Outlasting competition is difficult. Doing so over decades or a century often seems impossible—especially in a world driven by constant change.

The only way to prosper under such fierce conditions over long periods of time is to leap: Pioneers must move across knowledge disciplines, to leverage or create new knowledge on how a product is made or service is delivered.

To be ready to leap would require a different way of thinking about and leading the business. Here are the 5 ways to harness the required knowledge to overcome competitive advantage.
5 WAYS TO HARNES KNOWLEDGE
In order to maintain a competitive advantage, shift your company’s focus on the demands of your constituents and the future of your industry. It is important to leap toward long-term prosperity by determining how your company’s focus differentiates from other competitors.

Take a look at big pharma for example. The history of pharmaceuticals has shown it was the leaping across knowledge disciplines—chemistry, microbiology, and genomics—that opened new paths for willing pioneers, like Novartis, to race ahead.
PICK YOUR STRATEGY BASED ON YOUR COMPANY’S ENVIRONMENT

In order to pick your winning strategy, you must first properly analyze your organization’s environment. Organizations that inhibit relatively stable environments can plan their strategies in great detail. But most companies are confronted with an environment that cannot be completely forecasted. They must therefore articulate a few strategic principles but rely on the rest of their strategy to emerge as circumstances unfold.

CASE STUDY

This is what companies like Honda did. In the 1970s, their Los Angeles team managed to persuade the Japanese headquarters to alter its original direction. They stopped pursuing the existing market of large bikes, but refocused their efforts on a new market opportunity of dirt bikes that the company had accidentally created. This shows that corporate direction evolves from an incremental adjustment to unfolding events.
Thinking does not equate to doing. More often than not, the role of a leader needs to go beyond strategic visioning and into the substance of strategy implementation, particularly during turbulent times.

For example, Amazon has changed the way back-end operations should be understood. Back in 2012, Amazon started to open its internal computer servers—the backbone of any Internet company—to external clients which allowed Amazon’s computer servers to communicate easily with external parties over the standard web protocol.
EMBRACE SELF-CANNIBALIZATION

Managers often fear that a company’s new products and services with lower profit margins may cut directly into the sales of existing products. Money should be invested in areas that are demonstrably most profitable without lowering overall profitability.

CASE STUDY

When the first boxes of Tide went on sale in 1946, it outstripped all brands in the market and became the number one detergent in 1949. P&G feared that the new products might cannibalize their much-cherished Ivory soap. However, as Chairman William Cooper Procter said, “This [synthetic detergent] may ruin the soap business. But if anybody is going to ruin the soap business, it had better be Procter & Gamble.”
Successful executives often exhibit a bias for action. But it’s even more important to separate the noise from the signal that actually pinpoints the glacial movements around us. Listening carefully to the right signals require patience and discipline. Seizing the window of opportunity, which means not necessarily being the first mover but the first to get it right, takes courage and determination.

As a young Steve Jobs in 1995 described how Apple came to develop the Macintosh: “The problem is that market research can tell you what your customers think of something you show them, or it can tell you what your customers want as an incremental improvement on what you have, but very rarely can your customers predict something that they don’t even quite know they want yet. . . . So there are these sorts of non-incremental jumps that need to take place where it is very difficult for market research to really contribute much in the early phases of the thinking about, you know, what those should be.”
The ability to make these fundamental shifts in knowledge over time is the ultimate reason why past pioneers have been able to ward off new competition. With these actions you can rewrite the rules in your sector and leap above the competition.

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OUTLAST YOUR COMPETITION AND THRIVE IN AN EVER-CHANGING WORLD

In Leap, Howard Yu, LEGO professor of strategy and innovation at IMD, explains how companies can prosper, not just survive. Succeeding in today’s marketplace is no longer simply a matter of a company getting very good at what they do; they need to continuously harness to new knowledge disciplines. Leap identifies five fundamental principles that allow companies to stay successful in the face of such competition.