Whitespacing: The Art of Productive Innovation
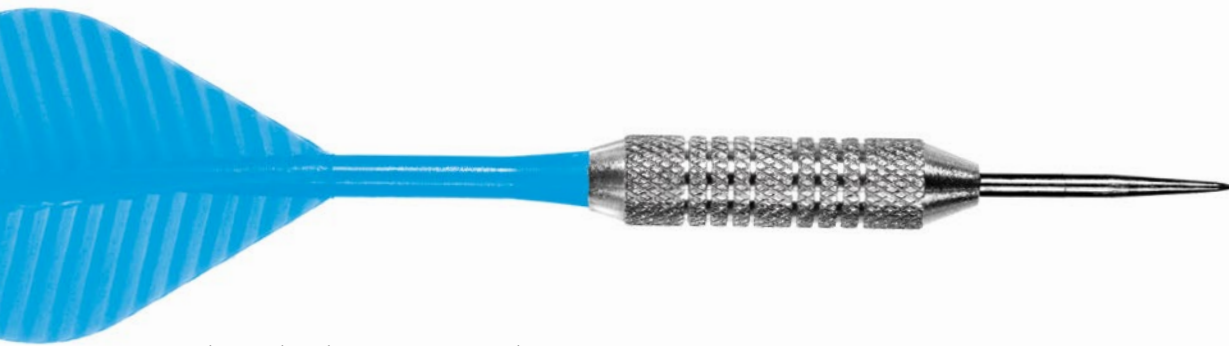
BY CHAD MCCLOUD

A senior business leader recently said, "Our company is really good at implementing incremental features. It's the game-changing stuff that will kill us."

On the one hand, most companies have a structure in place to create successful new product enhancements. Customer feedback and product usage drive insights for new features and functionality, prioritization criteria and roadmaps help flight new enhancements, and product managers have the accountability and authority to develop and launch product features successfully.

On the other hand, many companies struggle with the "game-changing stuff." There are numerous examples of companies, both new and established, who have successfully expanded their businesses beyond traditional offerings and capabilities. One of Amazon's fastest growing revenue streams is from premium services like expedited shipping and video streaming – they have expanded beyond just selling books. General Motors generates more profit from financing vehicles than selling them. Both companies found the "whitespace" of new growth opportunities and have transformed their market positions with new profit centers.

1. HOW DO WE START?

Chalk the field. Setting boundaries before you begin whitespacing seems counterintuitive. We've found that providing some structure upfront will elicit ideas that align to the company strategy. Do you want to expand to new customers with similar products, services, and capabilities? Or expand new offerings to existing customers? If customers are B2B, do you broaden the definition of "customer" to include other departments or roles? Chalking the boundaries of innovation will help elicit more productive innovation sessions.

2. WHERE'S THE WHITESPACE?

Use frameworks for perspective. It's difficult to know whether you're targeting whitespace or not, without a map to show where the whitespace is. If you want to broaden your offerings to existing customers, then a Customer Journey map can be useful. An example here is the software company Intuit, that offers Quickbooks to help their small business customers

manage their invoicing and bookkeeping. A Customer Journey map would show their traditional Quickbooks product satisfying specific needs of small businesses. A broader view across the "journey" of a small business reveals that these companies also need operational help (e.g., managing inventory), sales help (e.g., managing customer relationships), and financing help (e.g., qualifying for loans). Intuit has expanded its offering to meet the needs of their small business customers beyond traditional invoicing and bookkeeping.

quickly. Partnering with other companies can also create symbiotic relationships that are profitable for both parties.

5. WHAT'S WORTH PURSUING?

Evaluate the opportunities. A few key questions will help qualify the defined opportunities. What is the opportunity value proposition? Which customers consider the problem that the opportunity addresses to be important? What are customers doing today to solve the problem? What kinds of customers would consider our brand to solve the problem? Can we

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3. WHAT'S THE OPPORTUNITY?

Define what the customer wants to solve. Customers have different needs in every part of their journey, and these needs change depending on each step in the journey. Consumers who are interested in purchasing a new vehicle may want experiences that put them in as much control to research and learn as possible. Those same consumers, when getting oil changes on their purchased vehicles, want an experience that is fast and convenient. These experiential expectations can help influence whether your company's core competencies match with opportunities.

4. HOW DO WE PURSUE THE OPPORTUNITY?

Define the "How." Companies don't have to build new products, services, or capabilities to make them successful. If building isn't a core competency and there are worthy candidates in the market, an acquisition strategy can help increase market offerings

as a company make money from the opportunity? Evaluating market demand against willingness to purchase will help prioritize the "customer-friendly" opportunities, and business case analysis with consistent assumptions will help determine which of those opportunities are more profitable.

Pursuing the set of "next big ideas" is a high-stakes gamble for market position and investment dollars. The art of whitespacing increases the odds of success with the "game-changing stuff" that drives real, transformative growth.

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