

INSIDE: Earn an MIT Sloan Executive Certificate

MIT Sloan
Executive Education

THE MIT SLOAN SCHOOL OF MANAGEMENT
Executive Series on Management, Innovation, & Technology

Reinventing Your Business Strategy

The conventional wisdom is to put the focus on your product, when the real source of profitability in a networked economy is to develop better value propositions for your customers.

Using MIT's revolutionary Delta Model to change your strategic thinking, identify new sources of revenue, and transform your organization

**An Intensive Two-Day Program for
Senior General and Technical Management**

in Cambridge, Massachusetts

December 2-3, 2008

March 23-24, 2009

June 25-26, 2009



<http://mitsloan.mit.edu/execed>

A fresh approach to business strategy development and strategic management

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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, you must shift your attention from products to customers and create a business plan based on:

Earn an MIT Sloan Executive Certificate

Senior executives and technical managers can earn a comprehensive **MIT Sloan Executive Certificate** in three important areas of management practice, including *Management and Leadership*, *Strategy and Innovation*, and *Technology, Operations, and Value Chain Management*.

Candidates must complete four executive education programs specified for the certificate selected within four years. (Credit for programs taken previously will be considered on request.) See our web site at <http://mitsloan.mit.edu/execed> for more information.

- the innovative restructuring of your customer relationships
- segmenting your customers more creatively
- delivering a value proposition that places the customer at the center of your strategy

At the MIT Sloan School of Management, our research 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 offers 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.

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.

Led by Alfred P. Sloan Professor of Management Arnaldo Hax, 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

Who Should Attend

Senior general 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, and senior managers with strategic planning responsibility.

"The Delta Model is the Holy Grail of business strategy . . . It opened my eyes to a new world of strategy."
Tumu Kaisi, Principal Consultant, Cable & Wireless (United Kingdom)

"Great content, great delivery, great value."
Hod Pharis, Chief Operating Officer, DealerVu

"A great tool that helps answer the questions, 'what should we be adding,' 'when and in what order'. Focuses on what matters most: the client."
Ignacio Morales, MasterCard Worldwide (Mexico)

Discovering new sources of profitability in a networked economy

This two-day 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

About the MIT Sloan School Executive Series on Management, Innovation, & Technology

The impact of technology on the corporation is being felt not only in terms of the products, processes, and services companies are able to design and market, but in the way organizations are being restructured and managed.

For senior technical and corporate executives, staying abreast of the competition means staying abreast of the way technology is redefining the corporation.

This is one in a series of interactive, executive-level programs that have been designed to help both technical and non-technical management succeed in an environment of accelerating technological change.

- 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

“An insightful, gravitating program that peels away the mysteries surrounding strategy development.”
Donald Mason Stinson, Senior Managing Partner, Stinson, Pell, Hunter & York, LLC

“... worth the time and cost, and the lessons learned can be applied immediately at my company.”
Francesco Rossi, Senior Vice President, Chief Financial Officer & Treasurer, American Arbitration Association, Inc.

“For those in the public or not-for-profit sector who question the relevance of business strategy and the Delta Model to their organizations, think again. This course may be one of the best investments in time and budget you will ever make.”
Chad Fleck, Innovation Counselor, Foreign Affairs & International Trade, Government of Canada

About the Program

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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. Imitation leads to sameness, and sameness never leads to greatness.

In today's changing business environment, new technologies have created a degree of inter-connection 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

A. *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.

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

“As a founder of a technology start-up, this seminar has been immensely valuable in helping me to analyze and quantify a growth strategy.”

Jason Milgram, Chief Executive Officer, Linxter, Inc.

“A very comprehensive but pragmatic tool/framework that is easily applied to complex strategic situations to yield key important strategy decisions.”

Richard Busch, Jr., Director, Portfolio Development, Northrop Grumman

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.

II. The Three Tasks: Applying the Delta Model in Practice

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:

1. segment your customers, arrange them into tiers, and decide what differentiated treatment to provide each tier
2. use the full capabilities of the organization to perform activities for customers that they used to do themselves – improving their economics
3. expand the breadth of products and services you provide to each customer – increasing customer bonding

B. 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

Cases, Exercises, and Examples

Throughout the program, we'll use examples of companies that share the same outstanding business success but have achieved their high performance through strikingly different strategies and sources of profitability. Drawing from case studies of companies in the paint and coatings, mass consumption products, wholesale trade, waste management, micro devices, and food services industries, you'll learn how firms used the Delta Model framework to re-segment their customer tiers, sell into them more effectively, determine what value propositions to provide, and decide what benefits were going to be derived, quantified, measured, and split with their customers.

Participants work in teams to build a customer bonding strategy, and de-commoditize the company, segment the customer base, offer unique solutions to customer problems, and move to dominance in the company industry.

About the Program (continued)

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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

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.

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.

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.

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

"The usefulness for small companies makes this model outstanding."
Jean-Paul Peirs, Chairman, Panimpex, NV (Belgium)

"Building a business plan for a new medical device venture; this is 100% useful for market segmentation and strategy in business planning."
Seth Burgett, Chief Executive Officer, Verto Medical Solutions

"An eye-opening course that will change the way I consider strategy development."
Dr. Amalia Pantazidis, Performance Control Supervisor, TOTAL Petrochemicals

Program Faculty

Arnoldo Hax

Arnoldo Hax is the Alfred P. Sloan Professor of Management at the MIT Sloan School of Management. He served as Deputy Dean of the MIT Sloan School from 1987 through 1990. Prior to joining MIT in 1972, Dr. Hax was a faculty member at the Harvard Business School and a senior consultant for Arthur D. Little, Inc.

He has published extensively in the fields of strategic management, management control, operations management, and operations research. He has authored and co-authored nine books, including *The Delta Project: Discovering New Sources of Profitability in a Networked Economy* with Dean Wilde, and some one hundred journal articles. An accomplished teacher, he won the MIT Sloan School's Salgo Award for Excellence in Teaching.

Dr. Hax has participated in a great many executive programs at MIT, in many U.S. universities and corporations, and in most countries in Europe and Latin America, as well as Japan, China, and the former U.S.S.R. He has wide consulting

experience and has assisted several companies in developing formal strategic planning processes, including Advanced Micro Devices, Eastman Chemical, Merck, EDS, Saturn, Coca-Cola, Digital Equipment Corporation, Motorola, General Motors, Citibank, Prime Computer, Searle, Analog Devices, Westinghouse Electric, Unilever, 3M, and Brown Boveri (Switzerland).

Dr. Hax is the Chairman of the Board of Sloan Management Review. He is Strategic Management Editor for *Interfaces* and former editor of *Operations Research*, and *Naval Research Logistics Quarterly*. He is on the editorial board of the *Journal of Manufacturing and Operations Research* and the *Journal of High Technology Management Research*.

He has been granted a Dean's Award for Excellence at the MIT Sloan School of Management and has been listed in *Who's Who in America*, *Who's Who in American Education*, *Who's Who in the World*, and *Who's Who in Science and Technology*.

"Strategic thinking in an entertaining but fundamental way!"
Karl Indigne, Marketing & Communication Manager, SD WORX (Belgium)

"An eye-opening experience in the true spirit and tradition of MIT."
David Frederick, Senior Vice President & Global Managing Director, Schawk Digital Solutions

"... gives you an immense understanding of the very foundation of your business – your customers. It helps you appreciate the way business ought to be done, that is, with the future in mind."
Tochukwu Chukwukadibia Okpala, Senior Assistant Manager, Zenith Bank PLC (Nigeria)

Registration

Program Cost: The registration fee is \$2600 for each two-day program.

Special Savings: If you enroll in more than one two-day program at this time, you pay \$2600 for the first program and \$2200 for each additional two-day program you select. All fees include continental breakfasts, luncheons, reception, and a complete program materials package. They do not include hotel accommodations. *For additional program information, go to <http://mitsloan.mit.edu/execed>.*

To Register: Log on to our website at <http://mitsloan.mit.edu/execed>; or return this form to Maureen Tracy, Center for Management Research (program administration), 134 Rumford Avenue, Newton, MA 02466, or call Ms. Tracy at (781) 239-1111, or Fax this form to (781) 239-1546. Confirmation will be made by mail and email. *You may also contact us with questions at execseminars@sloan.mit.edu.*

Accommodations: We have reserved a block of rooms at a hotel convenient to each program site. Information on how to arrange for accommodations will be sent about eight weeks prior to the program.

Certificates: Certificates of Participation are awarded for each individual program you attend. You can also earn a comprehensive **MIT Sloan Executive Certificate** in any of three management areas. Go to <http://mitsloan.mit.edu/execed> for complete details.

Attendance Limitations & Liability: Attendance at all programs will be reserved on a first-come, first-served basis. If a program is canceled, liability is limited to the registration fee.

- I wish to attend **Reinventing Your Business Strategy**. See program indicated below. (*Special Savings:* If you register for more than one two-day program at this time, the fee for the first program is \$2600, then \$2200 for each additional two-day program you select. Go to <http://mitsloan.mit.edu/execed> for information about the programs below.)
- I also wish to enroll to earn a comprehensive MIT Sloan Executive Certificate in:
 - Management and Leadership**
 - Strategy and Innovation**
 - Technology, Operations, and Value Chain Management**
- I am interested in a Certificate but have not decided on a track.

Leading the Innovative Organization	Leading Edge Operations Strategy	Supply Chain Strategy	
<input type="checkbox"/> Nov. 13-14, 2008	<input type="checkbox"/> Nov. 17-18, 2008	<input type="checkbox"/> Nov. 19-20, 2008	
<input type="checkbox"/> March 25-26, 2009	<input type="checkbox"/> May 4-5, 2009	<input type="checkbox"/> May 6-7, 2009	
<input type="checkbox"/> July 9-10, 2009	<input type="checkbox"/> July 27-28, 2009	<input type="checkbox"/> July 29-30, 2009	
Reinventing Your Business Strategy	Marketing for the Technical Executive	Fundamentals of Finance	Technology and Product Strategy
<input type="checkbox"/> Dec. 2-3, 2008	<input type="checkbox"/> Dec. 2-3, 2008	<input type="checkbox"/> Dec. 4-5, 2008	<input type="checkbox"/> Dec. 4-5, 2008
<input type="checkbox"/> March 23-24, 2009	<input type="checkbox"/> April 14-15, 2009	<input type="checkbox"/> April 16-17, 2009	<input type="checkbox"/> May 20-21, 2009
<input type="checkbox"/> June 25-26, 2009	<input type="checkbox"/> July 28-29, 2009	<input type="checkbox"/> July 30-31, 2009	<input type="checkbox"/> Sept. 14-15, 2009
Managing Technical Professionals	IT for the Non-IT Executive	Complex Product Development	Solving Complex Business Problems
<input type="checkbox"/> Dec. 8-9, 2008	<input type="checkbox"/> Dec. 8-9, 2008	<input type="checkbox"/> Dec. 10-11, 2008	<input type="checkbox"/> Dec. 10-11, 2008
<input type="checkbox"/> March 19-20, 2009	<input type="checkbox"/> March 30-31, 2009	<input type="checkbox"/> April 1-2, 2009	<input type="checkbox"/> May 18-19, 2009
<input type="checkbox"/> June 23-24, 2009	<input type="checkbox"/> July 13-14, 2009	<input type="checkbox"/> July 15-16, 2009	<input type="checkbox"/> Sept. 16-17, 2009
<input type="checkbox"/> Sept. 14-15, 2009			

Mr/Ms/Dr _____
Please type or print clearly

First name: on badge _____ on certificate _____

Title _____

Organization _____

Address _____

City _____ State/Country _____ Zip/Postal Code _____

Phone _____ Fax _____

E-mail _____

Team Registration: Others attending with me include:

Mr/Ms/Dr _____ Title _____

E-mail _____

Mr/Ms/Dr _____ Title _____

E-mail _____

To submit additional registrations, please copy this page. (Please note if addresses of those on team differ.)

Check enclosed. Payable to CMR/Sloan. U.S. dollars only.

Please bill me. Payment is expected prior to program.

I cannot attend the programs on the dates listed but would like to be notified of future programs.

If your company requires a PO, please fax it within 24 hours of your registration.

Sloan RBS r13: INTERNET