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"The Success Formula From The Core"
On corporate culture and organisation.

—Translation of this edition's central ideas and findings (original text in German)—

12 key qualitative factors

These factors determine whether a company is a cooperative organisation and thus has an entrepreneurial mindset from within, or not. These factors are partly cultural and partly organisational in nature. Decision-makers wishing to assess the extent to which their company's 'DNA' aligns with that of a promising cooperative organisation, should analyse at least the following factors:

• Goal Management
Do we have clear, realistic and measurable goals that align with our strategy? Have we formulated and communicated the goals clearly?

• Allocation of Responsibility
Is responsibility clearly assigned within our organisation and is it, even in spontaneous situations, executed and lived by those concerned?

• Decision-Making Process
Do we make decisions quickly enough, following simple, transparent rules and involving the right people?

• Information Management
Is our information flow effective? Is our information of high quality, do the right employees contribute, and do we rely not only on figures, but also on personal judgements and intuition?

• Customer Engagement
Are we sufficiently attuned to our customers; do we recognise important customer suggestions and act on them quickly and effectively? Do the right employees deal with customer concerns both directly and indirectly; do we think in a customer-oriented way? To what extent is the customer operationally involved in the solutions or projects? When we engage with customers, do we perform in strategically aligned and at the same time credible manner?

• Innovation Focus
Do we encourage innovative thinking and action? Are those employees who are keen to innovate seen as negatively disruptive or as welcome sources of ideas? Do we have functional and effective innovation processes? Are we generally adaptable enough?

• Communication
Are our communication channels effective? Is our personal and company-wide communication style positive and motivating? Does our communication culture encourage personal contact between stakeholders?

• Personalisation/Individualisation
Are our top performers visible? Do they receive personal recognition? Do we personally exemplify our corporate values with and amongst one another, from top management down to middle and lower management? Do we place greater emphasis on the individual or the collective?

• Action Focus
Are we dynamic enough? Do we act in a targeted and effective manner, do we follow through on our actions, and do we respond quickly enough to external influences, such as the market or competitors?

• Employee-Orientation
Are we democratic enough? Do we allow for a diversity of opinions and ideas, and even occasional confrontations? Can all relevant employees actively contribute and achieve the desired level of effectiveness?

• Trust
Do we give our employees sufficient freedom or do we exercise too much control and demand too much reassurance? Are we in a healthy extent?

• Politicisation
Do strategic or individual political decisions influence events within our organisation, and do these decisions overshadow business requirements? Are we too political and lack entrepreneurial spirit or focus on facts?

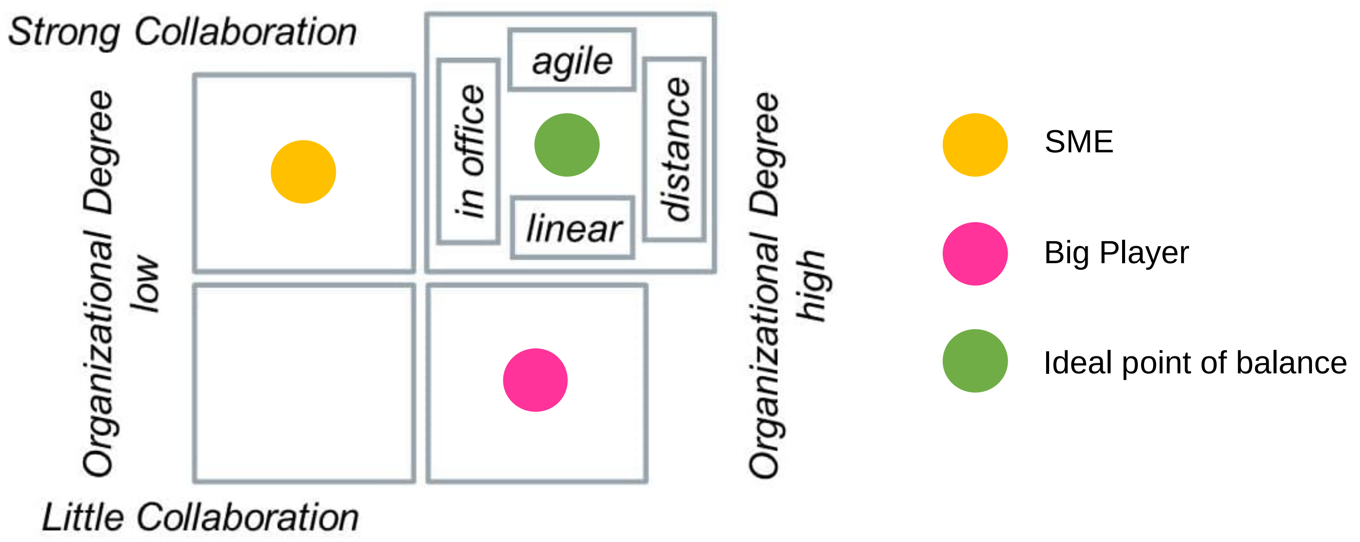
The cultural and organisational factors shown in the "Organic Square"

The typical, well-managed and growing **medium-sized company (SME)** aims for a higher degree of organisation to mitigate risk and improve efficiency, but wishes to retain its spirit of cooperation.

The typical well-managed **concern/big player** wishes to break down its structures and regulations, which are perceived as too rigid, in many areas and become more dynamic, or, as it were, more entrepreneurial.

Both types of company ultimately strive for the same ideal state; they aim for the ideal point of the cooperative organisation in grid square 2 (figure). Grid 3 is dangerous, as here both cooperativeness and the level of organisation are low. In this state – which can arise, for example, following failed M&A activities, major restructuring or in cases of glaring managerial weakness on the part of individual key managers – no company will remain successful for long.

Multi-dimensional Setting: The Organic Square



Strengths and weaknesses of different types of companies at a glance

The following overview provides a concise comparison between small and medium-sized enterprises and large corporations. It therefore does not claim to apply to every individual case, but aims to highlight general trends. It is worth noting that, for some factors, the greatest strength can also be the greatest weakness or risk.

Strengths of the SME:	**Strengths of the concern/big player:**
• A strong culture of collaboration – a relatively small number of key performers achieve a great deal and make the difference • A high degree of personalisation – key performers are quickly identified • Management is based not only on figures, but also on intuition and insights gained on the ground • Short decision-making processes • Rapid implementation, high dynamism and flexibility, close customer focus	• A large pool of high-performing line or project staff and support functions • A high degree of organisation, with robust structures and processes • Greater scope for innovation, also based on a greater diversity • Relatively high identification of key performers with the company or rather its numerous opportunities, hence often relatively good (albeit, in the latter case, rather extrinsic) motivation
Weaknesses of the SME: • Lack of organisation, unsecured structures and processes, dependence on a few key performers • Lack of democracy, patriarchal structures • Few prospects for career-oriented top performers; lower identification with the company, usually due to limited involvement in decision-making processes, resulting in a relatively high risk of losing flexible top performers	**Weaknesses of the concern/big player:** • Over-organisation verging on rigidity • Excessive inertia in decision-making processes and their implementation • Data-driven information and risk management, but little intuition, many decisions are made without a direct connection to the action • Customer-focused, yet distant from customers • Top performers have to fight their way through; their identification with the company is a lengthy process • Intentional and unintentional loss of top performers following strategic changes (e.g. sale of business units)
The three golden rules for SME: 1. Define core strategic processes precisely and ensure they are supported by an optimal level of organisation 2. Avoid over-regulation and preserve entrepreneurship, flexibility and intuition 3. Embrace greater democracy and give high-performing employees the freedom to make decisions.	**The three golden rules for concerns/big players:** 1. Reduce over-regulation and, wherever possible, promote entrepreneurial flexibility 2. Encourage more genuine entrepreneurship and intuitive management 3. Increase the level of personalisation, identify high-performing staff more accurately and retain them through a sophisticated HR strategy.