Disrupt Markets to Create Business Growth

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Recently, at a TEDx conference, a fellow speaker asked me that incredibly tough question, "What do you do?"

I am always wary of this question because there isn't a "one-size-fits-all" answer. I have to tailor my brief answer to the individual's background and perspective.

Since we were at a TEDx meeting and the speaker had spoken about new technologies, I told him, "I help companies to disrupt markets."

"That's an interesting thought," he said, and paused.

I interpreted this pause as interest and continued, "People, especially technologists, focus on disruptive technologies as ends in themselves. In reality, we are in the business of disrupting markets and a technology is just a means to an end."

I had his attention, and he said, "Go on."

"I focus on a business' revenue line, in two dimensions—acceleration and quality. And the best way to do increase both is by disrupting markets, so that the resultant disruptive behavior is beneficial to my clients," I said, pausing for a breath.

And then I delivered the punch line, "Disruptive technologies are just a means to an end. The end is to disrupt customer behavior in our favor."

My audience of one had the term "game changer" in his corporate job title. He asked me if I had eaten. I said no and we went to a counter and got some prepackaged sandwiches and chilled bottled water and settled down at an empty table.

"Go on," he said.

"With what?" I asked. "I am done. Let's eat."

"I am intrigued," he said. "Why do you focus on disrupting market behaviors?"

"Because," I replied, "most of my clients are players in what they consider as mature markets. If they have to grow, they need to grow at the cost of some competitive alternative of doing something or the inability to do something faster, better, cheaper. They need to shake customers from their slumberous habits of using competitive alternatives. To effect this behavior change, my clients have to deliver significantly better rewards than the incumbents through its products and processes, with minimal perceived risk."

My game-changer listener asked, "What is a reward?"

"Short answer: I define it as being the difference between benefits and cost; it allows me to transition from psychology to the business world. I define both Reward and Value as 'Benefits minus Cost'."

“This definition also allows me to define the purpose of a business: to relentlessly deliver value to its customers and its stakeholders. In business, there is little motivation without a reward.”

My listener asked, “Is this true in all markets?”

“Yes and no. In a business-to-business (B2B) market change is a lot harder than a consumer (B2C) one. B2B markets have more players in the decision-making process: upper management, technical user, end user, and the economic buyer. All of them have different motivations and risk-reward thresholds. Thankfully, in the consumer market, individuals are decision-makers and it is simpler, not necessarily easier, to overcome their resistant to change. To disrupt markets, we pick the less resistant ones, the low hanging fruits, and then rely on human herd mentalities to pull the rest into the fold. Happens all the time, doesn’t it?”

“Yes, but how do we disrupt markets?” he asked.

“Customers consider buying within a category of products when they have a need, the budget, and the intent to purchase a product or service. They choose a specific alternative because it is different in important ways; it delivers value (reward, “benefits-cost”), it is unique, and it can be trusted (minimize risk). When you have done your homework on these six factors and they are in confluence to your benefit, you’re ready to disrupt markets. Of course, there is this whole business of making your target market aware of you, and then get interested in a trial, for purchase and repurchase, ad infinitum.”

My lunch-mate hadn’t taken a bite while I was talking; neither did I. I took a large bite off my sandwich. As I chewed my morsel, he took a bite off his lunch. While he chewed, I wondered what his next question would be.

He asked, “Can you give me an example of how you disrupted a “mature” market?”

“Sure,” I said.

“A forty-year-old petrochemical equipment manufacturer considered itself to be a small player in a “mature” market. Growth was dependent primarily on the rising tide of market activity. The firm believed that business in the United States was in decline, and that the next growth area would be an international market, where a significant number of new petrochemical plants were being planned. It was anticipated that 75% of the industry’s revenues would come from that international market area.

“However, when I took them through a ‘Where the Beef (margin)?’ interrogation, we discovered that more than 75% of the global industry “margin” was within the United States, with two major players controlling this market. It was not in the new equipment business but in the replacement equipment business.

“Further investigation revealed that the incumbents took the replacement business for granted. They took forty to fifty weeks to deliver replacement equipment.

Customers, especially those who had unplanned shutdowns, were willing to consider timely alternatives to these two players.

"My client developed a new initiative on the 'replacement' business, developing processes and infrastructure to assure timely delivery, in about ten days.

"The client launched its program, with a powerful guarantee—On Time or It's Free—so clients would take the firm's promise seriously. The first customers were existing customers taking advantage of the program but then word spread and business took off.

"The incumbents could not react quickly and effectively. They could have reacted with pricing discounts but that would have compromised their entire installed base, if they had initiated a price war against a small player.

"My client firm's revenues grew over 250% in a little over two years, and margins about 400% during the same period, with minimum costs and investments."

My listener, who had by now finished his sandwich, added, "You disrupted a very mature market to the client's benefit. This sounds like a growth story for a new product or technology. And yet this is old, old technology."

While I munched on my sandwich, my listener began to share his summary insights.

"So what you did was to add a 'timely delivery' dimension to the offering that created a competitive edge that could not be easily replicated.'

I hurriedly finished my morsel and got back into the conversation before my listener concluded that 'timely delivery' was all there was to the success story.

It wasn't.

We had worked on customer behavior and our benefits across the entire buying cycle of customers. This included overcoming individual resistances, creating credibility by borrowing images from well-established consumer marketing efforts, and with partnerships. We monetized our benefits not only during the buying cycle but also over the product lifecycle.

We also raised prices and deleted the word "discount" from our business vocabulary. Yes there was opposition from the client's salesforce. However, the question that drove home the point for higher prices was, "When was the last time you asked for a competitive bid or a discount at a hospital emergency room? Simplistic analogies work more often than we would like to believe."

Our lunch break was over. It was time get back to our regular business. While departing from the table, my listener told me, "This was the most enlightening lunch I have had in a long time. We should meet again. I want to hear the rest of your business adventures."

"Sure." I told him. "But, until we meet again, don't focus on disruptive technologies, focus on disrupting markets."