

STRATEGY



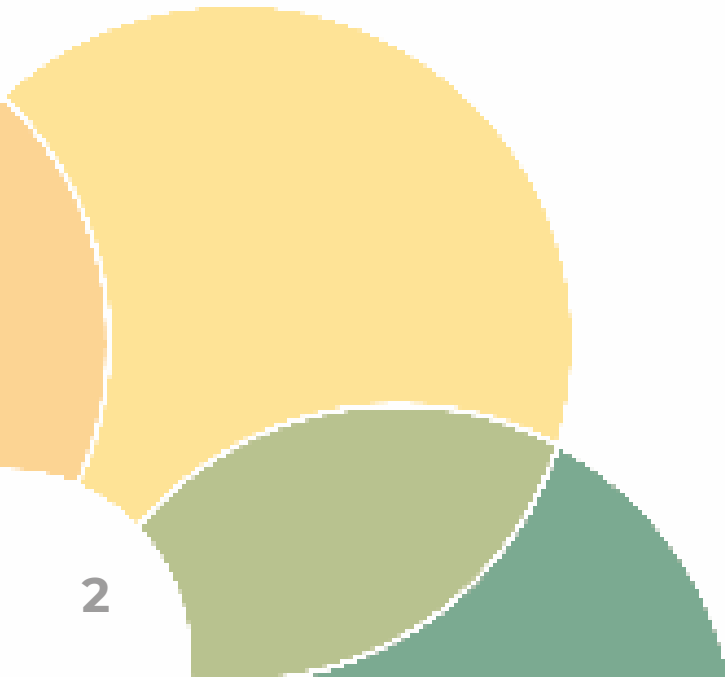
White Paper: Adding Zeros Through The Discipline Of Strategy

A White Paper
adapted from

Pulling Profits out of a Hat

By Brad Sugars &
Monte Wyatt

addingZEROS



THE DISCIPLINED APPROACH to *Adding Zeros*

For many people, a business that achieves exponential growth through adding zeros can seem magical. That's because it's easier to believe that success comes from luck or mysterious forces instead of careful, consistent, and disciplined behaviors.

Magic is a reality that could not exist if we didn't invest in all of the necessary disciplines.

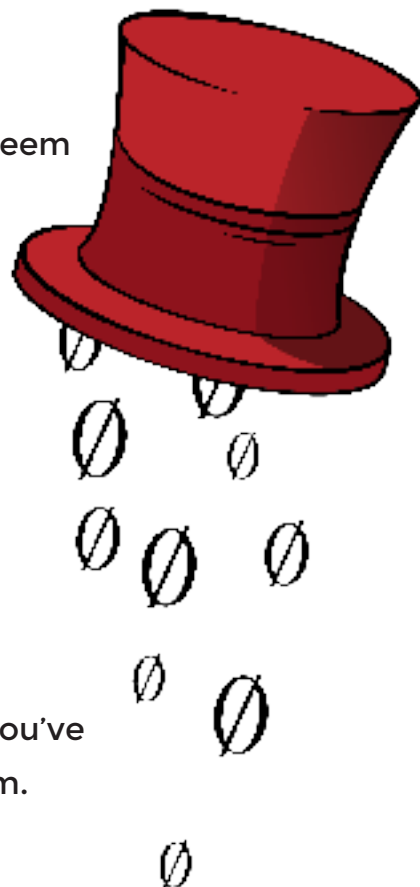
Ultimately, it doesn't matter how people believe you've reached your goals as long as you're reaching them.

If they want to wait for the fickle finger of fate to tap them on the shoulder while you're slowly but surely

adding zeros to every aspect of your business, let them. Some superstitions are impossible to put to rest.

As we mentioned in the first white paper in this series that is adapted from our book, *Pulling Profits from a Hat*, we believe

there are 5 disciplines you need to master and employ to add zeros.



THE DISCIPLINED APPROACH TO ADDING ZEROS

They lead to results that, like stage magic, wow the crowds who refuse to accept that a lot of work and many different steps have led to the joy and wonder they experience. The great news is that, since you're not dependent on mysterious forces for your success, you are always in control of it and can adjust as necessary to continue wowing your audience.

If our system actually was magic, we'd describe each of the 5 Disciplines like this:

- The Discipline of Strategy is like the Fountain of Youth. No matter how old the company is, its strategy enables it to continually reinvent itself, so that it's sustainable.
- The Discipline of Business Development functions like a crystal ball. Cues and clues from the past enable predictability, so there's no need to make wild guesses about the future.
- The Discipline of People references the out-of-control army of hard-working brooms in "The Sorcerer's Apprentice" section of the Walt Disney film Fantasia because discipline ensures that when

THE DISCIPLINED APPROACH TO ADDING ZEROS

a team of skilled workers has proper leadership instead of being left to its own devices, the company gains stability.

- The Discipline of Execution is similar to an incantation or spell, where the right things done in the right order by the right people leads to consistent results – no magical intervention necessary.
- The Discipline of Mission can be compared to a love potion, because it creates an emotional connection between the company and the people it serves, one that is personally satisfying while amplifying an individual's ability to make the world a better place.

We have organized our book, and this series of white papers, around defining and exploring each of the 5 Disciplines – sustainability, predictability, stability, consistency and mission – so that you can understand their place in your organization and work to master them so you can start using them to add zeros.

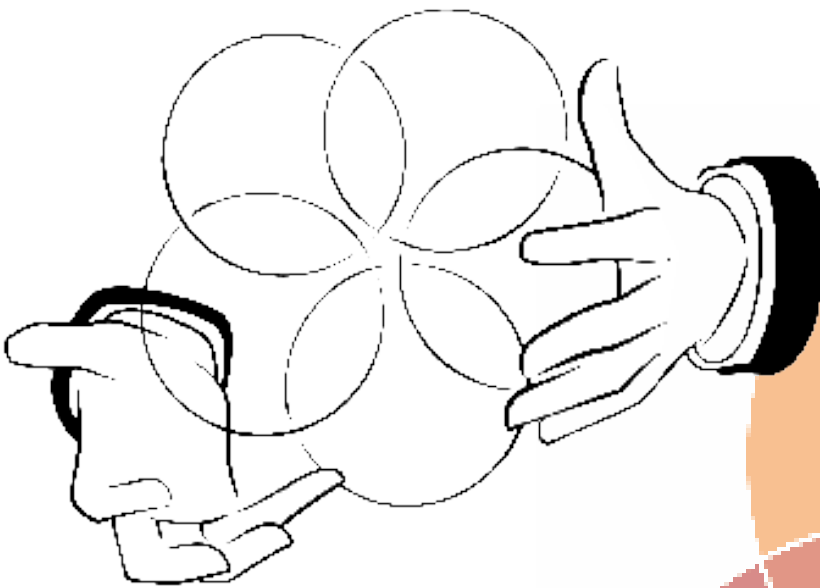
As you learn more about them, remember that they all work interdependently: you can't work on getting just one of them right,

THE DISCIPLINED APPROACH TO ADDING ZEROS

they all have to be right, and that's an ongoing process repeated quarterly and annually.

You may not be able to implement everything all at once, so focus on what changes will add the greatest number of zeros first. The important thing to remember about exponential growth is that these first changes will start to affect other areas in other disciplines.

These numerous and multi-level interactions will lead to growth that's so dynamic, you might be tempted to call it *magic*.

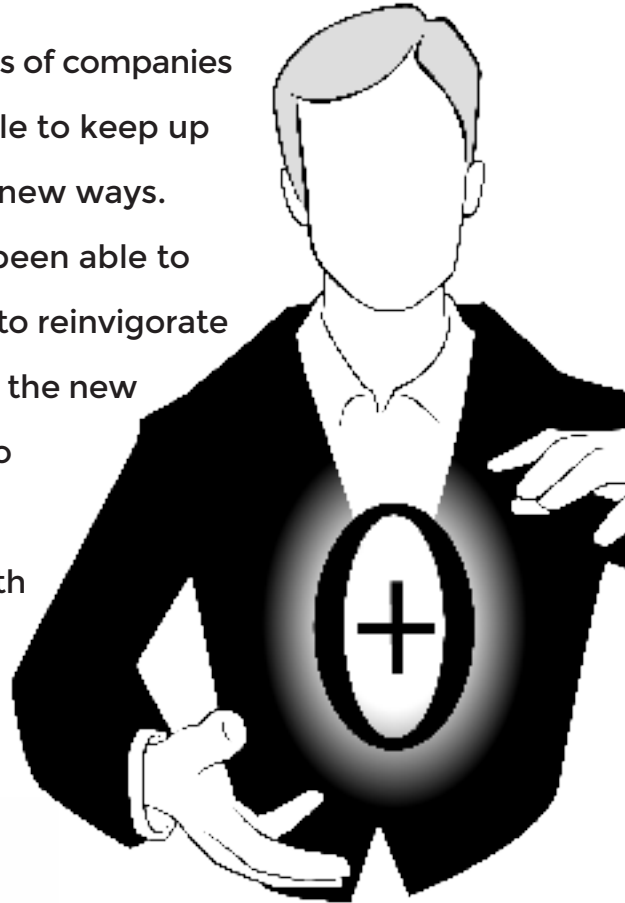


SUSTAINABILITY: THE FOUNTAIN OF YOUTH

Adding Zeros Through the

Discipline Of Strategy

Business history is littered with the bones of companies that grew old and tired and were unable to keep up with new ideas, new generations, and new ways. But if buggy whip manufacturers had been able to bathe in a corporate Fountain of Youth to reinvigorate themselves, they could have embraced the new age of the automobile. It's important to remember that for companies, as for people, eternal life without eternal youth is not a happy fate.



There's no need to searching for something that doesn't

exist, like Ponce de Leon

did in seeking the Fountain of Youth, when the key to a long and happy life is creating a business strategy that keeps the organization vital by meeting new challenges and opportunities with

SUSTAINABILITY: THE FOUNTAIN OF YOUTH
ADDING ZEROS THROUGH THE DISCIPLINE OF STRATEGY

positive energy. Developing a business strategy is an ongoing process that anticipates what lies ahead and chooses a direction based on that. Then, when everyone in a company knows what success looks like, they can visualize how to help achieve the overall goal.

Everyone can be in the same boat, rowing as hard as they can, but if they're all rowing in different directions, the boat goes nowhere. When they're all aimed the same way, the boat takes off. It's then possible for each person to expend less energy to keep the boat going, or everyone can row as hard as before and reach the goal faster.

When the organization's collective minds develop their business strategy together, they ensure that all departments are headed in the same direction, working with common purpose toward the ultimate goal. This shared and rewarding activity brings clarity of purpose and binds the team together, building passion and leading to job satisfaction.

SUSTAINABILITY: THE FOUNTAIN OF YOUTH ADDING ZEROS THROUGH THE DISCIPLINE OF STRATEGY

This process demands that you are proactive in discussions about the challenges the business faces. Therefore, each of the leaders who take on this challenge needs to cultivate the characteristics of a strategic mindset, as follows:

— Thinking *Futuristically* —

It's not hard to see how things are today: they're right in front of us. Planning for the future means visualizing what the future holds for your company when you act on your big-picture view of the world. To think futuristically, do the following:

Be in the present. You can't plan your future without a good grasp on your present. Think about it: how much of your thinking takes place in your "yesterday" or "tomorrow"? The Dalai Lama said: There are only two days in the year that nothing can be done: one is called yesterday and the other is called tomorrow,

THINKING FUTURISTICALLY

so today is the right day to love,
believe, do and mostly live.

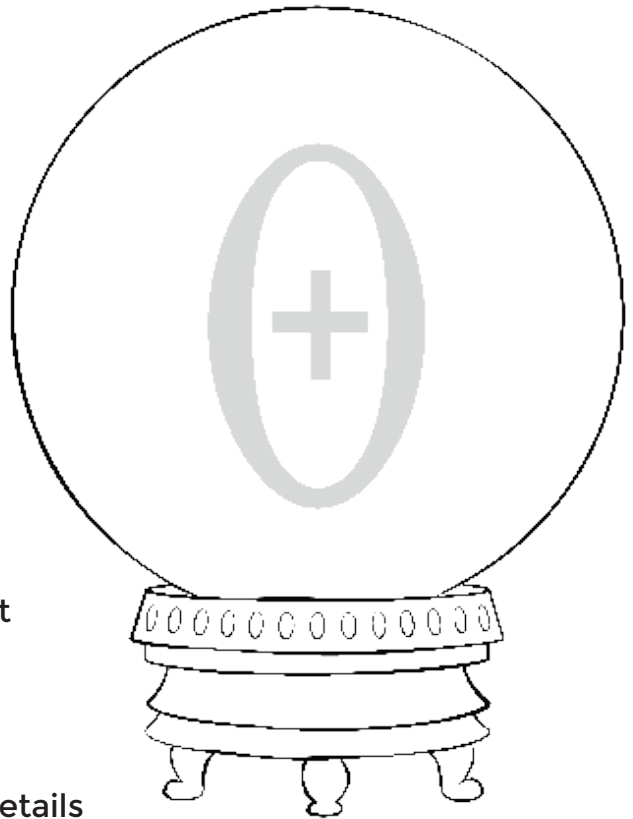
Reject the status quo.

Things don't have to remain
as they are today;
innovation requires change.

Become a generalist. A specialist
is easily replaced when their
expertise is no longer needed.
Generalists don't get lost in the details
that can prevent making important connections.

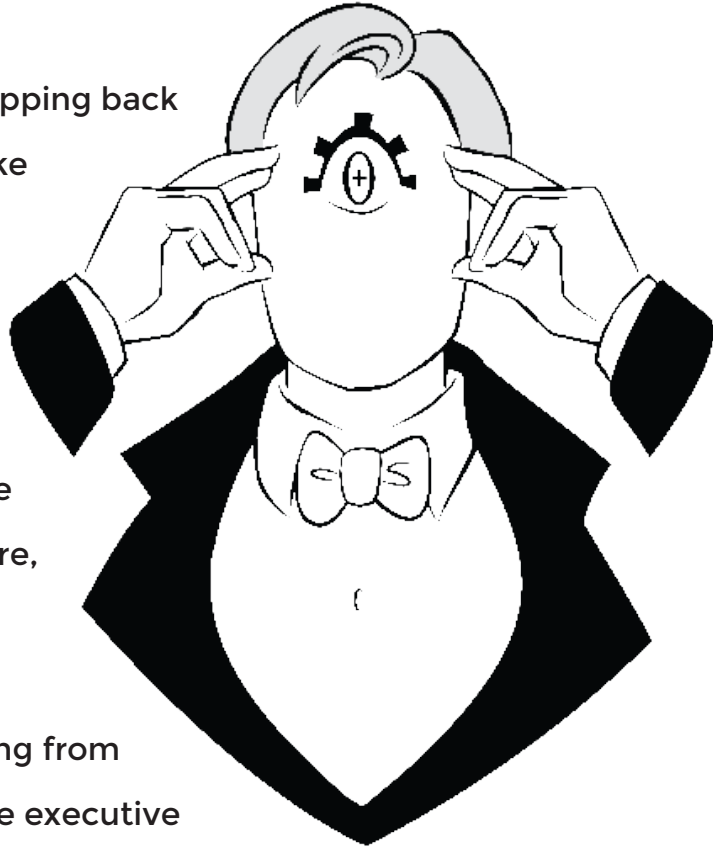
Simplify. Don't over-complicate things.

Strategy fundamentally requires
making a wide range of choices,
and that can be hard. However,
not making a choice
is still a choice.



Seeing the Big Picture

A strategic mindset requires stepping back from the everyday routine to take a panoramic view of the world. A leader needs to recognize the challenges that lie ahead and the opportunities that exist beyond outside one's immediate experience. To see the big picture, do the following:



Step back and detach. Detaching from day-to-day activities enables the executive to focus creative energy on long-term goals and activities.

Step back and detach. By cultivating excellent sources of business intelligence, personal contacts, and business affiliations, the executive can pick up clues about where opportunities lie, where the business needs to head and what pitfalls to avoid.

SEEING THE BIG PICTURE

Step back and detach. Continually drilling down to a deeper level often uncovers surprising answers that act as catalysts for strategic inspiration. Who is my real customer? Why are they my customer? How do I know they are my real customer?

Collaborate. Working with the entire workforce to develop ideas unlocks creativity, fosters engagement, and energizes the organization.

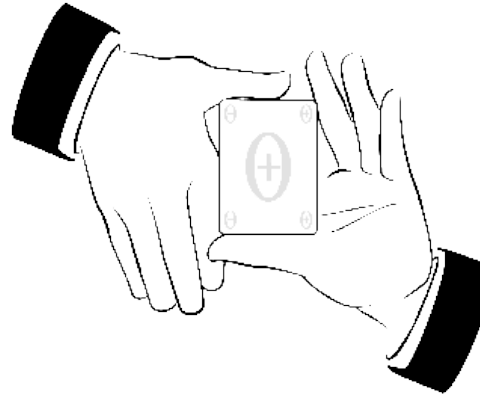
— *How to Add Zeros Strategy* —

You can increase sustainability by understanding and using these four components of the Discipline of Strategy:

- **Opportunity:** the demand you aim to fill
- **Marketability:** the likelihood that a product or service will sell

HOW TO ADD ZEROS STRATEGY

- **Leverage:** using what you have to get more
- **Scalability:** planning the company to ensure natural growth



Let's look at each of these now in detail to see how they enable longevity.

Opportunity

Opportunity is the demand or market need that your company can fill. It's crucial to explore that demand to determine if there's enough gold in them thar hills to justify the expense of your company trying to meet it. If there isn't any gold, brainstorm to find another demand or market need.

OPPORTUNITY

**DON'T BUILD A PRODUCT OR COMPANY
AND *THEN* TRY TO FIND AN OPPORTUNITY FOR IT.**

That's what happened with Pets.com. In 1998, they thought their idea of selling pet food and supplies via the internet was so good that researching the market would be a waste of time. Venture capitalists agreed and jumped on board, pumping money into the business; even Amazon signed on. The company engaged in a massive advertising campaign, including a \$1.2 million Super Bowl commercial. But sales never met expectations, and in November 2000, Pets.com closed after blowing through \$300 million.

Market understanding and research reveals opportunities.

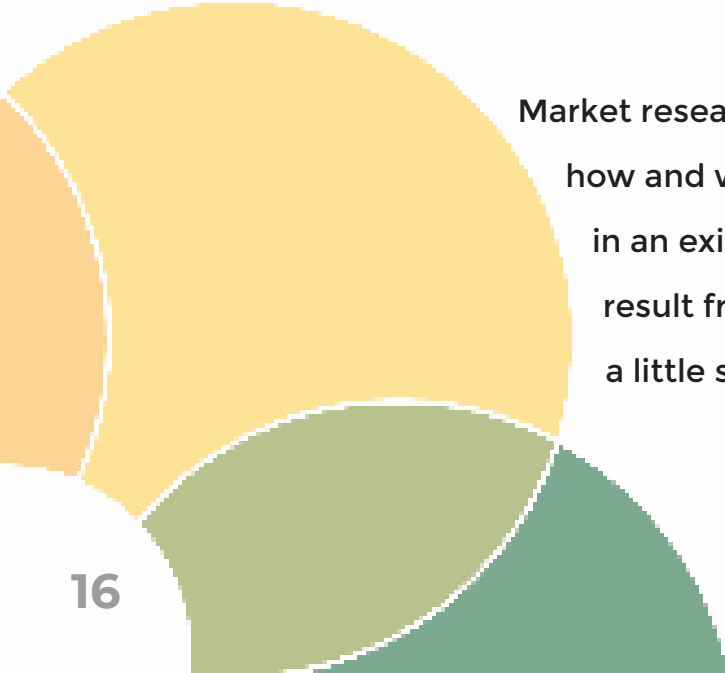
Market research could have told Pets.com what solution they could have offered to make a profit, or established whether the product or service they wanted to sell was needed or desired in the marketplace.

OPPORTUNITY

Reliable market research can come up with all kinds of useful information that answers important questions. Are your target customers already using something similar to the product you want to market? Is your product or service superior to the opposition's?

Whether you're determining your business's place in the market as an in-house project or you hire a firm, there are three primary forms of market research:

- 1.** Primary market research gathers information directly from the market, using interviews, surveys, questionnaires, and focus groups.
- 2.** Secondary market research analyzes collected data that has been gathered by you or by others.
- 3.** Data collection which is quantitative or qualitative.



Market research can help you understand how and where a product will perform in an existing market. Opportunities can result from a little nudging here, a little sharper focus there.

OPPORTUNITY

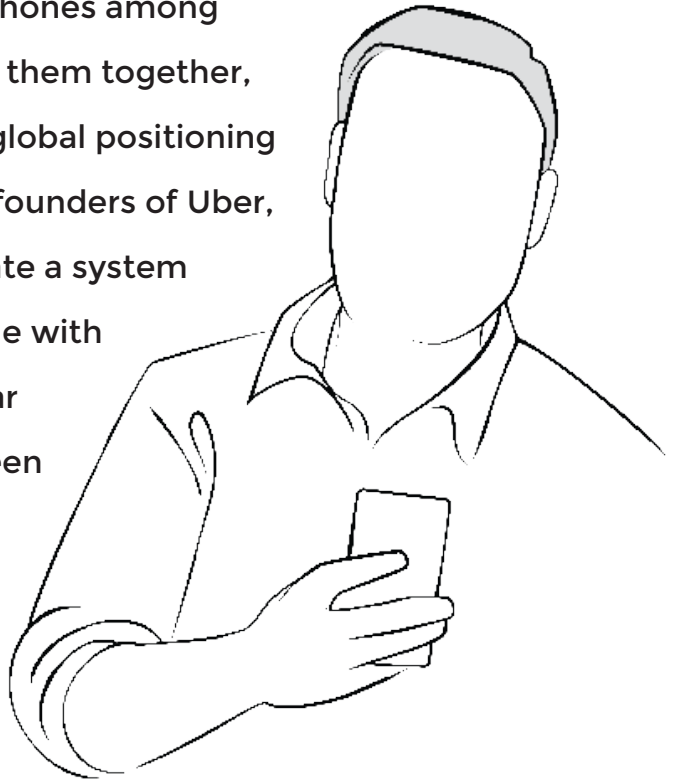
There are also opportunities that result from new trends and developments that create markets that never before existed. The iPhone is a significant example; here are some others:

In the early 20th century, average Americans citizens didn't brush their teeth regularly. During World War II the U.S. Army noted that the state of the nation's teeth due to poor dental hygiene was a security risk. At the same time, legendary advertising executive Claude Hopkins saw an opportunity. A friend wanted him to design an advertising campaign for a new product, Pepsodent toothpaste. After researching dentistry and oral hygiene, Hopkins ran a campaign stressing that regular brushing with Pepsodent would remove the ugly film of plaque makes teeth dull and discolored, and create a bright, sparkling smile. Five years later, Pepsodent was one of the best-known products in the world, the leader in a new market and the new habit of daily tooth-brushing.



OPPORTUNITY

The ubiquitous presence of cell phones among consumers, the network that ties them together, and the cell towers that provide global positioning presented an opportunity to the founders of Uber, who realized that they could create a system that would instantly locate anyone with a phone and dispatch a nearby car to them. The components had been in place for a while before Uber connected the dots.



Like Uber, Airbnb saw the potential of a network of empty

rooms in different countries that they could make available to

travelers. They connected supply with demand in a manner only made possible by the internet, which they saw as an opportunity.

An explosion in makers of frozen yogurt – Yogurtland, Menchie’s, Pinkberry, Sweet Frog, You Say When Yogurt, Yogen Früz, FroyoWorld, Red

OPPORTUNITY

Mango and Orange Leaf, among others – resulted when health trends depressed the market for ice cream, creating an opening – opportunity – for a healthy option for ice cream lovers.

We all expect opportunity to knock on our doors, announce its presence, and wait for us to answer.

It doesn't work that way.

Opportunity is created, not discovered. Whether through careful research and reading of the numbers, or matching trends and technological developments, an opportunity is not something to wait for. If you're looking for your lucky chance or big break, wait no longer. Do your homework and take advantage of the openings you find before someone else does.