



DO
()

—

SELL
( )

—

GROW
( )



Truth. An organization exists to solve a problem for people.

Action.

Get Clear

Know whose problem you solve, how, and how well.



Moving from WWW to answering HOW

Case Example: CraneCo

provides...
WHAT

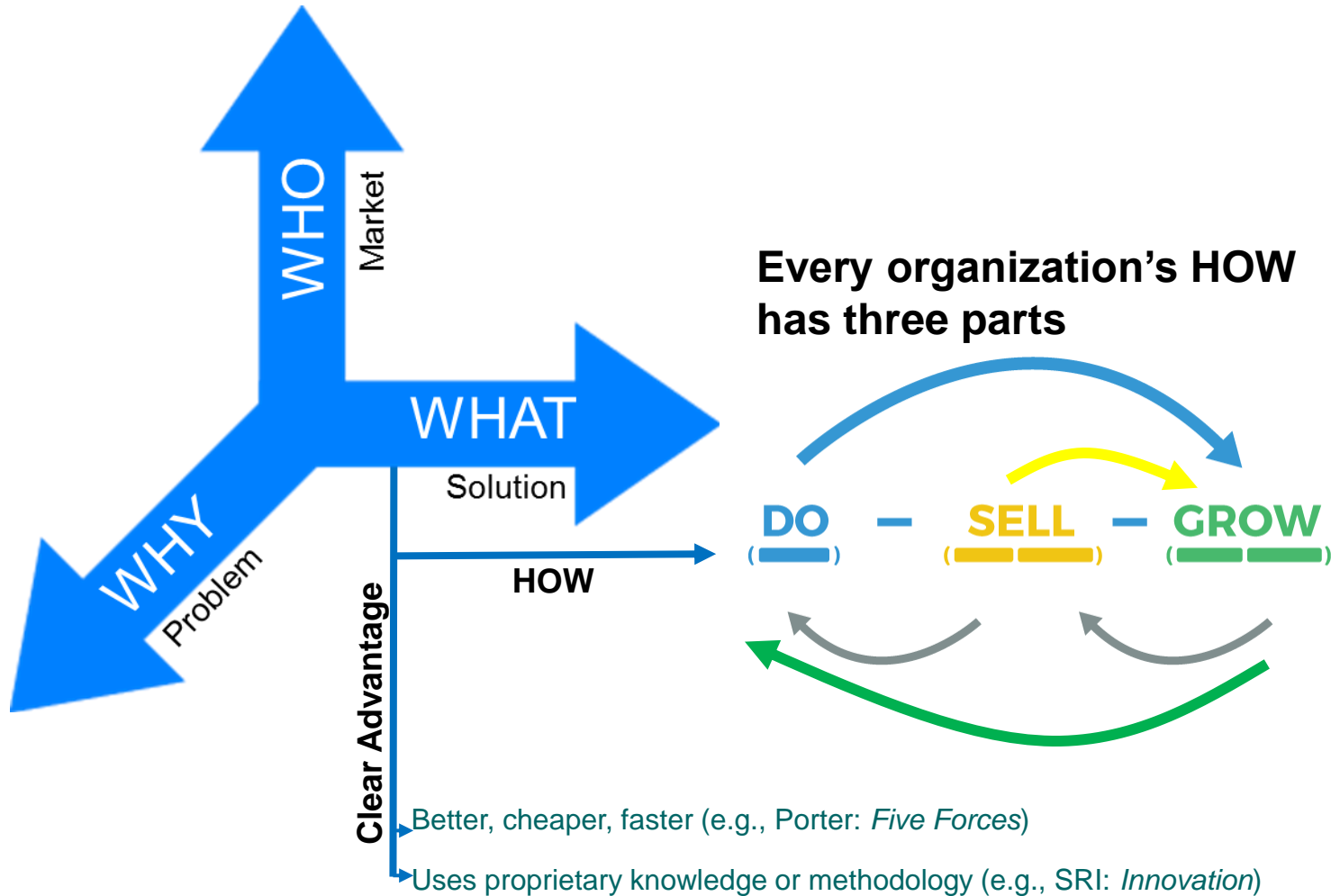
Locates, fixes and
resells

The WWW tells what an organization does...but
does not tell **HOW** an organization does it!

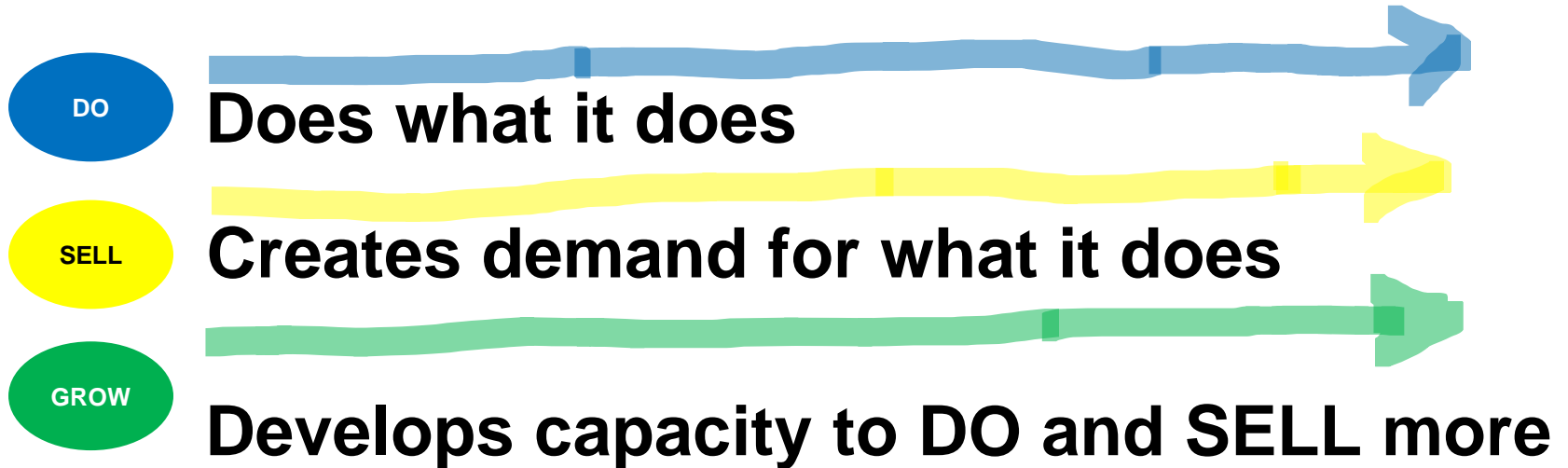
WHY
they pay for it.

Reliable quality, supply,
and service at a good price.

HOW an organization provides its WHAT is important.



DO, SELL, and GROW systems tend to evolve iteratively:
first DO, then SELL, then GROW, then DO, then SELL, etc.



- A system is a collection of resources working together to achieve a common goal.
- Develop the system that **most constrains performance**.

POLL: With which system do you PERSONALLY most identify?

POLL: Which system most constrains your ORGANIZATION's performance?

Assess Maturity of Most Constraining System

Fill out the table below to evaluate the maturity of the organization's most constraining system.

Maturity
Element

	DO, SELL, or GROW SYSTEM	
CRITERIA	HI/MED/LOW	EVIDENCE
Defined		
Predictable		
Repeatable		
Documented		
Maintained		
Teachable		
Taught		
Ever-evolving		

See: CMMI, Baldrige, ISO 9000, etc. for examples of more formal systems maturity assessment processes.

Success and growth can lead to systemic problems

Problem 1 -- Bureaucracy:

- Leaders get drawn away from front-line DO, SELL, GROW activities.
- Risk is that leaders no longer DO, SELL, or help GROW and become bloat.

Problem 2 -- Silos:

- Everyone focuses more and more on less and less.
- Employees want/need to know:
Who are we? | What do we do? | Where does what I do fit-in?
- Not knowing leads to not caring. Knowing leads to engagement.

Solution is for leaders to:

- **Stay active** primarily in DO-SELL-GROW activity.
- **Build systems** to DO-SELL-GROW.
- **Provide governance** to monitor and guide DO-SELL-GROW.
- Design, communicate, and drive HOW the organization works so all see how what they do fits into a whole.

There are five common operating models for HOW: Product, Service, Operation, Channel, and Exchange.

Model	Description	Payment	Example
Product	Software, hardware, or information	Per copy Per unit	Hewlett Packard, Gap Microsoft
Service	Hourly or project consulting or service	Per hour Per deliverable	Deloitte, PWC, Booz Allen & Hamilton
Operation	Outsourcing Facilities Management	Per unit of time Per unit processed	CGI EDS outsourcing
Channel	Set up and administer connection between buyer and provider	Percentage of revenue	AMAZON IDIQ contractors
Exchange	Broker links between many buyers and many sellers	Subscription fee Transaction fee	NYSE Uber

NOTES:

- It is easier to mature an organization that fits one of the five basic models vs. a new one or a hybrid
- If your organization departs from one of the five, know and understand how and why

Case Example: CraneCo

POLL: Is CraneCo a PRODUCT, SERVICE, OPERATION, CHANNEL, or EXCHANGE?

provides...
WHAT

**Locates, fixes, and
resells secondhand cranes**

for...
WHO

**Construction companies
around the world**

WHY
they pay for it.

**Reliable quality, supply,
and service at a good price.**

For any given WWW, there are multiple possible operating models.

WHAT: <u>refurbished cranes</u> ; WHO: <u>construction companies</u> ; WHY: <u>reliable cranes at a good price</u> ;	
Product	Build, or procure and refurbish, cranes to sell.
Service	Assess, recommend, and service cranes.
Operation	Own, maintain, and operate cranes for hire.
Channel	Connect crane buyers and sellers.
Exchange	Broker crane seekers and crane owners who bid to buy and sell cranes.

Operating model may change as circumstances evolve.

WHO: <u>Banks</u> ; WHY: <u>Customer Access to Funds</u> ; WHAT: <u>Phone, Branch, Mail+ Internet</u>	
Product	Sell software to enable access via Internet (S1)
Service	Hourly services to help banks develop own Internet front-end (AMS)
Operation	Operate a service by the account/month to let bank customers access via Internet (ORCC)
Channel	Connect banks to suppliers of Internet front-end software (Accenture)
Exchange	Match any of several banks with any of several front-ends based on needs, price, and availability (e-Loan)

Conclusions

- IT'S HELPFUL TO ORGANIZE THINKING AROUND OPERATING MODEL.
- THE OPERATING MODEL IS A CHOICE.
- CHOOSE BASED ON AVAILABLE RESOURCES, TARGET RETURNS, PREFERENCES, RISK APPETITE.
- IT'S A BIG DEAL TO CHANGE OR EVOLVE MODELS BUT IT CAN BE DONE.
- IT'S HARD TO SUCCEED WITH A NEW, HYBRID, OR A PORTFOLIO OF MODELS.

Thank you.



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