

THE UPSIDE

THE 7 STRATEGIES FOR TURNING BIG THREATS INTO GROWTH BREAKTHROUGHS

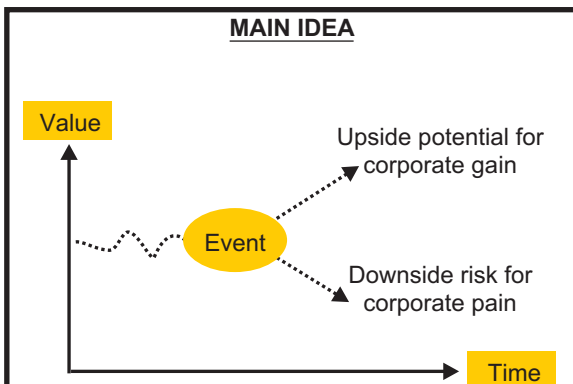
ADRIAN SLYWOTZKY and KARL WEBER

ADRIAN SLYWOTZKY is a director at Oliver Wyman, a strategy and operations consulting firm. He has worked as a business consultant, author and keynote speaker since 1979. Mr. Slywotzky, a graduate of Harvard College, Harvard Law School and Harvard Business School, is the author of *The Art of Profitability* and *Value Migration* and the co-author of *The Profit Zone*, *Profit Patterns*, *How Digital Is Your Business?* and *How to Grow When Markets Don't*. He has also had articles published in the *Harvard Business Review* and *The Wall Street Journal* and has been a featured speaker at the Davos World Economic Forum, the Microsoft CEO Summit, the Forbes CEO Forum and the Fortune CEO Conference.

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The Web site for this book is at www.theupside.com.

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The new strategic imperative in business is to find practical ways you can harness the upside growth potential of every moment of maximum risk to your organization. If you can use these events which arise regularly to generate some genuine growth breakthroughs, situations of maximum risk can become your greatest source of future profits and reward. The key is to think about risk in a different way.

Achieving this is easy to describe but often hard to pull off in reality. There are only two steps involved:

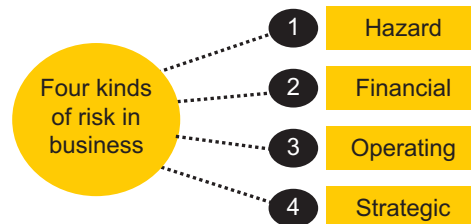
1. Understand what your odds of success are.
2. Take smart steps to improve your odds.

“Your moment of maximum risk is also your moment of maximum opportunity. My goal is to show how you can recognize these moments of risk, anticipate them, and prepare yourself to transform them, making real the upside potential hidden within the downside risk. Moments such as these are becoming more frequent and obvious in business. A perennial reality of business, risk is growing in intensity in the early years of the twenty-first century. Strategic risk has become one of the greatest sources of lost value in the economy – perhaps the greatest. Strategic risk management belongs on the agenda of every manager. And any company that remains in business long enough is certain to be struck by one or more strategic risk events – often, as is increasingly common, by several at once.”

– Adrian Slywotzky and Karl Weber

1. A new perspective on business risk Page 1

Hazard risks, financial risks and operating risks are important but it’s actually the strategic risks which can kill your business. If you study these risks in advance, you position yourself to use them to your advantage when they arise. Every risk holds the potential for some upside benefits if you anticipate it and then handle it appropriately.



2. The seven key strategic risks. Pages 2 - 7

1	2	3	4
Project Risk	Customer Risk	Transition Risk	Unique Competitor Risk
You invest in a big initiative which fails	Customers change their buying preferences	Your industry reaches a fork in the road	A seemingly unbeatable competitor arrives
The Upside: Work systematically to increase your true odds of success	The Upside: Get inside the minds of customers and know what they are thinking	The Upside: Place bets on both directions and move on whatever option wins out	The Upside: Find a way to play a different game you can win by differentiating yourself
5	6	7	
Brand Risk	Industry Risk	Stagnation Risk	
Your brand loses power in the marketplace	Profits are driven to zero by competition	Sales hit a plateau and you stop growing	
The Upside: Rebrand yourself by investing in new products and/or business models	The Upside: Launch and create some new profit opportunities by collaborating	The Upside: Find ways to generate more demand or search for the next big thing	

3. How to reverse risk to achieve growth Pages 7 - 8

Once you understand your own company’s true risk profile and challenges, you can then start developing a strategic risk management program which will enable you to turn your risks into growth opportunities. This process typically follows six steps:



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