

MBA Consulting Capstone

“What should we be tomorrow that is different, more effective, more efficient than we were yesterday?”

Intro to Consulting

Consulting Equation: *Analysis + Improvement Plan = Performance*

- Monday Morning Ready Recommendations
- Don't be afraid to say no

Processes

Scientific Methodology

1. Ask Question
2. Background Research
3. Hypothesis
4. Test Experiment
5. Procedure Working? (Yes/No)
6. Analyze Data and Draw Conclusions
7. Do Results Align with Hypothesis
8. Communicate Findings/Results

Rational Decision Making

1. Understand the Situation
2. Define the Problem
3. Define Objectives
4. Diagnose the Problem
5. Develop Alternatives
6. Evaluate Alternatives
7. Choose Best Alternatives
8. Implement Alternatives

Iterative Project Management

1. Evaluate
2. Design
3. Develop
4. Analyze

Roles of Consultants

- Capability Rigor: To augment staff's skills and knowledge
- Political Cover: To provide scapegoats for unpopular or controversial decisions
- Bureaucracy: To get a decision made
- Resource Deficits: To augment staff numbers
- Objectivity: To obtain views free of political, functional, or other bias
- Simplify Complexity: To distill essential information from strategic complexity

Intro to Strategy

Core Strategy Questions

- Brand
- Growth Strategy
- Revenue Model
- Marketing
- Organizational Strategy

Cartels

- Built like businesses
- Use franchise-like integrations to expand to new areas
- Have a core objective and purpose

Business Evolution and Context

- Economies of Scale: Increase the number of units sold
- Economies of Scope: Increase the scope of units produced
- SWOT: Not a Strategy Tool, a Communication Tool
- Competitive Advantage: Strategic Alignment or Fit
- Consistency: Internal & External

VRIO

- Valuable
- Rare
- Inimitable
- Organized

VRIN

- Valuable
- Rare
- Inimitable
- Non-substitutable

External Threats

- Imitation: Copying the same product the same way
- Substitution: Changing what is needed to fulfil the same need
- Holdups: Dampen your bargaining power from the impact of other companies

Business Model

- Value Proposition
- Revenue Model
- Value Chain

Maintaining Dynamic Consistency

Vertically Integrate - Removes Holdups (Above Distribution ⇒ Backward, Below Distribution ⇒ Forward)

- | | | |
|--|---|---|
| <ul style="list-style-type: none">• Raw Material• Manufacturing• Distribution/Retail | <ul style="list-style-type: none">• After Sales Service• Internal Threats• Perception | <ul style="list-style-type: none">• Motivation• Inspiration• Coordination |
|--|---|---|

Industry Analysis

1. Define: Industry/Market
2. Identify: Players
3. Analyze: Influence on Profitability
4. Test: Analysis
5. Respond: **How should the firm react?**
6. Change: **What to change?**

Competitive Advantage

- Value Added (Improve)
- Non-Value Added - Essential (Minimize)
- Non-Value Added - Non-Essential (Eliminate)

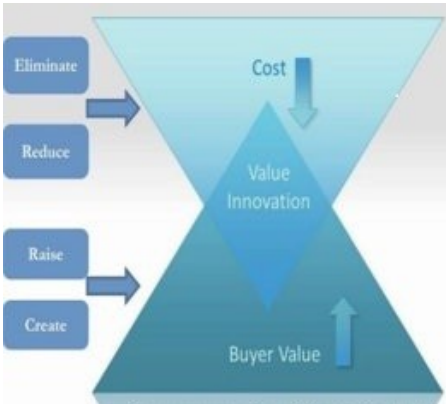
Blue Ocean Strategy

Blue Ocean

- Create new market space
- Build a new demand
- Ignore competitors (make them irrelevant)
- Craft new products
- Innovate for a new value proposition
- Compete in a novel market
- Create and shape new trends

Red Ocean

- Compete in existing markets
- Address existing demand
- Take on existing competitors
- Optimise existing products
- Tweak cost-value balance
- Compete on niche, cost, or differentiation
- Adapt to trends



Four Action Framework

- **Eliminate:** Which factors that the takes for granted can be eliminated?
- **Reduce:** Which factors should be reduced well below the industry's standard?
- **Raise:** Which factors should be raised well above the industry's standard?
- **Create:** Which factors should be created that the industry has never offered?

But... Test the Hypothesis

Sustaining Competitive Advantage



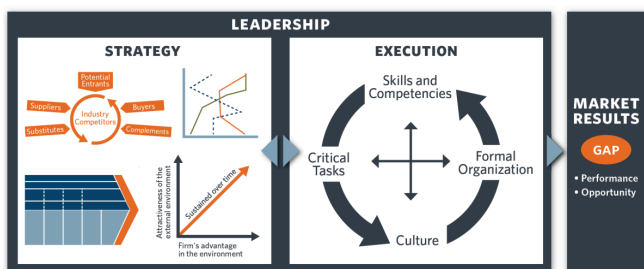
Main Competitive Threats to Sustainability

- New Entrants
- Imitation/Copy
- New Tech

Consulting Questions

- What is the current source of competitive advantage?
- What are the threats to its sustainability?
- How should the organization counter those threats?

Executing Strategy



- Success Often Leads to Inertia
 - Fit → Success → Size & Age → Inertia → Success/Failure
- Inertia is not always your friend

Technology Strategy

What Makes Technology Different?

- Penetrates everything in the business
- Changes and evolves quite fast
- Requires adaptability