Killing Your Company: The Path to Longevity

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Introduction

This paper critically examines how CEO's can guide their companies away from failure by first understanding and then taking steps to avoid three common mistakes that routinely lead to decline. This topic is of particular interest to the author as he is based in Ireland, which is widely acknowledged to be undergoing its worst economic crisis since the foundation of the State in 1921. In this environment, nothing can be taken for granted and companies need to be extra vigilant as executives, consumers and competitors hunt for the smallest advantage to further their particular self -interest. In a strange way, the recession in Ireland has been a catalyst for action in areas where executives, consumers and competitors may have otherwise been complacent or, indeed, nonchalant. In addition, with a growing mobile internet and social media trend all stakeholders are increasingly likely to receive information concurrently and in real time. This is particularly problematic if the information relates to an issue that is a threat or problem to the company.

The first half of this paper examines the issues alluded to above while the second half investigates what preventative steps a CEO might usefully take to prevent these issues from arising in the first place. The final section of the paper also offers a warning, lest CEO's think that these recommendations are indeed a panacea. The three issues for discussion are:

1. The emergence of executive hubris
2. Customer recognition that loyalty is counterproductive
3. The threat of disruptive innovators

Background Statistics

Almost 50% of companies that were named in the Fortune 500 in 1999 disappeared from the list a decade later (Elwin, 2014). Of course, not all went out of business. Some were acquired, but most slipped silently out of the rankings. Others went bankrupt. Today, 96% of businesses on the planet earn less than $1 million per year in revenue. In addition, 90% of companies employ less than 20 people (Harnish, 2014). Hence, by those revenue and employee yardsticks, YPO companies are successful in terms of size and scale. Success, however, has a silent enemy that tends to lurk in its shadows and attack like a deadly virus. This enemy is called hubris. The Merriam-Webster dictionary defines hubris as 'exaggerated pride or self-confidence'. Classics professor, J Rufus Fears (2005), described hubris as outrageous arrogance that inflicts suffering upon the innocent. The causes of

hubris are many but, in a business context, the most common cause is failure to understand the essence of past success. Collins (2009), for example, suggests that hubris occurs when success is viewed as deserved, no matter what the organization decides to do, or not to do i.e. choosing action or inaction. When things are going well, the natural inclination for many is to simply keep 'going as you are going' and 'doing what you are doing'. This is not necessarily wrong per se, but it is dangerous without a clear understanding of the conditions that delivered success. Success without understanding is a fertile ground for executive hubris. The outcome is that the CEO and senior team get so insulated by success that they lose the ability to understand their actual, and always changing, environment. Nortel Networks is a good recent example. By modern standards their collapse was spectacular. In 2000, Nortel was the 9th most valuable corporation in the world, had a market cap of $283 billion and employed 95,000 people. By 2009 Nortel was bankrupt. The 114 year old company was no more. According to a University of Ottawa study by Cloaf et al. (2014) many of Nortel's problems came from an arrogant culture that got 'baked' into the company long before it was in trouble.

In the 1970s and 1980's, Nortel could essentially tell customers what technology they needed, and charge what it wanted for this service. It appears that Nortel's executives assumed that this success would last forever and completely ignored the fact that the market was entirely dynamic and a number of factors were converging that would see a shift in power to customers. Nortel had taken customer loyalty for granted.

Loyalty, Opportunism & Shifting Sands

Indeed, several commentators have suggested that customer loyalty, as we knew it, is dead. According to Bloom (2011), customers have realised that loyalty is no longer in their advantage because customers are:

- Empowered by unlimited access to information on the internet.
- Emboldened by unlimited choice in every category.
- Enthralled by the ability to trash sellers on social media seconds after a poor experience.
- Able to compare competitive prices on smart phones at the point of sale.

Customers are, by and large, opportunistic beings and it is in their advantage to receive a comparable product or service for less. Power has shifted to customers as they become largely indifferent to who meets their needs. In this environment, the sands are shifting extremely quickly

and changing customer preferences can simultaneously provide opportunity or disaster. Consider the case of software companies OMGPOP, Zynga and Rivio Entertainment. After a $16M investment, OMGPOP, a US based start-up, delivered a hit with a game called Draw Something. Draw Something became an instant success with one million active users in the first nine days and thirty five million downloads in just seven weeks. At the time, Zynga, who were riding high on the success of their Farmville game, was looking for something new. Within a month of Draw Something's launch, Zynga bought the 40 person OMGPOP for $180 million. However, it was too late. Customers were already beginning to change their preferences. Within four weeks of Zynga's purchase, Draw Something's active users fell by 33%. Three months later, Draw Something's active user base had fallen 85% from its peak. Nothing negative had occurred with the game or the user experience which could explain the collapse. Nevertheless, customers did move en-masse from Draw Something to a new offering from a company called Rivio Entertainment – a game called Angry Birds. The perceived loyalty to Draw Something had evaporated. Within one year Zynga had written off its entire investment and closed down OMGPOP.

Blockbuster provides another example. Blockbuster CEO, Jim Keyes, was quoted in an interview with Rick Munarriz (2008) from the Motley Fool saying that "Neither RedBox nor Netflix are even on the radar screen in terms of competition," Blockbuster was still trying to get customers of their couch and back into the stores while the customers no longer perceived the Blockbuster offering as being to their advantage. Blockbuster missed a critical shift in customer preferences. This shift was seized upon by upstart competitors. Later, in a desperate attempt to win back customers from Netflix, Blockbuster tried to offer its own DVD mail service. However, it was too late and, in 2010, Blockbuster filed for bankruptcy.

The Legacy of Loyalty: An Alien's Perspective

Loyalty has also suffered as customers are finding it increasingly difficult to distinguish between various companies offerings. This adds increased confusion and frustration. Moon (2010) argues that across so many categories true differentiation has become so hard to come by because companies have fallen into a pattern of competitive engagement that favours imitation disguised as differentiation. Moon refers to this as imitation cloaked in the vernacular of differentiation. Consider an alien, of superior intelligence, visiting the cereal aisle of local supermarket. It would have hundreds of products to choose from. However, most of these would be a blur of offerings, each based on variations of others e.g. coco pops with dried fruit versus coco pops original etc. Suddenly,

every cereal competitor tries to imitate under the guise of differentiation e.g. bran flakes with dried fruit. To the alien, all of these would look bafflingly the same.

Most consumers actually feel like the alien. To them, the whole category has become confusing and frustrating. Only the marketing specialists from the various manufacturers see the so-called differentiation. To the consumer, it's a confusing blur of sameness. Try explaining to the average consumer the difference between a Honda and a Nissan car or a Nike or New Balance running shoe. To the consumer, these are dissimilar clones and under these circumstances companies cannot expect to be the customer's automatic preference, let alone expect loyalty. Imitation can work as a strategy under certain conditions but believing that you are practicing differentiation, or even innovation, when you are actually practicing imitation is a very dangerous game as we have seen in the examples above. True differentiation, the kind that deepens customer preference requires true innovation.

Innovation Intrigue

Innovation is being heralded as the new, new phenomenon. Market research indicates that innovation is being demanded today by customers, shareholders and, in many cases, employees (see Adner & Kapoor, 2010; Bessant & Tidd, 2011). But what is innovation? According to Drucker (1985), purposeful innovation results from analysis, systemic review and hard work. It can be taught, replicated and learned. Purposeful, systemic innovation begins with the objective analysis of perceived opportunities. Drucker (1985, p.32) identified seven sources of opportunity that will ultimately drive innovation:

1. The organisation's own unexpected successes and failures, and also those of the competition
2. Incongruities, especially those in a process, such as production, distribution, or incongruities in customer behaviour
3. Process needs.
4. Changes in industry and market structures that catches everyone unaware
5. Changes in demographics
6. Changes in meaning, mood and perception
7. New knowledge, both scientific and non-scientific

Innovation also needs to create the perception of real value for customers, otherwise it is merely innovation for innovation sake, driven by executive ego and doomed to failure.

Innovation can be as incidental as new packaging or as immense as the World Wide Web. Nagji and Tuff (2012), categorise innovation according to The Innovation Ambition Matrix.

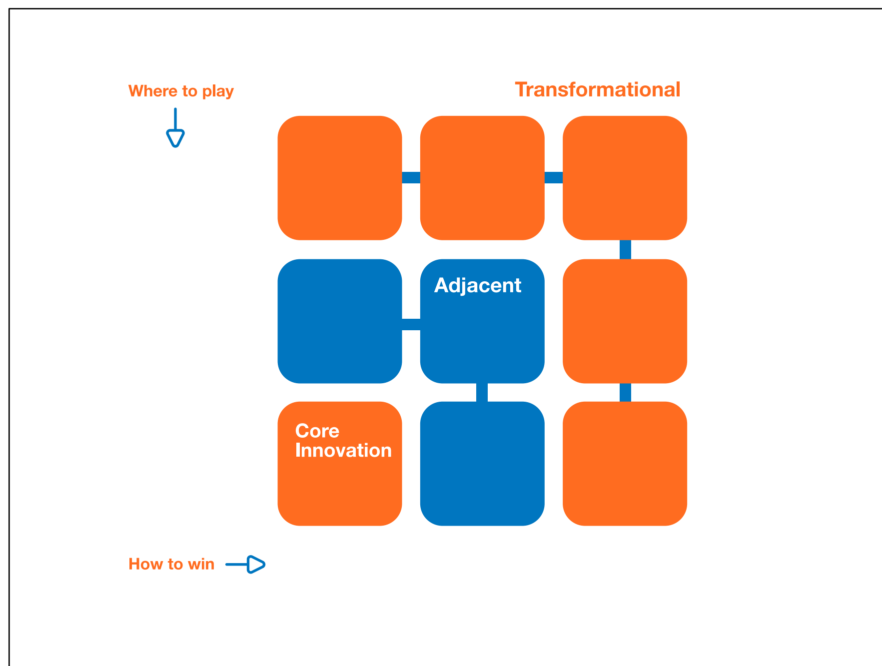

Figure 1: The Innovation Ambition Matrix

The Innovation Ambition Matrix, as the name suggests, is a tool designed to assist companies define their innovation ambition. The X-axis plots the degree of novelty of a company's offering while the Y-axis plots the degree of novelty of its customers markets. Across the matrix, there are three bands of innovation initiatives; core innovation, adjacent innovation and transformational innovation. Core innovation efforts make incremental changes to existing products and incremental inroads into new markets. Core innovations draw on assets that the company already has in place. An example of core innovation is P&G's introduction of Febreze into thirty seven other P&G product releases - from car fresheners to washing powder.

Transformational innovations, at the other extreme, are designed to create new offers or new businesses to serve new markets and new customer needs. Transformational innovations are also commonly known as game-changing, breakthrough or disruptive innovations and call on unfamiliar assets. An example of transformational innovation is Apple's iTunes platform. This single innovation has changed the entire music industry.

In between core and transformational innovations lie adjacent innovations which can share characteristics with core and transformational innovations. Adjacent innovations draw on existing assets and capabilities and put these to new uses. An example of an adjacent innovation is Irish waste collection firm, The City Bin Co. using its existing network of drivers, customer base and billing engine to enter the home heating oil market. Innovation, however, is an evolving field of study and one that has been rapidly impacted by information technology. According to authors Downes & Nunes (2013), over the past twenty five years alone we have experienced four main innovation eras. The first of these was developed by Porter (1985) who argues that markets were created from the top down. According to Professor Porter, competitive edge could only be achieved by innovating across one of three generic strategies. The first of these was a differentiation strategy where companies created differentiated products and services that were targeted to customers that could afford to pay more and were willing to do so. These innovations often earned the title of 'luxury goods'. Alternatively, innovators could create products and services that were low cost and targeted at the price conscious consumer who could not afford, or did not value, the 'frills'. In the middle was a variation of the differentiation and low price known as focus and that strategy concentrated on serving one segment of the market extremely well. In the Porter model, firms did not switch between the three generic strategies. The picked where the wanted to play and stayed there. Bose is an example of a company that differentiates its products through superior design and sound quality. On the other hand, Walmart positions itself strategically (and executes operationally) as a low cost provider and as a result can guarantee the lowest prices to its customers. Ferrari too is a differentiator but focuses only on the luxury segment while the Tata Nano claims to be the cheapest car in the world but it is specifically marketed to the segment of population that has heretofore been unable to afford any type of car.

Christensen (1997), in his influential book, *The Innovators Dilemma*, challenged the Porter view and identified, instead, a new band of innovators that worked from the bottom up. According to this thesis, these innovators always disrupted the market with a lower quality product or service aimed at the least profitable customers and then, over time, deliberately moved upmarket to compete with market leaders. Christensen demonstrated that the market leaders routinely conceded the least profitable customers in order to focus their efforts on higher margin customers and mistakenly believed that either the new entrants would never move upstream or that they could be kept at bay. These new entrants first target the low end users or even non-consumers with inferior products and services that are cheaper and less functional than incumbents and certainly better than nothing at

all. Over time they improve performance to eat into the higher performance sectors and more profitable customers. Good examples are discount brokerage, Charles Schwab that originally targeted customers that could not afford to play by the rules of traditional stockbrokers or MBNA who originally targeted traditionally higher risk customer segments that Visa and Master Card did not care to serve. In the latter case, MBNA had developed sophisticated risk assessment software that could help them better analyse risk in this segment.

Kim & Mauborgne (2005), identified the third innovation era and named this Blue Ocean Strategy. Here the authors also embraced the bottom up approach and identified a new breed of innovators that stopped thinking about traditional products and competitors and focused on the combination of identifying unmet needs and eliminating unvalued ones. In this model, innovators offer more of certain attributes and less of others in a move to capture uncontested 'blue ocean' markets and segments. These firms tap new, existing and even mature markets, coming at them more or less sideways. This became known as 'value innovation' and an example is Cirque De Soleil who reinvented the circus by reducing the dependence on clowns, big name stars, disjointed acts and tented rings, instead introducing a plot, modern music and acrobatics. Another example is wine producer, Yellow Tail, who eliminated the abstract descriptions, complex labelling and grape types and replaced these with simple, clear language on the label and a limited amount of grape varieties to choose from. This opened up the market to the large subset of beer drinkers who had heretofore wanted to explore wine but felt intimidated by the complex labelling, abstract taste descriptions (e.g. worldly, with oak and a sooth summer fruit tang) and variety.

According to Downes & Nunes (2014), we are now in the fourth era of innovation and this is known as Big Bang Innovation. In this era, the new innovators attack existing markets not just from the top, bottom or sides but from all three at once. These innovators do not play by any of the conventional rules as they expertly exploit the exponential growth and falling costs of technology to create offerings that are better, cheaper and more customised all at once. The meticulously prepared strategic plans of Porter can be neutralised in an instant, while the leisurely response by Christensen or even the clever search for blue oceans can be derailed.

One feature of the big bang innovator is that its products are both better and cheaper right from the time of launch, thus leaving incumbents hamstrung and incapable of knowing how to react. In fact, big bang innovators regularly destroy businesses they did not even intend competing with in the first place. Such companies are merely collateral damage as the innovators embark on a journey to find

new markets. The inventors of the app stores, for example, did not set out to destroy the traditional business of Garmin, Tom Tom, Rand McNally or countless others. In addition, big bang innovators have made the traditional market segment model obsolete.

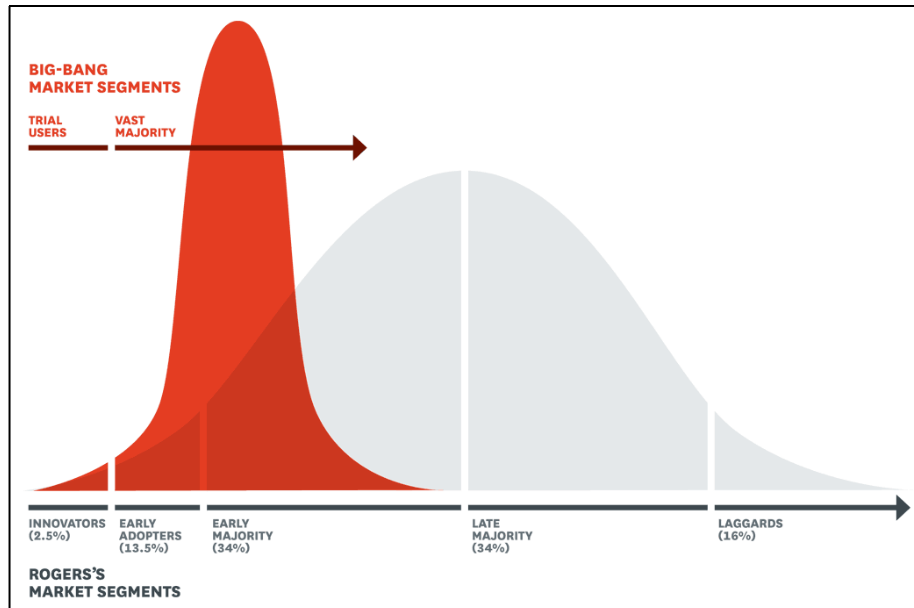

Figure 2: Big Bang Market Segments

The traditional market adoption model had five clear segments comprising innovators, early adopters, early majority, late majority and laggards. Big bang innovators have collapsed the traditional model to just two segments – trial users and everyone else. One interesting observation of big bang innovators is that the market lifetime is less than half of the traditional market as their rise and decline are extremely steep. They might not last long but they will destroy incumbent companies along the way. For example, in the UK and Irish Markets My Space was destroyed by Bebo before it was itself destroyed by Facebook (Hempel 2007). Some examples of big bang innovators are Uber and AirBnB. These two upstarts are rapidly upending the long established taxi and hotel industries respectively. In fact, at the time of writing, AirBnB, founded in 2008 and today with 600 employees, has a market capitalisation of $10BN while Hyatt International, founded in 1957 and today with 75,000 employees, has a market capitalisation 20% lower at $8BN (McDuling 2014). Even more incredible is that AirBnB does not own a single bedroom. By a similar token, Uber does not own a single automobile.

For established companies, the conditions that can lead to failure and collapse are never far away. The areas described above, individually, in series or in parallel, can lead to corporate malaise or even extinction. To recap, these are: the emergence of executive hubris as a result of not knowing the

reasons responsible for past success, decreasing customer loyalty as a result of unlimited choice and information and, finally, the emergence of innovators who, by attacking a business from the top, bottom, sides (or all three together) can leapfrog the traditional industry framework to offer customers a better, cheaper and more customised alternative.

Survival in a Time of Dynamic Change

How can existing, successful or surviving companies deal with this? One way is for the CEO to kill or be prepared to '*kill the company'*. Of course, this is not to suggest that the CEO take a decision to liquidate the company or immediately shut down what has brought the company success. Being prepared to kill the company is first and foremost a mind-set. This mind-set demands that a set of practices are in place to ensure that the company is prepared for, and indeed remains one step ahead of, executive hubris, changing customer preferences or innovators who intentionally or otherwise stand ready to destroy its business model.

In certain cases, this may require a pivot that kills the company in its current form and in other cases nothing this drastic is required. However, being resolute in the intention to kill the company, if that is what is required, is an absolute prerequisite. Otherwise, executives will look for tenuous signs and cling to hopes that customers will return or this upstart competitor will disappear. Being prepared to kill the company sounds easy and most CEO's will agree that they would be prepared to do just this to ensure their company's success and longevity. However, unless certain practices are deeply ingrained in the company culture, the reality is that killing the company as it exists today is unlikely to happen. It will be too late and the company will already be among the 'living dead' category by the time the realisation occurs.

Human nature is also working against the ability to change in order to save oneself. According to Duigg (2012), only 20% of people actually make the necessary and corrective long term change in habits after life-changing experiences such as heart attack, onset of late stage diabetes etc. Hence, the habits required to ensure longevity either personally or as a corporation require dedicated and sustained attention.

An Eastern Perspective

Parthasarathy (2012),an Indian philosopher who hosts the YPO Life in Focus Experience at the Vedanta Academy outside Mumbai, argues that humans can only conquer their ego when they are free from attachment and that attachment creates an unhealthy possessiveness that obscures

reality. Attachment is an emotional bondage resulting from unintelligent, preferential relationships. In every case where there is attachment and possessiveness, one's assets eventually become one's liabilities. To prevent this one needs to have an objective view, a disinterested interest or a dispossessive feeling towards one's possessions. This is relevant to killing the company as executive hubris can often stem from a blinding attachment and possessiveness around the status quo. As long as the CEO remains attached to, and possessive over, the current business model, then the reality is obscured and executive ego cannot be far away.

Preparing for 'The Silent Creep of Impending Doom'

CEO's capable of having a disinterested interest in areas and things that are crucially important is a very unique mind-set. It does not mean that they do not care. It means that they can step outside the emotional bondage of the situation and observe the state of affairs in the 'third party', with clarity and objectiveness. It also means that the CEO, or their ego, is not attached to the current state and they are willing to make whatever changes are necessary including killing the company as it currently stands. Failure to do this will prove a fertile ground for what Collins (2012) calls the 'silent creep of impending doom' - the first stage of which is hubris born out of success. Collins (2012, p.43) goes on to offer five markers for executives to check if they have the hubris disease. These are:

- *Entitlement & Arrogance*: Success is viewed as "deserved", rather than fortuitous, fleeting, or even hard earned in the face of daunting odds: people being to believe that success will continue almost no matter what the organization decides to do, or not to do.

- *Neglect of A primary Flywheel:* Distracted by extraneous threats, adventures, and opportunities, leaders neglect a primary flywheel, failing to renew it with the same creative intensity that made it great in the first place.

- "*What" Replaces "Why":* The rhetoric of success ("We're successful because we do these specific things") replaces understanding and insight ("We're successful because we understanding why we do these specific things and under what conditions they would no longer work").

- *Decline in Learning Orientation:* Leaders lose the inquisitiveness and learning orientation that mark those truly great individuals who, no matter how successful they become, maintain a learning curve as steep as when they first began their careers.

- *Discounting The Role Of Luck:* Instead of acknowledging that luck and fortuitous events might have played a helpful role, people being to presume that success is due entirely to the superior qualities of the enterprise and its leadership.

To escape hubris and executive ego, CEO's need to survey themselves and their firm against the five points above and rise above the emotional bondage and attachment that obscures reality. Parthasarathy advises that one should practice what that ancient Veda teachings call a *sattva state of mind*– serene, objective, energetic, contemplative, free from attachment and possessiveness and endured with consistency of purpose.

The Centrality of Customers

Customers' needs, desires and preferences change much faster than most businesses perceive. Regularly the business itself is one of the last to find out that customers preferences are changing. Small changes in demographics or in upward or downward mobility can leave the best of companies flatfooted. Being close to your customer is the best way to understand what is happening in the market. To succeed, companies have to learn how to think like a customer and make their products and services the customer's first choice.

As mentioned earlier, customers feel that blind or unconsidered loyalty is no longer in their best interest. In the absence of loyalty, businesses must adopt a more effective way to convert prospects into enduring customers who will repurchase, advocate, and provide invaluable referrals. If companies don't change and adapt to this new generation of empowered and aggressive customers, then customer churn will destroy profits. According to Bloom (2012) there are four opportunities for companies to convince these empowered, aggressive customers to buy from them rather than competitors:

1. *The Now-or-Never Moment*— First Brief Contact
2. *The Make-or-Break Moment* - Lengthy Transaction Process
3. *The Keep-or-Lose Moment* - Customer's Continued Usage
4. *The Multiplier Moment* - Repeat Purchase, Advocacy, and Referral

It is vital to understand that these four moments are sequential and co-dependent - if businesses fail to secure the prospect at the first decisive moment they will never have another opportunity and the same destructive outcome holds true at each of the other three moments. To achieve success throughout the prolonged purchase progression, businesses must create customer preference at each of the four decisive moments. Today, many companies are embracing digital media to uncover customer insights and indeed Customer Insight Managers are becoming more frequent in larger organisations. This position is not about knowing mere statistics but having key insights. You can't get to know 'females between 25 and 40' or 'purchasing agents'. Getting to know the customer in human terms and the job they are trying to get done – not as a statistic – will help facilitate deep understanding. Harnish (2002) suggests that it is imperative that each executive in the company calls one customer, at least each week if not each day, and asks the following four questions:

1. How are you doing?
2. What's going on in your industry?
3. What do you hear about our competitors lately?
4. How are we doing?

This information should in turn be compiled and fed into weekly meetings of senior company executives to look for patterns in changing customer behaviour.

Being prepared to kill the company also requires an innovators mind-set. It's much more preferable to kill your own company and move on to a more sustainable path than to be killed by another company while clinging to the past. An example of someone that successfully killed the company is Louis V. Gerstner, Jr. at IBM. By the early 1990's IBM were struggling. Microsoft had stolen their lunch on the PC market and IBM had just announced the largest corporate loss in US history. Their golden age was truly over. At this point, the company hired Gerstner as its new CEO. For the first time since 1914 IBM had recruited a leader from outside its ranks. Gerstner did not carry the attachment or emotional bondage of IBM insiders. Gerstner quickly set about killing the old IBM by pivoting the business towards a software and consultancy provider after quickly acquiring PWC's consulting division and software house, Lotus Development. This innovative move by Gerstner also realigned the company with changing customer preferences.

Gerstner acted like what Dyer et al. (2012 p.05) describe as a corporate entrepreneur. In their research around common traits of innovators they identified four types: (1) Start-Up Innovators – entrepreneurs that offer value that is unique to the market. An example is Jeff Bezos from Amazon (2) Corporate Entrepreneurs – those that launch an innovative venture within the corporation. An example is Louis V. Gerstner, Jr. at IBM. (3) Product Innovators – those that invent a new product. An example is James Dyson at Dyson (4) Process Innovators – those that launch a breakthrough process. An example was A.G. Lafley at P&G. (In addition, their research identified that there are five skills that differentiate innovators from typical executives. There are:

- *Associating - Innovative thinkers connect fields, problems, or ideas that others find unrelated*
- *Questioning - Innovators are consummate questioners who show a passion for inquiry*
- *Observing - Innovators carefully watch the world around them, gaining insights and ideas*
- *Networking – Innovators search for new ideas by seeking out people who offer a different view*
- *Experimenting – Innovators are constantly trying out new experiences and piloting new ideas*

Embracing Innovation

CEO's of companies that wish to survive should embrace innovation within their company and bring this to life with an autonomous in-house innovation department or division, led by a C level executive that reports directly to the CEO. Examples of such divisions are GoogleX, Nordstrom Labs or Staples Velocity Labs. Setting up a successful corporate innovation lab is a delicate venture. According to Govindarajan & Trimble (2005), to be successful, Innovation Centres (InnCo) created within existing organisations (CoreCo) most overcome three challenges:

1. *The Forgetting Challenge:* InnCo must forget CoreCo's embedded business definition and formula (where do we play, who are our customers, how do we serve them, how do we create value). InnCo must have the freedom to answer these questions differently and plot options that may cannibalize CoreCo's revenues. CoreCo has a powerful organisational DNA and hence InnCo must be capable of forgetting CoreCo's assumptions, mind-sets and biases.

2. *The Linking Challenge:* InnCo must be able to access select assets from CoreCo that start-ups can only dream about e.g. data, customers, funding, supply and distribution networks, capacity etc. InnCo needs to be sheltered enough from CoreCo so that it can readily forget but close enough to make linking convenient. InnCo should only be linked to CoreCo in areas and functions where InnCo can gain a crucial advantage.

3. *The Learning Challenge:* InnCo must learn how to operate under ambiguity and be comfortable with uncertainty and exploration. It also needs to learn how to recognise patterns, clarify assumptions and constantly improve predictions. InnCo needs to learn how to fail fast, gracefully and often while marching swiftly on.

Above all, successful corporate innovation labs should always be looking for ways to kill their company and kill the competition while they are at it.

Concluding Commentary

In conclusion, there's nothing wrong with steadfastly adhering to well-proven practices and strategies, but only if one fully comprehends the underlying 'why' behind those practices, and knows when to keep them and when to change them. Like songwriter Kenny Rogers sang in *Coward of the County,* 'you got to know when to hold 'em and know when to fold 'em'.

Many great companies survive a considerable period with a tried and tested formula but it's likely that they know exactly what conditions give rise to their success and what conditions would give rise to a change in fortune. The secret is not to keep changing for change sake or to keep innovating for innovation sake. The goal is to have a questioning mind-set, what Collins (2012) calls 'productive paranoia'. Companies with productive paranoia don't wait for the storm to hit. They presume its coming, they just don't know when. So, they prepare carefully and methodically for its arrival. These companies are ready to kill the company in its current form and not just as a defensive mechanism. Indeed it's more often to seize the opportunity brought about by changing customer preferences or to attack new markets.

Finally, a word of warning. Companies should never kill their company without good reason. Change can be seductive in itself. CEO's that feel they need to leave their mark on a business or industry by pivoting their business, aka Louis J. Gerstner Jr., and for no other reason than to feed their own egos are no smarter than those whose egos prevent them from seeing when they need to pivot for good reason. Bloom (2008, p.3) puts it best when he states, "some leaders cannot resist the seductive exhortation to re-invent their businesses – to turn them into something they do not have the potential to be".

So, go ahead, sharpen the knives and ready your business today for sacrifice but only lower the blade out of objective kindness. The king is dead. Long Live the King.

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