

Transforming to Profits™

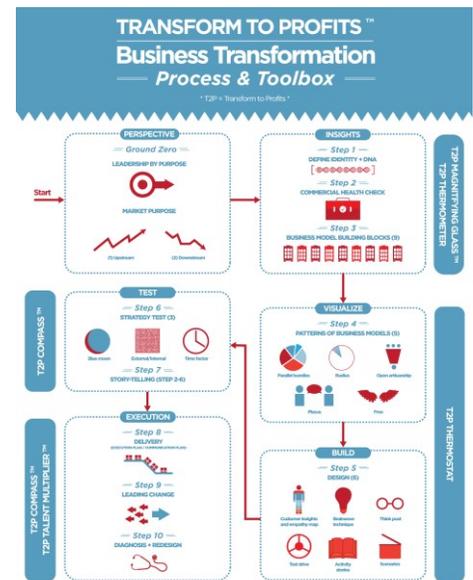
Transforming to Profits® - Description

What is Transforming to Profits®?

Transforming to Profits® is a holistic systematic process and practical guide that assists companies in creating or strengthening the profitability of their business model through a series of easy-to-follow and practical exercises and metrics.

It helps executives find and address strategic blind spots such as profit, revenue opportunity or customer leakage in unknown areas, channels/partnerships/resources, markets or customer groups. It also supports the creation of new offerings and revenue streams in overlooked areas. Moreover, it does not rely on over-strategizing and is not a generic consulting approach. It concentrates on what can be executed and delivered in an existing organization successfully. The direction is not business strategy but customer value propositions that drive profitability and market position but not only share.

The Transforming to Profits® process and toolbox outlines specific methodologies and relies on 20 years of executive management experience, field work with 215 clients, applied methods and recent case studies. In addition, another 685 transformation projects in 45 countries were reviewed to improve Transforming to Profits®. Transforming to Profits® includes practical applications of how business model patterns such as those used by Google, Amazon, Netflix, Skype, Apple/iTunes as well as those in mobile telecommunication and other industries could create new and profitable services that can be introduced by service companies.



Is Transforming to Profits a strategic planning process?

95 percent of good strategies or ideas fail because the execution was not handled properly. Transforming to Profits® addresses this aspect.

Transforming to Profits® bridges the gap between business strategy and business model execution. It concentrates on how strategy is implemented in the day-to-day business by focusing on a consistent delivery and alignment of all the key “LEGO” blocks of a business or idea so that it commercially functions properly. In other words, it allows managers to ensure that a good idea will work in the day-to-day practice across all the company’s departments that are involved in delivering or supporting a service to its maximum profit potential across all customer groups.

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What are the key immediate benefits of following the steps?

- It helps companies to identify revenue leakage
- It allows firms to locate profit leakage
- It pinpoints companies to areas that undermine the overall business model and highlights opportunities for profitable growth
- It assists executives in focusing on those activities that have the largest impact on client retention and bottom-line results while staying current with business trends
- It provides the mechanism to keep a company's business model strong and competitive.

How does it work?

Transforming to Profits relies on a number of proven practices. However, it has created a systematic and pragmatic step-by-step exercise that can be used as a guide and checklist. It allows managers and companies to structure their efforts from a holistic perspective (business level, departmental level, talent level). It is a coaching service that allows managers to drive and own their success.

In practice, Transforming to Profits® is a phased approach including 11 specific steps, each with their individual KPIs and metrics. The purpose of the method is to support executives by providing a systematic and structured process that includes useful techniques and provides sufficient flexibility to go beyond the status quo model and context of today's industry. By applying the techniques it helps organizations create, strengthen or transform their business model and ensure business viability.

Key questions Transforming to Profits® helps executive to answer

- Is your business model performing at its best in each of your markets and in your industry?
- Are you able to measure where and to what extent profit leakage occurs?
- Have you exhausted all your potential revenue streams? Can you identify others?
- How can your resources contribute more effectively to the bottom line in each commercial building block?
- How do you effectively increase share of wallet with the existing/new customer base?
- Is your business model up to date with industry, customer and technology trends?
- Do you know how your business model gradually expires and what monetary or commercial risk it carries?
- Where are customer segments willing to pay more for your services?
- Can you isolate which customers will be leaving your business before they do?
- Can you express the offering (value propositions) through the lens of your key customer groups in monetary value terms to identify where you are spilling resources or leaking revenue?
- Can you relate revenue growth against profit growth by pinpointing the right mix of offerings to customers, through the various channels, partnerships, and use of activities and resources?
- Do you know whether you have overlooked any profitable customer segments?
- Are your products or solutions presented in a way that drives value and profitability?
- Is the delivery of your products productive from an offline vs online process?
- Do the partnerships you have drive optimal results? Have you explored other potential?

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What are the main steps?

There are 7 phases and 11 steps, each with a set of practical KPI-driven assessments and guiding principles. Where objectively feasible, key metrics are used that go beyond the traditional balanced scorecard. The main steps and the key topic they addressed are:

1. **Perspective** (includes assessment)
How to best use strategic purpose and a company's specific DNA strategically?
2. **Insights** (includes quantitative metrics)
Is the company performing to the potential of its current business model?
What is the life span or expiry phase of the current business model?
What are the key "LEGO" blocks that are undermining the business?
3. **Visualize** (includes quantitative metrics)
How to generate new ideas around future commercial models?
4. **Build** (includes financial metrics)
How to design and execute new ideas so that (new) models work in practice?
5. **Test** (includes qualitative measures)
What are the best validity and success tests to use to ensure commercial success?
How can a service/business be presented as if it were designed by the intended customer?
6. **Execution** (includes quantitative metrics)
What options managers have to execute plan so that they have minimum failure risk?
How to lead business model level change? What are the blind spots?
7. **Diagnosis and Redesign** (includes quantitative and qualitative metrics)
How to continuously monitor business model life cycles and adopt a culture of ongoing business transformation?

Examples of the use of Transforming to Profits® in the aviation industry

The following are case studies of the use of Transforming to Profits® in 2014:

- Commercial recovery of an ailing international travel company
- Development of a fail-proof start-up airline model
- Monetized spin-off of a technological asset to the private-equity domain (B2B)
- Transformation of a budget business into a premium business (B2C)
- Exit by a full-service network carrier from the regional hub-feeder service
- Monetization of new merchandising capability of a service company
- Identification of the new ancillary service opportunities
- Launch of a global web-based duty-free business and its business model design.

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