Winning in All Phases of the Lifecycle

- Info
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  - http://www.thephoenixprinciple.com/
  - Author, Create Marketplace Disruption
- Traditional business practices are NOT sources of success
  - What is not important
    - Market share
    - Core
    - Focus
    - Leadership
    - *Jim Collins (Good to Great), Tom Peters (In Search of Excellence) are frauds*
  - Why
    - Lock-in: During growth period you find a success formula that is working. You improve that formula, and tighten it up, and become dedicated to it. That formula drives your identity, strategy, tactics.
    - Competition eventually takes out some of your profit and growth slows. The "professional" managers come in and cut costs but stick to the old success formula.
    - Efficiency drives out innovation. Your "core" success formula ends up killing you.
  - Examples
    - Dell
    - Blockbuster
    - Circuit City
    - Fannie Mae
    - He contends Walmart is in danger
    - Laptops have at most 5 years left
- Success comes from surprising practices
  - Be future oriented
    - You Must change your business model
    - Look outside at the market, look at shifts in habits, demographics, tastes, patterns
    - Don't talk to customers - all they want is More, Better, Faster, Cheaper (you know that already)
    - What are the Unmet Needs out there?
    - Do scenario planning - what is the future going to look like?
    - Skate to where the puck will be (not where it is now)
    - Avoid "gladiator battles" where nobody wins and lots of blood is spilled. Adopt the inevitable before your competition.
    - Don't worry about what the "most likely" future scenario is - pick a few
  - Obsess about the competition
    - Figure out your competitors' "Lock-ins"
    - Competitors tell you where to make money
    - Really obsess about the Fringe competitors - they sneak up on you
  - Disrupt yourself
    - Utilize disruptions to drive changes in thinking
    - We let our lack of understanding stop us. Risk is often perceived, not real, and based on ignorance (stupid is forever, ignorance can be cured)
    - Build disruptive models into your planning so you don't become permanently locked in to your old success formula.
  - Create and maintain white space
    - Thinking about what the world will look like and paying attention to what competitors are doing helps you find "white spaces", i.e. unaddressed holes in the market
    - Domino's example: competitors only talked about ingredients and quality - nobody talked about delivery
    - Assign people and resources. Can be full time dedicated people, or could be 3 people for two hours a week. Just get it into your business.
    - Give that group explicit permission to work outside the main business, explicit permission to attack the Lock-Ins.
    - Make the group transparent - so everyone can slowly learn about it (defeating ignorance)
    - The metrics are different: What did we Learn? Why did something work / not work? What were your assumptions? Were they right?
    - It's OK to walk away from a project - as long as you learned from it. Could be something to return to later.