

# Knowledge Base

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## Doing the Right Thing or Playing to Win

- Thomas J. Fuller, general managing partner, Epsen Fuller & Associates

The demands on today's leaders and those of the next generation will continue to grow. According to George Stalk, co-author of *Hardball: Are you playing to Play or Playing to Win?* "Business leaders today face the kind of intensely competitive environment unknown to past generations. Globalization, technological change, fragmenting consumers and consumer interests, and increased complexity all along the production and supply chain have made the business of doing business more difficult than ever. Only the companies that stay focused on strategy – on identifying and exploiting their competitive advantage – will prosper."

And yet, more than ever, corporate CEO's are being distracted by the demands of management experts and government officials to do "what's right" rather than what good business sense suggests is best. Being pushed into the background are such priorities as serving customers and beating competitors.

Advocates of such "management correctness" harangue corporate executives to be leaders in diversity, ecology, "good governance," corporate social responsibility and other such areas. There is nothing wrong with such concerns except they miss the point: Only the most successful companies can afford to be passionate, cool and correct.

Assume two companies both play by the rules. One company is highly focused on dominating the market; the other company is focused on increasing its market share by some marginal percentage, while being the kind of "good corporate citizen" that will win favor with the popular business press.

You can be certain of this: First, the company focused on creating and exploiting its competitive advantage will grow, prosper and create more profits and jobs than the company worried about its image. Second, the employees, customers and shareholders of the first company will benefit from its dominance in the marketplace. And third, in the long run the dominant company will be the one that can afford to be socially responsible and managerially correct.

Playing strategic hardball doesn't necessarily mean moving offshore to exploit cheap labor or take advantage of lax pollution regimes. Customers have consciences and companies that cut ethical corners or cheat eventually will pay the price. But winners play to win.

Just as we have come to realize that economic growth, rather than foreign aid, is the engine that improves living conditions in the underdeveloped world, we must recognize that competitive advantage is the engine that produces success in business. It is this success – not good intentions and warm-and-fuzzy management – that generates the profits and growth that enable Western companies and economies to do the "good things" advocated by the managerially correct.

Companies must develop the leadership strength they will need to ensure competitive success in the coming years. As corporate culture and the business world evolve, leaders must not only have a strong sense of ethics and build integrity in their organizations, but also focus on doing the right things right, ratchet up their ability to anticipate customers' needs, reward handsomely those that drive innovation, and most of all, think globally.

To lead not only requires building trust and legitimacy, it also requires execution. We are living in an environment of change. Business leaders know they have to operate in this environment, where the only certainty is uncertainty. Leadership in the 21st century is a collective task where exceptional individuals, must lead by example, act fast, be decisive, surround themselves with great people and inspire their teams to execute with greatness.

In business, winning really matters. Everything else is a distraction.