

# HOW TO GROW WHEN MARKETS DON'T

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The Web site for this book is at [www.demandinnovation.com](http://www.demandinnovation.com).

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**MAIN IDEA**

Every company today faces pressure to steadily grow its revenues, its profits and its sales. At one time, the answer to this growth imperative was simply “product innovation” – come up with new and better products. The only problem is so many companies are now doing this consumers are becoming less likely to continue paying more for products which are only marginally better. Therefore to keep growing, companies have to look beyond their traditional strategy of launching new products.

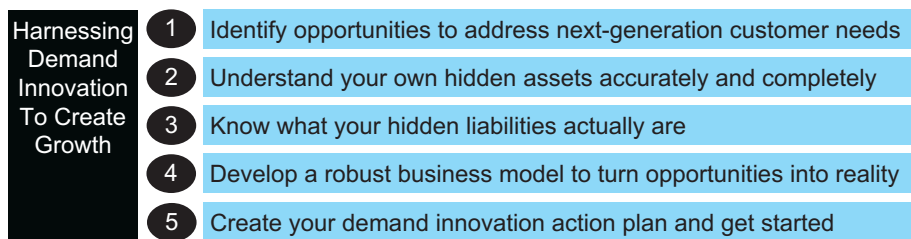
Instead, the best areas for growth today are in the field of “demand innovation” – identifying and serving the customer needs which arise naturally out of the sale of existing products and services. Demand innovation means to focus on harnessing the hidden assets of your company to create value-added offerings. These hidden assets will be the natural byproducts of delivering your core products and services, and will include things like:

- Unique access to your well defined and established customer base.
- A large installed base of consumers who are already familiar with your products and services.
- Technical know-how and detailed information about your industry

*“Rather than being about value migration, demand innovation is about creating new growth by expanding the market’s boundaries. It focuses on using one’s product position as a starting point from which to do new things for customers that solve their biggest problems and improve their overall performance. Thus, companies skilled in demand innovation do more than simply take value and market share away from traditional businesses. They also create new value and new growth in revenues and profits, even in mature industries that appear to have reached a plateau.”*

– Adrian Slywotzky and Richard Wise

To create new profits through demand innovation, a five-step process is required:



*“The good news is that if you begin the process of creating a little growth now, you will probably be one or two steps ahead of most competitors. But don’t wait. For most firms, the only real alternative to fostering a new-growth discipline is to be relegated to endless management challenges generated by stagnation. You have the opportunity to avoid this fate. You have the opportunity to reenergize your management and your employees and develop a leadership position in creating growth for your industry. Seize it.”*

– Adrian Slywotzky and Richard Wise

**Step 1 – Identify opportunities to address next-generation customer needs . . . . . Page 2**

Instead of considering the sale of your product or service the culmination of your business relationship with your customer, look at it as the beginning. Find out how your customers use your product, maintain it, finance it, store it or dispose of it, and embed yourself somewhere within those economic activities to capture more value. Look for more advanced customer needs and serve those.

**Step 2 – Understand your own hidden assets accurately and completely . . . . . Pages 3 - 4**

Most established businesses have resources which are underutilized from a demand innovation perspective. Often, these are the natural byproducts of delivering your core product or service. When identified and skillfully deployed, these hidden assets can form the basis for new value-added offerings. Thus, it’s important to know and understand your hidden assets.

**Step 3 – Know what your hidden liabilities actually are . . . . . Page 5**

Many firms find it hard to recognize and pursue next-generation products because of their own hidden liabilities. These hidden liabilities can be very effective at sidetracking any new growth initiative. Therefore, before attempting to move forward, identify and then neutralize your hidden liabilities.

**Step 4 – Develop a robust business model to turn opportunities into reality . . . . . Page 6**

To make new growth initiatives the norm rather than a one-off experience, a business model is needed to systemize the process. The business model needs to provide the road map which others can follow in the future to keep successive generations of new growth initiatives happening.

**Step 5 – Create your demand innovation action plan and get started . . . . . Pages 7 - 8**

The best way to jump-start work on new growth initiatives within your own organization will be to develop your demand innovation action plan. Developing that plan will take around three months so while you’re doing that, you should also undertake a series of seven short-term moves which will start the momentum for change building.

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