



Tony de Bree

Digital Strategy Mapping

Digital Leadership in the
Online Platform Economy



TONY DE BREE

DIGITAL STRATEGY MAPPING

DIGITAL LEADERSHIP IN THE ONLINE PLATFORM ECONOMY

Digital Strategy Mapping: Digital Leadership in the Online Platform Economy

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This eBook is written by Dr. Tony de Bree EEP MBA. Tony (1957) He is a senior strategy & change consultant, a high-energy speaker and lecturer, a successful online entrepreneur and a business coach, career coach & mentor of C-Level executives, students, startups, scaleups & SMEs.



Dr. Tony de Bree EEP MBA

He is a bestselling author of 'how to books' in Dutch and eBooks in English on digital transformation & digital strategy management; change management, business model & revenue model innovation; ecosystem development; Internet marketing, making money online, entrepreneurship, entrepreneurial finance & selecting the best ideas, business plans, startups & scaleups to invest in.

In 2001, he earmarked Amazon.com, ASML, IKEA, PayPal and Bol.com, a large Dutch 'Amazon.com' type of online platform as promising companies. He has been successfully selecting startups and scaleups ever since.

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In 2001, he started to make money online as a ‘side hustle’ (see [here](#)) as his ‘plan b’ next to his day job at ABN Amro Bank. With online consulting, training and coaching on demand and with digital products like eBooks, checklists, canvasses and planners and with short videos. Helping more than 12.000+ independent business owners worldwide to make money online.

He left the traditional business world of global Financial Services in 2011 & now leads a happy personal and professional life with his new wife. Helping customers to make a living with their talents and with the people they know and trust in their network.

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INTRODUCTION



The world we are living in is a connected world. And this world is changing at an incredible pace. Competition and especially competition in the online world can come from anywhere, anyplace and at any time. And the reasons for that are simple: the costs of connecting people and companies by using the Internet are decreasing fast as are the costs of storing data and other digital assets like audio and video. At the same time, the costs of software are decreasing very rapidly also. And finally: the incredible development of smartphones with their high-quality cameras, their impressive storage and their usability in combination with the fast-growing catalogues of mobile apps and easy-to-use software, disrupt a number of traditional vertical industries like the financial services industry, the photo industry, the film industry, the marketing industry and the educational industry on a global, regional, national and even local level.

That means that even ‘one-person-companies’ including digital mavericks and online freelancers working from home can start and build a successful business with relatively low startup costs and low operational costs. A new online world that many people discovered through the book of Timothy Ferriss **‘The 4-hour workweek’** and that I started to explore and make money in after 2001 as ‘side hustle’ next to my day job at the ABN Amro Bank. Producing and selling digital products like articles, software, eBooks and later Tutorials, online courses, ‘pitch videos’ and social videos.

Another important change in the competitive landscape for any company, small or large, that wants to survive digital disruption, the ‘online shakeout’ as I prefer to call it, is the rise of **mega online platforms or digital platforms** like Amazon.com and Alibaba and **large social networks** like Facebook, Instagram, WhatsApp, YouTube and LinkedIn. These mega online platforms have created a complete new digital universe, a **‘digital marketspace’**,

where people can meet and where personal and professional connections can be made. And the same thing applies to the rise of **national and even local online platforms** including proprietary digital platforms by many incumbents including local banks with large market shares in their traditional national markets.

The rapid technological changes and the rise of different types of online platforms completely change the competitive landscape and pose important threats to existing, large traditional players across industries with their large bureaucratic organisations. And to different local businesses in retail for instance like bakeries, pizzerias, bookshops and shops selling clothes for instance. On the other hand, exciting **new opportunities** present themselves for:

1. companies that can start all over like starters, startups, scaleups and even ‘one-person-companies’, **‘the next big thing for business’** as it is called by Paul Jarvis. Companies that grow the number of profitable clients without growing their organization and
2. companies that have stopped trying to beat the competition, and that want to BE the competition.

These entrepreneurs have understood that you should avoid **‘red oceans’** and go for **‘blue oceans’**, **profitable niches**. It is much better **to avoid markets where large players are active** and where competition on gaining market share is fierce (**‘red oceans’**)ⁱ. They go for **‘blue oceans’**: niches of individuals and companies that have specific needs and problems that are not served yet or customers that are badly served by existing incumbents and that they for one reason or another are exceptionally well equipped to help. These people **‘do not start with an idea but with empathy’** as Bernadette Jiwa ⁱⁱ describes it, focusing on specific niches with people that are looking for a specific customer value. Examples are for instance people over 50 that are unemployed and want to start their **‘50plus startup’** as I call them (see [here](#)), young mothers with young children without a husband and people that want to quit the hectic life of the corporate world and that are looking for ways to get out as I did myself after 2011.

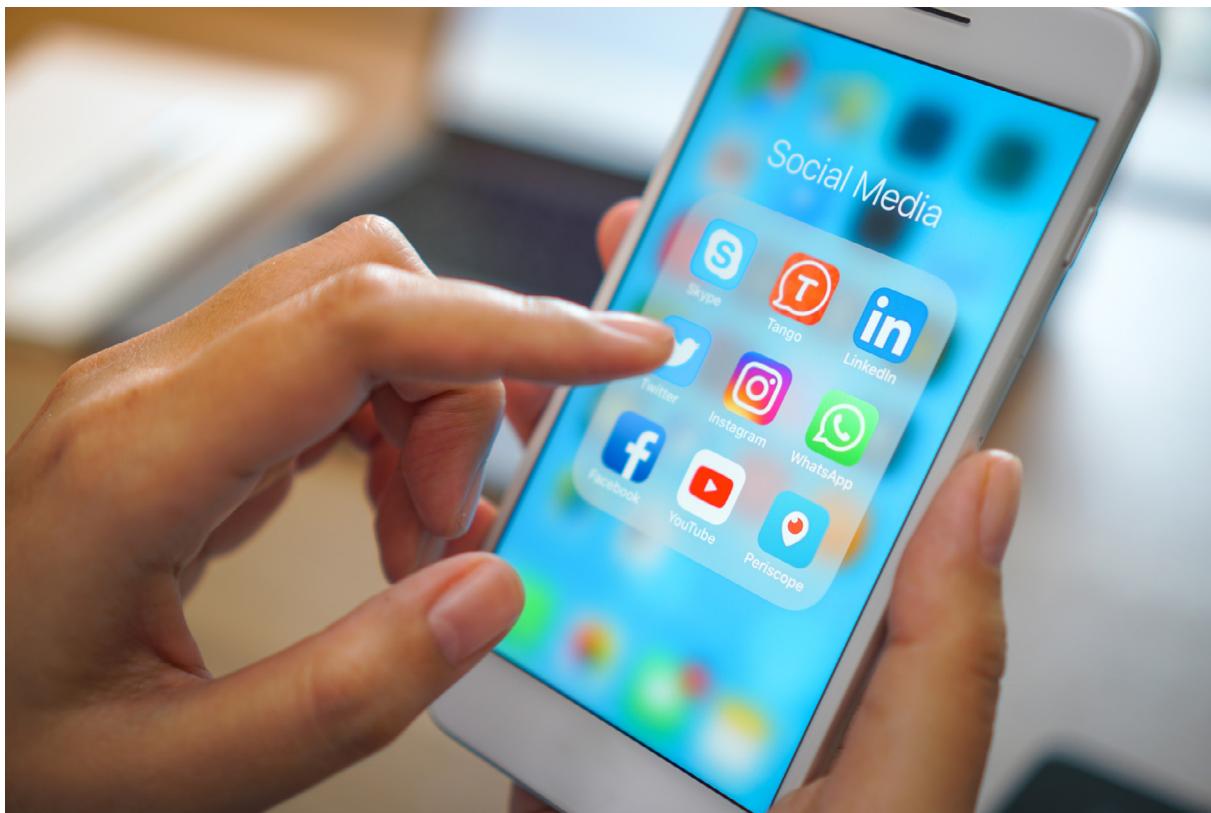
As the relative importance of traditional large companies in many countries across the Globe is decreasing, it is surprising to see that models and tools that are used by many companies (including large management consulting firms) and that are taught at universities and business schools, date from the last century. They were designed to be used by exactly those same large traditional companies with **them** at the centre of the universe and all take a lot of time to learn and to use. And that also goes for strategic frameworks and tools, the topic of this eBook. Strategic frameworks are used to support strategic decision-making including strategic (re)positioning online & offline and are critical in 1) beating the competition or 2) avoiding competition by focusing on a specific profitable niche.

This eBook will help you to take a fresh look at ‘strategy’ in general and ‘digital strategy’, digital competitor analysis, digital strategies and ‘blue oceans’ online and offline. It will help you to recognise opportunities that create real customer value for a specific group of customers in line with the ideas of Bernadette Jiva and to co-develop customer value propositions, solutions and services and products that a specific group of people really want, need and...want to pay for. In this way, you matter to those customers. That is why easy-to-use, innovative & creative strategic canvasses are presented in this eBook to help you save precious time, energy and money. Tools that my customers use and that I use myself to review ‘what I am doing’ on a strategic, tactical and operational level on a regular basis.

In this premium eBook you will learn:

1. What a business strategy is, what a digital strategy is and what the ‘online platform economy’ is all about.
2. How to organise your company in line with the business strategy you want to implement.
3. How to recognize and become a leader in the offline world.
4. How to recognize and become a digital leader in the online world.
5. What the Strategic Customer Value Map© is and how to use it.
6. How to map different business strategies using the Offline Competitor Canvas©, the Digital Competitor Canvas© and the Digital Competitor Canvas: the summary©.

1 DEFINITIONS



Before an innovative new digital strategy framework can be presented in combination with new strategy canvasses to map digital leaders and offline leaders through the eyes of specific customers, several terms will be defined to set the scene.

1.1 WHAT IS A STRATEGY?

Traditionally, a strategy is defined as '*a plan of action designed to achieve a specific goal. Strategy is all about gaining or at least attempting to gain, a position of advantage over adversaries or competitors. ... therefore, also implies a set of strategic options from which one chooses a course of action to achieve advantage.*

The way strategies were defined and implemented in the old world is very different from today. Why? Well, 1) in the old world, taking strategic decisions took a long time; 2) the same thing goes for the time that it took to plan and implement that strategy and 3) strategies were indeed long-term plans '**to beat the 'enemy' or competitors**'. Whatever you choose to do in this view, it always results in 'confrontation' and 'comparison'. If you really look at it, that is however not always the case. Just look at the way guerrilla's and people in the

resistance against the German occupation during World War II operated in many countries in Europe for instance: they **avoided direct confrontation** but attacked the occupying forces by hitting them and then disappearing fast again.

1.2 WHAT IS A BUSINESS STRATEGY?

What is surprising about the definition provided above is that there is no mention of 'how' this strategy is going to be implemented successfully and for whom... That is why the following definition of a business strategy is used in this eBook:

*'the plan that the company is going to use to make its vision come true, to prioritize objectives, to compete successfully or to avoid the competition by 'being the competition'. And to optimize sustainable and financial performance by creating unique customer value **with and for a very specific group of customers** and with its business model, its organization and its ecosystem'.*

In the old world, the focus of business strategy frameworks and management consultants was on answering the question '**how to stay ahead of and beat the competition**'. In this eBook, we will demonstrate how 1) you can **use business strategy in combination with new technology** for that purpose but especially 2) **to avoid head-on competition in specific markets by providing unique customer value to niches with specific needs**.

In that way, defining a business strategy and implementing that strategy is above all in the beginning **avoiding the battle and the big clash with existing market leaders** and focus your strategy on **profitable niches** where you really can add customer value. Examples of those niches are for instance local niches, niches of potential customers in your own town or region. Or people with a similar profile as you have yourself. People that have gone through the same live events as you for instance.

This local dimension is often neglected by corporate strategists, startups & scaleups alike. And that is a big mistake. Why? Because one of the interesting consequences of the rapid rise of the use of Internet and smartphones is that most people including consumers and business owners alike look for providers of solutions, products and services **using their mobiles** and **near the place where they live and/or work**. The Internet gives you of course a 'global reach', but many interesting opportunities can be found much closer to your home. Finding local and regional customers and converting them is an interesting option: local customers hate wasting their time, energy and money looking for products and suppliers. And that is also one of the reasons why different types of online platforms and other types of electronic marketplaces are very popular: they reduce what we call '**search-costs**', the

costs in terms of time, energy and money to search for people, suppliers or items yourself, preferably near your home/locally if possible and to match both parties. The mega online platforms have in effect the same role: to help you find certain products or services globally fast at a low price.

There are also still opportunities for new online platforms in different niches, but you have to be quick and it still has to be very unique. Something that cannot easily be copied by existing online platforms.

Thus, the need for any company, large or small, to define a clear '**digital strategy**' as part of its overall business strategy and to revisit that business strategy regularly. The days of long-term strategic planning cycles are long gone, emphasis now lies on strategic movements and flexibility....and stopping in time and reflecting what you are doing and why, especially with regards to the digital world. And take swift action afterwards.

1.2 WHAT IS A DIGITAL STRATEGY?

But what is a 'digital strategy'? If you look online, there are many different definitions to be found. This is the one you can find online on Wikipedia:

A digital strategy is often characterized by the application of new technologies to existing business activity and/or a focus on the enablement of new digital capabilities to their business (such as those created by the Information Age) and often as a result of advancements in digital technologies such as computers' ⁱⁱⁱ.

There are three important problems with this definition. 1) It talks about 'existing business' and not about new business; 2) customers and 'creating customer value' are completely absent of the definition; 3) there is no mention of 'how' competitive advantage will be obtained if that is the objective, with what organisation and with what suppliers and partners and 4) how you are going to find the right customers whose problems you can solve and help you to focus on that niche?

And these are exactly the things that are important today: how companies are creating new business models and above all new revenue models **by creating unique customer value offline and online** in different ways for that specific group of people for whom you and your company are **the** solution to their problem or need. Who is going to ease their 'pain' or make them happy? You!

Therefore, in this premium eBook, the following definition will be used:

'A digital strategy is characterized by the application of new technologies to create unique customer value online and/or offline, leveraging core competencies like ICT and digital, intangible assets like brands, data and digital products and services to solve a specific problem or need of a specific group of customers.'

The addition of '**core competencies**' and '**digital, intangible assets**' is key to the approach chosen in this eBook: any sustainable competitive advantage in the digital world as in the 'normal' physical world around us or your unique abilities to go for 'blue oceans', must come from **unique personal and/or organizational core competencies and organisational capabilities**. Or else the competitive advantage will never be sustainable and durable, or you will never be able to target and connect with the right niche offline nor online. These developments also have a big impact on your sales & marketing. 'shotgun marketing' is something for the old world. Innovative offline and digital customer engagement and digital sales & marketing funnels are focusing on 'segments-of-one', based on knowing your customers and your prospects. And that is possible with the right ICT-systems in place to continuously engage with the existing customers and other external stakeholders and by attracting the right leads and converting them into repeat customers.

1.3 WHAT IS 'THE ONLINE PLATFORM ECONOMY'?

According to large management consulting companies and many corporate influencers, we are moving towards an economy where the global economy will be ruled by the incredibly powerful '**online platforms**'. And that is why they call that new economy '**the online platform economy**'. But what are online platforms actually? According to Wikipedia, 'online platforms' are:

'typically, online matchmakers or technology frameworks. By far the most common type are "transaction platforms", also known as "digital matchmakers". Examples of transaction platforms include Amazon, Airbnb, Uber and Baidu '^v.

We can also include Alibaba of course and large social networks like YouTube, Facebook, Instagram and LinkedIn. There are actually many different types of online platforms, or '**digital marketplaces**' or '**e-marketplaces**' as we called them during the First Internet-bubble. All with different ways to create customer value and different ways to make money by matching demand and supply. In general, online platforms connect different types of

private persons and/or different types of companies. They are indeed electronic marketplaces. Dating sites are also online platforms in that sense as are companies like eBay and local daughter companies of eBay like marktplaats.nl in The Netherlands.

What they all have in common is that they create **measurable customer value** for real customers. They fill a real need; they solve a real problem.

Now here is the rub. What should your digital strategy be according to many large companies and large influencers and gurus? Well, they say that you should build and launch **your own online platform** as quickly as possible to defend your ‘online position’. Or else you will be ending up ‘dead in the water’.

Since 1997 we know however that in many cases, ‘**the winner takes it all**’ principle goes for many market leading online platforms whatever the scope and the format. You must be first in the digital market or ‘**marketspace**’ we call it and become a ‘digital leader’, or else you will be lost: ‘the winner takes it all’. Building your own online platform and trying to beat the big guys at their game in mature markets does not make much sense anymore. The good news is that there are many digital strategy options or mixed strategy options available serving different niches online & offline that you can make money with apart

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A photograph of a man and a woman standing in an office, looking at a tablet together and smiling. The background shows large windows. The text 'NO-LIMITS LEARNING' is in orange, and 'LEVERAGE SOCIAL LEARNING, COLLABORATION, QUALITY CONTENT, AND HANDS-ON PRACTICE.' is in bold black. The SAP Learning Hub logo is in the bottom left, and the SAP logo is in the bottom right.

from starting your own online platform and wanting to gain market share from the ‘big guys’. Including in the traditional (local) offline world. So although some very large online platforms are indeed getting more and more important every day, especially in eCommerce, the opportunities that smart companies including ‘one person companies’, startups and scaleups, still have is to focus on finding the right customers and creating unique customer value for their best customers by providing them a real positive ‘Wow!’ experience. Offline, online or both. But that also means that they must have the right culture, the right mindset, the right organisation, the right suppliers and the right strategic partners to deliver that ‘Wow! ‘experience.

That is why in the next chapter the relationship between business strategy and '**organisational design**' will be explained and a method to analyse your current organisation and to design your new organisation will be presented. An approach that we also use to build successful startups and successful scaleups, staying small: growing the number of profitable customers you serve without growing your organisation (see ‘The Startup Model Canvas©’ and ‘The Scaleup Model Canvas©’).

2 BUSINESS STRATEGY & ORGANISATIONAL DESIGN



Introduction

Many companies make the mistake of defining their business strategy as a stand-alone exercise, a kind of formal declaration. The reality is that you must make sure that you have the correct organisation, however small or large, in place, that gives you the opportunity to put your business strategy into practice and to reach your business objectives. That is why in this chapter, the concept of '**organisational design**' of which your strategy is an integral part, is explained. Followed by an approach for describing your current strategy and your current organisation as a basis for your next 'strategic moves'. It is critical that your organisation including your suppliers and your partners, can reach the objectives in time, in a coherent and consistent manner.

2.1 ORGANISATIONAL DESIGN

The late Professor Jay Galbraith, one of my professors during my European Executive MBA, was one of the first authors to cover both in conceptual and practical terms the topic of what he called '**organisational design**'. In his book, "*Designing organisations. An executive briefing on strategy, structure and process*" he described the need for **an integrated approach** towards organisational design and change in order to meet the challenges of the four organisational shapers of the future, being **buyer power, variety, change and speed**. The '**four immutable forces**' as he called them. He proposed the so-called '**STAR-model**'. Each element of the model (people, strategy, structure, rewards and processes) can be used

as a '**lever for change**' but in an integrated, connected way to the other elements, the other 'levers'. These elements determine the level of motivation and information available within the organisation. These in turn, according to Galbraith, influence the mindset and **the behaviour of people working inside the organisation**, and thus the performance and culture of the organisation, independent of the size of your organisation and the stage of development it finds itself in. The choice of the type of organisation is, according to Galbraith, a design issue in which trade-offs must be made. He recognised the changing role and profile of managers and (team)leaders and the importance of the way an organisation treats its employees, its customers, its suppliers and its strategic partners. And finally, he concluded that the choice of organisational design would ultimately **depend on the business strategy** that the organisation wants to execute and the underlying (combination of) business & revenue models used to create real value for a specific group of customers. This is an important point, because it means that depending on the business strategy you want to pursue, your organisation must possess specific characteristics in order to be successful.

A last point regarding organisations is also important to make. If you are a large incumbent, changing or transforming your organisation in order to grasp strategic opportunities, is often much more difficult and takes much more time and effort than doing that if you are a 'company-of-one', a startup or a scaleup. The challenge of these smaller companies is **how to avoid becoming fat**, 'organisational obesitas' as I call it as many large traditional incumbents.

2.2 DESCRIBING THE ORGANISATION: THE CORPORATE PROFILE

Based on the work of Galbraith, a number of authors have designed methods and tools to improve organisational performance and change the culture by first analysing the current organisation or as is the case with startups and scaleups, design and grow the organisation from scratch and grow and scale the company **without growing the organization**. We call that '**staying small**'. The general approach to be used in this eBook to describe an organisation is '**Corporate Profiling**'. The advantage of this approach is that it includes the continuous interactions with the business environment (and its relationships with important external stakeholders) and especially the (potential) customers. All these different stakeholders have an influence on the business strategy and therefor also on the digital strategy. Corporate Profiling is a method that can help to analyse how the existing organisation has been designed within the context of its interactions with the environment. In figure 1 the '**elements of organisation**' as Gelinas and James^{vi} call the characteristics of an organisation, are visualised, adding amongst other elements '**core goals and values**' as a separate 'lever for change' to the original STAR-model of Galbraith.

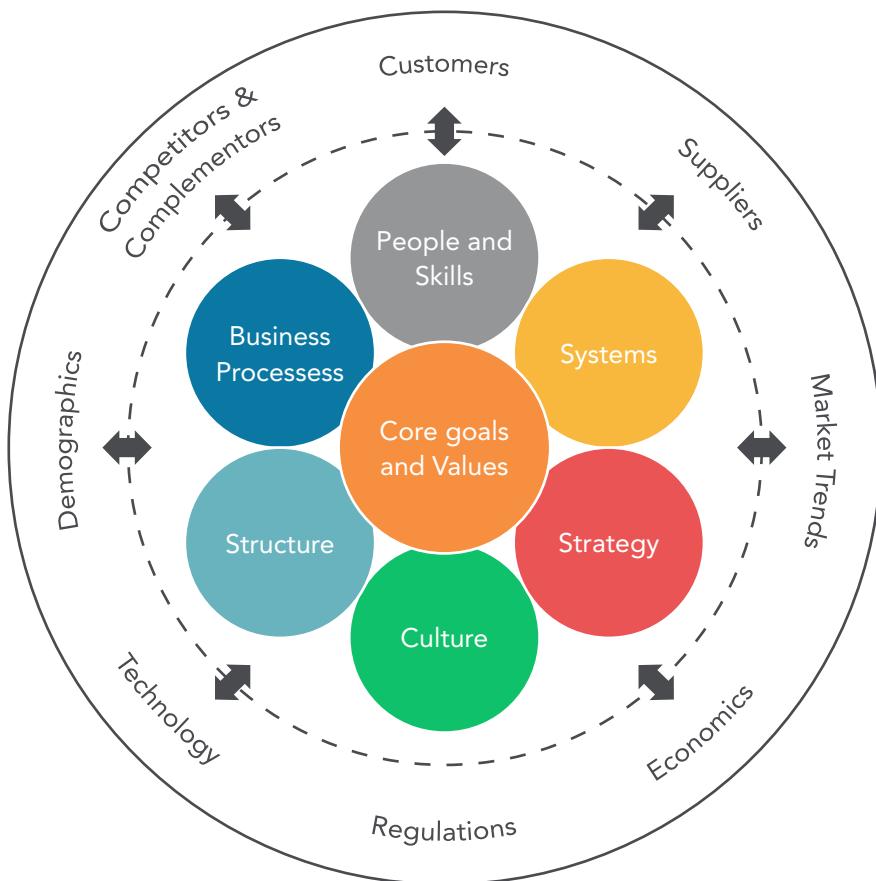


Figure 1: elements of organisations ^{vii}

The model stresses even more than the STAR-model did, the importance of the '**soft issues**' in new innovative companies and incumbents: the relationships between strategy, performance and culture and **the motivation and behaviour** of managers or directors and employees. This method can also be used in the different transformation and 'smart' growth stages and for different types of companies 'staying small':

1. Starting & growing your one-person-organisation.
2. Designing and growing your startup-organisation.
3. Designing your scaleup-organisation and changing your successful startup organisation into a successful scaleup-organisation.

In this premium business eBook, we will focus on **one element** of the Corporate Profile: on the business strategy and on how to define and recalibrate your digital strategy. For that we will use a tool called '**The Strategic Customer Value Map[©]**'. With this tool you can:

1. Determine your current business strategy.
2. Determine the current business strategy of your competitors if they exist from inside and from outside your own 'industry' or find a 'blue ocean' you can focus your business on.
3. Define and make the correct dynamic offline and online strategic 'moves' you yourself and possibly also your (potential) competitors are making to compete with them or to avoid them.

In the case of a blue ocean, it is important to do this exercise also because over time, competitors might appear. Including in the form of substitutes that provide a similar customer value.

The 'dynamic mapping exercise' we are going to demonstrate is based on the analysis of the organizational design, the Corporate profile, of companies **in the eyes of the customers**, not on which business strategy companies say they pursue. Actual customer experience is the basis of every comparison. The playing field is a continuously changing, combined physical marketplace and digital marketspace we must try to design and to analyse. **The secret of success and at the end of the day survival, lies in the movement and continuously creating unique customer value** for your existing customers and to attract the right new ones.

I often compare it with the way **Muhammed Ali** was boxing in the most successful part of his boxing career; he was always moving and dancing. Why? Because **if you are moving all the time, a possible adversary has much more trouble to hit you**. And actually, sometimes it is even better not to get into a cage with several 250 kilo gorillas at all! Let them fight together while you are making a real difference in the life of a specific group of very profitable customers!

And that is exactly what you should be doing with your company and your organization: keep on moving by focusing on creating customer value and exceeding the expectations of your best paying customers.

The interesting thing though is that if we look around us, many traditional large organisations in the traditional business world are still **using and teaching old strategy frameworks** in the current dynamic environment online and offline. Models that you also need to know

because your clients might still be using them and so you can explain why they are not to be used anymore in the current context. Like I must do regularly while teaching the new models and tools to students at universities and business schools. In the next table, you see a short overview of a number of traditional strategic frameworks.

	Portfolio Models	Five Forces	Core Competence	Game Theory
Assumptions	Firm as a portfolio of (S)Bus	Stable industry structure	Firm as a bundle of competencies	Industry viewed as a dynamic oligopoly
Goal	Optimal allocation of funding	Defensible position	Sustainable advantage	Temporary advantage
Performance Driver	Unique portfolio of (S)Bus	Industry Structure	Unique firm competencies	Right moves
Strategy	Pick a market, classify (S)Bus, HQ decides on funding	Pick an industry, pick a strategic position, fit the organisation	Create a vision, build and exploit competencies to realise vision	Make the "right" competitive and collaborative moves
Success	Optimal portfolio	Profits	Long-term dominance	Short-term win
Context	Business units	Industry	Organisation	Network of external partners

Table 1: a summary of the main characteristics of a number of strategic frameworks.

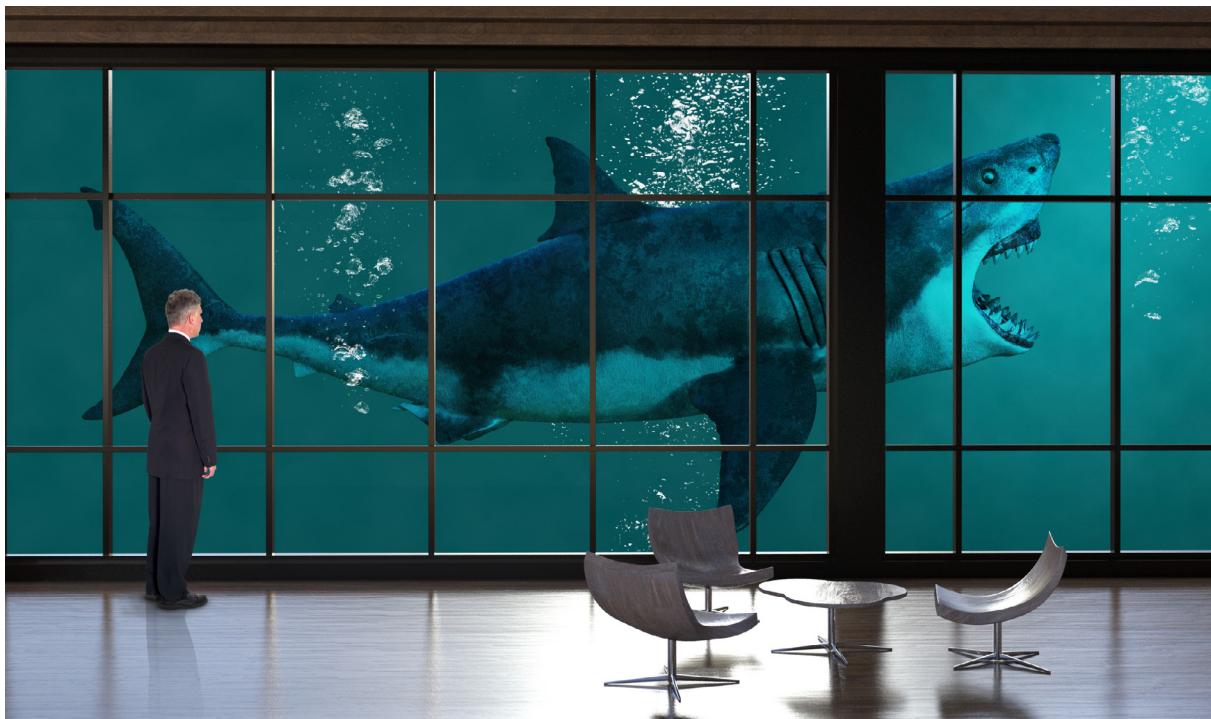
It goes too far to discuss all these models in detail in this eBook, however, all these strategic analysis models miss the link with the various organisational designs, the Corporate Profiles, that an organisation designs and implements in order to create customer value for a specific group of customers and other important stakeholders.

We also need a model that allows us to **dynamically map** companies and **their strategic moves** offline and online with their businesses and organisations 1) in comparison with others in order to support strategic decision-making and implementation in 'red oceans' or 2) to position themselves outside of the traditional 'gameboard', in large or small 'blue oceans'. In this way, possible growth paths and repositioning from a strategic perspective offline and online can be discussed and communicated. And finally, 3) we also need a tool to identify different types of businesses.

There is indeed a strategic analysis model that incorporates some of the characteristics missing. The model encompasses both the **what** and the **how**: positioning customer value creation to and with customers and other 'players' across customer value disciplines as a strategic model in order to cope with perpetual and rapid change.

It includes short descriptions of how the organisation should be organised (a short version of the 'Corporate Profile') depending on the different strategic choices. But at the same time, limiting certain customer value positions because of the same characteristics of the organisation. It can also be used to evaluate the value-creating potential of existing and new (niche) businesses. And finally, it indeed helps mapping and visualising different players offline and online and different ways to create customer value in a 'co-opetition' environment, a term introduced by Brandenburger in 1996 ^{viii}. 'Co-opetition' means that you can collaborate and compete in so called 'value nets' online and offline sometimes with the same companies.

3 TREACY & WIERSEMA: THE DISCIPLINE OF MARKET LEADERS



Introduction

It is important for any company to focus on adding value to a specific group of paying customers and doing so better than others do **or** focus on a specific niche of customers where you do not really have any competition (yet). Within this '**customer value**' context, the original strategic model of Treacy and Wiersema on the discipline of market leaders supports such a focus on the creation of customer value in three distinctive so-called customer '**value disciplines**'. It in effect combines characteristics of the strategic models in Table 1 and can be considered a **customer value-based approach** to strategy.

In this chapter we will explain the original version of this popular strategic framework focusing on becoming a '**market leader**' by creating customer value in the eyes of customers.

3.1 THE DISCIPLINE OF MARKET LEADERS

According to the original model, success of market leaders is based on creating value for customers ('customer value') by combining "positions" **on the three axes of value creation in the eye of the customers:**

1. being 'intimate' with the customer, **Customer Intimacy** (CI),
2. **Product Leadership** (innovator, PL) and
3. **Operational Excellence** (cost leader, OE).

Each strategy is supported by different business models and organizational designs, different corporate profiles. It aims at offering an unprecedented value to the customers that the company has chosen itself based on continuous interactions with the stakeholders in the environment. Because a company can never excel in all value disciplines at the same time and over a longer period, customers will have to be chosen carefully and the same thing applies to suppliers and (strategic) partners. In this way, the customer value focus can be limited and therefore more effective. However, in general, the other value disciplines must be on a **minimal threshold level** by comparing performance on a continuous basis with other organisations. Customers compare for instance their customer experience in restaurants not only with other restaurants but also with their experience in IKEA-outlets or



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in stores selling consumer electronics. To be a ‘market leader’ within the different contexts of customer value, you must there for compare yourself with others....in the eyes and experience of your customers.

The value proposition needs to improve continuously in order to keep the existing customers satisfied and loyal and if possible, attract new ones. Their needs are changing because other companies are also continuously improving their value proposition and because of new entrants in the industry and from other industries. And next to that, substitute services can become available, satisfying the same need or solving the same problem. For instance, new ways of funding or financing startups and scaleups have been partly replacing financing by banks.

Decisions on which business strategy to pursue as a mix of customer value disciplines depend on the needs and the (perceived) value to the customer, the degree to which the combination solves the concrete problem of the customers and the characteristics of the organisation. We have therefor included four circles for **benchmarking**.

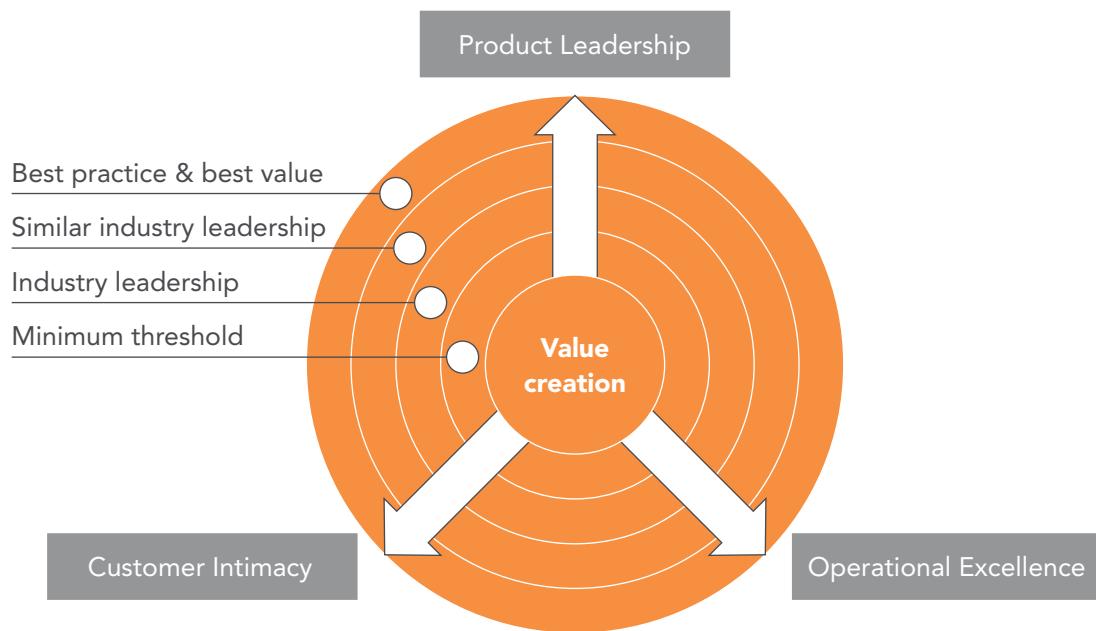


Figure 2: the three value disciplines of market leaders ^{ix}

Each circle implies a comparison of the chosen (combinations of) **experienced customer value** disciplines with similar value propositions provided by others in the industry, similar industries and best practice and best value examples across industries. In figure 2 the basic strategic model of value creation across the three disciplines can consequently be visualised on a ‘**Strategic Customer Value Creation Map**©’. We will use this figure and tool as a basis for mapping strategic customer value positioning in the remainder of this eBook.

At the centre of the model, one can find the organisation with its specific characteristics, it's 'corporate profile'. Any company, large or small, is basically creating (or destroying) value by combining the different value disciplines into a specific strategic customer value position. To be a '**market leader**' within the different contexts, you must compare your company with others....in the eyes and experience of your customers. Not in market share and neither in creating economic value only.

For every customer value discipline, a short description will be provided with an **outside-in perspective** in order to sketch the main features of the organisation matching that strategic ambition. As follows:

- Because of the 'power-shift' from supplier to customer, the **Customer Intimacy (CI)** discipline cannot be neglected by any company in any strategy and any choice. From a customer perspective, the customer must feel that the company 'knows' him or her, understand his or her personal problems and is based on that knowledge, information and data tailoring its value proposition on his or her personal problems and/or needs. Therefore, the services are to be unique, and the company will have to focus internally and with its ecosystem on identifying, understanding and delivering exceptional **individual** customer value, experience and exceptional service. The prevailing attitude is '**the customer is king**'.
- In the **Product Leadership (PL)** value discipline, customers will perceive & experience the company as being the most innovative and continuously improving by improvising and by being creative. The company is always on the leading edge of innovation and technology. For the company this means a relentless focus on continued introduction of new products and services, new features and '**a product is king**' attitude. In the digital economy, this must include a high rate of new technology adoption. Innovative companies are part of webs that are largely organised within the context of technology driven 'ecosystems' in order to support common R&D and product and service development. Focus is in any case on '**speed- *Operational Excellence (OE)*. A company focusing on this customer value discipline is to be perceived by the customer as being a company that is pricing fairly and that is providing 'no hassle' seamless operational services. The company is focusing on **costs and on quality**. This also implies the**

implementation of operational programs supporting this focus, accompanied by the right performance measurement systems and the right benchmarking information. Partnerships in this discipline are in effect webs of relationships aimed at **reducing waste and costs** and improving efficiency in webs/networks of supplier-chain relationships. Focus is on achieving '**economies-of-scale**' if the company produces and sells physical products.

But where to start the strategic decision-making? In order to start a strategic conversation, a company must know what value disciplines are mostly valued by a specific group of customers and which groups of current profitable and loyal customers consider these disciplines important. It also seems to be critical to know which competitors (if they exist) deliver most value in every discipline and how the company could 'position' itself together with its partners with respect to these competitors in terms of minimal threshold and best practice/best value. And then it must be clear what has caused the gap between the present performance and the performance in terms of customer value creation by these other companies and how to bridge it.

Again, continuous engagement with the customers and continuous benchmarking is key based on data collection and data analysis, both in a qualitative and quantitative manner including both tangible and intangible aspects. In this way, the company can focus on realistic and feasible value positions. So here the **core competencies/resources approach** comes into play. For startups or scaleups a smart approach would be to 'avoid direct competition' by looking for the group of customers that is either badly served or not served at all. In that case, putting time, energy and money into a traditional competitor analysis does not make sense although there are in general always alternative solutions.

The value creation process (per discipline) is depending on a dynamic **platform of core competencies and capabilities** and the supporting resources in order to become a market leader or at least survive. Focus is on achieving so-called '**economies-of-scope**'.

In order to achieve this objective, the Treacy & Wiersema model can indeed be enhanced with the concept of the platform of organisational (and individual) competencies of a company from the core competencies model by Prahalad and Hamel^x. In figure 3 the platform of core competencies is added.

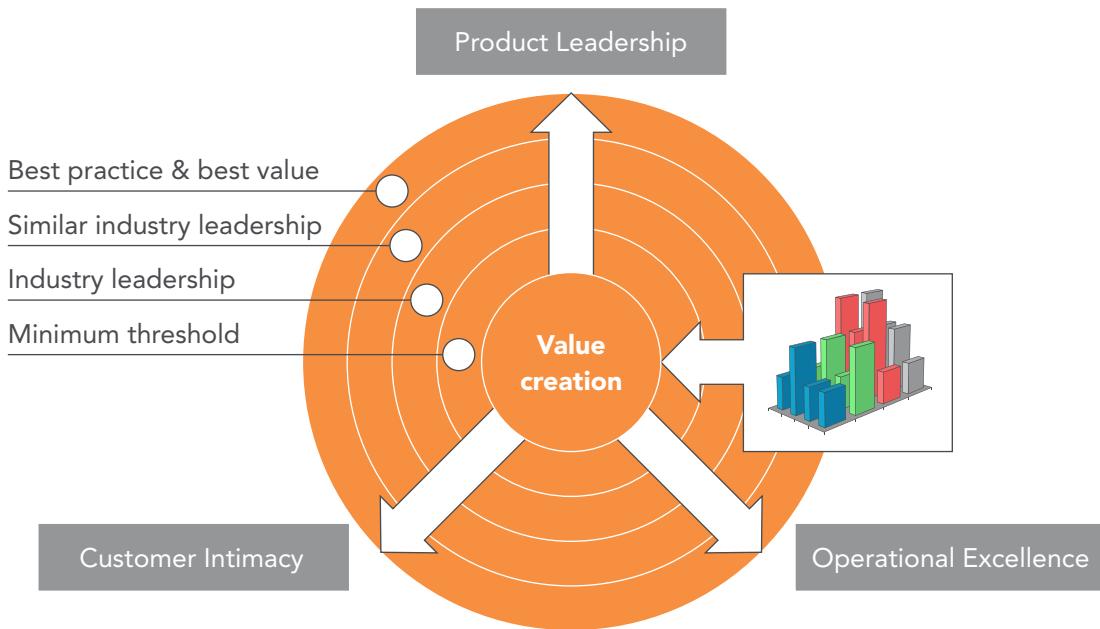


Figure 3: value creation across three disciplines by leveraging the platform of core competencies ^{xi}

Leading online platform companies have come to realise that globalisation and growth in terms of profitable customers served means building different types of online platforms and working together with a network of suppliers and strategic partners. One of the features of the Game-Theory strategic model^{xii} is that customer value is created in a **value net**. If this notion of co-opetition is added to the visualisation of the model, we can focus on value positioning by an organisation within the context of collaboration with others. Customer value creation objectives are thus achieved by building and maintaining relationships with customers and other stakeholders by innovating and integrating with the best customers that want to become partner. Other stakeholders like best practice suppliers and competitors can also be included. By leveraging '**relationship capital**' instead using only internal '**human capital**' that you '**own and control**' inside your own company like most traditional companies still do. This implies carefully choosing partners based on similar corporate cultures and personal values (depending on best practices in the respective value disciplines), getting connected to them and aligning the companies by shaping the culture and other organisational features. And it includes working together with the customers and learning from each other. Leveraging human capital and especially relationship capital is considered key.

This means that a special core competence will have to be of a high quality in the core competencies platform in support of the value disciplines: individual and organisational capabilities that are coping with **strategic partnering, alliance management and ecosystem building** and the **management and monitoring of the relationships between the decision-makers and the employees of the different organisations**.

In figure 4 relationship capital and drivers for collaboration are added to the visualization of the model.

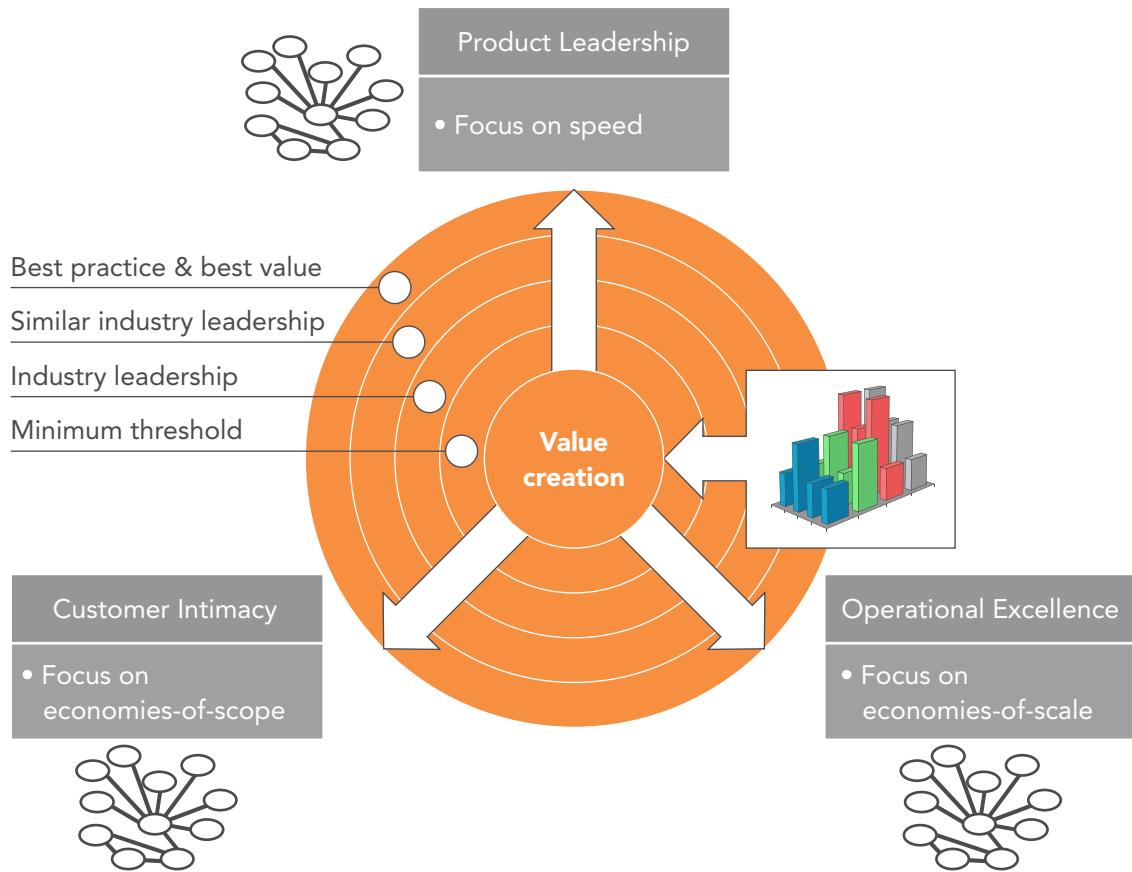


Figure 4: external relationships and business drivers for external values-based collaboration ^{xiii}

Finally, the organizational designs or profiles of companies that are focusing on the same customer value discipline are very similar as Treacy and Wiersema pointed out. This means that choosing or changing value positions/predominant business models **also has important consequences for the supporting organisational designs you need to implement**. The change management challenge in an organisational context (including the core competencies platform) is different in all three cases depending on the existing organisation and the desired new value position, getting a startup off the ground or scaling up.

Thus, opting for business strategies focusing on different combinations of value-disciplines **“automatically” implies building a new organisation or changing the organization in time in support of the new strategic customer value position**. This can be achieved by choosing the best organisational design or transformation- or change management approach if you are an existing company, depending on the context. In any case, strategic partnering as a core competency is critical.

This extended Treacy & Wiersema model is very useful in the way that it focuses on creating customer value **in the eye of the customer**. However, it does not pay a lot of attention to what the real needs or requirements are and there is still a lot of ‘inside-out’ focus in the model. And finally, focus has been put a lot on being a **traditional market leader** by many traditional companies including large management consulting firms. Meaning:

“A company with the largest market share in an industry that can often use its dominance to affect the competitive landscape and direction the market takes”^{xiv}.

However, a ‘**market leader**’ can also mean that the company concerned ‘often dominates its competitors in customer loyalty, distribution coverage, image, perceived value, price, profit and promotional spending’^{xv}. Or even better, ‘market leading’ in providing a real ‘Wow! customer experience (CX), based on ‘market leading’ ICT-systems, resulting in on in-depth knowledge of the individual customer, KYC (Know-Your-Customer) and prospect. In other words, a different interpretation of ‘market leadership’ than the one related to ‘the largest market share’ but related to **the actual experience of the customer**.

3.2 MAPPING INDUSTRIES WITH THEIR DYNAMIC CUSTOMER VALUE DISCIPLINE

Historically, large traditional companies from different industries started with the traditional **value chain-based business model** focusing on value creation within the Operational Excellence discipline. Examples are retail banks handling physical payments and investment products in the beginning, insurance companies, utilities and airlines.

Pharmaceutical companies are primarily Product Leaders despite of having strong characteristics of Operational Excellence companies as they are handling physical goods and raw materials in different stages of the supply chain.

Oil and gas companies must traditionally choose between Product Leadership and Operational Excellence models. A number of these industries were basically “forced” to choose a different business model and customer value position (**‘creeping up the value chain’**) because of changing industry conditions during the Nineties of the last century because of the availability of new technology and Globalisation. In that period, large online platforms, online marketplaces, were built for large global companies using EDI to be more ‘Customer Intimate’ with their large customers and Just-In-Time developments. Because of the Internet and other technology developments, companies in these industries are again forced to migrate towards (combinations of) other business models and with **a stronger focus on Customer Intimacy**. And in order to defend themselves against new entrants

like startups and scaleups including online platforms, companies must quickly transform their original business models and organisations. Based on research carried out by CSC Research^{xvi} the following dynamic image of the **expected** predominant business models of industries in the traditional offline world can be drawn. The starting point for all in terms of learning was Operational Excellence.

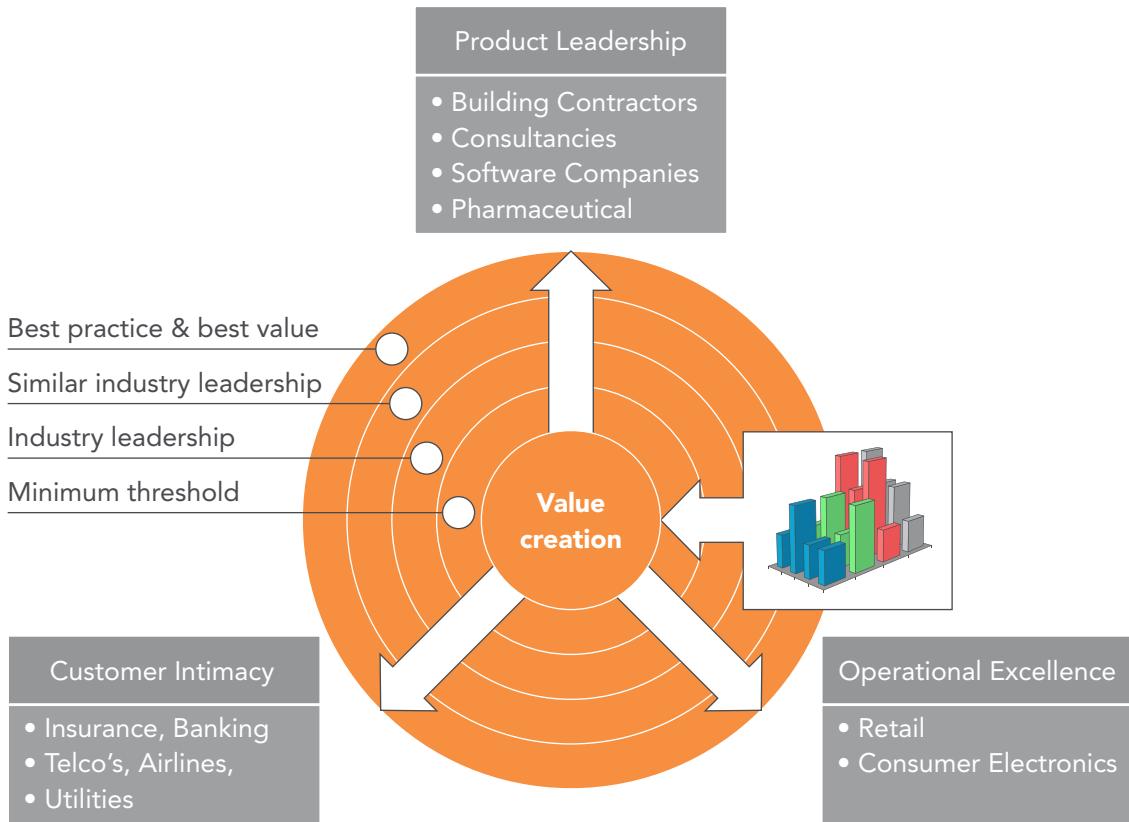


Figure 5: a view on the presumed transformation industries in the model

3.3 MAPPING STRATEGIC CUSTOMER VALUE POSITIONS

We concluded in the last paragraph that companies in different industries had to change and must change their original inside-out value-chain based business strategy reflected in the Operational Excellence discipline and their whole organisation towards another business strategy. In order to see how far individual companies have done so, we must map **their original business strategy** and **their current business strategy** on what we called the **Strategic Customer Value Creation Map©**. In support of strategic decision-making, we want to be able:

1. position or 'map' our own actual customer value position in the eyes of the customer.
2. Position and map different (potential) competitors.

3. Compare the relative customer value positions.
4. Discover interesting blue oceans.

In order to be able to compare your own business strategy and the organisation with others, you must be able to compare companies based on what customers really perceive as value. The comparison can be based on data, information and knowledge regarding lessons learned, based on experience of others inside and outside the organisation.

In order to be able to compare business strategies, we must look at the whole Corporate Profile of the companies concerned in order to determine if **the publicly announced strategy** is in line with **the actual behaviour** of the company towards its customers and its employees. In Appendix A an overview of the main characteristics of the Corporate Profiles providing a specific strategic customer value is provided ^{xvii}.

5. Take a decision on the strategic ‘move’ to make and how to design and build the startup or scaleup or change the incumbent organisation to be aligning again with the new business strategy chosen.

Benchmarking companies and their business strategy based on their Corporate Profile and the actual experienced customer value proposition works well. And the same thing goes for using the model to try to find customer value disciplines for specific potential customer segments ('blue oceans'), where there is no or hardly any real competition given what you can do in a unique way to change the lives of the customers concerned.

However, there are also some practical issues with this very popular strategy framework.

3.4 ISSUES WITH THE TREACY & WIERSEMA MODEL

Benchmarking companies and their business strategy and their Corporate Profile and their experienced customer value proposition works well if you can get enough feedback and input from customers. However, there are some other practical issues with the model. You want to:

1. Map **mixed online ('digital') en offline business strategies** of companies in the different value disciplines.
2. Map **online-only business strategies** of certain companies including online platforms.

3. Visualise **strategic movements** over time. Going for instance from offline Operational Excellence to online Operational Excellence.
4. Map **possible alliances or mergers or acquisitions between different companies** based for instance on combining complementary core competencies or being able to scale by partnering with companies that already have a large footprint in another industry.

For that it is necessary to create two separate offline & offline '**3D gameboard**' as two different dimensions for mapping companies with their business strategies. And that is what will we will do in chapter 4.

The advertisement features a woman with long dark hair, wearing a light blue sleeveless top, standing by a large window and looking at her smartphone. The background shows a bright, modern interior with a view of greenery outside. The text is overlaid on the left side of the image.

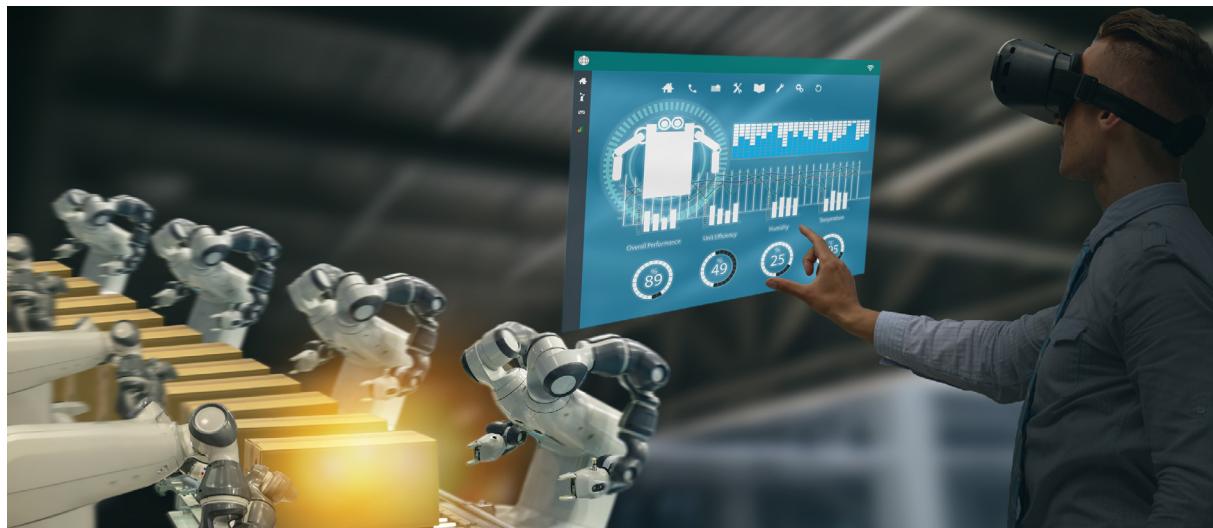
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SAP

4 THE DISCIPLINE OF DIGITAL LEADERS



Introduction

The interesting thing about the earlier strategy models and the one by Treacy & Wiersema discussed in chapter 3, is that:

1. They do not make a difference between buying and selling tangible 'products' and intangible assets like services, data and different forms of digital products for instance: between a local restaurant selling pizza's and online platforms where supply and demand meet for instance 'home delivery of food' or 'gigs' like on Fiverr meet. Or the Internet banking sites of large Banks or Insurance companies and their local offices as part of their mixed strategy.
2. They do not make a difference between creating (or destroying) customer value in the traditional offline world where supply and demand meet **in physical locations** like restaurants or retail stores and on the other hand creating or destroying digital customer value with their digital strategy in the new online world of '**marketspaces**' including on different types of global or local online platforms.

We do need however to be able to make a difference between those two and **define offline strategies, online strategies and mixed online and offline business strategies** to differentiate ourselves from the competition or stay away from 'industries' or products or services where there is too much competition.

In this chapter, we will define such a new mixed strategy framework to overcome those two shortcomings.

4.1 TANGIBLE VS INTANGIBLE ASSETS

Companies can use the online world, including global and local online platforms, in many ways. You can produce, sell and buy physical products and you can produce, sell & buy intangible products. The interesting thing is that many management consulting companies, and many gurus still use **concepts and principles of the traditional economy and traditional costing** to describe the online, digital world. And that is wrong. Why? Because these principles apply to the old world of using, producing and handling physical goods, '**tangible assets**', but not to intangible assets, digital products like eBooks, videos, streaming video and other info products or digital assets like data, information or knowledge. And the same thing goes for services.

Let's just take an example: the objective of reaching 'economies-of-scale' (one of the main reasons why companies should grow and 'scale') is indeed an important issue **while handling tangible, material assets including physical products**. Why? Because the costs of producing a physical product decreases with the quantity of physical goods you produce in different ways. Including for instance the cost of the raw materials, the cost of buying the production machines to produce the physical product, to transport the product and to deliver the product to the customer and the returns of physical products like clothes or shoes. Those costs also include the write-off on the production machines, the depreciation and the costs of replacing the machines. So, in that situation, '**economies-of-scale**' play an important role. Like in companies that strive to become or stay an 'Operational Excellent' company or Product Leaders like Apple, Samsung and other companies that sell smartphones.

They become market leaders in a global market of physical goods, in this case smartphones. However, they are often just assembling smartphones based on components produced and delivered in low-cost countries or the assembling if even done by other suppliers and partners. And their suppliers and partners can benefit from 'economies-of-scale'. In the old times when money and securities were still physical products, Financial services companies like Banks and Insurance Companies could focus on achieving 'economies-of-scale' because they had to handle physical products. They had to store the physical securities and the physical money somewhere, transport and deliver them. But in many countries in the world like in The Netherlands, most of the money and securities banks are handling are **not physical products at all anymore**.

That is why in this new world of digital products and services, there are no '**economies-of-scale**' to be obtained in the traditional meaning of the word. There is no relationship between the costs of buying for instance a new computer or a hard-disk and the number of security transactions or payments handled on behalf of the customers inside that computer or stored on that hard disk. One transaction or even a thousand extra digital transactions do not decrease the cost per transaction at all. And that also applies to different types of services. However, large incumbent banks still talk about 'economies-of-scale' and being 'Operational Excellent' but in a different way: charging out their often too high overhead costs and costs of old ICT out across as many customers as possible!

And there is a second interesting issue around companies that are new digital leaders or want to become a digital leader handling intangible assets like data, services and digital products like videos, podcasts, eBooks and music like online streaming platforms like Netflix: **they do not need to own a lot of physical offices or buildings to run their business and to serve more and more clients!** No physical factories, not a lot of storage space, no transportation partners. That is why most scaleups I interviewed for my Dutch bestseller 'The scaleup blueprint' actually refrain from growing their organization while growing and scaling their profitable offline or online with more paying, profitable customers: they want to stay small and entrepreneurial and wanted to avoid becoming large and inflexible. The digital leaders we all know so well like Amazon.com, Alibaba, Uber and companies like Google, Facebook and LinkedIn are all digital leaders with their own mixed business strategy and their own specific digital-only strategy. Based on new technology. Some of them are trading physical goods on their digital marketplaces, some of them are trading intangible products and services and some of them do both. What they do have in common is that they actually make money by **continuously gathering, analysing and using data** about not only transactions but also interactions between all the different people and organizations that they are the go-between for or that they actually deliver services themselves for. Based on their core competence in ICT developed over the years using new technology. And that is why these companies are valued so high: they have a lot of 'relationship capital', a lot of relationships with 'eyeballs' Meaning the net present value (NPV) of all the relationships they have with users, members, sellers, buyers, suppliers and partners.

In order to map the different digital strategies of these online platforms and other types of digital leaders we need three **new digital, online value disciplines** next to the offline value disciplines discussed in chapter 3.

4.2 THREE DIGITAL VALUE DISCIPLINES

If we look at the different ways companies can create strategic customer value in the digital world, then we can identify **three digital customer value strategies** companies are or can become a digital leader in.

1. *A Digital Operational Excellent Company.*

An example can be a Bank or a FinTech startup or scaleup that has a digital strategy to provide low-cost ‘Operational Excellent’ payment services to its direct customers or a new Internet-only bank that does not have any physical branches, expensive head offices and a lot of bureaucracy and overhead. Providing digital payments and that is it. Others including Google and Apple can partner with large traditional banks or with credit card companies instead of becoming an official bank with a license themselves. And many shops or restaurants for instance all have their own websites. Sometimes only as an online ‘presence’ with contact information, sometimes including the opportunity to purchase products and services online or to reserve for instance a table in your favourite restaurant or order a pizza to take away or to be delivered to your home. In the last two cases, these companies often compete on price. But competition on price and therefor on the lowest costs is often a bad strategy. Even if you deliver inexpensive pizza’s, product innovation is important by for instant proposing vegan pizza’s or giving customers the possibility to create their own pizza and have that delivered at home. Ordering can be done by different touchpoints. By phone, by email, through the website or through online platforms like comparison sites where the restaurants pay a fee to be found easier than their local competitors.

Given the costs of producing and delivering a physical product like a pizza, producing, ordering and delivering including through online platforms will always be near where the customer lives because of delivery costs.

2. *A Digital Product Leader or Innovator.*

An example of a Digital Product Leader can be a company that produces and sells software that is sold only online like for instance Word Processing software, accounting software, mobile apps or graphic design services as a SaaS solution. Or a company that is providing online accounting services to business customers like SMEs in the B2B-space. There are more and more providers of different types of SaaS-services and many companies that build and distribute mobile apps for instance. The question then is again how you are going to differentiate yourself from the big guys or on what niche you are going to be focusing on to avoid them. The answer again is that niches can be interesting. That can be a local niche or a specific industry niche like accountants, lawyers, sport clubs, people working from home or 50plus startups.

3. A Digital Customer Intimate Company

Examples of such companies are companies like Alibaba, Amazon.com and other different types of online platforms in the eCommerce-space or Facebook and other social networks that are in the business of providing on-demand products and 1-to-1 services based on **an intimate knowledge of the interactions and the transactions of the customers, visitors or members** and often also the suppliers and other partners like affiliates for instance. They are providing **personalised solutions and services** ‘knowing’ as much as possible about their **individual** customer and learning new things about their customers and suppliers and their suppliers every moment of the day. In some cases, real products and services are delivered like in the case of Amazon.com. Sometimes, revenues are generated by providing services to members and revenues from advertisements like the indirect business and revenue model from Facebook.

Their critical *intangible assets* are the data, their customers, their suppliers and their strategic partners.

If we combine the three offline value disciplines with these three new online, digital ones, the following **Strategic Customer Value Map**© can be drawn:

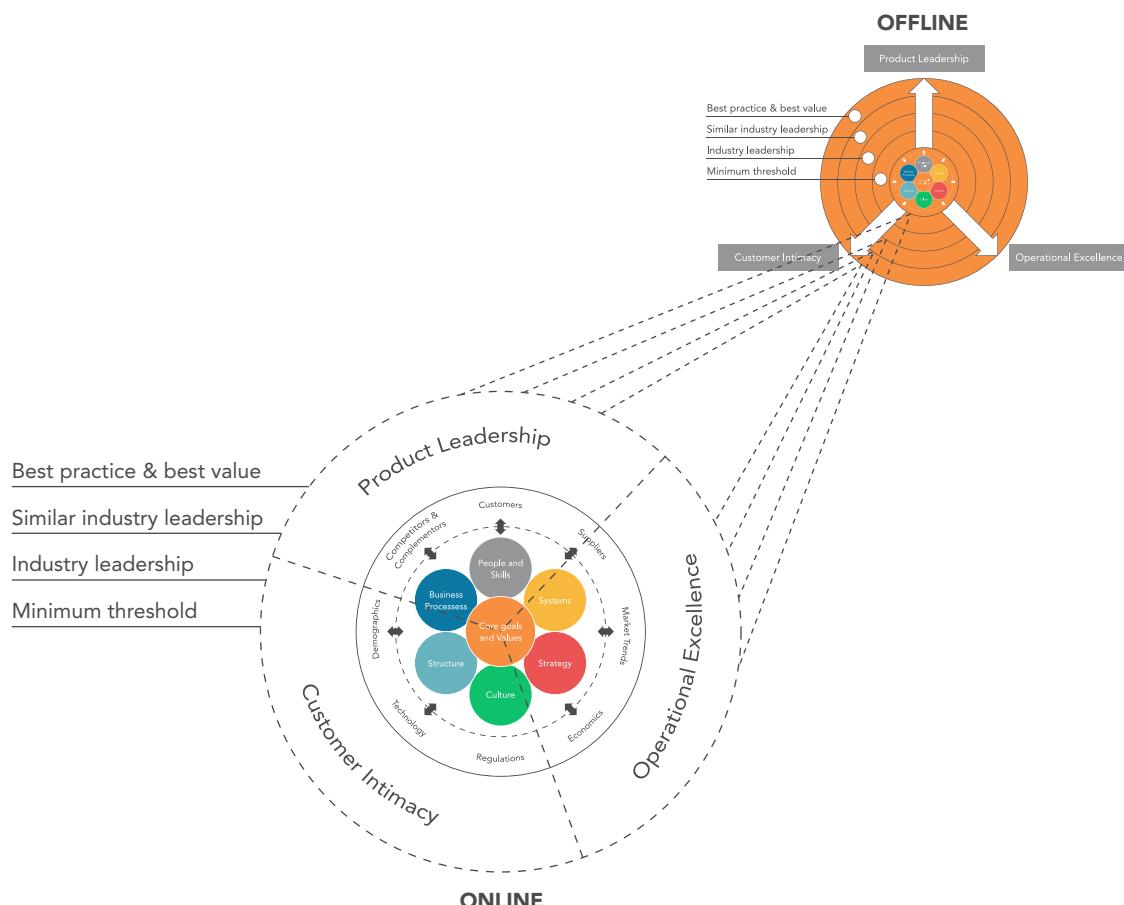


Figure 6: The Strategic Customer Value Map©

Several observations can be made:

1. To become a digital leader, the company concerned again needs to compare, '**benchmark**', itself continuously on different customer value creation levels with other digital companies, being:
 - a. the Minimum threshold it must deliver in order to compete at all;
 - b. Digital leadership in its own Industry;
 - c. Best in class in 'Similar digital industry leadership';
 - d. Best practices & best value across all industries.
2. Digital leaders also have a very flexible **digital organisation with low overhead costs**: they can take decisions very quickly and although some of the companies are rather large in scope and reach, even globally, they still maintain an entrepreneurial and 'can do' mindset. Combined with a flat, outside-in oriented organisational design. Jay Galbraith called it '**the virtual organisation**'. The most important characteristic is that 'management', co-ordination, decision-making, sales & marketing and other processes, interactions and transactions are **automated to a high degree**. Resulting in a very flexible network organisation with a limited number of layers and with a clear **outside-in approach**. In these kinds of companies, customers are really at the centre of everything.

This company also owns fewer tangible assets like impressive buildings, offices and other tangible 'proof' of its success. Employees will be highly educated and will often have the characteristics and the attitude of digital mavericks.

That means that 'digital transformation' for large traditional companies means redesigning a new organisation where 'managing', 'coordinating' and 'organising' in modern large virtual organisations is automated to a high degree.

4.2.1 DIGITAL CUSTOMER INTIMACY

Companies that want to become a digital leader in **digital customer intimacy**, want to know everything there is to know about **each individual lead and customer and their personal experiences**. Every time a person interacts through touchpoints with this company, the experience is that the company concerned 'knows' ('Know-Your-Customer') him or her and his or her personal problems and worries and is tailoring based on that knowledge its digital end-to-end customer value proposition combined with a real positive 'WOW! Experience' to solve his or her personal problems and/or needs. Online platforms, the social networks and

companies like Google collect all relevant data and information about individual visitors, leads and customers, suppliers and (strategic partners) all the time. They build flexible profiles of individual people and use those to optimise the **individual digital value proposition and their individual digital customer experience**. The mega online platforms are digital leaders in this digital customer intimacy strategy domain. The prevailing attitude of those companies as whole and the individual people in this digital customer value discipline is '**the digital customer is king**';

4.2.2 DIGITAL PRODUCT LEADERSHIP

Customers engaging with a digital product leader online will experience such a company as being the most innovative and continuously improving by improvising and by being creative at a very high speed. The company is always on the leading edge of innovation and technology. For the company this means a relentless focus on continued introduction of new products and services and of new features with '**a digital product is king**' attitude. Innovative **digital product leaders** are part of unique value nets that are largely organised within the context of technology driven 'ecosystems' in order to support common R&D and product and service development. Customers will stay loyal to this type of companies if they are quick and beat the competition with new digital product & service models and new features all the time in combination with a strong brand. Examples are software companies including mobile app builders, SaaS-producers and even online consultants, online trainers and online coaches. Online universities and business schools are also pursuing this digital strategy including other providers of blended learning programmes like MIT in the U.S. where I followed a very intensive 'FinTech-course' and small niche providers like [this one](#) with modular digital leadership programmes for corporates and for entrepreneurs. Large online educational institutes like Udemy however must also be digitally 'Operational Excellent' with a seamless delivery and evaluation of the different course materials if they want to service many customers worldwide. As the startup costs of such online universities are high in terms of ICT-development, having enough students paying a high fee is necessary to have a short payback period. The investment in ICT and creating relevant online courses with relevant content is high. After that, it's a piece of cake.

4.2.3 DIGITAL OPERATIONAL EXCELLENCE

Just like in the ‘normal’ offline world, customers experiencing a company focusing on **digital operational excellence** know that it is pricing fairly and that it is providing ‘no hassle’ seamless digital operational service. That can be delivering physical products, digital products or both. The company is focusing on costs *and* on quality. Ecosystems in support of digital operational excellence are in effect networks of digital suppliers and (strategic) partners that help the company concerned to reduce waste and improve efficiency in webs/networks of supplier-chain relationships. Focus is still on achieving ‘**economies-of-scale**’ if it is selling its own physical products or physical products of others. In the last case, it does make sense to build physical warehouses on strategic locations to be able to deliver these products on time to the customer like companies as Amazon.com and Alibaba are doing.

There are **three types** of companies that want to become a digital leader with this online business Operational Excellent strategy:

1. **Traditional companies** that use the Internet as a ‘channel’, ‘selling’ the same products and services online as sometimes offline. Examples are for instance large financial services companies like incumbent banks and insurance companies and large retail chains. Their digital strategy is a one-on-one reflection of their overall (offline) business strategy where reducing costs and just-in-time delivery are the main objectives.
2. **New online players like startups and scaleups** that want to position themselves in this way in for instance online payments or online securities. Examples of such companies are PayPal and Adyen as global digital payment-providers for different niches of customers. Customers that often the traditional large players cannot serve or do not want to serve for different reasons (often because of their high-internal direct and indirect costs).
3. Companies that pursue a digital product leadership strategy or even digital customer intimacy strategy and **that use digital operational excellent companies as suppliers or strategic outsourcing partners**. In these cases, a digital operational excellent business strategy is a dangerous one. You run the risk of getting into a pricing war with competitors or losing contact with the end-customer through **disintermediation** by the companies from the other digital strategy disciplines. The credit card companies, and even large financial institutions are running this risk of only providing critical basic infrastructure for others. Online platforms, social networks and companies like Google ‘position’ themselves online with their **digital customer intimacy business strategy**

between customers and many other online and offline companies including local online platforms. They demand from their suppliers and partners to be operational excellent. Take for instance the example of one-person-companies or other small companies whose (second hand) products are sold on Amazon.com like books and cd's. They are part of the seamless experience Amazon.com wants to provide to its customers buying goods from large suppliers. If such a small supplier does not deliver, the consequences can be severe.

This emerging landscape of 'mega' online platforms looks like bad news for everybody, including people that want to start their one 'one-person-company' for startups or scaleups. But it is not. Many of the online searches nowadays are about finding **national, regional and local solution providers** of products and services. Searches mainly carried out with smartphones. And there are still a lot of badly served people or people not served at all in the sense that their personal problems are not (all) solved yet nor (all) their personal needs satisfied. And that is one of the reasons why many local, regional or even national niches can still be very profitable. A very interesting example of these kind of emerging local online platforms are based on **the sharing or resources** in what we call '**the sharing economy**'. Uber and Airbnb are of course large examples of that new type, but there are many regional and local examples in many different countries. The idea is that by sharing scarce resources like taxis, apartments, e-bikes, bikes and scooters for instance we contribute all to the realization of the Sustainable Development Goals ('SDGs') of the United Nations and we make money by sharing resources we hardly use ourselves. Another example are emerging local online platforms in different parts of large towns.

4.3 STRATEGIC CUSTOMER VALUE MAPPING

If we now want to map the **actual online & offline business strategy of companies** on the **Strategic Customer Value Map**©, we need 1) to analyse their Corporate Profile and 2) the way they provide customers online & offline a customer value **as experienced by their customers**.

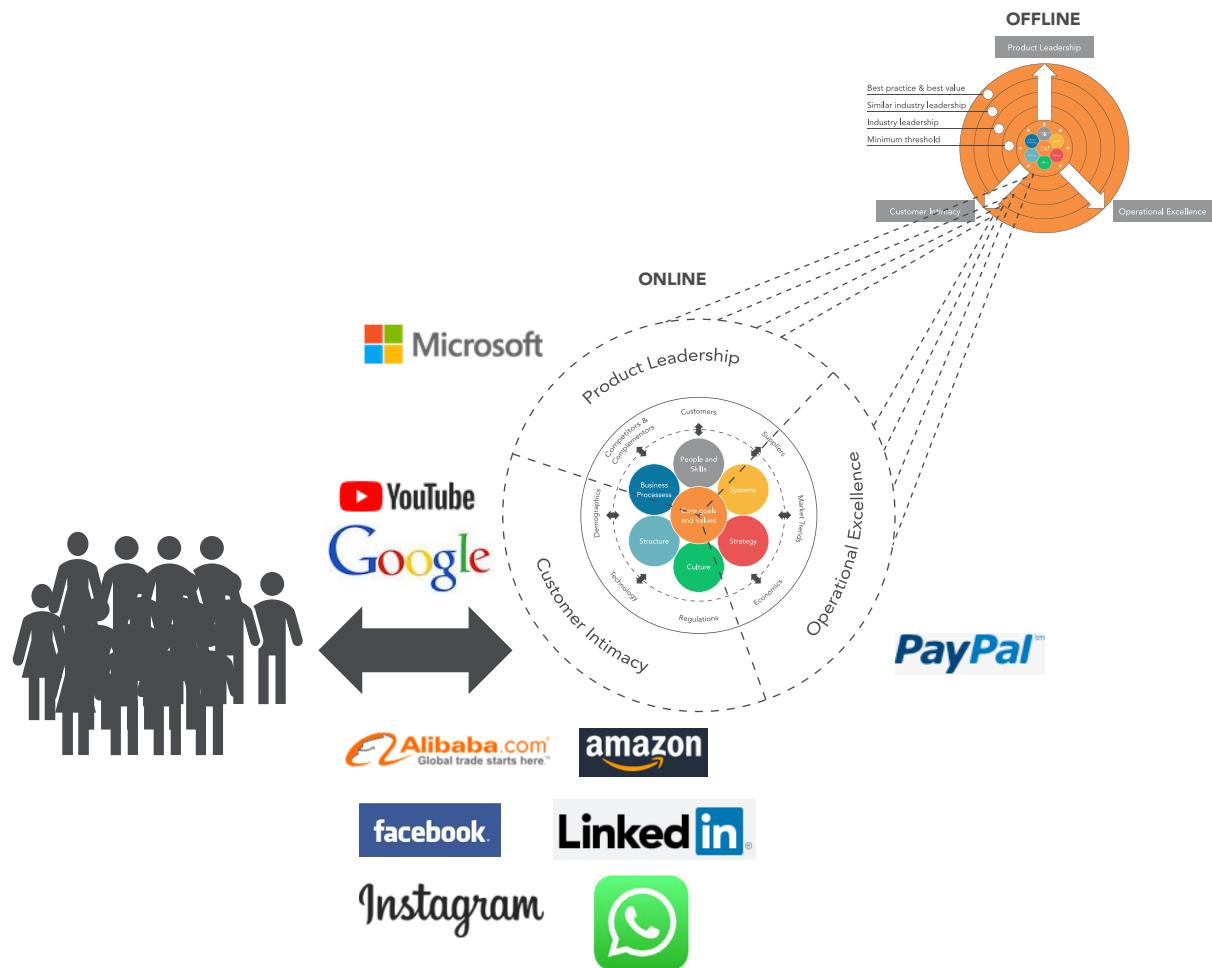


Figure 7: Examples of Digital Leaders in different dimensions

In general, if you do this strategic analysis and digital strategy mapping exercise, as I have been doing with different types of customers including corporates, startups & scaleups and with many students at universities and business schools since 2001, you will see that there is a great discrepancy between the **actual customer experience** customers have with many large traditional companies and the ‘real life’ experience with new or newer companies. In the first case, different elements of the Corporate Profile of large traditional companies are often not aligned with their ‘published’ strategy. For instance: the ‘official’ business strategy is ‘Customer Intimacy’, but the corporate culture, the structure and the business processes are not at all aligned with that ambition. The result: a **negative customer experience, a damaged brand and loss of trust in the company.**

However, the **Strategic Customer Value Map**© can also be used **in another way**. To identify niches of people that are either badly served or not served at all online and offline if you want to start your own ‘one-person company’, your own startup or for instance your own bakery addressing the problem of loneliness in modern neighbourhoods. Or if you are looking for extra direct or indirect income streams to grow your scaleup, your SME or your family company with a local niche, a **local ‘blue ocean’**, a new unexplored ‘market’.

In order to carry out the offline and/or online competitor analysis, three canvasses have been developed. Those three canvasses will be explained in the next chapter.

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5 DIGITAL STRATEGY MAPPING TOOLS



Introduction

In chapter 4, companies were mapped with their digital customer value proposition on the '**The Strategic Customer Value Map[©]**'. In order to be able to map the digital strategy and the digital strategy 'moves' your company could or should be making and the digital strategy positions and moves your competitors or possible substitutes are making, you need a few practical, easy-to-use digital strategy mapping tools. In this chapter the most important ones will be covered.

5.1 THE 'OFFLINE COMPETITOR CANVAS[©]'

In order to understand how you can use the different methods to redefine your own new business strategy, you can start to make a competitor analysis based on specific customer value delivery in the physical world around you if that is where you deliver the solution to your customers. Based on the analysis of their profile and the opinions of customers that you can find on social media for instance, you can fill the information in on this

'Offline Competitor Canvas[©]'. On this offline customer value canvas, you position **the offline strategy** of your own company with its predominant customer value strategy and the predominant ones of the different (potential) competitors or substitutes in the offline world. In both cases, based on the respective (corporate) profiles.

Typical examples are local restaurants, bakery stores and **local consultants, trainers and coaches** or **local website builders** for instance. Other examples are local gardeners, electricians and local or regional building companies. Always look for badly served prospects or prospects that are not served yet at all and answer the question 'why you?'.

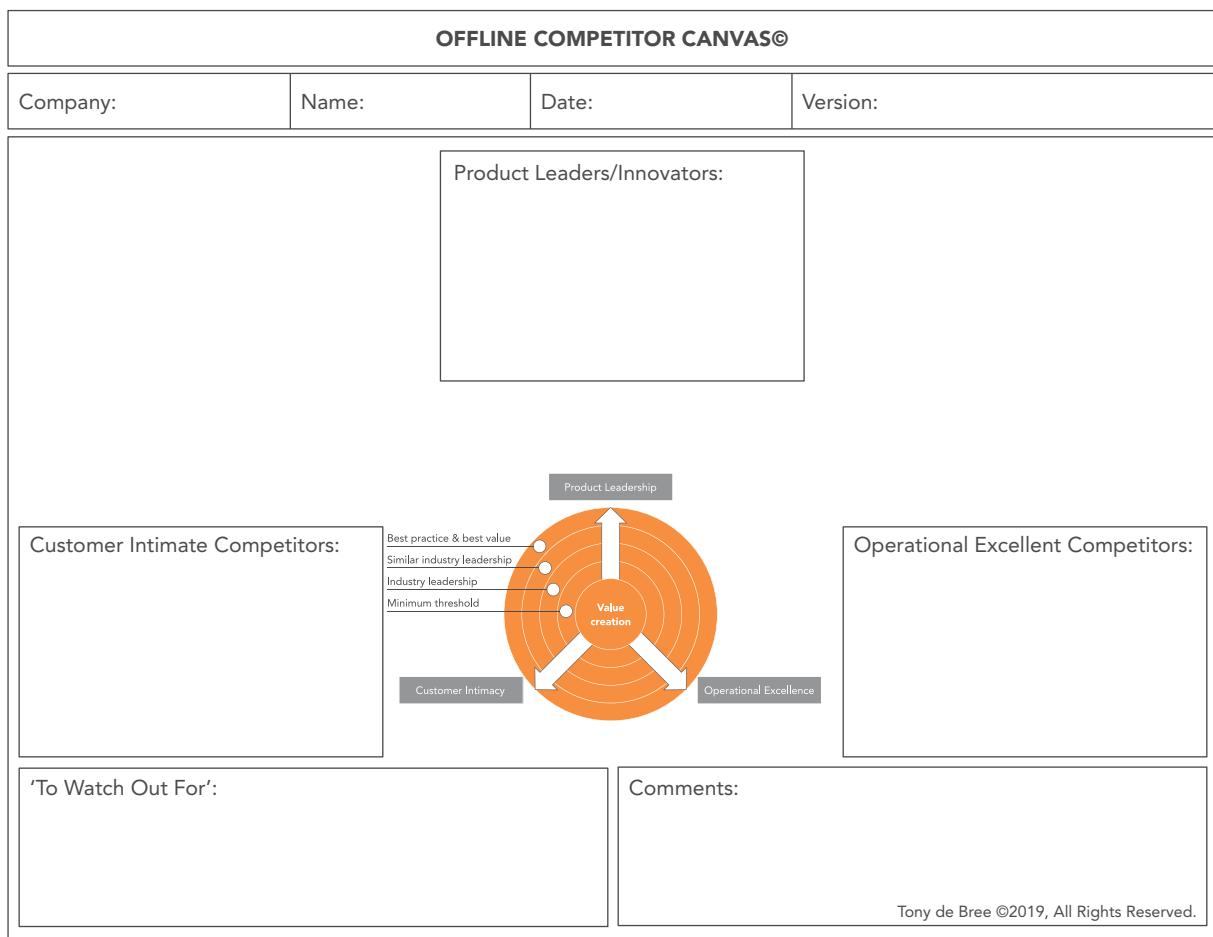


Figure 8: The 'Offline Competitor Canvas[©]'

Tip: beware to look out for competitors or possible **new entrants across industries** and do not focus too much on large players either. By focusing on the real needs or problems of customers, you can avoid mistakes that are often made. An example, you know that many large retailers now offer much more things than groceries only. They sell already prepared salads, lunches and dinners to be prepared and eaten at home. In this way, the retailers are competitors for the attention of the customer of lunchrooms and restaurants. In that sense, bakery shops are also competitors in that customer value discipline.

An example I often use in my classes is the competition around pizzas in the neighbourhood where I live in The Hague. For several reasons, there are a lot of Italians living there. They love good quality food, they miss home and they like eating late at night and staying long in restaurants. And they like places where they can meet and stay with friends....'like home' and where the owners and waiters know you and recognize you (Customer Intimacy). And there is such a pizzeria in our street. But there are also pizzerias of the low-cost chains (Operational Excellence) and a new pizzeria where you can order a pizza you have composed yourself with fresh ingredients to take away (Product Leadership). Of course, big retailers sell all kinds of pizzas and a special biological retailer sells pizzas that are made the same day with fresh ingredients. If you really look what is going on, the 'competition' is not about 'pizzas' like you learn in most business schools or on 'food, but on the 'experience' of eating great food, fresh food and hearing and speaking your own language. The 'great experience' Italian restaurant has more competition from the Lebanese caterer where you can buy freshly cooked Lebanese food and take it away to eat it at home. Great if you are Italian or French, but you cannot go to the Italian restaurant because you have small kids. It is also the difference between the 'eating to live' mentality of a lot of Dutch opposed to the 'living to eat' mentality that Italians and French share.

In the new dynamic world of today, a lot of other competitors for those physical outlets are active of course. Including large online platforms and for instance local comparison sites. And that is why you need the next canvas, the online or '**Digital Competitor Canvas[©]**'.

5.2 THE 'DIGITAL COMPETITOR CANVAS[©]'

Some companies combine offline and online strategies and others have a 'digital only' customer value strategy. That means that they only do business online. Based on publicly available information, you can identify and map their digital strategy as part of their organisational design onto this '**Digital Competitor Canvas[©]**', including different types of online platforms.

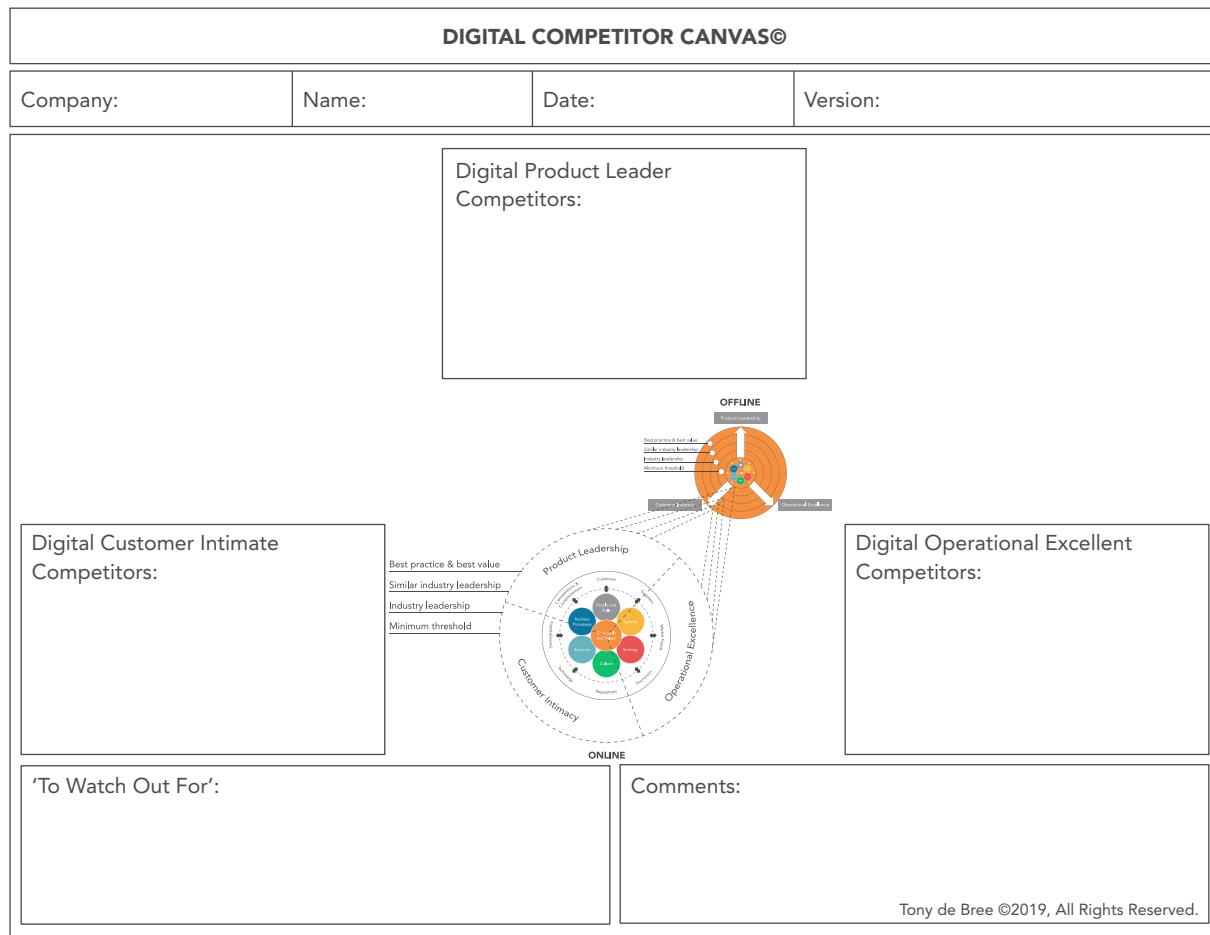


Figure 9: The 'Digital Competitor Canvas®'

Depending on the type of business you run and the scope (local, regional, national or global for instance), the competitive landscape can be rather different. If you for instance want to launch an 'online gig-platform' like Fiverr, but then in your own language and in your own town, the competition can be found in your own local environment. But you also must watch different online platforms that might operate on a multi-local basis.

We also see the rise of many **local social sharing sites** where you can borrow for instance drills for use in house and the rise of many **local online platforms**, focusing on bringing together local customers and local providers for specific goods or services.

In general, we see that large traditional companies **mirror their offline strategy online**. If they position themselves as 'Operational Excellent' like many traditional large banks or at least pretend to be, they will also choose that digital strategy online. Because of their old legacy ICT-systems, their legacy management and the rest of their organisational design, they will hardly ever be able to become really 'customer intimate'.

In you really think about it, we live in digital world where different 'layers' of online platforms exist in marketspace 'on top of each other': local online marketplaces, regional online marketplaces, national online platforms, European (actually multi-local) and the mega global ones.

5.3 THE 'DIGITAL COMPETITOR CANVAS: SUMMARY©'

Using the third and last canvas can be helpful to describe and document the differences between you and traditional and new competitors or substitutes in terms of '**differentiators**' in the light of **customer value** benchmarking. Examples are digital customer experience, responsiveness, after-sales, delivery and differentiators like that. ICT plays a major role in the degree to which your customers experience your publicly communicated digital strategy. If you are a customer of a company for a long time and they still do not know who you are and if they only give discounts and coupons to new customers, you can compare yourself with them and with customer value 'market leaders' across industries. If for instance you call a company and they immediately know who you are, what your history is and what you need, that is a good company to include in this summary.

In general, new companies with state-of-the-art ICT and the right customer-centric corporate culture will respond quickly, solve your problems quickly and deliver quickly also. Including the delivery of physical goods and the handling of goods that you want to send back. And they will do that every time, all the time.

Figure 10: The 'Digital Competitor Canvas: summary©'

6 CONCLUSIONS



In this eBook we explained why you need a different, easy to use strategic framework in the current fast-changing world than the traditional frameworks that were designed for a different more stable environment in the past. It is also clear that each strategy basically needs a different type of organisation, depending also on if you produce and or handle physical goods or selling and delivering 'air' like digital products like eBooks, music or movies and streaming services like Netflix or different types of services online or offline including consulting, training and coaching. But all successful and new companies choose the virtual organisation model.

In this final chapter, we will draw a few conclusions and provide you with some free downloads and further reading.

6.1 DIGITAL STRATEGY IN MATURE MARKETS: BEING DIFFERENT ('RED OCEANS')

Different types of online platforms are indeed getting more and more important and especially the mega-large ones like Amazon.com and Alibaba and social network platforms like Facebook, YouTube, LinkedIn and Instagram. And that is why designing and building your own online platform trying to beat these guys and girls and getting market share from

them, is not a ‘smart move’. It’s like swimming in a sea full of sharks. With one exception: unless you do it **to keep your most profitable customers in**. Why that is? That basically has to do with the fact that in many traditional industries large players have already large market shares in local and/or national markets and the same thing goes for the digital strategies of the large online platforms including the large social networks. The large online platforms have developed ICT-based core competencies since the Nineties of the last century, and it is almost impossible to beat them in that game. We called these offline and online mature markets ‘**red oceans**’: it is a ‘bloody’ competitive environment where it is very difficult to get in and very difficult to gain market share. And anyway, why should you do that in the first place? My personal basic advice is ‘stay out’ if you are starting a new business. Why?

Because even in that difficult digital competitive environment, there are opportunities with a real innovative digital strategy.... if you are smart. Large traditional players in general do not focus much for instance on smaller companies because the client acquisition costs are too high for them due to high internal overhead-costs as is the actual servicing of all these customers. In financial services for instance, many successful startups and scaleups jumped in that gap by building local online platforms for crowdfunding and peer-to-peer lending services for startups, scaleups and SMEs.

In mature, digital markets you still have the possibility to choose any of the three digital customer value positions. However, in order not to be disintermediated, always make sure your customer value proposition is **on a high ‘digital customer intimacy’ level** whatever you might be wanting to do. If you are indeed operating in this type of digital competitive environment, use the tools from this eBook for **an almost continuous ‘digital competitor scan’**. Not only to see what the big players are doing, but especially what new digital entrants might be preparing. Because most of the time successful new entrants will either be large ‘digital customer intimate’ players like online platforms, or startups and scaleups that focus on niches of badly served or potential customers that are not served at all. By providing for instance substitutes to a small group of profitable customers. But whatever you want to do in this strategic space, it is still about ‘being different’ from the competitors and often in products, service or in traditional customer experience sense. It follows this traditional pattern with a traditional inside-out approach:

Idea → Develop → Launch → Market.

This approach is **about you and your company** and **about ‘markets’**.

6.2 DIGITAL STRATEGY AND MAKING A DIFFERENCE ('BLUE OCEANS')

Now if you are smart, you do not jump in that sea infested with sharks but you do your homework and you create your own new customer value proposition focusing on niches. Based on where you personally and your company are good at, according to others. That always has been my personal strategy and the strategy I advise to most of my different types of large and small clients since 1995. As we discussed earlier, the most obvious places to look are customers that are indeed not served yet and where there are no large competitors and for whom YOU personally can make a difference in their lives. The question of course is how to find and target people in these 'blue oceans'?

To answer that question, we must go back to the beginning of this eBook. As Bernadette Jiwa stated correctly, it all starts with seeing the truth, the reality. Recognising the opportunities in that reality and then acting on it....and fast. And the only way to do that is by listening, by identifying with and understanding somebody else's feelings and frustrations. **It all starts with people** and you trying to listen to them and relate to their real problems and their real needs. You need to see things in a different way. It is about re-imagining what the real problem is, or what the real need of specific people might be, and then decide that you will do whatever it takes to be THE ONE to solve this problem for that specific group of people: it does not start with an 'idea' or with 'passion', but with empathy, with a feeling...with people.

For instance, I help a group of executives to make choices when they want to leave their corporate position or after having lost their corporate job. I help them 'to resocialize' as I call it. And why did I started to do that? Because I know the pain, I know the anxiety.... I know how it feels to leave your secure fixed job and having to occupy yourself the whole day and find again a new purpose in your life after leaving the traditional business world. And I know how you can 'learn how to be become a successful entrepreneur' with side hustles next to your day job. And that is just one example. And there are many opportunities for that kind of digital strategies and for mixed strategies. Based on '**creating a difference**' for your customers instead of '**being different**'. You should therefor use this approach:

Truth → People → Idea → Launch

You might care about your company and 'how big it is', but your customers could not care less. She or he wants to be recognised and wants somebody they can trust and that can solve a real problem that they feel very strong about. Not a product, but a real solution.... on a personal level. And that is the approach I have been taking since 2001 with my side hustles online and since 2012 full time.

And that is also the reason why in my logo it says, ‘It’s all about people’:



Well, that was it! If you need any help or have any questions, do not hesitate to contact me by phone on 0031634387806 or by email on <http://www.tonydebree.online/> and lets connect on LinkedIn [here](#). I would love to hear your stories and how I can help you to make a difference for your clients by becoming a digital leader with the right Future Skills in the online platform economy with ideas and templates in this eBook.

You can download digital copies of the three canvasses from this eBook and other free resources [here](#). Password = DIGITALSTRATEGYEBOOK2021.

APPENDIX A: THE CORPORATE PROFILES MATCHING THE DIFFERENT VALUE DISCIPLINES

Element	Operational Excellence	Product Leadership	Customer Intimacy
Core goals and values	Process & product-driven Conformance, 'one-size-fits-all mindset'.	Concept, future driven. Experimentation and 'out-of-the-box' thinking; 'a product is king' attitude.	Customer driven. Variation and 'Have-it-your-way' mindset; 'the customer is king' attitude.
Strategy	Production at the lowest cost; isolated from work in management control units. Objectives are related to cost-efficiency through economies-of-scale: aggregating transactions.	Production of unique or novel product (or process); low-cost process differentiation within mature markets. Produce a continuous flow of new products and services through aggregation of knowledge and (individual) competencies.	Mediating and monitoring so that if possible, all the customers' needs can be satisfied. Focus is on aggregating customers (and on the Internet ICT-enabled relationships).
Culture	A culture that abhors waste and rewards efficiency.	Stimulation of personal achievements. Stimulation of ideas and future mentality.	Focused on specific instead of general measures; focus on long-term relationship with clients.

Systems	Fixed norms and focussed on fast transactions aligned to each other; capital and human assets dedicated to the production of standardised goods and services; central hierarchical command system; command and control, standard operating procedures. Focus on cost control.	Result-driven systems evaluating the success of products; possibilities for experiments; systems decentralised to specialised individuals and groups; micro-transformations; rapid and frequent switching between decentralised team decision-making and team-managed command systems. Focus on risk management.	Management systems focussed on selected and carefully chosen clients including one-to-one marketing on the Internet; independent processing control; centralised network co-ordination. Focus on customer equity measures like lifetime value and on yield management.
Business processes	Cost-efficient processes; end to end optimisation; executed to plan; serial; linear work. End-to-end supply chain optimisation, JIT, BPR. Emphasis on efficiency, reliability and convenience.	Intensive and reciprocal workflow within teams; processes focused on R&D and product development and time-to-market; emphasis on breakthroughs.	Customer/product unique value chains; focus on core processes: customer service, marketing and distribution. Emphasis on flexibility and responsiveness.
Structure	Standardisation of activities; central planned; less responsibility to lower management; Hierarchical, vertical integrated; separate doers and thinkers.	Organic or hybrid; combined doers and thinkers; an ad-hoc structure which is adapting to new plans.	Structure in which responsibility and decisions are delegated to people who are in direct contact with the client; network structure; network co-ordinators and on-demand processor.
People and skills	Specific skills for tasks, which are primary meant for improving efficiency; separation of doers and thinkers by selecting the right people and skills for the right tasks. Distributive justice.	Training and education for R&D in the organisation; skills are directly related to improve product and launch innovative products. Rewarding individuals' innovative and creative capacity. Procedural justice.	Well-educated people in the whole organisation; skills on relation-management social and interpersonal skills. Empowerment close to point of customer contact. High skills at boundary of the organisation. Procedural justice.

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