry dynamics through their innovative business models. Today, home-grown innovations have changed the way industries operate now – regardless of how they operated earlier – by bringing convenience and transparency to customers.

Aggregators across industries such as Swiggy, Pharmeasy, Bookmyshow and many others have created niches for themselves. If we examine the latest list of start-ups recognized by The Economic Times, a company providing a full-stack logistics platform called Delhivery covers over 17,000 pin codes. Women are also distinguishing themselves. Klay Schools is making a difference by working at the intersection of pre-school education and enabling women to return to work after having a child.

These unique models indeed validate and prove that innovation is not just about developing new products and services but, more fundamentally, about discovering new ways to create value.

It is imperative for companies to continuously innovate and move from current to future strengths by propagating innovation. Innovation, while necessitating both a top-down and bottoms-up system, needs the highest level of sponsorship and grassroots-level adoption. In innovation driven organizations, the CEO must literally become the chief innovation officer.

Differentiate or Die

Most companies spend considerable time and effort replicating the business models or approach of leading companies. It is imperative for business leaders to differentiate their firm from the competitors, or they will lose the enterprising edge they command. The differentiators need to be built around the unmet needs of customers, add tangible incremental value - and be difficult to replicate without a consummate investment in overall quality.

Netflix is an interesting example. Of the many aspects that it used to provide differentiated solutions to the unmet needs of its customers, a key factor was its use of what was called the 'automated movie recommendation program' which helped a user to discover customized content tailored to individual preferences. In 1990s, this helped Netflix to compete against physical stores which made it very effort-intensive for movie lovers to find their preferred titles.

Today, this 'recommendation engine' seems to have become a much stronger differentiator among competitors like Hotstar and Amazon Prime. This, clubbed with investing in high-quality original content, gives Netflix the much-needed firepower to continue to win the video streaming industry sweepstakes - especially countries like India where the viewers' tastes are very broad.

Make Prudent Investments

A company must constantly invest and stay ahead of the curve. Equally important is directing these investments into the company's focus area/s. This will range from tech investments through robotics and AI - for example, Pizza Hut is deploying robotic waiters in its restaurants in Asia, and Unilever is trying to use blockchain to improve its advertisement buying - to skill development via learning/training programs that help meet 'Future of Work' challenges, and even investing in physical infrastructure to create attractive, green and productive workplaces.

Nurture and Retain Talent

Human capital is the single-most important asset that an organization has on its journey to becoming - and remaining - a world-class organization. It is critical to constantly invest in, mentor and retain this talent. With the intensity of the war for talent increasing constantly, technological advancements change the very nature of work and workplaces and more and more organizations are opting for business process automation.

Concurrently, new opportunities and challenges continuously emerge. Organizations need to keep up with evolving trends so that they can attract newer generations of workforce, and to continually invest in upskilling its existing talent. Today, an organization's responsibility to draw the best from the increasing diversity of workforce has never been higher.

Take Corporate Governance Seriously

Regardless of whether we're talking about a company, a professional or an entrepreneur, capital creation depends on certain conditions being maintained. This also entails the considerable responsibility of creating capital legally and ethically. Corporate governance is not just a compliance issue or an agenda point for discussion in board meetings.

The foundation of excellence in any aspect of an organization is the measure of faith and trust that the institution commands among all its stakeholders. Earning, retaining and growing institutional faith and trust is the result of the cumulative efforts and contributions of every member of the organization via their individual interactions with customers and stakeholders.

An organization must stay true to its stakeholders in every way possible and conduct business with a much broader view than mere profitability - the business must also benefit employees and customers in equal measure.

These, broadly, are the success ingredients that can boost a company into the rarefied stratosphere of market leadership. It's not about capitalization, profitability and awards - it's about being the best that it can possibly be, on every possible front.

With such an approach, becoming a top-level company is an almost inevitable by-product. Leadership is not purchased or bestowed - it is earned the hard way.

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