



CURT KAMPMEIER CMC  
EDITOR

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## The Art of Profitability

Adrian Slywotzky (Warner Books, New York; 2002; ISBN 0-446-53150-2) \$20

REVIEWED BY CURT KAMPMEIER CMC

I've wanted to read the work of Adrian Slywotzky ever since his book *The Profit Zone* was named one of *Business Week's* 10 best business books of 1998. Before that, he wrote an intriguing book titled *Value Migration*, and since then he's coauthored *Profit Patterns* and *How Digital Is Your Business?* As you've guessed, I haven't gotten to any of those. So, it's a particular pleasure to have read his new book and believe that I just may have gotten a good introduction to, and overview of, his work.

This reading was also a pleasure because Slywotzky did not use the traditional didactic form of nonfiction. Rather, he invented a guru who is the world's master on the subject of profitability; he added an exceptionally good student, ideal conditions, and an agreement to work together—master and student—off and on for nearly nine months.

In that work together, we see 23 different ways companies make extraordinary profits. We get stories, illustrations, hard questions, recommended reading, and homework—all to use if we want to make it a 23-week program for our clients or ourselves. This makes a good story and easy reading about what is very hard work if one wants to really master those 23 art forms and have them available for use as opportunities present themselves.

Management consultants need these many art forms because no two businesses are the same. So, we are taught to ask, and helped to answer, these fundamental questions:

- How does profit happen for my client? for its competitors?
- How well do all the people in my client's organization understand its profit models?
- Are there new profit models my client could apply to improve profitability?
- Which of my client's initiatives may impair its profitability and should be discontinued?
- What specific actions can my client take to improve its profit position?

As we work on these questions, we find that learning how to apply the right profit model to an individual business demands a particular kind of thinking. Our learning progresses from awareness to awkwardness to application to assimilation and, finally, to art. We need to analyze what the numbers in a business reveal about the relationships, connections, and cause-and-effect forces that make profit happen. Yet we must come to think like an artist—with general principles but no formulas.

There are places in this book that are not entirely clear, and places where the author presumes knowledge on the part of the reader that may not be

there. But those occasions are infrequent, and no book is perfect. They hardly detract from what otherwise is an artful and successful approach to a complex subject.

The fictional guru in the book is, of course, Slywotzky himself; and for the most part, he deserves the position he takes. I say that because he is a graduate of Harvard College, Harvard Business School, and Harvard Law School; because he is the author of the books mentioned earlier; because he is a seasoned vice president of Mercer Management Consulting, a global strategy consulting firm; and because *Industry Week* named him one of the six most influential people in business, along with Peter Drucker, Bill Gates, Andrew Grove, Jack Welch, and Michael Porter. I tell you all this because I want you to take him and his book seriously. It's good stuff. I hope you'll read it. No matter what your particular area of expertise, you'll be a better consultant to management for having done so.

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*Curt Kampmeier CMC (curtkampmeier@aol.com) has been an independent general management consultant for 29 years, working with owners of business and professional firms to help them make better decisions about strategy, leadership, and key people.*