Why Your Business Needs A Second Growth Engine

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Because, “What got you *here* won’t get you *there*.”

If I had a nickel for every time I’ve heard that phrase during my tenure in business, I could retire early.

But the old adage is more relevant today than ever. With new technologies undercutting businesses and disrupting industries at every turn, CEOs have their head on a swivel. They have correctly interpreted the business landscape as being unstable, and wonder if they, too, are destined for obsolescence.

In a survey of chief executives from around the world, the Harvard Business Review found that:

- **65%** of the CEOs predicted total competitor turnover within 5-7 years.
- **63%** said that new competitors with new business models would pose a major threat to their firms’ core business.

The stakes are high, and the fear is palpable. But what’s the solution? Leaders must

learn to play offense and be prepared to quickly shift strategies if necessary. And, as past recessions have shown us, *instability provides opportunity for growth*.

To survive volatility, companies with healthy core businesses must learn the art of building a large, second core that can sustain them should the main core fail.

This second core will serve as insurance and a safety-net, but more importantly, as a mechanism for growth. The Harvard Business Review dubs this second core “engine two.”

There are currently three archetypes of successful growth engine twos:

1. **A next-generation evolution of the core business** (e.g., Netflix moving from DVD rentals to streaming).

2. **Entering a fast-growing adjacency**, drawing on the strengths of the original core and investing enough resources so it can stand on its own. (For example, when Schneider Electric added software and services as a separate, but *supportive* business to their original core of providing electrical equipment).

3. **Building or buying a business totally separate from the core** (as synthetic-fiber producer Reliance did when they expanded into oil and gas).

An engine two shouldn’t be confused with adjacency. Adjacency encompasses new geographies, products, and customer segments that are inherently tied to the main core. **Engine twos may support the main core, but they wield enough strength to power the business on their own.**

From 2008 to 2018, as much as one-third of the growth in the market value of large public companies could be traced to their engine twos. So what does that mean for leaders and executives? It means if they don’t want to get left behind, they need to start conceptualizing a viable engine two and begin channeling energy toward its development.

To begin conceptualizing a possible engine two, companies will need to identify markets with expanding profit pools, determine their differentiation factors, and instill an entrepreneurial mindset in the new business while harnessing the skills and assets of the original core.

It takes sustained, dedicated effort to build a second growth engine. But carving out stability in an unpredictable business landscape is well worth it.

Another old adage: You have to crawl before you can walk. Your engine two won't be successful unless your core business is a healthy, reliable source of resources and revenue. Make sure your core business is powerful enough to ride the wave into new markets and new growth.

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Are You In Position To Build a Growth Engine Two?

In the face of an ever-changing market, constant technological disruption, and intense competition for internal and external customers, having a second engine for growth is more important than ever.

We use the [redacted] as a platform and toolkit to assess your business and determine what may be holding you back, while also pinpointing the most valuable assets your company has at its disposal. This information is invaluable for determining which engine two archetype will fit into your current business model.

Take 10 minutes to complete the [redacted] and join over 65,000 business owners who have used this score to move their companies further, faster.

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