

The Northbound Train

Finding the Purpose
Setting the Direction
Shaping The Destiny
of Your Organization

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Preface

No company is safely and permanently successful in today's business environment. For many organizations, perhaps most, doing business now has become a new game with new rules. For some, it has even become a struggle for survival.

The list of successful firms that have hit the skids in recent years reads like the proverbial Who's Who of international business. Even legendary giants like IBM, General Motors, Sears, Kodak, and Digital Equipment Corporation have astounded onlookers who thought they were the invincible stalwarts of commerce. The experience of recent years has wrecked some of the most basic assumptions about business success: if it can happen to them, it can happen to any firm.

The rate of change in economies, markets, and industries is now outrunning the ability of the conventional corporate structure to keep up. *Shock waves* like the worldwide collapse of communism, the digital-electronic revolution, the Japanese "quality miracle," and the so-called "age wave" are powerful enough to change the very structure and the rules for doing business in some industries. "Let's get back to basics!" is a futile battle cry. The old basics no longer exist. We have to discover the new basics.

Every economic recession in recent years has generated a new wave of change, distorting and restructuring markets, industries, and even national economies. In many cases, the loss of tens of thousands of jobs is only partly due to sagging demand, and more commonly due to the structural changes themselves. Many of those jobs will never return because the need for them has disappeared. But many others will come into being as a result of new opportunities and new ventures.

Business leaders are faced now, more than any time in the past, with the need to define clearly – or, increasingly, to redefine – their enterprises. The rising clamor about "vision," "mission," and "direction" signals a widening *crisis of meaning* among firms of all kinds, large and small. A remarkable number of firms seem to have only the vaguest sense of their own identity and their uniqueness. Many don't really know who they are. Indeed, in the industrialized countries like the United States, the crisis of meaning for organizations seems to mirror a corresponding crisis of meaning at the national level and even at the personal level.

The old success premise of "get a good product, produce it at low cost, and sell it hard" is just too simplistic now. You have to know who you are, what you're really good at, what your basic business logic is, and what value-creation premise will win the business of your customers. In short, you must have a vision for your success and a direction for getting there. You have to know what train you're going to ride.

This book uses that metaphor of riding a train – the *Northbound Train* – as a focusing concept for creating the vision and meaning that can energize an organization and propel it toward its success. It is the leader who must choose the train, as a matter of careful thinking and strategy formulation. The leader must help people in the organization understand and commit to the vision. And the leader must help them learn to do what it takes to make the vision a reality.

All of this seems rather self-evident, but there is a huge gap between the concept and the reality. There is much more to defining an organizational vision and direction than simply sitting down and writing a few flowery phrases. In 20 years of working with organizations of almost every imaginable type, I've seen relatively few really powerful and meaningful corporate statements of vision, mission, or philosophy. Most are either vague, puffy, and meaningless, or dull, prosaic, and uninspiring. A very few actually have the power to move people.

Most executive teams have trouble articulating the driving success premise of their enterprises, not because they can't compose flowery phrases, but because they don't *have* a driving premise. They haven't discerned the real meaning in what they do. With no compelling message to communicate, they're stuck with platitudes, homilies, and meaningless one-liners.

The existence of, or lack of a clear focus for success – the northbound train – sets the context for just about everything else that happens in and to the organization. Without it, leadership becomes a day-by-day struggle against seemingly isolated issues. People in such organizations merely work for a living, not for a higher purpose. Customer value becomes the hit-or-miss outcome of routine work activities, not a source of pride, creativity, and personal commitment.

A mindset of control, caution, and scarcity leads to cost-obsessed management and consequently an impoverished customer value package that says figuratively, "We're nothing special." The vicious cycle of price competition conditions both customers and competitors to abandon all focus on total value and settle for price as the lowest common denominator of trade. Market differentiation goes out the window and the "product" or "service" becomes a commodity.

Contrast this with those few outstandingly successful firms that have made customer value their defining premise – their northbound train. They have evolved a compelling definition of who they are, what they do, and where they intend to go. They have turned the vicious cycle into a virtuous cycle: customer value leads to customer preference, which leads to customer retention, which enables them to continually build higher value, which leads to greater customer preference, and on it goes.

By concentrating their attention and resources on a single compelling business idea, they break the death-grip of price-only warfare and even define the new rules of the game for their competitors.

Knowing the new rules of the game, these firms are moving beyond the boundaries and restrictions of the standard self-contained corporation as the traditional model for deploying resources. Understanding as they do that success in business is increasingly all about deploying knowledge and technology, they realize that partnering, networking, and leverage are becoming the keys to success. In a fast-changing business environment, fixed capital is becoming less of an asset and more of an encumbrance. By using knowledge and technology to leverage the capital and energies of others, they are moving toward the *value-creating enterprise* as the post-capitalist model for strategic success.

This book deals with the challenge and the enormous potential payoff involved in

creating and implementing the northbound train concept for your enterprise. It's about vision, meaning, and strategy, as well as the leadership that's essential in building a culture that can transform those powerful ideas into reality.

Karl Albrecht
San Diego
KarlAlbrecht.com



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