The Karlins Four Factor Theory of Business Success

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ABSTRACT

The authors identify four factors that determine a person’s success in the business world: (1) What you know; (2) who you know; (3) how you act (behave); and (4) luck. Each of these factors are discussed, along with an examination of why they play such a critical role in achieving success in the workplace.

The business literature is filled with models, typologies and formulae that claim to explain and/or predict myriad forms of human behavior; for example, Maslow’s motivational hierarchy or, more currently, some of Gladwell’s conceptualizations (e.g., the 10,000 hour “rule”).

After a half-century of literature review, hands-on business consulting experience and extensive personal research, the authors of this paper have concluded that four critical factors determine how successful any individual will be in business. One doesn’t need to have all four factors working in his or her life to gain upward mobility in the workplace; however, the more they are present, the greater the chances that business success will be achieved. It is also important to note that the four factors are not orthogonal: they interact with each other and it is in the interaction of these factors that the degree of business success is determined. Thus, although each factor will be discussed in turn, it is important to consider all four together when examining their impact on workplace achievement.

(1) What you know: This is the “information storage, reformulation and retrieval” function of workplace performance. Metaphorically, this factor is akin to viewing the individual as a computer: how much information is stored and can be retrieved when necessary to solve problems. In the real world, “What you know” actually encompasses two cognitive behaviors: (a) intelligence, defined as the amount of information that can be stored and recalled (a person with high intelligence should do well on a show like Jeopardy) and (b) creativity, defined as the ability to take stored information and use it in new and meaningful ways to develop products and innovations not thought of before. The intelligence and creativity portions of “What you know” are, of course, interrelated but far from overlapping. Specifically, one needs a certain level of intelligence (information storage) to possess the level of knowledge necessary upon which one can develop new ways of seeing the world; yet, once that minimal level of information is obtained, then the creative process operates independently of intelligence. Part of the process involved in each person reaching their full potential in the line of work they choose involves selecting a profession that plays to their particular “knowing” skills. A person who is great at information storage and retrieval might do well at a job that involves diagnostics (where a sizeable memory bank will contain the information necessary to arrive at the best possible solution to the problem); whereas a person who is good at “thinking outside the box” or looking at the world from different perspectives” might really excel when given tasks that require novel solutions or non-standard operating procedures to achieve a given objective.
(2) Who you know: Many social scientists have labeled the 21st century as the era of “networking.” Knowing the right people has always been—and will always be—a critical factor in determining a person’s business success; what makes this factor so interesting at this point in time is how much more important it has become in this brave new technological age we live in. With the advent of social media and the increased ease of interpersonal reach through technology, the chance to make contact with significant others has never been more effortless or important.

(3) How you act (behave): It is the authors’ contention that “how you act” is often more important than “what you know” in determining the degree of career success an individual will achieve. In an era where we have reached the dangerous crossroads of “Entitlement Avenue” and “Litigation Boulevard” it is crucial that we develop appropriate comportment—civility—to achieve maximum interpersonal effectiveness: critical to climbing the corporate ladder. Saying the wrong thing at the wrong time, even looking at a person in an inappropriate fashion can have a deleterious impact on a person’s business success and interpersonal success as well. This particular topic is discussed in much greater detail in The Like Switch (Schafer, J. & Karlins, M., New York: Simon & Schuster: 2015).

(4) Luck: Luck can play havoc with a person’s success—or lack of it—in the world of business. Take the recent case of first-time novelist Edan Lepucki. Her book publisher, Hachette, had planned a 12,000 print run for her book which, under normal circumstances, would have probably sold a few thousand copies and then drifted into obscurity, like most first-time novels end up doing. However, Stephen Colbert—whose books were also published by Hachette—was angry over Amazon’s policy toward his publisher and decided that he could sell more books than the giant online retailer. To prove his point he went on his television show and told his audience to buy Lepucki’s book from independent bookseller Powell’s Books. That simple plug sent Lepucki’s book sales soaring: in three days she personally signed 10,000 copies of her novel while her publisher scrambled to print 48,000 additional copies of the work. Was Lepucki a good writer? Possibly. Would she have sold 12,000 copies of her book without Colbert’s intervention? Maybe. Would she become an instant bestselling author without his help? No way. Luck. It makes a difference!

The important thing about luck is having the right attitude toward it: This means recognizing that:

(a) Luck is an inevitable part of life. One must be stoic in this regard. “Luck happens.” But that’s not all bad. It might be helpful to put a positive spin on luck—imagine how boring life would be without it! After all, luck makes our time on this planet more interesting by making life more unpredictable and leveling the playing field (allowing some people with lesser talent to prevail over those with inherently greater promise). (b) Luck, by its very definition, is random and beyond our control. Don’t waste time fretting over yours if it isn’t all that great! (c) We will experience both good and bad luck in our lives. Take advantage of good luck when it comes your way and accept misfortune as one of the prices for being alive. (d) Sometimes bad luck is a prerequisite to good luck. Think about it: I’m sure you can recall at least one personal experience when some misfortune or bad luck served as the impetus for improving your overall quality of life. Thus, when bad luck befalls you, don’t despair! Remember that even misfortune can be the material from which good fortune can be fashioned. Remember that it takes rain to make a rainbow; lemons to create lemonade.

What you know. Who you know. How you act (behave). Luck. These are the building blocks of business success (or failure). Knowing what these factors are—and how important they are—provides
the necessary knowledge people can use to achieve the highest level of business success their potential (and luck) will allow.

REFERENCES