STRATEGIC CONCEPTS AND PRINCIPLES

BARRIERS TO ENTRY

Obstacles making it difficult or impossible for competitors to enter a particular business segment. Barriers sometimes exist naturally but astute managers will try to raise these barriers and introduce new ones in order to restrict competition amongst their customers. It is worthwhile reflecting from time to time on what can be done to raise barriers, by examining a checklist of potential barriers:

- **INVESTMENT SCALE:** ***Building a bigger or better plant, service network or retail outlet*** *can discourage competitors from trying to compete with you, especially if your installed customer base means it would take longer for them to get the scale of business to cover the cost of the initial investment, or if your investment gives you a lower cost base than existing competitors.*
- **BRANDING:** ***Making your product or service synonymous with superior and consistent quality,*** *whether or not a "brand" in the conventional sense is used.*
- **SERVICE:** ***Providing such a high level of service*** *that customers will be naturally loyal and not want to switch to competitors.*
- **"COST TO SWITCH":** ***Locking customers in,*** *for example by promotional schemes such as "Air Miles" where customers are saving up for incentives and will not want to switch to another supplier, or by giving OVER-RIDING DISCOUNTS once a level of sales has been triggered, or even by supplying equipment (such as freezer cabinets for shops selling ice cream) which can be withdrawn if a competitor's product is bought, or in professional services by knowing so much about a client's business that it would take another supplier too long to "come up to speed".*
- **PROPERTY/LOCATION:** ***Obtaining the best sites*** *can be crucial in businesses. It is worth asking from time to time whether the desired location might change in the future and then moving to lock up suitable new sites, as for example in edge of town/out of town superstores.*
- **EXPERTISE/HIRING THE BEST PEOPLE:** ***Knowing how best to do something that is important to customers*** *is an under-rated barrier. The key thing is to locate the functional expertise that is most important and then make sure that your org/unit is better than any other at this.*
- **LOWER COST PRODUCER:** ***One of the very best barriers is to be able to produce a particular product or service for a particular market at a lower cost than competitors,*** *usually by having larger scale in that SEGMENT than competitors and defending that relative advantage ferociously.*

BPR (BUSINESS PROCESS RE-ENGINEERING)

BPR claims to reinvent the way that companies do business, from first principles, by throwing out the view that companies should be organised into functions and departments to perform tasks, and paying attention instead to processes. A process here is a set of activities that in total produce a result of value to a customer, for example, developing a new product.

The essence of BPR is reversing the task specialisation and focusing instead on completing a total process with value to customers in one fell swoop.

"Doing" BPR, means taking a clean sheet of paper and asking fundamental questions like: Why do we do this at all? How does it help to meet customer needs? Could we eliminate the task or process if we changed something else? How can we get away from specialisation, so that several jobs are combined into one?

Performance improvement comes from eliminating the expense and misunderstandings implicit in "hand-offs" from one part of the organisation to another, as well as eliminating internal overheads necessary to manage the complexity brought on by task specialisation.

The process claims several benefits:

1) *Customers can deal with a single point of contact (the "case manager").*
2) *Several jobs can be combined into one, where the primary need to satisfy the customer is not lost in organisational complexity.*
3) *Workers make decisions, compressing work horizontally (that is, doing without supervisors and other overhead functions that are necessary as a result of specialisation), resulting in fewer delays, lower overhead costs, better customer response, and greater motivation of staff through empowerment.*

BRAND

A visual design and/or name that is given to a product or service by an organisation in order to differentiate it from competing products and which assures consumers that the product will be of high and consistent quality. Examples include brands such as Coca-Cola, Ford, Colgate, Gillette, Kodak and Avis.

Companies often create "sub-brands" or new brands within a particular category, such as Diet and Cherry Coke. Consumers prefer brands because they dislike uncertainty and need quick reference points.

Brands have other major advantages for suppliers:

1) *They can help to build **consumer loyalty** and thus give a higher and more enduring market share.*
2) *Most brands involve a **price premium** which can be very substantial and which greatly exceeds the extra cost in terms of superior ingredients and marketing.*
3) *Branding facilitates the **creation of new market segments** within an established product category: for instance, low-calorie or low-fat versions of almost any food or drink product, the creation of at least three classes of airline travel, or longer-lasting products such as Duracell.*

BUSINESS INTELLIGENCE (also see "Data Warehouse")

The gathering, management, analysis, and distribution of information about a company's customers and competitors in order to sustain competitive advantage. Through business intelligence, companies are able to better understand their customers and prospects, develop and expand customer relationships, bolster customer service, improve the profitability of products and services, and create valuable new offerings.

It also monitors competitors in order to stay one step ahead of them, or to enable quick reaction to their innovations. (It obviously does not include industrial espionage!)

Business intelligence, therefore, facilitates "correct" and speedy strategic decisions.

BUSINESS SEGMENT

A defensible competitive arena within which market leadership is valuable. A business segment is an area within which a company can specialise and gain COMPETITIVE ADVANTAGE. An example of a business segment would be high performance sports cars, which is a defensible market against mass-market cars. Thus Ferrari does not have to worry about its share of the overall car market, if it can be the leader in its own segment.

CHANNEL MIX

The different methods whereby companies distribute their products and services, and conduct transactions with customers (distribution channels).

Conducting transactions (and provision of information) have experienced a major move from manual to electronic (incl. the Internet).

CORE COMPETENCES (British), **COMPETENCIES** (American)

Those distinctive skills, qualities and capabilities that are key/critical to the success of the business, and that distinguish an organisation from its competitors and establish value in the minds of its customers.

To be successful an organisation must be at least as good as its competition in certain core competencies. For example, in retailing one of the most important skills is Purchasing and Merchandising, that is procuring goods that consumers will want to buy and displaying them attractively.

Assessing and improving competencies (relative to competition) has rightly become the top priority for many organisations.

COMPETITIVE ADVANTAGE (also see "Differentiation")

A company has competitive advantage when it has identified a market or market niche where it is possible to have a price advantage, or a cost advantage, or both, over competitors.

Price advantage means that the product or service is thought sufficiently superior by its buyers to make a price premium possible. Brand leaders usually command a price premium over secondary brands or own label products, sometimes as much as 20-40 percent, which far exceeds the additional cost of advertising and superior product formulation.

Cost advantage can come from superior scale (and therefore economies of scale: greater spreading of fixed costs), from having lower factor costs (for example, by using cheap labour), from superior technology, or simply having workers who perform their tasks more intelligently or quickly.

Competitive advantage needs to be **sustained** in order to stay ahead of the competition — meaning continuous innovation and improvement.

CONTINUOUS IMPROVEMENT

A Japanese concept holding that COMPETITIVE ADVANTAGE of a company accrues from the persistent search for improvement and a series of tiny steps made continuously, rather than from great leaps forward.

CONTRACTING-OUT / OUTSOURCING

Using outside suppliers of services to provide non-core functions, rather than having an internal department to do this.

There is a strong and increasing trend towards contracting-out in both business and government, largely to cut costs, but partly also motivated by the belief that organisations should concentrate on their core competencies and leave other specialists to fulfill other roles.

External providers are/should be specialists in their fields and should, therefore, be able to add more value than an internal department would normally be able to. The cost saving lies in them being used when you need them, eliminating permanent overhead costs.

COST OF COMPLEXITY

Very important idea that the more complex a business, the higher the costs, for any given level of scale. Complexity arises when a company extends its product line, customers, areas of expertise and/or use of different technologies in order to expand. The wise company seeks extra scale without extra complexity, or reduces complexity without sacrificing scale.

Waging war on complexity can lead simultaneously to stunning cost reductions and improvements in customer value. Some clues to reducing the cost of complexity are: reducing the number of current suppliers and entering more collaborative relationships with them; buying in (outsourcing) components and services rather than "making" them oneself wherever possible; avoiding products or customers where added complexity is not fully compensated; eliminating complexity from product design and making product families modular; reducing the number of process steps; improving factory/work area lay-out; creating small business units within the company that take charge of a whole product/process from design to customer delivery; decimating head office; abolishing management hierarchy; reducing the information collected and disseminated; and generally not doing anything that is not essential to making customers happy.

CUSTOMER RETENTION

The extent to which customers repeat-purchase. Losing customers is expensive, because the marketing costs to win them over in the first place are so high. A five per cent shift in customer retention can result in 25-100 per cent profit swings.

Customer retention arises from customer loyalty, which arises when superior value has been delivered. The effect can carry through to employees, who are proud to be offering such good value to customers, and who in turn reinforce the value proposition by particularly good service. With turnover going up and costs going down, profits increase, which in turn allows further investment in product quality and service and in hiring and retaining the best employees.

CYCLE TIME (also see "Time-Based Competition")

The time it takes for a full process to run its course e.g. the production of a product from start to finish; or the elapsed time since a service order is placed, till it is fully delivered.

DATA WAREHOUSE (also see "Business Intelligence")

A collection of data which is extracted from other systems, and packaged together, with the express purpose of making it available to the business for meeting its information needs (access to information is crucial for gaining strategic advantage).

The data warehouse manages the complexity of merging together data from disparate systems and expresses this data in the language of the business.

The data warehouse is updated on a regular basis, and normally made available via the Internet or a company's Intranet.

DELAYERING

Removing whole layers of management, resulting in a more FLAT STRUCTURE, lower costs, less bureaucracy, and greater accountability of executives.

DIFFERENTIATION (also see "Competitive Advantage")

Successful strategists select positions that are different (that differentiates them) from their competitors, and which give them clear and distinct competitive advantage.

This may include differentiation through innovative products/services, cost, quality, responsiveness, competence, distribution channels, etc (called differentiators).

To sustain differentiation, a company must become a moving target through constantly seeking improvement and innovation.

E-COMMERCE

Over the next few years, electronic commerce (E-business) via the Internet will transform the way most South Africans do business.

E-commerce is *"an exchange of information or value across a trusted electronic network"* e.g. electronic data/information interchange, electronic banking and payments, electronic transaction processing and invoicing, on-line advertising and shopping (the "virtual shopping mall").

There are two types of business being conducted this way: business-to-business, and business-to-consumer.

ECONOMIES OF SCALE

Reduction in unit costs through having greater scale. One of the main reasons why the high market share competitor has lower costs than the smaller players.

EIGHTY/TWENTY RULE; 80/20 RULE; PARETO RULE

A general phenomenon that 80 per cent of sales or profits, or any other variable, may come from 20 per cent of the products or services that a company offers. Invented by Italian Alfredo Pareto, the nineteenth century economist.

The 80/20 rule applies to individuals as well: 80 per cent of the value you provide in your job may come from 20 per cent of your time, so if you delegated the activities that take the remaining 80 per cent of your time to a lower cost or less experienced person (or stopped doing them altogether), you could multiply your impact up to five times. For both companies and individuals, some of the low-value 80 per cent may actually have negative value.

FOCUS; FOCUSED STRATEGY

One of the fundamental principles of strategy, a *focused strategy* begins with a company choosing a particular market segment with unusual or distinctive needs; then dedicating everything to serving this target segment. Despite temptation, a focused strategy forgoes the opportunity to serve other segments, or offer other products or services. Strategy, therefore, involves making tough choices and trade-offs among products, services and market segments.

Smaller companies in particular must focus on a small number of BUSINESS SEGMENTS where they can be the largest or best. Even most large companies could raise their profits and market value by a tighter focus on the things they do best and most profitably.

JUST-IN-TIME (JIT)

Valuable system developed first in Japan for production management aimed at minimising stock by having materials and work-in-progress delivered to the right place at the right time. As well as lowering costs, JIT can have other major benefits: the systematic identification of operational problems; higher levels of customer service and speeding up the time to market; higher quality standards by being "RIGHT FIRST TIME"; and higher standards of COMPETENCE in the production function generally.

Properly conceived, JIT should be seen as a synchronising way of life: jobs must be completed quickly, but even more important is that they be completed just in time to fit in with the next step in the dance.

KEY PERFORMANCE INDICATORS (KPI's); MEASURES

Those key/critical "measures" or "yardsticks" that will tell whether an org/unit/person is achieving their primary goals or objectives e.g. ROI, market share, productivity, lead time, quality, customer satisfaction, etc.

KEY/CRITICAL SUCCESS FACTORS / PERFORMANCE DRIVERS

Those factors that contribute most to (drive) goal achievement; those few key areas of activity that absolutely have to happen right for an organisation/unit to achieve its goals.

They are the reasons why some companies are more successful than others in particular products or industries. Should be based on an in-depth understanding of why consumers buy the products/services concerned.

KNOWLEDGE MANAGEMENT (also see "Data Warehouse")

An integrated approach to identifying, capturing, managing, and sharing organisational information assets including documents, databases, and other repositories, as well as expertise of individuals.

KNOWLEDGE WORKER; INTELLECTUAL CAPITAL

People in jobs where specialist knowledge and expertise, analytical and problem-solving skills, general thinking and creative skills, are all important for the success of a business. This competence is referred to as "intellectual capital".

Like physical assets, intellectual capital is emerging as the most critical asset of the information age we are currently in.

LEADING AND LAGGING INDICATORS

A **Leading Indicator** is an early (real-time) signal that something is about to happen. Noah's dove was a leading indicator that the flood was over. Market share gains can be a leading indicator of higher profits.

Lagging Indicators are (historical) measurements about past performance, i.e. when it is too late to do something about it, e.g. ROI.

LEAD TIME (also see "Time-Based Competition")

Lead time measures the time required for a company to meet its customers' needs. For existing products, lead time can be measured from the time the company receives an order to the time it actually delivers the product or service to the customer. For new products, lead-time represents the time to market, or how long it takes to bring a new product from the product definition stage to the start of shipments.

LEARNING ORGANISATION

Term first used by Chris Argyris to mean a company that learns as it goes along, adjusting its way of doing business very responsively, continuously improving.

In his book **The Fifth Discipline**, Peter Senge defined it as *"an organisation where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together."*

MAKE OR BUY DECISION (also see "Contracting Out")

The decision on whether to make components or any other part of the product or service in-house, or whether to use outside suppliers.

Charles Coates, an expert on manufacturing strategy, believes that a key condition of competitive advantage is that companies focus only on those activities that are critical to its proposition and where it has distinctive COMPETENCIES, and outsource all other components and activities. The reason outsourcing is so valuable is that the COSTS OF COMPLEXITY are crippling for a company engaged in many activities. In some cases this complexity is not avoidable, but in most it is, via outsourcing.

The make/buy policy should follow two rules:

1) *Divide all components into "critical" and "non-critical". Critical components are those that are key to the company's competitive advantage, where it can undertake them to a quality standard and cost that is second to none. All critical components must be made in-house.*
2) *Outsource all non-critical components where suppliers have an advantage through greater focus and lower cost.*

MARKET (OR CUSTOMER) SEGMENTATION

The identification of specific groups (segments) of customers who respond differently from other groups to competitive strategies.

Some typical bases for market segmentation:

- *Geography*
- *Demography (age, sex, education, etc.)*
- *Socio-economic grouping and income*
- *Ethnic group*
- *Benefits sought / needs*
- *Usage rate and brand loyalty*
- *Attitudes*
- *Lifestyle*
- *Professional membership*

The strategy is then directly aimed at satisfying the specific need of the identified segment we want to serve.

MISSION

What an org/unit is for; a statement of purpose of being; why it exists; its role in the world.

A sense of mission is essential if employees are to believe in their org/unit. They have to think that they are there to achieve something of real value.

Include the following elements in the mission statement:

- *WHAT the org/unit provides (the products; services)*
- *WHO they provide it to (the customers; clients)*
- *HOW it will be done (the methods, processes, technologies, unique capabilities and competencies)*
- *WHY they do it (motivation/reason)*

A mission statement should incorporate the notion of "stretch", ambition and inspiration.

ORIENTATION TOWARDS CHANGE

There are three choices:

1. REACTIVE ORIENTATION: Wait for things to change; then react to it.
2. PROACTIVE ORIENTATION: Foresee/anticipate that things will change; then act before it happens.
3. IMPACTIVE ORIENTATION: Actively participate in the necessary change; creating your own future.

PRICE; COST

With all the emphasis on time, responsiveness and quality, one might wonder whether customers still care about price.

One can be assured that whether a business unit is following a low-cost or a differentiated strategy, customers will *always* be concerned with the price they pay for the product or service.

Even price-sensitive customers, however, may favour suppliers that offer not low prices, but *low costs* to acquire and use the product or service.

You can't be a best-cost producer without having a high-quality product or service.

QUALITY

Quality measures the defect level of incoming products/services as perceived and measured by the customer. Quality could also measure on-time delivery — the accuracy of the company's delivery forecasts. The combination of performance and service measures how the company's products or services contribute to creating value for its customers.

Today, quality has shifted from a strategic advantage to a competitive necessity. Many organisations that could not reliably deliver defect-free products or services have ceased to be serious competitors.

Service companies have a particular problem not faced by manufacturers. When a manufacturer's product or piece of equipment fails to work or satisfy the customer, the customer will usually return the product or call the company asking for repairs to be made. In contrast, when a quality failure occurs in a service company, the customer has nothing to return and usually no one responsive to complain to. The customer's response is to cease patronising the organisation. The service organisation may eventually note a decline in business and market share, but such a signal is delayed (lagging indicator) and almost impossible to reverse. The organisation will typically not even know the identity of customers who tried the service, were poorly treated, and then decided never to use that organisation's services again.

For this reason, several service firms offer **service guarantees**. This offer, to immediately refund not only the purchase price but generally a premium above the purchase price, provides several valuable benefits to a company. First, a guarantee allows it to retain a customer who otherwise might be lost forever. Second, an organisation receives a signal (leading indicator) about the incidence of defective service, enabling it to initiate a programme of corrective action. And, finally, knowledge of the existence of the service guarantee provides strong motivation and incentives for the people delivering customer service to avoid defects that would trigger a request for the guarantee.

RE-COMPETE

To change the basis of competition in an industry; to change the rules of the game; to find a new and more effective way of competing; to invent a whole new way of doing business that gives a company *competitive advantage* and superior profitability.

RIGHT FIRST TIME

The idea that goods should not need to be inspected for quality, because the objective should be to build quality in at every step of the process, and to ensure that all products or services are of high quality the first (and only) time around.

SUPPLY CHAIN MANAGEMENT

The objective with effective and efficient supply chain management is to get the right products to the right places in the right quantities at the right time and at the lowest cost.

SWOT ANALYSIS

A SWOT ANALYSIS has two focuses:

(1) INTERNAL FOCUS (competencies, technology, resources, etc.)

STRENGTHS: A strength is a resource or capacity the org/unit can use effectively to achieve its objectives. They normally form an important part of the org/unit's Competitive Advantage and should be exploited as such.

WEAKNESSES: A weakness is a limitation, fault, or defect in the org/unit that will keep it from achieving its objectives. They should be corrected and eliminated as far a possible.

(2) EXTERNAL FOCUS (political, economical, social, technological)

OPPORTUNITIES: An opportunity is a favourable situation in the org/unit's external environment; often a trend or change of some kind, or an overlooked need that support the demands for a product or service, and that will permit the org/unit to enhance its position. Exploit them.

THREATS: A threat is any unfavourable situation in the org/unit's external environment that is potentially damaging to the org/unit and its strategy. It may be a barrier, constraint, or anything that might inflict problems, damage or injury to the org/unit. They must be countered in order to reduce or eliminate their potential negative effect.

TARGETS (also see "Key Performance Indicators")

Targets are something to shoot at.

They are the **quantitative** or **qualitative** output of KPI's e.g.:

KPI/MEASURE	TARGET
ROI	25%
Turnover	$250m
Quality	Zero defects

Challenging targets are called "stretch targets".

TIME-BASED COMPETITION (also see "Lead" and "Cycle Time")

Concept which holds that the time it takes a company to get a product from conception to the customer, or to complete its tasks and provide goods or services to market can be the key to COMPETITIVE ADVANTAGE. Time is a crucial factor in the internal and external chain of customers-and-suppliers. And time really is money. The total time taken through the chain — throughput time — determines not only the company's costs, but is also a test of the company's **responsiveness** to customers. Concentration of time to market therefore kills two birds with one concept: service and cost.

It has been long realised that most of the time taken to make a product or provide a service is generally not "productive" time but the gaps between different stages of the process. An example is IBM Credit (in the USA), which at one time took 7 days to process a credit application for a would-be computer buyer: but the actual work involved took only 90 minutes. By cutting out the gaps and giving responsibility to one person, costs can be cut, customer satisfaction and retention ensured, and profits dramatically increased.

Time-based competition also involves the speed with which the product is supplied (the elapsed time between the customer's decision to buy and his receipt of the product or service — also called "lead time"). Short lead-time equals high profit; long lead time equals low profit. This is because the customer will pay a premium if he can obtain the product at once, but if he has to wait he will shop around and may lower the price he will pay. Customers made to wait may also cancel their orders.

Some customers may also be more concerned with the reliability of lead times than with just obtaining the shortest lead times.

If *reliable delivery* is vital for important customer segments, a measure of on-time delivery (OTD) will be a useful *performance driver* for customer satisfaction and retention. The OTD measure should be based on the customer's expectation.

Lead-time is important not only for existing products and services. Several customers value suppliers that can offer a continual stream of new products and services. For such market segments, a short lead-time for introducing new products and services could be a valued performance driver for customer satisfaction. This objective could be measured as the elapsed time from when a new customer demand has been identified to the time when the new product or service has been delivered to the customer.

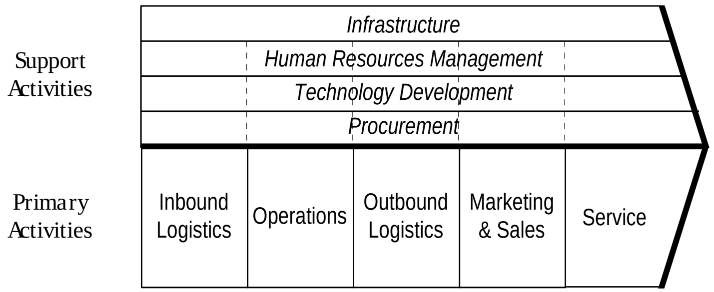
UNIQUE SELLING PROPOSITION (USP) (also see "Differentiation")
A sentence or phrase explaining what makes you special; what differentiates you from your competitors. Without a USP, you are a "me too" operator. Even if you do have a compelling point of difference, your potential customers won't know about it. Your marketing won't work, and your business will eventually stagnate.

Example of a USP:
Domino's Pizza in the US used a USP to become the market leader in a fiercely competitive business. It goes like this: *"Fresh, hot pizza delivered to your door in 30 minutes or les, guaranteed."* The focus is on convenience, freshness and quick delivery – important benefits to people living rushed lives. Notice the USP says nothing about Domino's and focuses only on benefits to the customer. It answers the question of why people should buy from Domino's.

First you have to find a USP which will appeal to your target market. Then, you need to announce it in a way that attracts attention. Finally, and perhaps more importantly, you must unsure your USP is achieved.

VALUE CHAIN
An organisation/unit's co-ordinated set of activities to satisfy customer needs, starting with relationships with suppliers and procurement, going through production, selling and marketing, and delivery to the customer. Each stage of the value chain is linked with the next stage, and looks forward to the customer's needs, and backwards from the customer too. Each link in the value chain must seek COMPETITIVE ADVANTAGE: it must either be lower cost than the corresponding link in competing companies, or add more value by superior quality or differentiated features.

THE VALUE CHAIN



Value Chain activities are either PRIMARY or SUPPORTING.

(1) PRIMARY ACTIVITIES are those which are directed at the physical transformation and handling of the final product, e.g.:

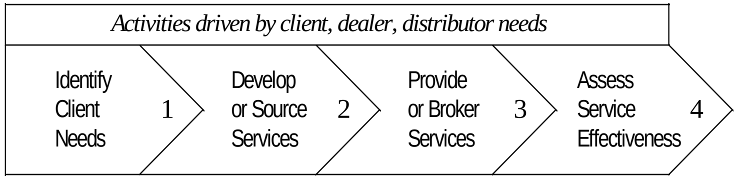
- **Inbound Logistics:** *These activities are related to receiving, storing and disseminating inputs to the product, such as materials handling, warehousing, inventory control, vehicle scheduling, and returns to suppliers.*
- **Operations:** *These are activities associated with transforming inputs into the final product, such as machining, packaging, assembly, equipment maintenance, testing, quality control, printing and facility operation.*
- **Outbound logistics:** *Activities associated with collecting, storing, and physically distributing the product to buyers, such as finished goods warehousing, materials handling, delivery vehicle operations, order processing, and scheduling.*
- **Marketing and sales:** *These activities relate to advertising, promotion, sales, distribution channel selection, the management of channel relations, and pricing.*
- **Services:** *Activities associated with providing services to enhance or maintain the value of the product, such as installation, repair, customer training, parts supply, and product adjustment.*

(2) SUPPORTING ACTIVITIES enable and support the primary activities:

- **Procurement:** *Activities here relate to the function of purchasing inputs used by the org/unit's value chain. These may include raw materials, supplies, as well as assets such as machinery, office equipment and buildings.*
- **Technology development:** *Broad meaning that incorporates know-how, procedures, and product design technology (R&D)*
- **Human Resource Management**: *All the activities directed at recruiting, training, developing, and compensation of all types of personnel in both primary and support activities.*
- **Organisation Infrastructure:** *The whole organisation is customer of these activities, e.g. management, planning, finance, accounting, legal, and government affairs.*

SUPPORT FUNCTIONS: VALUE CHAIN
Support functions need to interface with their internal clients with a view to assisting them in achieving their strategic objectives, and optimising their Value Chain. Their strategic objectives should, therefore, be aligned with those of internal clients.

The Value Chain of support functions typically looks as follows:



VALUES

A set of beliefs or operating principles that guide org/unit effectiveness; guiding principles in doing business; what the org/unit stands for. The believe that a specific mode of conduct is preferable to an opposite or converse mode of conduct (appropriate and inappropriate behaviour).

VIRTUOUS CIRCLE

When a company is able to continuously reinforce a strong position.

It is the opposite of a *vicious circle* or downwards spiral, also known as a DOOM LOOP:

VISION

An inspiring view of what an org/unit could become; a dream about its future shape and success; a picture of a potential ideal future; a glimpse into its Promised Land.

A vision is the long-term aspiration of a leader for his or her org/unit, that can be described to colleagues and that will urge them on through the desert.

The word vision is often used as a synonym for mission, but the two concepts are different. Mission is *why* an org/unit exists, its role in life. Vision is a view of what the org/unit *could become*; imagining a desired future; answer to the question: *“What do we want to look like __ years from now?”*

Vision may be thought of as reaching a future goal. A good example of a vision that was fulfilled was President Kennedy’s preposterous pledge in 1961 of *“achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to earth”.* Likewise, it was Henry Ford’s vision in 1909 to *“democratise the automobile”.* Steve Jobs’ vision at Apple was to change work habits by *“making PCs user friendly to normal executives”.*