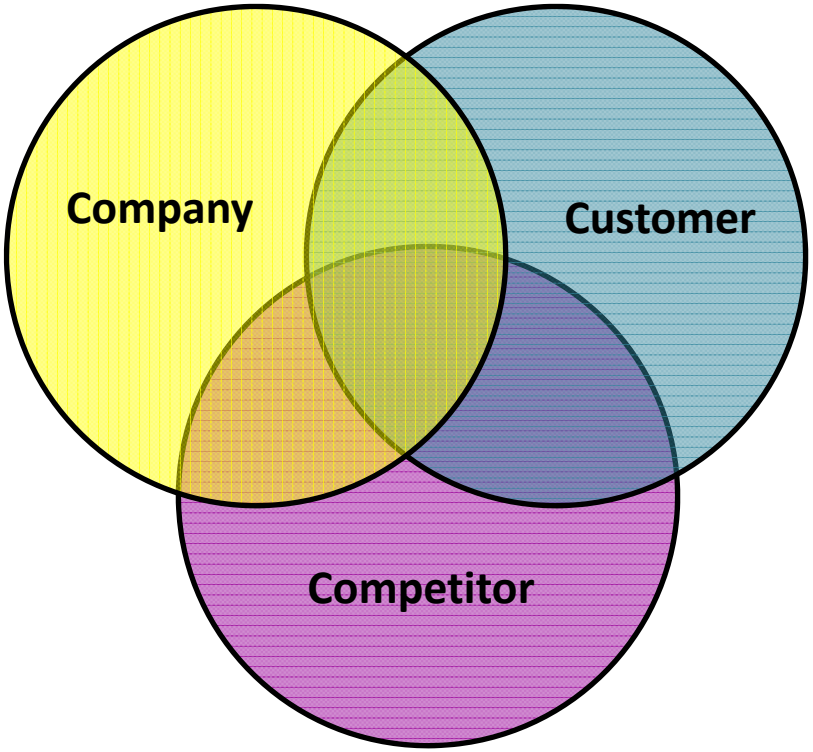
Agenda and Outline

I. Essentials of Strategic Planning: What Works, What Doesn't, and How Can I use my Plan to Drive
II. Case Analysis: Strategic Thinking and Execution—Porter Airlines
III. Competition and Growth in 3 Circles: Building a Growth Strategy
IV. Innovation—Innovating Without an R&D Budget
V. So Many Options, So Little Time, What's Next—Frameworks for Project Selection
VI. Strategic Foresight—Getting Future Ready Through Scenario Development
VII. Application Breakout: Developing Your Future Scenarios

Growth in 3-Circles
Growth Strategy Project (GSP)

Joe Urbany

Jim Davis



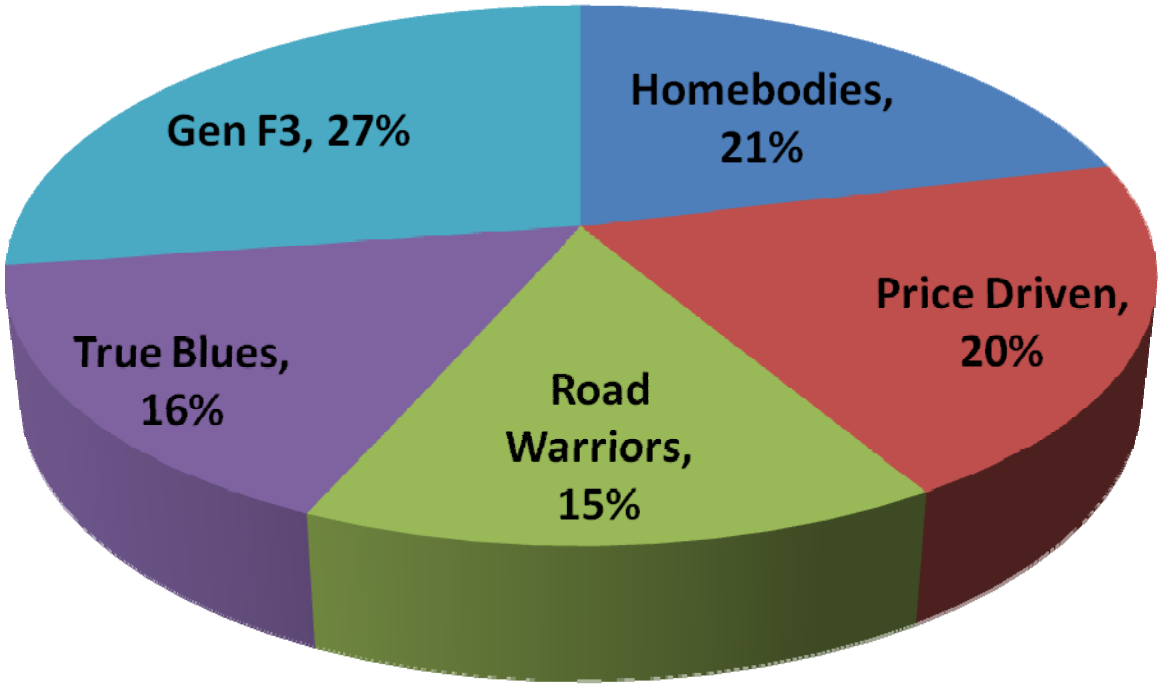
Achieving Growth by Increasing Customer Value

Customer Segments—even for commodity products!

Mobil discovered five different customer segments.

Road Warriors (heavy drivers, travel)
True Blues (Mobil loyalists)
Gen F3 (young, snack buyers)
Homebodies (female head household)
Price Driven

Customer Segments—percentage breakdown for Mobil



Understanding Customer Preference and Choice

university of chicago

At U of C, Davis et al. undertook a study of how effectively people predict others' preferences.

20 NEW IDEAS & Products

etc.

My purchase intention …

… and aother person's purchase intention.

I RATE

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How effective were they? Not very !

"… subjects were no more accurate than the naive model…"

"Both people assumed that the other person's preferences would be quite similar to their own preferences."

Hard-wired human biases

Projection
Confirmation
Empathy gap
Curse of Knowledge

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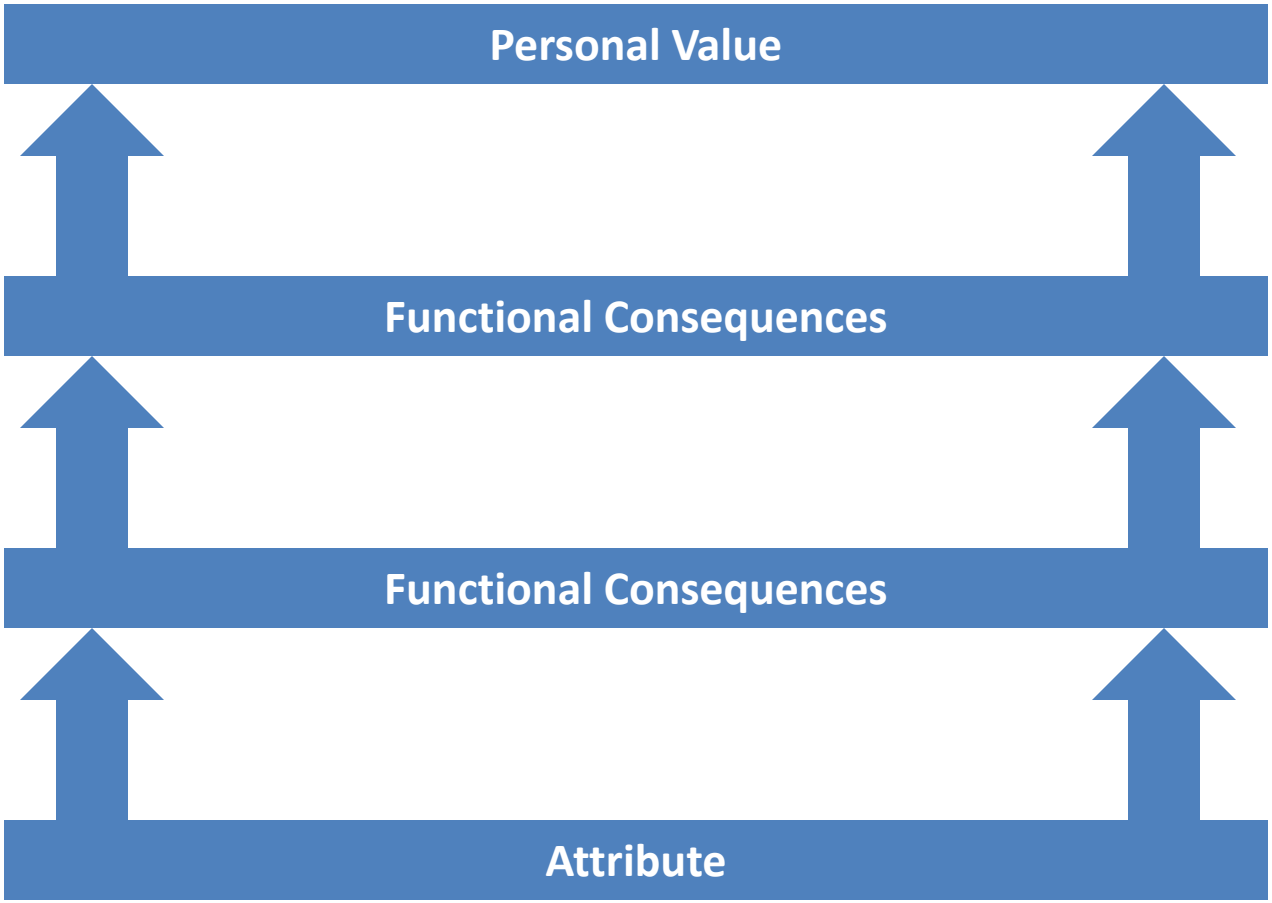
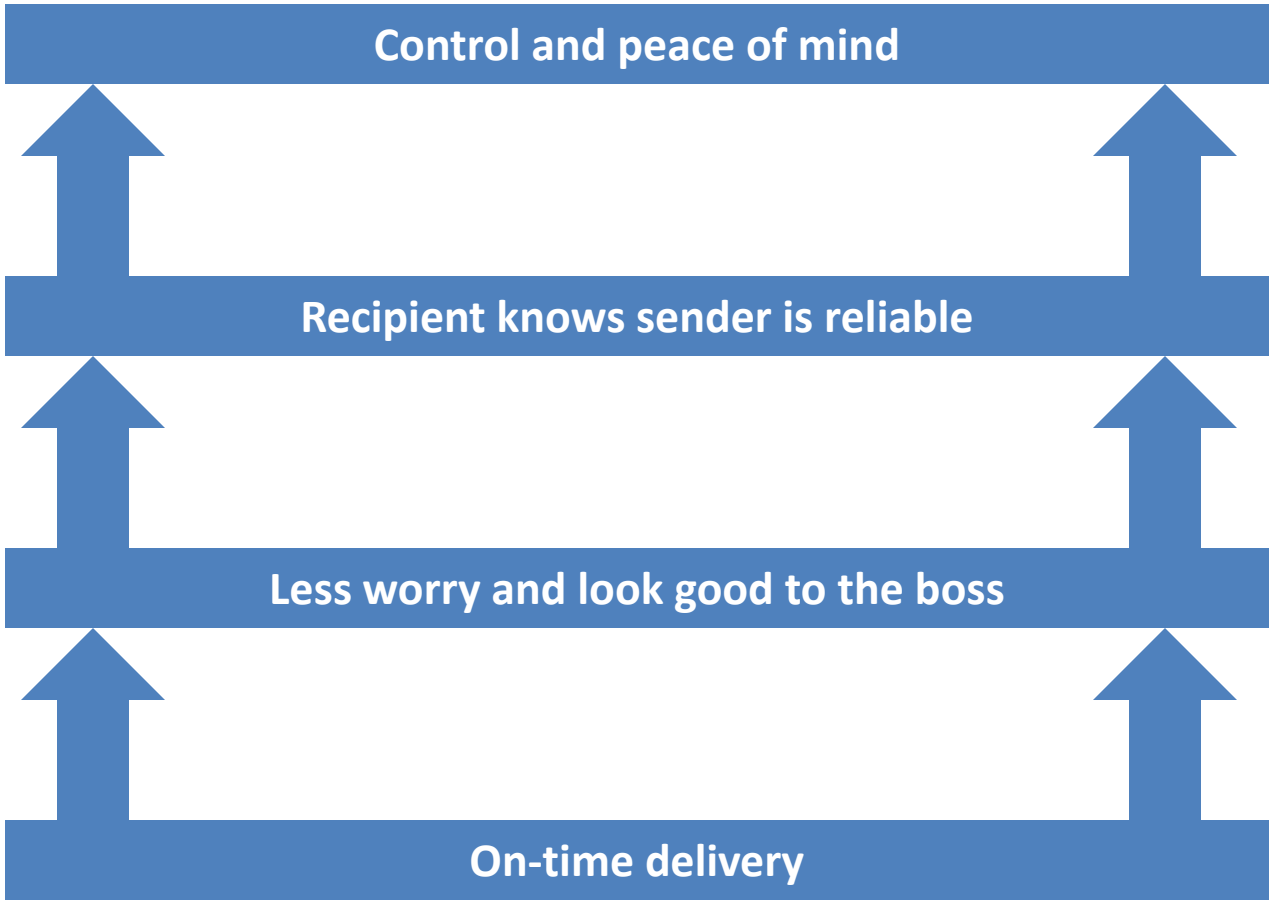
Laddering to Understand Customer Value



- Attributes are manifestation of product or service but not the **VALUE** of product or service.
- Managers often place too much attention on attributes and not enough on underlying **VALUE** which is drive by basic human needs. (Dynamic Laser Cruise Control)
- Understanding underlying value can help optimize attributes and market in way that is meaningful to customer

Laddering to Understand Customer Value



- Why Administrative Assistants choose to ship with FedEx?
- Attribute of on-time delivery leads to satisfaction of higher order **VALUE**.

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Laddering to Understand Customer Value

INFINITI

- Why purchase advanced technology cameras with 360* view?
- Attribute of advanced camera technology leads to satisfaction of higher order **VALUE**.

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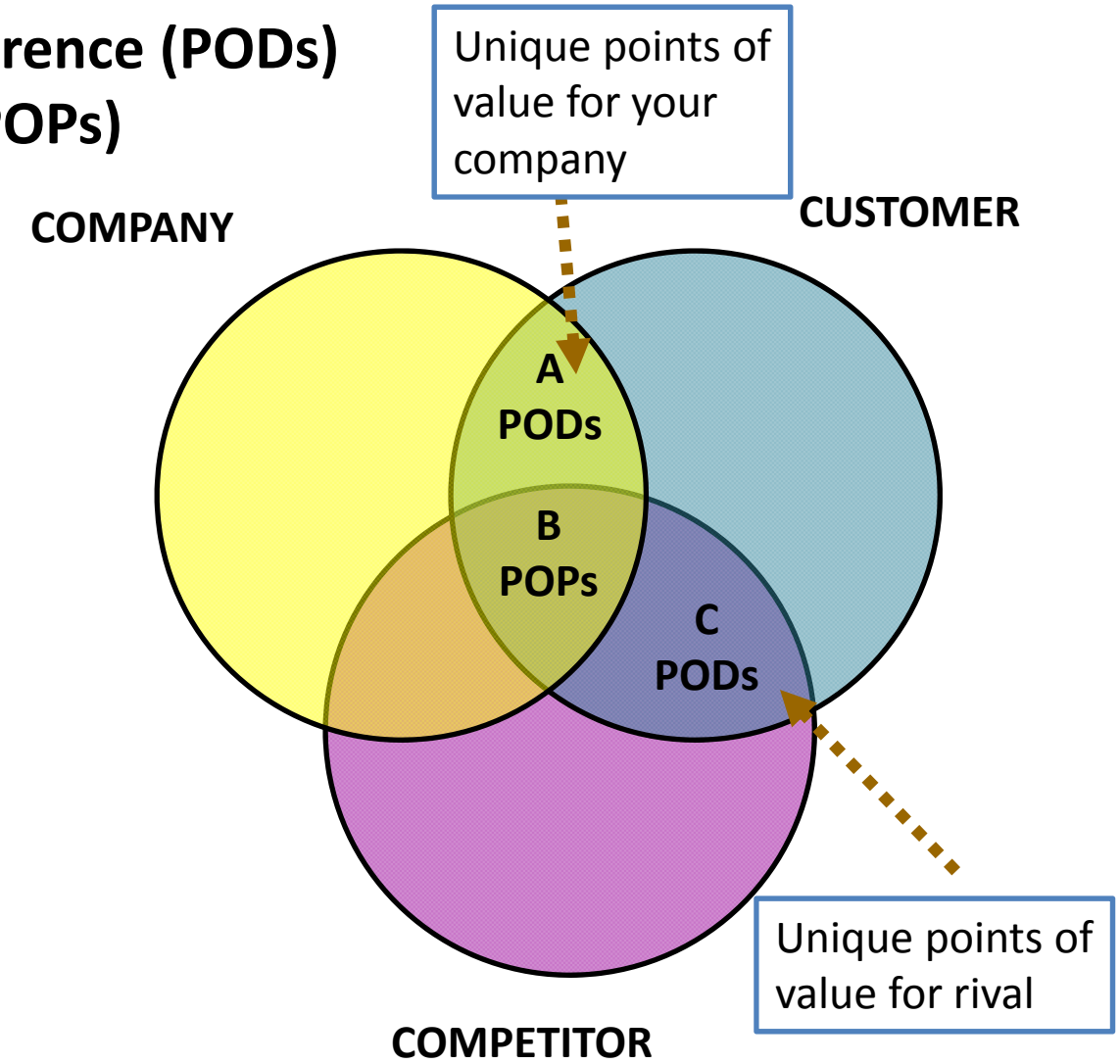
3-Circle Model

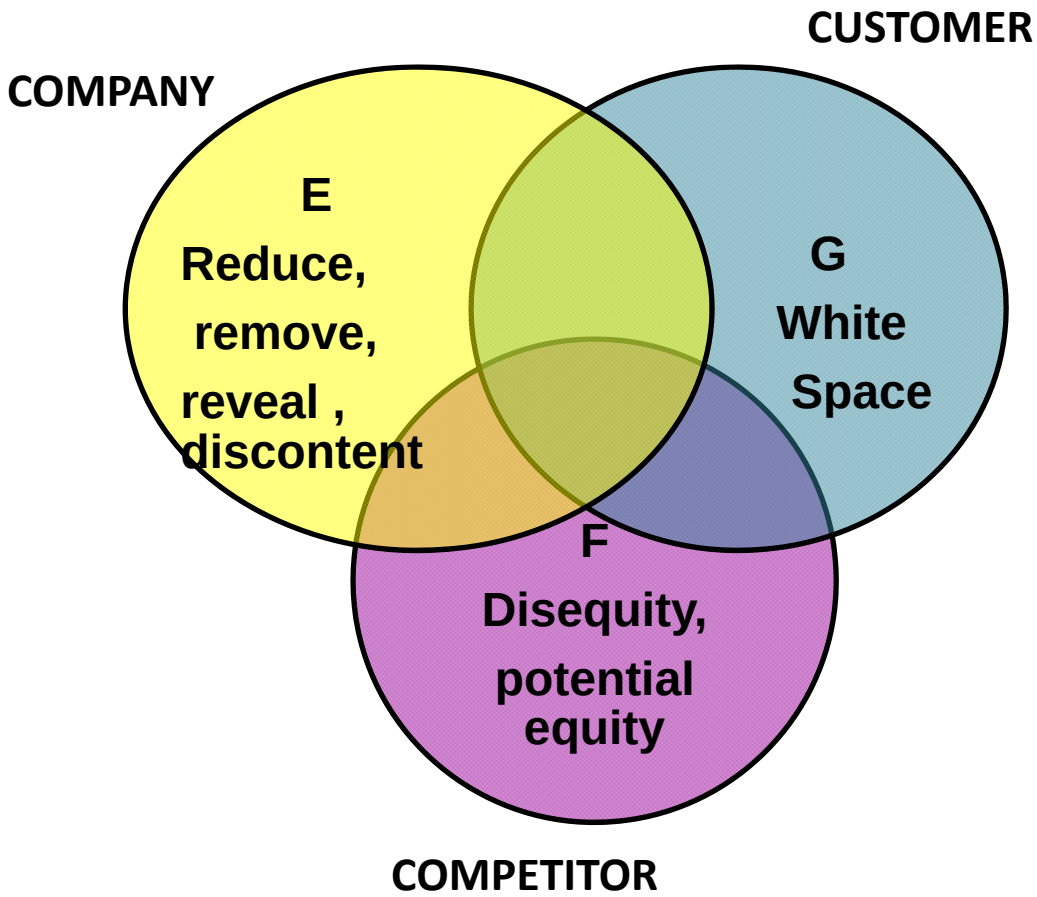
Areas A, C = Points of Difference (PODs)
Area B = Points of Parity (POPs)



A = Company's Unique Attributes
B = Common Attributes
C = Competitor's Unique Attributes

3-Circle Model

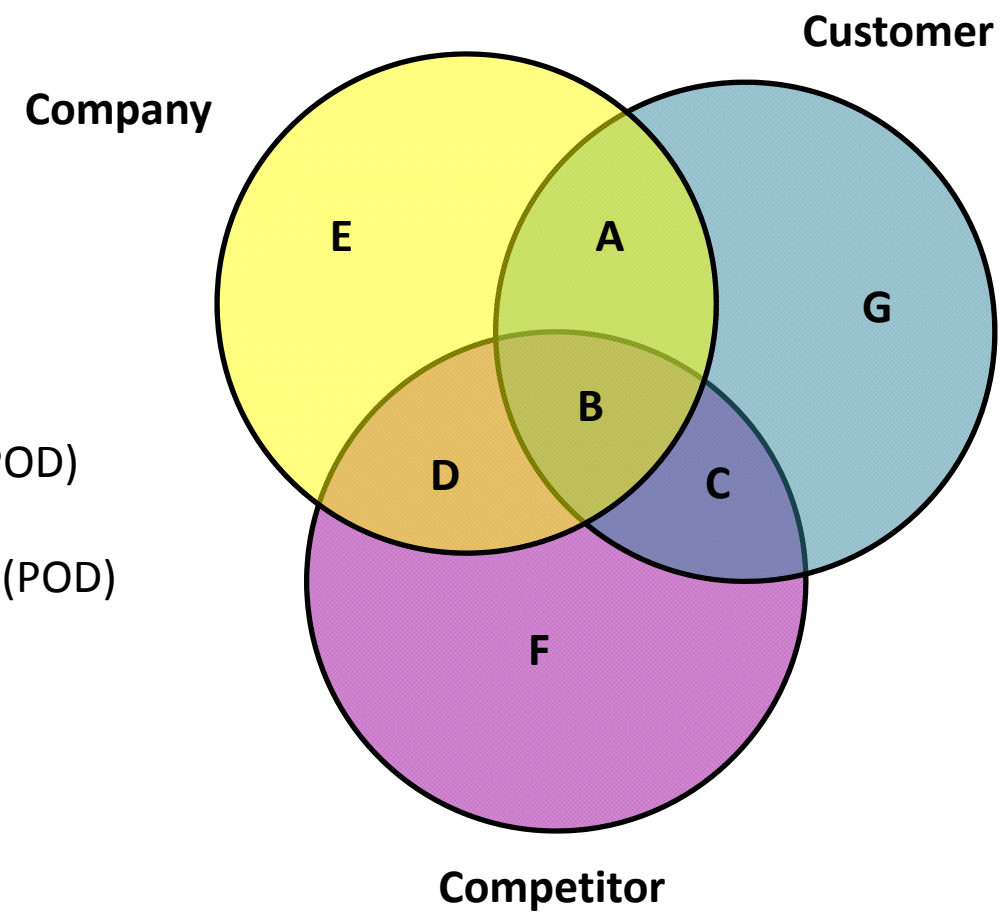
Areas E, F = No value, or potential future value
Area D = Potential cost savings
Area G = New opportunity



D = Common Disequity
E = Company's Unique Disequity
F = Competitor's Unique Disequity
G = Customer's Unmet Needs

3-Circle Model

Growth Strategy Project (GSP)



A = Company's Unique Attributes (POD)
B = Common Attributes
C = Competitor's Unique Attributes (POD)
D = Common Disequity
E = Company's Unique Disequity
F = Competitor's Unique Disequity
G = Customer's Unmet Needs

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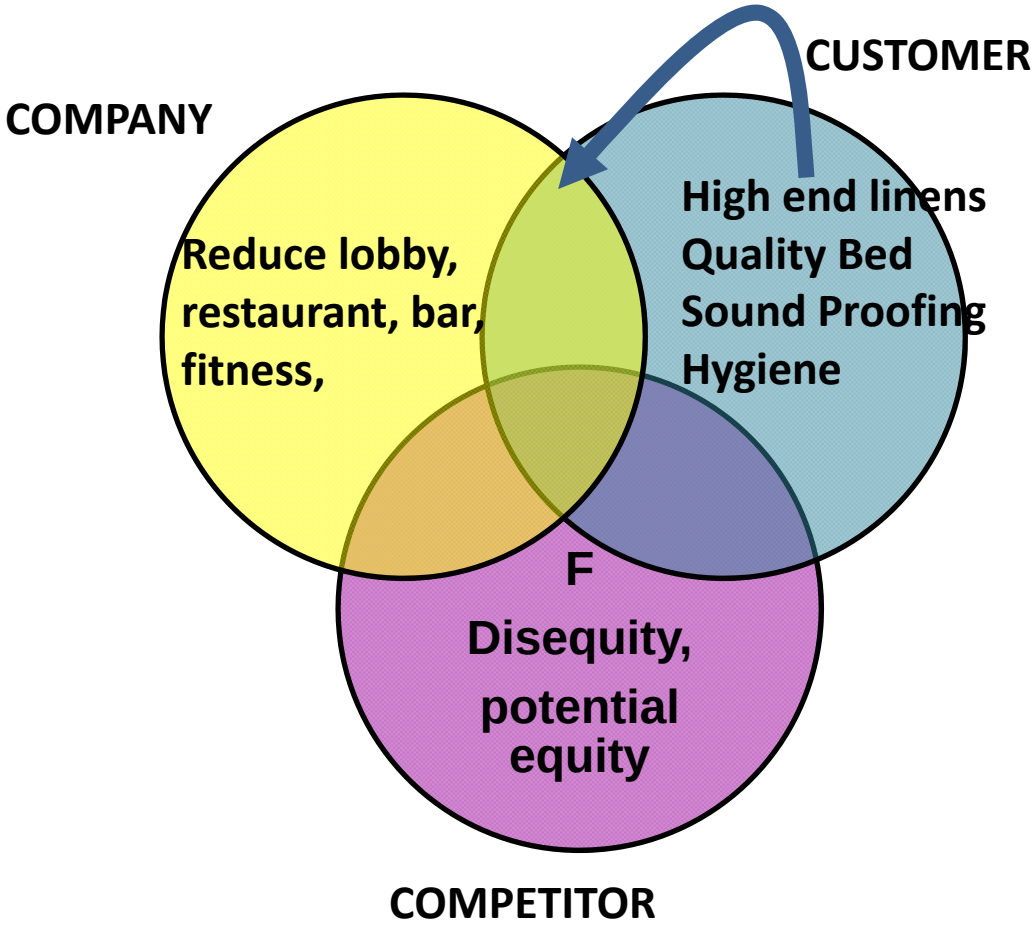
3-Circle Model



A = Company's Unique Attributes
B = Common Attributes
C = Competitor's Unique Attributes
D = Common Disequity
E = Company's Unique Disequity
F = Competitor's Unique Disequity
G = Customer's Unmet Needs

3-Circle Model

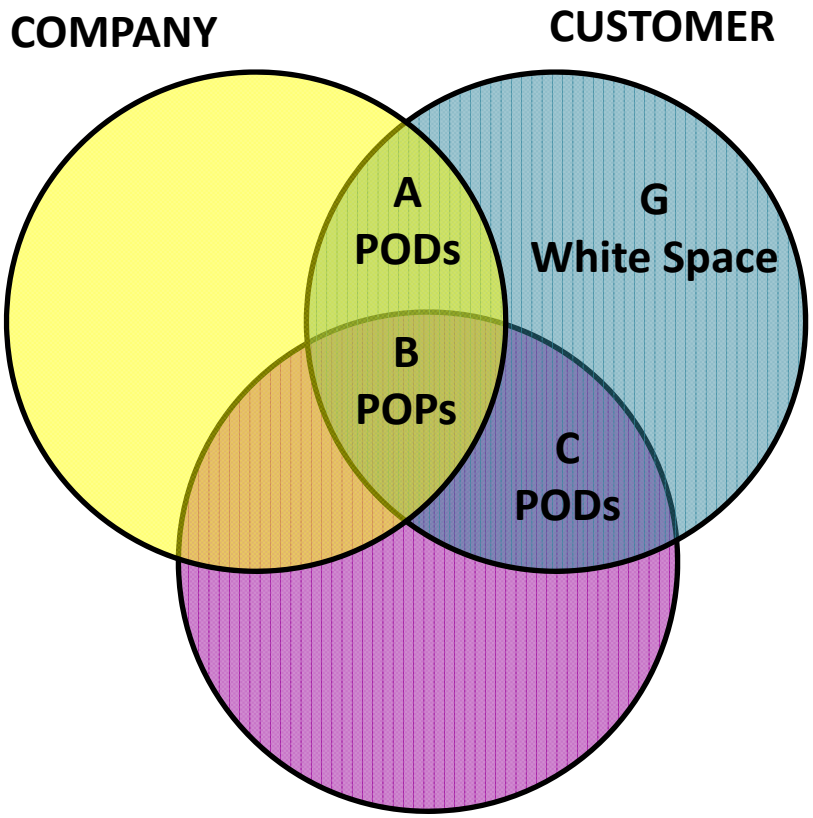
CIRQUE DU SOLEIL

Cirque du Soleil

- G-White Space—unmet needs. Combine ballet, theater, opera & circus. Unique entertainment experience.

- A-Unique Attributes (PODs)—breaking the boundary that separates theater and circus. Fun and thrill of circus and intellectual sophistication and artistry of theater. Musical scores and themes.

- E-Unique & Common Disequity—eliminate costly animal acts, eliminate three rings, deemphasize costly star performers (public no longer thinks of them as major stars)



Growth in 3-Circles: Growth Strategy Project

Case Example The Music Boosters

Project: Beth Duncan, VP Human Resources, Belden Corporation
Context: Beth's role as a band parent

A non-profit organization focusing on providing the financing and volunteers needed to support the music programs at Northeastern Junior/Senior High School in Fountain City, Indiana.

$175/game

VS.

$350/game

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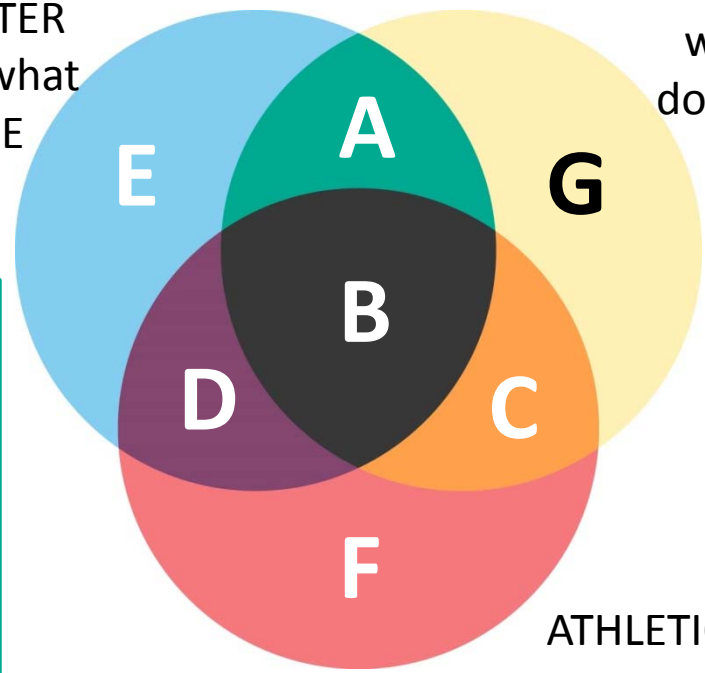
Growth in 3-Circles: Growth Strategy Project

The first step is to frame the case and set the context.

1.1 Identify the players
1.2 Develop Context Statement

MUSIC BOOSTER concessions: what value do WE deliver?

Game attendees: what value do they seek?



ATHLETIC BOOSTER concessions: what value do THEY deliver?

CONTEXT STATEMENT:
My goal is to grow **$ sales revenue** for the **Music Booster (MB) Concession Stand** by **15%** in **3 months** by creating more value for **game attendees** than does **Athletic Booster (AB) Concessions.**

$175/game

VS.

$350/game

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Growth in 3-Circles: Growth Strategy Project

The second step is to identify choice factors and get data.

2.1 Identify Choice Factors

why customers choose your offering

why customers chooses rival's offering

2.2 Internal Recon(nassiance) estimate customer valuations

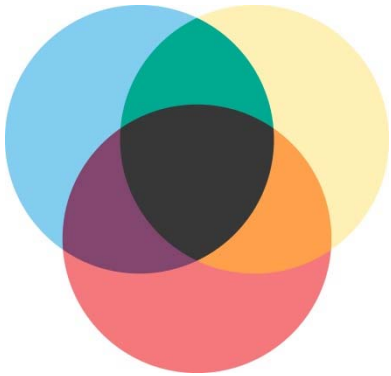
2.3 External Recon interview customers

2.4 Make these choice factors specific

Growth in 3-Circles: Growth Strategy Project

The third step is to sort factors into Venn diagram.

The fourth step is to brainstorm strategy and tactics



Music Boosters Case

Here are the data from 36 surveys.

Choice Factors	Important? 3=highest 2=high 1=less	Who wins?		Below expecta-tions
		Music Boosters	Athletic Boosters	
Low prices	2	√		
Desirable food choices	3	√		AB
Desirable drink choices	3		√	MB
Food at the right temp	3	=	=	
Tasty food	2	√		
Stand is well-organized	1	=	=	AB, MB
Friendly staff	2			AB, MB
Offerings clearly presented presented	3		√	AB, MB
Order is taken quickly	1	√		AB
Order is delivered quickly	1	√		AB

.

Sorting matrix.

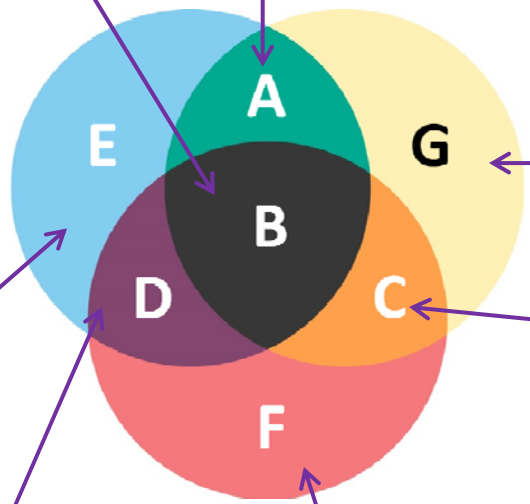
	Importance to Customers		
Perceived Brand Differences	3= highest, essential, can't live without	2 = above average but less than a 3	1 = lower than a 2 or 3 (below average)
We're better	A *Desirable food choices	A- *Low prices *Tasty food	E *Order taken quickly *Order delivered quickly
We're equally good	B *Food at right temp	B-	D
Competitor is better	C *Desirable drink choices	C-	F
We're equally bad or there are needs not fully resolved	G *Offerings clearly presented	G- *Friendly staff	D *Stand is well-organized

Venn Analysis

A. OUR Points-of-difference.
+Desirable food choices
+Low prices
+Tasty food

B. Points-of-parity.
+Food at the right temp
(except nachos, see Area G)

G. Unmet needs
-[Nacho temp]
-Friendliness of staff
-Offerings clearly presented



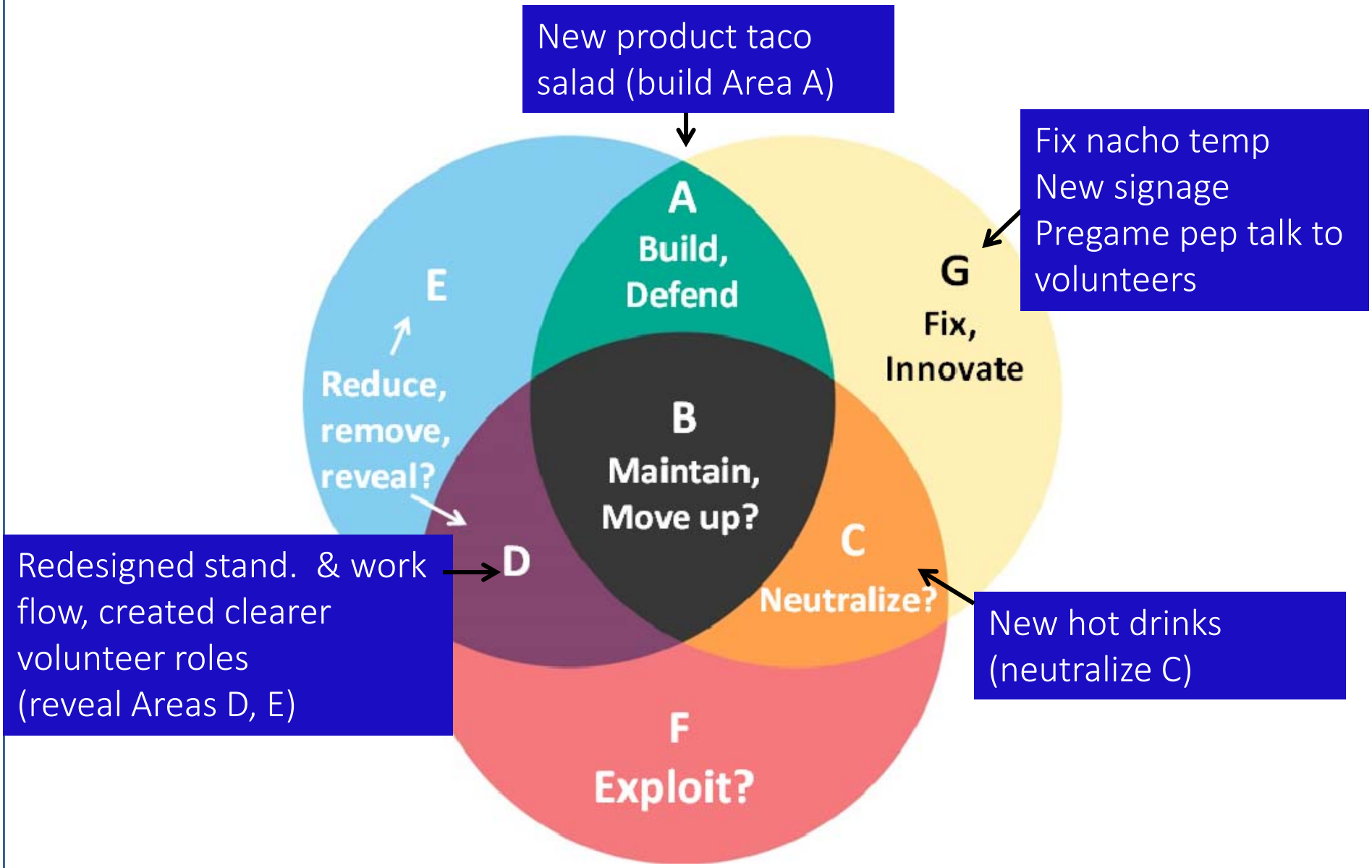
E. Our non-value
-Order is taken quickly
-Order is delivered quickly

C. THEIR Points-of-difference
+Desirable drink choices

D. Joint non-value
-Stand is well-organized

F. Their non-value

The Venn framework provides a broad menu of options for enhancing customer value.



OUTPUT = PLAN. 7-step plan for the Music Boosters.

	Game attendees	
1. Segmentation	**Chatty, social** **Hungry, cold**	
2. Targeting	**Hungry, cold**	
3. Positioning	Value prop = fill you up, keep you warm / fair market prices	
4. Product/ Service	*Standard offerings + new walking taco salad + hot drinks *Service quality, motivated volunteer staff	
5. Price	Fair market	
6. Place (channels)	Redesign stand work flow, volunteer roles	
7. Promotion	New, signage with offerings / prices clearly communicated	

Example Choice Factors– TRANSPORTATION COMPANY

REASON	
Speed	
On time	
Cust serv	
Rates	
Stable	
Report	
Track	
Outsource?	
EDI	
Simple pr	
Invoices	
Air ride?	
Low damage	
Aft hours	
bonded	

FULL CHOICE FACTOR SET:

REASON	INITIAL PROPOSED CHOICE FACTORS
Speed	Fast delivery, Two and Three day LTL service options from the Midwest to the U.S. Mexico Border
On time	On-Time delivery (98 percent performance)
Cust serv	Dedicated customer service advocate assigned to the account
Rates	Published rates - low pricing per pound
Stable	Financially stable company,
	Company will provide financials
Report	Provides On-Time performance reports
Track	Shipments can be tracked online
Outsource?	Carrier is asset-based (doesn't outsource)
EDI	Has EDI billing capability (paperless)
Simple pr	Simple pricing per pound versus a class system
Invoices	Billing invoices are simple and easy to read,
	Billing invoices do not require an audit function
Air ride?	Company has air ride trailers,
	Company has an excellent safety record
Low damage	Company has low occurrence of damage to shipments
Aft hours	Customers can reach company after 5:00 p.m.
bonded	Company is a U.S. Customs Bonded carrier

Growth in 3-Circles: Growth Strategy Project
Exercise: Develop Preliminary Growth Strategy

1. Frame case and set context
   - 1.1 Identify players
     - specific company unit under study
     - define customer segment under study
     - choose one competitor or rival as a choice option
   - 1.2 Develop context statement goal
2. Identify Choice Factors
   - 2.1 why customers choose your offering or rival's offering
     - Functional benefits, place, financial, information, time, relationship, experiential, status, psychosocial
3. Sort Factors into Venn diagram
4. Brainstorm strategy and tactics for growth

Example 1 – Coffee Shop Choice

CONTEXT

(1) COMPANY: Offering = cup of coffee at **CORNER BAKERY**

(2) CUSTOMER: leaving work on a Saturday afternoon. In need of a cup of coffee.

(3) COMPETITOR(s): cup of coffee at **STARBUCKS**

REASONS / POSSIBLE ACTIONS

(4) REASONS why the customer would choose CORNER BAKERY?

(6) YOUR TACTICAL ACTION HYPOTHESES: If you had to guess right now, what are the types of actions you think might be necessary to reach your growth goal? (check the box)

	improve current product or service
	add new to product or service line
	lower prices / more price promotions
	raise prices
	find new channels of distribution
	better manage channel relationships
	invest/Improve print /media adv
	invest/improve digital marketing / social media

(5) REASONS why the customer would choose STARBUCKS?

Worksheet Growth Strategy Project

CONTEXT

(1) COMPANY Offering: What offering is the focus of your GSP?

(2). CUSTOMER: Who is a / the target customer for your GSP?

(3) COMPETITOR(s): Who is / are the competitors? (first write down the list, then, just for this exercise, circle one)

REASONS / POSSIBLE ACTIONS

(4) What are REASONS why the customer would choose your offering over the competitor's?

(6) TACTICAL ACTION HYPOTHESES: If you had to guess right now, what are the types of actions you think might be necessary to reach your growth goal? (check the box)

	improve current product or service
	add new to product or service line
	lower prices / more price promotions
	raise prices
	find new channels of distribution
	better manage channel relationships
	invest/Improve print /media adv
	invest/improve digital marketing / social media

(5) What are REASONS why the customer would choose your competitor's offering over yours?

GSP Worksheet Using the "reasons" from page 1, translate to choice factors here. 2

Mktg Mix tactic	Choice factor
Product / service	
Price	
Place / channels of distribution	
Promotion	

1. Think broadly.
2. Think about decisions.
3. Be specific.
4. One idea at a time.
5. Positive statements.

GSP Worksheet Using the "reasons" from page 1, translate to choice factors here. 3

Other categories	Choice factor
Examples:	
Brand-related *familiarity *specific brand beliefs like trust	
Business performance: *sales, profit *customer sat	
Other factors	

1. Think broadly.
2. Think about decisions.
3. Be specific.
4. One idea at a time.
5. Positive statements.