

# 6 | Transformation A Business Model Blueprint



*Seizing the White Space*, by coauthor Mark Johnson, provides a detailed view about how to design and innovate business models. Use the following table to map out the key elements of your current business model, and the critical changes involved in Transformation A.

	AREA	TODAY	TOMORROW
How you create value	What job are you doing for customers?		
	What specifically are you selling or providing?		
	How (or where) does the customer get it?		
	How does the customer pay for it?		
	What support does the customer receive?		
How you deliver value	How do you produce it?		
	How do you distribute it?		
	How do you support it?		
	Who are key suppliers and partners?		
How you capture value	How do you make money?		
	What are your key variable costs?		
	What are your key fixed costs?		
	What are your key investments?		

What will be your most promising growth opportunities?

Form a small team, give them ninety days, and ask them to do the following.

1. *Blitz the market:* Conduct twenty to thirty in-depth interviews in or around the periphery of the market, including fringe users, futurists, and startup companies.
2. *Analyze trends:* Look at patent filings, venture capital investment, demographics shifts, and regulatory changes.
3. *Align on goals and boundaries:* Have senior leadership clarify what they will consider under the right conditions and what they will not do under any circumstance.
4. *Brainstorm:* Your goal is to develop fifty or more opportunity areas.
5. *Synthesize:* Detail five to ten high-potential opportunity areas.

Now, describe and analyze each short-listed opportunity using the following template:

KEY QUESTION	PROPOSED ANSWER
What problem will you address (job to be done?)	
Who struggles the most acutely with this problem today?	
How do you propose addressing the problem?	
Why is now the right time for us to pursue this?	

ASSESSMENT SCORE	
From 1 (highly disagree) to 5 (highly agree)	
The problem is important and unsatisfied.	
A large number of people face this problem.	
The solution is achievable without requiring miracles.	
The area fits our capabilities and underlying trends.	
TOTAL SCORE*	

*\*Clearly, higher scores are better than lower ones, and scores about 15 generally suggest high-priority opportunity areas. The most critical question, from our view, is the first one. If you aren't targeting an important problem, the rest of the answers are somewhat irrelevant.*

Succeeding with dual transformation means strategically selecting capabilities that can provide competitive advantage for transformation B, and carefully managing the capabilities link between the core and the new growth engine to ward off the innovator's dilemma. Use the following steps to maximize your chances of success.

### Step 1: Identify Your Unique Capabilities

Use the following questions to determine existing capabilities that could be the source of competitive advantage:

- What are your **current capabilities**? Consider what you have (e.g., brands, assets, talent, IP) and how you do what you do (e.g., process know-how, talent management).
- Who are the **natural competitors** for your transformation B opportunities? What capabilities would make them envious?
- What **emerging startups** are competing in the space? What capabilities do you have that they wish they had?

### Step 2: Determine Your Link Management Approach

For each capability identified in Step 1, use the table on the next page to determine the approach you will follow to manage the link between the core and your new growth effort.

ENABLING CAPABILITY	LINK MANAGEMENT APPROACH	RESPONSIBLE LEADERS
See Next Page		

### Step 3: Identify How to Fill Capability Gaps

Odds are that you don't have all the capabilities you need to success with transformation B. Ask the following questions to determine how to plug critical gaps.

- What **other capabilities are required** for success?
- Who **has these capabilities**?
- How can you **obtain them** (e.g., license, acquire)?
- How can you build a **repeatable skill** to source and on board new capabilities?

## 9.2 | Capability Assessment Guide

There are different approaches available to help drive different growth initiatives toward distinct objectives across transformations A and B. Use this table to determine how you will manage the link between the core and new growth.

ENABLING CAPABILITY	LINK MANAGEMENT APPROACH*		RESPONSIBLE LEADERS
	<input type="checkbox"/> Transfer Pricing	<input type="checkbox"/> Exchange Team	
	<input type="checkbox"/> Formal Rules	<input type="checkbox"/> _____	
	<input type="checkbox"/> Transfer Pricing	<input type="checkbox"/> Exchange Team	
	<input type="checkbox"/> Formal Rules	<input type="checkbox"/> _____	
	<input type="checkbox"/> Transfer Pricing	<input type="checkbox"/> Exchange Team	
	<input type="checkbox"/> Formal Rules	<input type="checkbox"/> _____	
	<input type="checkbox"/> Transfer Pricing	<input type="checkbox"/> Exchange Team	
	<input type="checkbox"/> Formal Rules	<input type="checkbox"/> _____	
	<input type="checkbox"/> Transfer Pricing	<input type="checkbox"/> Exchange Team	
	<input type="checkbox"/> Formal Rules	<input type="checkbox"/> _____	

\*Link Management Approach Options:

- **Transfer Pricing:** Establishing an internal marketplace and price structure for shared resources. Even if the established prices are not perfect, imposing some cost helps ensure shared resources are used prudently
- **Formal Rules:** Developing a portfolio management system that lays out different evaluation criteria and guidelines for growth initiatives across A and B
- **Exchange Team:** Creating formal teams with members from both transformation A and B, complete with a well defined mandate and governance structure, to take on tasks that benefit both sides of the business