An Overview of What A CEO's Perception of the Business Universe Should Be

Let’s start off simple. A great CEO is defined by how he or she not only leads a company, but how well the company does both financially and publicity wise. CEOs have a lot to worry about. The level of responsibility and oversight required is exhausting. The issues related to business and the complexities surrounding this topic can be hard to navigate if you don’t have the proper resources. We started off simple. Now, let’s take a look at the issues.

1. The assumption of knowing your industry
2. Indirect competition
3. Competitive strategy
4. Emerging opportunities
5. Economic threats
6. Is there value in resilience

The assumption of knowing your industry.

The complex business culture relies upon many fish in a pond. Some big, some small. No matter what size CEO you are, assuming you know your industry is nothing more than a death wish. Predictions, charts, data, trends- these are all tools CEOs use to try and navigate their companies successfully. Do they work? Sometimes. Is there a better way? Yes. A solid corporate strategy is one of the most useful tools to help you analyze and prepare for uncertainties within your industry. No one can predict a public relations disaster. However, knowing your company and industry facts and pitfalls can help you avoid or recover from one.

In addition, assuming you know your customer is a major problem. People change. Trends change. New, global companies are becoming more and more empowered each and every day. Brand loyalty isn’t what it used to be, markets are becoming stronger as more choices mean a spread of business and additional cash flow, and changing customer demands impact every single industry each day. Are you prepared?

CEOs who want to survive thrive on knowing their industry and bringing in outside talent to help evaluate current public perception, investor concerns, and business strategy with management practices as a consideration. Experience within an industry is a good thing when outside possibilities are continuously addressed. Experience shouldn’t hinder a CEO from judging the temperature of a rapid and always changing complex business culture.

Indirect Competition.

Are you aware of indirect competition? A great CEO should be readily aware of this factor at all times. What is it? To be brief and basic indirect competition is defined as a company that provides an alternative solution within your market. Sounds like competitor, right? Wrong. Indirect competition is different than direct competition because their primary services aren’t your primary services. Here’s an example; a CEO running a pool pump supply company isn’t going to list pool cleaners as threat number one. But, the pool cleaning companies can be considered as indirect competition. Pool cleaning companies might offer pool pumps and installation as secondary services. This means they are taking a part of your pie.

The same goes for pharmacies. Walgreens and CVS don't sell the same merchandise and groceries as Target or Wal-Mart. But, they are all indirect competitors. So, are you aware of your indirect competition? Questions to ask yourself upon the realization of indirect competitor are not so much about the market itself, but what problems are your indirect competitors solving?

- Is the secondary service beating your price point
- Is the secondary service being offered more conveniently
- Are you willing to scale down services / product requirements to gain the indirect competitor's business
- Is it easier to acquire the indirect competitors complete business to obtain and expand its secondary service

These are questions that should start the indirect competition discussion. A professional can guide you through the value of obtaining an indirect competitor's business. Money pits, investment mistakes, investor responsibilities, and more should also be considered. Becoming aware of indirect competition provides a variety of additional scenarios that add to the complexities of our global business culture.

Competitive strategy.

Here's a reason to make you, a CEO, nervous. Since 1980 the instability of business operating margins has more than doubled. So has the gap between companies with high operating margins and companies with low operating margins. Again, a complex issue within business that many CEOs try not to think about. Ignoring this fact will not make it go away.

Competitive strategies seem somewhat simple in nature. A CEO tries to position a company in a way that will make his or her services / products more desired, accessible and marketed than any other company- and at the lowest operating expense possible. Easy win, right? Wrong. Today's economic culture is under attack because of instable operating margins. We are working on a global scale with the use of technology making everyone more accessible and connected than ever before. Competitive strategy takes on a whole new meaning when this issue is considered.

Traditional approaches are meant for a stable economy. These rules were composed when social media and accessibility weren't as prominent as they are today. People bought American and outsourcing was frowned upon. Now, outsourcing is expected- as is contracting. The fundamentals of a current, complex competitive strategy are outlined below. However, an in tuned consultant is a great resource to ensure unconsidered scenarios obtain notice and review.

- Can you measure your industry position today
- Can you measure your industry position last year
- Can you measure your industry position tomorrow
- Are you in need of an adaptation to simply cope with your competitor
- Is your industry becoming obsolete or a hybrid of two secondary services / products
- Are your systems built to transcend or collapse; Do you understand the difference

CEOs often believe they know how to compete. This belief is based on past performance, a falsehood in today's market. The key to a competitive strategy is change. Small changes can yield big results and not always positive ones.

Emerging opportunities.

Part of a complex business culture is the emerging opportunity factor. A need for growth and innovation. The ability to keep moving forward while capitalizing on the trust already associated with the brand. Investment opportunities emerge, the possibility of new services, different consumer attitudes develop, economic challenges that may open doors become relevant - these are all scenarios that need to be considered in today's complex business culture.

Right now, China has a 40% hold on emerging markets which translates to potential opportunity- and not just from a provider standpoint, but that of a consumer too. Great CEOs are aware of not only opportunities but potential markets that once went without formal consideration. Emerging markets are becoming the largest component when it comes to business opportunities. Many of these markets are countries quickly developing technology or gaining accessibility to global resources and services. Are you recognizing the potential of these markets as opportunities?

- Are you willing to consider unconventional approaches to potential new providers and customers
- Are your customer's demands rapidly changing and your company is failing to maintain growth
- Are you able to transform public opinion easily should an unconventional opportunity arise
- Are you able to resolve predestine board member opinions on awkward or once ill-suited resources and/or customers

These questions arise when emerging opportunities and markets move forward within your industry's ever-evolving culture. Convincing yourself and your investors / colleagues of the possibility of an opportunity may be harder than seizing it.

Economic threats.

There is no such thing as a sustainable business. The threat of economic failures on many levels can and may impact your company. Are you, the CEO, prepared to understand, face and recover from a potential economic threat? You will have to navigate your company under constant economic threat derived from a multitude of sources. Are you prepared to live and operate under constant threat?

Things to consider:

- Government policies will impact your company's "sustainability" factor
- Employees work for a paycheck without considering a company's sustainability or potential economic threats
- Are you community charity and community involvement properly
- Stakeholders want to be engaged, not satisfied
- Don't rely on metrics to measure economic threats

- What is your vested interested in risk management from a public relations perspective
- Are business decisions being made when a tax-incentive carrot is held in front of the company's nose
- Natural disasters – are you aware of the impact they can have on your company, customers and distributors

  Economic threats should be a constant point of conversation and source of growth for your company. It is a complex issue that is very relevant in today's business culture. How you predict, plan for and respond to economic threats will define you as a CEO and promote a "sustainable" company within your market.

Is there value in resilience?

A complex business issue is simply resilience. Defined in the dictionary as "an ability to recover from or adjust easily to misfortune or change", resilience to survive a host of potential and unpredictable factors is part of today's business culture. But, is there a certain value that comes with being resilient or is this concept just another old-school nicety that really doesn't help or promote business in any way?

You are a reactive CEO or a proactive CEO? According to IBM "a proactive approach to business resilience helps enable your organization to respond to an unexpected event more quickly and more cost-effectively. In addition to disaster situations, a strong business resilience program can help your organization prepare for audits and demonstrate compliance on many levels."

There is value in resilience when other factors related to the situation at hand and the company in general comes into play. There is no one-size-fits-all answer. A seasoned consultant can help you determine if there is value in resilience or if admitting failure is the best option. Either way, reactive CEOs tend to do more harm than good.

In order to be proactive you should consider if your suppliers, employees and distributors are capable of being resilient. If not, your efforts may prove to be disastrous. Or, perhaps you can help these resources adapt to the culture by helping them to prepare for resilience. There is a lot to be considered.

In addition, are you able to move other executives away from an insurance and numbers mentality? Are you willing to do this if not able? Cutting losses versus staying in the game is going to be a strong fight. Are you prepared and what are the brand and long-term financial benefits that can overcome immediate losses in public perception and profit?

Being resilient as a company isn't always the best answer, but for many decade-long brands- it has proved itself as a quality to be admired when possible.

Simple Solutions Don't Exist.

The truth is simple solutions don't exist. A CEO's perspective on today's business culture and its challenges should be constantly changing. Opinions and experience need to count, but shouldn't hinder a company or potential opportunities.

Assuming you know everything there is about your industry is going to ruin you as a CEO and take the company down with you. A solid corporate strategy is one of the most useful tools to help you analyze and prepare for uncertainties within your industry. It will act as a flexible blueprint when adapting to a variety or circumstances and/or opportunities.

Competing with indirect competition is a personal decision for the company. Knowing if a company can afford to not compete with an indirect competitor is crucial to the growth and profit margin of any business. However, accepting traditional approaches to any type of competition is a bad point of view to own.

The world is changing; expanding and new markets are emerging every day. Navigating these emerging waters, assessing risks and knowing how and when to be resilient are the main ways to remain tapped into a changing business culture.