



**FREE
CHAPTER!**

THE ART OF OPPORTUNITY

HOW TO BUILD GROWTH AND VENTURES THROUGH
STRATEGIC INNOVATION & VISUAL THINKING



MARC SNIUKAS PARKER LEE MATT MORASKY

 WILEY

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Thank you!

CREATE AND DISCOVER NEW GROWTH OPPORTUNITIES THROUGH STRATEGIC INNOVATION AND BUSINESS DESIGN THINKING.

All successful companies must eventually answer the same basic question: How do you establish new growth strategies and business opportunities from within your organization? *The Art of Opportunity* was written to help your business answer that question.

The concepts outlined in this book were cultivated through more than 20 years of academic research and experience, providing organizations with a detailed blueprint for how to grow, innovate, and transform. *The Art of Opportunity* shows you:

- New concepts for thinking about growth strategy and strategic innovation
- Business design thinking principles to help you shift your mind-set and approach
- Previously unpublished case studies with detailed examples of successful growth strategies that few have seen before
- A profound, yet practical, framework for strategic innovation, which is based on rigorous academic research and practical experience
- Visualizations, templates, tools, and methodologies for you to quickly apply to your business

The Art of Opportunity will help you break through the boundaries that currently define your business and empower you to leverage strategic innovation to create new growth opportunities.

Praise for **THE ART OF
OPPORTUNITY**

Not only is the content powerful, the design is stimulating for the eyes as well as the mind. Read this book and start innovating!
– **Ken Blanchard**, Co-author, *The New One Minute Manager®* and *Collaboration Begins with You*

Creative, inspiring, fresh, and empirically grounded, this playbook to growth is bound to be an executive reference for many years to come.
– **Deryck J van Rensburg**, President, Coca-Cola Global Ventures

From the coffee table to the conference table – *The Art of Opportunity* challenges our traditional business models and mindsets while providing a path and approach to success.
– **Paul Snyder**, Vice President, Corporate Responsibility, InterContinental Hotels Group

Visually beautiful, *The Art of Opportunity* is a fresh, new take on design thinking that offers practical tools for strategic innovation.
– **Mark Polson**, Vice President Creativity & Strategic Capability Building, Estée Lauder Companies

Clear, artful, and inspiring. A highly readable, practical, step-by-step guide for anyone who wants to identify, design and launch strategic growth initiatives.
– **Dave Gray**, Founder, XPLANE

This book will dramatically alter both your business and personal life as you experience the very useful approach to innovation and strategy.
– **Dr. Bob Lorber**, CEO, The Lorber Kamai Consulting Group
Co-Author: "Putting The One Minute Manager to Work" and Co-Author: "Doing What Matters"

Refreshingly pragmatic advice for business growth and development.
– **David Lary**, Vice President Commercial Channel Partner Development and Programs, Print and Personal Systems, Hewlett-Packard

The Art of Opportunity is a concise, richly detailed primer for organizations seeking growth through innovation and change through disruption.
– **Jay Samit**, Bestselling author of *Disrupt You!* Master Personal Transformation, *Seize Opportunity* and *Thrive in the Era of Endless Innovation*

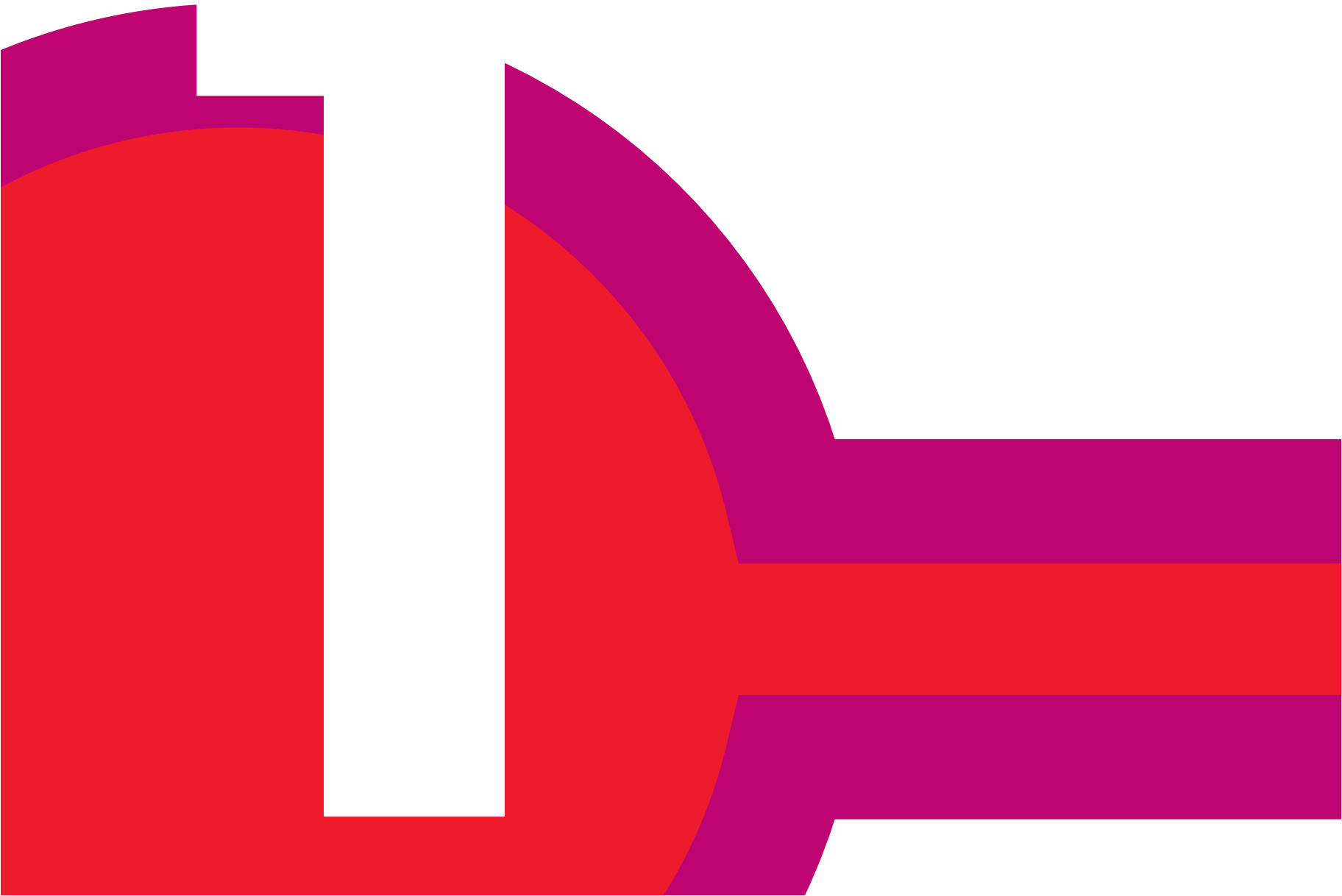
The Art of Opportunity presents a clear field guide for creating new value for organizations.
– **Michael Graber**, Managing Partner of Southern Growth Studio

The Art of Opportunity is a beautifully crafted piece of work, so richly illustrated that at times I felt like I was reading a graphic novel.
– **Mark Barden**, co-author of *A Beautiful Constraint*

The Art of Opportunity is an innovation cocktail with a nice twist of visual thinking that will inspire application and growth.
– **Jim Wallace**, Global Head of Agency Strategy & Management, HP

Innovation-obsessed visual thinkers, unite! This book may be your bible.
– **Sunni Brown**, Chief Human Potentialist, Best-Selling Author of *Gamestorming* and *The Doodle Revolution*

SEE MORE AT THEARTOFOPPORTUNITY.NET



ARTFUL INNOVATION

WE SEIZE GROWTH OPPORTUNITIES

IN A TARGETED WAY AND BENEFIT

FROM THE DYNAMIC DEVELOPMENT

OF NEW BUSINESS AREAS IN THE

LONG TERM.



CHAPTER 1

W

hen Thomas Ebeling became the new CEO of ProSiebenSat.1 Media AG (Pro7) in 2009, he faced a familiar problem: how to grow the business. Pro7 was the leading media company in the German TV advertising market with their core business of free TV—financed by advertising. Mr. Ebeling's challenge was how to grow the business and achieve the target of over €1 billion in revenues by 2018. Resorting to traditional strategic moves, expanding existing businesses and offerings would certainly not do the trick.

Pro7 crafted a unique strategy for a new business area making TV advertising available to start-ups, and small and medium-sized companies, two customer segments that traditionally couldn't afford TV advertising and were seen as unprofitable by the industry. One year after the new business had been launched, it had already generated €20 million in profit. Five years later, Pro7 had achieved tremendous success with its new strategy.

Business professionals and scholars admire achievements like these and wonder how Pro7 tapped into new markets and developed new business areas. Finding and seizing opportunities for new growth is, after all, the Holy Grail of business. And if Pro7 didn't use traditional growth methods, exactly how did they arrive at new offerings, complete with innovative business models and revenue models to reach entirely new customer segments?



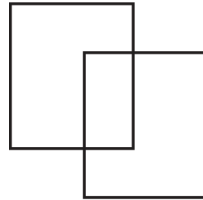
WHAT IS STRATEGIC INNOVATION?

THE ART OF OPPORTUNITY is about how strategic innovation and business design thinking can grow existing businesses and create completely new ones by discovering opportunities for new growth and crafting strategies to seize these opportunities. Strategy is essentially about making choices about where to play and how to win. Strategic management theories offer frameworks to guide our thinking, help develop answers to these questions, and make such choices. The approach and concepts of *The Art of Opportunity* provide fresh and modern ways to look at these questions, enabling you to come up with more innovative answers than yesterday's traditional strategic management approaches might offer.

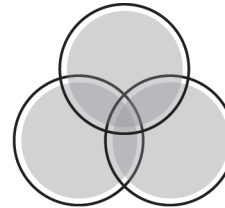
TRADITIONAL STRATEGIC MANAGEMENT

TRADITIONAL STRATEGY

- I. Where to play
- II. How to win



vs.



STRATEGIC INNOVATION

- I. Where to play
- II. How to play
- III. How to win



ON A BUSINESS LEVEL, traditional strategic management² is primarily concerned with where to play and how to win. Where to play is framed as a choice of industry and product/market combination. Simply speaking, you pick an industry, say air transportation, and a market, for example continental flights in the United States, and you define your offering within this market, for example low-cost direct city-to-city flights.

How to win is mostly defined as achieving competitive advantage. Michael Porter's classic generic choices³ about how to achieve competitive advantage are to either (1) be a cost leader, (2) differentiate your offering, or (3) focus on a niche. Treacy and Wiersema⁴ offer three choices to win: (1) product leadership (offer the best product by focusing on product innovation); (2) operational excellence (be a price and convenience leader by focusing on low cost, lean and fast production, and speedy de-

livery); or (3) customer intimacy (win by creating loyal customers through tailored offerings and focusing on customer relationships).

Strategy development and execution thereby follow a linear process of analyzing the situation and environment, followed by developing a strategy, and finally executing it. The underlying principle is that the development of the strategy has to be completed before the strategy can be executed.

To be clear: we don't suggest that these traditional strategic management approaches do not work. For some organizations and in certain industries, they work extremely well, if applied in the right way. Yet a lot of companies also struggle when attempting to achieve their growth and innovation targets with these traditional frameworks.

STRATEGIC INNOVATION



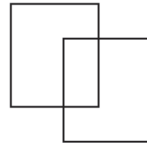
HOW DOES OUR TAKE on strategic innovation differ from these more traditional approaches?

First of all, we shift the objective from focusing on achieving competitive advantage by simply being cheaper or different to finding and seizing opportunities by creating value. Traditional strategy is focused on the company, trying to position the company as being a cost leader, being different, focusing on a niche, or something similar, as we have seen. But being cheaper or different alone is simply no longer enough to be successful (if it ever was). *The Art of Opportunity* takes an entrepreneurial stance, looking beyond positioning your company to a larger holistic perspective that involves creating value for your customer, your firm, and your business ecosystem. Only by creating value for a multitude of stakeholders does your company have the potential to be successful. And creating value is achieved through more than simply offering a cheap or different product, to include

products, services, the entire customer experience (CX), your business model, and your revenue model.

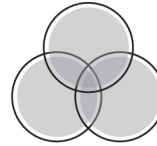
Having described the differences, let's examine *The Art of Opportunity's* approach to designing your strategy. The book offers a fresh perspective to look at three areas: 1) Where to play, 2) How to play, and 3) How to win.

TRADITIONAL STRATEGY

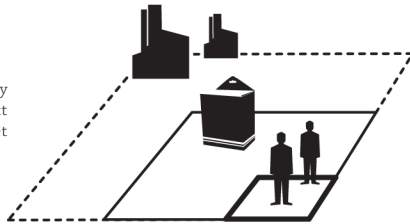


vs.

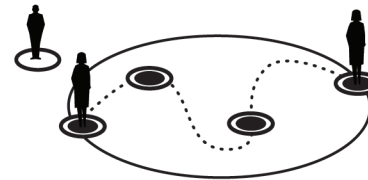
STRATEGIC INNOVATION



- i. Industry
- ii. Product
- iii. Market



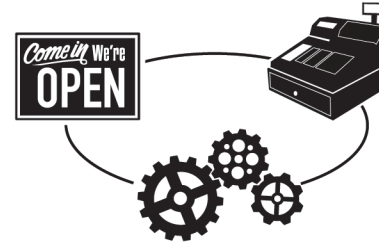
WHERE to PLAY



- i. Customer and Noncustomer
- ii. Customer Experience

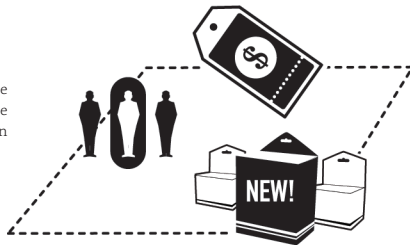


HOW to PLAY

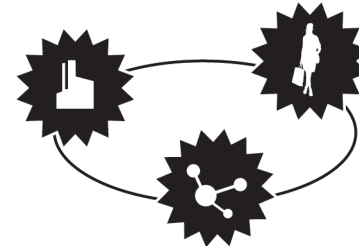


- i. Offering
- ii. Business Model
- iii. Revenue Model

- i. Price
- ii. Niche
- iii. Differentiation

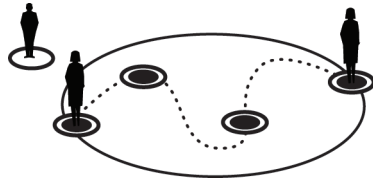


HOW to WIN



- i. Customer Value
- ii. Firm Value
- iii. Ecosystem Value

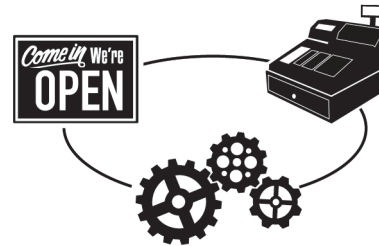
STRATEGIC INNOVATION



- i. Customer and Noncustomer
- ii. Customer Experience

WHERE TO PLAY: *Find Your Opportunity*

Where to play is all about finding your new growth opportunities. Instead of focusing on industries, markets, and competitors, we focus on customers, noncustomers, their needs, the customer experience, barriers to consumption, and hurdles to satisfaction. Opportunities are a function of the chosen customer segment, its needs, and expectations toward the solution offering, and current barriers to consumption or hurdles to a satisfactory customer experience.

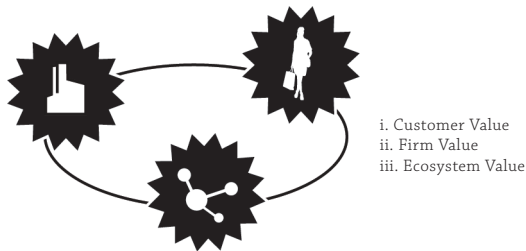


- i. Offering
- ii. Business Model
- iii. Revenue Model

HOW TO PLAY: *Craft Your Strategy*

How to play is all about crafting the strategy and designing the business required to seize these opportunities. Defining how to play requires you to craft your:

- **Offering:** The unique blend of products, services, and the customer experience.
- **Business model:** The necessary set of activities to create and deliver your offering, in a specified sequence of these activities, employing the skills, capabilities, and assets necessary to do so and identifying who provides them, plus how you work with your partners.
- **Revenue model:** The combination of your revenue streams, pricing mechanisms, and payment schemes.



HOW TO WIN: *Create Value*

Instead of simply addressing cost and pricing or product/service differentiation, we focus on creating three types of value:

1. **Customer value:** Solving your customers' needs better than anybody else by removing barriers to consumption and hurdles to satisfaction.
2. **Firm value:** Crafting a strategy that will generate value for your company in terms of opening up further opportunities and operational and financial benefits.
3. **Ecosystem value:** Creating strategic, operational, and financial value for your partners and the larger ecosystem your company is embedded in and relies on.

Finally, we show how the process for strategy making and execution and for building new growth businesses is neither entirely linear nor completely iterative. Instead we will illustrate how companies go through an iterative process consisting of three phases characterized by a bias toward action over analysis and planning.



WHAT IS BUSINESS DESIGN THINKING?

IF STRATEGIC INNOVATION FOCUSES on the content of your new growth strategy and the process of crafting that strategy, business design thinking focuses on the practices that enable your team to achieve success more effectively and efficiently.

In short, business design thinking is a collection of principles (of which visual thinking is a key methodology) to help understand, address and develop solutions to business problems. It can also be considered a strategic mindset (or way of working) that focuses on understanding audiences, visualizing ideas and information, working collaboratively and learning iteratively, all while keeping an eye on a holistic picture. This approach has been proven to open new channels to creativity, actively engage participants and stakeholders, build clarity and consensus, and accelerate speed to market.

THE FIVE PRINCIPLES OF BUSINESS DESIGN THINKING:

1. **Keep a human-centered focus:** Put people, not objects, at the heart of your story. An empathetic, human-centered focus creates value for not only the customer, but all stakeholders, including employees, shareholders, suppliers, and vendors.
2. **Think visually and tell stories:** Visualization enables us to more easily and clearly share our ideas and develop them with others. Visual storytelling brings ideas to life and creates the understanding and alignment that accelerates decision making.
3. **Work and co-create collaboratively:** Bring together diverse perspectives. Creating solutions to a shared problem within a multi-disciplinary group builds support and can generate breakthrough ideas.
4. **Evolve through active iteration:** Build to understand. Iteration enables you to learn reflectively during the process



Human-Centered
Focus



Visual Thinking



Co-Creation



Iteration



Holistic Perspective

of creation. The result is quicker, more successful adaptation and evolution of your ideas, solutions and/or strategies.

5. **Maintain a holistic perspective:** View the organization as a dynamic, open system of interrelated processes. This vantage point can help you identify opportunities to break down silos, improve efficiency, and create context for understanding.

The Art of Opportunity incorporates each of the five principles of business design thinking to embody the practitioner's way of working. Most prominently we have incorporated visual thinking—from illustrations that accelerate understanding of new ideas to visually-based activities and templates to drive clarity, spur collaboration and build support. The process encourages cyclical development that supports iterative learning and we actively promote identification of value through holistic perspectives.

Executives applying the business design thinking way of working will develop capabilities and practices different from those of their peers. We admit we're biased. We have seen how businesses can apply business design thinking to create the greatest value for their customers, employees, and ecosystems. Employees feel empowered to use their judgment to make decisions. They are trusted and supported to do the right thing and rewarded for their creativity and initiative. Customers appreciate the resulting quality and value provided by the firm's products and services, thereby increasing the firm's financial and brand value. Partners within the ecosystem gain value similarly, through increased business and by association with the firm.

GETTING STARTED



OUR RESEARCH HAS FOUND that growth initiatives have a greater chance of success when they share the following common characteristics:

- A dedicated, diverse team.
- Visible and acknowledged sponsorship of, and commitment to, the initiative from the leaders of the organization.
- Dedicated time, resources, funding, and physical space.
- Clear goals and expectations, and time-bound parameters.
- Open, continuous communication—to everyone, all the time.
- Employ visual thinking and storytelling to manage complexity.

Of these characteristics, the most critical is a dedicated, diverse team. You will need a mix of interdisciplinary thinkers representing key stakeholder groups to execute the strategic innovation process. Seek individuals who can devote (or have been given

leave to dedicate) the required time and possess the following business design thinking skills, characteristics, and capabilities:

- Applies an open mind and actively uses experimentation and iteration to solve problems.
- Empathizes with others and keeps the customer/user at the center of every decision.
- Sees the bigger picture—and finds connections between seemingly unrelated points and processes.
- Feels comfortable with ambiguity and uncertainty.
- Can express themselves clearly (whether using visual thinking or not) and engages in open, meaningful dialogue.
- Co-creates and collaborates with individuals and teams.
- Has a growth mind-set, which is a passion for learning rather than a hunger for approval.⁵



Empathic • Holistic • Open-minded • Courageous • Visual • Collaborative

ABOUT THE AUTHORS

Dr. Marc Sniukas

sniukas.com

A global expert on strategic innovation and corporate entrepreneurship, and co-founder of Business Model Gallery – The World’s Largest Business Model database at businessmodelgallery.com. As a consultant Marc partners with leadership teams and their organizations to discover opportunities for new growth, develop strategies and business models to seize those opportunities and transform their organization.

Parker Lee

compass52.com

A veteran of the technology, entertainment and sports marketing industries. He currently serves as president of Compass52. Lee approaches his work as a business design “impresario,” applying his international experience designing and directing large-scale interdisciplinary projects for corporate clients and running and managing companies.

Matt Morasky

XPLANE.com

An award-winning creative director, visual thinker and educator. He is currently a senior consultant at XPLANE, a business design consultancy in Portland, OR and Amsterdam that helps large organizations, clarify, communicate and achieve their goals.

MORE TOOLS FROM THE BOOK

Many useful tools are included in *The Art of Opportunity*. Sample highlights are on the following pages. In the book you'll find:

16 INSPIRATIONAL CASE STUDIES

20 ACTIVITIES

4 SETS OF SPARKS TO IGNITE YOUR IMAGINATION

4 STRATEGY VISUALIZATION TEMPLATES

And even more tools online!



STRATEGY REPORT

BREAKTHROUGH QUESTION

HOW MIGHT WE...

FOR THIS AUDIENCE:

BY OVERCOMING:

WITH THESE RESOURCES:

OFFERING PRODUCT | SERVICE | CUSTOMER EXPERIENCE

BUSINESS MODEL

ACTIVITIES
RESOURCES
ROLES
SEQUENCE

REVENUE MODEL PRICING METHOD | REVENUE STREAMS | PAYMENT METHODS

CUSTOMER VALUE

FIRM VALUE

ECOSYSTEM VALUE

➤ **KLINIK HIRSLANDEN** REINVENTING THE HOSPITAL BUSINESS MODEL

Klinik Hirslanden in Zurich is one of the most exclusive private hospitals in Switzerland. Founded in 1932, it is part of the Hirslanden Private Hospital Group, which was formed in 1990 by the merger of several private hospitals, and has been part of the South African Medi-Clinic Corporation hospital group since 2007.

Hospitals throughout the world typically operate on either of two business models: the chief physician system, in which doctors are employed by the hospital and report to a chief, or the private practitioner system, wherein doctors are independent and not necessarily strongly tied to a particular hospital.

HOW DOES THE BUSINESS MODEL WORK?

Over the course of five years, Klinik Hirslanden gradually changed its old business model of an infrastructure provider to system provider. This innovative and

unique business model combined the chief physician and private practitioner systems, allowing Hirslanden to move from treating private patients only to providing medical care to publicly and privately insured patients alike, while being allowed to provide highly specialized medicine under the Swiss legal health care system. This transition required a shift from only providing infrastructure to doctors, to offering a full range of services to private practitioners and patients alike.

To begin design of its new business model, Hirslanden asked why and how patients choose a particular hospital. It found that it is often the family doctor or the specialist surgeon who refers patients to a particular hospital. In addition to patients, doctors were also found to be customers for the hospital. To offer these two customer groups the best service while providing patients with the safest service possible, Hirslanden employed generalist doctors and provided required core primary care services, like a 24/7 emergency unit, patient dispatch, general internal medicine, general surgery, radiology, anesthesia, and intensive medicine, therapy, and nursing.

To govern all these activities, orchestrate the processes, and work between employed generalist doctors and independent private practitioners, Hirslanden created a new organizational structure, regrouping all medical-related services into the

so-called Medical System. The Medical System is led by a doctor, who, unlike in the traditional chief physician system, is relieved of his medical duties, focusing exclusively on the management of the Medical System. The Medical System provides services to patients and the private practitioners alike.

Private practitioners are supported in setting up their practices, often in facilities owned by the hospital, and are organized within the so-called umbrellas, interdisciplinary centers of competence focusing on a medical need perspective, instead of medical disciplines.

To offer its private patients a unique customer experience, Hirslanden introduced a hospitality unit, regrouping all nonmedical patient services, comparable to those of a five-star hotel.

KLINIK HIRSLANDEN BUSINESS MODEL TRANSFORMATION

	▼ KEY ACTIVITIES	▼ PROCESSES	▼ STRUCTURE
▶ FORMER	<ul style="list-style-type: none"> • Focus on treating private patients • Provide infrastructure to private practitioners 	—	<ul style="list-style-type: none"> • Chief physician system and organizational structure • Organize by area of expertise • Mix of employed generalist and specialist doctors, plus private practitioners
▶ NEW	<ul style="list-style-type: none"> • Focus on activities for patient well-being and satisfaction • Treat private patients, plus patients under the legal health care system • Provide solutions to private practitioner surgeons • Orchestrate work within the newly created Medical System • Hospitality and medical program management • Support private practitioners in their strategy, organization, and marketing 	<ul style="list-style-type: none"> • New patient process • New processes between departments • Standardize processes and quality standards to be followed 	<ul style="list-style-type: none"> • Combine the chief physician system and the private practitioner system • New org design based on the Medical System, grouping general medical services • New hospitality unit regroups nonmedical patient services • Group medical centers and private practitioners around clinical needs • Employ generalist doctors • Specialists act as private practitioners

20
ACTIVITIES
IN THE BOOK



ACTIVITY

CUSTOMER JOURNEY MAPPING

OVERVIEW

Capture multiple levels of observation through a journey map. Aspects such as social, emotional, functional, and aspirational experience can be seen over the time frame of the user's engagement.



TIME NEEDED
90-120 minutes

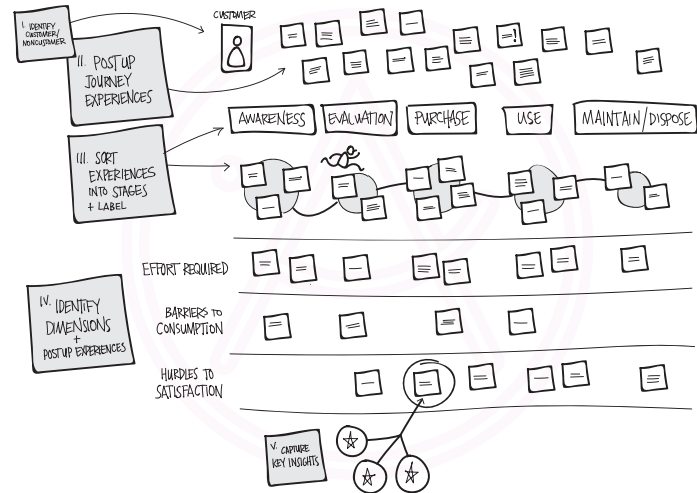


MATERIALS
None, but your creativity, a whiteboard, markers and sticky notes

STEPS

1. Give each participant sticky notes and markers. After identifying the customer or non-customer to map, each participant identifies (and writes on sticky notes) all the activities throughout the customer experience, from initial awareness to the final action they take in their journey. What is the first step of awareness and attraction? What is the first touch-point with the offering? Once engaged, what experiences occur? What happens at the stage when the customer leaves the experience? Is there a phase where the customer's experience is extended? Place the activities on a white board. Group the activities into clusters (or stages) of related activities.
2. Name each cluster/stage and write it on a sticky note. Place the sticky notes as headers at the top of the whiteboard. Next, create rows to frame your journey with dimensions or lenses of perception. Examples of dimensions include: social, emotional, and functional; or pain points and moments of "wow." You can also include channel or place as a dimension. Write your dimensions on sticky notes to label each row.
3. For each row, participants will consider that dimension as it relates to each "stage" in the customer journey. What is happening in relation to that dimension? What are they thinking and feeling? Write ideas on sticky notes and post on each stage across the dimensions.
4. When complete, discuss as a team to review all the ideas. Remove duplicate sticky notes. Simplify and edit to create an easy to see and understand visual map.
5. Continue your team discussion to synthesize the key insights you have made while creating the customer journey. Craft your insights into succinct, memorable full-sentence statements. Take photos of all whiteboards.

Additional activity resources and templates can be found at: www.theartofopportunity.net.





A blue rectangular card with a white border. At the top left and bottom right corners are small circular icons containing a dollar sign (\$) and a letter 'A' respectively. In the center, there is a black price tag icon with a white dollar sign. Below the icon, the text 'PRICING MECHANISMS' is written in bold white letters. Underneath, 'REVENUE MODEL CARDS' is written in smaller white letters, separated by a thin white horizontal line.

A white rectangular card with a blue border. At the top left is a blue banner with a white circle containing a letter 'A'. To the right of the banner, the text 'REVENUE MODEL CARDS' is written in blue. Below this, the text 'PRICING MECHANISMS' is written in blue. Underneath, 'FIXED LIST PRICE' is written in bold black letters, followed by the subtext 'A fixed price set by the seller.' in a smaller black font. A large, faint price tag icon with a dollar sign is visible in the background.

A white rectangular card with a blue border. At the top left is a blue banner with a white circle containing a letter 'A'. To the right of the banner, the text 'REVENUE MODEL CARDS' is written in blue. Below this, the text 'PRICING MECHANISMS' is written in blue. Underneath, 'FLEXIBLE PRICE' is written in bold black letters, followed by the subtext 'Prices are variable and vary depending on criteria like volume bought, time of year.' in a smaller black font. A large, faint price tag icon with a dollar sign is visible in the background.

A white rectangular card with a blue border. At the top left is a blue banner with a white circle containing a letter 'A'. To the right of the banner, the text 'REVENUE MODEL CARDS' is written in blue. Below this, the text 'PRICING MECHANISMS' is written in blue. Underneath, 'PRODUCT FEATURE DEPENDENT' is written in bold black letters, followed by the subtext 'The more features, the more expensive.' in a smaller black font. A large, faint price tag icon with a dollar sign is visible in the background.



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Thank you!