



RE-CONTOURING BUSINESS

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ABSTRACT

The term re-contouring ordinarily used in context of reshaping teeth, faces has been used in context of business to convey changes in its outlines. The article explores the concept, navigates through driving forces bringing about these changes and cites contemporary cases of business re-contouring. It is a concept paper that draws heavily on cases reported on websites and in journals.

KEYWORDS

Re-contouring, Technological Disruptions, Business Models.

INTRODUCTION

Re-contouring or reshaping is an inherent aspect of business. In our times we have seen a change in the very DNA of business impacting its shape, size and way of operation. A new science and craft of engineering, managing and sustaining business is evolving and more emphatically now than ever before Business is found grappling with the question of Who or what moved my cheese.

Tectonic shifts have occurred within the business landscape reflecting changing emphasis from manufacturing to service industry to IT. Thanks to IT, Business today is transacted at the speed of thought.

There is relentless reshaping; business is morphing challenges into opportunities to delight the consumer and numb competition. Agile newcomers are toppling industry leaders and disrupting entire industries by designing superior products at lower cost, by bringing them to the market faster and by streamlining business processes. Re-contouring has been forced into the conscience of business...operations are being redesigned to remedy problems of environment and other socio – economic issues business has created.

Re-contouring is also happening in terms of a dramatic shift in the balance of global corporate power. According to a McKinsey Report [October 2013](1) just 20 major cities host one-third of all large companies. Tokyo has more than 600 large companies. Only nine other cities around the world are home to 100 or more of such companies' head offices. The quality of the business environment is no longer the only consideration in business location and operations. The rebalancing of the global business landscape is happening and will probably be even faster and more dramatic than the shift of economic growth to emerging regions.

Re-contouring, it emerges is an insurance against redundancy. What businesses need today is the dynamic vision, to see how the scenario is unfolding, to understand the evolving power of shapers and influencers that have left the traditional business world behind and to rethink strategies and policies; develop newer tools and skills so as to respond wisely and ensure smooth transitions in a changing business environment.

We may say, in broad terms, that re-contouring is happening owing to

- The forces of globalization
- The second machine age [artificial intelligence, digitization, internet of things etc.]
- Rapidly changing consumer socio economic profile

While Business itself is being shaped and reshaped it has a huge generative power – a power that re-contours our lives and shapes the destiny of economies and nations. It is therefore necessary to

understand business re- contouring.

This article will focus on identifying forces or factors driving business re-contouring and especially highlight the pivotal role of technology in bringing about re-contouring and to consider some examples of emerging business response to radical entrepreneurial, technological and digital concepts.

Re-contouring Business:

- Today there are over 6 billion mobile phone users as against 1 million in 1990
- The cost of the computing power found in a smartphone was 3.56 million dollars in 1991
- In 1999 it took Google 1 month to build an index of 50 million pages, in 2012 it takes it under a minute to do the same job

In the last 15 years or so life and business has significantly changed. There has been impactful re-contouring of business and some striking examples are mentioned below:

- Transfer Wise a start up in UK provides a technology platform that instantly matches orders for currencies between buyers and sellers at a fraction of the cost charged by banks. It is thus challenging the banking industry
- Sanofi, a pharmaceutical company, has recontoured health care services within the Diabetes space. It sells blood sugar monitors which allow the patient to collect blood samples at home, upload data to a central processing data unit via a smart phone, and get data analysed and reports notified to the patient, health professionals and relatives on the smart phones. The product thus uses mobile, cloud and social technology at one go!
- WhatsApp has disrupted telecommunications
- Nike is no longer just a shoe making company. Its product Nike Plus has shifted their main business from making shoes to information gathering, sharing and selling. Nike plus is a sneaker with built-in sensors that automatically records exercise behavior and achievements of users and helps them modify their exercise actions and behavior. It helps people with data that can help change both the quality and the length of their active lives, change from better health to better habits to better performance. Nike reconfigured how runners approach their sport and thus fundamentally changed the way more than a million people think about exercise.

Recontouring is in play when we see:

- Quick Startups in place of Prolonged Entrepreneurship
- Inclusive Growth gaining importance over Economic Growth
- Environment first - resource sustainability becoming an overriding business concern
- Retail to e-Retail – Apps have become the new Shopping Malls

- Organic Expansion to Startups acquisition
- MOOCs bringing about the concept of a porous university

Recontouring in business is often brought about by disruptions. These disruptions could be:

1. Technological Disruptions
2. Business Model Disruptions
3. Behavioural Disruptions

1. Technological Disruptions

Technological disruptions are happening simultaneously and are bringing about business re-contouring. McKinsey Report [2013] (2) identified twelve disruptive technologies that have and will continue to re-contour business, trigger economic transformations, disrupt the status quo, alter value pools etc.

These technologies being:

1. Mobile Internet
2. Automation of knowledge work
3. Internet of things
4. Cloud
5. Advanced Robotics
6. Autonomous and near autonomous vehicles
7. Next generation genomics
8. Energy storage
9. 3 D printing
10. Advanced materials
11. Advanced oil and gas exploration and recovery
12. Renewable energy

Among these the mobile internet, autonomous vehicles, and advanced genomics—have the potential to truly reshape the world in which we live and work. The Report pegs the collective economic impact of the applications of these technologies between \$14 trillion and \$33 trillion a year in 2025. These technologies will impact organizational strategies, existing products and services, business models, future/nature of work and employee skill sets.

Technological Disruptions can be broadly classified as:

1. Bottom up technology disruptions

Here the technology starts off with being inferior but gradually moves up to such a level that it disrupts and redefines existing markets. For example digital cameras have almost wiped off film cameras.

According to Professor Christensen bottom-up disruptions are usually deadly for established players as their alternative products are cheaper and superior.

2. Top down technology disruptions

These innovations are superior to existing products when introduced and are available at a premium price. Their purchases are exclusive [not for masses] but with time their adoption in the market increases and new products mirror them. Examples would be Ipod, Tesla Car etc.

3. Big Bang Disruptions(3):

Here the technology when introduced is superior and cheaper and there is mass adoption. Unlike other technological innovations, the competitor is rarely from the same industry or from companies with similar business models or at a time when the existing technology is at the bottom of a mature market. They are a bolt from the blue and can become instantly ubiquitous. Such technologies usually lead to disruptions in several different businesses.

Eg Google maps displaced the demand for hand held navigation devices such as TomTom, Garmin, and Magellan.

Twitter, has destabilized everything from the news and information ecosystem to unpopular national governments.

Driverless cars for instance will marginalise insurance industry,

parking industry, jobs of drivers, auto financing etc.

2. Business Model disruptions

Businesses today have evolved from brick and mortar to come up with unique value propositions and diverse and even unconventional revenue streams. Businesses are using creativity and technology to create compelling value for all parties in a transaction.

Striking examples in this context are:

- The biggest media company in the world 'U tube' doesn't own content
- Uber owns no taxis
- Biggest hotelier AirBNB owns no hotels. While Hilton built 600000 rooms in 93 years, AirBNB have 900000 rooms in 4 years

These are full stack startups that provide services end to end and are disrupting traditional businesses.

Jo Caudron and Dado Van Peteghem have highlighted 10 businessmodels behind digital disruption(4). These are:

1. The Subscription Model (Netflix, Dollar Shave Club, Apple Music): Subscription fee for continual access to product/service
2. The Freemium Model (Spotify, LinkedIn, Dropbox): Disrupts through digital sampling. Users are charged only when they require a full or upgraded version of a service or product.
3. The Free Model (Google, Facebook): Consumers are offered a 'free' product or service that captures their data/attention which is then used for marketing/ product promotions.
4. The Marketplace Model (eBay, iTunes, App Store, Uber, AirBnB): Provides a digital marketplace where buyers and sellers transact for a placement fee or commission
5. The Access-over-Ownership Model (Zipcar, Peerbuy, AirBnB): Disrupts by providing temporary access to goods and services that are ordinarily available through purchase.
6. The Hypermarket Model (Amazon, Apple): Disrupts by 'brand bombing' and using scale and discounts to crush competition.
7. The Experience Model (Tesla, Apple): Disrupts by providing a superior experience, albeit at a phenomenal cost.
8. The Pyramid Model (Amazon, Microsoft, Dropbox): Engaging on commission an army of resellers to capture markets.
9. The On-Demand Model (Uber, Operator, Taskrabbit): Disrupts by monetising time and selling instant-access at a premium.
10. The Ecosystem Model (Apple, Google): Disrupts by selling 'bundled' suite of products and services that increase in value as more are purchased.

3. Behavioural disruptions

While technology is disrupting markets they are also re-contouring employee behavior, values and expectations; impacting the way they communicate and connect. Today there are more connected devices but more disconnected people. People are in their comfort zones being on the internet and on social media and seem to be unmindful of human company. Technology has thus brought about behavioural disruptions. This behavior besides affecting people's lives will also affect work and business as a place of executing work. People have access to sophisticated devices at home and would in time to come be reluctant to move out of their homes to work at their offices, given that the infrastructure that they by and large require to execute their work is available within the comforts of their home. So technology will re-contour work places and work itself!

To sum up re-contouring is essentially customerising the front end, industrializing the back end and managing both these through IT/digital services and platforms.

India is on the cusp of interesting new times. We have IT prowess – the very enabler of recontouring but insignificant innovation - a crucial driver of change. India needs new thinking on genuine entrepreneurial creativity, sustainable technical and social policy innovations. We need to re-contour business to address our socio economic issues and bring about inclusiveness. The task is daunting but in the encouraging words of Prime Minister Modi, “We are strong on YP...Youth Power; we have a million problems but we also have a billion brains”.

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