Stratety™ + The Delta Model

Business Strategy Executive Education Program
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Introduction

According to MIT professor Arnoldo Hax, if the organization you lead is to achieve success in current markets, you must begin to think about your business strategy in new ways. Traditional competitive approaches that rely on product differentiation do not produce optimal results, nor do they take advantage of new sources of profitability that the connectivity of a networked economy offers. Too often, they focus your attention in the wrong place.

To survive and prosper today, we must shift our attention from products to customers and create a business plan based on:

- The innovative restructuring of our customer relationships
- Segmenting our customers more creatively
- Delivering a value proposition that places the customer at the center of our strategy

The research at the MIT Sloan School of Management, has given rise to a powerful business model that reflects the many new ways to compete in the current economy. Called the Delta Model, it was designed to offer senior managers a fresh and pragmatic approach to critical strategic business thinking. This new, integrative, strategic framework allows managers like you to do exciting, bold, creative, and innovative things within your firm.
Reinventing Your Business Strategy
In *Reinventing Your Business Strategy*, you’ll learn how to use the Delta Model to identify new sources of profitability, develop new strategic approaches that fit your firm, establish new directions for the organization, and implement an enhanced strategic agenda.

This program is based on the work of Alfred P. Sloan Professor of Management Arnoldo Hax, who is internationally known for his work in strategic management. You’ll also gain pragmatic insights on how to:

- Begin to change from a product-driven orientation to a customer-driven orientation
- Utilize “complementors” to extend your enterprise network
- “Decommoditize” your business by strengthening your customer relationships
Discovering New Sources of Profitability
Discovering New Sources of Profitability in a Networked Economy

This program offers an innovative approach to strategic thinking that is anchored in a new model for expanding your business in the current economy. In the program we will explore:

Why the traditional, best product positioning approach to strategy is not necessarily the most profitable or the best way to serve your customers
How innovative companies are securing and sustaining their competitive position in this knowledge-based global economy
The dangers of getting trapped in your industry trends – and the inevitable commoditization of your business
Three distinct strategic options for distancing your organization from the competition
How to acquire a deeper customer and consumer understanding using innovative new approaches to segmentation
How to help your customers gain a better competitive position by fully utilizing the capabilities of your organization
The reasons you must be both global and specific in individualizing customer offerings
How to tailor the value proposition to efficiently and profitably serve different tiers of customers
How to develop business complementors to extend the value of your product
A market feedback system that allows you to continually test and enhance your strategy
About the Program
About the Program

Strategy has often been defined as a way to achieve sustainable competitive advantage. But that can be dangerous because it concentrates so much of your attention on competitors that you tend to emulate them. As professor Hax puts it “Imitation leads to sameness, and sameness never leads to greatness”.

In today’s changing business environment, new technologies have created a degree of interconnection that allows customers to be treated in a singularly individualized way. As a leader, your strategy has to evolve. You have to ask yourself:

What new steps can we take to achieve superior economic performance?
How do we create value using unique and differentiated value propositions to bond more closely with our customers?
How do we capture new customers through the collective capabilities of our extended network of suppliers, customers, and complementors – companies that enhance our own product and service portfolio, and lead us to new sources of profitability?
How do we use the core competencies we have as an organization to help our customers achieve a better market position?
Program Content
I. The Delta Model: A Customer-Based Approach to Strategic Management

The Foundations of Management Strategy

In the conventional, best product positioning approach to business strategy, the way to attract, satisfy, and retain the customer is through the inherent characteristics of the product itself. Managers are guided by product economics and measure their success in terms of product share.

In contrast, MIT has developed a different model of business strategy based on customer economics. Called the Delta Model, it is the end result of an exhaustive research project involving over 100 major companies, top corporate executives, and senior Sloan faculty. The Delta Model was designed to identify better ways to compete in a networked economy and advocates an innovative, customer-centric approach to business strategy.

In this segment, we’ll examine the current state of critical business thinking and the Delta Model’s triangle of strategic options that make it possible for executives to craft more creative and effective business plans. These three options include:

System Lock-In – a broad-scope strategy that relies on a full network of meaningful contributors to create both customer lock-in and competitor lock-out and achieve the highest level of customer bonding. Those who are successful in reaching this position gain a de facto dominance of the market.

Total Customer Solutions – which emphasizes customer bonding through a portfolio of customized products and services that represent a unique and comprehensive value proposition to individualized customers. It is a 180 degree departure from Best Product positioning (see below) and requires a very different mindset.

Best Product – a more narrow option built on classic forms of competition and centered on the intrinsic superiority of a product or service, being first to market, or the differentiation of a so-called dominant design. Most companies are positioned here, with limited opportunities for customer bonding. System Lock-in, Total Customer Solutions, and Best Product are alternative options for achieving customer bonding and can be pursued simultaneously.
The Three Tasks: Applying the Model
A. Customer Segmentation and the Innovative Value Proposition

The ability to segment customers and develop innovative value propositions might seem trivial, but it is key for strategic managers because traditional methods of segmentation – demographics, size, geographies, vertical markets – often are not very useful to strategists.

In a customer-centric business strategy like the Delta Model, the objective is not to sell products by the box or the ton or the carload. It is to devise a business plan that focuses on understanding each customer’s specific problems and economics, then to develop unique, differentiated, customized solutions for them.

You should not treat every customer like a commodity, nor do you want to be seen as a commodity by your customers. But how do you differentiate among your customers? How do you define your customer base, identify tiers, and assign priorities? What makes a particular customer more or less relevant to you? Which strategies in the Delta Model triangle should you employ?

Using examples of what others have done, we’ll help you to understand how you might:

Segment your customers, arrange them into tiers, and decide what differentiated treatment to provide each tier
Use the full capabilities of the organization to perform activities for customers that they used to do themselves – improving their economics
Expand the breadth of products and services you provide to each customer – increasing customer bonding
Transforming Your Organization: Reinventing Your Business Plan
The process of reinventing your business plan requires that you complete three assessments: identify where you are now, identify what transformation you want to carry out, and identify the fundamental challenges for getting there. You also need to identify and evaluate opportunities to establish dominance throughout the network in which you are participating.

In this segment we’ll look first at how you go about defining your current position via the products and services you deliver, how you segment customers, the delivery mechanisms you use, the complementors who help you expand beyond yourself, your geographical reach, and the core competencies that support your claims to excellence.

Second, you’ll look at the experience of transformation through the eyes of companies that have successfully switched to customer-centric strategies and the lessons they learned about:

Changing the rules of the game they are playing
Rethinking the customer engagement process segmentation by attitudes and tiers
Transferring capabilities to customers
Positioning the company in the business network
Preventing customers from commoditizing you

Finally, you will explore how to seek system lock-in opportunities that allow you to lock customers in, lock competitors out, establish dominance in your network, impose your own standards, control the channels, and position yourself as the only intermediary between buyers and sellers.
Creating a Strategic Agenda
III. Creating a Strategic Agenda

What are the important challenges you need to take into account in order to develop a new strategic agenda and reinvent your business plan? How do you identify and prioritize the fundamental set of tasks that you will need to execute in order to move to a customer-centric strategy and serve your customers in the most creative way?

In this session you’ll learn about a methodology to develop organizational accountability and monitoring metrics, create an executive information system, manage toward the execution of key tasks, deal with motivational implications, and determine whether you have a complete, well specified agenda.
How to Put it Together
IV. How to Put It Together

In the concluding session, we’ll explore how to initiate the development of new strategies for supply chain management, product/service innovation, and customer targeting that:

Help you think outside the box of conventional, 20th-century approaches to business planning
Enable you to locate new sources of growth and revenue for your organization
Transform the organization from best product to total customer solutions
Who Should Attend and More
Who Should Attend

Senior general and middle managers and technical executives who create strategies for succeeding in rapidly-changing markets: CEOs, Presidents, COOs, Executive Vice Presidents, heads of R&D, Engineering, Manufacturing & IS, Chief Technologists, Corporate Planners, Corporate Strategists, Vice Presidents of Marketing and New Venture Development, senior managers with strategic planning responsibility and SMEs.

Team Attendance

It is particularly beneficial to attend with other members of your management team. Together, you’ll have a unique opportunity to re-think your organization’s business strategy and take the first steps toward transforming your customer relationships and identifying potential new sources of profitability.

Duration and Investment of Seminar

The investment and duration of this in-house training seminar will be provided upon request.
Program Director
Enrique R. Suarez is the Delta Model Program Director

Harvard University graduate, international educator and professor, former 2005-2006-2007 member of the Board of Examiners for Malcolm Baldrige National Quality Award of the United States, Consultant-Facilitator for Rainforest Holdings, USA-Taiwan, Words of Peace Global Volunteer, USA and Latin America, international management lecturer, member of the European Employment Forum, the European Community Grants, Calls and Projects, and the European Consulting Network (ECN).

In addition, Enrique is small business/start-up management and business consultant, professor of international business/trade, the competitive advantage of nations, leadership, strategy, business communication, strategic alliances, quality management, understanding world power dynamics and the foundations for peace and prosperity in the XXI century, and European integration around the world. Last but not least, international public speaker, undergraduate, graduate (MBA) and executive education course designer-lecturer, staff development trainer and coaching using the Delta Model, the most advanced business strategy of the world for profit and non-profit corporations. Have international work experience in Europe, the Middle East, Latin America and the USA.
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