



Stanford eCorner

Innovation Zones

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Video URL: <http://ecorner.stanford.edu/videos/1321/Innovation-Zones>

Moore elaborates on the four different innovation zones: product leadership, operational excellence, customer intimacy and value renewal. These zones make up the market maturity life cycle.



Transcript

There are actually four I think zones to talk about here. The technology adoption life cycle dominated front into this thing. We're going to call the product leadership zone and what you're going to see about all the forms of innovation in that zone is that they are very powerful and extremely expensive. And they're also highly risky. So the combination of expense and risk demands growth markets to create the kind of returns to make it worthwhile to take those kinds of risks to that kind of money. The two in the blue zone are much less expensive. In fact the operational excellence zone actually can give you money back, right? In fact that's its intent and much less risky but are also much less powerful. So in the growth market, there actually a bad debt because in growth market you really want to fight for market share because you're going to own that market share presumably for indefinitely elastic middle. But once you're in the middle, whatever market share you have is pretty close a very good predictor of what market share you will have, and therefore it's no longer desirable to fight for market share. It's much more desirable to, you know, continually serve the markets that you largely already are positioned in.

So that's what these more economical forms of innovation for. And then the value renewal zone is when you have now found yourself investing in a category which is losing steam either slowly or fast and you got to get out, OK? Or if you're not going to get out, you better plan for kind of an ordered wind down. So I'm going to walk you through the four zones that kind of show you how I think they're shaping up.