

Live Long and Prosper

-- Mr. Spock
Starship Enterprise



Why do so many companies die before their time? Consider this: the oldest documented continuous business in the world is over 700 years old. Well you say "that's an interesting fact, but I'm not going to be around even a hundred years from now. Why should I care about lifecycles of companies—how is it relevant to my desire today to help build a company that is profitable during my lifetime?"

Compelling studies (read on) reveal that companies that focus on the health of the *working community*, i.e., employees, customers, suppliers—the entire business ecosystem surrounding a company—deliver far greater financial returns for everyone concerned than those that focus on short-term profits.

Ironic, isn't it? Those companies that pay more attention to profits and less attention to the working community, are less financially successful and die before their time.

In his book, [The Living Company](#), author Arie de Geus cites a study that he led at RoyalDutch/Shell that determined that the average life expectancy of Fortune 500 firms, from birth to death, is only 40-50 years. He also mentions a recent study by Ellen de Rooij of the Stratix Group in Amsterdam, which measured longevity of companies in Europe and Japan. That study revealed an average life expectancy of only 12.5 years for all firms. De Geus asks the question: would de Rooij's findings be far different in the U.S.? He posits that they would not.

The solution to the disparity in age, according to de Geus, is to build upon a "living company" model rather than an "economic company" model. To distill the author's definition, the "economic company" focuses on what they're going to do this quarter to maximize return on investment and capital assets while the "living company" focuses upon what is best for the life and development of the company's working community. De Geus then shows the remarkable fact that, to steadily deliver increased shareholder performance, companies need to shift away from shareholder focus and onto the long-term health of customers, employees and suppliers.

If that isn't enough, de Geus challenges those that would dare to move from an economic model to a living model with further requirements: living companies are "sensitive to their environment, have a strong sense of identity, are particularly tolerant to activities that stretch their understanding of possibilities, and are conservative in financing".

So how do we, as senior managers, work to help our companies avoid a premature death—how do we begin to change from an economic model to a living model? De Geus answers this question in a most thorough way. Additionally, let me offer an answer of my own based upon our consulting work with many diverse companies over the years.

Wherever people connect—throughout an organization and its extended "family" of customers, partners and suppliers, there exists the most opportunity—opportunity for great success or unfulfilled potential. In the midst of these human connections, management

must take the time to articulate a fundamental corporate philosophy that enables the working community. At Beckett, we call this fundamental corporate philosophy the *brand platform*. We must be certain of what we stand for—what we value—and let that guide our execution. When the working community is aligned with our brand platform (not a trivial undertaking), and we communicate brand promise to the world at large with purposeful clarity, we are better assured that the organization will fulfill expectations, minimize waste and drive customer demand and satisfaction.

When organizations truly communicate values along with value, their products or services speed to market like few others.

Beckett clients have shared with us that an outside objective 3rd party perspective has enabled them to achieve far more (and in a shorter period of time) than they could with only internal resources. With that in mind, we encourage you to read [The Living Company](#)—and invite you to give us a call. We welcome the opportunity to work with you to identify and realize your company's potential so that you may realize Mr. Spock's farewell, "Live Long and Prosper."

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