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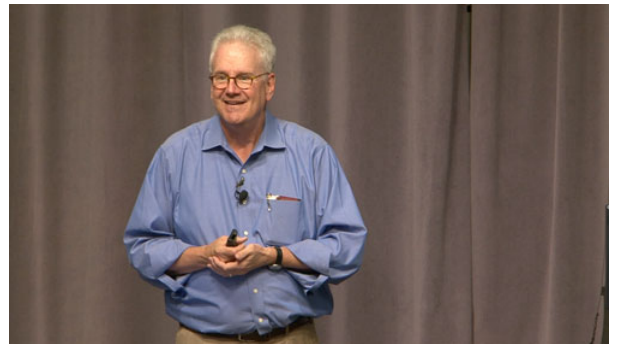
Improve Productivity to Find Resources

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Video URL: <http://ecorner.stanford.edu/videos/2734/Improve-Productivity-to-Find-Resources>

Big companies have lots of money tied up in inefficient programs that could be used to create differentiation and neutralize competition, says author Geoffrey Moore. In this clip, he discusses how massive waste and sloppy business practices hinder a company's ability to create power through innovation.



Transcript

Productivity is when the category gets more efficient and now you're too expensive. And you've got to get yourself back in gear here and we have a bunch of stuff -- this is actually a place where large companies have a ton of money tied up in the paw of the past that you can free up. There's the whole long tail problem they have. That's 10% of the revenue of this chart. It probably consumes 30% of the resources. It's an amazing -- the long tail wags the dog in large companies. So if you just prop off the tail and with some discipline you could centralize and standardize that will change it. Then there's the middle part -- now this is real business but it's real business done in very sloppy ways. And by the way, the reason it's sloppy, big companies via the big companies so they buy middle-sized companies and they merge them. How effective is a process do you think that starts in one company goes to the other company and goes back to the first company? Do you think there might be a little waste in there somewhere? It's crazy.

I mean, the amount of craziness that happens inside the world's best companies. When you work inside these companies you should go, how is it possible that we're winning? Gosh, the other people must be like really bad because everywhere you look it's just like there's just massive waste and it drives you crazy except you can't seem to do anything about it. Again, that's the re-engineering button. Modularize, optimize, just pick the low-hanging fruit, go after it and then finally, just outsource it. You can take and say, look, we're just not going to do this anymore. We are not going to manufacture -- by the way, that little iPad, iPhone whatever you got, it says designed in Cupertino. It doesn't say it's manufactured in Cupertino because it's not. It doesn't say supported in Cupertino because it's not. And so you start figuring out what are the things I don't have to do and those things I need to stick -- keep visibility but need to outsource it. That turns out to be, as you can imagine, that is an enormous amount of work to do.

But there's lots and lots of resources available and inside your own organization as your product line managing, you don't have to do this for the world. You just have to do it for your team. Your team does stupid stuff all the time and they hate it. So it's not like there isn't low-hanging fruit to go after.