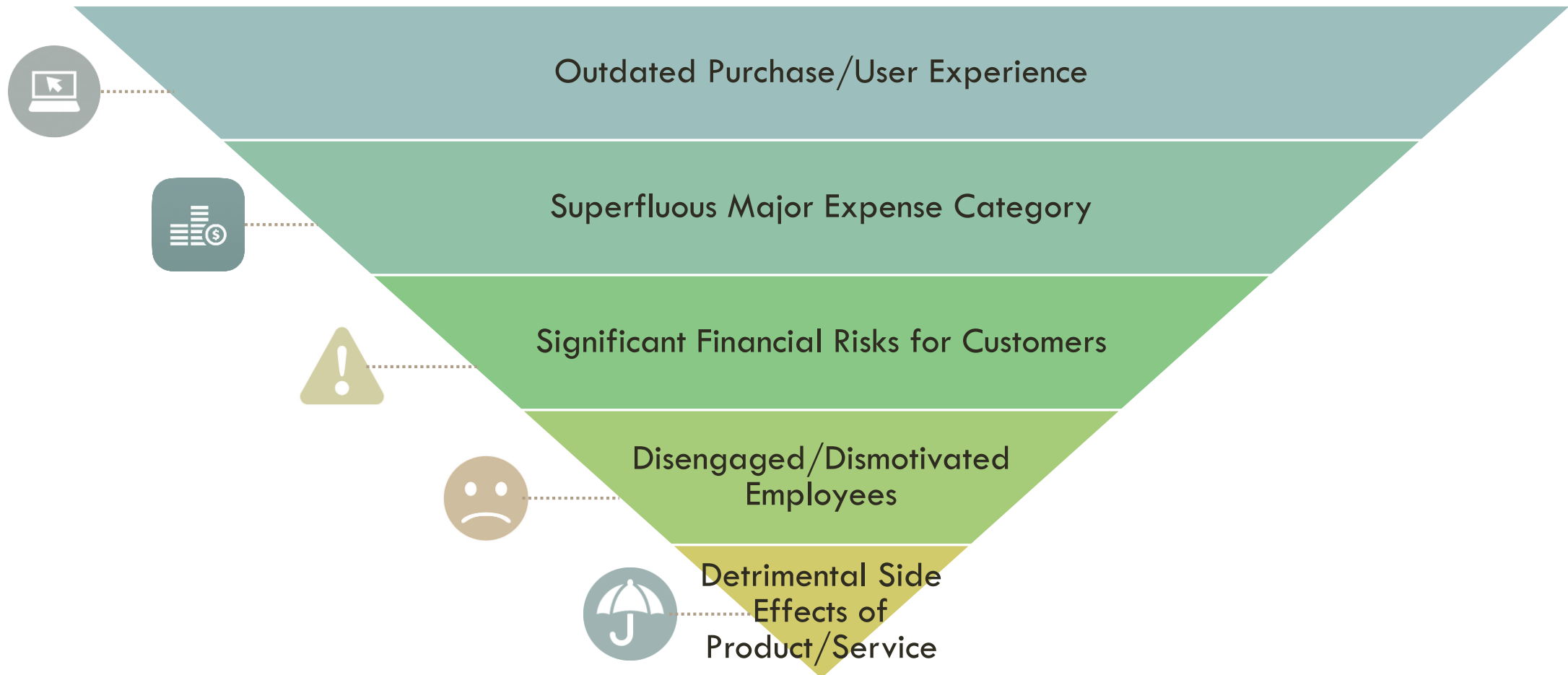



# **BREAK YOUR INDUSTRY'S BOTTLENECKS**

Ersek, Keller & Mullins

# COMPANIES THAT DISRUPT “BUSINESS AS USUAL” INNOVATE TO BREAK COMMON BOTTLENECKS



# BONOBOS: BREAKING THE CUSTOMER EXPERIENCE BOTTLENECK



*Broken bottlenecks:* Using an online platform to disrupt the frustrating process of shopping around for clothes; using “Guideshops” to disrupt the frustrating process of not knowing how items purchased online will fit



*Where are these bottlenecks common:*

- Industries with longstanding customer experience formats – customers are used to pitfalls & don’t complain



*Questions to break the bottleneck:*

- Has the customer experience in the industry remained unchanged for a long time?
- Are new technologies challenging it?
- Are there repeated steps that could be eliminated?



# REDBOX: BREAKING THE SUPERFLUOUS COST BOTTLENECK



*Broken bottlenecks:* Using automated DVD rental kiosks to eliminate staff and location costs of traditional video rental



*Where are these bottlenecks common:*

- Industries with an established model for success that fails to questions which features of product/service are critical to customers



*Questions to break the bottleneck:*

- What are the large categories of expense in the industry?
- Is it possible to reduce or eliminate any?



# HYUNDAI: BREAKING THE CUSTOMER RISK BOTTLENECK



*Broken bottlenecks:* Using a “guaranteed buyback” program to lower the financial risks customers faced financing a car in an uncertain economy



*Where are these bottlenecks common:*

- Industries with products/services that represent a major financial commitment for customers



*Questions to break the bottleneck:*

- Does buying the product/service require customers to assume significant risk?
- If the firm were to assume that risk, would it change customers’ purchase decisions?



# APPLETREE ANSWERS: BREAKING THE WORKFORCE MOTIVATION BOTTLENECK



*Broken bottlenecks:* Using an engagement program to make employee “dreams come true” and decrease turnover



*Where are these bottlenecks common:*

- Industries with high turnover where assumptions about how to manage and motivate employees are unquestioned




*Questions to break the bottleneck:*

- Does the firm have high employee turnover rate?
- Does the firm strive to understand both employees’ and customers’ desires and constraints?



# PATAGONIA: BREAKING THE DETRIMENTAL SIDE EFFECTS BOTTLENECK



*Broken bottlenecks:* Using environmentally friendly suppliers to increase customer demand and loyalty



*Where are these bottlenecks common:*

- Industries with products/services that generate side effects that do not directly impact the customer



*Questions to break the bottleneck:*

- Does the product/service cause adverse side effects customers care about?
- Will customers pay a premium to reduce them?

