

# BROKEN ARROW

CHAMBER of COMMERCE

## How to Future-Proof Your Business

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“Evolve or die.” This is the mantra of businesses poised to succeed. Today’s frantic pace of change, disruption, and innovation means that if you’re standing still, you’re really moving backward.

But exactly *how* does productive evolution happen? How can we be sure that the adaptations we’re making are the right ones?

To future-proof your business, resist the urge to go “all in” on one or two unproven strategies. Instead, think of your business as an investment portfolio with two sections: an **“Exploit” portfolio** and an **“Explore” portfolio**.

The Explore portfolio involves making small, controlled investments in new ideas. Your goal is to safely test which of your emerging ideas and strategies have real potential.

For example, before investing heavily in a new service offering, you could test it first with a core group of loyal customers whom you can trust to provide good feedback and data. Before investing in expensive company-wide software, you could pilot it in one department as a proof of concept.

Whether testing new brand positioning, launching a new product, or implementing new technology, your goal with these ideas is to fail or succeed quickly. This enables you to put your time and energy into the ideas that are most likely to produce results.

On the other hand, your Exploit portfolio involves investing in ideas you’re already reasonably certain will work. Some of these investments will be focused on improving already-lucrative products and services. Others will involve heavier investments in ideas that have “graduated” from the Explore portfolio. Finally, some investments may bounce back and forth between the two portfolios as you continue to generate and refine ideas.

Intentionally balancing attention between your Explore and Exploit portfolios is a smart way to weave innovation into your business model without taking too much focus away from your core business. Most importantly, it reduces the risk that you’ll pour time, energy, and resources into ideas that turn out to have little value.

To get started with this approach, begin by analyzing your industry’s opportunities and threats. Leverage your team’s creativity to identify your potential innovation investments (including those already ongoing.) Determine which of these need to be vetted and add them to your Explore portfolio. Decide as a team how you will test their potential.

Proven or somewhat-proven ideas can be added to your Exploit portfolio. Once there, you can more safely apply time and energy to develop the solution thoroughly.

Finally, don’t forget: **There is nearly as much value in killing a bad idea as there is in discovering a good one.**



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