

# WHITE PAPER

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## NOTHING IS FOREVER

The Fortune 500 was introduced in 1955. Of the original 500 companies, only 71 remain on the list. How many times have we witnessed the demise of once powerful companies? They were lead by well educated, knowledgeable leaders. What happened and why? Many of these companies have seen their strategies become obsolete. New technologies and changing customer preferences have impacted the way they do business.

It is possible that many of these leaders could not communicate their vision to other key leaders in their organization. In addition to setting goals, leaders must also get their management teams to buy in at the outset, not mandate participation or cooperation. Leaders must realize that the very strategies that once helped them achieve their present success now may impede future growth. A recent editorial in *Crain's Chicago Business* (July 25, 2011) noted, "Reinventing a company is painful, expensive and scary. The only thing worse is watching your competitors run away with your market."

One area to consider to turn this type of situation around might be analyzing your core competencies. According to a *Harvard Business Review* article authored by Gary Hamel and C. K. Prahalad, there are three central aspects of core competencies: "they must provide a wide access to a number of potential markets; they must make customers perceive that the company's products are beneficial; and they must be difficult for competitors to imitate." Examine your company closely to ascertain its core processes, and search for a strategic fit of those characteristics into markets with similar characteristics. This exercise often provides clues to new strategies and goals.

Often this new world of real markets and competition overwhelms both novice and experienced companies and their leaders. Accordingly, many look to strategic alliances with partners who can bring the knowledge and experience of new, targeted but unfamiliar markets. Banks are using social networks to reach out to consumers about everything from bank fees to product features. Discover Financial, American Express and Citigroup have launched Facebook and MySpace pages. Although the e-world has reshaped the way traditional communication tools are being utilized, the fundamentals have not changed...only the creation and delivery process.

Corporate leaders, executives, managers and supervisors all need to be aware of change on many fronts and how to manage it for their company's benefit. It is a never-ending quest that provides plenty of on-the-job training for the executive officer and and the leadership team, no matter how many years of collective experience they bring

to the company table. Their commitment is to manage change effectively, leverage all of their core competencies and marshal all of their talents to create new value for the company. As every disclosure statement seeks to make painfully obvious about a portfolio's performance, "past success is no guarantee of future trends". Nothing is forever.

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