



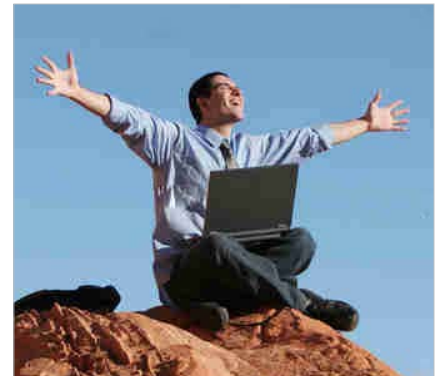
MANDAT  GR  WTHLETTER®

Growth Focus: Lateral Thinking

CEO-Tip *of the Month*

by Guido Quelle

How Far Outside the Box Would You Like?



In many companies, perhaps even in most, you'll hear many positive statements about "thinking outside the box." We have to start thinking outside the box; we welcome non-conformists; if you can't think outside the box every now and then, you'll never get ahead—at least that's the official position many companies proclaim.

However, the reality doesn't always match the propaganda, or more precisely it very rarely does. Day-to-day operations demand considerable amounts of time and other resources, making time to think a rare commodity—a plight complained about in many of the managerial boards we serve—and when someone actually does muster the courage to propose something out of the ordinary, their ideas are often ignored, dismissed as nonsense, or labeled as unrealistic.

In short: Unconventional thinking isn't as welcome as many companies claim. What can you as the CEO do to establish targeted (growth-promoting) thinking outside the box as part your corporate culture? In our experience, there's quite a lot you can do. Here are three basic options:

1. Definition

In many cases it's not quite clear what "thinking outside the box" is supposed to mean—sure it sounds great, but just what is it? Make it perfectly clear what you and the company consider to be "thinking outside the box," what direction is should head in, and that, far from being "nonsense," you see it as a valuable contribution to the growth-oriented future of your company.

2. Frameworks

Provide a framework for "thinking outside the box." Don't pin your hopes on unconventional thinking quickly becoming part of day-to-day operations. If this approach is uncharted territory for your company, you'll need a clearly defined framework, at least initially. For example, a future-planning meeting can be used to discuss in depth how your company's framework conditions could change in the future, what the impacts of social, technological and global developments on the company will be, and how to respond to them. It is essential that this process be controlled and not be left to itself. Our clients have had some outstanding successes with these retreats.

3. Communication

If the successes of a future-planning meeting are initially limited to plans and strategies, be sure to communicate them. Even more, be sure to communicate it when thinking outside the box produces successful innovations. These don't necessarily have to be product- or service-related innovations, but can also include internal and external process-related innovations. This type of communication has two effects: it shows that your company's policies also translate into real action, and it can encourage those who haven't yet found the courage to voice their ideas to join in and share their input.

A final note: It's important that you differentiate between creativity and innovation. When done for their own sake, creativity and thinking outside the box make no sense. The goal always has to be to produce innovations, which are essentially applied creativity and are often the result of "thinking outside the box."

Strategy & Leadership

by Guido Quelle

Breaking Into New Fields as an Opportunity for Growth –How to Put Your Internal Expertise to Best Use



Though the title may suggest otherwise, here we're not talking about individuals switching to new companies; instead, the focus is on companies breaking into other sectors. Even if this often involves a tremendous amount of effort and sometimes also a good deal of luck, and even if the success of the innovations these companies have made may have seemed doubtful at first, there are nevertheless a number of methods you can use at the Senior Management level to look at the subject "breaking into new fields" more systematically than is usually done.

First of all, let's look at a few arguments for breaking into another sector, illustrated by two prominent examples:

Example 1: amazon

Amazon, a company at first viewed with mistrust as an online bookseller, has since used its technological expertise to offer its customers comprehensive service. Initially expanded to include book-related products, its palette now covers practically every aspect of daily life. Books, CDs, watches, jewelry, yard equipment, clothing, and anything else you can think of: you can bet you'll find it on amazon. Many branches never saw this coming, but sophisticated inventory management and top logistics made it possible.

And that's not all: amazon uses data on its customers' buying preferences to create tailor-made offers. Market research? Not necessary. Amazon most likely has more access to real purchasing data than any other company on the globe and does an exemplary job of cross-selling.

On top of that, with functions like "1-Click," amazon offers incredibly convenient payment processes. In the meantime, every company working with amazon can use this process on their own website to make the checkout process as convenient as possible for customers, who don't have to register with the respective company. Companies who want to do this simply add the amazon checkout button in their Internet shop, clear up the administrative details once with amazon, and from then on, customers can use their amazon account to check out on the company's site. The company pays fees for this, which go directly to amazon. PayPal may not be amused, but customers are and so are the companies, who no longer need to make separate contracts with banks or credit card companies.

Amazon was first greeted with suspicion, then accepted as a bookseller but not seen as competition in other sectors. Today amazon is not only a powerhouse in terms of product range, but also in terms of its processes.

Example 2: Apple

We can keep this example brief; there's already been so much written about Apple. For our purposes the point is that Apple has successfully transferred the technological, ergonomic and design expertise it had established with computers: first to music players, then to smartphones and finally to tablet computers. Without these three types of expertise, Apple could hardly have managed the outstanding success of its iP** line.

But that's not all: Apple has revolutionized the entire music industry "on the side." For many of us this may seem to have been a quiet, gradual change, but the fact is that iTunes would never be where it is today if Steve Jobs hadn't constantly fought tooth and nail with the music industry. iTunes has been a bombshell, made possible by focusing available competencies.

What can you do?

Though these developments seem perfectly natural in hindsight, they rarely are. And the much-cited "luck factor" is rarely important. Instead, it takes the focused use of available competencies to plant a new field. These skills and your understanding of them are the key. So first of all you need to be nearly 100% certain that your company has at its disposal (core) competencies that can be used to break into another sector. The problem is that many companies could do so, but don't realize it. Start by identifying these core competencies.

(I've written quite a bit on core competencies for the Mandat Growthletter in the past. If you can't find the respective articles, I'll be glad to send them to you. Mail me at guido.quelle@mandat.de)

The second step involves determining whether or not your core competencies are suitable for transfer to another sector. Ideally this shouldn't be a theoretical exercise along the lines of "Hmm, what else can we do with our core competencies?". Instead, evaluate them in connection with recognizable trends, the needs of your target group, or those of new and lucrative target groups. Determining which trends, needs and promising target groups to focus on should be the result of a structured future-planning meeting, during which the company's know-how should be investigated and assessed in detail.

The third and final step consists in structuring the answers you find, prioritizing your fields of action so as to avoid wasting your energy, and in creating a concrete bundle of measures for one of those fields. Needless to

say, this should all take place in a precisely planned project, the advantage being that you can always pull the plug if you see that an initiative is not making any progress.

Where can you make a concrete start?

From my consulting experience I can say that companies don't always do a good job when it comes to thinking outside the box or breaking into new fields. In addition to the three steps mentioned above, if you want to make a somewhat "softer" start, you can first think about how to combine the competencies your company already has so as to make it a bit more indispensable in your clients' world. An example from B2C: Nespresso, which offers customer retention par excellence for its "Club Members"; this even includes lending them replacement coffee machines if theirs has to be sent off for repairs, ensuring the supply pipeline keeps running smoothly. When it comes to B2B, the challenge is often to transform from a commodity provider to a more valuable link in your customers' value creation chain, e.g. by forming more complex aggregates. In the retail sector, exchangeable services can be replaced with less exchangeable ones when clients are supplied with targeted market know-how (which is readily available in retail)—for a fee, of course.

This may not release the full potential of breaking into new fields, but practicing how to make yourself more indispensable for your customers is a good first step for those companies that aren't quite ready to take the plunge yet. Here we see again that, no matter how hectic day-to-day operations may be, strategic work can't be neglected if you want to keep up with the competition. After all, the most unnecessary statements go along the lines of: "We could have done that, too..."



Profitable Growth—Release Internal Growth Brakes and Bring Your Company to the Next Level

Almost every company wants to grow—at least officially. Shareholders are demanding further growth and no management team would deny that the growth of their company is one of the top issues they are working on every single day. However, there are barriers to growth, and these are not only external barriers. Most often it is not the economy, not the market and not the customer who just “hasn’t got it.” The main barriers can be discovered inside every company, because growth always comes from within. If the organization is not ready to grow, initiatives to increase market share, to enter new markets, and/or to increase profitability are destined to fail. This book systematically addresses the main internal barriers to growth and provides practical guidance not only for discovering these barriers, but to systematically overcoming them.

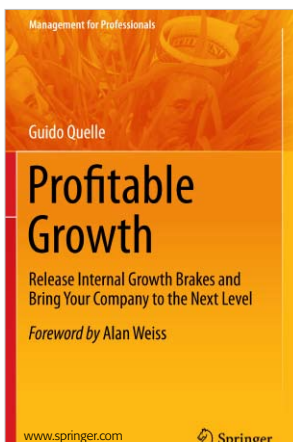
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Author



Professor Dr. Guido Quelle, “The Growth Driver,” is one of the rare people worldwide who focuses on creating profitable and sustainable growth as an entrepreneur, consultant, author and speaker for more than 20 years. His clients are active CEOs, general managers, senior executives, and entrepreneurs who are committed to consistent growth. With his consulting firm, Mandat GmbH of Dortmund, Germany, he successfully conducted more than 350 projects with 120+ renowned private and listed companies. More than 5,000 people were involved just in those projects that he himself managed. Prof. Quelle is always in demand when companies are seeking the support that will enable them to continue on a course of sustained profitable growth.



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“The nuance that distinguishes this book is the orientation that growth is measured, planned, and pursued in an orderly fashion, never growth for growth’s sake. Guido wisely takes the reader through a strategic approach which leads to intelligent tactics, not a frenzied tactical charge that undermines strategy.”

Alan Weiss, PhD, President Summit Consulting Group, Inc., Author Million Dollar Consulting and The Consulting Bible

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