

CYCLOPRAXIS AND CROSSING THE CHASM

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This paper contrasts the cyclopraxis approach with the triage approach authored by Geoffrey Moore of the Chasm Crossing Group in chapter 5 of his book “Living on the Fault Line”. The reader of this paper is assumed to be familiar with the Crossing the Chasm series including “Living on the Fault Line”. The reader is also assumed to be familiar with cyclopraxis. Should a refresher be necessary, visit www.cyclopraxis.com.

Geoffrey Moore organizes the Crossing the Chasm series of books by lifecycle state of the business. This permits easy alignment with the concepts of cyclopraxis. Roughly speaking

Authoring = Early Market

Building = Bowling Alley

Capitalizing = Tornado and some of Main Street

Extending = Most of Main Street

“Living on the Fault Line” is the third in the Chasm Crossing series of best selling popular business books. Chapter 5 discusses the challenge of a business unit needing to diversify in order to maintain growth, profits, and stock price. The chapter makes many praxis-like statements about the various functions [marketing, sales, finance, operations, development...] The chapter offers recommendations to improve the diversification results. Several of these recommendations are grounded in the underlying realities of the author, builder, capitalizer, and extender. However, praxis is not explicitly identified which leaves the opportunity to this paper to make the connection.

FUNCTIONAL PREFERENCES

The foundation that Moore lays is summed up in the following table. A “4” identifies the top preference for a given function. A “1” indicates the least desirable lifecycle stage for that function. For example, development is reported to enjoy the creativity of early market

| | CP | R&D | OPS | SVCS | Sales | Finance | Tact Mkt |
|---------------|----|-----|-----|------|-------|---------|----------|
| Early Market | A | 4 | 1 | 4 | 2 | 2 | 1 |
| Bowling Alley | B | 2 | 2 | 3 | 1 | 1 | 2 |
| Tornado | C | 3 | 3 | 2 | 4 | 3 | 3 |
| Main Street | E | 1 | 4 | 1 | 3 | 4 | 4 |

the most and the maintenance work of Main Street least. Moore provides the background for this table in the following excerpt:

Each line function, it turns out, has a characteristic set of attitudes toward the various phases of the technology adoption life cycle. Some are more comfortable at the front end of the life cycle, others at the back, and as soon as the pressures of a tornado market subside, they tend to gravitate back to their comfort zones accordingly. [page 191]

A sampling of statements from chapter 5 illustrates Moore's putting cyclopraxis principles to work without actually identifying or realizing the concept.

Ask most engineers where they would like to seek out their next project, and they will answer in the early market. That's where all the cool engineering gets done. Not only is such work great for the resume, not only does it give them bragging rights around the water cooler... it is just plain fun. [page 192]

Out executing the competition in a race for product creates an adrenaline rush that can keep engineering teams running even after the caffeine wears off. So they give tornado their second highest rating.... [page 193].

Engineers thrive on problem solving and they will give the bowling alley the nod as third choice. [page 193]

...engineers, as a class, loath Main Street. Do you know what they call engineering on Main Street? *Maintenance*. Have you ever read a resume from an engineer that said seeking career in maintenance? [page 193]

Ask operations people what part of the life cycle they like the best, and they will respond, Main Street! Why? Because that's where you can finally get things under control. Processes are now characterized, control limits understood, continuous improvement programs in place. [page 194]

... Operations will then opt for the tornado. Here, thought life is much more of a struggle, operations management is sorely needed. Harnessing all the conflicting demands coming into the pipeline, fusing them into deliverable goods and services, shipping them out to make room for the next batch or wave – it's the stuff of operational heroism. [page 194]

I have yet to encounter a sales organization that met a tornado it didn't like. It would be like a bunch of fisherman saying, "Hey, this is no fun, there are just too many fish today!" To be sure, tornadoes attract widespread market attention, so while the game is plentiful, so are the hunters. This makes for a hypercompetitive situation, but that is just the way great sales organizations like it. Winning takes aggression, smarts, and stamina – Type A behavior all the way, just the sort of energy that motivated the rest of the corporation to give these folks the sales job and get them out of the building. [page 198]

If there are no tornadoes available, sales people will opt for Main Street, not because it is challenging but because it is such a sweet deal. Here the customer is relatively captive, dramatically reducing the competition and increasing sales forecastability. It is a bit like fishing in a stocked pond, but the eating is good. [page 198]

Even if the sales function were to grant the salesperson quota relief to take this challenge [the bowling alley], there is just too little upside gain for too much downside risk when compared to other possible ways of involving sales time. [page 199]

Later in the same chapter, Moore outlines some of the divergent viewpoints and conflicts that occur between Main Street organizations and businesses that are in the bowling alley. These differences are quite similar to the ones identified in several cyclopraxis papers including: "Applying Worker CycloPraxis to the Paradox of Why Large Firms Fail to Innovate" and "CycloPraxis in the Business World" both of which are available at www.cyclopraxis.com.

CHASM CROSSING DIVERSIFICATION RECOMMENDATIONS

Moore makes an excellent series of recommendations for the “Main Street business wishing to perform triage”. Moore elegantly describes this situation as necessary when a blue-chip company riding a prolonged wave of competitive advantage suddenly runs smack into disruptive technology that creates discontinuity in its traditional markets [page 188]. Cyclopraxis identifies the same situation as reactive diversification when the capitalizing stage is over for the primary business. Moore’s recommendations follow along with cyclopraxis based explanations of why they are appropriate.

Gain High Level Sponsorship. Moore recommends involving the Board of Directors. CycloPraxis suggests that a new business unit need go high enough to assure sponsorship from a diversifier who has responsibility and authority over any necessary function [sales, marketing, development, operations, finance, etc]. The responsibility and authority must be used to ensure that capitalizing/extending processes and metrics are not applied to the startup business. The startup business must have the freedom to substitute and/or leverage whatever they wish – from brand image, to channel infrastructure, to selected manufacturing functions - - from the established business. The individual departments in the established business will likely complain requiring a senior diversifier with responsibility and authority to rule.

Dedicated Chasm Crossing Team. Business texts universally suggest dedicated teams in the formation of new businesses. In addition to a savvy marketing team, Moore recommends a dedicated sales team [a critical step often overlooked in business texts]. The reasons are well documented in the paper “Author, Builder, Capitalizer, & Extender CycloPraxis Work Preferences” – available at www.cyclopraxis.com. A short summary of the reasons would mention that the sales function builder praxis finds personal energy and rewards differently than the sales function capitalizer praxis and very differently than the sales function extender praxis. During the builder stage, sales professionals must discover sales recipes that connect on customers’ perception of value. Exacerbating the difference in work style is the administrative aspects of sales organizations such as quota related rewards, local management, and district level teamwork. See the referenced paper for further discussion.

Moore also recommends that the development team carve out a vertical slice dedicated to the new business venture. CycloPraxis suggests that the development team be staffed with authors and builders, which will certainly present problems in the midst of an organization that is practicing capitalizing or extending techniques. CycloPraxis suggests that the development team needs to be a solid line function of the new business venture. The development function must be able to operate with different product/service release criteria, quality goals, documentation maturity, etc. than are in place within a capitalizing or extending organization. The development team also needs individuals willing to try lots of alternatives thereby learning the best [and worst] designs. Such individuals may be in short supply in a capitalizing or extending organization [the authors and builders tend to leave for other employment more suited to their praxes].

Moore recommends that the operations first look to see what part of capitalizing and extending operations are useful. Those parts that are too disruptive to mainstream operations and/or meet with too much resistance should be outsourced. CycloPraxis reaches identical conclusions. The relative importance of operations variables in authoring and building are just too different from the importance of the same variables in capitalizing and extending.

ADDITIONAL RECOMMENDATIONS

The capitalizing or extending business unit looking to diversify must pay attention to the two previous recommendations as well as three more

- Challenge Early, Think Small, Be Patient
- Encourage Champions
- Staff with Builders

These recommendations are more grounded in CycloPraxis principles than in Chasm Crossing principles.

Challenge Early, Think Small, Be Patient. The \$50B firm tends to look for the next \$5B idea. Research would suggest that under the very best of circumstances, \$5B ideas take 15-20 years to develop and only a few ever make it. \$1B products take 10-12 years, while \$100M products take 6-8 years [including the authoring]. Rather than look for those rare and risky \$1B ideas, diversifiers should consider instead a portfolio of \$25M and \$50M ideas. Some may grow 10X or more a dozen years later. Others will fade away. With a portfolio, the odds of having a winner increase. CycloPraxis suggests small ideas from small teams will outperform large ideas and large teams with the commercialization of new ideas. Large ideas take large teams. Yet, authors and builders rarely function as part of larger teams. The processes, structure, and teamwork preference over individual accomplishment make such projects less interesting to the author and builder. Large teams therefore are frequently staffed with capitalizers and experts and of course captains.

Encourage Champions. Every idea has its champion. Without championing, ideas would be dismissed by the mainstream that concentrate instead on incremental improvement of whatever exists. Authors believe in the merits of the idea and are not put off by the risks of rejection. Authoring is essential to new ideas and championing is a key quality of the author praxis. The culture of the organization can vary from one in which new ideas and their champions are welcomed to one in which new ideas and their champions are ignored. Certainly the organizations attitude toward authoring will be reflected in the business's diversification performance. Businesses are encouraged to recognize and reward authors and to report them throughout the organization rather than into a centralized function. For more information about authoring and championing, see the paper "Authors" at www.cyclopraxis.com.

Staff with Builders. Builders most effectively bring diversifications to market. The Builder praxis has a hard-working pragmatic focus on accomplishment. Builders will impressively outperform capitalizers on these type assignments. Yet most organizations cannot identify their best builders and have no reward and retention programs able to retain this praxis. Frequently the new business opportunity might be in a different geography from where the

builders reside. No problem, as a group builders are temporarily mobile, and by its very nature the task of building a business is a temporary activity. When done the builder will turn the business over to capitalizers and return home or move to the next challenge. The firm that wants to grow aggressively should have at its disposal 10% or more of its employee base that operates with a builder-praxis. Those employees should be identifiable by name, specialty, function, and geography. Furthermore, the firm should be able to mobilize up to 50 of the builder-praxis on a single project – regardless of geography -- within a 3-month window. For more information on the role of builders in new business units see the papers “Builders” and “Applying Worker CycloPraxis on the Paradox of Why Large Firms Suddenly Fail to Innovate” available at www.cyclopraxis.com.

SUMMARY

The Crossing the Chasm series of books by Geoffrey Moore shares the dimension of company lifecycle with CycloPraxis. The Crossing the Chasm series applies marketing concepts by lifecycle stage. Cyclopraxis applies worker style, habit, and preference by lifecycle stage. It is no surprise therefore to find alignment between the concepts. In the final book of the series “Living on the Fault Line”, Moore talks about worker style and preferences by job function. Without explicitly identifying cyclopraxis he is inferring its existence. In a similar way, the writings on cyclopraxis make numerous inferences to the resulting business behavior – including marketing behavior -- as a result of employees with various praxes.

The overlap in thinking is evident in the discussion of developing new businesses. Whether it is called triage [by Moore] or diversification [in cyclopraxis], new growth opportunities are essential for a firm’s survival. In “Living on the Fault Line” Moore suggests definitive organizational dynamic changes to overcome internal resistance. This article identifies the cyclopraxis principles at work in these changes. CycloPraxis goes further and makes additional recommendations.