

## **Smart Company: Growth Article**

### **10. A clear vision drives decision making and productivity**

How often have you listened to a presentation on a business to then ask yourself the question "But what business are they in?" or "But what do they really do?" If you are confused just by being the recipient of the information, doesn't it make you wonder how confused they must be? Try another test. Gather up a set of business cards at a meeting and then try to work out what each business does. You will be surprised how difficult it is. However, you don't see this confusion very often with high growth SMEs. They seem to have a much better idea of who they are and what problems they solve. This simply comes back to having a really good focus on their mission.

You often see businesses which have multiple streams of activities in different markets with different products. While it is perfectly understandable that the start up entrepreneur will take on whatever they can do to survive, the established business really does not have that excuse. What is very clear is that they lose the opportunity of driving high levels of productivity by spreading themselves across too many activities. Unless you have some natural advantage stemming from a protected market position, the ordinary business is best served by concentrating on developing a competitive advantage through learning curve effects. By this I mean, getting better and better at one activity where they can build expertise, market reputation, customer loyalty and strategic relationships and, by doing so, leverage up their margins.

The biggest advantage of a clearly articulated focus, which defines not only who you are but what you do, is that it helps drive every aspect of the business. The difference between 'we solve our customers problems' to 'we provide safety building accessories to high rise office developers' is staggering if you are running a high growth business. A clear focus helps everyone in the business make decisions. Whether it is what to invest in, what opportunities to pursue, who to recruit or what marketing expenses you should incur, the better focused business has a much greater ability to empower decision making down through the organisation because every employee has a clear grasp on where they are going.

The productivity impact of a well articulated focus comes from the accumulated wisdom and intellectual capital developed over time in the business. Just like the medical specialist who sees 100 times more instances of a problem than the local GP and thus is quickly able to diagnose and treat even the most unusual medical complaints in his or her speciality, the same applies to a business. The firm which builds a deep expertise in a niche market is more able to correctly and quickly identify problems and appropriate solutions, more economically able to assist their customers and be more reliable as a supplier. This in turn drives higher pricing, higher margins and more sustainable growth. The deep expertise acquired is the foundation of their competitive advantage but also their protection from competitor attack. In a growth market, a tight focus will underpin the ability of a business to take advantage of growth opportunities.

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