



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

Businesses can grow in one of three ways. They can grow through EXPANSION of their value adding processes with an increase in their market share and the attraction of new customers. The soundness or basis for EXPANSION rests on the ability of the business to continuously improve the effectiveness of its value adding processes and create an organization free of encumbrances in its members being able to apply themselves to their potential.

A business can also grow by EXTENSION of the market segments or market niches which it serves. Rather than producing a product it can produce a system of products with differentiating characteristics. The soundness or basis for extension in order to be able to attract and hold higher value end markets comes from being able to create developmental alignment in its value adding chain and being able to develop the being of those who make up the organization such that they can develop the value adding process and better extract the essence potential of materials.

Businesses can also grow by EVOLUTION or producing a new form of product offering. This is normally done in concert with an EVOLUTION taking place in their industry. The soundness of producing something evolutionary is having a singularity or distinctiveness of capability in the areas of the product and developing identification of the business appropriately focused on the point of evolution in the industry.



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

EXPANSION

Expansion does not necessarily require an improvement in products or a change in, or a new, product offering. To engage in fundamentally sound expansion a business should have the demonstrated capacity to continuously improve the effectiveness of its value adding process and the capacity to develop and achieve the full potential contribution of the members of its organization.

The following paradigms and processes are aimed at validating the capacities required for EXPANSION.

ASSESSING EXPANSION POTENTIAL

A primary consideration in ascertaining the growth of a business is its capacity to achieve continuous improvement in the performance of its value adding process.

PARADIGM FOR EXPANSION

Demonstrated capacity to bring about a continuum as well as step function shifts in improvement in the effectiveness of managing materials and ideas, successfully transforming them into products.

- Select a business or product line which you think has the potential for expansion.



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

- What is the track record of the business in improving the management of materials?
- What is the track record of the business in improving its effectiveness in converting materials into products?
- What are the current goals of the organization in improving the management of materials and in converting materials into products or in gaining realization from products?

ASSESSING THE LIMITATIONS TO EXPANSION POTENTIAL

The capacity to effectively expand a business is primarily limited by the being characteristics of the business organization.

PARADIGM FOR OVERCOMING

LIMITS TO EXPANSION

Having the capacity to free the organization from those characteristics which limit it from gaining the full potential contribution from its people and from gaining full realization from products and from the value adding process.

THE REGENERATIVE BUSINESS DEVELOPMENT COMMUNITY

Carol Sanford Institute



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

- How does the organization go about continuously increasing its effectiveness?
- How does the organization improve its ability to understand the feelings of its stakeholders?
- How does the organization determine which pursuits are most nourishing?



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

EXTENSION

Growth by extension of the product offering into markets where greater margins can be realized requires developmental capability on the part of the organization. Distinctive performance capabilities and or distinctiveness in qualitative characteristics are required of product offerings which are able to achieve and sustain higher order margins. Organizations which ongoingly develop the thinking and behavioral capacities of their members have the greatest capacity to produce and maintain extensions of their value adding processes.

The following paradigms are aimed at ascertaining whether the added capacities necessary for EXTENSION are within the grasp of a business.

A business organization capable of extending product offerings is normally a source within its value adding chain for development and has the capacity to pursue the following paradigm for extension.

PARADIGM FOR EXTENSION

Sourcing that nature of product development and improvement in product offerings that coalesces members of the value adding chain into an integrated whole by providing them distinctive competitive advantage.



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

- What are the growth criteria you would set for a business regarding the nature of interactions it is currently able to establish with members of its value adding chain?
- Select a business which you intuitively sense has the potential to extend its product offerings. What objectives or goals has this organization set or met that are related to your selection of it?
- What opportunities exist for the business where it can become a developmental source?
- What must the business become singularly able at in terms of qualitative characteristics or product and in terms of product performance so that it can protect margins?

Extension also requires the nature of being that has the capacity and will to develop as a means of sustaining the extension of its products.



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

PARADIGM FOR SUSTAINING EXTENSION

Actualizing that nature of change in our being and in our ways of working such that we have the ableness to achieve distinctive margins on our products and consequently distinctive realization from assets.

- Select a business which you feel has extension potential.
- Are the driving forces of the business' organizational change consistent with achieving distinctive margins and distinctive realization from assets?
- What personal capacities are being nourished by the change the businesses are seeking to make in its managing processes?
- What would your characterization be of the identity the business is trying to develop?
- How have we versus how should we as a corporation seek to improve our nature of being if we wish businesses to achieve distinctive product margins and achieve distinctive realization from assets?



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

EVOLUTION

EVOLUTION as contrasted to EXTENSION and EXPANSION represents a change in the form of the product offering and/or a change in the form or nature of value adding process. This means that the product or the process is different from what it was before. This contrasts to a product being of the same nature only more effective or qualitatively better or more effectively produced as is the basis for extension and expansion.

There are several examples where an evolution of a product offering was developed that was evolutionary in nature but those who developed it failed to gain the advantage of it. The development of the quartz watch by the Swiss would be an example. Gaining full realization is dependent upon the capacities related to EXPANSION and EXTENSION. There are also examples of where evolution was produced in an industry where a dominant player(s) failed to recognize it. In recent times IBM would be a case of failing to recognize an evolution to higher order capacity in the form of the personal computer and therefor losing a dominant position.

The capacity to produce and realize value from a more evolved product offering is dependent upon possessing the capacities to EXPAND a business and EXTEND the value of the products it produces. It also demands the capacities to be singular and distinctive.



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

PARADIGM FOR EVOLUTION

Its ability to stand above all others in its reliability in producing those qualitative characteristics of its product system offering that would enable it to fulfill the evolutionary requirements that emerge in the industry it serves.

- Can you think of anything that is more critical to effective evolution of a product and product system offering?
- Select a business and establish goals for that business that if met would indicate to you that we should seek to grow that business.
- How would you advocate we use all of the above paradigms?
- What directional changes do we need to make in the corporation to achieve alignment to these paradigms?



Three Levels of Growth: Assessing Potential Expansion, Extension and Evolution

How do we know that we are concentrating on the right thing such that we gain advantage from the evolution of the industry rather than being bypassed as evolution occurs?

Ongoingly refining the nature of our value adding processes such that they shift their focus in concert with sourcing the evolution (higher order adaptations) of the industry.

- Can you identify losses which occurred to major players who failed to identify and focus on the evolutionary changes that were occurring in their industry?
- How does our reward system for individuals and businesses correspond with developing concentration on the right thing?
- What should the role of the corporate core be in insuring that we develop the appropriate concentration in our businesses?
- How should the above paradigm on concentration be reflected in our planning processes?