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What Makes Your Business Model Unique?

By

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I was interviewed recently for a new feature in the online magazine, Tradeshow Blues. Jeff Brown, publisher, said he would email a list of questions for me to think about. Thankfully, Jeff didn't ask the usual, same-old, same-old questions. They were good questions, and they made me think about my branding and positioning strategies. Were the questions congruent with how I wanted the marketplace to see me?

Rewind the clock to 1988. I'm sitting at the kitchen table in our small apartment on Queen Anne Hill north of downtown Seattle. My wife, Kay, walks in to find me staring at my business plan.

"Anything wrong?" she asks.

"I just realized that our business model doesn't have much of a future."

We'd been married for less than one year, so this wasn't exactly the type of news she wanted to hear. When we married, I had no job, just a driving desire to be my own boss. I had started The Adventure well before we met. I was deep in debt getting ramped up, and had only recently started to actually make money.

In that beginning phase I positioned myself as a trainer. While consulting was really what I wanted to do, I knew it would take a long time cultivating relationships and proving my worth before Steve, the consultant, could bring home the bacon. A much shorter route to profitability was positioning myself as a trainer. People GOT that quickly. I could prove value quickly. And selling workshops and seminars was just like selling a tangible product. Consulting tends to be very intangible.

So I built a business model designed around training. I created marketing materials selling specific workshops and seminars. I called myself a trainer. I selected the trade show industry as the niche I would focus in. I positioned myself alongside the top trainers in the industry. I spoke at industry conferences and expositions on topics specifically related to trade show training.

It worked. I quickly filled my calendar with training dates and was in-demand for articles in industry trades and speeches at industry events.

But as The Adventure grew, I had this nagging feeling that something was wrong with the whole plan. As I sat at our kitchen table, I began to see the hole in my business model.

There was nothing unique about it.

My business model was built on the path of least resistance. It was modeled after other successful speakers and trainers I had met and studied through the National Speakers Association. I was also fortunate to have uncovered a unique niche (trade shows) that was huge, easy to communicate with, and largely unprotected.

Certainly, I created workshops with high value to participants who NEEDED the information and guidance. There was no doubt in my mind of that. But looking at my model in 1988, the clear realization hit that I couldn't build a successful future on it. It was simply too easy to copy.

One of the "secrets" of continually developing a more profitable business model is creating a value proposition for your target market that would be extremely difficult for competitors to duplicate or exceed. In 1988, there were only a handful of nationally known trade show trainers, so the field wasn't crowded. In addition, the "how to's" of exhibiting success weren't (and still aren't) exactly rocket science. What one trainer teaches isn't too much different from what another one teaches. I knew it would only be a short matter of time when a LOT of other trainers would flock to this industry. It wouldn't be long before trade show trainers would become commodities.

Even more important, my foreseeable business future wasn't going to make me happy! I wanted the challenge of studying an organization's current situation and then help create a meaningful, new direction. I wanted to be seen as a trusted advisor to organizations of all sizes and in many industries. I wanted to consult.

Sitting at my kitchen table in our small Queen Anne apartment, I knew I had to reinvent my business model. I had to create a different future for The Adventure. This would not be easy because I also understood this new business model could not be built on the path of least resistance. In order for a business model to succeed in the long term, it must be unique.

Most organizations periodically go through a strategic planning process. They create or restate their Vision and Mission statements. They go through a SWOT analysis, look for new opportunities, have long discussions, and create a strategic plan that plots their future course.

Unfortunately, most plans fall into the same trap I found myself in fifteen years ago:

- They look for the path of least resistance.
- They really aren't very unique.

What makes a business model unique? Beyond the traditional strategic planning process, I look at these areas:

Your business model must be more attractive for stakeholders to support than anyone else's.

Technology has certainly brought great progress and benefits to all of us. But, as we all know, our strengths are also our weaknesses. That same technology that has allowed us to communicate easier, better, and faster, to improve and enhance our products and services, has also leveled the playing field for competition.

Why did the US Department of Treasury redesign the \$20 bill only five years after the previous major design change in 1998? Because advanced copying technologies have helped raise the incidence of counterfeiting. Ink jet printers, color copiers, and scanners are just a few tools criminals use to create bogus bills. The last time they redesigned the twenty before 1998? 1928. Technology is moving a LOT faster.

My friend, Dan Kennedy, often asks organizations this question: "What do you offer that I can't get anywhere else?" I would restate the question to, "What would people lose if they stopped doing business with you that they couldn't replace somewhere else?" Once people do business with you, you MUST be able to deliver some type of experience that would be extremely difficult, if not impossible to duplicate and surpass. And that experience must provide a meaningful, superior result for your customer than they can get from competitors.

Doing "more of the same, but better" just doesn't cut it anymore.

Your business model must be congruent with your own values and history.

What do you stand for? The utter nonsense of recent corporate bigwig behavior takes the phrase "unethical behavior" to a new low.

It's easy to criticize the leadership of the Enrons, Worldcoms, and Januses, because they were so blatantly arrogant and greedy. We puff our chests and say to anyone listening: "We would never condone such behavior."

Ah, but when the bar of ethics gets a little gray, how do we behave? If a prospect demands a lower price than current customers are paying, do we stand by our terms, or do we give in? We can always spin the decision and find justification, right? Well, they will probably buy in bigger quantities in the future! Or, We'll just make sure our current customers don't find out.

One common current behavior that has me concerned is by non-profit associations.

There is no doubt associations have come to rely on non-dues revenues as major budget builders. It's all too common for trade shows, advertising, and sponsorships to represent a huge portion of the annual income.

Now this is all well and good, except for one thing. A lot of associations I've followed are showing tendencies to forget their original purpose. With rare exception, associations were begun to be the voice and representative of a specific group of people or organizations. This representation is what I call the "noble purpose" of the association.

Unfortunately, with the increased reliance on revenues from outside organizations, that noble purpose is often compromised. And it's getting worse, folks.

This is that gray area I'm talking about. I have watched the influence of outside suppliers majorly impact the decision-making of association leadership. This is a very touchy subject. To be fair, it's not *always* bad. Not always.

But the essence of any business philosophy is earning trust and caring about stakeholders. Trust is extremely difficult to achieve and extremely easy to lose. Why be a customer or a member if you don't trust the organization to have your best interests at heart?

Your business model must provide new windows of opportunity for you.

How many business models have basically withered away in recent years? Think about how you used to do your banking, for example. The way we do banking today is a far cry from not so long ago. When was the last time you even walked INTO a bank?

But banks are still around. Oh sure, they're called "financial institutions" now, but they're still banks. They just changed. They have more products and services today. They deliver products and services differently. They even charge differently.

If your business model is built around the same, old profit centers of ten years ago, and you haven't added new ones, then you are vulnerable. When Philips Electronics came out with the audiocassette, how did the 8-track manufacturers respond? By building a better 8-track! The problem was, nobody wanted 8-tracks anymore.

The last thing you want to be is very, very good at something no one wants to pay for anymore.

Your business model must involve some risk.

Look at any industry and you will see three kinds of companies. First are the *incumbents* that built the industry. These organizations tend to look at their future as an extrapolation of the past. They helped write the rules of competition in the industry, so it's naturally in their own best interests to maintain, even

enforce, those rules. They tend to be very ritualistic in their cultures, protective of their interests, and even elitist in leadership roles.

The second group could be called the *rule takers*. These are the companies who play “follow the leader.” They might try very hard to catch the leaders by beating them at their own game, but that’s nigh impossible. They operate in an environment that might be described as “inside the box.” The incumbents wrote the rules that these companies are willing to follow, and they operate inside a box built by the bigger, more established organizations.

The problem with both these groups is their strategies and models are built on minimizing risk, not taking it. Their strategic planning isn’t strategic at all, because for the most part, they focus on operational efficiency, not strategic innovation. Both groups are satisfied with maintaining status quo.

The third group is the *revolutionaries*. These are the organizations that aren’t shackled by industry orthodoxy. They not only question the rules, but also actively look for ways to bust through, climb over, tunnel underneath, or even ignore the established oligarchy. Incumbents look at these people and organizations as subversive and “not good” for the industry.

But look at every industry and how they started. It wasn’t IBM or Xerox that exploded the PC industry. It wasn’t Barnes & Noble or Waldenbooks that created the world largest bookstore online. It wasn’t Polaroid or Kodak that developed digital cameras. With rare exception, someone working outside the establishment created every new industry or industry revolution.

Does this mean that incumbents or rule takers can’t be revolutionaries? Of course not. But it is much more difficult. Being a revolutionary means taking risks. It means going against the flow of popular opinion. It often means cutting a path through a jungle of opposition. Sometimes it means attacking your own family. One of the reasons why Microsoft has stayed ahead of the crowd is its willingness to shift directions. Like them or not, Microsoft regularly attacks itself before getting blindsided by an unknown competitor. Bill Gates once said, “I’m not worried about the Sun Microsystems or Oracles. I know where they are. I’m worried about the kid working in his garage that I don’t know about.” Coming from an industry incumbent who was once that kid in his garage, he’s pretty smart.

It's hard to be revolutionary, even when you're talking about revolutionizing your own business. It's easy to say now that Kay and I made the right decision to reinvent our business model back in 1988. We lost a lot of sleep, both before and after we made the decision. There was no guarantee we'd succeed.

Reading the questions Jeff Brown posed for the *Tradeshaw BluesWho* feature gave me confidence I am at least on the right track. Though it’s impossible to see the end from the beginning, creating an innovative, unique business model is imperative for any organization.

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About Steve Miller

Steve is Kelly's Dad, and a business consultant for top management. He has also been called a change agent, alchemist, visionary, gadfly, and pain-in-the butt. Some people actually don't like him and even say bad things about him. His mission is to help clients develop breakthrough strategies for long-term success.

You want help with tactics? Call someone else. There are plenty of those consultants around. You want innovative strategies, personally attached customers, and insight? Contact Steve. His elite client list (associations & show management companies, and corporations) includes only the most successful and most innovative organizations.

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