



*Resource Solutions  
of the Carolinas, LLC*

## DESTRUCTION

### WHAT'S IT GOOD FOR?

#### Points of Interest:

- Creative Destruction
- Fatal Destruction
- Goals Vs. Action
- Market Evolution
- Destruction Type — You Choose

#### Events:

The Nexus Partnership TBA

Well, we've made another trip around the sun. This is commonly the time for reflection, goal setting and New Years resolutions – often unfulfilled!

We don't believe you should postpone a decision to January that should be made in July... Or March...Or October – but as its January- and as it's never too late-now is the perfect time!

As noted in November's newsletter, an impediment to decision making is so much information - and we don't have a good mechanism to separate the wheat from the chafe. The problem with New Years' resolutions have the same fault, *we make too many of them*. Too many goals =no goals. Our goal is to help your

business set and reach its VITAL FEW goals. So on the edge of a new (beginning) year, let's talk about destruction- yours.

#### Events:

Look for upcoming information regarding The Nexus Partnership. A new approach to network marketing.



*You will have destruction.* It can be Creative Destruction or Fatal Destruction! It's up to you! Creative destruction = value creation; fatal destruction = bankruptcy. As we have watched the unfolding drama of Netflix and fumbled introduction

and quick withdrawal of Quickster, this is a good time to delve into the situation for a learning opportunity. Depending how narrowly you define the landscape that Netflix competes, it will also define the range of their potential opportunities.

For the moment let's define the market as the "Home Video Entertainment" market. Since

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the introduction of the VCR, competing within this landscape is like playing tennis in a mine field. No safe place to be while the terrain constantly changes. The constant shuffling of the product/services and providers within the marketplace is in economic terms called **creative destruction**. The current landscape is disrupted to create market space for new and better product/services and providers. The *Home Video industry* is very illustrative in that change has and continues to move at lightning speed. This has been a result of both market efficiency as well as technological innovation. And as each new product/service and/or provider is introduced they usually add more benefits to capture market share and eventually replace at least a portion of the previous providers.

The market actually started with retail purchase of movies (where VCR were sold) with an average price of \$79.95 per movie. This quickly spawned the rental video market where you picked up a VHS (Beta?) format tape at the convenience store. As the market moved forward relatively small local Video stores sprung up as they provided larger selections of titles (good ones even provided various recommendations). In an effort to provide ever larger content libraries and to address the associated high costs the

national video chain was created. With the introduction of increased capabilities of computer technology Netflix introduced a new way to provide content delivery with the additional benefits of a fixed monthly price, online ordering, and home postal delivery. Another new player was added into the mix that is a kind of hybrid model “Red Box” of a retail delivery (online selection option) and the introduction of commodity pricing of \$1 per disc per day.

The next major change that technology provided was the ability for down streaming content. Netflix was a leader, fairly quickly copied by other providers Hulu, TV networks, and the cable TV providers.

If you review all the changes it is rather clear that content delivery is the primary force driving this marketplace change and it will continue. The most important dynamic will be the content providers establishing the ability to deliver their own content. The TV networks have already entered the market, but have yet to develop the proper delivery pipeline. Will the movie studios create their own or wait until someone else develops it and then copy or buy it? With everything there is destruction and new opportunity; winners and of course losers. But the view depends on where you are in the equation. As the consumer would



you want to return to the VHS with the \$79.95 price tag? How about the former small local video store owner – would it have been beneficial to stop the progression of the market for them to survive? The large chain store or where Netflix is today? This is creative destruction and it has always been and will always be a part of the capitalistic society. Survival is seeking out what is valuable to others whether it is known and especially if it's unknown.

You might say that your organization is within a stable environment. But, is it really? We believe no business environment is stable – EVER.

If you believe you are, you're walking in the dark, one step away from an open elevator shaft. Which industry is safe from new ideas, processes, approaches that could make your organization product/services look like, so yesterday?

Being a leader is not only for today, but for tomorrow as well. We must constantly strive to find opportunity anywhere and everywhere. The true challenge is to be a part of the future, for the current moment is simply the most recent part of the past. It is over ... it can't be changed... only the future can truly be changed. Remember

that which is not changing has already begun to die. The time to start is now, because the only way to affect the future is to act today.

Netflix was The Leader, now it's on the ropes. The leader can only remain the leader if it out-thinks, out-fights and out-maneuvers its competitors... It can only accomplish this through CD. Organizations must constantly engage in creative destruction. There will be destruction- Creative or fatal: Choose one.