

Top Line Growth Now and Forever

Lead, Shape and Create New Industries

Karl Ronn
Mar 11

Companies that have beat the S&P 100

Kodak

General Electric

Procter & Gamble

???

Why did the S&P 100 Win?

Keeps Best Operating Companies

+

Destroys Companies that Didn't Change

+

Adds Newly Created Industries

... and the Market uses different rules for
each

Innovation Strategy

Sustained Growth Requires doing all
three

Lead – Best Operations

Shape – Obsolete Yourself

Create – New Industries

...and right metrics for each

Winning by Exploiting and Exploring

Exploit: Lead Your Industry

+

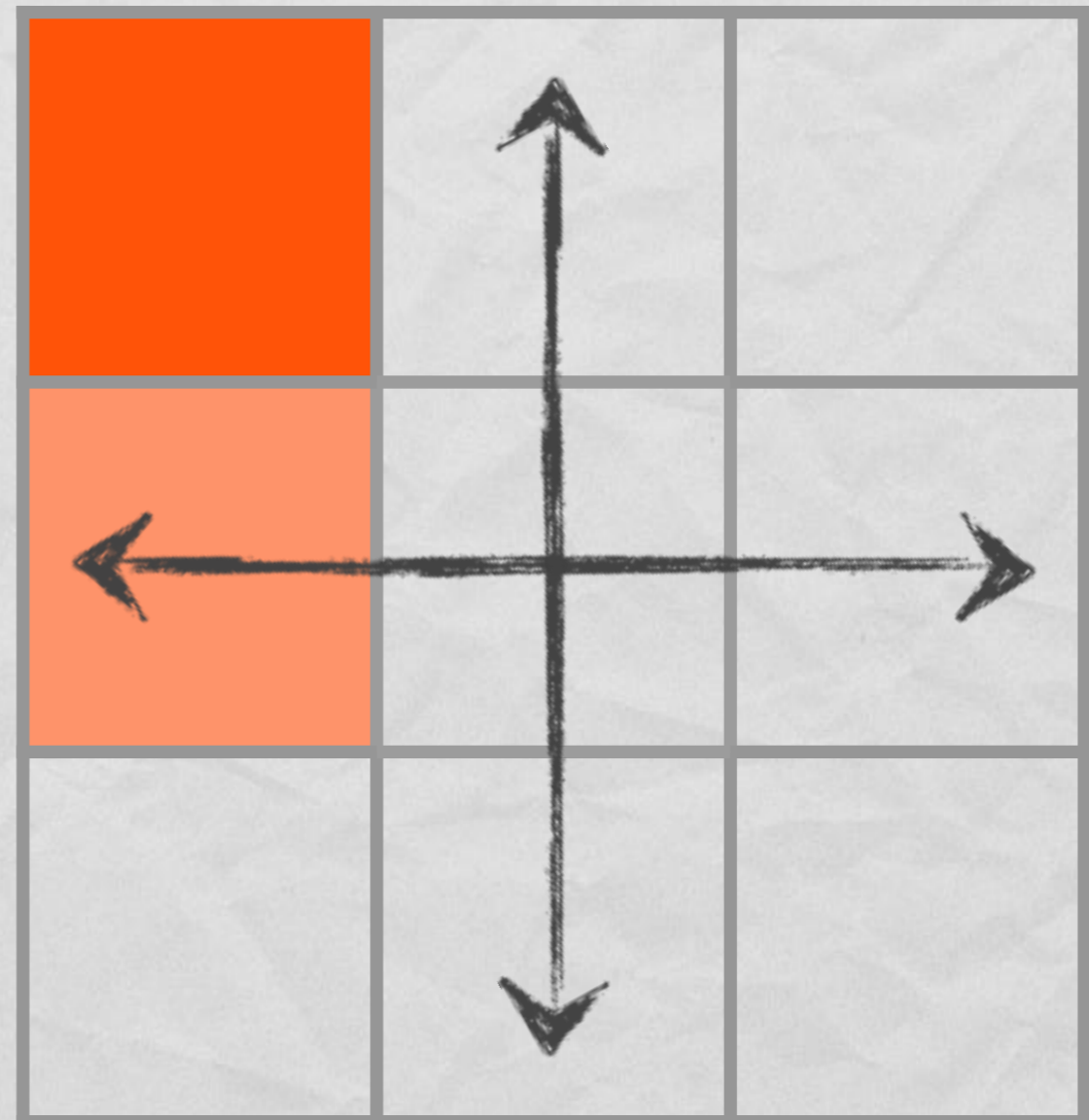
Explore: Reshaping It ... Again

+

Explore: Create New Industries

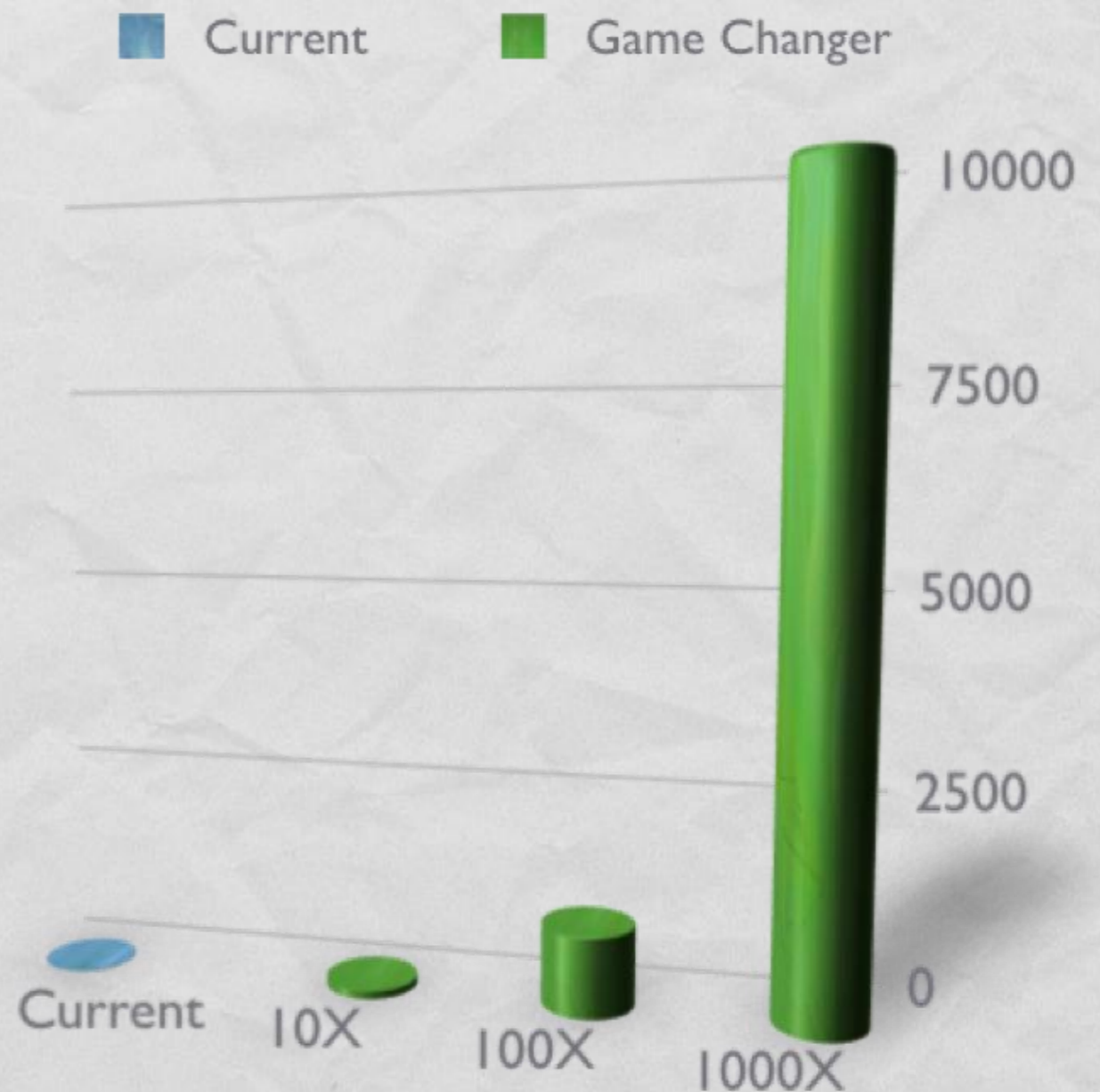
Exploit: Lead the Industry

- Fill the Boxes!
- Enter new price tiers, new channels and, adjacencies to grow market share
- Serve the underserved
- Eliminate negatives
- Reduce costs



Explore: Shape the Industry

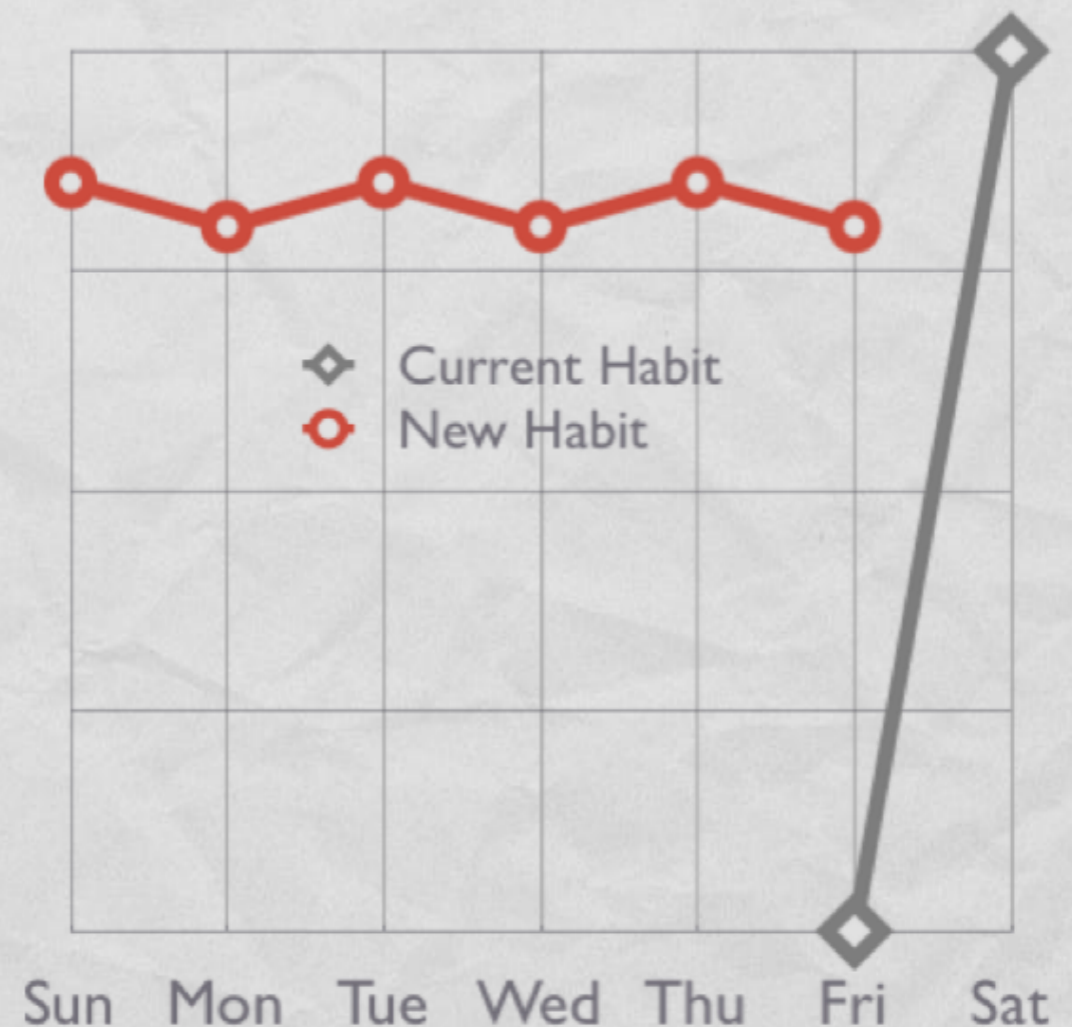
- Existing market with existing habits
- Different by orders of magnitude
- Breakthrough in performance and cost
- New Technologies
- New Capabilities



Explore: Create New Industries

- New to the world volume
- Leverages your Right-of-Way
- Compete against non-consumption
- Democratize a market
- Series of new jobs

Competing Against Non-Consumption



Framing Your Portfolio

Balance Risks Across the 3 Businesses You Are In

Karl Ronn
Mar 11

What Industry Are You In?

Ted Levitt, Marketing Myopia, HBR 1960
...Trains or Transportation?

The real answer is
...Trains and Transportation
and Communication

Sustained Growth Requires All

3

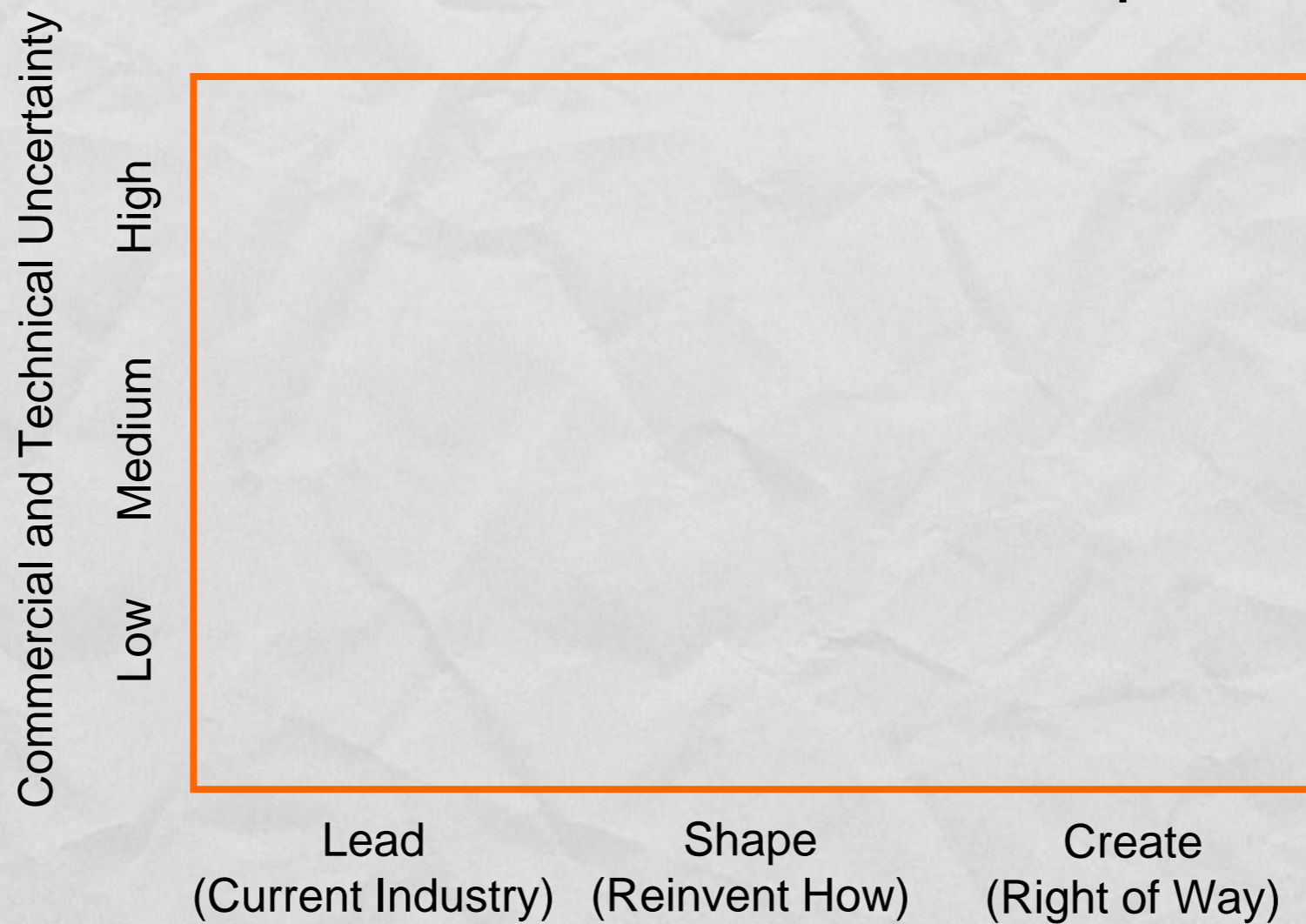
Lead – Train Operation Excellence

Shape – Transportation Moves Freight
and People Without Requiring
Rails

Create – Communication Moves Customer
Information Instead of Objects

Each Innovation Project Has Inherent Risks

Innovation Portfolio Map



Robust Innovation Portfolio

Commercial and Technical Uncertainty

High	Positioning Options (Know What, Not How)	Stepping Stones (Not Know What or How)	
Medium	Platform Launches	Platform Launches	Scouting Options (Know How, Not What)
Low	Core Enhancement	Platform Launches	
	Lead (Current Industry) Your Business	Shape (Reinvent How) ??	Create (Right of Way) ???

What Railroads Could Have Done

Commercial and Technical Uncertainty

High	<p>Diesel Engines</p>	<p>Planes High Speed Trains Trucks Container Shipping</p>	<p>Telephones</p>
Medium	<p>Next S-curve</p>	<p>eTickets</p>	<p>Telegraph</p>
Low	<p>Better Trains Improved Service</p>	<p>Tickets by Mail</p>	
	<p>Lead (Current Industry) Trains</p>	<p>Shape (Reinvent How) Transportation</p>	<p>Create (Right of Way) Communication</p>

The Future Is Already Here...

...Are You Ready?

Commercial and Technical Uncertainty

High

Medium

Low

<p>Nuclear Power</p> <p>Clean Coal</p>	<p>Solar Power</p> <p>Alternate Fuel Cars</p>	<p>Quantum Computing</p> <p>Algae Fuels</p> <p>Genomics</p>
<p>4G/LTE Mobile</p> <p>New Line Extensions</p>	<p>Clinics</p> <p>Virtual Doctor Call</p>	<p>Preventative Medicine</p>
<p>Hospitals</p> <p>Mobile Phones</p> <p>Broadband</p> <p>Coal Power</p> <p>PC's</p>	<p>Twitter</p> <p>Tango/Skype</p> <p>Apps</p> <p>GPS Services</p> <p>M2M (Square)</p>	<p>iPads</p> <p>Facebook</p> <p>Prepaid Cards</p> <p>ZipCar</p> <p>Telepresence</p> <p>Single Use Sachets</p>

Lead
"Things"

Shape
"Services"

Create
"Experiences"

Strategies for Top Line Growth Now and Forever

Lead, Shape and Create New Industries

Karl Ronn
Oct 11