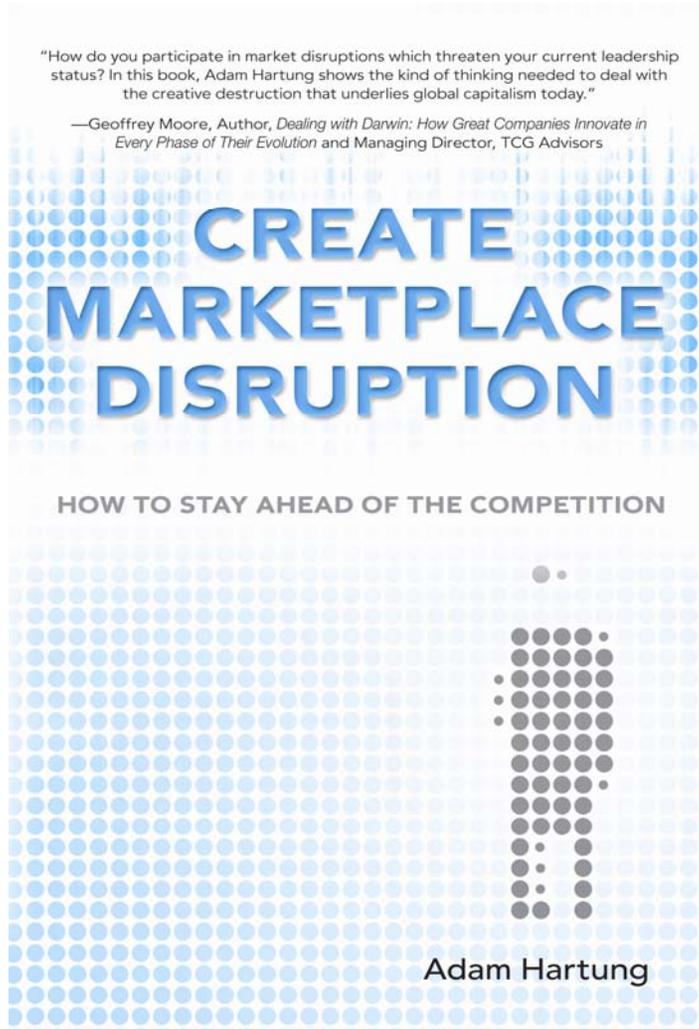


## *Igniting Breakthrough Strategies*



*Innovating for Survival  
In Today's Economy  
And Getting a Jump  
On the Competition*

**Adam Hartung**  
Managing Partner

# The Phoenix Principle



## The Source of Success Is Pretty Surprising

It's not about "core"

It's not about "focus"

It's not about "leadership"

Managing *Lock-in* is the Key



# Long ago.....





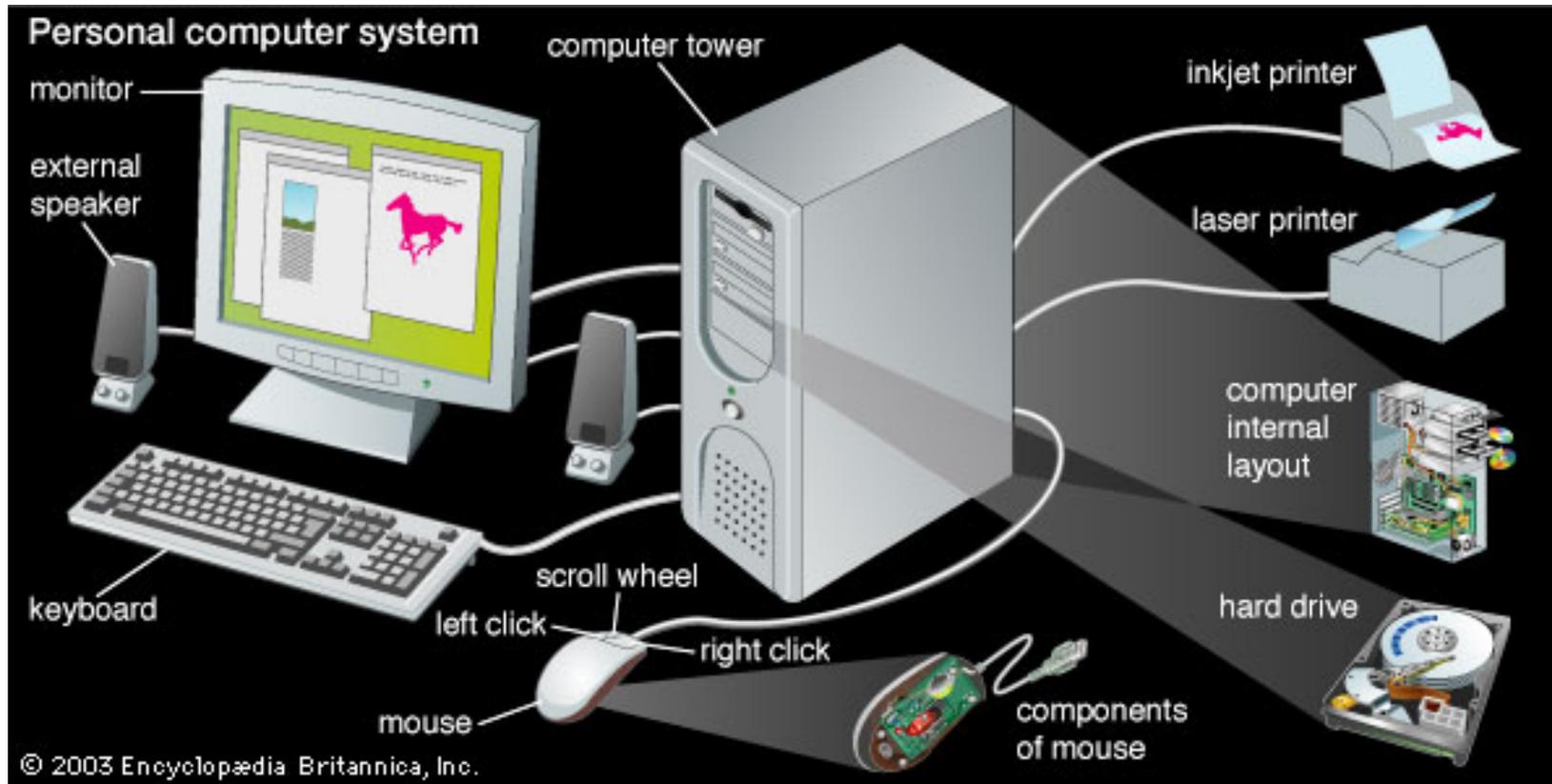
# But innovation created change



914

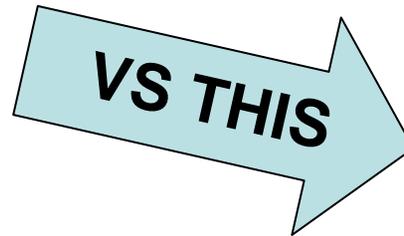
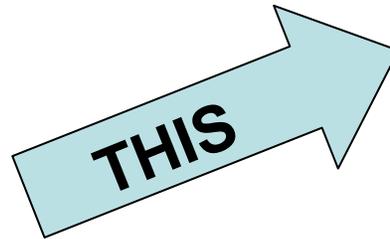


# More innovation was developed





# Yet, the change agent didn't follow the market





# 3 Types of Lock-In

**Behavioral**

**Structural**

**Cost**

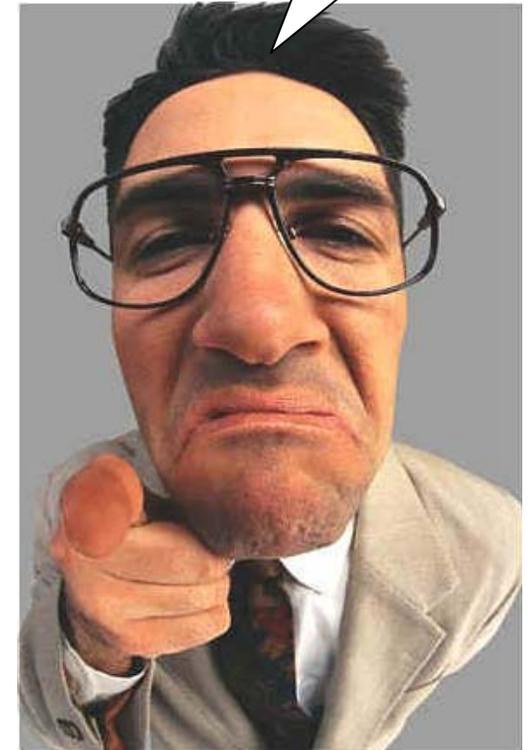


# Behavioral Lock-in



- Adhere to **historically defined market (customers, products)**
- Proliferation of “**sacred cows**”
- “**Not invented here**”
- Reward **farming**
- **Slow decision making**
  - **Hierarchy**
  - Focus on **maintaining the business**
  - **Avoiding conflict**

**NO!**



**STATUS QUO  
POLICE**



# Structural Lock-in

## Strategy

- Biased toward easily quantified, traditional actions and against more speculative ventures

## People

- Hiring consistency
- Aging workforce
- Evaluation inflation (everyone's good)

## Architecture

- Tightly integrated, rigid processes and decision-making
- Expensive “monuments” – plants, DCs, IT projects
- Obsession with best practices

## Resources Allocation

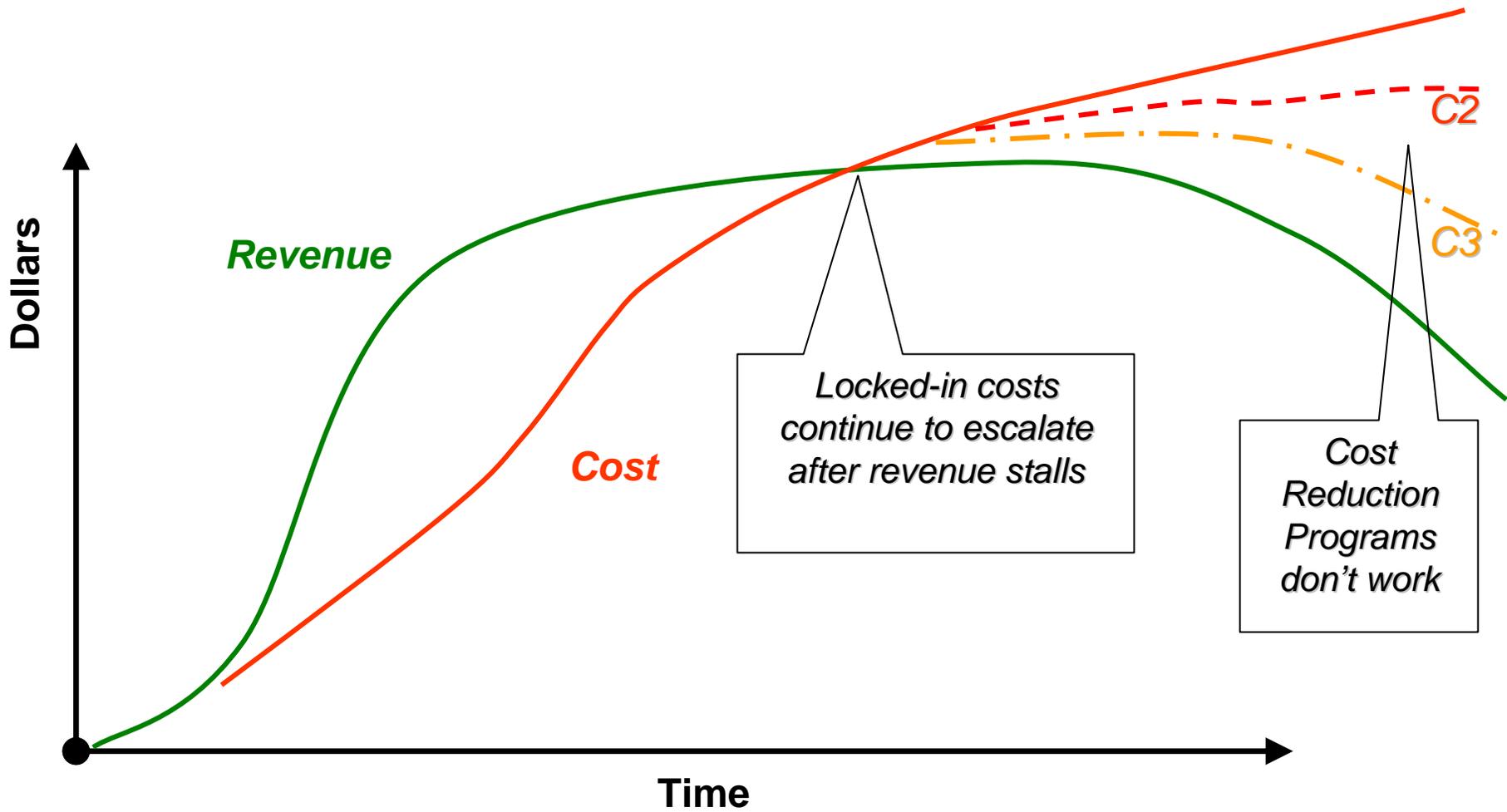
- Big investments
- Obsessive cost accounting
- Stringent ROI approval process
- Long-term supply chain deals
- Creative financial reporting
- Tax Obsession

## Knowledge

- Dictatorial internal experts
- Weak information sharing systems
- Fragmented data
  - Customer data
  - Cost data
  - Employee Data

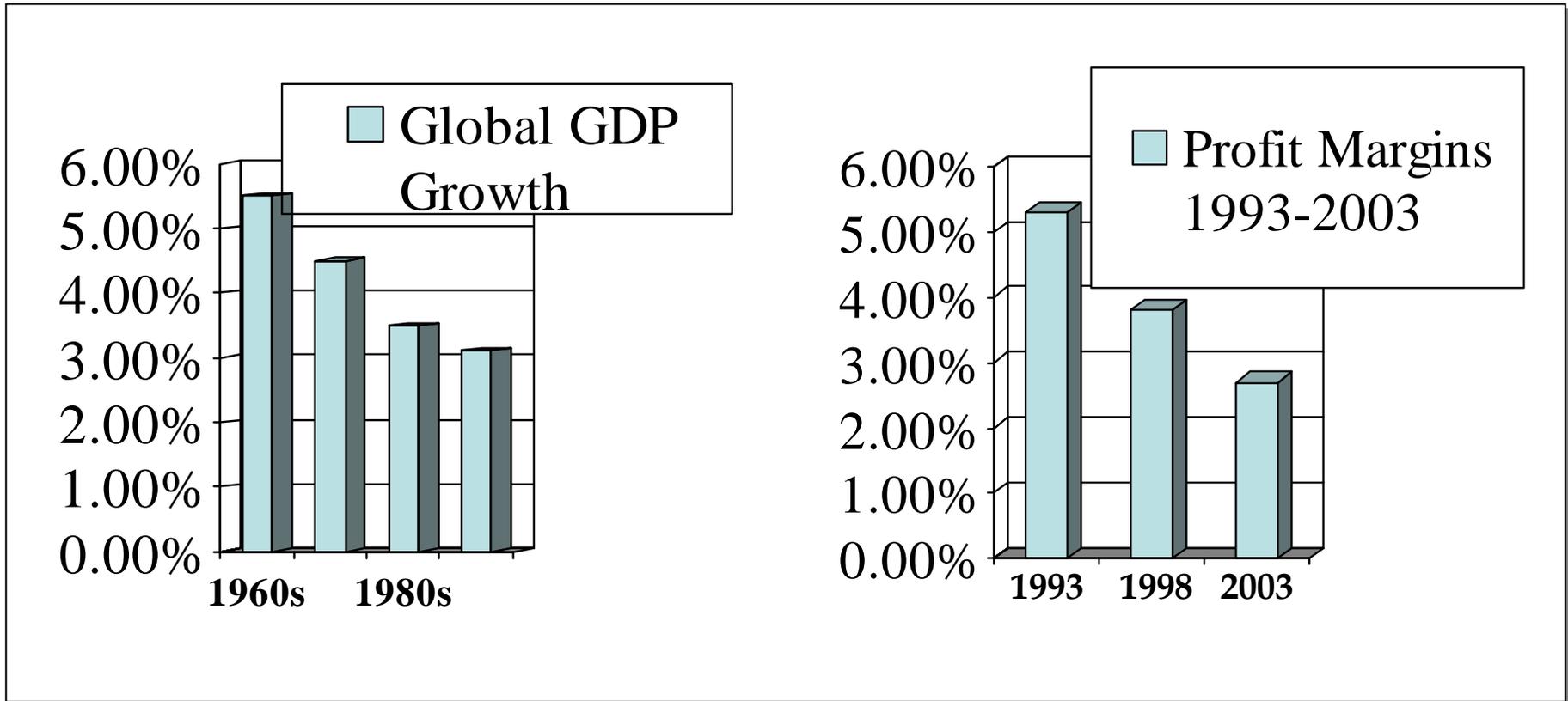


# The Revenge of Cost Lock-in



**Costs Always Go Up!!**

# Results Worsening for 40 Years

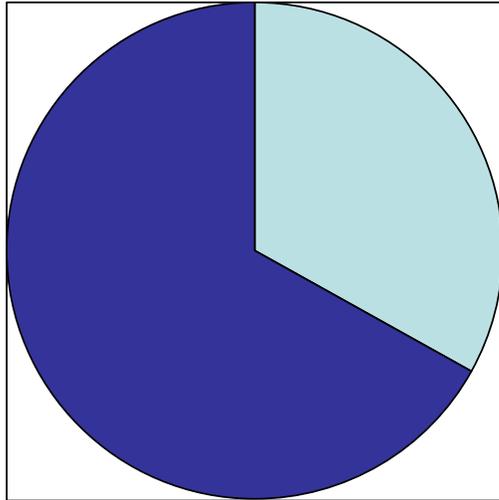


Source: The Conference Board

# Top Performers Struggling

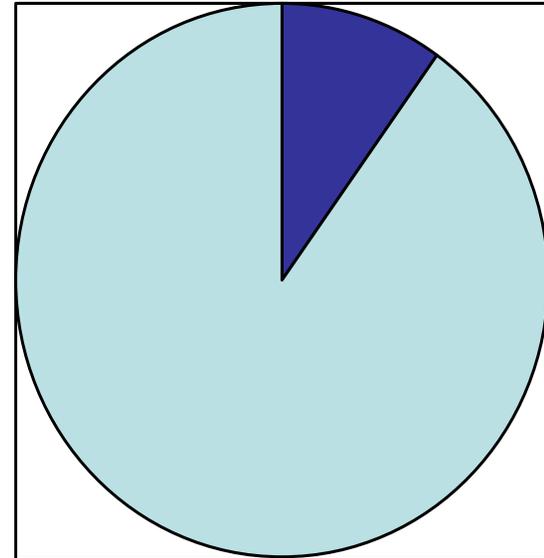


## Top Quartile in 2000



1/3 dropped out  
during the 2001 Recession

## Drop Out Perf. 2005



Only 10% returned  
to the top quartile

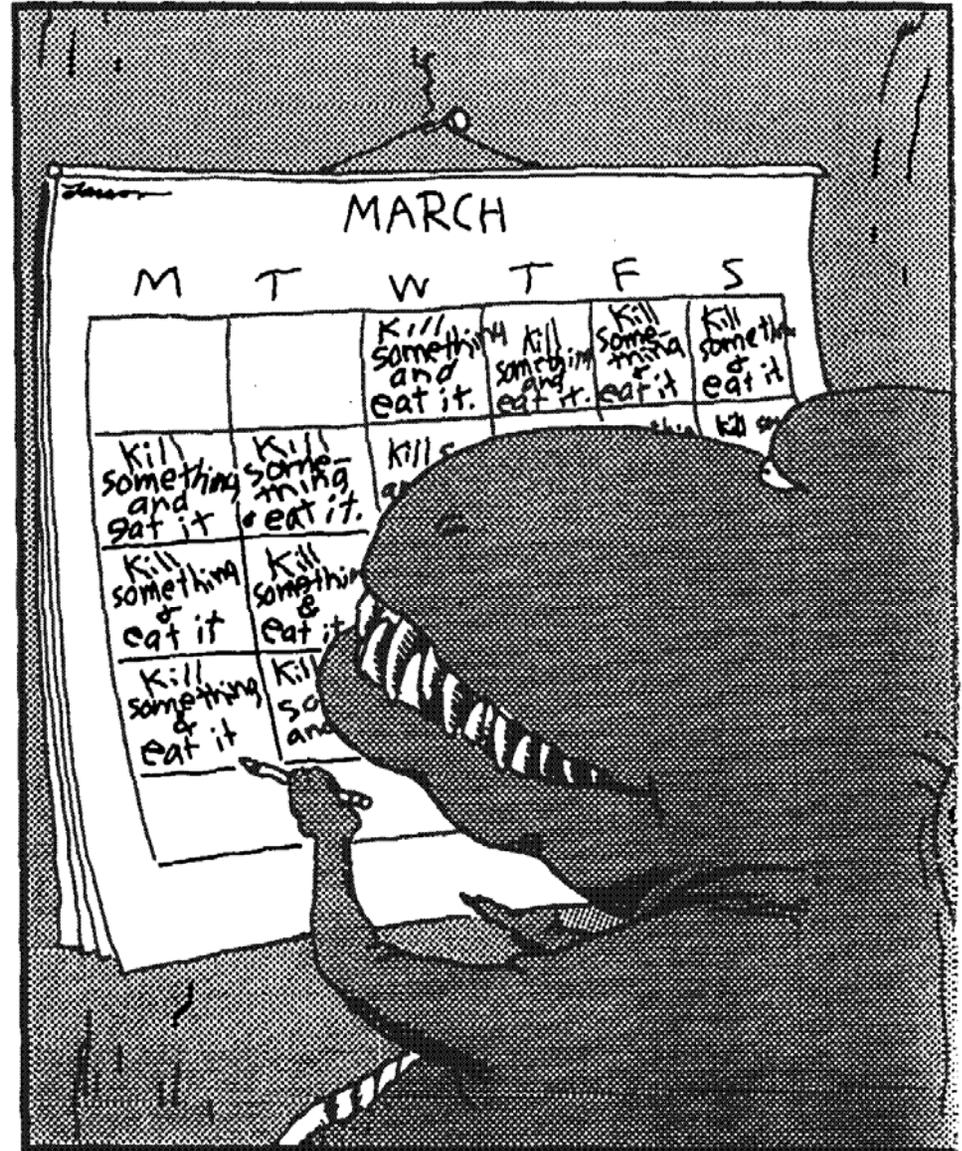
Source: Harvard Business Review 3/09



# Success Creates Repetition... Which Creates Lock-In

What 2 things  
made you  
successful that  
now worry you  
most?

What are the top  
2 Lock-ins that  
Hurt IT today?



Jurassic calendars



# The Phoenix Principle

**Success Comes  
From  
Somewhat Surprising  
Practices**

Step 1: Be Future - oriented

Step 2: Obsess about competitors

Step 3: Disrupt Yourself

Step 4: Create and Maintain White Space

# Environment Change = Opportunity



Overcome Your Sensitivity to Initial Conditions



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



# Step 1 –

## Move Beyond Defend & Extend

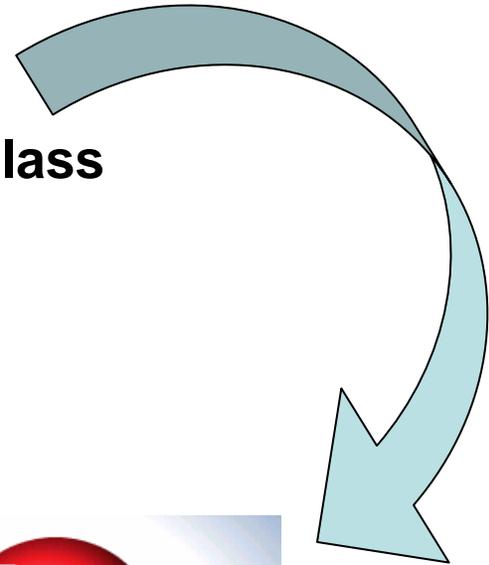
“I skate to where the puck will be” – Wayne Gretzky



**VS.**

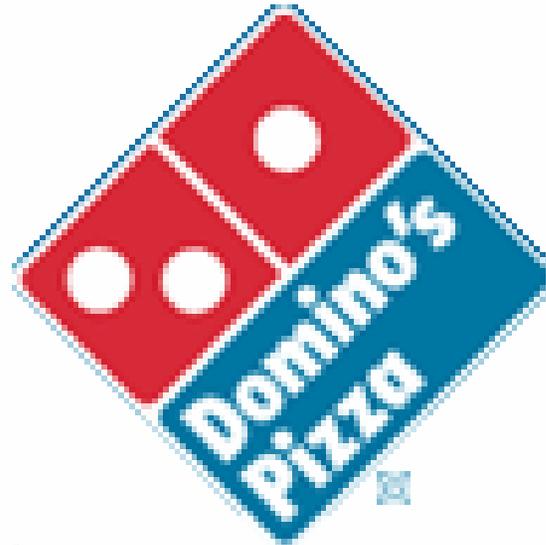


Spyglass



**Plan for the Future – Not from the Past**

# Step 2: Obsess about Competitors to Attack their Lock-in



Industry

Lock-in:

Customers  
care about  
the *quality* of  
the pizza



# Step 2: Obsess about Fringe Competitors (They sneak up on you)

Chicago Tribune

VS.

Google™





# *Only the Paranoid Survive*



**What are the 2 trends  
– market shifts – that  
you think are most  
important to watch?  
-- and why?**

**How could you ruin  
the day of a target  
competitor?**

**What's on the fringe  
of competition that  
could ruin your day?**

# Step 3: Utilize Disruptions to Drive Changes in Thinking





# Powerful Disruptions

***Disruptions Neutralize the Status Quo Police and make an historical Lock-in obvious and acceptable to violate***

- A CEO who was an avid sports fan schedules a meeting on Saturday during his college's football game.
- A CEO who tells Directors that all new funding ideas go directly to his office for evaluation and determination of investment by his team of consultants
- A CIO who mandates that all conference attendees compete to launch a new project based upon the learnings of the conference
- A CIO who allows users to set the performance metrics for applications
- A CTO that mandates implementing one new technology per year in mission critical systems
- A CFO that allows the marketing department to determine the proper risk adjustment to utilize for all new products
- A CIO that assigns every IT Director a customer they have to report on quarterly
- A V.P. of print production that outsources all graphics production



# Step 4: White Space Creates Value





# The Phoenix Principle

*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 and Succeed*



# Contact Information

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