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The Actor's Opportunity – Strategies from Successful Executives

By Peter Meyer, Atul Dighe, and Justin Van Epps

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Abstract

This short article is about successfully changing the “tires” while the “car” is hurtling along. In this article you’ll find real world strategies from active CEOs and COOs. Based on their successes, three interlinked plans are laid out that work for them and might also work for other organizations. The executives quoted in this article come from a diverse group of U.S. based companies, half of whom have multi-national operations. The article is about how these executives make difficult choices work. The authors believe that the answers are easy to share, but they are often a testing challenge to implement.

The article focuses on:

- The difference between acting and reacting
- How that can change your view of market share
- Speeding customer reacting

It is not a quantitative analysis. It is a story told to the authors by some very successful executives.

The Two Sets of Difficult Questions Asked Respondents

In order to get good answers, two sets of questions that would cause people to pause and think were posed to respondents.

1. Why do your customers buy from you today?
Why should they?
Why will they buy from you in 36 months?
Why should they?
2. Why do your employees work here today?
Why should they?
Why will they do so in 36 months?
Why should they?

As you look at those questions, take a moment to stop and answer them for your own business. Is there a difference between why customers should buy from you and why they actually do? Would your team have the same answer? For most of us, the difference is significant and meaningful. And you may find that taking your team through this conversation will be of immense benefit to you.

Successful Strategies

Almost daily businessmen and women face new challenges. Their customers want to pay for something that often has never existed before and that defies definition. The business for which we trained may no longer exist. Our teams are being asked to do more with less. We know all this. Knowing it isn’t enough. We need to craft ways to act.

So let's consider three strategies that have been working for the executives interviewed:

1. Chose to act or to react: All day, every day, we choose whether to react to the hand that we are dealt or to act and have impact on the world in which we work. These executives are very aware of the choice, and are careful to make it correctly. That starts with knowing the core convictions that guide them. These core values become the platform from which the executives act.
2. Walk away from market share: For most of these businesses success has come with actually narrowing the focus of their markets, their products, and even their business models. "Winning it all" is no longer the goal. Acting from the core means that you can work to win more, at a higher margin, in a smaller market.
3. Focus on increasing the speed of adoption. There is a constant tension between, first, leading customers and employees and then, second, not getting so far ahead that you leave them completely behind. These executives are all very focused on how to gain adoption. It is critical to each of their plans and they know it.

These executives are carefully choosing to act from their core convictions at key moments. That means that each company might have fewer offerings, and many of those are for things that customers and their own employees do not yet understand. Acting from the core increases the challenges. It also increases the likelihood of success. It is worth the effort.

Acting, Reacting: How We Start Matters

We will start by describing two health care systems. On the surface, health care seems to be health care. But these two organizations could not approach their businesses in a more different manner. (The company and individual names in this article have been changed, as we agreed with each executive before the interviews.)

Jerri is the COO at Mercy, and for her extended team: "Relationships between patients and physicians and hospitals are going to change. Take screening mammography. We used to do it. Today the physicians buy the equipment, and we lease employees to the physicians. We might lose the revenue from screening, but we find cancers earlier. That is more important. Proactively changing the relationship with the patient and doctor makes for continuity of care and helps us be with the patient from the start." As she is being proactive, she is acting from her core conviction that the connection to the patients is critical to Mercy's success.

For Ron, the COO at Alta, the answer is that the relationship with patients is becoming less important. Alta is choosing to sell innovations and techniques to other health care organizations. That directs his daily decisions around a different

set of customers than Jerri. “Why buy from us today? Our reputation in care and research. We have pre-eminent researchers. We make lots of breakthroughs and that helps build our reputation.”

Going forward, Ron thinks that this will change. “To retain patients we have to remain relevant. For example, a typical patient comes to his or her doctor four times a year. What about the other 361 days in the year? Instead of asking the patients to come in more often we are working on technologies to stay connected with the patients in their lives.”

“In thirty-six months we will be on the cutting edge of care models. You have to have those technology solutions. If you don’t develop them, others will. We need to provide platforms for disease management. That means that technology becomes a competitive advantage for us and for our customer. Right now more and more providers and doctors are forming systems for negotiating with funders, and then with patients. Those systems can shut Alta out. That is a big risk to Alta.”

If these two COOs were focused on reacting to the changing environment, they would share the same business model. However, Mercy and Alta have very different core convictions. The COOs start from different places and will apply very different strategies.

For Alta: “People are always going to get sick, but staying relevant is building the new technology and the new care systems and new delivery patterns.” For Alta, the secret sauce will be to lead with technology and medical innovation. Alta will sell those to other health care providers around the world. They are using a channel strategy.

At Mercy, Jerri says: “Focusing on the needs of our patients is what brought us to the dance.” It is not about technology for Mercy; it’s about connecting with patients individually. This core conviction leads them to a direct to patient strategy.

In three years, if the plans work out, Mercy will be even more personally involved with patients and more individually outcome focused. In three years we can expect Alta to be even more supply chain focused, selling their expertise and research to other organizations and seeing fewer patients. Innovation for Mercy is about patient care and personal contact. Innovation for Alta is about reaching more health care suppliers world wide and delivering value using technology.

What is the same is that each of the COOs is making a choice be in charge of the future for their organization. They are choosing to act. They are not letting the organizations be guided *by* the new care rules; they are guiding their organizations *through* the new rules. While both models will benefit patients, because Jerri and Ron work from different core convictions, they will take

different paths.

Mark at MediaSol has been working a different problem. When he took the world wide operations role at the company, he found that MediaSol was acting from the point of view of the product team. “Over the years we got pretty arrogant and our business became very difficult.”

Mark chose not to *react* to the corporate culture, but to *act* from his core beliefs about how to build a business. “We have revamped the customer support organization from one that was combative to one that really ensured customer success.” For example, he initiated a role of Customer Champions, employees who represent the customers not for but *to* the rest of MediaSol. They “sell” their customer’s specific position to the product development and sales teams. It runs completely contrary to MediaSol’s history.

This means working from Mark’s core convictions around customers. It is not about reacting to customers or the MediaSol product teams. Mark is acting from his own values. He helped MediaSol make a good call, and the business became much more successful.

Being an actor requires a constant awareness. Doctors usually ask patients to take a passive role in their surgeries. These executives are staying fully awake during the “surgery” they perform on themselves and their businesses. It is difficult and exciting.

Share of Which Market?

Mark’s team at Media Sol is in a difficult place. They provide sophisticated products for managing and editing video. They charge well for both the products and the extensive support they offer. However, now it seems like anyone can be a news source and everyone with a computer can do their own editing. Those users don’t pay a premium for superior production quality and support. Suddenly, for MediaSol market share is an open question. Does the management team want a large share of the new consumer market? If so, the revenues could be tremendous. However, that new market is completely outside their business and margin models.

In industries across the world, the same question is coming up. Our markets were clear once, but now we get to ask: “Share of *which* market?” Choosing to act means that you can follow the market, or try and choose the right market for your business. When you act from your core convictions, your choices can and often will limit what you do when you choose to act. Market share matters less than it used to.

Mark and MediaSol are making a choice. They are not targeting media producers as the market. They define the market by consumer viewership. “What we are seeing with all these things hitting us, such as YouTube and Facebook, is that the demand for television has increased, not decreased. High quality entertainment will always be in demand.” It seems counter-intuitive, but “TV viewership is not decreasing much. Rather

than that, what is happening is that you might be watching on two devices at the same time. It is our firm belief that we no longer sit down to watch the TV together. Instead, we are in the same room but watching different screens. We don't see the number of people watching declining. That is good news for us."

That demand drives and defines their market. MediaSol's paying customers are companies that want to meet the demand for high quality entertainment. MediaSol delivers products that help produce high quality content that can be resold. When they sell to networks who value this, the market is smaller. But as long as the demand for high quality entertainment continues, MediaSol can grow.

MediaSol, Alta, and Mercy are all choosing smaller markets and are all doing their very best to provide unique value in each. The COO of Mercy put it this way: "It is almost like a bonsai tree to me, to make a bonsai tree beautiful you trim it." As they act, these companies take control of their own definition of smaller markets.

Increasing Customer Adoption

Using a low cost robot, AdvancedR partners with customers to allow research that was previously impossible. It is a wonderful toy and tool. That gives Brian, the CEO, an interesting problem. Because his tools allow new possibilities, his customer set does not know how to plan around them. That means no budget for the robots and fewer purchases.

"Why *do* they buy now? Because they recognize that our (robot) can do some very cool things that no-one could ever do before. Why *should* they buy? Because we can provide greater coverage at little human risk and at a much lower cost." It is the difference between an exciting toy that can do something new and a business tool that extends the reach of people while it is safer and cheaper. One is a science driven purchase, the second a business case driven purchase. Brian wants the customer to change *why* they buy his products. He wants his science driven customers to adopt the business model.

"At the top of the customer's organization, they understand it. But when you get down to the person who is running the mission, they don't. Those people ask: 'What would I do with my existing infrastructure if I use your robot?' It's a real question. These robots can literally eliminate the need to put a ship in the ocean. The owners can eliminate their ship costs on projects. Not deploying your ship requires a leap of understanding."

But when you go down the organization chain they often don't see it. "These operational teams put the self-directing robots into the ocean, and then they follow the robots around with ships." There is no savings in money or increase in safety if you put a ship in the water to follow an autonomous robot.

This choice to stick with the old models costs Brian sales. To grow rapidly, he needs these operational managers to adopt a new and different view. "My biggest challenge is accelerating the speed of adoption, becoming more fashionable more quickly. I want

anything that would reduce the sales cycle by speeding adoption.”

Mark at MediaSol has the same concern. “Yes, this is a challenge. We are having difficulty making the transition out of legacy products into the future. We are asking users to increase quality by changing the way they do some of their work. We need them to adopt a new way of managing content. From my perspective, that makes sales more difficult.”

It also applies to the health care organizations. The old operating models are fading and no longer work. The new models are unfamiliar to patients, customers, and employees. As Jerri put it: “We recognize that the world is changing, we have got to be consumed with *moving from the volume proposition to the value proposition*. The challenge for us is helping patients perceive this. Our job is to communicate, be transparent about outcomes, and try to make that understandable. They need to understand what a shortened length of stay means to them. They need to understand that their health care takes place outside the hospital walls.”

From Acting to Redefining the Market to Planning to Increase Adoption

All these executives have chosen a common path to success: Acting from the core of their values. It can be a difficult choice, but it leads to easier success. Acting from there means being out ahead of the users. To make this work, we have three key strategies for success:

1. Determine what our core conviction is, what it means. And to find a way to express that and then to act from that as often as possible.
2. Limit what we do so we match that core, and expand our view of the market to focus solely on that core. It seems odd to use the word expand with the word limit, but that is what we are doing. Success has been sped by finding different ways to serve smaller markets with higher value.
3. Plan to help *everyone* with adoption. That means that education is a core requirement for each company. And it starts with the executive team.

This all seems obvious on the surface. However, like so many obvious ideas, these are often missed and all too often we skip steps. To know and express our core values and to find the right market, but to not plan to help with adoption would be missing a key step. The same is true for all three of these strategies. It would be increasing the chance of failure.

However, the executives at Alta, Mercy, Advanced, and MediaSol have each found ways to apply all three. It is not easy, but the alternative of failing is even less so. These three strategies work, and we encourage their use.

Note: The photo above of once new technology, vacuum tubes, and now being replaced CDs is by Carole E. Scott

