WHAT SUCCESSFUL COMPANIES DO

This checklist details the ten things that companies must do to be successful. It is based on research conducted during the past 20 years on companies that became the leaders in their industries. This list serves as a checklist for business leaders and executives. This tool also includes a list of six things that unsuccessful companies do.

1. **Create constancy of purpose.**
   - Define a company's purpose not in terms of making money but providing value.
   - Successful companies provide valuable services or products that improve people's lives, create jobs, and trigger innovation and research.

2. **Define performance measures.**
   - Successful companies define clear measures of success, with metrics and targets.
   - This leads to recognition of what quality means to the company.
   - Successful companies don't simply reward financial performance, but look at other benchmarks as well.
   - Successful companies make sure employees know how well the company is doing.

3. **Constantly improve systems of production and service.**
   - Always look for ways to reduce waste and improve quality.
   - Look for opportunities to make dramatic change in places where complex tasks have been broken down into lots of simple steps.

4. **Institute training.**
   - Too often workers learn their jobs from other workers who were trained improperly. People can't do their jobs because no one tells them how. Training becomes more garbled as it passes from worker to worker.

5. **Institute leadership.**
   - The leader's job is not to tell people what to do or to punish them, but to lead.
   - Leaders recognize that everyone needs development (including themselves).
   - Leaders provide people the resources to develop their skills and competencies.

6. **Drive out fear.**
   - Many employees are afraid to ask questions, challenge assumptions, break patterns, even when they do not understand the job or what they're doing wrong.
   - Economic loss from fear is appalling.
   - This needs to be modeled at the top.

7. **Break down barriers between staff areas.**
   - Department or staff areas often compete or have goals that are in conflict. Worse, one department's goals may create problems for another.

8. **Eliminate numerical quotas.**
    - Quotas only take account of numbers, not quality or methods. They usually guarantee inefficiency and high costs as people strive to meet their numbers regardless of cost.

9. **Remove barriers to pride of workmanship.**
    - People are eager to do a good job. Too often misguided supervisors, faulty resources, or defective materials stand in the way.

10. **Institute a vigorous program of education and retraining.**
    - Both management and workforce need it; team training, the ability to analyze customer satisfaction, and the ability to make sense of quantitative data are especially important.

…And What Unsuccessful Companies Do:

1. **Neglect long-range planning and transformation.**
    - Plans are often neglected, even when they exist.
    - Managers fail to allocate time for planning and executing important goals; instead their day is consumed by unimportant tasks.

2. **Assume that technology will transform a company or an industry.**
    - We love technological toys, but they are not solutions to deep-seated quality and productivity issues.

3. **Quest for analogies.**
    - Companies tend to look for solutions they can copy instead of recognizing that each company must invent its own solutions.

4. **Blame the workforce.**
    - Management is responsible for the system; therefore management is responsible for 85% of the problems.

5. **Assume that expertise must be "home grown."**
    - Managers assume that only insiders understand the business.
    - Improvement often comes from outside expertise.

6. **Too much data, not enough knowledge.**
    - Not enough skill in communicating within and between departments.
    - Computer networks can serve as repositories for data that is never used.