Is Your Business Ready for Exponential Growth?

By Eric Hol

In 2002, Google's revenues were less than $500 million. In 2012, Google generated $500 million dollars every three days.

Spanish retail firm Zara utilizes real-time statistics and dashboards to quickly respond to sales in its 2,000 stores. Based on this data Zara develops small, unique batches of products in just 2 weeks. At Zara, 75 percent of displayed merchandise turns over each month. Shoppers visit stores 17 times a year: over 4 times more than its competitors.

(Source: Exponential Organizations, Malone / Van Geest)

While you are reading this, start-ups are developing innovations that could bring about a revolution in your industry. They will be able to gain market share at unprecedented speeds by leveraging information and technology to create a massive impact with a very small footprint.

One well-known example is Airbnb. Just a few years ago, the hospitality industry could not have imagined that a business that owns no real estate could become one of the world's biggest names in the hotel industry. Today, Airbnb is set to surpass even the largest hotel companies in terms of bookings within the next few years. The same goes for taxi company Uber and e-commerce giant Alibaba: both own hardly any assets and yet report staggering growth figures. This new breed of companies are called Exponential Organizations: companies that realize exponential growth instead of linear, in just a few years' time.

The great enabler behind these new ventures is technology. Exponential organizations succeed in leveraging emerging developments in artificial intelligence, robotics, sensors, 3D-printing and wearable technology. This poses a question for the market; is it possible for larger more traditional companies to profit from the digitizing economy and generate exponential growth?

The key challenge is speed. A start-up can proceed from idea to market in just months. Technology today enables larger organizations to also reach high speeds. But too often I see organizations waiting for IT departments to adapt legacy systems to accommodate new business ideas. To speed up the process business will need to innovate outside legacy systems. I see great potential in Gartner's vision of Two-speed IT: innovating while keeping core systems running.

Another issue that traditional corporations need to address, is the often prevalent fear of failure. In order to innovate, businesses will need to experiment and experimentation comes with failure as well as success. This is part of the process and crucial to exponential success.

We are witnessing a tipping point in the economy. A wealth of opportunities awaits the organizations that challenge traditional notions of doing business and push the boundaries further by finding new ways of using technology.