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Answering the 7 Whys



Last week we looked at why we all need to be open to opportunity and someone saying “I have a great idea for you”. Why we all need to ensure that rather than saying “what would you know about my business” we respond instead with “you have my attention, tell me more” and lets see where the conversation takes us.

So what do you do when the opportunity arises for business diversification?

We need to remember the fundamentals so that we ensure we are not steering the ship without any navigation whatsoever. And when an opportunity arises we need to consider our core value and reputation and if this new offering ‘fits’.

So lets take an example of a furniture making business. This business manufactures ready-made furniture and has been given an opportunity to consider diversifying into the flat-packed furniture market.

So far so good ... after all the cabinet maker isn’t considering becoming a florist or a mechanic so we are on the right track. They are adding another layer to their business ... think depth not breadth (remember, that’s where the diamonds are).

Now we need to consider what’s the #1 big outcome for this business diversification opportunity and most importantly does it take me away from my core value and reputation.

And to do this you can try a little exercise known as the 7 Whys. It’s not hard. When presented with an opportunity to diversify, start by asking, ‘Why would people come to me for flat pack furniture?’ Your obvious answer is, ‘They need new furniture that’s more affordable’. But that’s only the first why. You need to go deeper...

Why would people come to me for flat pack furniture?

They need new furniture that’s more affordable.

Why do they need new more affordable furniture?

Because for those that can’t afford our ready-made version, flat pack is the obvious next choice.

Why does it fit our product offering?

Because we have the machinery and skill sets to build and sell furniture and our current target market have a need for both ready-made and flat packed items for their home.

Why does this matter?

Because we can increase utilisation without needing to increase our overheads.

Why is this important?

Because successful diversification opportunities occur when we create more from what we are already doing ... so we are already manufacturing furniture; to enter this new market all we need to do in basic terms is pack it flat for self-assembly.

Why does this matter?

Because our core business is manufacturing and supplying furniture and this new opportunity will still ensure we are manufacturing and supplying furniture – albeit now it needs to be shipped with a pot of glue and some instructions!

Why does this matter?

Because we can increase our target market whilst staying true to our plan and opens our eyes to new and innovative ways to achieve the same goal – more sales and higher yield profit growth.

Count them – that's seven whys. Seven steps to get to the *real reason* why diversifying into this new market place is the right decision for this cabinet maker.

When you dig down deep enough and find the answer for your business this becomes a source of culture and purpose for you and your staff. It becomes an anchor for the considered diversification and a point of alignment with your new target market. It's what your business will become known for in addition to your current offerings. It's not about marketing or creating a tag line; it's about having clarity and truly understanding what you offer.



Interested to learn more? Why not reserve a seat for the July M500 event today? There are just 3 seats left.

We will be exploring this strategy and more, helping you to understand why diversification is a must for all business owners; in all stages of business.

To find out more and to book your seat [click here](#)

Best always

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