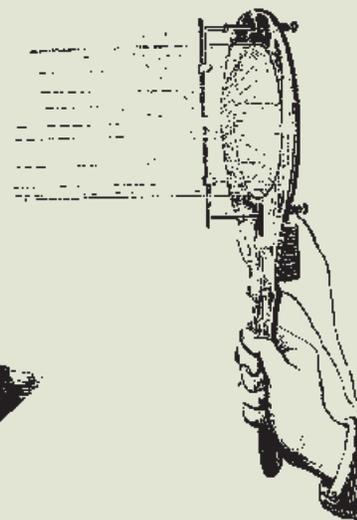
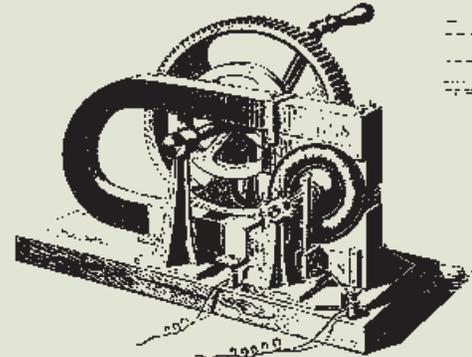
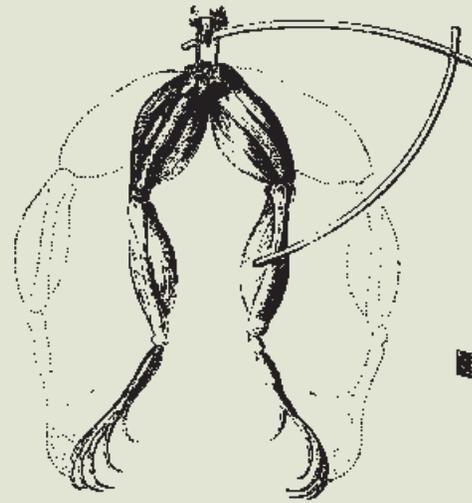
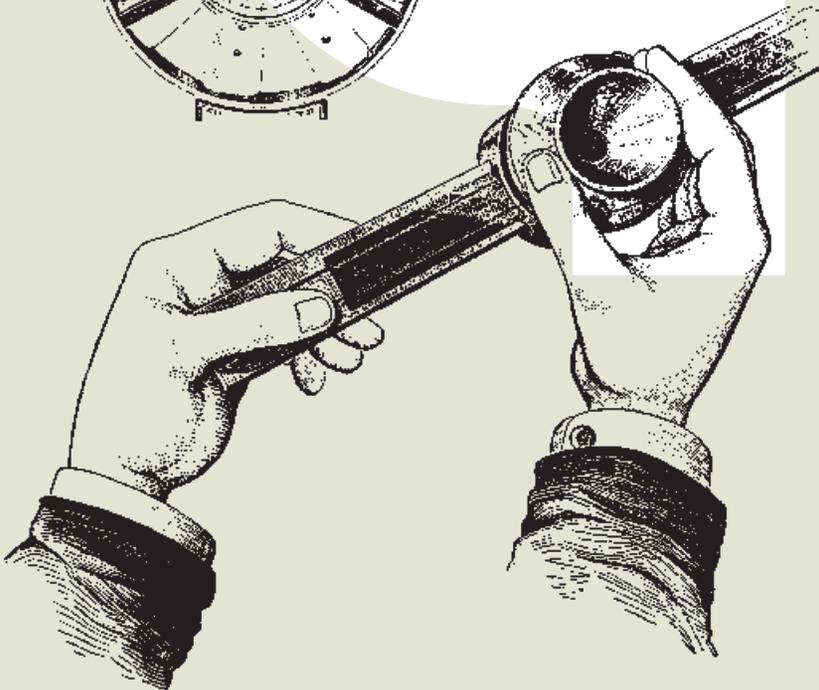


THE REINVENTION IMPERATIVE

Daniel Burrus and John David Mann



There's something you need to do right away, or you'll fall so far behind you may never catch up: you need to reinvent your business. And you need to do it today—or someone else will tomorrow.

Change Has Changed

Reinventing oneself has always been a powerful strategy. In the past, great figures like Lee Iacocca, Sam Walton and Fred Smith built entire careers out of mastering the art of reinvention.

But something has changed. In the good old twentieth century, you could reinvent your company, product category or industry once, and then go for a decade before doing anything especially innovative again.

That doesn't work anymore. The world has changed, and more importantly, *change itself* has changed.

Information and new knowledge now travel around the world at the speed of light, and technological innovation proceeds at close to the speed of thought. Today you cannot just reinvent now and then: to survive and thrive in a time of vertical change, you have to be redefining and reinventing yourself *continuously*.

In the past, stability and change were two contrasting states: when you achieved stability, you did so *despite* change. Today change itself has become an integral part of stability: today you can achieve stability only by *embracing* change as a continuous and permanent state.

It used to be, you could find something you do well, learn how to do it, and just keep on doing it. Not anymore. In the past, reinvention was an *option*. Today it is an *imperative*.

Three Digital Accelerators

The accelerating pace of technological change over the past three decades has been the equivalent of an airplane taxiing on the runway, preparing for takeoff. Three fundamental, interlocking technological trends—the accelerating increase in processing power, bandwidth, and digital storage capacity—have reached escape velocity, plunging us into a time of unprecedented transformation.

The impact of these three accelerators—including enormous gains in versatility, miniaturization, mobility, product intelligence, interconnectivity, and a raft of other technological dimensions—will be felt in every industry, every corner of the globe, and every aspect of society.

This will affect how we educate, communicate, collaborate, market, sell, and do *everything*.

This means you can't go backward, and you can't stand still. You can't rest on your laurels, and you can't keep doing what you've always done, even if you do your best to keep doing it better. The only way to survive, let alone thrive, is to continuously reinvent and redefine what you do.

And if you don't do it now, someone else will.

Change from the Inside Out

This wave of technological transformation is approaching with the speed and force of a tsunami. It is what I call a “hard trend,” which means it is not a maybe. It's going to happen all around us and to us, whether we want it to or not. There is no choice in the matter.

However, there is choice in how we respond.

By being anticipatory, you can harness that wild force and apply it to whatever you do. Reinventing means seizing the opportunity to rewrite your own history—before it happens.

There are two kinds of change: change from the outside in, and change from the inside out. The first happens to you. The second is an initiative that you take through conscious intention. Today there is an urgent need to anticipate and take the initiative to change from the inside out, even as all these transformations are coming at us from the outside in.

The highway is littered with the corpses of companies that failed to see this.

Kodak failed for ten years to embrace the shift to digital. (Unlike Sony and Canon.)

Yahoo! didn't see how to profit from search. (Google did.)

AOL didn't see how to profit from digital content. (Google again.)

When Blockbuster Video failed to reinvent itself and grasp the leap to online video, Netflix was happy to do it for them.

The major record labels never saw iTunes coming, and the major networks are missing the shift to interactive television.

The reinvention imperative is simply this: take the initiative to transform from the inside out—or be dashed upon the rocks of inertia as the wave of digital acceleration sweeps over your product or service category, your industry, your career.

Anticipate and flourish; entrench and die.

The New Golden Rule of Business

If you are a business, this means you have an urgent question in front of you every day: Are your customers changing and learning faster than you are? Because they are changing and learning fast.

And if you are not already designing the solutions to the problem they are *about* to have next week and next year, then you are behind a curve you cannot afford to be behind.

Here was the old Golden Rule in business: “Do unto others as they want to be done to.” Find out what your customers wanted, and give it to them.

Only that doesn’t work anymore.

Our capabilities are changing too rapidly. Today, if you ask your customers what they want and then give it to them, you’re too late. Customers today don’t *know* what they want, because the things they most want are things they don’t yet know are possible.

The new Golden Rule in business is this:

“Give your customers the ability to do what they can’t currently do—but would want to do if they only knew it was possible.”

To survive and thrive, look into your customers’ visible future. See what problems they are going to have and solve them before they happen, so that by the time they’re just starting to experience the problem, you already have the solution.

And if you don’t? Then it’s over—the wave will take you out to sea. Because this technology-driven transformation will not wait, pause, or stand aside while you think about it.

Change Is the New Dependable

Since the turn of the century, Newton, Iowa was the “washing machine capital of the world,” with the Maytag corporation headquartered in the middle of town at One Dependability Square. In October 2007, after a year of record losses, the Maytag plant closed down production.

Maytag didn’t do anything terribly wrong. It simply got disconnected from the accelerating pace of change. It was a classic case of a solid company resting on its laurels and expecting to continue profiting from an established identity that was sorely in need of reinvention.

Remember the famous television ads with a Maytag repairman confessing to the camera that he was lonely because nobody ever called him? It was a cute idea: the machines ran so well (went the obvious subtext) that nobody ever needed the repairman. They were built, after all, at One Dependability Square.

Reinventing means seizing the opportunity to rewrite your own history—before it happens.

But what if, instead of sitting around waiting for the phone to ring, that guy had been in the lab dreaming up ways to reinvent the washing machine? That is exactly what Professor Stephen Burkinshaw did. After thirty years of textile chemistry research, the British scientist created a washing machine that uses almost no water at all.

The Xeros washer employs small nylon pellets that, when slightly damp, generate a small electrical charge that electrically attracts dirt, pulling it out of your soiled clothes and sucking it into the pellets' interior. The same pellets can be used for about a hundred wash cycles, or about six months' worth for an average family, before being replaced and recycled. The process not only uses less than a tenth the water of a conventional washer, it also uses only a tiny fraction of the energy, because it has no need of a spin or rinse cycle.

It's been estimated that, if every American home had a Xeros, the savings in carbon emissions would be equivalent to pulling 5 million cars off the road.

Reinventing HVAC

Not long ago I met with a group of people in the heating and air conditioning business. As we spoke about the reinvention imperative, one gentleman raised his hand.

"I can see how that would relate to things like electronic gadgets and auto manufacturing. But air conditioning is basically air conditioning. How would this be relevant to our business?"

I suggested we back up a step and first take a look at what it is they actually did.

They weren't really in the heating and cooling business. They were in the *environmental remediation* business. Their job was to provide technology that makes people's environments livable and comfortable.

In my hotel room just the night before, I pointed out, every time the AC came on it created a rattling noise that made it nearly impossible to talk on the phone.

“You see where you guys come in?”

The man shrugged. “They needed someone to fix the AC.”

“Perhaps,” I replied, “but is there a bigger opportunity here?”

There sure was: I didn’t need new AC, I needed *noise cancellation*.

Today, if you ask your customers what they want and then give it to them, you’re too late.

All sounds are composed of specific wave forms. When you combine a given sound wave with the opposite wave form (its *anti-sound*, so to speak), the two cancel each other out.

At the moment, all the significant patents in this area are for noise-canceling headsets.

So why not create noise cancellation for heating and air conditioning systems?

All you’d have to do is identify the offending sounds the system creates (usually a fixed pitch, which is easy to identify and cancel), set up a small speaker system broadcasting the opposite wave forms at the same volume, and you’ve got completely silent heating and air conditioning for hotels, offices and, ultimately, homes.

There’s probably some patentable design in there—and there’s certainly an opportunity for an enterprising HVAC company to reinvent their own industry.

Continuously Decommoditize!

One inevitable by-product of advancing technology is *commoditization*. Someone makes an innovative breakthrough. For a time, they stand out as unique in their field. But because of the breakneck speed of technological advance, pretty soon everyone else is offering those same features.

When the Apple iPhone was released in June 2007, one of the most dramatic new features was the way the screen image automatically swiveled when the user turned the phone, flipping from horizontal to vertical and back again. It was magical.

In less than a year, all the other smartphones had it too.

What happened here? A product feature that was special, unique, even astonishing, quickly became a standard feature. In other words, it *disappeared*.

This is why the reinvention imperative is about not *occasional* reinvention but *continuous* reinvention. This is why Apple has to keep pushing the envelope if it wants to survive—and why you do, too.

Every product or service has the potential to become a bland, vanilla, me-too commodity that competes on price alone. More importantly, any product or service can be taken in the opposite direction and made unique, and therefore far more valuable. In the nineties the idea of *kaizen*, continuous improvement, was all the rage. No more: the pace of transformation is too fast. What's needed is *continuous decommoditization*.

Decommoditization means going against the natural tide of entropy, the tendency for our products and services to settle into a watered-down version that seems safe and caters to the broadest marketplace (read: lowest common denominator).

Vanilla Quicksand

The truth is that there is nothing safe about commoditizing. In the mid-twentieth century, vanilla was good. Vanilla was reliable, predictable, dependable. It worked. Today it is entropy, hydrogen-death, a branding quicksand that can prove crippling or even fatal.

Toshiba learned this lesson the hard way.

In the mid-nineties, Toshiba led the market in laptop computers. I was consulting to them at the time, and looking at the hard trends, it was easy to see that laptops as a category were on the rise. The increase in processing power, storage and bandwidth meant that computing devices would rapidly become more powerful and at the same time dramatically smaller, lighter and more mobile. Those same trends assured that we would see enormous gains in global connectivity, making mobile laptops the viable choice as serious business machines.

“By the early 2000s,” I pointed out, “laptops will become the new desktop—just as smartphones will later become the new laptop—and people will use them largely to get on the Internet.” I suggested they outfit every laptop model with a built-in modem, and bundle them with a new service that would offer the user an array of online services to help them get the most use out of their laptop’s new features as a mobile worker.

Some at this company liked the idea ... and some didn’t. Those clinging to the past won out over those looking to the future. Rather than invest in the laptop experience of the future, they put their resources into introducing an entire new line of *desktop* computers: a commitment to a disappearing past.

They could not have made a worse move.

Sure enough, the Internet exploded—and so did laptop sales. By anticipating the increasing mobile worker trend, Toshiba could have redefined an entire market segment, thereby making themselves the automatic market leader. But instead of *decommoditizing*, they turned their product *into* a commodity. By the year 2000 they had lost their market lead. Thus far, they've never gotten it back.

Water, Coffee, Wine

Anything can be decommoditized, even things we take for granted. In the nineties Starbucks decommoditized coffee, Victoria's Secret decommoditized underwear, and Herman Miller decommoditized the chair. Today, Glacéau Vitaminwater and a host of others are decommoditizing water—and making huge profits. Gdigital and others are decommoditizing electricity. 1-800-GOT-JUNK has decommoditized junk removal.

Some years ago I spoke in Singapore for a presentation honoring all the past global winners of the Ernst & Young Entrepreneur of the Year awards. One of the winners was a young woman who had built a business around importing French wine to China.

When she began, she faced a major hurdle: the Chinese could not, would not, drink French wine. The traditional wine of that part of the world is quite a bit sweeter than its European counterpart. When she first brought in her French wines, her Chinese customers were adding sugar to make it palatable.

This wasn't a marketing problem: it went deeper. Her market didn't know what "good" was, in relation to Western wines. She had to redefine the entire product category in order to participate in it.

To help retrain her customers' palates, she made wine tastings a popular event. Now she has a huge business there. And the Chinese are never going to impose a trade embargo against her wine. Why not? Because it doesn't compete with what they produce. It is a completely decommoditized product.

Anything and everything can become a commodity—and any product or service can be commoditized. You can wrap a service around a product and commoditize it, or you can wrap a service around a product and commoditize it, or you can wrap a new product around an existing product. The combinations are limited only by your imagination.

Outstanding Wood

One of my favorite examples of commoditization concerns a Wisconsin flooring entrepreneur named Tryggvi Magnusson.

An expert who had helped develop the technology used in flooring laminates, Magnusson had consulted to the biggest and the best: Armstrong, Formica, Shaw, Masco, and the other giants in flooring. In the nineties, he developed a new coating system for floors called WearMax that contains an abundance of ceramic particles. (Ceramic is second in hardness only to natural diamonds.) Sales went from zero to \$25 million—in his first year in business.

Not content to rest on his laurels, Magnusson continued to innovate.

A few years later, he noticed that his flooring manufacturer clients were looking for something fresh and new—and they were also growing impatient with the sixty- to ninety-day wait for container orders to come from overseas.

To solve the second problem, he developed From the Forest, a supply company based purely on U.S. woods and using only raw materials sourced from managed forests so as to preserve and protect our natural resources. To address the first need—for something new and different—he did something extraordinary: he commoditized wood.

He took maple and began experimenting with heating it to cook the sugars in the wood, and found that he could bring out new colors, not by adding coatings to the wood, but by bringing out different natural hues and shades from within the wood itself. The result is a new color process, which he can customize by using a variety of exotic woods and varying the lengths of time he cooks them.

Tryggvi Magnusson created not one but two successful companies—by decommoditizing *floors*.

Find Your Core

In 1889 a Kyoto entrepreneur named Fusajiro Yamauchi founded a company to sell his exquisite, handmade traditional Japanese playing cards. Called *hanafuda* (literally “flower card”), each card was crafted out of bark from the mulberry tree. It was a bold gamble: card playing had a century earlier been a banned practice in Japan, and while it was no longer illegal in 1889, it was still far from a popular pastime.

But the business caught on. Yamauchi opened a second shop in Osaka, and soon his company was flourishing. He retired a successful man in 1929, passing the business on to his descendants to run. And if that had been that, today they would probably be nonexistent or, at best, unknown outside Japan. But that was not that—because Yamauchi’s little card company reinvented itself.

His grandson Hiroshi visited the United States in the 1950s and managed to secure the rights to put Disney characters on his playing cards. In the 1960s he began to experiment further, creating a taxi company, a hotel chain, an instant rice company, and a TV network—none of which caught on.

He kept trying.

He moved into the toy market, and in the 1970s began dabbling with electronic family entertainment. In 1977 he hired a young student named Shigeru Miyamoto to help him develop some new products. If the name is not familiar to you, ask your kids: Miyamoto went on to develop such runaway bestselling games as Super Mario Bros., Donkey Kong, and The Legend of Zelda.

Yamauchi is today the richest man in Japan. His company is called Nintendo.

From handmade nineteenth-century playing cards to the twenty-first-century Wii may seem like a leap of light-years, and it is, in terms of the outer form of the products. But the genius of Nintendo's success is that Yamauchi and Shigeru found a way to completely reinvent the company yet remain unerringly true to its core: Nintendo = games based on memorable characters.

Be Extraordinary

A friend of mine, Lillian Montalto, has a thriving real estate business in Massachusetts. She and her husband, Bob Bohlen, who has his own agency in Michigan, both have amazing sales records. Combining their best years, the couple has done a combined annual business of more than half a billion dollars.

Half a billion dollars' worth in one year—and that's residential.

One day I asked Lillian how she does what she does.

"I decided I wanted to take all the pain out of the process of finding or selling a home and moving," she said. "So I started thinking creatively."

And did she ever.

Lillian sets up a personal Web page for each customer (she was one of the first Realtors® to do so), where she posts photographs of each room and the different views out each window and around the yard. She includes short video clips (with narration) and highlights local attractions and places of interest for each individual family member. She manages communications with each customer in the way that particular customer prefers, whether that means face-to-face meetings, phone calls, e-mail, text messages, or whatever.

While on vacation in England, she fell in love with English taxicabs, with their limo-like facing sets of backseats. She thought that would be a great way to show properties, so she bought one and had it shipped to the States. Now she has a driver take prospective clients around while she sits in the backseat across from her clients, answering their questions.

When it comes time for the move, she provides a moving truck free of charge. If her clients have children, she helps evaluate the school systems based on the clients' needs—and when it's time to register the kids for school, she takes care of it. If you need a cleaning service, doctor, or dentist, Lillian finds out who is best in the area and makes recommendations. And their Web sites are in more than a dozen different languages.

Not surprisingly, people tell their friends about Lillian. (Wouldn't you?)

Most ordinary agents would say they couldn't afford to do all those things. Lillian knew she couldn't afford not to.

Lillian made a decision not to be an ordinary real estate agent. She decided to be *extraordinary*.

She thoroughly decommoditized her real estate business—and she honored her core, which was to be the best at helping people make a transition to a new life.

What Is Your Core?

The *find your core* principle applies not only to your business, your company, or your industry, but also to you personally. There is only one of you on the planet. Each one of us is unique. The reinvention imperative puts each of us on a quest to be the best *me* we can be.

What is *your* core? This is what we were asking the HVAC people. Their core is not heating and air conditioning, it is helping people manage their physical environment.

Think Zappos is about shoes? Think again. The shoes Zappos sells are just shoes—but they have completely commoditized the way they sell them.

“We hope that ten years from now,” says Zappos CEO Tony Hsieh, “people won’t even realize that we started out selling shoes online, and that when you say ‘Zappos,’ they’ll think, ‘Oh, that’s the place with the absolute best customer service.’ And that doesn’t even have to be limited to being an online experience. We’ve had customers email us and ask us if we would please start an airline, or run the IRS.”

That is their core: not their shoes, but their approach to customer service.

We all have multiple talents, but I believe there is one special gift in each of us, typically hidden somewhere within the talents.

Many of us end up in careers where we may be using one or even several of our talents, but this will take us only so far. If you are able to create a career that allows you to tap into your true gift—to become extraordinary—there is no limit to how far you can continue to improve and excel.

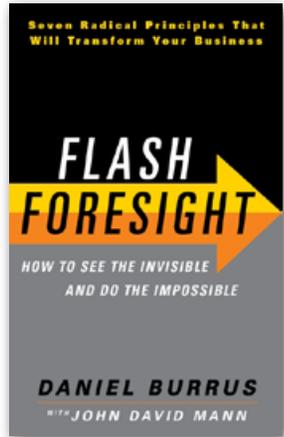
Forget the Competition

In today's environment of superacceleration, catch-up is a fool's game. There is no advantage in keeping up. Forget about trying to compete. Instead, *leapfrog the competition* by redefining anything and everything about your business. Look at what the competition is doing—and do something entirely different.

If you are able to create a career that allows you to tap into your true gift—to become extraordinary—there is no limit to how far you can continue to improve and excel.

Decommoditize continuously. Find your core. Look for creative ways to make the mundane exceptional and transform the normal into the extraordinary. Take the time to examine not only what you do, but how you do it. Ask yourself: “Am I imitating or innovating?” What could you do to take your business and yourself to the next level?

Once you embrace the reinvention imperative and make it your habitual way of thinking, you will have a business and a career in which **you can keep growing and raising the bar forever.** 📌



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Get more details or buy a copy of Daniel Burrus's New York Times Bestseller [*Flash Foresight*](#).

ABOUT THE AUTHOR

Daniel Burrus is one of the world's leading technology forecasters and business strategists. He has founded and managed six successful companies and has been keynote speaker to more than 2,400 audiences worldwide. His 1993 book *Technotrends* became an international bestseller and has been translated into more than a dozen languages. He is the founder and CEO of Burrus Research, a research and consulting firm that monitors global advancements in technology driven trends to help clients better understand how technological, social, and business forces are converging to create enormous untapped opportunities. **John David Mann** has been writing about business and leadership for more than twenty-five years. He is coauthor of the Wall Street Journal Bestseller *The Go-Giver*.

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