

# Warning: don't let a hot product kill your business

[Business](#)



Nobody sets out to be a one-hit wonder. But too much focus on a hot product can distract a company from building the culture, operations and strategy it needs for long-term success and sustainability.

When you stop and think about it, nearly every sustainable company is about more than a product or two. For example, , Apple has proven that it knows how to evolve, successfully shifting from personal computers to content distribution to phones that have disrupted the cellphone industry.

Certainly, the majority of Apple's sales come from iPhones today, but the tech giant has also become a leader in smartwatches over the past year. Built around reinventing itself, Apple is bigger than any one product. And that's a good thing, because when you bet your company's future on just one product's explosive success, that doesn't automatically translate to long-term growth.

In fact, just the opposite often happens: Innovation is stifled.

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If there's too much hubris related to a single offering -- too much belief that the future will look like the present -- your company will eventually hit a wall.

## **Too hot to handle**

Hot products can lead to unwise financial decisions. Riding the wave of a single product's success too far and too fast can result in excess inventory or unsustainable infrastructure expansion.

Many times, when a new company looks up from its product's success, it finds itself out of money. Of failed startups in one study blamed their respective failures on money and the effort to determine how it should be spent. Successful companies know they can't rest on a product's success even for a moment; they keep looking ahead.

Of course, that's not easy: Making the most of a hot commodity while basing strategic decisions on your company's future can be a sweat-inducing situation. So, to help you keep a cool head, consider these three secrets to sustaining your success in the long term.

### **1. Make it your mission to deliver on a bigger vision.**

Our company delivers high-quality performance-marketing programs each day. But we also strive to keep a broader, more aspirational focus. Given our vision of driving digital marketing to be performance-based, and changing the work-life paradigm, we've forged a mission that focuses on leading through innovation, exceptional client service and superior results. In other words, no single offering can achieve our vision.

Homing-in on the right forward-thinking vision is challenging but critical. So, if this is your aim, too, start by identifying your company's core values and aligning them with current offerings. But don't stop with solving today's needs; figure out how to keep your values and products aligned as the market evolves. Look ahead five or 10 years, and map a vision aimed at solving target customers' future problems.

Establishing a clear vision and tying strategy decisions directly to it will help reinforce your efforts to build a whole business, not just a product.

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What's more, a strong vision will directly improve your bottom line. When employees feel that their company's vision is meaningful, their engagement level tends to exceed the average by a remarkable .

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## **2. Commit to R&D from the get-go.**

When a product is at the height of its success, the company that created it typically finds it easy to believe that demand and growth will continue at that momentary peak -- which is never the case. That's why great companies, from their inception, commit to investing a percentage of revenue into ongoing research and development.

For example, about staying ahead of changes that it was willing to make its own product obsolete. Back in 2007, when its DVD-by-mail business was doing well, the company focused on building a stand-alone streaming service -- even though the internet was far from ready for it. Instead of being remembered for delivering DVDs in bright red envelopes, Netflix is now a leader in creating the future of streaming video.

No matter how hot a product is, the most successful companies think about the long term. At my company, constant R&D keeps us looking forward and reminds us to always assume our ecosystem and partners will change.

And if staying ahead of market opportunities isn't enough incentive to commit to R&D, younger companies also have a financial one: As of 2015, allows R&D spend to offset a portion of payroll taxes for companies

that have been in business five years or less and make less than \$5 million in annual revenue.

### **3. Don't overlook operations.**

Even though finance, HR and operations are a little less exciting than sales and marketing, they're also key to long-term success.

Too many Silicon Valley entrepreneurs, for example, , focusing more on product development or customers. Our company has found that consciously giving equal attention to operational excellence, especially hiring practices and company culture, can help transform good products and services into profits.

Hiring smart and building an that inspires innovation doesn't just happen; it requires listening to employees about what's working and where they see opportunities for improvement. From there, focus on offering tools and resources to help employees stay sharp and grow in their careers. Work with HR to create a culture that attracts, motivates and manages in step with your company's vision.

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So, for the last time: Are you a one-trick pony? A good test is to ask whether people know the name of the company that makes a particular product. If consumers don't know your company name but do know your hottest product, you may be a one-hit wonder.

Developing a product that taps into a market need is a great thing -- a true game changer. But, building a successful business around it means making <https://assignbuster.com/warning-dont-let-a-hot-product-kill-your-business/>

sure people know your brand and what you stand for, not just its most famous product.