**Variation is Valuable**

Advances in interconnection technologies are driving an increasingly demand driven market. Customers are learning to expect to get what they want, when they want it, how they want it. And they tell you in each and every interaction they have with your company, or not. In a demand driven world, increasing product variation and complexity in your business model is inevitable. Left untended your business can become a tangled web of counterproductive business strategies with a dense portfolio of product families comprising thousands even millions of variants.

However, make no mistake, variation is valuable. To deny complexity or view the long tail of product variation as a management failure is to deny diversity of the world in which we make our living. Eliminate complexity in your product offer and you will find yourself competing with boatloads of product from China, India, or any of a number of low wage production markets.

The ‘Keep it Simple’ principle is the root of good management. However, as Oliver Wendell Holmes, Jr. has observed, "I would not give a fig for the simplicity this side of complexity, but I would give my life for the simplicity on the other side of complexity", it matters which form of simplicity you choose. The wrong simple answer is to try to focus on the 20% of product variants that make up 80% of your revenue, the ‘head’ of the ubiquitous Pareto distribution, and find ways to minimize or eliminate the so called ‘unprofitable’ remaining 80% of product variants that lurk in the tail. Hello commodity, good bye margins. The right simple answer is to deliver Intelligent Variation based on the voice of the customer shouting through the many interactions they have with you each and every day.

Intelligent Variation is mining the long tail of customer choices, learning from your customer interactions what is desired and valued, searching for natural clusters, and looking for associations and causal drivers. Listen to the customers tell you what they want and value. Support the long tail with information feedback that guides customer choices to more optimum choices or bundles of choices that meet their needs more effectively, price variation based on market value not operating cost, and implement operations strategies that drive down the cost of variation – common platforms, modularization, part and process standardization.

Simple enough. Intelligent Variation is not rocket science. It is discipline and commitment to doing what it takes to give customers what they want while making a profit. Intelligent Variation is not a “either or” proposition, it’s “both and” win-win solution for you and your customer.

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