

Hedgehog or Fox?

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Focus on Your Core Business

Jim Collins, in his book “Good to Great”, describes the Hedgehog Concept, originating from a line of the Greek poet Archilochus – “The fox knows many things, but the hedgehog knows ONE BIG THING.”

As the tale goes, the fox spends hours scheming up new strategies to mount the perfect attack on the hedgehog so he can eat him. He tries over and over but fails, as the hedgehog simply rolls into a shiny, spiny ball with each attack.

After days of attacks by the fox, the hedgehog’s laser focus on one simple method of defense keeps it alive.

Many business owners are like the fox, with a strong tendency to get bored or overambitious, ending up sabotaging what they’ve created.

Collins claims the best business leaders create the highest levels of success because they identify their company’s Hedgehog Concept. The hedgehog concept is the intersection of three things:

1. What are you deeply passionate about - core purpose
2. What the company can be best in the world at – brand promise
3. What drives your economic engine – profit/ X

With your hedgehog identified, it leads you to building a vision for your business that aligns with your business fundamentals. As Collins states, “Decide what business you’re in and be in that business.” Find what you’re good at, and devote all of your time and resources to maximizing it.

With this type of focus, several important things begin to happen in your company that will accelerate its growth. First, you get crystal clear on your core customer. This is the customer who will most likely buy your product or service in the quantity required for optimal profit. You want all of your marketing efforts focused on your core customer. It doesn’t mean you might not work with other customers, but you won’t spend money to find them.

Second, the leadership team learns to say ‘no’. Saying no is an important part of strategy. You simply can’t do everything because you are limited by three resources – time, money, and people. It’s easy to say no to dumb ideas. Either you know from the beginning or you figure it out as you execute. But the real skill that separates good companies from great companies is the ability to say no to good ideas. You can only do this if you have a laser focus on your hedgehog and core customer.

Third is this little thing called luck. Every business I have worked in or operated has had some luck. But some seemed to find more of it. And in fact they did.

Leveraging luck doesn't happen by happenstance. Strategy thought leader, Jim Collins, in his book *Great by Choice*, discusses maximizing your "return on luck" – one of the most important business concepts ever articulated. Every business has luck pass by its doors daily. The great ones notice and do something to capture it.

As Collins points out, great companies don't have better luck than other companies. Sometimes, they get a bum deal. After all, they're subject to the same economic forces as any other company competing within the same region.

But what differentiates the great companies is their attention to maximizing their return on luck. They look for opportunities in whatever hand they've been dealt—and then find ways to grow from the situation exponentially.

Take the time to discover your hedgehog and your core customer. And then watch how learning to say no and luck help move your company to the next level.

Compass Point is a business consulting firm specializing in family-owned companies. We work primarily in the manufacturing, construction & professional service industries. We provide hands-on consulting & coaching to help businesses close performance gaps; give owners practical, actionable tools that drive growth; develop leaders and position the business for successful ownership transition – all on their terms.

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