

Managing Out of the Recession

Create Marketplace Disruption
8 December, 2009

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The true secret to success might surprise you.



Core



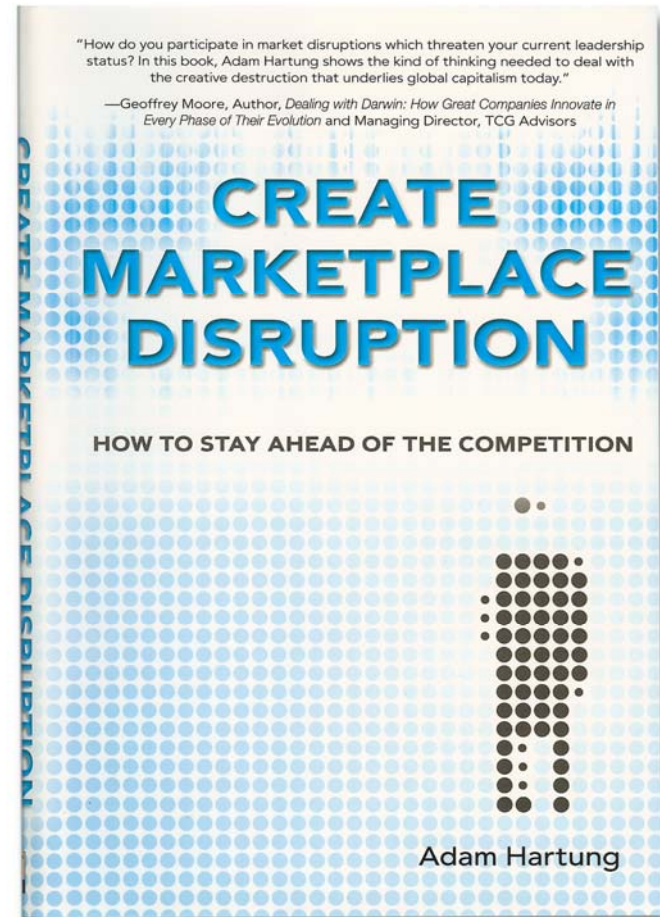
Focus



Leadership



Overcoming Lock-in



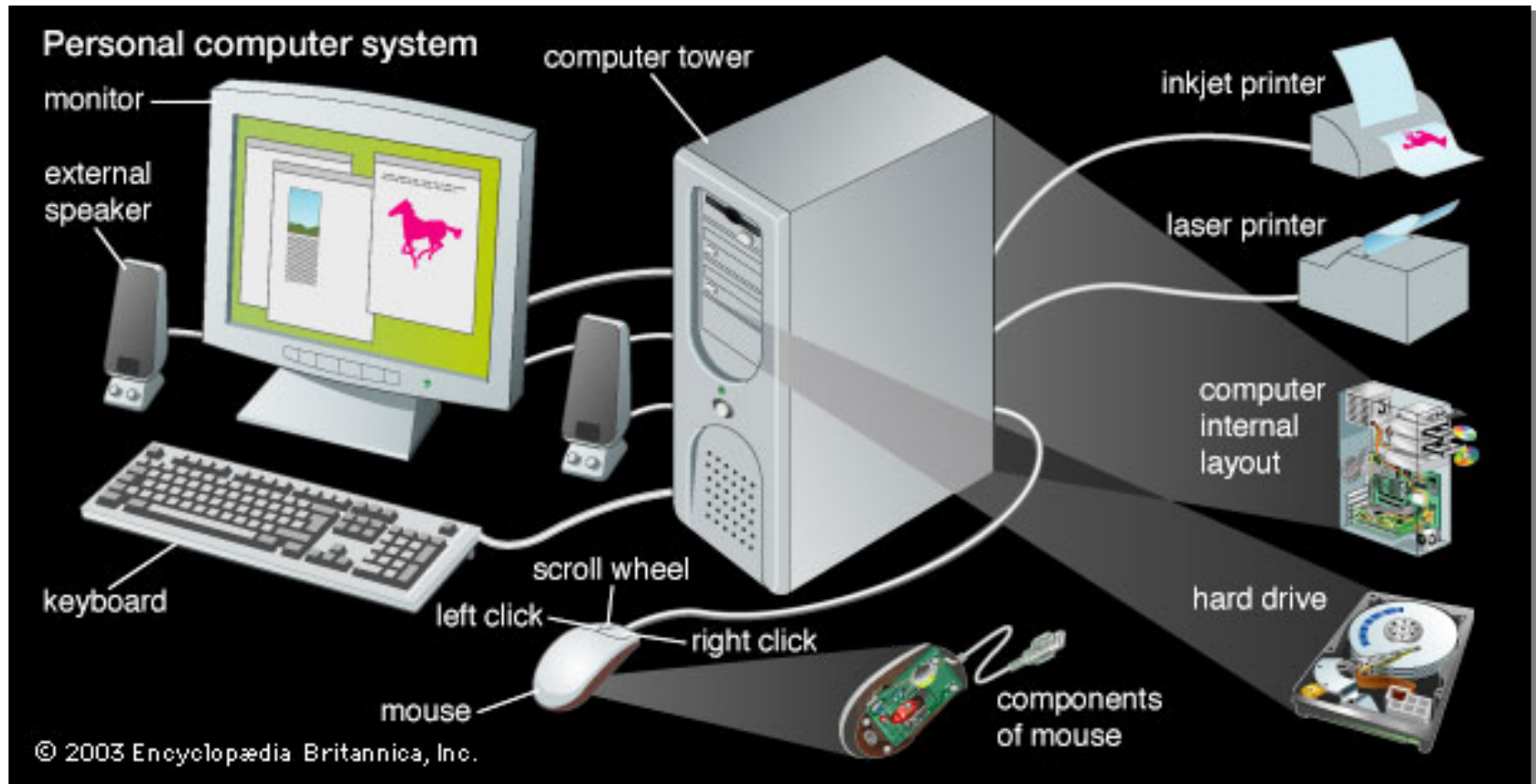
Long ago...



Innovation created change



More innovation was developed



Yet the change agent didn't follow the market



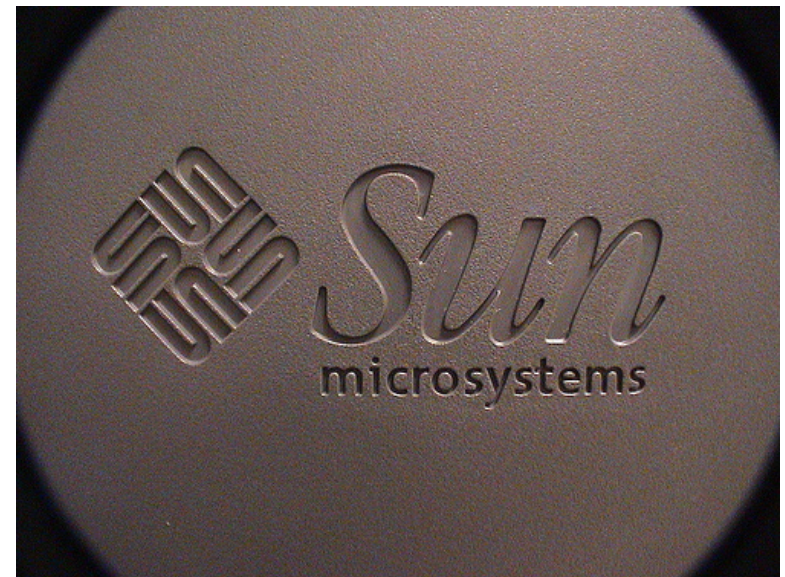
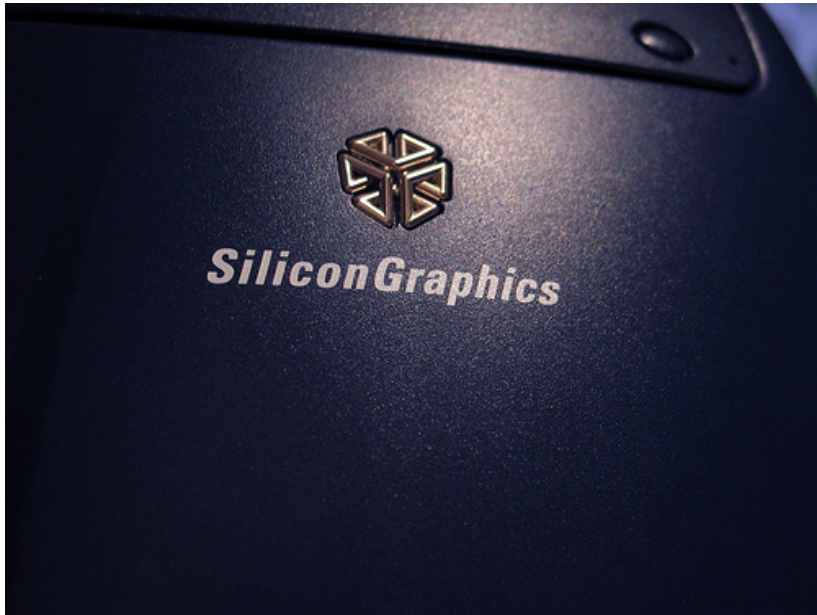
THIS



VS THIS

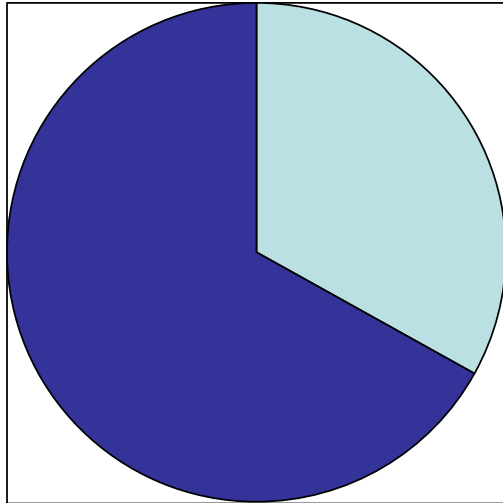


Hardware isn't the engine for growth it once was



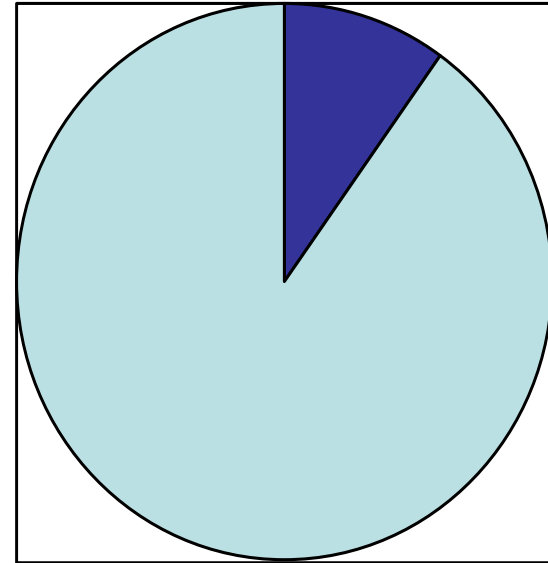
Top performers are struggling

Top Quartile in 2000



1/3 dropped out
during the 2001 Recession

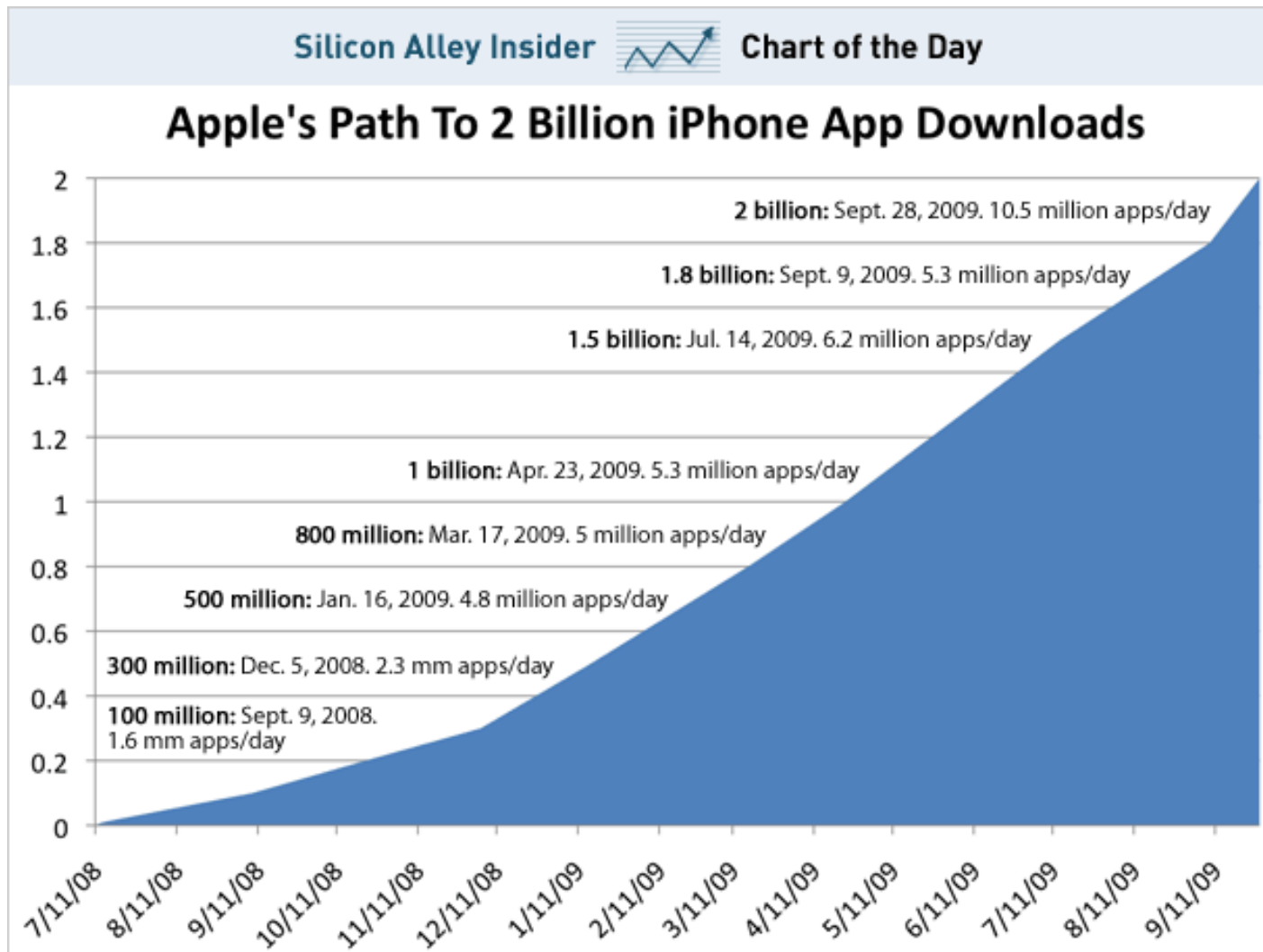
Drop Out Perf. 2005



Only 10% returned
to the top quartile

Source: Harvard Business Review 3/09

The base of competition is shifting



Success comes from somewhat surprising practices



Be future-oriented.



Obsess about competitors.



Disrupt yourself.



Create and maintain white space.

15% of current market leaders gained their position since 2005.



Environment change
means opportunity

Step 1 - Plan for the future, not from the past



VS



Step 2 - Attack competitors' lock in



Industry

Lock-in:

Customers care about the *quality* of analog music



Industry

Lock-in:

Customers want laptops for portability

Obsess about fringe competitors to implement innovation

Chicago Tribune

VS.

Google™



Step 3 - Utilize disruption to change thinking



Step 4 - Disruptions open *White Space*



Google™

Overcoming Lock-in to the past is the key to success



Plan for the future, not from the past.



Focus on competitors.



Be disruptive.



Use White Space to innovate.



Contact Information

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24 May 2009

Market Shifts and Lifecycles - Playboy, Oprah and Skype

One of the hardest things for leaders to do is recognize market shifts. The tendency to remain focused on Defending & Extending what was always does is so great that market shifts which demand change are overlooked in the urge to improve what was always done - even as results fade.

An obvious example is Playboy enterprises. "Playboy denies report of \$300M price tag" was a Chicago Crain's headline, as rumors that the company (now publicly valued at only \$90M) was being shopped for a new owner. Playboy was founded as a "lifestyle" media company intended to meet the emerging needs of "sophisticated" adult males in the 1960s. To the surprise of many publishers and government leaders, Playboy became a huge success. Its magazines outsold expectations. The company grew by opening clubs in major cities where businessmen entertained. Even resorts were founded as vacation destinations. As the company expanded it moved its headquarters from Chicago, where government officials disliked the hometown anomaly, to LA. And the company acquired a 727 as the corporate jet. As revenues and profits expanded, the company went public. As recently as 2000 the company was worth nearly \$1.2billion (chart here).

But, the market changed. Women entered the workforce as one primary contributor to the clubs becoming passe, leading to their close. Likewise, the resorts closed as competitors - clubs catering to young men and couples, such as Club Med - did a better job of meeting their needs. The magazine became less and less viable as market shifts led to a split between pornography magazines for those who wanted photos and serious mens journals ranging from Stereophile and Autoweek to GQ. Market shifts ranging from America's attitudes about how to treat women, to what was needed in a serious current events or hobbyist journal, left the company's products less and less interesting. As the founder aged, the company lost track of its primary target and failed to identify a new target market. And the new CEO, the founder's daughter, was unable to develop future scenarios identifying a viable direction - or products - to keep the company growing.

At this point, Playboy has no clear market, has suffered from decades of declining revenue and profits, and investors have no reason to expect an improved return on investment. Why anyone should want to buy the company, especially as we observe that all print journalism is shrinking dramatically, is unclear. Playboy is at the vanguard again - but this time of demonstrating the end of print media and the losses capable from ignoring market shifts. Had Playboy long ago dropped the salacious pictures and moved itself toward a growing readership - providing insights to men's lifestyle issues in sports, fashion, electronics, autos or any number of topics - it had a chance of maintaining its

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