

## Reinvent Your Business

by

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There comes a time in the life of many businesses when circumstances require dramatic change. These past few years, the number of companies facing unprecedented challenges, including their very survival, has escalated. When "staying the course" is no longer a viable option and "throwing in the towel" is an unacceptable alternative, the strategy of choice is to reinvent your business.

As a business owner or leader in a top management position, this is the time to put on the hat of "business architect/engineer." It requires a systems view to constructively approach the Big Questions and Big Decisions facing your company. This is the crucial work of business leaders who have the desire and the responsibility to continuously redesign their company to meet dramatically changing times and conditions. As Charles Darwin said, "It's not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change."

Reinventing your business means having the courage and open-minded attitude to take a step back and see your company with "fresh eyes," as objectively as possible. It means foregoing the familiar and comfortable, and "going back to the drawing board" on fundamental issues and premises. Most assuredly, it means surfacing and analyzing assumptions you may have made years ago.

One basic guideline for starters: You must give yourself the permission, time and resources to explore these critical issues. It is almost impossible to think clearly and creatively about changing your fundamental business strategies in the midst of juggling day-to-day work demands. Either commit a few hours on a weekly basis, or take a block of time, a day or two or whatever it takes, away from the office for a planning session.

For those intrepid leaders who choose (either out of necessity or foresight) this bold alternative of transforming their businesses, here are the basic steps in the process and the primary places to look for innovation opportunities.

The first step is having the awareness and honesty to admit that a fundamental dimension of your business isn't working. *Every* company *always* has room for improvement, but in this case, your self-assessment has led to the sobering conclusion that dramatic change is necessary.

The second step is embracing the motivation and commitment to do something substantive to remedy what's not working. Most of us can think of businesses that "died a slow death" over a period of years, apparently unwilling or unable to commit to making important changes.

The third step is to conduct a planning process, one that combines disciplined analysis with creativity in order to develop innovative new ideas, strategies, and solutions. At this stage, you must prioritize and choose from many alternatives, and then decide on an action plan. Work with

your team to develop a written plan that records the decisions and subsequent steps required for realizing your desired outcomes. This is the heart of reinventing your business.

The final, fourth step in the process is implementation. This requires the same, if not greater, level of commitment and follow-through as creating your plan, since it involves many more people and resources. There are three essential parts to this phase: 1) communication with everyone involved, 2) ensuring alignment within your organization, and 3) establishing accountability systems. This also includes dealing with performance issues, aligning recognition and compensation systems, and celebrating successes.

Returning to the planning phase of the process, let's now dig deeper into the three most common dimensions that companies consider when reinventing their business. The first is Market Innovation. Explore new ideas about *who* might be your customers. Here are just a few examples of some questions to ask: What about your "marginal" customers, the less profitable, least satisfied, and even your non-customers? Who might need or want what you offer but have been unable to access your products/services? What about going outside your industry norms to completely new customers? (Think about the micro-lending industry here, which began with the radical idea of banks loaning money to impoverished farmers and crafts people.)

The second common dimension for business reinvention is in the arena of Value Innovation. This is the analysis and identification of *what* you are offering. Here are a few examples of the questions you might ask: Can we develop a completely new product/service or dramatically improve an existing one? What complementary products/services could we offer? What about "bundling?" (Think of your cell phone and the service contract required for the phone to be of use and value.)

Be rigorous in evaluating what you might add/eliminate to your offerings and how you might increase or decrease standards. (The "no-frills" airlines and their happy clientele are an example.) In this arena, the key is to focus on what need potential customers have and what product or service they would be willing to "hire" in order to get that need met.

The third dimension involves looking at *how* you conduct your enterprise, or Business Model Innovation. A *Business Week* survey by BCG in 2008 found that Business Model innovators significantly outperformed process and product innovators. This involves asking questions about revenue streams and pricing, key partnerships and strategic alliances, key resources and activities. What channels and customer interfaces could offer new potential? What fundamentally new ways of doing business might produce dramatic results? Consider how other industries might have business models you can adapt. (Think of all the industries, from temporary personnel to heavy equipment, that saw the opportunity for customers to "rent" people or tractors. This was an innovative new financial model. More currently, consider the revolutionary idea of downloading "free" music from the Internet.)

These are just a few of the ways you can explore making dramatic and necessary changes in your company. The first steps are always the hardest, but once you have committed to reinventing your business, the doors of opportunity swing wide open. Armed with plenty of forethought and a solid action plan, you'll be ready to walk boldly through.