

# Developing a Strategy for World Class Business

## Introduction

This checklist provides an introductory framework for managers whose companies wish to pursue the route to world class status. The responsibility for a world class strategy usually rests with the chief executive and senior management.

Becoming a world class company is not a simple process, and requires effort and commitment from the entire organisation. Developing a strategy for action is essential if world class status is to be achieved.

## National Occupational Standards for Management and Leadership

This checklist has relevance to the following standards:  
F: Achieving results, units 3, 9, 10 and 12

## Definition

'World class' is a concept that is difficult to define. However, an accepted working definition is that a world class company should be able to compete with any other organisation in its chosen markets and that it aspires to world-beating standards in everything it does, in every department or division. 'World class' also embraces the practice of (and excellence in) techniques such as total quality management continuous improvement, customer service, international benchmarking, flexible working and training. 'World class' organisations also accept the necessity for continuous change.

## Action checklist

### 1. Consider outside influences

Identify the factors in the external environment which call for a strategic response from your business. These can be grouped under main headings such as: economic factors; demographic trends; environmental factors; technology; suppliers; and competition; e-business and the Internet; and globalisation. Standard business models are being turned upside down.

### 2. Establish the world class vision

Determine the core business of your organisation - that at which your organisation should excel. Top management must make a vision of excellence clear in a brief statement that is impossible to misinterpret. In addition to helping form this vision, the chief executive's role is to clarify the message, push forward change, and champion the ideas and capabilities that will beat your competitors.

### 3. Analyse your current position

Benchmark your organisation against your competitors as far as you can. This can be very difficult, as much of the necessary information may not be available.

There are several benchmarking organisations and clubs who can provide an impartial assessment. The initial results may be disappointing, but may help to highlight areas that need to be addressed. (See the section Organisations).

Consider the following areas:

- your product innovation, quality, speed to market and availability
- your pricing structures
- its availability
- your customer service
- your policy for continuous improvement
- your costs
- your market share
- your environmental and ethical policies.

Do you match your competitors in these areas, or is your organisation considerably better than or well below them? Don't limit this measure to competitors in your own country - compare yourself against world wide competition. Identify which organisations are excellent within these areas and determine what makes them the best (in order to beat them!).

Assess where you stand in your customers' eyes. It is their perception that matters most.

### 4. Focus on core capabilities

From the understanding you have gained of the external environment, the core business of the organisation, and the standing of competitors, draw up a list of the core capabilities of your organisation which will enable you to compete in world markets. Core capabilities will include:

- product knowledge / service skills
- marketing skills
- innovation / research capacity
- financial planning and control
- human resource capabilities (including motivation as well as skills).

Determine which of these core capabilities need extra focus and resource their development.

## **5. Build a corporate strategy**

Focus on achieving better products or services, better factories or service operations, better organisation, better management, and better information and communication.

Ask yourself questions such as:

- Have the key business processes been defined and understood?
- Does your organisation focus on processes or on departments?
- Has a quality, or customer focus ethic been established throughout the organisation?
- Are quality and reliability of products and services measured?
- Are the key performance measures improving / reviewed?
- Is everyone in the organisation informed of results and developments?
- Is customer satisfaction monitored on a regular basis?
- Are employees multi-skilled? Are they flexible and willing to adapt?
- Do you maximise people skills through equal opportunities policies?
- How are creativity and innovation encouraged and nurtured?
- Do you capture and utilise your knowledge base?
- Is yours a learning organisation?
- Do you see your suppliers as partners?

## **6. Set high targets for the organisation**

Set imaginative and ambitious targets by identifying where you intend to be in one, three and five years' time. If targets are easily achievable there is a danger that you will rest on your laurels. Being satisfied with these improvements means never becoming world class.

- Ensure that organisational targets are translated into divisional and departmental goals which are incorporated into individual objectives.
- Get staff into the habit of setting their own targets (they will usually be higher than those you would set them).

## **7. Develop simple balanced performance measures**

Measurement processes - as simple automated and straightforward as possible - allow you to continuously monitor what is happening, and continuously report on progress. Performance measures must be relevant to your aims - concentrate on customer service, time reduction and quality - and remember that within a world class company, financial indicators are only one of a range of measures in terms of achieving your objectives. Don't, however, let measurement get in the way of getting on with the job.

## **8. Adopt straightforward reporting procedures**

Complex reports are time-consuming to understand, require a lot of preparation and consequently tend to be produced monthly at best. World class companies must be able to act immediately on the results of performance measurement; if a report takes three weeks to generate, then this three week lead-time will impact on continuous improvement. Adopt the one-page management reporting rule.

## 9. Communicate your progress

Nothing inspires and motivates like success itself. Your employees must be kept fully informed of the organisation's progress (get your staff to produce their own progress charts if possible). By adopting simple measurement techniques, results can be given to employees on a daily basis via bulletin or notice boards - preferably in a graphic or pictorial form. Progress reports can be an inspirational form of communication: poor communication is a reason why many things go wrong.

## 10. Revise your performance targets

As your organisation raises its performance in the areas you have defined, identify new areas to be improved. As areas improve, their reports should reduce to exception reporting (a report showing only those items which deviate from plan or the established norm), allowing the organisation to focus on new needs.

Becoming world class, although an achievement, is only the beginning. To be a world class company you must continue to benchmark yourself against your competitors regularly. If you fail to do this, your organisation will slip from the position it has achieved to be replaced by another - staying world class is just as hard as becoming world class, if not harder.

### Managers should avoid:

- becoming complacent once you feel you are world class
- underestimating the importance of benchmarking, measures and reports
- attempting to impose 'accepted' corporate ways and means across borders.

### Additional resources

#### Books

**Strategic management of resources and relationships: concepts and cases**,  
Jeffrey S Harrison  
New York: John Wiley, 2003

**Global and transnational business: strategy and management**,  
George Stonehouse and others  
Chichester: John Wiley, 2000

**Customer century: lessons from world class companies in integrated marketing and communications**, Anders Gronstedt  
New York: Routledge, 2000

**Total organizational excellence: achieving world class performance**, John S Oakland  
Oxford: Butterworth Heinemann, 1999

This is a selection of books available for loan to members from the Management Information Centre. More information at: [www.managers.org.uk/mic](http://www.managers.org.uk/mic)

## Related checklists

Carrying out a PEST analysis (196)  
Developing a manufacturing strategy (149)  
Performing a SWOT analysis (005)  
Pursuing business excellence (163)

## Organisations

**Best Practice Club**, The Atrium, Curtis Road, Dorking, RH4 1XA  
Tel: 01306 646555 [www.bpclub.com](http://www.bpclub.com)

**Benchmarking Centre**, The Old Rectory, Fulletby, Horncastle,  
Lincolnshire LN9 8JX  
Tel: 01507 534071

**Centre for Interfirm Comparison**, 32 St Thomas Street, Winchester, SO23 9HJ  
Tel: 01962 844144 [www.cifc.co.uk](http://www.cifc.co.uk)

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