



## Gearing Up for Fall



While we encourage companies to think long-term versus quarterly, the fourth quarter is somewhat different. For many, it wraps up the fiscal year and provides guidance for the future. Plus, the transition from summer to fall carries that 'back-to-school' mentality of sharpened pencils, fresh notebooks, and getting serious.

Are you ready? Is your company on track in terms of ROI, innovation, and growth? What would you like to accomplish over the next several months?

Some common initiatives underway right now are business model innovation, digital transformation, and becoming more agile. But every organization is unique and initiatives must vary to fit. To succeed long term, your company must differentiate itself overall - from strategic vision to products, services, and the way you interact with the world.

We've shared our thoughts about how **business model** innovation is pivotal to differentiation (see our [blog series](#) and [Insider Report](#)). In this issue we talk a bit more about what that looks like. We also share some suggestions about **customer experience** differentiation. Your customer's experience, like your business model, transcends your products. Finally, we offer some ideas about **talent development**. Successful differentiation relies on strong leadership, seamless execution, and a highly skilled workforce.

As always, we welcome your questions and comments, and would love to hear what you're up to. Send me an email ([cperkins@innovationedge.com](mailto:cperkins@innovationedge.com)) or give me a call (920-205-3297) anytime.

Cheryl Perkins

## Business Model Innovation Success Factors

As discussed previously, business models come in many shapes and forms. Choosing which model(s) to adopt comes down to finding your company's points of differentiation

and recognizing that the holistic system is what makes it hard for others to copy, more sustainable, and powerful.

To succeed, we recommend:

- Play to your unique strengths. Multiple models can and likely should be combined. Your focus should be based on your core competencies and white space opportunities.
- The shift to a new model is a long-term play. Results take time - growth may be slow. Patience and commitment are needed. The bigger the shift, the riskier it will be. Leaders will need to stay the course and pay attention to overcome organizational resistance.
- Ideate more than one model - consider testing a new model as an [Incubator or Accelerator model](#). Commit to a small scale up front. It is important to succeed somewhere first before implementing the new business model more broadly.
- Follow a blueprint, make sure the Customer Value Proposition is front and center. Osterwalder, Christensen, BCG, McKinsey templates all provide structure to the process.
- Templates specifically designed for digital business models may offer additional insight, but fundamentally the business model is about value creation; digital is not the value - it's what digital can enable you to deliver.



Recognize that the shift to a new model is dynamic and not an end-point. The lifespan of new models is getting shorter and shorter, continually reexamine your value proposition and watch for shifts in consumer behavior, societal trends, global economics, and the competitive landscape.

## Customer Experience Differentiation



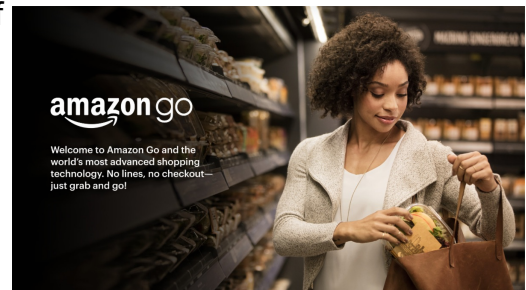
Why would customers choose your product over competitors? You guessed it, the total experience. Not the brand, product features, quality, or price, though these are important. Ultimately, service is what transforms a product into an experience.

Here are 7 key differentiators to consider:

1. **Personalization:** Genuine and respectful knowledge of customers' preferences and usage. There is a fine line between 'bespoke' and 'invasive', however. Apply the golden rule.
2. **Hyper-convenience:** This is big. Customers expect to get what they want when - and where - they want it. Multichannel access and last mile delivery are the main capabilities needed, but it's also potentially part of a subscription service.
3. **Delivery:** This goes hand-in-hand with convenience. Amazon keeps raising the bar, offering near immediacy and a host of pick-up/drop-off options (including

inside your house even when you are not home). For food and restaurant businesses, fast delivery is everything. Having the correct items at peak freshness is not that easy - even Whole Foods/Amazon has problems with missing or substitute items. Delivery is part of McDonald's ambitious [Experience of the Future](#) (EOTF) growth plan.

4. **Intelligence:** Embed digital intelligence into your products to give consumers built-in advice or coaching based on their situation. Examples include blind-spot detection in cars, Apple Watch and Fitbit motivational messages and rewards, Alexa answering specific questions, Ecobee telling you it's time for maintenance, etc. PillPack, Amazon's new prescription delivery service, customizes each order to simplify and ensure consumers take the right dose at the right time.
5. **Face-to-Face Advice:** This is perhaps even more of a differentiator than digital intelligence. How often do you walk into a store where staff is truly knowledgeable about their products? Stores like Home Depot and Best Buy have made staff knowledge a cornerstone of their service strategy. Home décor consultations are another value-added form of service offered by companies like Wayfair. Customers will go to boutiques, farmers' markets, and craft shows where the owner/creator of the product is available to advise. Truly personalized human service with knowledge is rare in today's world of e-commerce and Big Box stores. It's a rarity customers will often pay extra for.
6. **Frictionless Purchase and Return:** This may or may not be a differentiator depending on how you execute. It's certainly a baseline requirement for e-commerce but the idea can be extended to physical stores as well. Amazon Go and Walmart are examples of stores that use scanners, facial recognition, and other technologies to make buying easy. Mobile payment and apps are important enablers for Buy Online Pickup in Store (BOPIS). Products themselves must be designed and packaged for multiple forms of shipping and delivery. Returning products must be equally easy, particularly for products that customers are unable to try on, touch, or feel before buying. Your strategy and processes must be set up to take risk out of the buyer's decision journey.



7. **Sensory Experience and Values:** Memorable and meaningful experiences often touch on all five senses. Particularly in the food and beverage industry. As Rebecca Chesney, Research Director, *Institute for the Future's Food Futures Lab* points out, "Today's smart kitchen offerings overwhelmingly focus on efficiency, saving time, and making cooking easy, often automating processes to the full extent possible. However, automation can overlook other customer needs, such as taste and sensory experience... For many of us, kitchens are places to revisit and create memories, perhaps by cooking through our grandmother's recipes or by hosting friends for a Thanksgiving feast. To pursue this strategy, think about the most memorable meal of your childhood, a recent time you learned something in the kitchen, or a time when you were comforted by a food. Ask your friends, family, and target customers the same set of questions and develop a set of values people pursue in the kitchen, from experimentation to community and inclusivity."

There are many other ways to differentiate as well; the key is putting yourself into your customers' shoes to uncover gaps and opportunities. Your products must go beyond the expectations of simply performing well. They must go beyond technology. Experiences have heart.

# Talent Development and Digital Upskilling

Talent development and digital upskilling are among the biggest challenges business leaders face today. In fact, 79 percent of the respondents to **PwC's 22nd Annual Global CEO Survey** said a shortage of skilled talent was one of their **top three worries**, and 46 percent said upskilling was their preferred solution. The same survey found that aggregate chief executive confidence in their own company's performance is a leading indicator of economic growth and raising the talent level plays a big part.



PwC has developed its own Accelerator upskilling program which involves immersive technology-enabled onboarding, followed by a personalized development path for each participant. You can read more about their program [here](#).

This program has been in place for over a year; lessons learned include:

1. **Digital upskilling is a business and a people priority.** It's important that managers at all levels recognize development and upskilling as a CEO-driven business priority.
2. **Tech-enabled learning can't happen without the right investments, assets, and processes in place.** Employees should be empowered not only with digital tools and resources, but also, the time to apply that learning. The acquisition of new skills and demonstrated impact needs to be celebrated - and credentialed. (PwC has a badging system).
3. **Focus on building a growth mindset culture.** Commit to leaving nobody behind - as long as they choose not to be left behind. Being committed to lifelong learning is simply table stakes in a digital and data-driven world. Organizationally-enabled learning is an implicit "contract" between the business and the learner/employee, who must be willing to opt in to what's available.

The most important lesson learned that all companies can apply is that staying connected, working together, and sharing learning to elevate the entire organization is essential. While machine learning and AI help, the human element is what sets your organization apart.

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