

THE BREAKTHROUGH IMPERATIVE

How the Best Managers Get Outstanding Results

MARK GOTTFREDSON and STEVE SCHAUBERT

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The Web site for this book is at www.TheBreakthroughImperative.com.

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MAIN IDEA

Every CEO is today under intense pressure from shareholders and outside analysts to generate performance breakthroughs. If visible progress towards a breakthrough isn't seen within a year or two, then it becomes highly likely the new CEO will be ousted for someone else. A very fast start is required.

The managers who meet this fast start imperative generally do so because they rely on two keys to success:

- They understand the principles which underpin success in business and therefore see things others don't, do things others won't consider and avoid the traps others fall into.
- They assess their organization's full potential, diagnose their starting point accurately, craft a realistic set of objectives and then map a trajectory from where they currently are to where they want their organization to be in the future.



- They understand the fundamental laws of business success
- They identify and then follow a systematic path to performance improvement

Just understanding the fundamentals of business alone isn't enough. Nor is knowing how an organization can improve sufficient in and of itself. It is the combination of these two factors which leads to the fast start and then ongoing success which is required.

"Great managers, like great athletes, don't win all the time. But because they are well grounded in the fundamentals – because they train, study, and practice – they can do things others can't. Successful general managers understand and apply the basic laws that govern what they do. Using those basics, they map out where they are starting from, where they are going and how they plan to get there. And then they actually do it." – Mark Gottfredson and Steve Schaubert

1. The fundamental principles of business Pages 2 - 5

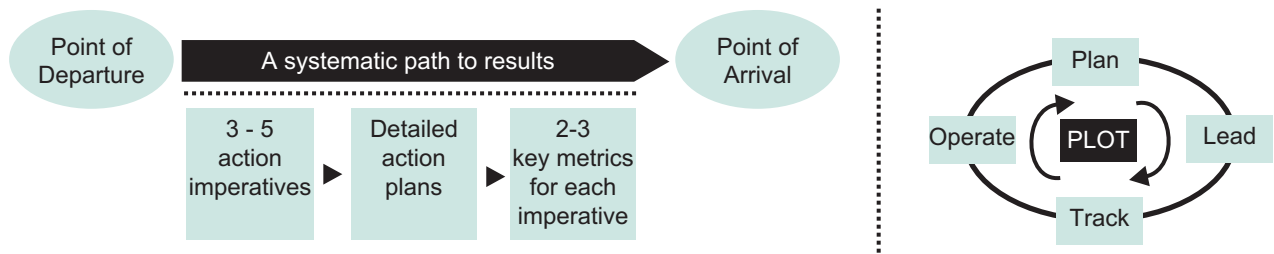
Despite all the inherent complexities and subtleties involved, there are in fact only four fundamental laws and twelve must-have facts which underpin commercial success. Ignore these laws and stay ignorant of these facts and it's that much harder to do well in business.

The 4 laws and 12 must-have facts of business

Law 1	Law 2	Law 3	Law 4
Costs and prices always decline	Competitive position dictates your options	Customers and profit pools never stand still	Simplicity generates the best results
1 Understand your experience curve	4 Match profits and market share	7 Identify attractive customers	10 Track complexity and profitability
2 Know your relative cost position	5 Know when you gain market share	8 Know your customer loyalty	11 Keep decision-making simple
3 Make every product profitable	6 Identify your core capabilities	9 Watch profit pool migrations	12 Have streamlined processes

2. A systematic path to performance improvement. Pages 6 - 8

Great managers not only know the laws of business success but also know how to put them to work. They map out and then implement a systematic path to generate the results they want. They apply the laws to each of the steps involved, focus on the insights this generates and then act accordingly.



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