



# **Business Model Innovation: How to Build a Platform that Will Transform Your Industry**

**Webinar**

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## A client-focused firm specializing in...

*Strategy and Marketplace Differentiation*

*Diagnosis and Assessment*

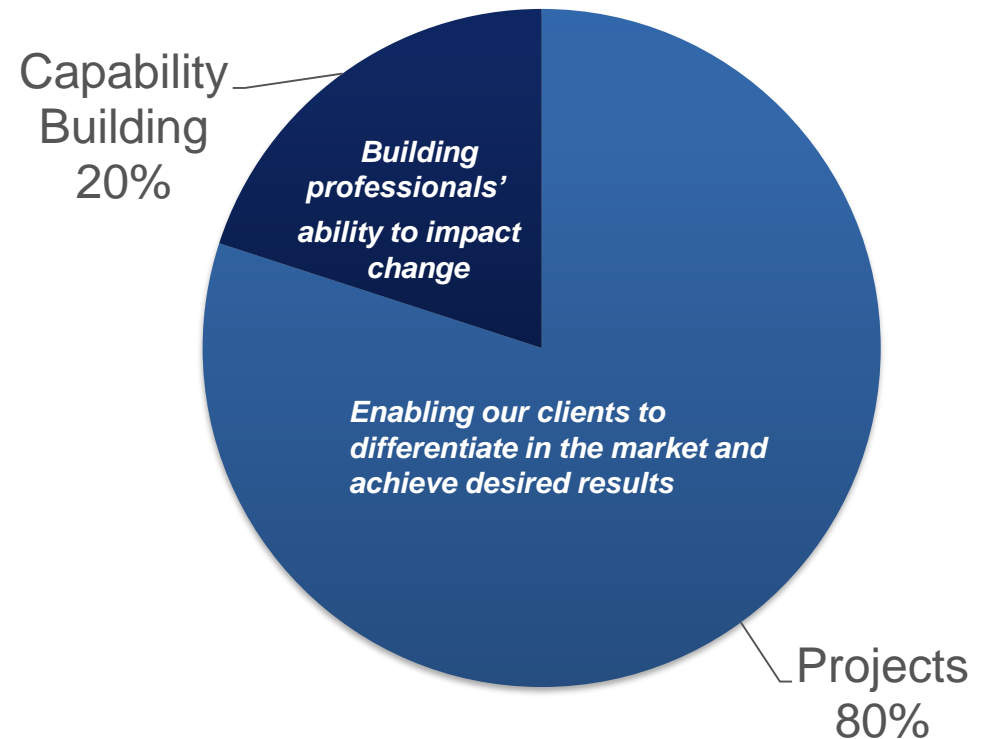
*Organization Design*

*Change Leadership*

*Leadership Alignment*

**To drive differentiation through alignment**

## Work Breakdown



## Competition is Getting More Competitive

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“We brought prices down, down, down so they are now essentially commodities. So if we want to succeed in this business, we have to move in a direction of adding other value to the relationship with our clients. And so where I might have said 15 years ago, ‘We want to be the best discount brokerage,’ today I want to be the best ‘relationship company’ in financial services.”

– Charles Schwab

# Keys to Designing a Differentiating Business Model

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- **Rethink what products and services mean to customers (and providers)**
- **Orchestrate a value-added platform for customers and providers**
- **Build out the platform ecosystem to enhance stickiness and value**



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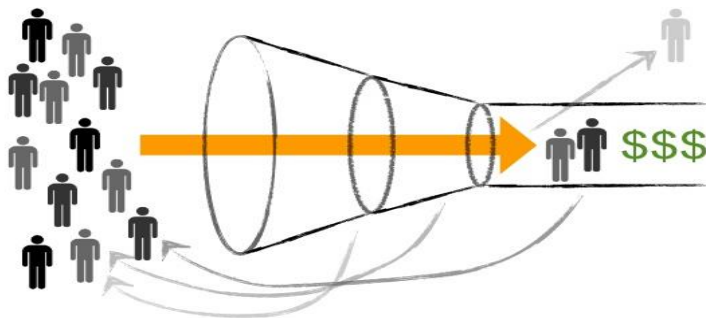
# Rethink what Products & Services Mean



# Not All Business Models are Created Equally

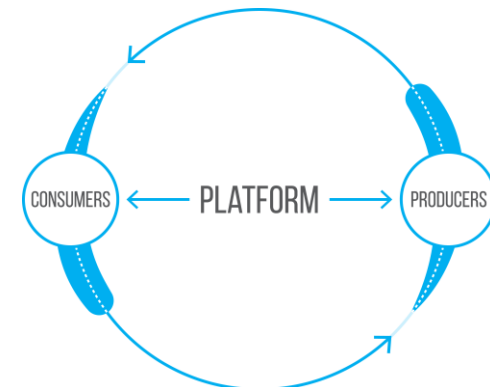
## Traditional Business Model

- Product/Services
- Inputs/Outputs
- Physical Infrastructure
- Sequential/Linear
- Customers/Providers
- Value Added through Process
- Customer loyalty/retention



## Platform Business Model

- Information/Interactions
- Configurable attributes
- Digital Infrastructure (Omni)
- Multi-dimensional
- Participants
- Value Added through Network Effects
- Stickiness



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# Orchestrate a Value-added Platform



# Questions that Drive Platform Creation and Enhancement

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- What problems are participants (customers and providers) trying to solve?
- What information do participants need to make good decisions?
- What interactions will participants find valuable (worth paying for)?
- What will be perceived as being distinctive to participants?
- What controls are needed to ensure quality, safety, and fairness?





# Strategic Risks in Platform Business Models



**Noise**

**SIEMENS**  
**Honeywell**

vs.



*Commoditization and  
unexpected competitors*

## Platform rule changes

- New search criteria
- Additional transaction costs
- New standards



*Negative participant  
feedback*



**New platforms**



*Change in access to targeted  
participants*

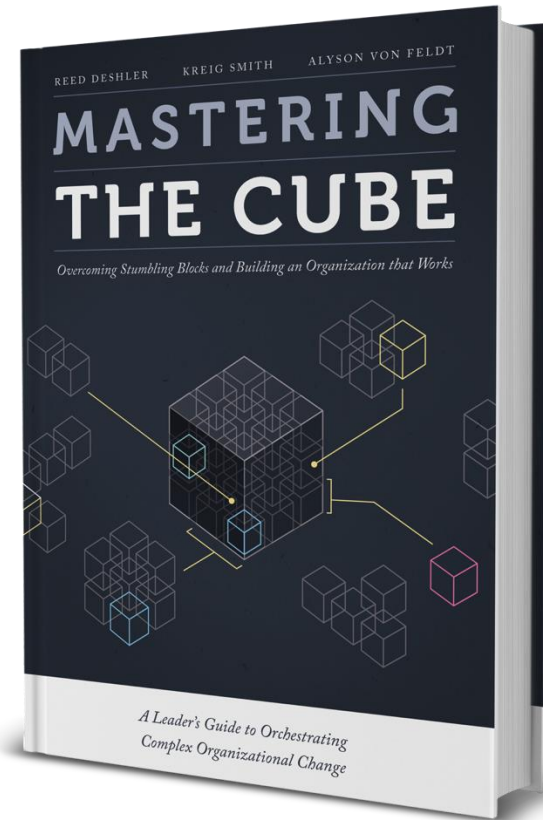
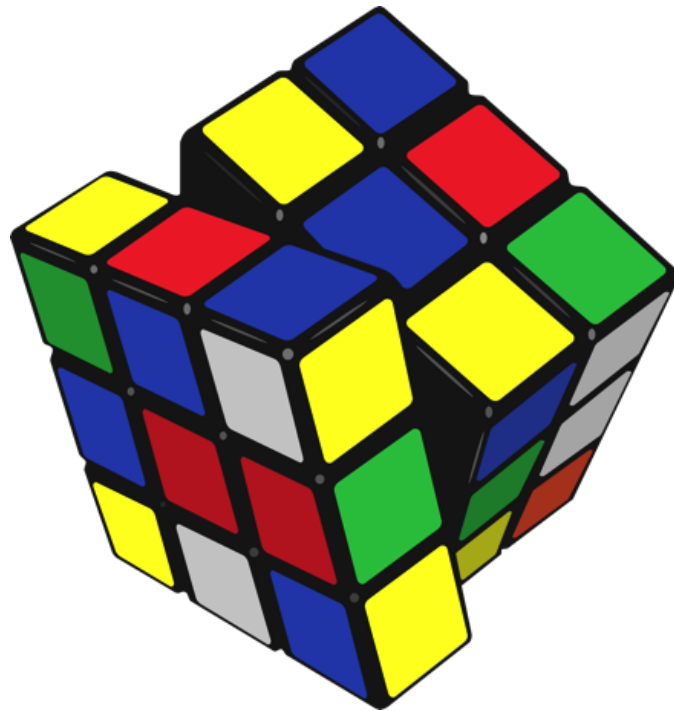
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**Build Out the  
Platform  
Ecosystem to  
Enhance  
Stickiness &  
Value**



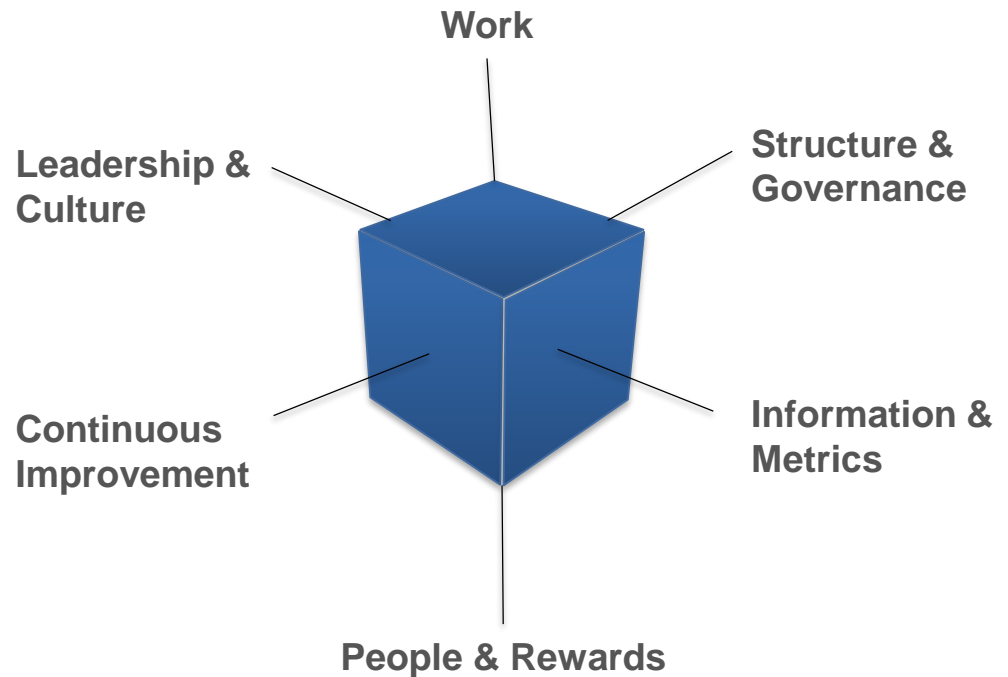
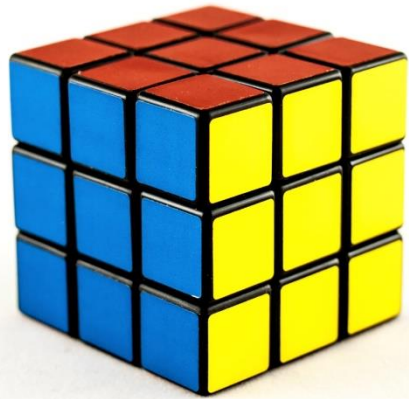
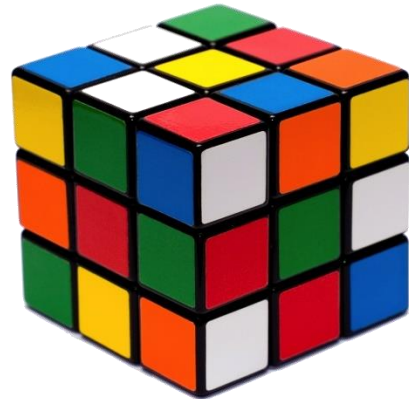
# Organizations are Like Trying to Solve a Rubik's Cube

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# Value is Created When Choices Are Aligned

If resources and/or activities do not differ from competitors, then new features alone won't drive sustainable value.



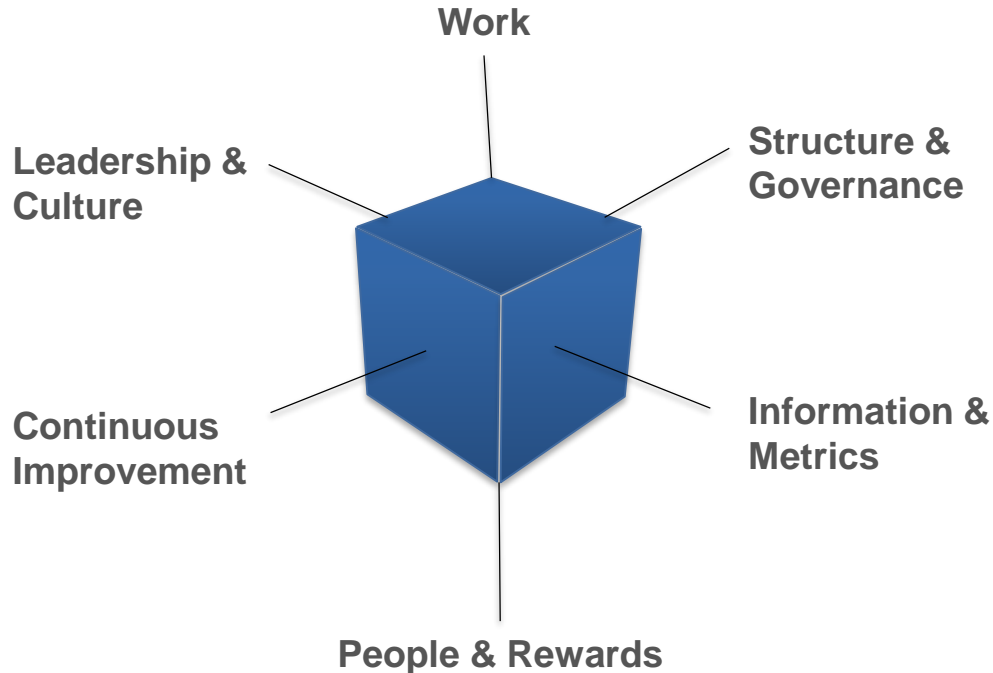
Distinctly aligned organizing choices come from solving the organizational cube.

# Stickiness and Value are Designed Into Apple Not Just Into Their Products



- Distinctive store design
- Concurrent engineering across divisions
- Memorable product unwrap experience

- Ruthless about trade-offs
- Design thinking permeates company
- Largest app marketplace (rigorous approval process with customer feedback)



- Extensive weekly meetings without formal presentations
- No divisional P&L targets

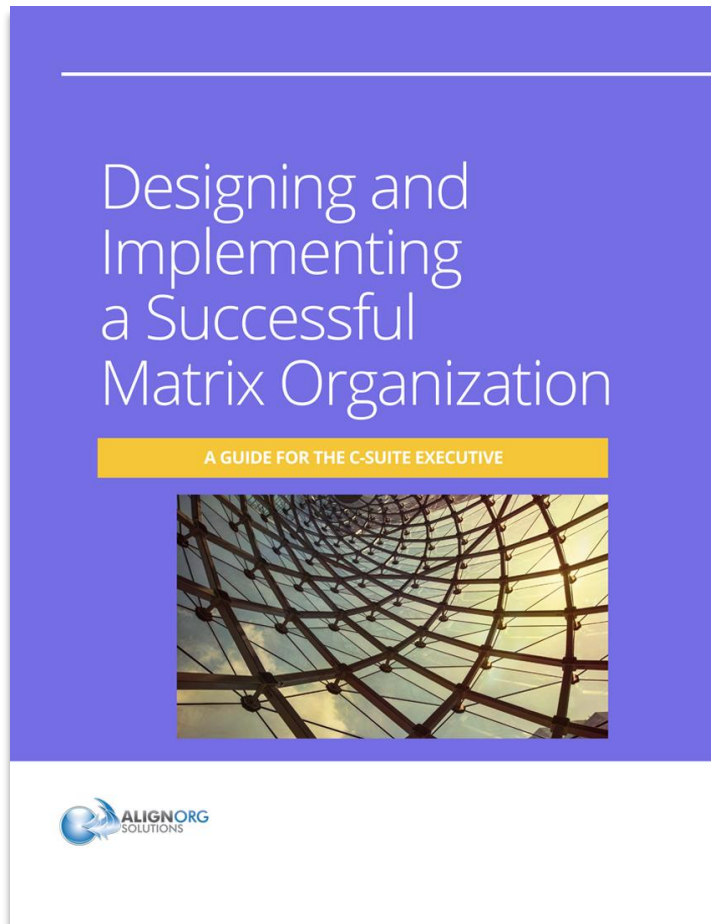
- Collaborative hiring focused on acquiring A players
- Apple U for transmitting company knowledge

1. Do I understand the difference between a platform business model and more traditional business models?
2. As I look at my organization, how could our business be transformed to take advantage of the competitive advantages of a platform?
3. Do I have the tools and methods to my organization redesign our business model and align organizing choices?



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Thank you! Questions?



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**Reed Deshler**, is an organization catalyst. He works with executive teams and human resources teams to define winning strategies, align organization and business models for success and mobilize employees and stakeholders in the desired direction. A change leader, organization design expert and principal of the management consultancy AlignOrg Solutions, Reed brings multi-dimensional business models to life for Fortune 500 companies, middle-market businesses and non-profits so they can align strategy with operational reality.

Reed is coauthor of Mastering the Cube: Overcoming Stumbling Blocks and Building an Organization that Works, a guidebook that Clayton M. Christensen, professor at the Harvard Business School calls, “a great step-by-step manual on defining and changing the design of your company.”

Reed has guided numerous Fortune 500 companies — including Tyco, 3M, Abbott Laboratories, Hertz, Cummins, Cisco, and USAA — through change successfully. When companies are looking to propel growth through organizational transformation they call on Reed and his team.

### Connect with Reed



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