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Week 4 - Pod 1

# CUSTOMER CENTRICITY

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## Traditional steps in running a business...

The goal of the firm is to maximize shareholder value

Maximum profits through volume and cost reductions

Market share as a key performance indicator

Growth through extending the product

Product-oriented organizational structure

The competitive advantage: product expertise

➤ This is the product-centric approach to business...

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# Product-centric approach

<i>Product-Centric Company</i>		
Strategy	Goal	Best product for customer
	Main offering	New products
	Value creation route	Cutting-edge products, useful features, new applications
	Most important customer	Most advanced customer
	Priority-setting basis	Portfolio of products
Structure	Pricing	Price to market
	Organizational concept	Product profit centers, product reviews, product teams
Processes	Most important process	New product development
Rewards	Measures	<ul style="list-style-type: none"> <li>• Number of new products</li> <li>• Percentage of revenue from products less than two years old</li> <li>• Market share</li> </ul>
People	Approach to personnel	Power to people who develop products <ul style="list-style-type: none"> <li>• Highest reward is working on next most challenging product</li> <li>• Manage creative people through challenges with a deadline</li> </ul>
	Mental process	Divergent thinking: <i>How many possible uses of this product?</i>
	Sales bias	On the side of the seller in a transaction
	Culture	New product culture: open to new ideas, experimentation