

# SEIZING THE WHITE SPACE

## Business Model Innovation For Growth and Renewal

**MARK W. JOHNSON**

**MARK JOHNSON** is chairman of Innosight, a management consulting firm he cofounded with Harvard Business School professor Clayton Christensen. Mr. Johnson has consulted with companies in the health care, aerospace, energy, IT, automotive and consumer packaged good industries which range from Global 1000 firms through to start-ups. Mr. Johnson coauthored several *Harvard Business Review* articles including *Reinventing Your Business Model* and *How to Jump-Start the Clean-Tech Economy*. Prior to cofounding Innosight, Mr. Johnson was a consultant at Booz Allen Hamilton and previously worked as a nuclear power trained surface warfare officer in the U.S. Navy. Mr. Johnson is a graduate of Harvard Business School, Columbia University and the United States Naval Academy.

The Web site for this book is at [www.SeizingTheWhiteSpace.com](http://www.SeizingTheWhiteSpace.com).

**SUMMARIES.COM** is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at [www.summaries.com](http://www.summaries.com).

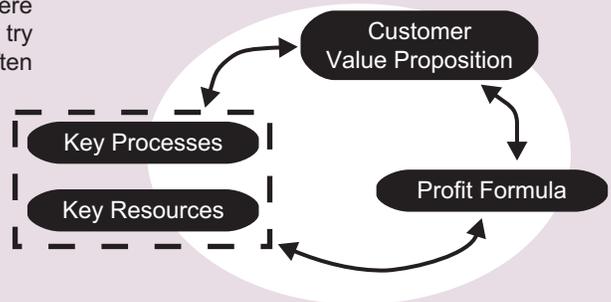
**MAIN IDEA**

Many companies struggle to succeed when they enter into “white space” activities – new commercial operations which are notably outside their existing core business and current competencies. They may recognize there is a viable commercial opportunity there but almost invariably companies try and serve new customers using their existing business models. More often than not, these expansion efforts are a failure.

To move into and harness a white space opportunity to grow your enterprise, start by developing a business model which will work for that new space. Don't expect your old business model to transfer across. Specifically, you have to rework the four building blocks of any viable business model:

1. *Your customer value proposition* – or the job you're trying to do.
2. *Your profit formula* – how you will make money.
3. *Key resources* – which you will need to make the right things happen.
4. *Key processes* – which you will need to get right to achieve customer results.

Try and make your existing business model stretch to include a white space opportunity is asking for trouble. It rarely, if ever, works. But develop a new business model which better suits that white space first and you stand a much better chance of success. When it comes to moving into white space, it's the business model you use that counts.



**1. Commercial white space and the four box business model framework . . . . . Pages 2 - 3**

White space arises whenever a company becomes aware of a commercial opportunity which is outside its core business market. It is beyond adjacent markets and therefore is an opportunity to serve new customers in radically new ways. The key to seizing a white space is not to try and serve that new market using the established business model. Instead, a new business model is required – a new and tailored combination of a customer value proposition, profit formula, key processes and key resources. Get the new business model right and you can and will conquer that white space opportunity.

**2. The three instances when new business models are needed . . . . . Pages 4 - 6**

After studying the marketplace for a while, you may become aware of new jobs-to-be-done or new customer needs you decide to fill. You may come up with an entirely new customer value proposition. The question now becomes: Do you leverage the strengths of your existing business model or develop an entirely new business model to commercialize the new opportunity? This question will most frequently arise whenever three circumstances emerge:

1. *You go after the white space within* – to fulfill unsatisfied jobs-to-be-done for your existing customers.
2. *You go after the white space beyond* – making your offerings accessible to more consumers.
3. *You go after fresh new white space* – as a result of massive industry upheaval and change.

The real challenge lies in developing an eye for the most promising opportunities and going after them in a systematic and repeatable manner. You will need to build a new business model to compete whenever:

- You change your current profit formula.
- You have to develop new resources and/or processes.
- You will need fundamentally different metrics, rules and norms to run your business.

**3. How to turn business model innovation into a repeatable process . . . . . Pages 6 - 8**

Rather than relying on luck and intuition to achieve growth, business model innovation should be structured and systematic. This is the only way it will become repeatable and therefore able to be optimized. To successfully seize the white space which is available to you, the three steps involved are:

