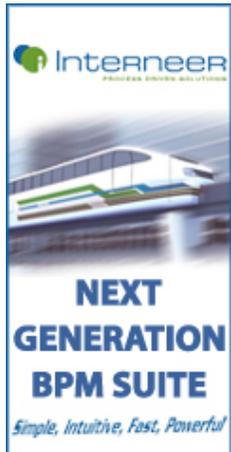


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## Notes on Innovation: Design Your Own Online

Toward the end of the Nineties, when the dot.com craze was at its height, it seemed that everything would soon be sold online, cutting out "brick and mortar" businesses and middlemen of all kinds. In 2000, the initial craze ran into reality and lots of companies built around poor business models crashed and burned. Some survived and have prospered. Amazon.com is an excellent example. Established in 1994 as a bookseller, Amazon went on to revolutionize the publishing industry - it is estimated that 75% of all business and technical books are now sold via Amazon.com. Based on the success of their business model, Amazon has moved on to become the largest online retailer in America.

During the late Nineties there was also a lot of talk about online custom tailoring of products. The idea was that manufacturing costs and equipment set-ups in some industries were relatively inexpensive allowing manufacturers to accept online orders and produce customized products on demand. Amazon and others are now producing books-on-demand, providing customized books in print and also in digital form that can be downloaded and read on electronic devices. Throw in the inexpensive labor available for hand tailoring in some Asian countries, and we are now at a point where we can design and order customized products of all kinds, online.

### Nature of the Innovation

Design Your Own Online is a generic phrase for a number of business models that allow customers to go online and design, customize, order and pay for products.

There are at least two key elements required in order to make this business model work:

- Customers need to be able to specify what they want in a relatively easy manner – either because the product has basic standard characteristics, such as clothing, or because the customers are professionals and are capable of designing their customized products, such as hockey sticks.
- The cost of manufacturing the customized product needs to be within a range that the customer is willing to pay, recognizing the fact that many customers are willing to pay a premium price to get a product customized to their particular needs.

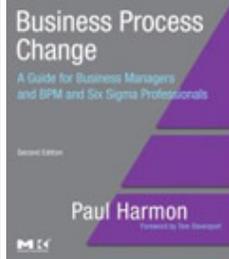
### The Value of the Approach

This approach appeals to many customers, and makes it possible to offer products to niche markets without having to assume the risks of producing and inventorying multiple versions of a particular product. If this approach is viable for your business, you may be able to expand your product line to appeal to niche markets where customers who would not normally purchase your standard products, would be happy to buy a customized version. It's a nice way to explore premium niche markets, and, for some organizations, it can serve as a basic business model.

### Some Uses

Consider Blank Label, a new company started in Boston by a 22-year old CEO, Fan Bi, from New Zealand. Mr. Bi has created a website that allows individuals to design their own dress shirts, choosing fabrics, patterns and styles. Using the screen below you select the design features of the shirt and then order it for delivery in from 2-8 weeks. Note that as you make selections, the price changes so you can compare the cost of different features. A basic shirt runs \$40 and a tailored shirt can cost around \$75, which may sound expensive to some, but is inexpensive compared to what you pay for a tailored shirt in many of the better clothing stores in the US.

Mr. Bi manufactures the shirts in China and they are shipped direct to the customer. He



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offers a full refund for anyone who isn't satisfied and his website was recently written up in the New York Times. Interestingly, Mr. Bi originally decided to offer tailored suits, but then shifted to shirts when it became obvious that customers could easily specify how they wanted a shirt tailored, but had a lot more difficulty specifying how they wanted a suit tailored. At the same time, Mr. Bi has kept his shirts relatively simple. Thus, although you can specify the cuff, collar and pocket style, other variations are limited. To visit the site, go to [www.blank-label.com](http://www.blank-label.com).



Mr. Bi's Blank Label is only one example of online mass customization. Brooks Brothers, for example, offers something similar on their web site, and there are other sites that allow shoppers to customize granola ([MeAndGoji.com](http://MeAndGoji.com)), jewelry ([gemvara.com](http://gemvara.com)), chocolate ([CreateMyChocolate.com](http://CreateMyChocolate.com)), handbags ([LaudiVidni.com](http://LaudiVidni.com)) and clothing for girls ages 6 to 12 ([FashionPlaytes.com](http://FashionPlaytes.com)).

Nike offers custom designed sneakers:

[http://store.nike.com/index.jsp?country=US&lang\\_locale=en\\_US#l=shop.nikeid](http://store.nike.com/index.jsp?country=US&lang_locale=en_US#l=shop.nikeid) and

Mars offers customer designed M&Ms: <http://mymms.com>.

Customer designed ice hockey sticks with personalized blade type, height, lie and color, and your name can be ordered from Harrow:

<http://www.harrowsports.com/products.asp?sport=ho&c=52&t=54>.

Several furniture chains allow users to order modules on line and assemble and configure them to suit their environments. Dell lets customers customize their own PCs and laptops online. <http://www.dell.com/>

This short list by no means exhausts the number of businesses that are offering tailored or customized versions of generic or brand products to customers via the web. Moreover, as Blank Label demonstrates, a company can be established in one country (the US) focusing initially on a specific market niche (male college students) simply by creating a website. The manufacturing can be outsourced to another company operating in an entirely different location (China). The keys are 1) identification of target customers whom you can access via the Web, 2) contracting with a manufacturer who can create tailored versions of a product for the targeted customers at an acceptable price and 3) creating a user friendly online order process.

Til Next Time,

Paul Harmon

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