

SEIZING THE WHITE SPACE

BUSINESS MODEL INNOVATION *for* GROWTH AND RENEWAL ■■ MARK W. JOHNSON

■■ EXECUTIVE SUMMARY

Kodak invents digital photography in 1975 but doesn't successfully capitalize on its invention for decades. Xerox famously devises the mouse, the laser printer, and the graphical user interface but fails to commercialize any of them. The \$2 billion Digital Equipment Corp. spends developing a personal computer turns out to be too little, too late.

What makes opportunities like these so difficult to grasp is that, so often, they require companies to move far beyond their core into uncharted territory—into their white space. That's a scary place, one where many companies' experience is (as one CEO put it) "unblemished by success." But if the danger is all too obvious, its causes are not. The white space is hard to navigate not because it's uncharted but because so many companies try to go there with the wrong map, the one they're currently using—their existing business model.

And who can blame them? Every successful company is already fulfilling a real customer job with an effective business model. The problem is that few organizations can explicitly articulate what that model is. Day to day, they go along guided by implicit rules of thumb, metrics, incentives, and the odd success story. But without an explicit understanding of their business model—the premise behind its development, the way its various parts work together, its strengths and weaknesses when in pursuit of new growth—they don't know whether they can use it to deliver on a new customer opportunity or if that opportunity is a move into their white space requiring a new model.

Seizing the White Space offers the path to that explicit understanding, starting with an eminently practical business model framework. It identifies the four fundamental building blocks that make your business model work: the customer value proposition that fulfills an important job a real customer needs to do in a better way than current alternatives do; the profit formula that lays out how your company makes money delivering the value proposition; the key resources that value proposition requires; and the key processes needed to deliver it.

A series of in-depth case studies then explores the circumstances when a new business model might be needed—to fulfill unmet customer jobs in your current market, to serve entirely new customers in new markets, or to respond to tectonic shifts in market demand, government policy, and technological capabilities that transform entire industries. A detailed discussion follows that lays out a structured process for designing a new business model and developing it into profitable and thriving enterprise, while investigating the vexing and sometimes paradoxical managerial challenges that have commonly thwarted unguided forays into the unknown for so many companies like Kodak, Xerox, and DEC.

With this book, you can turn business model innovation into a managed process and a more predictable discipline. To play a new game, on a new field, you need a new game plan. *Seizing the White Space* gives you a language and framework for understanding both the core space of your existing enterprise and the white space you hope to seize. Think of this as your playbook for conquering the unknown.