



Important Components of Successful Organizations



Corporate Level

Mission Statement

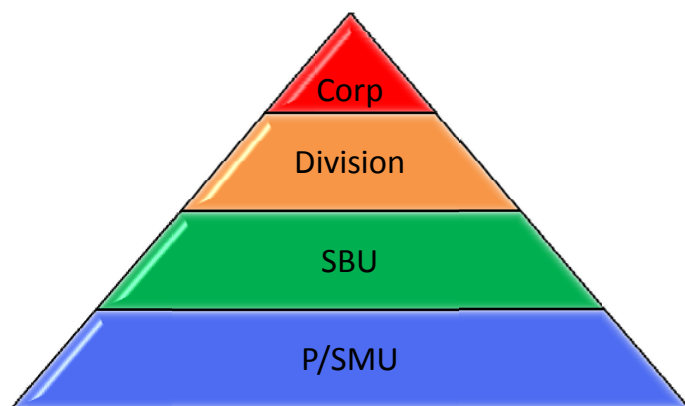
A corporate mission is a picture of a future situation, position, or shape corporate leaders want to generate. Moreover, a clear mission statement defines a corporate direction and a pathway to performance and sustainability.

Vision Statement

While mission provides a reason, vision transforms the mission into significant outcomes. Time, energy, and organizational resources are allocated accordingly and aimed at corporate goals and objectives.

Strategy Formulation

Corporate strategies are long-term plans to attain goals and objectives. Strategy differs from tactics which denotes short-term actions. Unforeseen environmental changes and competitors' actions can have a tremendous negative impact on the quality and results of various strategies. Wise leaders start creating long-term plans by looking at generic strategies (Porter, 1980): Overall Cost Leadership, Differentiation, and Focus.



Corporate, Divisional, SBU, and P/SMU levels

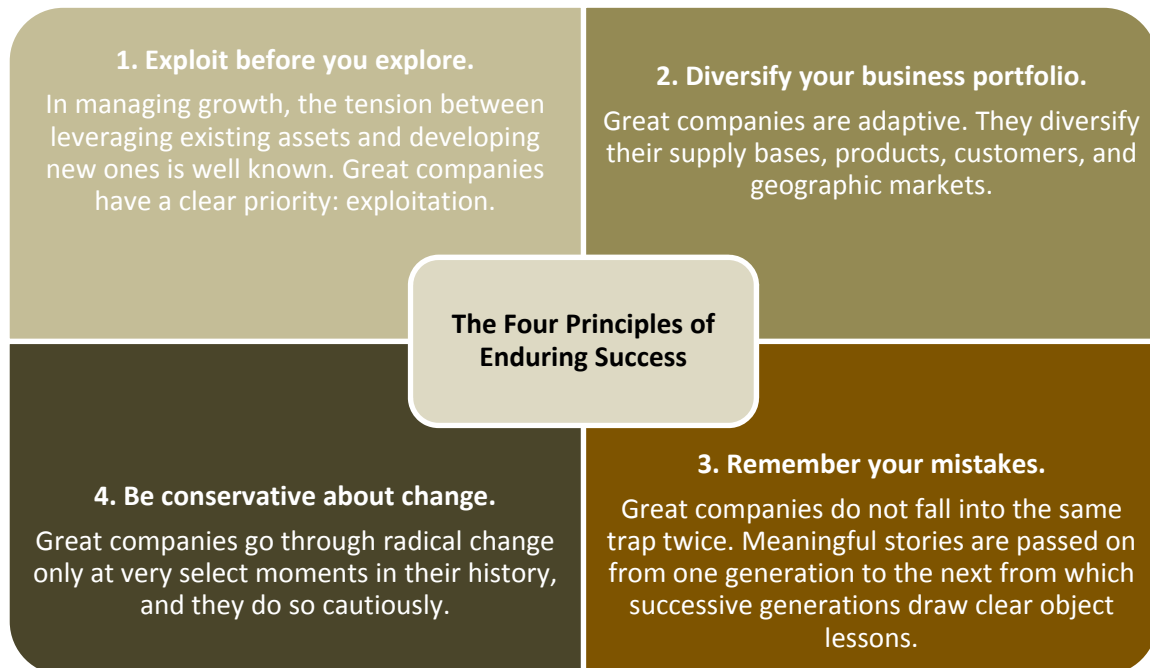
Innovation

Passionate leaders, managers, and employees at all levels of the corporate hierarchy inspire innovative processes in organizations. According to Drucker (1998), abandonment precedes innovation because organizations have to be

able to abandon what is not working. Abandonment is the willingness to dispose of obsolete policies, practices, and processes. In a great many organizations abandonment requires the creation of a new kind of corporate culture where individuals are allowed to voice their opinions without fear of reprisal (University of Phoenix, 2007). HQIC's Important Elements of Innovation – mission, vision, strategy, assessment, and R&D – build a foundation of successful organizational innovation, thereby; ideas and concepts as results of creative and critical thinking processes are transformed into saleable Product or Service-Market-Units. Commercialization of new products and services is of paramount importance before other lines reach the end of their Product/Service-Market-Life-Cycles.

Many organizations fail in transforming research & development results into applied innovations. However, leaders and managers are well advised to exploit current business endeavors before launching innovations. Stadler (2007) notes that it is a proven model to exploit before you explore.

The Four Principles of Enduring Success



Courtesy of **Christian Stadler, PhD**
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Additionally, some organizations run the (financial) risk of implanting new research and development results too early, thereby cannibalizing their own cash cows. We suggest using the following formula when decision making processes call for a **hold** or **go** judgment:

The **discounted stream of CiF** (cash inflows from sales, licensing fees, etc.) should be

greater than (min. equal to)

The **discounted stream of CoF** (cash outflows, e.g. sunk costs, ongoing R&D as well as pre-marketing expenses, etc.). Thus, premature launches can be avoided and current technologies exploited.



Discounted CiFs = ...>> Discounted CoFs

Legend:

SBU – Strategic Business Unit

P/MSU (PMU) – Product or Service Market Unit

R&D – Research and Development

Implementation

Successful implementation of products or services of strategic substance starts with inspirational, motivational, and clear communication. Implementation is a key success factor (KSF). Any organizational member – even visitors – can have splendid ideas to turn awkward processes into more ergonomic and economically viable ones. Never underestimate the power of creativity almost everyone possesses.