

This Is How Your Business Will Be Disrupted

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by Greg Satell

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The principles of running a business are fairly straightforward. You create clear objectives, achieve them efficiently and try to get better as you go. Business school professors have fancy names for this stuff, like “strategic DNA,” “core competencies” and “continuous improvement,” but in a nutshell all that stuff means is that you try to do things better, faster and cheaper.

The problem comes when you find yourself running a square-peg business in a round-hole world. When that happens, following traditional best practices will only result in getting better and better at doing things people want less and less. Round holes don’t care how good your square pegs are or how efficiently you can produce them.

Make no mistake. Eventually, every business finds itself in a round hole world. That’s why good companies fail. Not because they somehow become stupid and lazy all of a sudden, but because the world changes and they lose relevance. Then those same practices that led to success [now lead to failure](#). We need to learn to [prepare for a future we cannot yet see](#).

Staying True To Your Strategic DNA

Every great business is [guided by its mission](#). Southwest Airlines has outperformed its industry by relentlessly focusing on its mission of being “THE low cost airline.” In the same

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vein, Sam Walton strived to offer the lowest prices, everyday. Steve Jobs built Apple around “insanely great products” and Google seeks to “organize the world’s information.”

A clear mission determines your objectives and how you will set out to achieve them. It’s what attracts talented people to come to work for you and keeps them motivated. It’s also what allows you to coordinate the work of hundreds or even thousands of ambitious, hard driving professionals with a wide diversity of experience, expertise and outlooks.

So it’s should be no surprise that so many business gurus preach the gospel of mission. A clear mission creates stability and prevents everything from spinning wildly out of control. A strong organizational culture is, in the final analysis, simply [how an enterprise honors its mission](#) and everything else flows from that.

Staying true to the strategic DNA that a mission creates allows square-peg businesses to churn out their products with relentless focus and passion. That’s what makes them successful.

Honing Your Core Competencies

To be effective, a mission needs to form the basis for making decisions. It must reflect deeply held values and values, if they are truly and honestly held, always end up costing you something. Without that, it is just a bunch of pretty words that are pinned up in conference rooms for employees to snicker at.

Southwest pays for its mission by limiting the types of aircrafts it flies and the cities it services. Sam Walton invested billions in building a logistics operation that nobody else could match because he saw how it would further his mission of offering the lowest price. Steve Jobs was happy to earn his mission by paying almost superhuman attention to even the smallest detail.

If you invest resources into achieving your mission over an extended period of time, you will develop [core competencies](#) that differentiate you in the marketplace. Honing these will make it difficult, if not impossible, for competitors to copy you, because competencies reflect not only choices, but a unique combination of people, process and technology.

Successful square-peg businesses build the best spare pegs and they do it more cheaply and with better quality than everyone else.

Driving Profitability

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A clear mission gives your enterprise purpose. Core competencies provide the means to compete. However, it is profits that provide the resources for you to extend success. That's why every business strives to increase volume and widen margins. Without profits, you will be unable to invest in developing the core competencies you need to achieve your mission.

Southwest and Walmart's low cost model allows them to attract customers through lower prices. Apple has invested in developing a unique supply chain. Google invests in armies of super-smart engineers and, with its unparalleled technology and data, is able to attract the world's best scientists to spend sabbatical years at the company and increase its knowledge.

A truly great square-peg business spawns a virtuous cycle in which value creation produces profits and those profits, in turn, are used to create more value. That's what makes a successful business model so powerful, everything is so intricately intertwined and mutually reinforcing that it almost seems like a perpetual motion machine for making money.

Unfortunately, none of this amounts to much when you find yourself competing in a round-hole world, because nobody has any use for square pegs anymore.

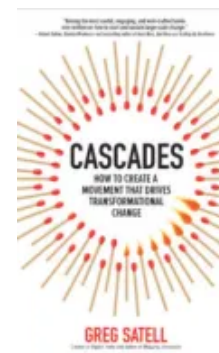
Moving Beyond Strategic Planning To Innovation Planning

The truth is that no business model lasts forever. Changes in technology, culture and competitive landscape make the need to shift to a round-hole world inevitable. The only variable in the equation is whether you do it sooner or later. And make no mistake, it is always better to prepare than adapt. When you find yourself adapting you are already losing.

That's why we desperately need to shift from strategic planning to innovation planning. Strategic planning is based on prediction and there is very little we can predict anymore. Today, it's more important to explore than predict, because it is only through exploration that we can learn to operate in a round-hole world in which square pegs have become irrelevant.

As I explain in my book, *Mapping innovation*, the best way to do this is not to focus on ideas or trends, but problems. In my research, I found that what sets great innovators apart is not that they were more creative, more agile or even that they had a better vision of the future, but that they have a disciplined and systematic way of uncovering new problems to solve.

And that's how you prepare your square-peg business for a round-hole world. You plan and manage not for stability, but for disruption. You constantly explore and learn about new technologies and approaches that can help you solve unresolved problems in the marketplace. Anything less is just counting the days to your own obsolescence.



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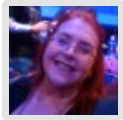
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Robin Solis [PERMALINK](#)

May 14, 2017

Completely agree with everything, Greg. “Be like water” has never applied so much.



Greg Satell [PERMALINK](#)

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Digile Ltd [PERMALINK](#)

May 17, 2017

I guess businesses should be more preemptive on what change is about to happen in their industry. Change is inevitable but can be proactive if you know how to spot it before it happens. You're right about business adapting to change is the worst situation ever. It's always the best to lead the change not be with the change.



Greg Satell [PERMALINK](#)

May 17, 2017

Thanks for sharing.

– Greg

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