

# THE SECRETS OF LEADING COMPANIES' SUCCESS СЕКРЕТЫ УСПЕХА ВЕДУЩИХ КОМПАНИЙ

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**Abstract:** The article is investigated the key components of success factors and strategies for leading companies worldwide. The author describes the experience of companies such as IKEA and Dell.

**Keywords:** Elements of strategy, international companies, management, key features.

**Аннотация:** В данной статье представлены ключевые компоненты и факторы успеха стратегий ведущих компаний мира. Автором описан опыт таких компаний как ИКЕА, а также Делл.

**Ключевые слова:** Элементы стратегии, международные компании, менеджмент, ключевые особенности.

Today managers should use methods and tools for strategic management because there is extremely fast changing business environment of Russian companies related to the development of competition, information technology, globalization of business.

But their study does not rest only on the West guru managers' textbooks. Also managers need to review the experience of world leaders. For example, "Vkontakte" company has taken a leading position among social networks in the CIS after Pavel Durov, the CEO, learned and used strategies of Facebook.

It is possible to discover the concept of "strategy" by the way of Mintzberg's five definitions called "Five P of strategy".

1. Strategy as "a principle of conduct" - following a pattern of behavior.
2. Strategy as "plan" - a preliminary prediction.
3. Strategy as "a position" - the creation through a variety of activities unique and valuable position at specific markets.
4. Strategy as a "perspective" - the main actions of the organization.
5. Strategy as a "ploy" - a special "maneuver" being made to beat the competitor.

The company's strategy is a comprehensive management plan which can strengthen the position in the market and create the principles of conduct for the coordination of efforts, to attract and satisfy customers, compete and achieve global goals in perspective.

The process of developing a strategy is based on a thorough study of all the possible directions of development and activities and includes the select general direction, develop markets, serving the needs, methods of competition, attract resources and business models. So strategic planning is a dynamic process. The history of the formation and wide application of strategic management is proven and demonstrated that the planning should be recognized that the strategy is a very complex phenomenon which cannot be controlled by a single simple formula.

Often the success bases on the company's founder's business model. This can be seen as an example of companies such as Apple, Toyota and others. Dell and IKEA are not an exception.

Dell Inc. is an American multinational computer technological corporation based in 1 Dell Way, Round Rock, Texas, United States, that develops, sells, repairs and supports computers and related products and services. Bearing the name of its founder, Michael Dell, the company is one of the largest technological corporations in the world, employing more than 103,300 people worldwide. Dell is listed at number 44 in the Fortune 500 list. It is the third largest PC vendor in the world after HP and Lenovo.

Dell traces its origins to 1984, when Michael Dell created PCs Limited while a student at the University of Texas at Austin. The dorm-room headquartered company sold IBM PC-compatible computers built from stock components. Dell dropped out of school in order to focus full-time on his fledgling business, after getting about \$300,000 in expansion-capital from his family.

In 1985, the company produced the first computer of its own design, the "Turbo PC", which sold for \$795. PCs Limited advertised its systems in national computer magazines for sale directly to consumers and custom assembled each ordered unit according to a selection of options. The company grossed more than \$73 million in its first year of operation.

The company changed its name to "Dell Computer Corporation" in 1988 and began expanding globally. In June 1988, Dell's market capitalization grew by \$30 million to \$80 million from its June 22 initial public offering of 3.5 million shares at \$8.50 a share. In 1992, Fortune magazine included Dell Computer Corporation in its list of the world's 500 largest companies, making Michael Dell the youngest CEO of a Fortune 500 company ever.

Today Dell is the sixth largest company in Texas by total revenue, according to Fortune magazine. It is the second largest non-oil company in Texas – behind AT&T – and the largest company in the Greater Austin area.

The business model of Dell Michael Dell includes:

- Refusal of middlemen and wholesalers who increase significant cost;
- Refrain from stockpiling products and components;
- Create opportunities to accumulate, track and continuously update the information coming from the customers. It allows to undertake improvements to the product, delivery and customer service.

The result and the main criterion of successful Dell's direct sales model consist in Dell Computer is able to convey the latest technological innovations to customers faster and cheaper than most of its competitors.

IKEA is a privately held, international home products company that designs and sells ready-to-assemble furniture such as beds, chairs, desks, appliances and home accessories. The company is the world's largest furniture retailer. Founded in Sweden in 1943 by 17-year-old Ingvar Kamprad, who later became one of the richest people in the world, the company's name is an acronym comprising the initials of the founder's name (Ingvar Kamprad), the farm where he grew up (Elmtaryd), and his hometown (Agunnaryd, in Småland, South Sweden). The company is known for its modern architectural designs on various types of appliance and furniture, often associated with a simplified eco-friendly interior design.

As of October 2011, IKEA has 332 stores in 38 countries. In fiscal year 2010, it sold \$23.1 billion worth of goods, a 7.7 percent increase over 2009. On February 17, 2011, IKEA announced its plans for a wind farm in Dalarna County, Sweden, furthering the furniture giant's goal of running on 100 percent renewable energy. In mid-August 2012, the company announced that it will be establishing a chain of 100 economy hotels in Europe but, unlike its few existing hotels in Scandinavia, they will not carry the IKEA name nor will they use IKEA furniture and furnishings - they will be operated by an unnamed international group of hoteliers.

The key points of a successful business strategy IKEA:

1. "The range of products":

Create beautiful and expensive things easy, but IKEA has a different approach. They tend to make beautiful and functional things that will be cheap, so more people could buy it.

2. "The soul of IKEA»:

IKEA built on enthusiasm, desire for renewal and personal responsibility.

So it is so important for IKEA that people who coming into the company shared her spiritual values.

3. "Profit creates resources":

In order to change people's lives for the better IKEA must have resources. And these resources create profit.

4. "Achieving good results with limited funds":

Over the years IKEA has shown that it is possible to get good results being limited in means or resources. This is largely achieved by the strategy of development projects. This product goes into production only when found a way to make it affordable for most buyers.

5. "Simplicity - a virtue":

IKEA preaches simplicity and modesty in all things. This also applies to the organizational structure. It is almost flat. The interaction between employees and partners are so easy and friendly. The way of life is simple. People from IKEA do not go to an expensive car and do not stay in expensive hotels.

Complex rules and bureaucracy paralyze a company. The harder the rules the harder it is to carry it out. Kamprad always encourages its employees to sound planning and common sense.

6. "We choose our own way":

IKEA always went its own way, setting the rules and breaking stereotypes.

7. "The concentration of power is important to our success":

The rapid growth of IKEA taught not to lose sight of the main point. The company is focusing on the right things because they understand that they cannot do everything, everywhere and at the same time.

This approach allows them to be consistent in the implementation of the set goals.

8. "Take responsibility" is our privilege":

IKEA rely on people who take responsibility and make decisions. They are necessary for the company's development and progress. The lack of such people in the company is the cause of endless meetings and excessive bureaucracy.

9. "The main things lie ahead":

Company which decides that did the trick becomes inert, loses sense and loses sense of the market. IKEA never rests on its laurels and constantly work to improve the reality, creating new business models.

Analysis of the secrets of leading companies' success show that in order to not only win the leading position in the market, but keep it in a tight competition for a long time, you need to strategically align your business through advanced synergy combination of activities in three main areas:

- Develop bold growth strategy based on a vision of the future;
- Create a super-efficient organization and a team which can win the competition;
- Continuously, diligently and quickly enter the evolutionary innovation across the spectrum of business.

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