IT'S ALL ABOUT STRATEGY!
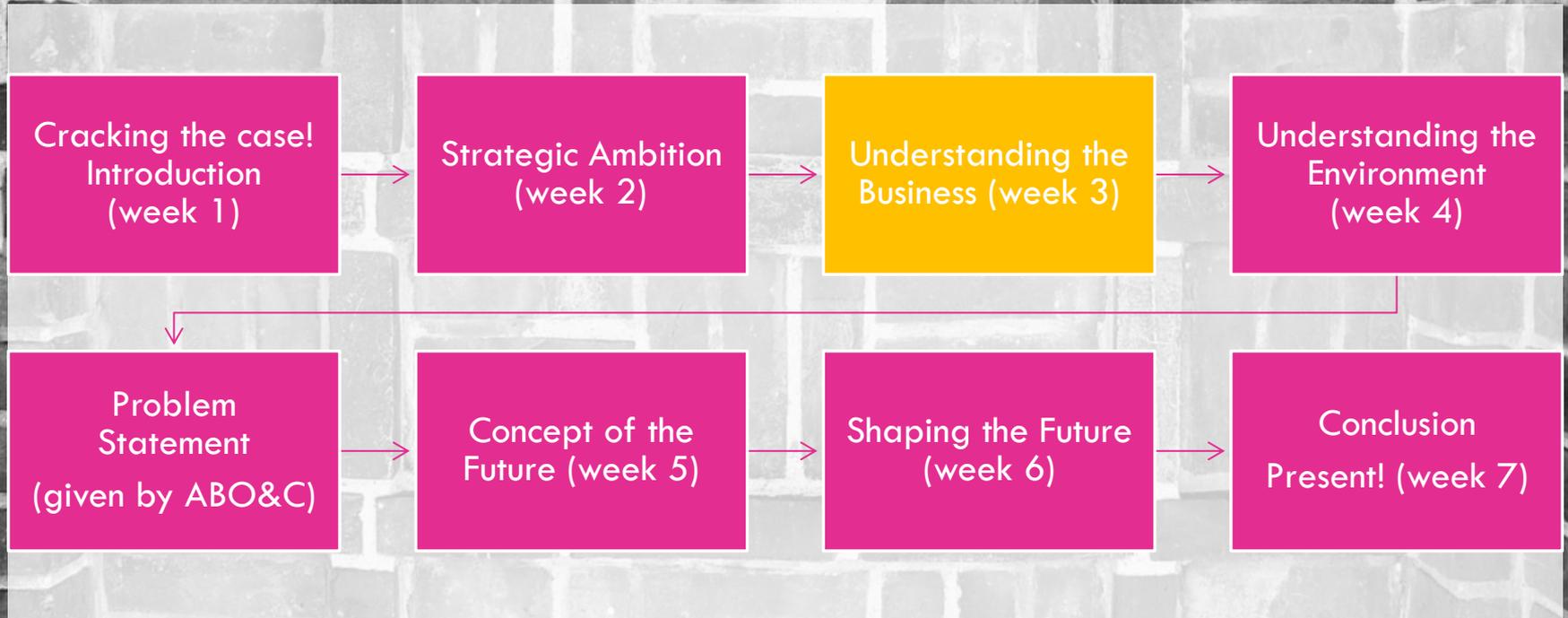
Period 3: Lecture 3 – Understanding the Business

REMEMBER THE DEFINITION OF STRATEGY…

"Strategy is the *direction* and *scope* of an *organization* over the *long term*: which achieves *advantage* for the organization through its configuration of *resources* within a changing *environment*, to meet the needs of markets and to fulfill *stakeholder* expectations."

HOW TO MAKE IT ACTIONABLE: BUSINESS CASE BLOCKS

Cracking the case! Introduction (week 1) →
Strategic Ambition (week 2) →
Understanding the Business (week 3) →
Understanding the Environment (week 4)

Problem Statement (given by ABO&C) →
Concept of the Future (week 5) →
Shaping the Future (week 6) →
Conclusion Present! (week 7)

Case: Amsterdam Baroque Orchestra & Choir (ABOC).

Exercise: read the case and get an initial idea of the context.

Outcome: an initial idea about the case. This will be part of you "Introduction" chapter.

WEEK 1: CRACKING THE CASE!

Guest lecturer:
Marco van de Klundert

Exercise: Try to find out what the strategic ambition of the ABO&C is. What are their challenges to realize this ambition?

Outcome: get a clear understanding of the strategic ambition of the ABO&C.

This will be part of your "Strategic ambition" chapter.

Also think about the next chapters of your business case. Now it's the time to ask! Think of their business model, direct action environment, customer job, etc.

WEEK 2:
STRATEGIC AMBITION

Partner Network

Key Activities

Key Resources

Value Propos
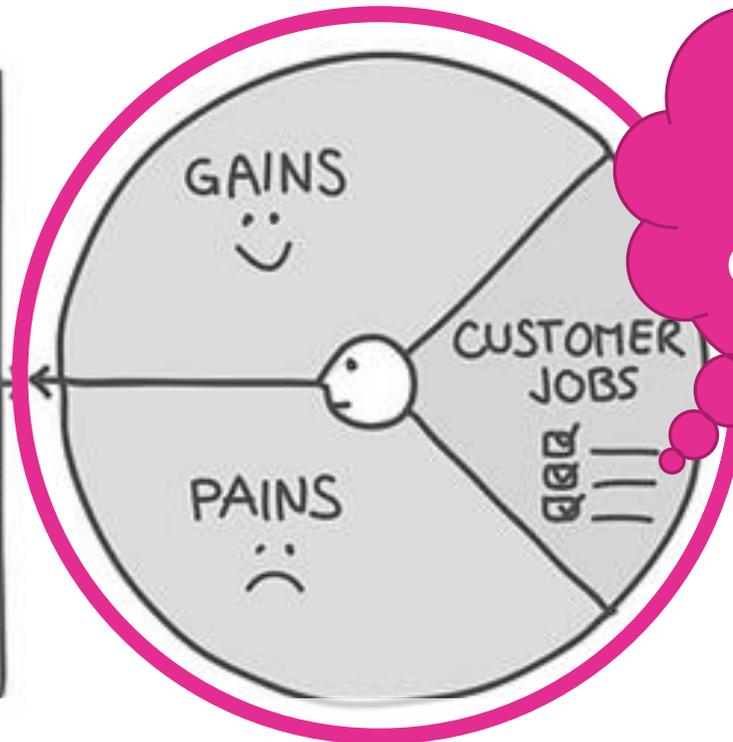
Customer

Customer
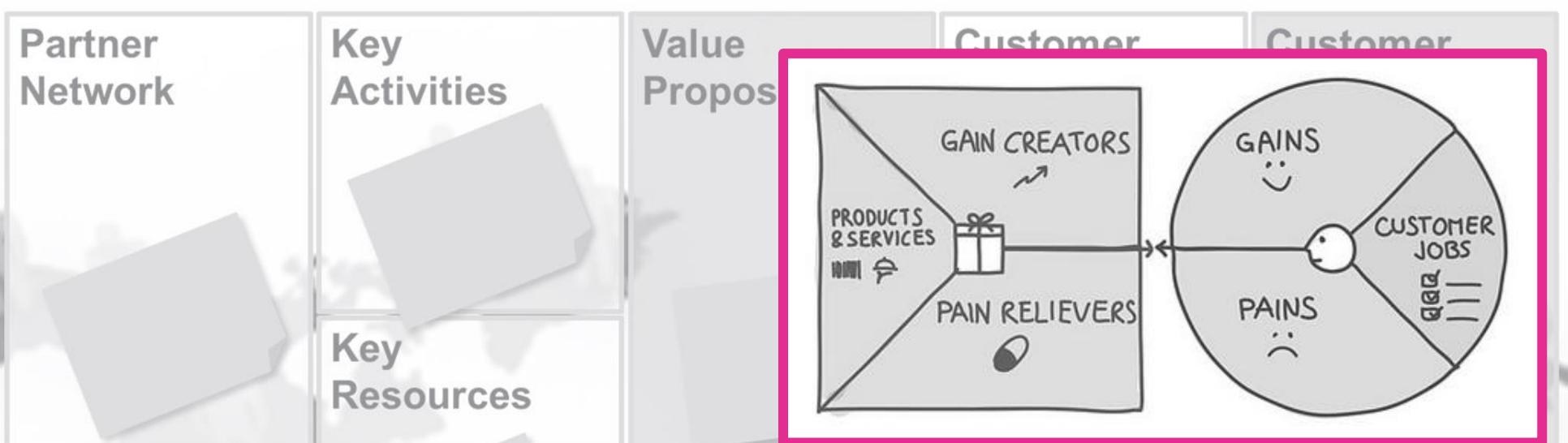
Exercise: fill out the business model canvas for the ABOC and explain their business model

Outcome: a clear description of the business model of the ABOC. This will be part of your "Understanding the business" chapter.
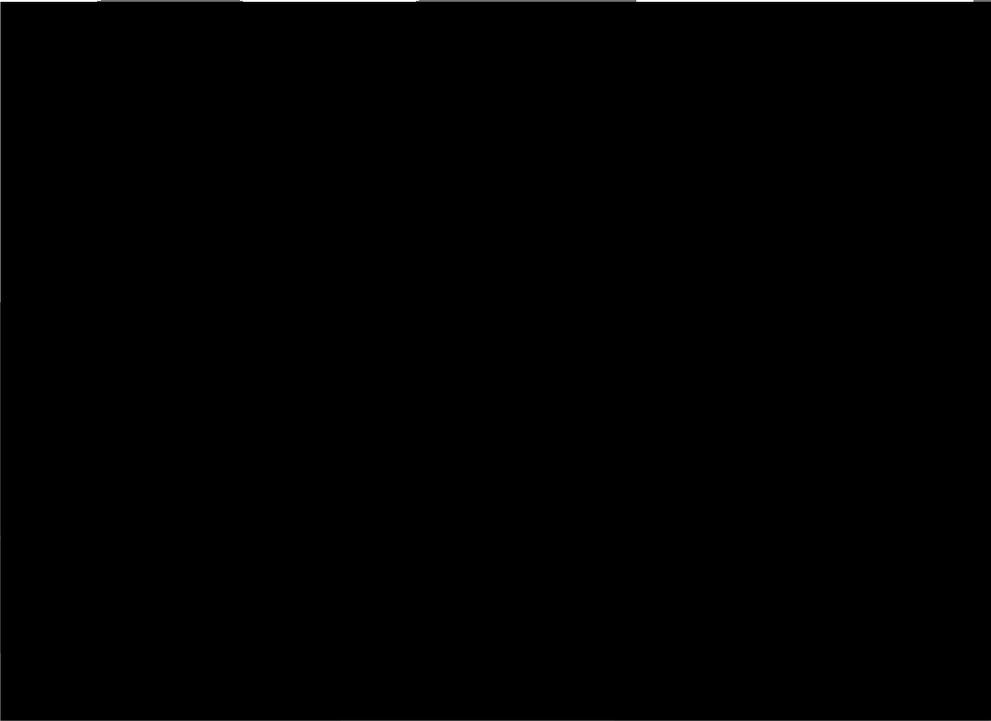
Cost structure

Revenue streams

WEEK 3: UNDERSTANDING THE BUSINESS

Which **Jobs** are your customers trying to get done? What are their **Pains & Gains**?

Which products and services you offer that help your customer get either a **functional, social, or emotional job done**, or help him/her **satisfy basic needs?**

Q1. Which **jobs** are your customers trying to get done?

Ask yourself…

❖ What **functional jobs** is your customer trying get done? (e.g. perform or complete a specific task, solve a specific problem, …)

❖ What **social jobs** is your customer trying to get done? (e.g. trying to look good, gain power or status, …)

❖ What **emotional jobs** is your customer trying get done? (e.g. esthetics, feel good, security, …)

❖ What **basic needs** is your customer trying to satisfy? (e.g. communication, sex, …)

Q2. Customer Pains

What are the **negative emotions, undesired costs and situations, and risks** that your customer experiences or could experience before, during, and after getting the job done?

How do your products and services **alleviate customer pains?** How do they **eliminate or reduce negative emotions, undesired costs and situations, and risks** your customer experiences or could experience before, during, and after getting the job done?

Ask yourself…

❖ What does your customer find too **costly**?

❖ What makes your customer **feel bad**?

❖ How are current solutions **underperforming** for your customer?

❖ What are the main **difficulties and challenges** your customer encounters?

❖ What **negative social consequences** does your customer encounter or fear?

❖ What **risks** does your customer fear?

❖ What's keeping your customer **awake at night**?

❖ What **common mistakes** does your customer make?

❖ What **barriers** are keeping your customer from adopting solutions?

Q3. Customer Gains

What are the **benefits your customer expects, desires or would be surprised by?** This includes functional utility, social gains, positive emotions, and cost savings.

How do your products and services create **customer gains?** How do they **create benefits** your customer expects, desires or would be **surprised** by, including functional utility, social gains, positive emotions, and cost savings?

Ask yourself…

❖ Which savings would make your customer **happy**?

❖ What outcomes does your customer expect and what would go **beyond his/her expectations**?

❖ How do current solutions **delight** your customer?

❖ What would make your customer's job or life **easier**?

❖ What **positive social consequences** does your customer desire?

❖ What do customers **dream** about?

❖ How does your customer **measure** success and failure

❖ What would **increase** the likelihood of adopting a solution?

Partner Network
The partners and suppliers we work with

Key Activities
The most important activities performed to implement our business model

Key Resources
The key resources on which our business model is built

Value Proposition
The bundles of products and services that satisfy our customer segment's needs

Customer Relationships
The types of relationships we entertain with each customer

Distribution Channels
The channels through which we communicate with our customers and offer our value proposition

Customer Segments
Our group of customers with distinct characteristics

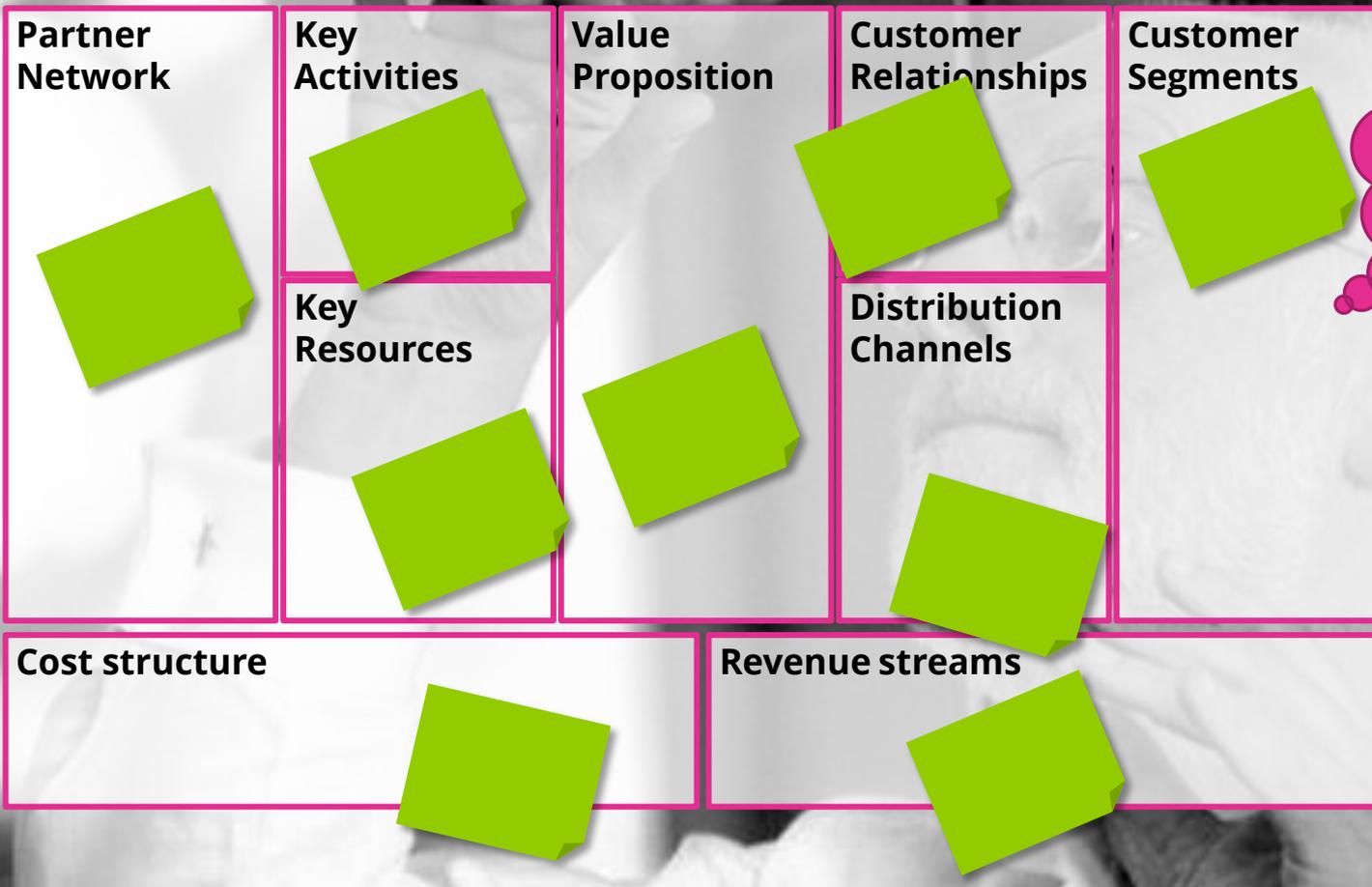You can tell different stories to different customer groups

Cost structure
The costs we incur to run our business model

Revenue streams
The streams through which we earn our revenues from our customers for value creation and customer facing activities

Which **story** are you telling?

The **Business Model Canvas** Example

Partner Network

Key Activities

Key Resources

Value Proposition

Customer Relationships

Distribution Channels

Customer Segments

Cost structure

Revenue streams
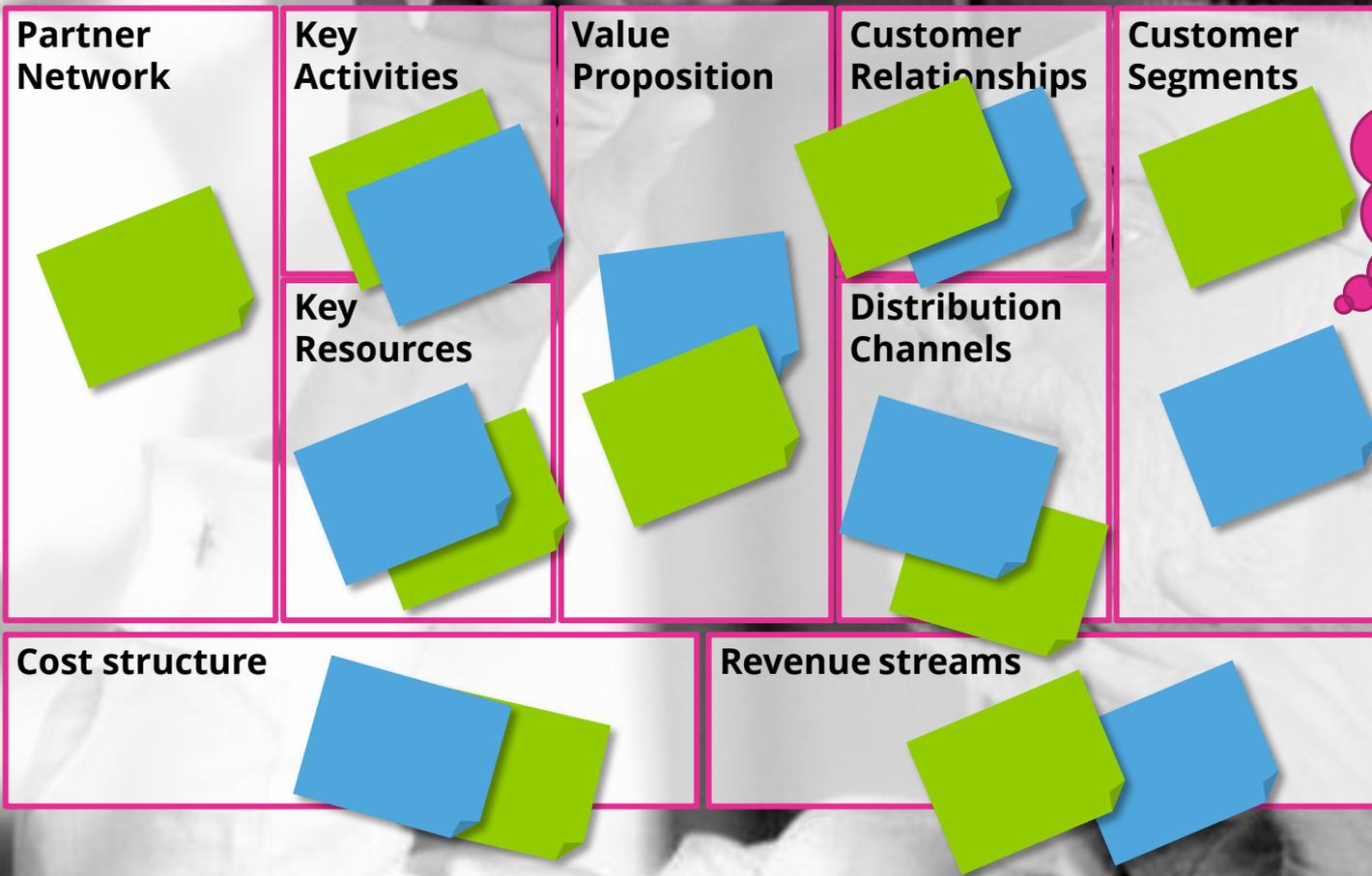
Then think of new scenarios!

❖ How could the ABO&C, with the constraints of playing baroque music on instruments from composers from Bach until Mozart, create new ways of generating revenues in a sustainable way, besides the traditional ways of finding subventions and sponsors?
❖ How could the ABO&C reach new (and young) audiences?

The **Business Model Canvas** Example

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❖ www.businessmodelgeneration.com

❖Image courtesy of FreeDigitalPhotos.net