Simplify to Create a Star Business
A star business delivers superb value for money for the customer and high profits for the business. Young ventures have a choice of two very different simplifying strategies for creating a successful new product or service.

A choice of two very different strategies

**PRICE SIMPLIFYING**
Make the product much simpler to produce so its price is 50% or less than the current price.

Economic rationale
Developing a product with a spectacularly lower price leads to the creation of a mass market.

Examples
- Budget airlines
- Fast food outlets
- IKEA

**PROPOSITION SIMPLIFYING**
Reduce the complexity of a sophisticated product to make it easier to use, more intuitive and more useful.

Economic rationale
Increased ease and satisfaction of use creates customers who are willing to pay a premium price.

Examples
- iPad
- Uber
- Boston Consulting Group

Two key strategic objectives for star businesses

**CREATE GLOBAL OPPORTUNITIES**
Reduce cultural or geographical barriers so that the product can become global or universal quickly. Any delay lets competitors poke their nose into the tent.

**MAKE PRODUCT/COMPANY THE HUB OF A NEW BUSINESS SYSTEM**
Ensure the product and company sit at the hub of a new web so that customers and suppliers orbit around both. Competitors should be banished to the periphery or excluded totally.

The essence of both strategies

Normal trade-offs
The ability to increase one desirable attribute often comes at the cost of a decrease in another desirable attribute (e.g., an increase in performance often leads to higher production costs).

Virtuous trade-offs
The goal in successful simplifying is to find a way to increase multiple desirable attributes at the same time.

**Key thoughts**
1. Don't expect the process to be easy. You need to come up with a radical simplifying idea and then develop a dramatically simpler product.
2. Simplifying is a creative affair but it is also intensely practical. Combining the two is hard.
3. Although there are limits to the genius of simplifying, there is no limit to the number of simple, universal products that can be imagined or created.