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## Focus

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### Permanence

"There is no such thing as a permanently great company or a permanently great industry. However, there are permanently smart strategic moves."

So say Chan Kim and Renee Mauborgne, two researchers who have spent the past ten years analyzing 150 years of business history. Their major discovery: that the number of industries is continuously increasing, and at an accelerated pace. This challenges traditional strategic thinking, and is particularly true of market-share strategies which are based on war analogies (*i.e.*, *There is only so much land on the planet, and we want to control more of it.*)

*"Our research shows it's not a zero-sum game. You can create new land.*

*Contrary to perceived wisdom, the number of market spaces that can be created is infinite."*

Moreover, Kim and Mauborgne found the focus of commerce shifts 100% every 30 years. That is, the top industries today were insignificant, or absent, in 1973. They expect the areas where **big money** is made (or "focus of commerce") in 2033 are small or non-existent today.

What does this mean for a small business CEO today? Try to create a new industry? Probably not, although new industries by definition start small. However, using unconventional thinking to create new services or products may present opportunities for a temporary competitive advantage. But note the word *temporary*. Copycats eventually enter the market, reducing much of the innovator's original competitive advantage. Then, the innovator's next "smart strategic move" is to again break away from the pack by creating new market space.

If this concept strikes your fancy, you can take the researcher's findings, which focused on mass commerce (*i.e.*, automobiles, computers, etc.), to a scale suitable for your situation. In that regard:

- Downsize from thinking about industries to just your geographic market area (Or not, if ambitious!).
- Explore ways to leverage existing core competencies.
- Think broadly about processes and customer types, not just similar products or services.
- Consider how a "first step" may become the launching pad for the next innovation or expansion.

For example, I received a letter offering Long Term Care Insurance from GE. I suppose they want to bring "good things to life" in my golden years. I know they are leveraging their experience in financing, both on a consumer and corporate level.

On the other hand, a recent newspaper article covered the closing of a boutique-style music

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store because of competition from 99 cent song downloads over the Internet. We used to buy records and tapes. Now we download just the songs we want to our MP3 players.

Competition is increasing as buyers' choices grow, and new competitors spring up in unconventional places. Occasionally peering at the future often reveals important threats and opportunities much closer to our present.

*Tom Wagner*

We help clarify options so our clients  
identify the Right Questions  
and solve the Right Problems.

Call us at 800 422-1374 to learn more.

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