

GETTING TO PLAN B

BY JOHN MULLINS AND RANDY KOMISAR

If the founders of Google, PayPal or Starbucks had stuck to their original business plans, it's likely we'd never have heard of them!

As John Mullins and Randy Komisar explain in **Getting to Plan B**, new businesses are fraught with uncertainty. The research on new product success and failure indicates that it takes 58 new product ideas to generate one single successful new product.

The authors provide a rigorous process for stress-testing your Plan A and determining how to alter it so that your business makes money, solves customers' needs, and endures. In this book, you will see how valuable it is to compare your business to other businesses, to steal what works and avoid what doesn't.

So, when you come up with your idea, which is likely to be to resolve someone's pain, or make the mundane more exciting, don't reinvent the wheel when key elements of it already exist.

- Consider the Analogs to your idea - successful predecessor companies that are worth mimicking in some way. Next, consider the Antilog - predecessor companies compared to which you explicitly choose to do things differently because some of what they did was unsuccessful. In summary, don't reinvent the wheel - make it better.
- Ask the right questions and make the leap of faith. Then test your hypotheses to provide the evidence to continue with Plan A or modify it into what might be a breakthrough, to a better Plan B.
- Guide and track your journey using a Dashboard so you have a structured and systematic way to track the results and provide insights that underlie your leaps of faith.

The first case study is Apple's iPod. In 2000 the iPod catapulted Apple from its computer origins (its Plan A) into the world of consumer electronics (Plan B) which dramatically reinvigorated the business.

Analogs and Antilogs

Analogs: The Sony Walkman was introduced as a revolutionary product in 1979. It proved that personal listening on-the-go was a socially acceptable activity.

Antilog: In 2000, Napster was the new music sharing site. Music lovers were using Napster to download millions of pirated tunes and individual tunes were as appealing, if not more appealing than the whole album. It was of course illegal.

Antilog: Various record labels launched subscription websites from which music could be downloaded for a fee. But they were limited to selling their own artists and the tracks were effectively rented, not owned, which reduced the "sharing" principle.

Antilog: The MP3 player was born in 1998 but its clunky interface made it difficult to find and organise songs, there was only 60 minutes storage and it was painfully slow.

Ask the Right Questions

The Apple team faced some tantalising questions that led to their leap of faith. Would there be an acceptance of a site that offered a huge selection of music for a small fee? Their leap of faith was that music lovers would pay to download music. What if Apple offered hardware and software – an MP3 player and the tunes to play on it - in such a way that the record companies would be happy?

And so the iPod was launched in October 2001 with a premium price for a cool, portable music device. The iTunes Store was launched in April 2003, with no subscription required and every track costing 99 cents. It was simple for a user to buy, download, organise and own music and the record labels were happy.

The Bold Leap of Faith

The bold leap of faith was that people would purchase at least some of the music that they had pirated before. As Jobs said “Picasso had a saying: he said good artists copy, great artists steal. And we have always been shameless about stealing great ideas.”

DashBoard

The book then goes on to explore the five elements that determine any business model’s economic viability – it’s revenue, gross margin, operating, working capital and investment models. Then it shows how to conduct fast, inexpensive data driven experiments and how to manipulate this data to make smart strategic decisions and change course to a Plan B and invariably success!

The final chapter is enticingly entitled Getting Started on Discovering your Plan B.

The case studies are intriguing and include the African Leadership Academy established to develop effective and ethical leaders in Africa, Zara Invents Fast Fashion and Skype Reinvents the Telecom Industry. Filled with more than 20 success stories and cautionary tales from some little known start-ups to some of the biggest in the world, this book offers real cases illustrating the authors’ unique process. Whether your idea is for a start-up or a new business unit within your organization, Getting to Plan B contains the road map you need to achieve success.

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