

## Seize Opportunities!

Through Discovery-Driven Growth

By Ted Garrison



*Professor Rita McGrath is a professor at Columbia Business School in New York. She is the world's leading expert on strategy in highly uncertain and volatile environments. Her new book (coauthored with Ian MacMillan), "Discovery-Driven Growth: A Breakthrough Process to Reduce Risk and Seize Opportunity," was published by Harvard Business Press.*

Professor Rita McGrath reports, "One of the things we are seeing very strongly is that companies that are successful in these truly turbulent environments have a pipeline of opportunities at all times." She advocates that you need a series of approaches where you systematically go through and really conjure up opportunities. Once potential opportunities are identified, it's a matter of screening and scoring them.

I asked Professor McGrath what advice she had for contractors who want to grow their businesses in these crazy times. She responds, "The first thing they must do is segment their potential customers into places where there are still opportunities for growth or for reconfiguration." Contractors might find opportunities for their applications in areas the company normally does not participate in, but where these applications are relevant. The second approach is to ask what skills and capabilities your company has developed that are relevant in a world that is moving very, very rapidly.

Because of the risk of venturing into new areas, I asked the professor how contractors can minimize their risk. She responded that contractors should consider making investments in what she calls "real options," which are small investments that may or may not pay off but don't commit the contractor to a large downside risk. This allows the contractor to test assumptions to find out what does work. In essence, this would allow them to explore new niches without high risk, while developing experience and expertise in those niches.

Many companies install barriers that prevent them from seizing opportunities. I asked McGrath what some of the barriers are. She said the first obstacle is the company's financial analysis. Companies need a different way to



evaluate investments in options because many of the benefits are difficult to analyze in a dollars-and-cents format.

The internal struggles can be immense. For example, when you take money away from established programs to fund a new initiative, the established managers may resist seeing their budgets cut. This can affect not only their departments, but also their personal finances. But maybe the biggest challenge is that most people just don't tend to push beyond the conventional way they have thought about their customers. It's difficult to search out new needs and requirements because these are not areas where current managers are comfortable.

To learn more about how your company can seize opportunities, listen to the full interview with Professor Rita McGrath at <http://www.jackstreet.com/JackStreet/WCON.Moderncontractor.McGrath.cfm>. ■

### ABOUT THE AUTHOR

Ted Garrison is a construction expert who writes, speaks, and consults on the future of the construction industry. He is also the host of the Internet radio program *New Construction Strategies*. He can be reached at [Ted@TedGarrison.com](mailto:Ted@TedGarrison.com).