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a newsletter on practical strategic thinking and action
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editor's message

"...Then one day he was shooting at some food, and up through the ground come a bubbling crude." Remember Jed Clampett, the hillbilly who struck oil by accident on the 1960's TV show? It's not a far stretch to think that successful businesspeople in today's knowledge economy are like ole' Jed—just being lucky when they turn an idea into millions or billions of dollars. That's because most of them, and us, haven't been trained how to think about managing the knowledge side of our business. More often than we would care to admit, we rely on luck rather than ability to find and leverage knowledge opportunities.

This month, we are beginning a conversation about knowledge and value that we will continue in the coming months. In Strategic Thinking we talk about where knowledge is embedded in your company, and in Strategic Action we'll talk about how to identify it and leverage it. Our Industry Spotlight focuses on a new community-based approach to the business challenge of private company exit, and our Reading List reviews *Get to Work* by Linda R. Hirshman.

strategic thinking

Knowledge is the New Oil

Knowledge is the oil—the fuel of our economy today. Like oil, knowledge can have a stand-alone value and be bought and sold in a finished form, such as a book. But it also has a secondary value as a raw material, and its value becomes embedded in other products.

Stand-alone knowledge products include things like: books, software, training, services, consulting, outsourcing, and innovation. Many times, knowledge is bought and sold directly in these stand-alone forms.

However, there is also an increasing knowledge component in tangible goods as well. This can be harder to see, but it is a very important concept. For example, the costs and/or savings from intangibles such as innovation and process improvement can be embedded in the price of a piece of a physical product.

This is very obvious in an iPod, which is a highly innovative delivery system of an on-line music service. But it's also true for a car produced by Toyota, a company with world-class processes and employee development. Most consumers choose a brand like Toyota because of the quality that results from these intangible components.

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Once you understand the places where knowledge resides, you can go looking for the core knowledge of your business. Read on in Strategic Action for how to do this.

-Mary Adams (adams@trekconsulting.com)

strategic action

Striking It Rich

In your own business, it is important to have a clear idea of what your core knowledge is. This is a case where you must take a step back and see the forest, not the trees. The most helpful way of making sense of the huge array of knowledge that exists in any company is to focus on core competencies, specifically:

- Identify: What are your core competencies as an organization? That is, what are the critical knowledge and capabilities that form your competitive advantage?
- Evaluate: Are they as strong as they could/should be? What's missing?
- Leverage: What problems does your knowledge solve? How can you maximize the value of your knowledge?

This is the kind of thinking that helped UPS realize that one of their core competencies is not just package delivery—it is logistics. They have been teaming up with printer manufacturers like HP that realize that the repair services that they must offer to their customers are at heart a logistical challenge—how to get a printer to a repair center and back at the lowest cost. Logistics is not a core competency of printer manufacturers so it makes sense for many of them to outsource this function.

What are your core competencies? Are you identifying and leveraging them or just waiting for success to bubble up out of the ground?

- Michael Oleksak (oleksak@trekconsulting.com)

industry snapshot

Sometimes, It Does Take a Village

In today's world, knowledge doesn't just come from books and "experts". Communities and networks contain knowledge that can be shared.

We recently held the second event for XPX, the Exit Planning Exchange (www.exitplanningexchange.com), an organization designed to better train advisors to business owners so they can have successful exits. In the room were 65 professionals with expertise in the areas of estate planning, insurance, taxes, accounting, investment banking, money management, and business consulting. The networking and connections allow for the exchange of knowledge and opportunities. The XPX programs focus on further educating those advisors involved in this field. One of our goals with XPX is to extract valuable knowledge (and war stories) from these experienced and successful advisors.

reading list

Get To Work: A Manifesto for Women of the World

By Linda R. Hirshman

Ms. Hirshman has kicked up her share of controversy over time. She is provocative and somewhat argumentative. However, I think that she is to be congratulated for her courage. Her basic argument is that in being respectful of all "choices" that women make (to stay home and/or to work), our society has left them hanging by keeping the burden of running a home and family on their shoulders.

Women have inarguably been given more equality and opportunity outside the home in recent generations. But, Hirshman reminds us, women have not been given, nor have they demanded on a broad scale, more equality inside the home. Even if women "choose" to work, they still tend to take the primary responsibility for child rearing and home-making. Hirshman has a lot of good advice for women and men about how to deal with this dynamic.

But she warns that if we don't figure it out and half of educated women continue to drop out of the workforce because they can't balance it all, "It is only a matter of time before people start asking why society should spend the scarce educational resources educating women." Linda Hirshman reminds us that we all need to take personal responsibility to ensure that not only our work places, but also our families are places of equal opportunity and responsibility.

For more information, visit Ms. Hirshman's website (<http://gettoworkmanifesto.com/>).



announcements

The next XPX (Exit Planning Exchange) event will be held on November 15th at the Dedham Hilton. Networking starts at 7:15 AM and the program begins at 8:00 AM. The program will be an interview by Mike Oleksak with Fran LaBrecque, former owner of a chain of auto parts stores and more recently advisor to business owners. Fran has strong opinions generated from his own success at selling his business as well as his many years of advising business owners about how to achieve similar results. We're calling it "Frank Talk with a Straight Shooter".

If you are interested in attending, contact Michael Oleksak (Oleksak@trekconsulting.com).

Mike Oleksak has accepted the role of a Team Captain in SBANE's CEO dialog. CEO Dialog participants meet monthly to discuss the issues that only affect top managers and business owners including cash flow, human resources, finance, marketing, business expansion via new strategies or acquisition, and exit strategies. For more information, visit SBANE's web site (<http://www.sbane.org/Events/Default.asp?functype=view&EventID=382>).

about trek consulting

Trek Consulting LLC helps companies to face the challenges of growth, building value and dealing with change. Since 1999, we have been a valued partner to business owners and leaders on their arduous journey to business success. We know that we cannot make this journey for our clients, but we can make it easier and more successful. We focus on getting you the best information available, facilitating sound planning and decision-making, making sure you have the right skills and resources to face your challenge, and coaching you through the roadblocks that invariably arise along the way.

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781-729-1008.