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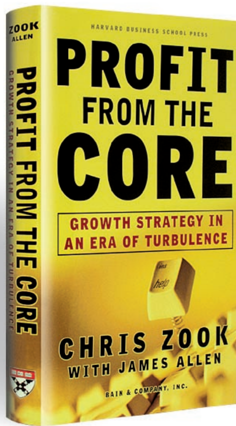

By Chris Zook with James Allen

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Growth Strategy in an Era of Turbulence

PROFIT FROM THE CORE

THE SUMMARY IN BRIEF

Have you managed to grow your business profitably recently, but find yourself running out of obvious paths to more profitable growth? Do you feel pressured to initiate business activity in the Internet economy, but find yourself worried about choosing the right activity to target, while also minimizing distraction from your core business? Do you feel your core business has untapped profit growth potential, but you're not sure where it is? Or is your industry changing in such a way that it might soon be time to redefine your business model to address new environmental areas and strategies?

If you answered "yes" to any or all of the questions above, you are not alone. An extensive 10-year Bain & Company study of more than 2,000 technology, service and product companies in a variety of industries yielded the following findings:

✓ **Many businesses fail to deliver value to customers and shareholders,** not because they're afraid to try new strategies, but often because they wander too far from their core businesses, where the bulk of their strengths lie.

✓ **Diversification from the core can actually destroy the value your company promises** and severely limit the amount and breadth of profitable growth possible.

In *Profit from the Core,* authors Chris Zook, head of Bain & Company's strategic management practice, and James Allen identify three essential factors that differentiate successful growth strategies from those that do not succeed:

1. You must make sure you are reaching your full potential in your core business or businesses.

2. Once your potential in your core is reached, you must then expand into logical adjacent businesses surrounding your core.

3. You must preemptively redefine your core business in response to the first signs of market turbulence.

Are you fully leveraging the strengths of your core business? This summary will show you how.

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PROFIT FROM THE CORE
by Chris Zook with James Allen

— THE *COMPLETE* SUMMARY

Desperately Seeking Growth

The most important issue faced by those in management is how to grow their companies. Even in times of economic strength, the odds against winning the growth game are considerable, and getting worse, for a number of reasons:

● **The value shareholders assign to companies — representing an average of 26 times their earnings — demands that companies grow at a rate three to four times that of the GDP.**

● **Investors are giving company management teams less time than ever to prove themselves.** Many investors shift in and out of stocks at five times the rate they did a few decades ago, demanding not only growth, but growth each and every quarter.

● **Analysis shows that 90 percent or more of management teams fail to grow their companies profitably.** With investor expectations so high, this fact is particularly troublesome.

Additional circumstances have made it difficult for management teams to put players on the field and keep them in the game:

● **Management has been hit with defections of the best and brightest in its talent pool** — a situation that, coupled with the increasing difficulties in attracting and retaining new talent, makes for extreme instability at the highest working levels of a company. The average tenure for someone in the information technology sector is now 13 months.

● **The people who coach those managers** — including CEOs and other executives — are remaining in a given job for only one-third the time they did as recently as a decade ago.

● **The rules of the business game are constantly shifting.** Turbulence in industries has increased by a factor of four, sparking a demand for new ideas for growth.

Many companies simply give up. If their current products or business approach do not result in the extraordinary growth their shareholders expect from them, they cut and run, abandoning their core businesses for the "promised land" of a new approach. While this is a dramatic move, certain to gain them attention, companies often do not find that such movement solves their problems. Indeed, it could even aggravate the underlying causes of inadequate profitable growth.

The Secret of Growth: Your Core Business

The foundation of sustained, profitable growth is a clear definition of a company's core business. A business can be defined from two related perspectives:

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Straying from the Core: The Bausch and Lomb Story

Strong core businesses lose momentum when abandoned prematurely, or when companies overreach in search of new growth. Take Bausch and Lomb. Throughout the mid-1980s, the ophthalmic giant developed and executed a brilliant strategy, leveraging its hold on the technology that created soft contact lenses to grab a 40 percent market share of new lens fittings.

Competitors began attacking its position with newer technologies. Bausch and Lomb responded by diverting its attention from its core business, spending its cash flow from its lens and solutions business in new areas, such as electric toothbrushes, skin ointments and hearing aids. It developed no obvious linkage between those endeavors and its core lens business, and watched that lens business flatten out as a result. When the next wave of lens technology (disposable lenses) arrived, Bausch and Lomb's market share had declined to 16 percent.

Bausch and Lomb has since tried to recover its position, divesting from those new areas, and switching focus and management teams; one can't help but think that it didn't have to come to this.

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Desperately Seeking Growth

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● *Outside-in,* or from the point of view of the outside world, with natural business boundaries defined by underlying market economics;

● *Inside-out,* or from the point of view of those inside the company, with the company's business boundaries defined by its unique core.

To identify your core business, start by identifying the following assets:

- **Your most potentially profitable franchise customers.**
- **Your most differentiated and strategic capabilities.**
- **Your most critical product offerings.**
- **Your most important channels.**
- **Any other critical strategic assets that contribute to the above (patents, brand name, etc.).**

For some companies, defining the core business is not overly difficult; for others, it is extremely so. In either case, it is important to have the clearest definition possible. For the purposes of the discussions in this summary, core business is defined as that set of products, capabilities, customers, channels and geographies that defines the essence of what the company is or aspires to *in order to grow its revenue in a sustained, profitable fashion.*

To that end, the authors identify three basic issues management must face in seeking profit from core businesses:

1. **Build market power and influence in the core business, or in a segment of that business.**
2. **Having done that, expand into logical and reinforcing adjacencies around the core.**
3. **Shift or redefine the core in response to industry turbulence.** ■

Build Market Power and Influence in the Core Business

Achieving sustained and profitable growth is extremely difficult without having at least one strong and differentiated core business on which to build. The most enduring growth pattern is that of the strong, or dominant, core business that benefits from continual reinvestment, constant adaptation to circumstances or business environment, and persistent leveraging into new markets or geographies, applications or channels.

Three Steps to Leveraging Your Profitable Core

To develop, refine or reexamine your company's growth strategy based on a dominant core business, you must take the following three crucial steps:

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The Power of Focus

Companies that have a few, highly focused core businesses are more likely to exhibit sustained growth than companies that are diversified and more unfocused in their building of growth platforms. Ample evidence supports this viewpoint:

● **Most companies that sustain value creation possess only one or two strong cores.** A tightly focused, sustained value-creating company will usually pull ahead of a rival embedded in a diversified company with no clear purpose or core. Anheuser-Busch leads in the beer business over Miller, which is part of a packaging foods conglomerate. Nokia leads the cellular phone business over rivals like Motorola and Ericsson, both companies with many separate parts.

● **Private equity companies often achieve their greatest success by buying orphan businesses from diffuse conglomerates, thereby creating focus.** Many of the most successful leveraged buyouts stem from strategically undermanaged, noncore businesses (with profitable cores at their centers) that are purchased and revived by new owners who allow those companies to become freestanding businesses.

● **Spin-offs usually create both focus and value.** Before PepsiCo spun off its $14 billion restaurant business (which consisted of Taco Bell, Pizza Hut and Kentucky Fried Chicken), that business' deviation from the company's soft drink core was seen as an anchor, keeping Pepsi from mounting a firm challenge to the more focused Coke — and keeping the restaurant business from challenging McDonald's supremacy in the fast food market. Since the spin-off, both Pepsi and the restaurant business (re-christened Tricon Global Restaurants) have done well.

● **Diversified companies have lower average valuations than companies with focused cores.** Studies on diversification bear this out. One study of the top 100 U.S. companies from 1981 through 1987 showed that 65 percent of acquisitions were related to the core business, while 58 percent of divestitures were unrelated to the core. The study also found that a company's market value rises nearly 2 percent the day it announces it is refocusing.

● **The few companies that became smaller and still created value are those that restructured to focus on a strong core.** Guinness, the famed Irish brewery, had entered into more than 250 non-core businesses and watched its core business — its Stout beer — erode in market share. Once it sold 150 of those businesses, moving operations back toward its core, its stock increased in value more than 10,000 times in eight years.

Build Market Power and Influence in the Core Business

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1. Define your business boundaries and your core businesses.
2. Differentiate for unique power and influence.
3. Seek the full potential value of a strong core.

Step 1: Define Business Boundaries and Core Businesses

Clearly defining the *boundaries* and the *core* of your business is a critical starting point for growth strategy.

Without a clear point of view about business boundaries, it is difficult to determine competitive position, the relative importance of differently positioned competitors, or the relative strategic importance of different growth opportunities. For example, is Marvel Enterprises, the creator of Spiderman and other characters, in the comic book business, the superhero character business, the animation business, or the children's entertainment business? The answer has major implications for the management of the company's main properties — its characters. (Disney, for example, chose long ago to define entertainment as its core business.)

Mapping out the territory of your business has become more complicated by an increased blurring of business boundaries, due to several key factors:

- **outsourcing and the disintegration of key value chains;**
- **increased customer microsegmentation and new, more narrowly focused competitors;**
- **increased competition among different business models, rather than merely among versions of the same one;**
- **globalization's blurring of geographic boundaries;**
- **increasingly sophisticated supply chain strategies causing competition among supply chains as much as among companies.**

Defining the boundaries of your core business (that set of products, customer segments and technologies with which you can build competitive advantage) is as much a matter of making sound business judgments as of applying formulas or doing calculations. You must have a clear understanding of your core *customers* and *products* that are expected to yield a majority of your profits. You must also have an understanding of the segments of your market that radiate out from your core — each must be understood and prioritized.

Gateway, for example, might define its inner core business as the sale of PCs to consumers. PCs sold to businesses is not part of its core.

Not all noncore business areas should be treated the same. You should monitor gray areas — noncore business areas that are potentially core business areas — considering key issues, such as:

- **whether you need to expand your business definition to include a new segment or technology;**
- **how competitive dynamics in the gray areas are likely to affect the profit pool in your core business;**
- **whether there are gray area competitors that may make incursions into your core customers;**
- **whether there are capabilities or skills you must bring in-house to anticipate the dynamics adjacent to your core;**
- **whether there are alliances you can form to insulate and stabilize your core position.**

Step 2: Differentiate for Unique Market Power and Influence

You must identify and verify the sources of differenti-

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Business Definition: Survival Hinges on Subtleties

The need for a strong core business to support a growth strategy requires defining both what a business is and what it is not. Consider the following growth strategy decisions that hinge on subtle, and not always simple, issues of business definition:

✓ Is Coca-Cola in the cola business, the soft drink business, the beverage business, or some other business? The company appears to have defined its business success as share of liquid consumed, not share of cola. This definition has enlarged Coke's sense of its full potential and emboldened its investment strategy ("I'd like to buy the world a Coke").

✓ Does Amazon.com's business definition logically include just books and information, or does it extend into hard goods, consumer e-retail, or some other arena? Time will tell. Through its expansion into more generic Web retail categories, the company is betting its future on a more broad (and, consequently, more controversial) definition. One hopes Amazon's executives were careful in their business definition prior to their expansion.

✓ What must CBS do to strengthen its once dominant core? Should it focus on content production; extend the core by creating and controlling the largest number of cable channels; reinvigorate CBS News to compete more vigorously with CNN (as NBC has tried to do with CNBC and MSNBC); or try some other, completely different approach?

Build Market Power and Influence in the Core Business

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ation that will continue to create market power and influence over your customers, competitors, and industry profit pool. There are four basic ways that companies acquire market power and influence in a competitive arena in a core business:

● **Customer Loyalty.** The most robust form of market power derives from building a unique, high and structurally stable level of loyalty in a well-defined customer segment. Retention is key; by effecting a permanent, one-time increase in retention, a growing company can magnify its rate of growth by 5 to 10 percent.

USAA is the most stellar example of this strategy in action. The insurer of choice for many current and former military service personnel, the company has a higher than 98 percent retention rate, and sells 4.5 separate products to each of its customers. The company tracks its customers through 23 life stages, carefully choreographing its marketing and sales programs around these events.

● **Channel Dominance.** Establishing leadership in a new or existing channel of product or service distribution is the second most common model of building market power and influence, sometimes from a position of "followership." Online sales is a good example of how the Internet is providing many companies with the potential in their industries to enter and gain power and influence through the new, online channel. But there are literally hundreds of examples of new online consumer and industrial models for capturing the online channel for a number of other business activities, from the flow of goods ordered remotely (such as Amazon), to the flow of information over the Internet (such as Yahoo), to the flow of money or securities (such as Intuit).

● **Product Development Differentiation.** The power of differentiation through superior product development is the rarest form of market power and influence; fewer than 5 percent of companies polled rely on this method. However, those companies that do build superior product development engines are often able to enter new markets— dominated by incumbents — and to gain market share profitably.

A great example of success in this effort is Sony, which has built enormous growth (13.9 percent annual revenue increases and a whopping 48.9 percent annual profit increase) by leveraging a stream of innovative products. From the pocket radio to the Trinitron television to its home video game line, Sony routinely prototypes new products more quickly and gets them to market faster than any of its competitors.

● **Capturing Capital.** A final and dramatic way to capture market power and influence is through establishing such a high market value, independent of market share and the profit pool, that massive investment and even acquisition are possible. It is ultimately by deploying this "found" capital that companies establish market power and influence, even if they are initially a challenger or first mover.

For example, Critical Path and Mail.com are both providers of messaging and e-mail services; the former has a value of $3.2 billion, versus the latter's $730 million. If Critical Path takes advantage of this difference in value quickly, it can propel itself to a much larger industry role through acquisition.

Dell Establishes Channel Leadership

In order to become the "growth stock of the decade" (in the words of the *Wall Street Journal*), Dell Computer Company used channel leadership to establish its market power and world leadership in PCs and workstations. Although computer parts, even assembled computers, had been available as mail order items for years, no one else saw the potential for selling direct, rather than through layers of value-added resellers, distributors and retail middlemen. Such an approach resulted in lower cost (due to lower overhead), lower pipeline inventory, and a channel tailored directly to the needs of each customer segment.

Today, 35 percent of computers are sold direct. While other computer companies, such as Compaq, have tried to emulate the Dell direct sales model, none have been as successful as Dell in meeting customer needs and increasing profitability.

Step 3: Seek the Full Potential Value of a Strong Core

Many companies have, or once had, the right ingredients to sustain long-term value creation in their core business. They failed, however, to recognize the potential of their profitable core, causing them to under-invest or to set performance targets too low. Indeed, companies consistently seem to have a built-in bias toward underestimating three dimensions of the core:

● **Returns on Investment.** How much should your business be earning? Where should you set profit and ROI targets for management? These are critical questions that executives must answer every year. Many, however, get the answers wrong by failing to recognize both the full potential of their core business and the potential for

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Build Market Power and Influence in the Core Business

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increasing ROI in their core businesses' market position.

● **Reinvestment Rates.** Reinvestment rates can be calculated as the sum of capital expenditures, research and development and advertising relative to sales. How do your reinvestment rates compare to the reinvestment rates of your competitors? Relative reinvestment rates tend to be poorly tracked and analyzed, yet those rates embody a great deal of information about an industry's competitive dynamics and future. Planning a strategy without collecting and interpreting competitor reinvestment rates is like forecasting the weather without looking at wind speed or temperature.

● **Adjacent Profit Pools.** Think of a profitable core business as situated in the center of a complex network that connects direct suppliers, suppliers' suppliers, direct customers, customers' customers, complementary products, substitute products, competitors, and so. At the end of these economic connections will be, in most cases, a pool of economic surplus and profit. The extent to which a company possesses the power of leadership in its core business influences the degree to which it can shape or even share in the profit and surplus pools adjacent to its own core business. One example: Microsoft's controversial influence on Internet browsers — a business adjacent to its core software business.

In sum, you must comb through the core and assess whether it is operating at or near its full economic potential. There is a paradox at work here, however. Typically, the strongest core businesses are — relative to their full potential — under-performing the most. ■

Expand into Logical Adjacencies

Adjacency Expansion refers to a company's move into related segments or businesses that build on and reinforce the strength of the core.

The tension between focusing on the core and setting out for new territory (even related to the core) can be considerable. If you fail to anchor your efforts in your core and rapidly expand in spite of this fact — or to compensate for it — you run the risk of creating a business without lasting value. Indeed, the selection of new business adjacencies around the core business could either trigger a new burst of profitable growth, or create distraction and stagnation.

In order to make the correct decisions where adjacency expansion is concerned, you must take into account three topics critical to improving the odds of profitable, sustainable growth: identifying adjacent business opportunities, choosing the correct adjacencies for your business, and avoiding common pitfalls of adjacency expansion.

Identifying Adjacency Opportunities

The most common adjacencies to a core business include the following:

● **Interlocking customer and product adjacencies.** Perhaps the most common adjacency expansion is moving into new customer and product segments, using each move to reinforce the next. It involves constantly adapting a product to enter a new customer segment and drawing on the knowledge gained about that customer segment to develop new product ideas (which can, in turn, be applied to other segments).

DeBeers is an example of a company that engaged in just such an adjacency, using its marketing prowess to make diamond engagement rings a cultural imperative in Japan. When it began its campaign in 1966, the diamond engagement ring acquisition rate for all Japanese brides was six percent; by 1998, that rate had grown to 65 percent.

● **Share-of-wallet adjacencies.** By capturing most of the purchases your core customers make and then expanding their menu for purchases, you can forge a bond with your customers that increases their loyalty.

The Walt Disney Company first exhibited its skill at finding product adjacencies surrounding its core in 1929, with the introduction of the Mickey Mouse writing tablets. The success of that endeavor led eventually to the wider cross-promotion of Disney movies and characters that included Mickey Mouse Watches, the Mickey Mouse Club television show, and even Disneyland and Walt Disney World.

● **Capability adjacencies.** Capability adjacencies are moves outward from the core that are based on deep organizational know-how, grounded in either technology, business process or value management. A good example of a company with technology-grounded capability adjacencies is Reuters, the news agency that started when its founder first used carrier pigeons to fly stock prices between locations in the mid-1800s. Since then (particularly since going public in 1984), the company has grown in spurts by being quick to adopt new technologies for transmitting timely news and financial information — from cable to telephone to the Internet.

Choosing the Right Adjacencies

Management teams can quickly find themselves awash in interesting and potentially attractive options for adjacency investment. Before you spend resources undertaking a major data collection effort, step back and apply your strategic judgment and working knowledge of your

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Expand into Logical Adjacencies

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business to answer the following questions:

1. **Does this adjacency strengthen or reinforce the core (or a core, if you have multiple cores)?**
2. **Does this adjacency add value for our core customers?**
3. **Does this adjacency serve as insulation against potential competitors intent on attacking our core?**
4. **Is this adjacency positioned in the direction that the industry profit pool is likely to shift over time (growing segments, channels, needed capabilities)?**
5. **Do we have a chance of achieving leadership economics in this adjacency through outright leadership, a protected customer position, or shared economics with the original core?**
6. **Does this adjacency hedge against a major strategic uncertainty?**
7. **Does this adjacency lead to other successive moves that, in total, are essential to build or protect the core?**
8. **Does this adjacency move into the backyard of a new competitor?**
9. **Does failure to move into this adjacency turn out to render the core vulnerable several moves down the road? To what degree?**
10. **Have we fully mapped out all the competing adjacencies, or are we acting without fully calibrating our options?**

Once you've ranked and selected opportunities as a result of the answers you come up with, cluster the initiatives into distinct strategic scenarios. For example, one scenario can be built around a long list of initiatives for rejuvenating growth in a profitable but static business. A second set of scenarios can be centered on building mass and focus around several emerging customer segments. You'll likely have a whole lot of ideas come up as a result of these efforts — don't forget to narrow your focus, according to the particular needs and plans of your core business.

Avoiding Common Pitfalls

While investment in adjacencies is eventually necessary for any company to continue creating value, it is also one of the riskiest activities a company can undertake. Here are several pitfalls to avoid in your expansion efforts:

● **Expanding Toward an Entrenched Position.** Pursuing areas of a market in which you have relatively low odds of achieving leadership or building market power and influence can sap resources from the core and hamper growth in the rest of your business. To put it in military terms, armies that launch full frontal assaults on entrenched positions lose virtually 100 percent of the time.

● **Overestimating the Profit Pool**. The odds of achieving success are much greater when growth goes after an expanding and deep industry profit pool, rather than a shallow one. Since the profit pool is both a function of industry structure, as well as one of potential market size and customer value, it is essential to map out the current and forecasted profit pool prior to investing in an adjacency.

● **False Bundling.** Beware of companies that claim they want to be a "one-stop-shop" for customers' needs. Often, this all-things-to-all-people approach is a warn-

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Don't Undervalue Your Core by Overreaching

Determining which adjacencies to pursue and how much to invest in them relative to the core is one of the most difficult and seminal decisions your company will make in its quest for sustained growth. It is important to remember not to undervalue your core in pursuit of a far-reaching adjacency. Gillette, one of the great global brand names, made that mistake, and struggled to recover from it.

For its first 50 years, Gillette stayed close to its core, building a 70 percent market share and establishing a towering brand dominance in men's shaving products. The additions of new forms of shavers, shaving creams and women's shaving products — relatively minor upgrades of core products — have, in recent years, begotten more sweeping deviations, from the addition of Braun electrical appliances to the acquisition of other non-shaving product lines, such as Oral-B toothbrushes, Parker Pen writing instruments and Duracell batteries.

While some of these adjacency investments have worked out well for Gillette (Braun, in particular, has grown from $70 million in sales to $1.7 billion), most of the company's investments showed negative growth in sales and declining profits. Interestingly, razors and blades — the core focus of the business — were still Gillette's primary source of revenue and profitable growth nearly a century after the company's founding. Gillette has made big moves to divest itself of all but its core businesses and closest adjacencies, reacting to declining stock price by refocusing its resources on the business that helped it establish its dominance in the first place.

Expand into Logical Adjacencies

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ing sign of business boundaries that are too broad to be practical and that can lead to a dangerous overextension of resources. In addition, customers often don't *want* an all-in-one shop.

● **Invaders from Unexpected Fronts.** The discovery of new, uninhabited market territory frequently brings invaders from unexpected directions. Don't let your unfamiliarity with a competitive threat lead you to underestimate their strength, nature or angle of attack. ■

Redefine the Core in Response to Industry Turbulence

Industry turbulence is hitting more rapidly and powerfully than most managers have ever seen. Decision times are shortening, uncertainty is increasing, and the range of fundamental strategic choices is widening. Many of the changes faced by executives require partial or complete reconsideration of the fundamentals of their core business.

Companies should consider redefining their core in advance of industry transformations. There are five key threats to which you must pay close attention:

● **Erosion of Low-End Product Segments.** This turbulence starts with the disappearance of a low-end customer segment that was once deemed unprofitable. Often, a new technology with new, low-cost economics enters the market and makes those unprofitable customers suddenly profitable and interesting to a new start-up. Beware that simply ceding these customers to the new, low-end competitor might be akin to backing your business into a corner. Remember what happened when Merrill Lynch refused to take online trading seriously; e-traders like Charles Schwab erased years of market dominance in a short time.

● **Erosion of Customer Segments.** Sudden changes in customer defection rates spell trouble. Consumers in the automobile industry might indicate a 70 or 80 percent satisfaction rate for their current brand of vehicle, but more than half of them will switch brands the next time they buy a car. Defections or loyalty measures reflect actual consumer behavior, and stand as the true indicator of their satisfaction.

● **Erosion of Microsegments.** One of the most corrosive dangers for a company is the emergence of a new competitor that attacks under-served microsegments of a customer base with a superior and targeted model. This danger is difficult to detect and can signal a fundamental shift in the nature of competition. The erosion of audience from CBS News to CNN, for example, constitutes a microcosm of too-long-ignored opportunities unearthed by microsegmentation.

● **Erosion of Traditional Business Boundaries.** The most obvious and most often denied sign of change is the sudden erosion of traditional business boundaries, increasing exponentially the number of competitors vying for a space. Digital imagery, for example, continues to threaten Xerox in the market for reproduction.

● **New Intermediaries and New Control Points.** Some of the most profitable businesses over time have been those that were able to control a position within a larger system that others needed to use in some manner. Microsoft, for instance, exhibited an early, strangling dominance in the personal computer industry by virtue of the ubiquity of its proprietary DOS operating system.

When Is Redefinition Necessary?

Even though you arm yourself and your company with the knowledge of industry transformations, you still need a set of criteria against which to judge your need to redefine your core. Although no single formula can be applied to the complex issues involved, there are several litmus tests you can use for determining when serious consideration of redefinition may be in order. Among those tests are the following:

● Is a new competitor beginning to gain surprisingly rapid market share in a marginal segment of your business that you once controlled?

● Are steps in the value chain you once considered core now being unbundled and controlled by specialists?

● Are there fast-growing adjacent customer segments that you might once have been able to serve, but that you could not now target without adding a new capability?

● Are there potential legal or regulatory changes that could eviscerate your competitive position in the core, or your ability to compete for the next set of logical business adjacencies in your growth plan?

If you answered "yes" to two or more of the above questions, the odds are that you should seriously consider redefining your core. There are, of course, several caveats to consider when doing so:

● Do not redefine the core without a clear vision and set of strategic principles on which your management team agrees.

● Do not redefine the core without first establishing a common point of view on how turbulence might play out and what positioning in the marketplace provides the greatest competitive advantage.

● Explore the full range of structural options to balance the need for integration with the original core and for speed, which can be achieved with a separate entity.

● Over-invest in management capacity and management processes at the start of a redefinition. ■