

## World Knowledge Forum 2013

### Hermann Simon - Learning from the Hidden Champions

How can we learn from the hidden champions? Speaker Hermann Simon described, through a series of lessons, how innovation, depth, and high performance employees are the key to success for every country in "Globalia," the phrase coined by Mr. Simon to describe a future, globalized world. He shares his insights in the lecture titled, "Learning from the Hidden Champions," at the World Knowledge Forum on October 16, 2013. The lecture was moderated by Mr. Pil Hwa Yoo, the dean and professor of marketing at SKK Graduate School of Business.

"The globalized world of the future...what does it look like?" According to Mr. Simon, it depends on many factors. One specific issue mentioned was demography, a term to describe the shifting populations of the future. "Forty years down the road," he suggested, "Europe and Africa will have about one billion more people than China and America, so this will mean a dramatic shift in the balance of the world."

In his next lesson, Mr. Simon defined a hidden champion as a company that is number one, two, or three in the global market, or number one on the company's continent, whose revenue is below \$4 billion and maintains a low level of public awareness. He continued to explain that Germany has the largest number of exports per capita, correlating this with the fact that they have a high number of these strong, mid-sized supports – these hidden champions.

"In Germany, roughly seven percent of the exports come from mid-sized companies," he said. Mr. Simon mentioned this as a means to illustrate the important contributions of these hidden champions in his own countries' economic success.

The lessons that followed described the qualities of specific hidden champions that contribute to their success. "Integration of technology and customer needs - that is one strength of the hidden champions." He continued by stating that extreme ambition and specialization combined with global selling and marketing know-how were important for these small, but successful, companies.

"The strategies of these hidden champions are value, not price-driven," he said. In this lesson, Mr. Simon described the relationship between companies and their customers. "Thirty seven percent have regular contact with their most important customers...it is only seven-point-five percent for larger companies."

He also attributed their success to the high performance of hidden champions. "The hidden champions have more work than heads, meaning they have more work than people," which he described as an extreme productivity driver.

Another contributor to heightened performances are low turnover rates. He stated that these companies generally offer vocational training, and, as a result, produce higher qualified employees. They have spent resources on training them, so they also tend to keep them around longer. "If you have qualified workers, it is very important to keep them," he said.

Mr. Simon emphasized the importance of these various lessons to the survival of future companies in a globalized world.

"The ultimate lesson is the hidden champions go their own way toward Globalia, more decisively and successfully than ever. Every company in the world can learn a lot from them. Above all, that knowledge is the key success factor in Globalia."