

Is Your Business Model Future-Proof?

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Quickly checking the answer to this question seems easy: Peek into an electric car and see if your products are present in it. The drive of a fossil fueled car is comprised of around 2000 components, while an electric model only holds about 80. Electric cars are going to keep on gaining market share, at the least because China wants it that way. In a Chinese city of 10 million people, it becomes apparent that China is not debating electric mobility anymore – but already acting it out. Even an outright ban of combustion engines is being anticipated. Whoever fails to be present in an electric car has to act.

Globalization, digitalization and changed customer behavior are further strong driving forces. The automotive industry is in a time of upheaval; some even speak of revolution or disruption. This is not anything new. But the pressure to change and its speed are increasing tremendously. Opportunities and risks are not distributed evenly, especially in the supply industry. The prospects for manufacturers of electric engines are different than those of foundries. Since companies usually are not agile sports cars, they must act early on. Putting one’s head in the sand is not an option. And one thing is for sure: The big manufacturers are not going to pay for this structural change.

Legions of German automotive managers are going on pilgrimages towards Silicon Valley on a futile search for an easy solution. Even in California, successful business models consist of the elements (end) user, supply, and production factors. In particular, customer orientation seems to be in the focus. The fact that most of the new attackers did not even exist 10 years ago is a chastening thought. Therefore, a business model must not be focused solely on traditional car manufacturers anymore.

After recognition must follow action. The automotive industry may have financially weathered the automotive crisis of 2008/2009. However, an exceedingly low number of manufacturers have experience with profound restructurings of their company. Therefore, no one should shy away from taking help from the outside for a review of the business model and an adjustment of the organizational and legal outline data. Bad decisions may cost even more time and are more expensive than the help one should have taken.

How do I find and implement a new business model?

Every business model only lasts until it gets replaced by another which reflects the needs and wishes of the customers better. A smart businessman is vigilant and constantly checks his own business model. But what if, through technological advancement, the economic set of coordinates of a company changes abruptly, possibly even multiple times in a row? Think of the quick shift from analog vinyl records, over CDs (same content, same business model, new packaging), to

downloading (same content, new business model: switch of the distribution channel and publishers) and eventually streaming (like downloading, but with simultaneous replacement of radio channels).

How does the “new” reach the (corporate) world and how can we be part of it? These questions are as easy to answer in thought as they are hard to solve practically and psychologically. The most important prerequisite is being open-minded for change, in both organizational as well as psychological orientation towards something new. Particularly in seemingly highly successful companies, this obstacle induces the biggest problems. After all, who likes changing their path if has been successful so far? Only those who develop a taste for something new will eventually reach change.

The “new” is uncertain and comes with certain risks. How do I get innovative ideas that increase my opportunities without taking existential hazards? Even for this question, there are proved methods that are easy to comprehend.

At its core, it comprises of involving the whole company in issues that traditionally were considered a “matter for the boss”. With techniques of the Business Model Innovation (BMI), employees of the company as well as external experts join forces to “produce” new ideas. The “new” is generally not inside the head of some individual, genius inventors, but much more often the product of dedicated team efforts. Stop waiting for a “smart idea”. Use the talents and the potential of your company!