

Strategy & Business Fundamentals

26th Aug 2024, Session 8

What is strategy?

- matching an **unmet customer need** with your **unique ability** to serve to create **all around value**
- an integrated set of **choices**, including **what not to do**

Strategy

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Business

- An Organization that **creates, delivers, captures and sustains/grows** value
- Business model show the logic of how a company intends to make money
 - ✓ A **blueprint** for a strategy to be implemented through **organizational structures, processes, and systems**

What Strategy really is ?



Strategy is...

- An integrated set of hard-to-reverse choices



- Made ahead of time in the face of uncertainty



- To create and capture economic profit

Strategy is not...

- A vision, goal or ambition
- Many choices
- Reversible choices

- Deterministic future

- To gain a few points of market share
- To beat only your competitor

Strategy is Challenging

Strategy is...



An integrated set of hard-to-reverse choices



Made ahead of time in the face of uncertainty



To create and capture economic profit

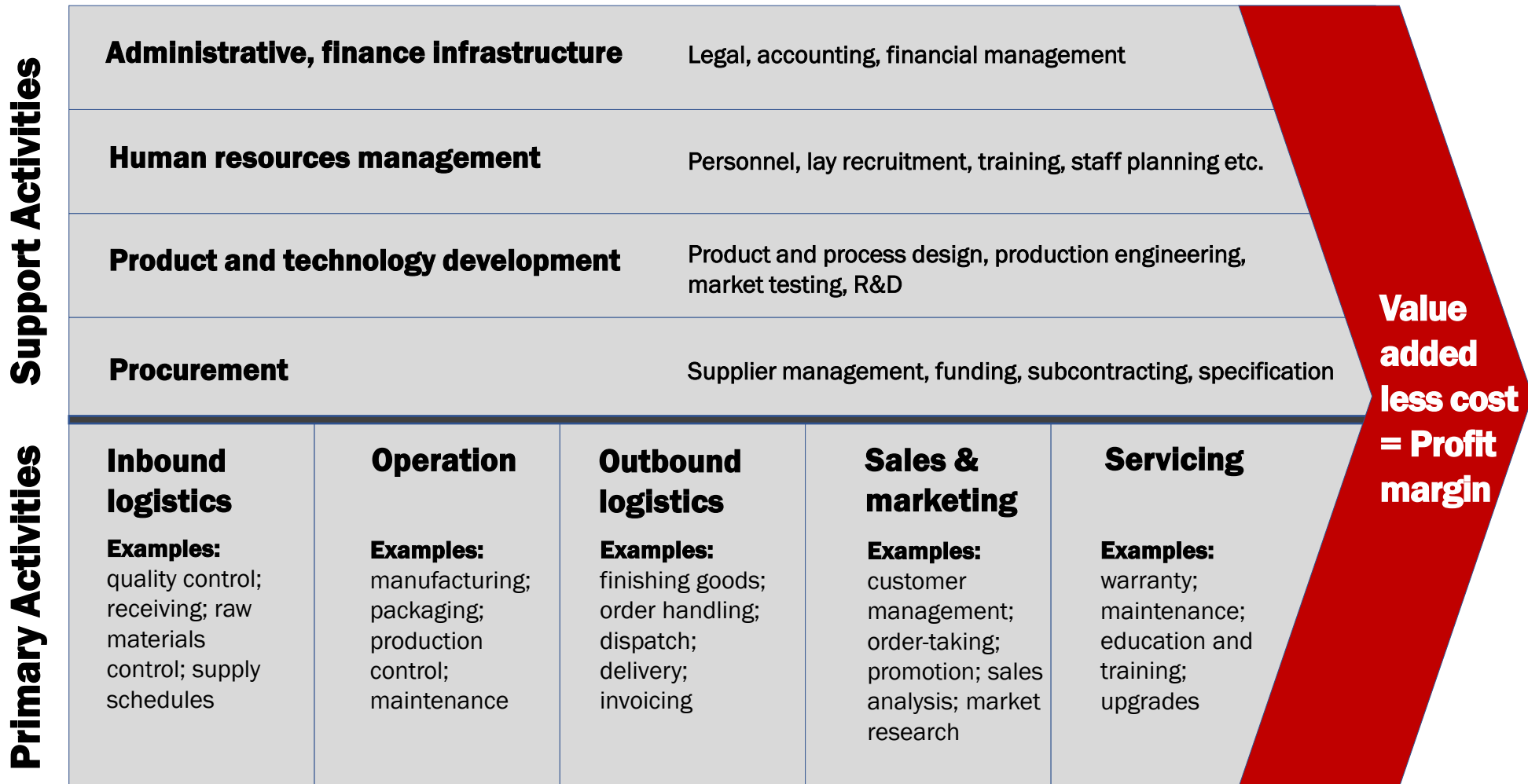
It is challenging because...

Truly strategic choices require **deep commitment** and you have to make **bold trade-offs**

You must get **ahead of fundamental trends** and navigate toward a **highly uncertain future**

Market forces are always at work to **neutralize advantages** and **erode economic profit**

Value Chain for an Established Business

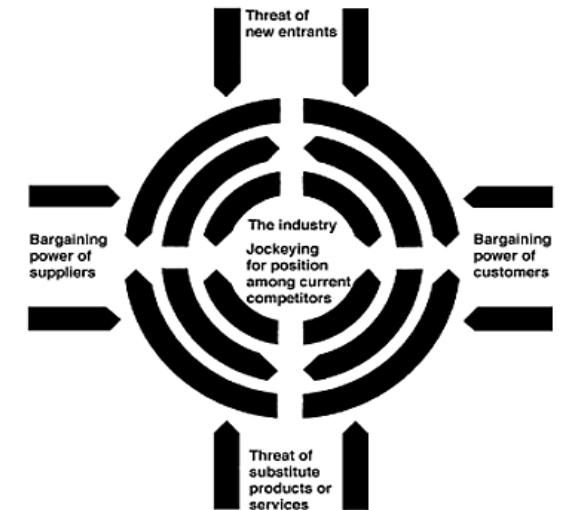


Business Fundamentals : Where to Play



- **The Economic Environment**
- **Competitive Environment**
 - **Cutting Edge Products**
 - **Speed to Market**
 - **Workforce Advantage**
- **Technological Environment**
- **Social Environment**
- **Global Environment**

Exhibit
Forces governing competition in an industry



Source : Michael Porter,
Competitive Framework

What Strategy really is ?



1. Will your strategy beat the market?
2. Does your strategy tap a true advantage?
3. Does your strategy put you ahead of trends?
4. Does your strategy rest on privileged Insights?
5. Is your strategy granular about where to compete?
6. Does your strategy embrace uncertainty?
7. Does your strategy balance commitment and flexibility?
8. Is your strategy contaminated by bias?
9. Is there conviction to act on your strategy?
10. Have you translated your strategy into an action plan?

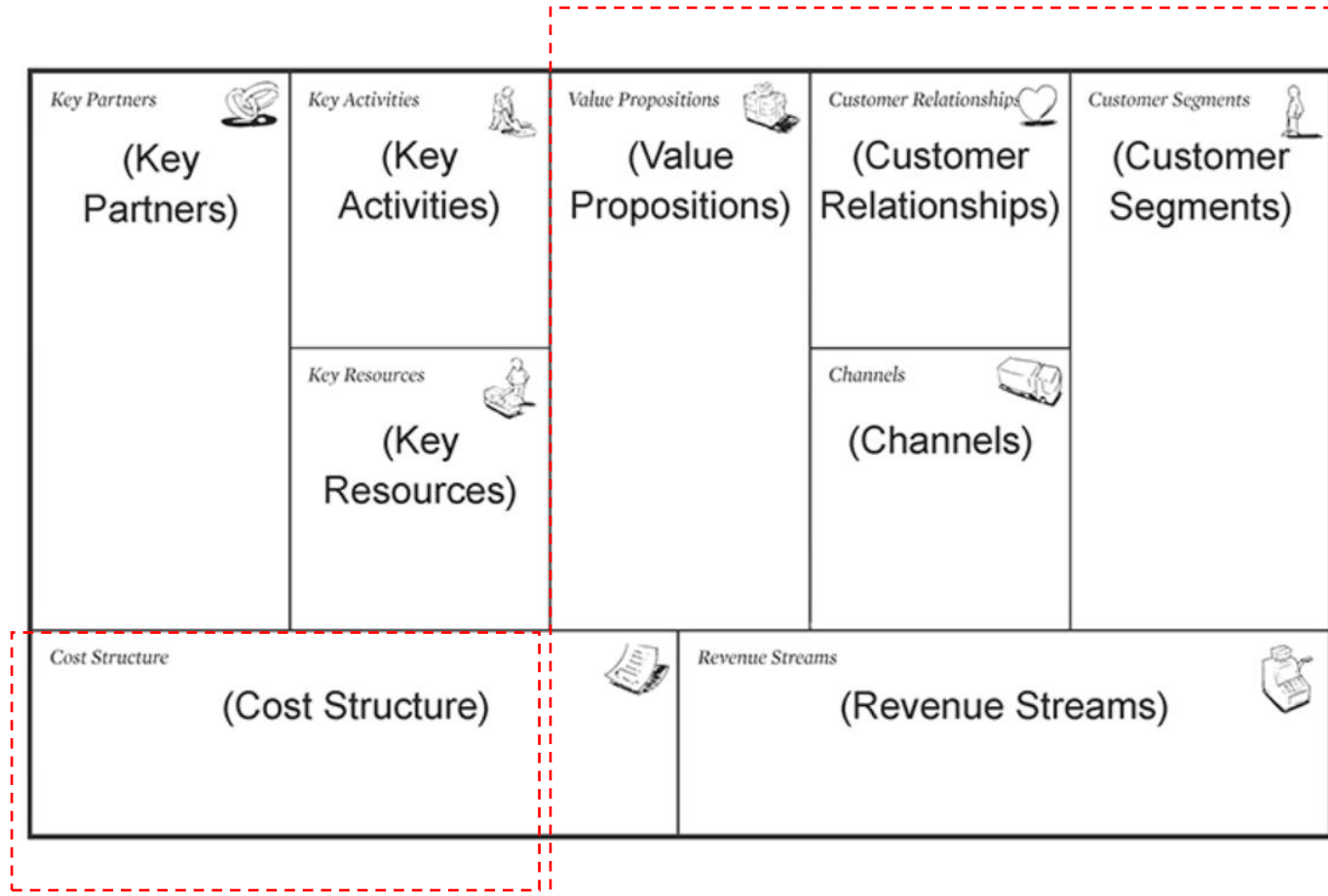
Business Planning for a Startup : Business Models

- **B2B**
- **B2C / D2C**
- **B2G**
- **Multi-Sided Platforms**
- **Subscription based business model**
- **FREE-mium as a Business Model**

Building a Business Model (Business Model Canvas)



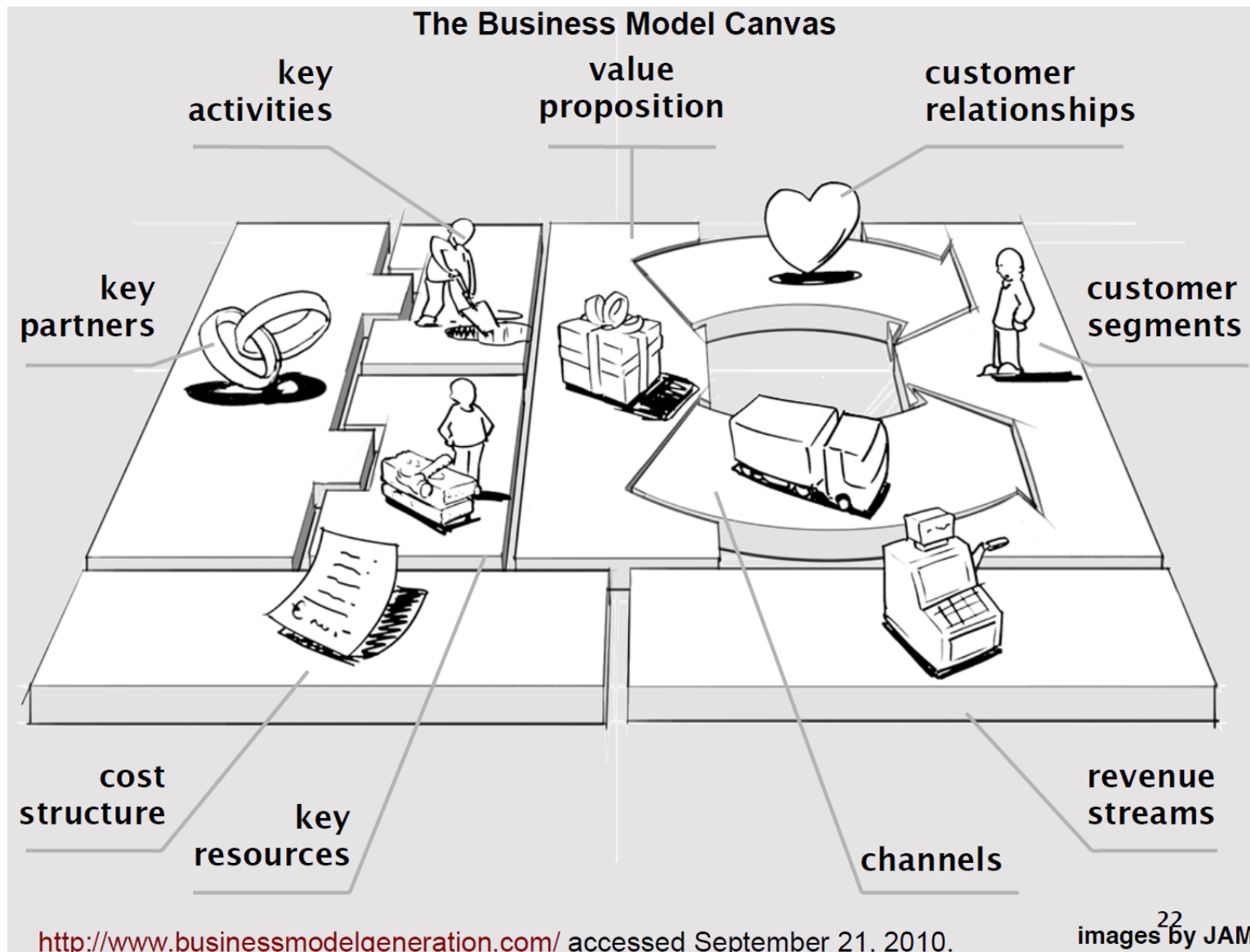
- What do you sell?
- To whom do you sell it?
- How do you acquire customers?
- What is a typical transaction?
- How will you go to market?
- How does product flow?
- Who else is involved
 - Distributor / Partner
 - Advertiser
- How do you make money ?



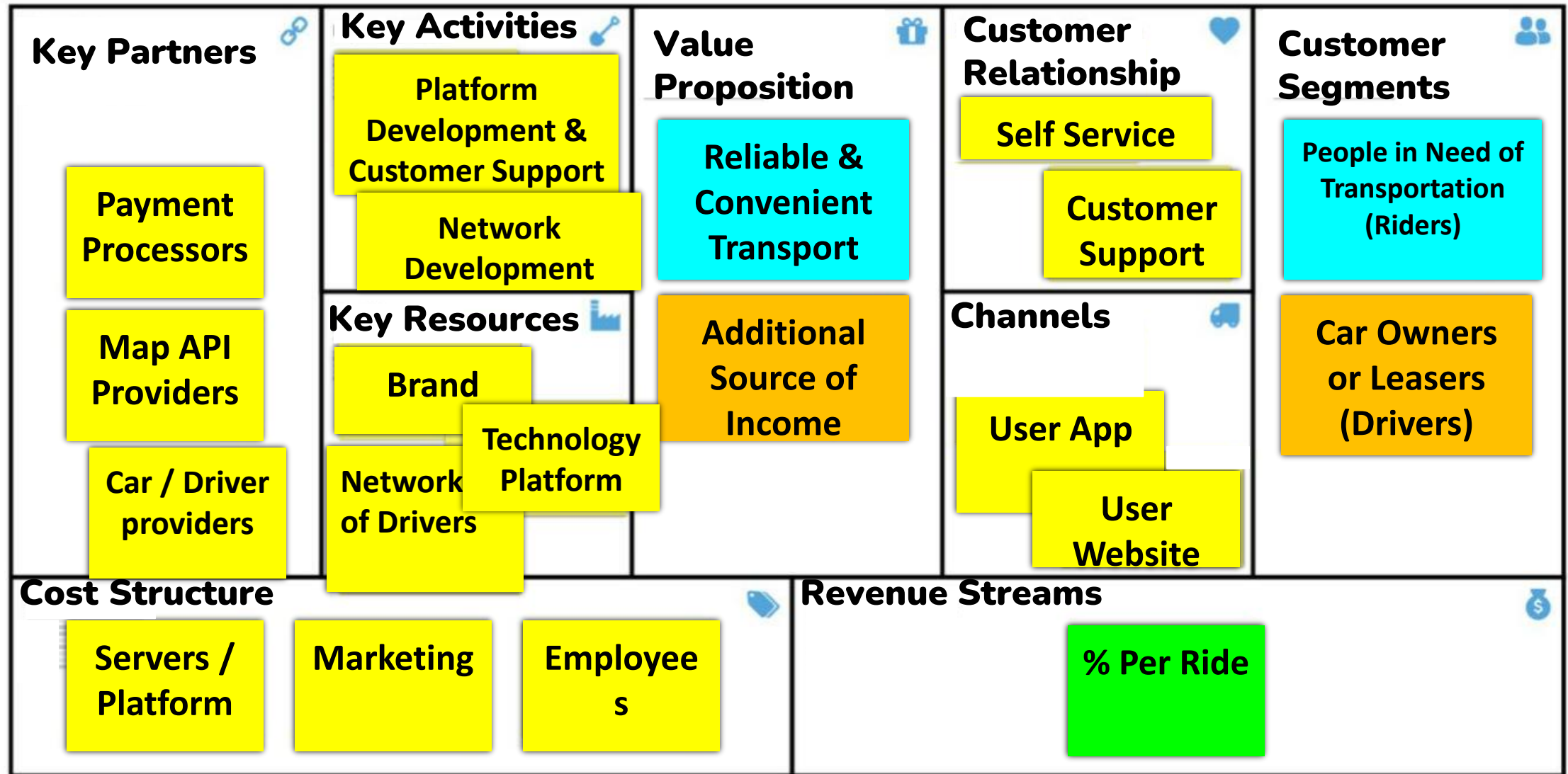
A Validated Business Model

- **A business model describes the flow between key components of the company:**
 - ✓ Value proposition which the company offers (product/service/benefits)
 - ✓ Customer segments such as users and payers or moms and teens
 - ✓ Distribution channels to reach customers and offer them the value of proposition
 - ✓ Customer relationships to create demand
 - ✓ Revenue streams generated by the value propositions
 - ✓ Resources needed to make the business model possible
 - ✓ Activities necessary to implement the business model
 - ✓ Partners who participate in the business and their motivations for doing so
 - ✓ Cost structure resulting from the business model

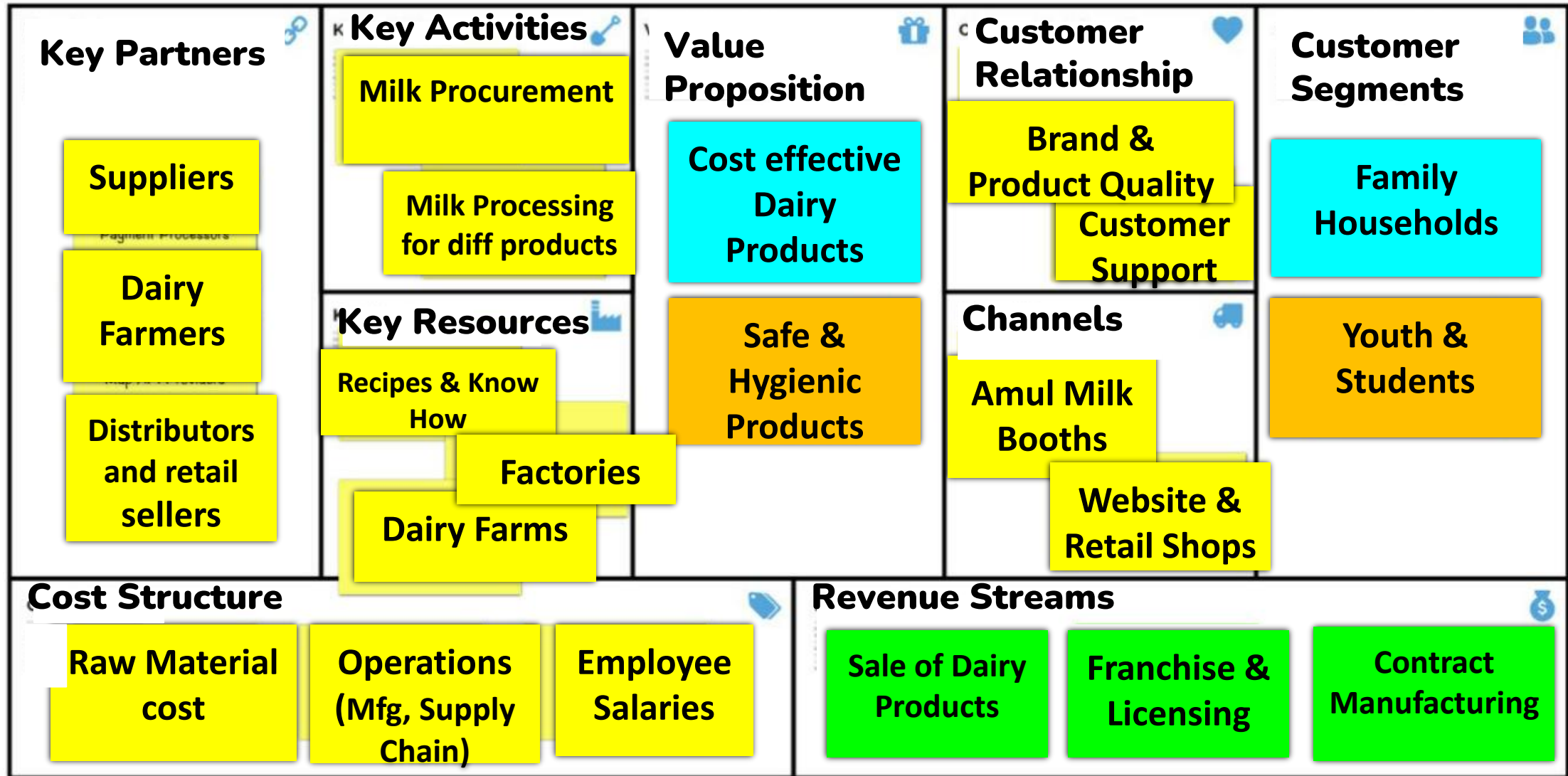
Business Model Canvas



Sample BMC : Uber



Sample BMC : Amul



Sample BMC : Apple

