



BUSINESS FEATURE



Competitive Demand: Despite New Technologies and Innovations, Basic Business Principles Remain the Same

[By Surajit Sen Sharma]

It's the New Year and time for new resolutions, new things, new approaches, and new ideas. So, how's it with your same old business? Is it still the same, or do you perceive changes that you can sense but can't define? Being able to define what is new about that old business is what ensures its survival in the long run. This article deals with things that a lot of us can sense but can't put a finger on when it comes to our businesses.

Business still plays the same role of converting your resources into money, sometimes with a profit and sometimes with a loss. However, the context of business, i.e., the culture within which commerce is conducted, must include things more basic.

Peter Drucker addresses this concept well. "What is a business? The financial community still doesn't understand it. I was a securities analyst 70 years ago in London, so I can say that no financial man will ever understand business because financial people think a company makes money. A company makes shoes, and no financial man understands that. They think money is real. Shoes are real. Money is the end result. What is a business? The only function of business is to create customer [value] and to innovate."

When the fundamental beliefs of the society within which commerce operates undergo a change, the context of business changes along with it. The rules of business change, and the same game has to be played with new rules. Nobody is going to teach those rules to you, but if you fail to comply, you go out of the tournament. So you must sense them and learn and adapt as fast as possible. The following are three effective strategies to do this.

- Get your business in tune with cultural differences in your customers
- Set your strategies thinking of a global market, even though all your current business may be local
- Confirm that your products and services cater to one or another kind of universal need
- It is no more possible for those who run a business to separate themselves from their customers

So, what is actually needed under the new context is not to bet on tomorrow, but to consolidate core competencies and to redo your business to match what comes next in the way of consumer demand. And the strategies to do that are the following.

Modern technologies, the IT boom, and the advent of the Internet and e-commerce has changed the face of the world, but the basic business dynamics, including business cycle dynamics, still remain the same. So, on the dawn of a new century, and at the beginning of a new year close to the end of the first decade, we can safely say that the present business context reveals the following trends.

- Consolidate your core competencies
- Build products and processes that have universal appeal
- Offer variety to create differentiation
- Plan ahead for business cycles, streamline your operations, and have quick response time to customer demands
- Fundamental business rules are still applicable
- The phase is one of concentrating business where a number of big companies is decreasing but the number of brands is multiplying

These are some strategies that can help you to sustain your business in changing times and to build sustainable competitive advantage in a changing world. Evolution is the key to sustainability, and it is critical that your business evolves along the right path now and not towards extinction.

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