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This Incredibly Boring Company (Wait, Don't Snooze Yet!) Is Crushing The Competition (Awake Now?)

Invaluable lessons on strategy and innovating from the biggest business you've never heard of, Granite Telecommunications.

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October 4, 2013

Granite Telecom is in one of the most boring businesses you've never heard of. And that is exactly why this once high-tech telecom startup, with more than $800 million in revenue, is five times the size of their former competitors. Their story illustrates the strategic power of breaking from the pack to embrace what others abandon.

The company was launched 11 years ago by CEO Rob Hale and his team. They were planning to follow the standard telecom playbook: sell telecom service. "Resell for a little while, build critical mass, then deploy switches to improve your margin," Hale explained to me.

But luckily the Granite team was asked by a client (the largest retailer in the world) to do the tedious work of consolidating its phone bills. This retailer was receiving local phone bills for each of its locations. Most were in paper form, so they couldn't be easily sucked up into electronic models. And practically every store had a different set of rate-plan options.

"In Pennsylvania alone, there are 1,600 different local rate plans," Hale explained, so billing complexity was enormous. By consolidating bills of several of this retailer's stores, Granite was able to reduce telecom costs so significantly that their client asked Granite to do the same for all of the client's northeastern U.S. locations, then for every location of theirs that used Verizon. And then this retailer asked Granite to visit the client's headquarters to hear a proposal.

This client asked Granite to take on the daunting task of consolidating the landline phone bills of all of their U.S. stores--asking them, essentially, to abandon their old business model of offering telephone service and get into the telephone bill consolidation service.

On the flight home, the Granite team had to make a decision. "By the time the wheels touched down, we had to make a decision," Hale said "Are we going to do what we thought we were going to do, or do we change our model to be a consolidator of phone bills?"

Now there are many reasons Granite should have ignored this client's suggestion. They were being asked to bet their company on landlines, which we all "know" is a dying business. They'd have to give up their mission, vision, and business plan. And the effort would be enormous. Remember, Pennsylvania alone has 1,600 different rate plans. Imagine gathering, coding, and keeping updated rate plans for all 50 U.S. states. Just one customer with four to six different lines per store and 5,000 stores would get maybe 25,000 phone bills each month. A few of these would come in a format that could be imported electronically, but the rest must be manually entered.

Despite these detractions--or perhaps because of them-–Granite decided to make the business-model switch, and the results have been spectacular. By competing in an area others view as unattractive--most would-be competitors "have to tell a growth story to Wall Street" and so can't base a business on a dinosaur technology like landlines--Granite has practically removed relevant competition and ballooned in about a decade, serving 81 of the Fortune 100 companies.

We can draw at least two critical lessons from the Granite story:

1. Be willing to change course (to "pivot") toward opportunity.
2. Embrace what others abandon.

The willingness to pivot to seize unexpected opportunity has been at the source of innumerable successes. When Nintendo built a video game based on Popeye, but the license agreement to use the cartoon character fell through, they quickly re-created their core character as "Mario," and the Mario Brothers' franchise was born. When a record store that sold jeans on the side found the jeans selling better than the music, they pivoted, and the Gap was born. It was only when a programmer got a second call from IBM to help them find an operating system for their soon-to-be-built personal computer that he made the effort to find one. Bill Gates bought it, licensed it, and, well, you know how that story unfolded.

Embrace what others abandon because when they abandoned it, they invested in the next "new" thing, and they are unlikely to give up on that investment to return to the old. Blackberry grew to dominate the smartphone market, commanding over 70% of market share at one point, by embracing the old text networks that Bell South and other telecom companies were abandoning (although things haven't gone as well of late). Southwest Airlines embraced the point-to-point model abandoned by traditional airlines, which built huge hubs.

To see how these two principles might generate a new opportunity for you, ask yourself:

1. Does your mission/vision/purpose define what business and business model you are in? If so, change it, otherwise you will not be willing to pivot.
2. What model/technology/market/customer/approach have your competitors abandoned and what would happen if you embraced it?