# KEEPING THE BRAND PROMISE

We're standing at the dawn of a digital business revolution. As with the beginning of every revolution, those in the midst of it can feel it, sense it, and realize that something big is happening. Yet it's hard to quantify the shift. The data isn't clear. It's hard to measure. The pace of change is accelerating. Old rules seem not to apply. It's hard to put any kind of structure around the changes and to put the pieces together.

But we can *qualify* the shift. We're doing it piecemeal. We have one-off stories about massive business model disruption. And all of us can see the impact digital technology is having on our personal lives. From how we interact with one another to how we engage with organizations, the changes are right in front of us.

This is just the beginning of massive, disruptive, digital transformation. Businesses will fall by the wayside, jobs as we know them will disappear, and competitors will emerge with new value propositions. Digital business will

usher in an era of extreme velocity, crystalline transparency, and unforgiving precision.

On the positive side, new models will accelerate the delivery of innovation and drive friction out of business models. New efficiencies will free up resources and time for innovation. Different skill-set requirements will create new types of jobs.

The changes started, of course, when the internet revolution caused bits and pieces of this new world to emerge. We caught a glimpse of it when internet business models disrupted brick and mortar businesses in the 2000s. The recession of 2008 didn't slow the pace of change. In fact, the recession was a catalyst and accelerant. Billions of dollars were poured into new business models, and technology start-ups focused on disrupting existing businesses. In the past decade, we've seen new business models arise from concepts such as social media, cloud computing, video and unified communications, mobility, big data, and the Internet of Things.

These technological concepts have paved the way for the art of the possible. While each trend may have seemed to signify the next big thing, the reality is that none was truly revolutionary on its own. What we've come to realize is that it is the convergence of these technological

advances, paired with political, environmental, societal, economic, and legislative shifts, that has formed the basis of the digital business revolution we find ourselves in today.

The companies, brands, enterprises, and organizations that are winning in this digital era are doing so not just because of disruptive technology but also because of a deep understanding of what it takes to build an organization in a digital age and on a digital scale. Successful leaders foster a culture of digital DNA and infuse an understanding of what's required to build new business models with disruptive technology.

In this new world, brand mythology becomes paramount. Your company's brand must stand for something: it must answer the "why" of the firm's existence. But companies need to go beyond telling a simple brand story. Every interaction, every touch point, must reflect the authenticity of the brand's promise. This brand message must resonate consistently throughout the organization at every level. We're at a point where we no longer merely sell products or deliver on services. In the digital world, customers require businesses to focus on delivering authentic experiences and outcomes. We're moving from selling products to keeping brand promises.

Keeping brand promises requires authenticity, because the need for trust and transparency radically increases in a digital world. The reward for authenticity in keeping brand promises can be strong gains. Disney, Fox News, GE, the Mayo Clinic, Philips, Sephora, and Virgin America are examples of companies that show how keeping brand promises sustains margins, grows market share, and improves customer loyalty.

Brands and businesses that fail to deliver on promises may enter a never-ending death match to deliver faster, better, and cheaper. All businesses should shoot for efficiency, but the inability to earn margins will often come at the expense of innovation. Businesses that don't embrace the digital world will lack the products, people, and cachet required to win. Those businesses are forced into survival mode in the fast-moving digital business environment. That's like trying to tread water in a hurricane.

Business leaders working in this new world already recognize that attempts to ignore the seismic shift from business as usual to disruptive digital business models can result in harsh market punishment. Witness the devastation in industries such as retail, media, and publishing, which are seeing significant revenue decline, restructurings,

and bankruptcies. Yet, for a select few organizations, the embrace of digital principles has rewarded leaders and their organizations with significant marketplace advantages and business model disruption.

The key to companies' success will be to develop disruptive digital business models of their own. Organizations and individuals will have to know who they want to be— and to live and breathe it. To develop disruptive digital business models, companies must aspire to be:

- **Transformation focused:** Incremental innovation is not enough. Organizations have to design for large-scale, companywide transformational innovation.

- **Relevant:** Context drives the ability to deliver mass personalization at scale.

- **Authentic:** Digital provides trust and radical transparency through massive data backbones and open access.

- **Intention driven:** Best practices rules and processes aren't enough, we have to predict what's expected next.

- **Networked:** New people-to-people (P2P) networked economies are guided by ephemeral self-interest and

the ability to open up the business to co-create and co-innovate with all types of partners.

Success in developing disruptive digital business models requires mastery of all five of these areas. While mastery can't be achieved piecemeal, consider these as the design points in order to disrupt digital businesses.

Many of today's digital business winners outpace their market competition exponentially in revenue growth and overall profitability. Companies such as Amazon, Airbnb, eSurance, Evernote, Lending Club, Lyft, Nest, Tesla, and Uber are creating new digital business models. On average, these category leaders drive 70 percent of the profits and 40 percent of the market share. With that type of growth, those that fall behind may never recover. Those who do the disrupting will rewrite history and emerge to be their category leaders in their own right. Early adopters—the market leaders and fast followers—are winning.

*Disrupting Digital Business* should not be seen just as an analysis of new digital business models and trends. This book is written for business leaders who seek insights on how they can serve as a catalyst for change and transform their business strategy to not only disrupt existing digital business competitors, but also to create new opportunities

for growth. In fact, companies such as ARI Fleet Services, Avis, GE, Honeywell, Marriott, and Philips are fighting back and turning the tables around. These companies should offer inspiration on how old-line businesses can disrupt digital business.

As you read through the chapters, keep asking these questions: Who is disrupting your business today, and how might nontraditional competitors disrupt your market? The insights offered in this book can help you quickly figure out how to take your company from disrupted to disruptor. The goal—disrupt digital businesses before you get disrupted!