

## The Business Journey

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A Report By  
Xalles Limited

## Constant Change

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The world is changing faster and faster than ever. The average business professional, even with advanced information technology tools cannot keep on top of all related news and ideas affecting their business. New problems, new crisis and new opportunities present themselves each and every day. How to prevent, react to and leverage them is the secret to success on your business journey.

## The Business Lifecycle

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Understanding a business lifecycle that can be applied universally to corporate situations, is one of the building blocks to managing change and success. Below is the simple business lifecycle. This report will outline the fundamentals of the business lifecycle and highlight common mistakes organizations make as they progress through the stages. This report will also describe steps that can be taken now to ensure future success.

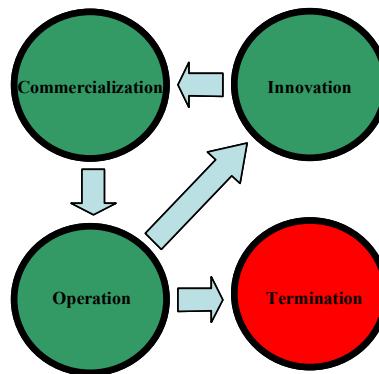


Figure 1. Business Lifecycle

The **Innovation** stage starts with an idea or concept. As the result of an evaluation process the concept becomes the basis for a new or modified product or service, business line or business. Innovation implies creativity. Creativity can occur on multiple levels: technology, financial, process, organization, management, product or service. This is the root of entrepreneurship.

**Commercialization** is the process of taking the new concept to market. In some cases the market is internal customers, but the same principles and strategies apply. Commercialization brings the idea to life. This stage is the manifestation of entrepreneurship.

**Operation** involves the ongoing management activities required to sustain the initiative. This is the stage that most business professionals are familiar with. It includes process management, resource and asset management, financial management, and other functions necessary to maintain a going concern.

Companies need to look for ways to innovate with new products, processes, markets, customers, distribution channels, business models, pricing, technology, management practices, alliances, acquisitions, and more. Revisiting entrepreneurship can be difficult but necessary for well established organizations.

The alternative to continuous innovation is business termination. **Termination** occurs when the business design cannot sustain the Operation.

## The 7 Deadly Business Sins

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There are a number of common mistakes organizations make as they progress through the stages of the business lifecycle. Here are the top 7 that our firm has observed (in order of their occurrence in the lifecycle, not in order of severity). Determine if any of these applies to your organization. More importantly use this list as part of your roadmap as you take new business lines through the cycle.

### ***1. Failure to create a value proposition for all stakeholders.***

Many organizations launch new products and services that create value for one of the key stakeholders and call that stakeholder their customer. What they fail to realize is that by helping one stakeholder, another stakeholder's cost burden, or inconvenience has increased. The total value may not be as attractive when all stakeholders are considered. Moving a problem around between parties does not solve the problem.

### ***2. Failure to factor in the psychology and perceptions of the customers.***

This failure applies internally as well as externally. External customers, or prime customers, may not perceive the value of your solution, even though your calculations, market research, focus groups and gut feel tell you the product is a winner. Selling a product or service is a "hurt and rescue" game. If the other party doesn't think they have a problem or need they will have no desire in being rescued. Trying to help someone who does not want to be helped or who doesn't know they have a problem yet is often called an intervention. It should come as no surprise that paying customers do not take too kindly to interventions.

### ***3. Failure to focus.***

The old saying, “don’t put all your eggs in one basket”, has been taken to heart by too many business leaders. The theme for most of the 21<sup>st</sup> Century has been diversification. Too many organizations indirectly promote an environment where managers are provided with incentives to avoid making errors. They accomplish this by spreading resources and effort around so that if one component fails it is not seen as a large failure and another component will hopefully produce better performance to make up for the shortfall. Remember that focus is relative. One large company with an organization product line of 1000 items might be relatively focused, whereas a smaller company with 1 key product produced in 9 colours might be lacking in focus. The ability to focus effectively all depends on the circumstances of resources and attention.

### ***4. Failure to manage and control the product release process.***

Products and services are often created with great pain and precision and then are packaged and delivered to customers with a most appalling degree of carelessness. The customer’s perception of the product is highly influenced by the manner in which it was received, not just the functionality of the product itself. Why does this lack of follow through appear in many corporations that produce great products? For most of the industrialized business age, this follow through was not considered a part of the core business or business model. It is now an essential part of doing business and providing value to customers.

### ***5. Failure to manage the operation as though the business is a new born.***

After a transition from the Commercialization stage to the Operation stage of the business lifecycle there is often a different regime in the organization that takes over. During the set up of operational management practices there is a shift from the start up mentality of entrepreneurship to one of process control, scalability and stability. Although many of these shifts are necessary, management often forgets that the business is still in its infancy and needs learning and rapid development. The business model may be successful thus far but may not have faced its biggest challenges. Care and handling are required for many years but often become lost. Your business can become fragile very quickly in this constantly changing world.

### ***6. Failure to build a spirit of innovation into the organization.***

Success can lead to failure. Good results for the last 5 quarters or years do not guarantee good results for the next year. Success can breed complacency in some organizations. The alternative to innovation in the business lifecycle is termination. During the transition from Commercialization to Operation it is important for the spirit of innovation to be developed in the new organization and staff. The trap facing many organizations is the thought process that says “one set of skills is necessary to get us launched and another is necessary to sustain us”. The thinking is correct to some extent, but the reality is that the spirit of innovation is required during all stages of the business lifecycle.

## ***7. Failure to perform pro-active problem solving and prevent crisis situations.***

In a constantly changing environment it would seem easy to justify an attitude of “predictions are impossible to make so we will just react to situations as they arise”. It may be difficult to predict the timing of crisis events, but companies need to be able to analyse what events could occur and determine prevention and disaster recovery procedures that can be acted upon prior to a crisis event. Some organizations also indirectly support the view that pro-active problem solving is an excessively costly exercise that can be better handled through reactive procedures.

## **Ensuring Future Success**

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Your enterprise’s future success is in large part dependent on your ability as the business leadership to avoid committing one or more of the 7 Deadly Business Sins as you progress through the business lifecycle with each new venture. As such, below is a listing of actions to take which can create the right environment for success.

### **Stakeholders Analysis**

List all the stakeholders (external and internal) that are touched by your product or service. How is each of them affected? What are the improvement opportunities? Perform a complete stakeholders analysis on each new proposed venture or major internal project.

### **Customer Perceptions**

Designate one or more people within the organization to act as the “corporate psychologists” to deal with customer perceptions and truly attempt to understand their psyche with regards to your products and services and how they are delivered.

### **Focus**

This report has stated that focus is relative. There are dimensions for businesses such as product lines, markets, industries, geographies, distribution channels that can be measured in terms for focus. The task that really needs to be accomplished by business leaders is the definition of what is “core” to that business. What are you in business to do, besides earn a profit? List what resources and efforts are currently applied to your core, versus everything else. Is the core still the core or has it become a sideline item for the organization?

## **Release Management**

Look for opportunities to insert control points and feedback loops into your release management processes so that the various hand-offs to the customers become two-way. Every delivery should have a receipt or acknowledgement of the receipt both in quality and quantity. Each customer should be aware and the company know that the customer is aware of how to use the available post-sales support services offered. Where it is practical and possible, create a process where the customer is lead through the post-sales services with accompaniment.

## **Business Operations**

Do not count on past success as an indicator of future success. Analyse your operation and list areas where the product or business is no longer being treated as fragile. Reeducate staff on the business model. Look for process improvements to support the fundamental model that has lost its impact and importance over time within large organizations. Trim unnecessary processes that do not support the business model or the corporate goals and vision.

## **Innovative Culture**

There are two good ways to develop an organizational wide culture of innovation. It's all about simple motivation. The first is to financially and visibly reward innovative efforts and results. The efforts and mistakes along the way are just as important as the breakthrough results. The second is to publicly celebrate those same efforts and results so that all staff recognize its importance to the organization.

## **Pro-active Problem Solving**

Perform a mini risk analysis from the perspective of financial, customer, market, industry, political, natural disasters, and other types of risks. From this large list, narrow it down to the risks and events that could lead to dramatic negative results for your business. Begin pro-active problem solving initiatives based on the concept of mitigating the larger risks that could permanently damage the business.

## **Navigational Ownership**

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Each of the 7 Deadly Business Sins can be avoided if the right steps are taken early enough. Senior management owners should be assigned to each of these strategic initiatives. These owners will help the organization navigate on its business journey. They will navigate around potential hurdles which will lead to success during these constantly changing times.