

REPEATABILITY

Build Enduring Businesses for a World of Constant Change

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MAIN IDEA

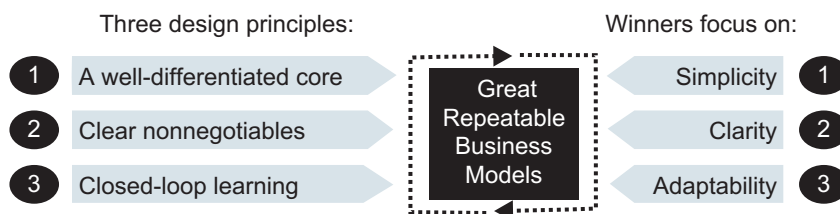
Everyone wants to grow their revenues and yet when the results are analyzed, the companies which end up achieving growth don't generally chase hot markets. Instead, they focus on building a repeatable business model which takes advantage of what they already do well. Repeatability – repeating what is already working – is the real key to growth because it avoids the strangulation by complexity which strikes many organizations.



The best way to grow is to not to look for new projects to pursue. Instead, build your own Great Repeatable Business Model.

“Our data shows that simplicity, focus, and mastering the art of continuous change nearly always trump strategies of radical change or constant reinvention. The complexity and disruption that result are the great “silent killers” of growth and can even lead to “binge and purge” cycles that ultimately weaken the core of businesses. We find in our research that enduring success is not about the choice of market, but about the essential design of a company (a much more controllable variable) and about harnessing the power of continuous improvement and adaptation—driving learning and competitive advantage deeper and deeper into the fabric of a business.”

– Chris Zook and James Allen



How to Build a Great Repeatable Business Model

Principle #1 – A well-differentiated core Pages 2 - 3

The essence of strategy is deciding how you will achieve and maintain differentiation. In practical terms, you earn money by being different from your competitors in ways that customers value. Repeatable business models have unique assets and deep competencies or capabilities which are their crown jewels of differentiation. To build a Great Repeatable Business Model, keep it simple. Know what you do well and add to that as you go along.

Principle #2 – Clear nonnegotiables Pages 3 - 4

Nonnegotiables are the principles which translate strategy into action. They usually consist of a manageable number of core values, mindsets and the criteria which get used in making trade-offs. When the nonnegotiables are clear and used consistently well by everyone, focus improves. Increased clarity around these principles reduces the distance between the management and the front line. Everyone translates the organization's strategy into action in a consistent way.

Principle #3 – Closed-loop learning Pages 5 - 6

Great Repeatable Business Models are aggressive in trying to adapt to change. To that end, they tend to have well-developed systems for learning and driving continuous improvement. They stay in touch with customers but also they identify external threats and react with urgency when required. Superior learning processes deliver a competitive advantage because they are matched with mechanisms for adaption.

The Role of Leadership Pages 6 - 7

Leaders are always struggling with a strategic dilemma – how to simultaneously maintain what works well in their business model and at the same time allow it to adapt and evolve to meet changing market conditions. The solution to this dilemma is for leaders to impose freedom within a framework – that is, leaders must become the custodians of the three design principles but at the same time manage the three tensions which will inevitably arise.

The Triumph of Simplicity Page 8

In the complicated and constantly evolving world of business, keeping your business simple can be and will be a tremendously important competitive advantage. If you engineer your organization so simplicity can triumph and reign supreme, your competitors will wonder what hit them. Even more importantly, your customers will love being the center of attention.

