

Drucker School Business Essentials for Salesforce Glossary



Alignment Organizations are complex systems comprised of people, functions/departments, processes, policies, and resources. In general, alignment refers to the degree to which these are all working together to achieve the vision and mission of the organization, and thus improve organizational performance. Alignment can be achieved through objectives, metrics, department charters, performance incentives, and optimizing processes. Considerable academic research exists in this area, including research into organizational alignment as a competitive advantage.

Core Competencies These are the things an organization must excel at in order to successfully achieve the vision/mission. Core competencies may include certain operational processes that impact the ability to deliver value to the customer, organizational learning, hiring and developing talent, and more. While there are many things that an organization must do well in order to be successful, some are more important than others. Each organization can and should creatively identify the core competencies it needs to be successful.

Ecosystem In a business and technology context, ecosystems are communities/partnerships of entities—typically enabled by a technology platform. For example, a technology company that produces a popular CRM system may choose to create an ecosystem by using their system as a platform to that enables other organizations to develop and offer peripheral solutions that enhance the overall offering for customers, and thus increasing the overall value—such as the Salesforce AppExchange. Looking for more? Check out “The Salesforce Ecosystem Explained” at: <https://www.salesforce.com/blog/2015/09/salesforce-ecosystem-explained.html> .

Innovation The Merriam-Webster provides us with a simple definition, i.e., “innovation is the act or process of introducing new ideas, devices, or methods.” While many people associate innovation with new products and services, Peter Drucker pointed out that innovation “is change that creates a new dimension of performance.” Meaning, innovation is not limited to just new products and services, but also to other aspects of the organizations—such as how products and services are designed and delivered, how the organization conducts business, and even reimagining how the market works.

Market In economic terms, a market is a structure in which participants transact to exchange certain types of goods, services, and/or information. For example, the market for health care insurance is a relatively complex system of regulators, insurers, healthcare providers, consumers, organizations that provide healthcare to their employees, and a variety of other participants. Having a deep understanding of the market, and changes unfolding in that market, can help an organization take action to survive and thrive.

Market Forces Markets can be affected by a variety of internal and external influences, which can significantly change how market participants transact. These forces can result in sudden and dramatic shifts, or may creep in over time. By monitoring, predicting, and even shaping market forces, organizations can more effectively develop and execute plans for success. Two classic frameworks often used to help track and assess market conditions/forces are: (1) the PEST framework, with market forces

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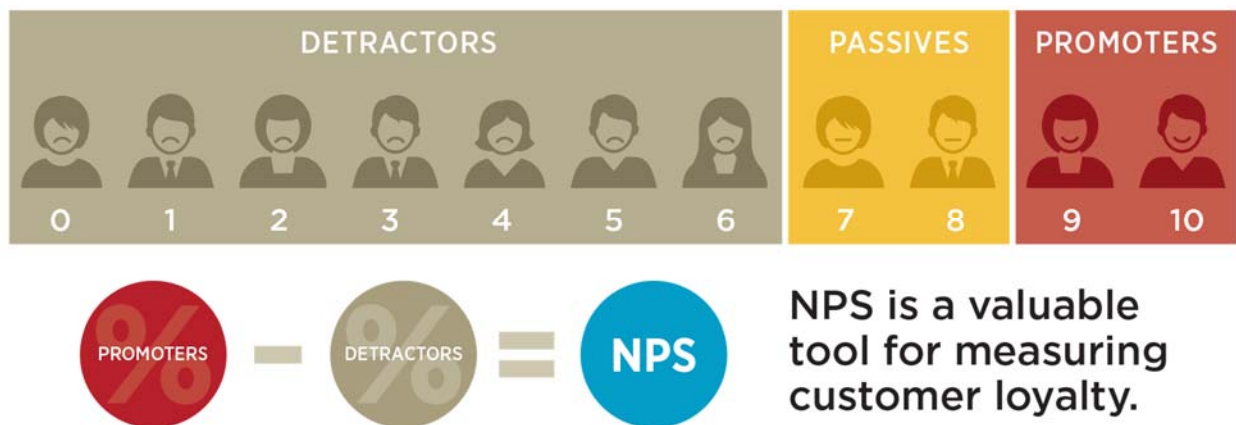
categories of Political/Legal, Economic/Environmental, Social, Technological; and (2) the Porter 5-Forces model, with categories of New Entrants, Substitutes, Competitive Rivalry, Supplier Power, Buyer Power.

Market Share Market share can be thought of as your company’s piece of the pie—i.e., the percent of market volume captured by your company. Market share is typically reported as a percentage of sales, so reporting and comparing market share requires knowledge of total market sales and the sales of competitors as well. Companies keep an eye on market share numbers to see how well they’re doing with customers in comparison to the competition.

Metrics Organizations typically define a set of measures to gauge performance. In practice, most companies find it necessary to set a number of performance objectives and metrics, then use benchmarking and judgment to assess results. A framework such as the “Balanced Scorecard” can help organizations develop balanced performance metrics.

Net Promoter Score (NPS) NPS is a measure of how likely your customers are willing to put their social credibility on the line by recommending your organization to friends and/or colleagues. NPS is generally considered to be a better predictor of customer retention and repeat purchases than simply asking customers if they are satisfied. NPS scores are known to vary across industries, so be careful how you benchmark your performance!

NPS scores are developed by asking customers how likely they are to recommend your product or service to friends and/or colleagues—typically on a 10-point scale. Your NPS score is the percentage of "promoters", those respondents who give you a score of 9 or 10, minus your "detractors", those who score you 6 or less.



Plan The plan is a document that describes the where the organization is, where it intends to go, and how it intends to get there. The plan defines the purpose of the organization (including vision, mission, and values statements), and includes specifics about the market, customers, solutions, operating needs,

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financial requirements, marketing plans, and more. Developing the plan helps the executive team collaborate and align on what it believes to be important for the health of the organization. Customers and markets change over time, so a plan will likely need to change as well.

Portfolio The product/solution portfolio of an organization is the overall assortment of items (goods, services, information) that it sells. Organizations with a wide variety of solution categories often choose to organize around the product/solutions and customer types. An example of an organization taking this approach is GE—which has divisions focused on aviation, power, transportation, and more.

Purpose The purpose of the business is *why* the company exists – that is, the difference it makes in the eyes of its customers. Business purpose is not simply “to make money” or to “satisfy customers” – every business must do these to survive.

“Purpose ... is like a guiding star on the horizon—forever pursued but never reached. Yet although purpose itself does not change, it does inspire change.” Jim Collins

Your organization’s vision, mission, and values statements should communicate aspects of business purpose.

Segments Groups identified by analyzing the broader market, and dividing up the market based on similar characteristics such as demographics, needs, interests, etc. The groups identified can consist of different clusters of consumers, businesses, government agencies, etc. Example: A fast food chain may segment consumers of fast food based on a number of criteria, such as age, food preferences, financial status, etc.

Target Segments The segments an organization chooses to target as customers. Organizations develop strategies based on their understanding of what customers in their target segment value. It is important to know the defining features of your target segments to connect with them, and develop solutions they love.

Sustainability In general, sustainability refers to an organization’s ability to effectively manage in the present, predict future needs, and manage the change between these two time periods. In order to accomplish this, effective management is required to develop a culture of learning and agility. Sustainability also refers the operation of an organization in a socially responsible manner, such as managing the “triple bottom line”—i.e., seeking results along social, environmental (or ecological), and financial dimensions.