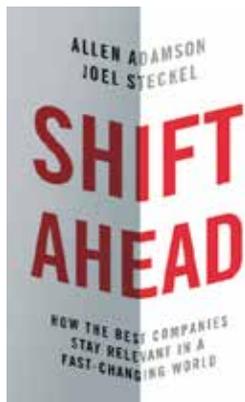


## Adapt, or Perish



**Shift Ahead: How the Best Companies Stay Relevant in a Fast-Changing World**

**Author: Allen Adamson and Joel Steckel**

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Not surprisingly in a book on staying ahead of the curve, Kodak makes an appearance as a cautionary tale in Allen Adamson and Joel Steckel's *Shift Ahead: How the Best Companies Stay Relevant in a Fast-Changing World*. The story of Kodak's failure to adapt to the age of digital photography is well known. What is perhaps less well known is that Kodak engineers developed the first digital camera. Kodak is often put forward as a prototypical example tale of corporate myopia, but in fact, as Adamson and Steckel show through interviews with Kodak insiders, Kodak was more than aware of the evolution from film to digital photography.

If Kodak was involved in the development of digital photography, then how could it have let the new technology destroy the company's top-notch reputation and competitive

advantage? This question captures the essence of why Adamson and Steckel, the former a branding expert and author of several books on branding and the latter an NYU professor and vice dean, wrote *Shift Ahead*. There are myriad reasons why companies who should know better and can do better let themselves be overtaken by a changing competitive environment.

First, write the authors, companies ignore the red flags that signal they are starting to fall behind. These red flags include the numbers (even sales and revenues that plateau indicate trouble); competing on price, not differentiation (sooner or later, companies pay for the inability to differentiate their products); big on data, short on analysis (collecting data without knowing how to use it is a useless exercise); neglecting table stakes (a poker term that refers to the minimum you have to put down to be allowed in the game); pride, which often does go before the fall; and being too deep in your comfort zone.

Many companies fail to act even if, as in the case of Kodak, they realize that change is needed. This failure to act stems from three sources, the authors write: financial, cultural and leadership. Financially, short-termism can cause companies to keep focusing on profitable (but declining) products and services and avoid shifting resources into new areas with longer-term payoffs. Culturally, companies find it difficult to stop doing what they've always done. And in the

**Kodak's story illustrates the five key dimensions of organisational strength necessary to stay ahead of the curve**



leadership category, the authors write, shifting a company's direction requires a strong, decisive leader with foresight and a sense of urgency.

Understanding these barriers to change helps explain Kodak's failure. Its core products of film, paper and chemicals were still selling very well. Abandoning the products responsible for 95 percent of the company's profits would have definitely hurt its short-term shareholder value. The company's culture was also "Rochester-centric": stodgy, bureaucratic and deeply focused on the past. And the company did not have the entrepreneurial leadership it needed. As a result, Kodak stayed in the film and paper business rather than funding its digital activities, which, the authors write, "kept Wall Street happy in the short term but disappointed them in the long term. (Bankruptcy is disappointing.)"

What, then, can companies do to avoid the fate of Kodak and many others? While there is no magic formula, the authors suggest that companies focus on five key dimensions "against which an organization must exhibit strength": financial wherewithal (the required financial resources); cultural disposition (a can-do culture with a sense of team); clarity of focus (everyone must be aligned behind a simple, clear and memorable goal); executive excellence (foresight is worthless if you can't make it happen); leadership (a committed, trusted leader who is forward looking but also has peripheral vision).

The lessons in *Shift Ahead* are clearly drawn and superbly illustrated through numerous specific examples. Surviving in today's changing world is a theme of many strategy books; Adamson and Steckel offer one of the strongest entries on this topic. ■