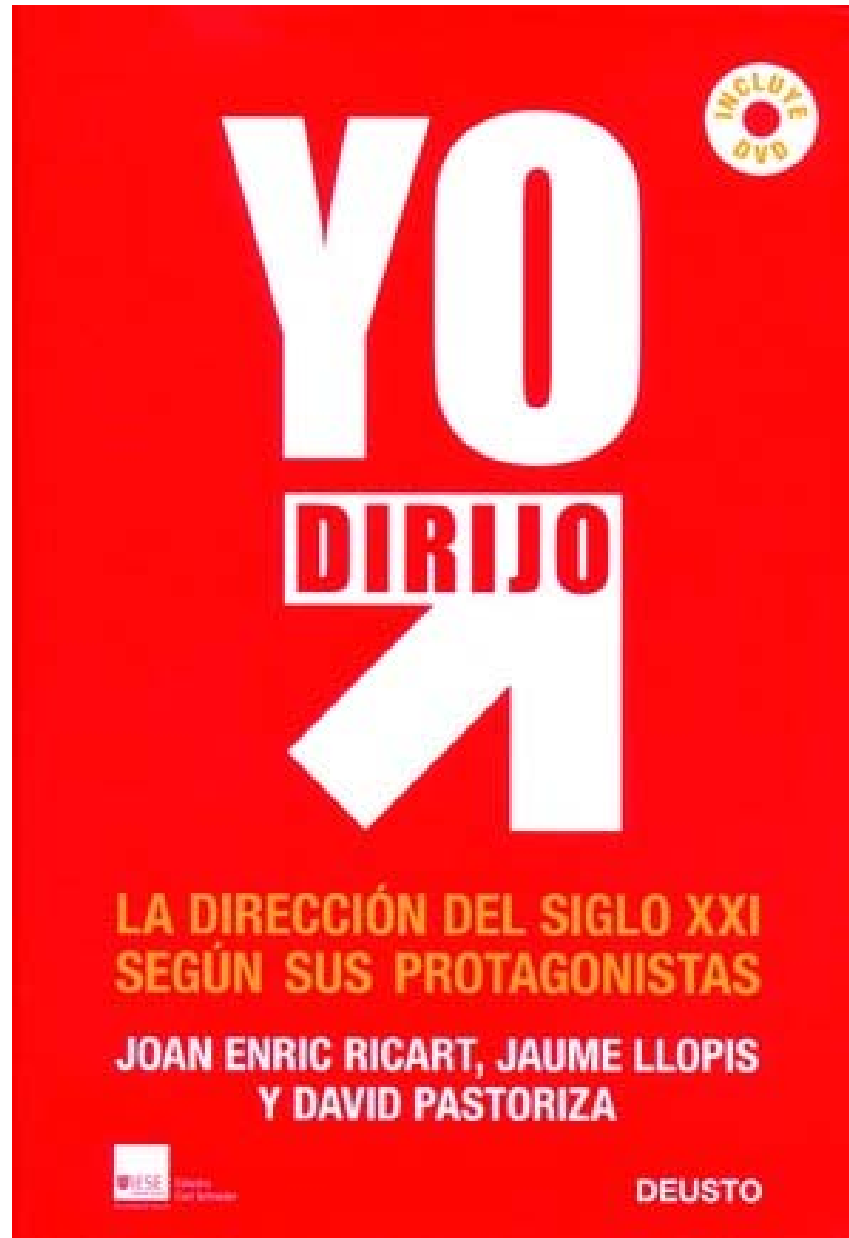


# Empresa, Gobierno, RSC y Desarrollo en América Latina

Prof. Joan Enric Ricart,  
Carl Schroeder Chair in Strategic Management  
IESE Business School  
President, Strategic Management Society

Chicago, August 8th, 2009

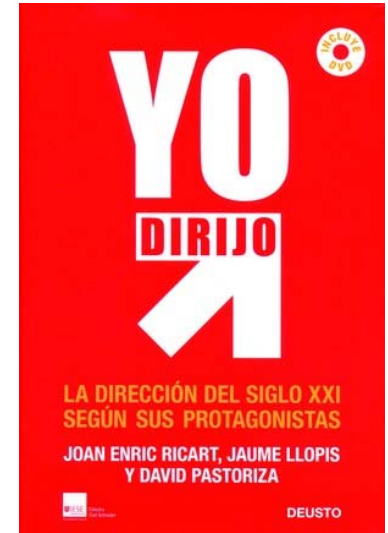




# I. Create a future

3

- ❑ Know your business
- ❑ Focus on your client
- ❑ Control your competition
- ❑ Know other participants in your industry
- ❑ Anticipate

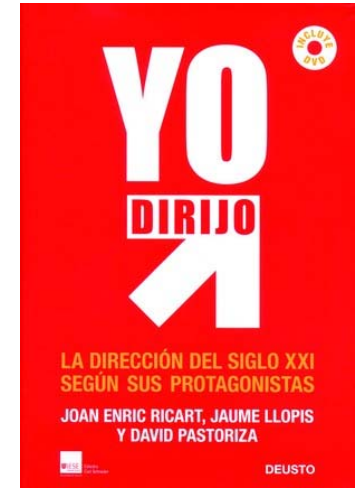


*Develop a vision*  
*Communicate it properly*  
*Commit to it the whole organization*

## II. Constantly adapt your business model

4

- ❑ Search for differentiation
- ❑ Focus on quality
- ❑ Focus on innovation
- ❑ Do the things right!

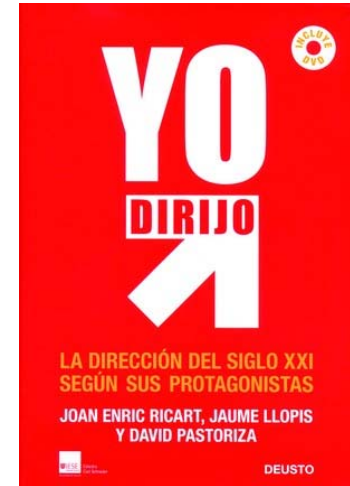


*Develop a business model to sustain competitive advantages in the desired future*

# III. People as center of the organization

5

- ❑ Talent management
- ❑ Manage risks and challenges
- ❑ Focus on results and stretch
- ❑ “Delegate” but do it right

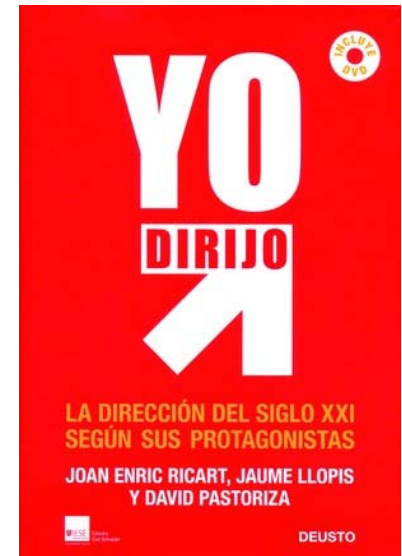


*“To manage organizations is to manage people under the assumption that they are the center of any human activity”*

# IV. Integrate with an institutional strategy

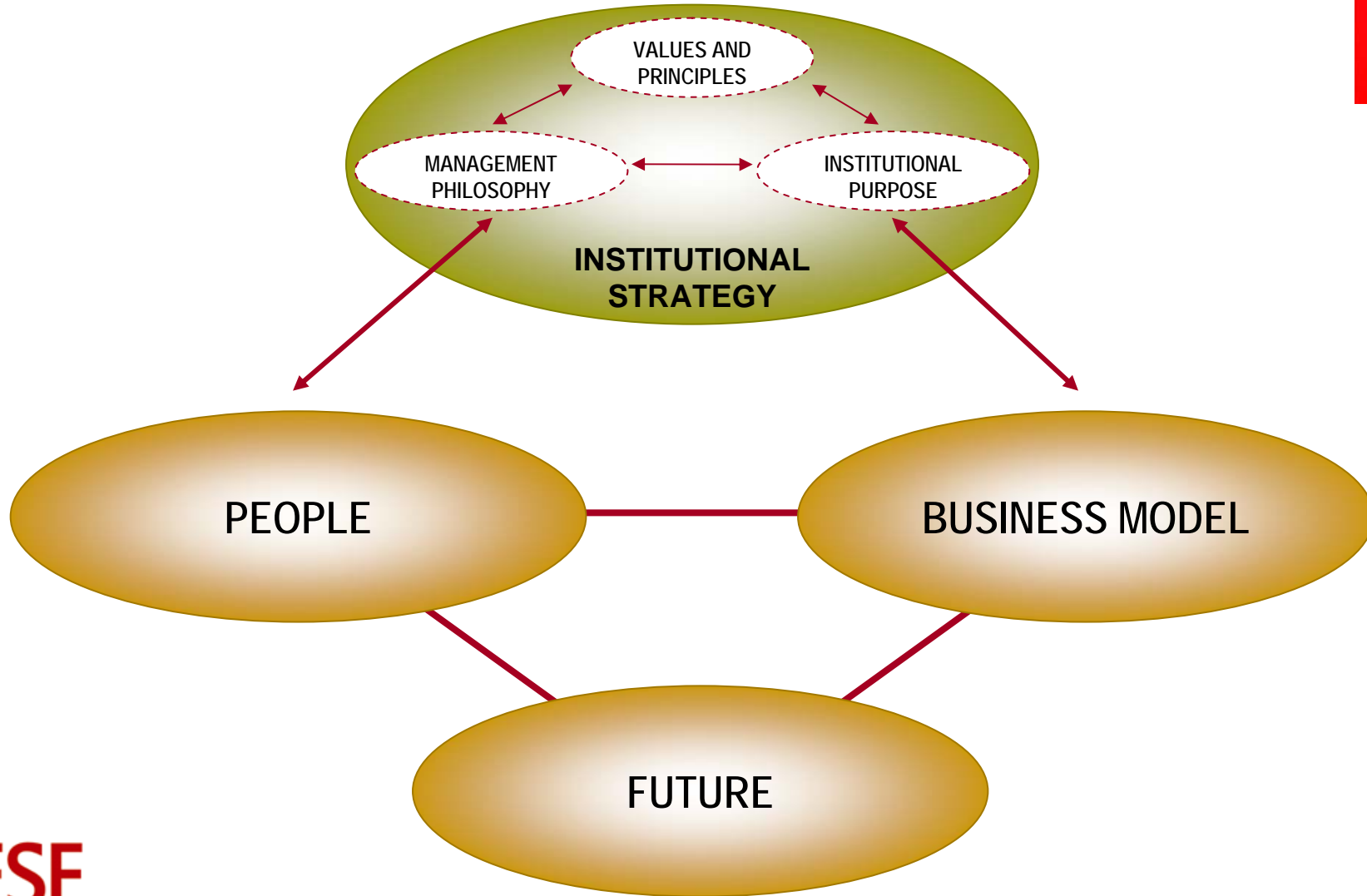
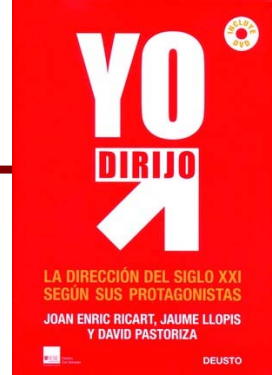
6

- ❑ Principles and values
- ❑ Institutional purposes
- ❑ Management philosophy



# Top Management Priorities

7



# Business Models for the BOP

Based on Pablo Sanchez Dissertation



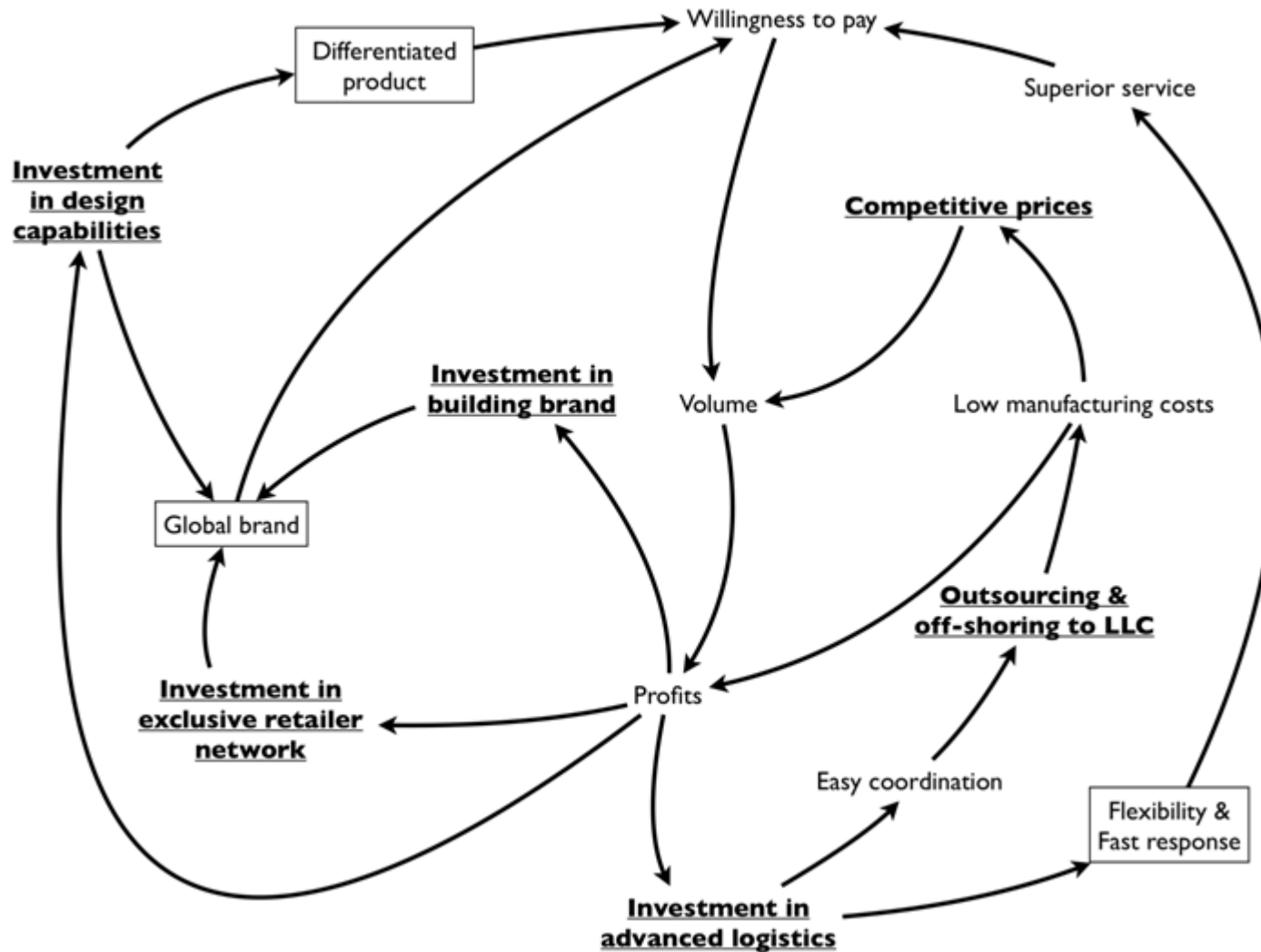
# MANGO

9



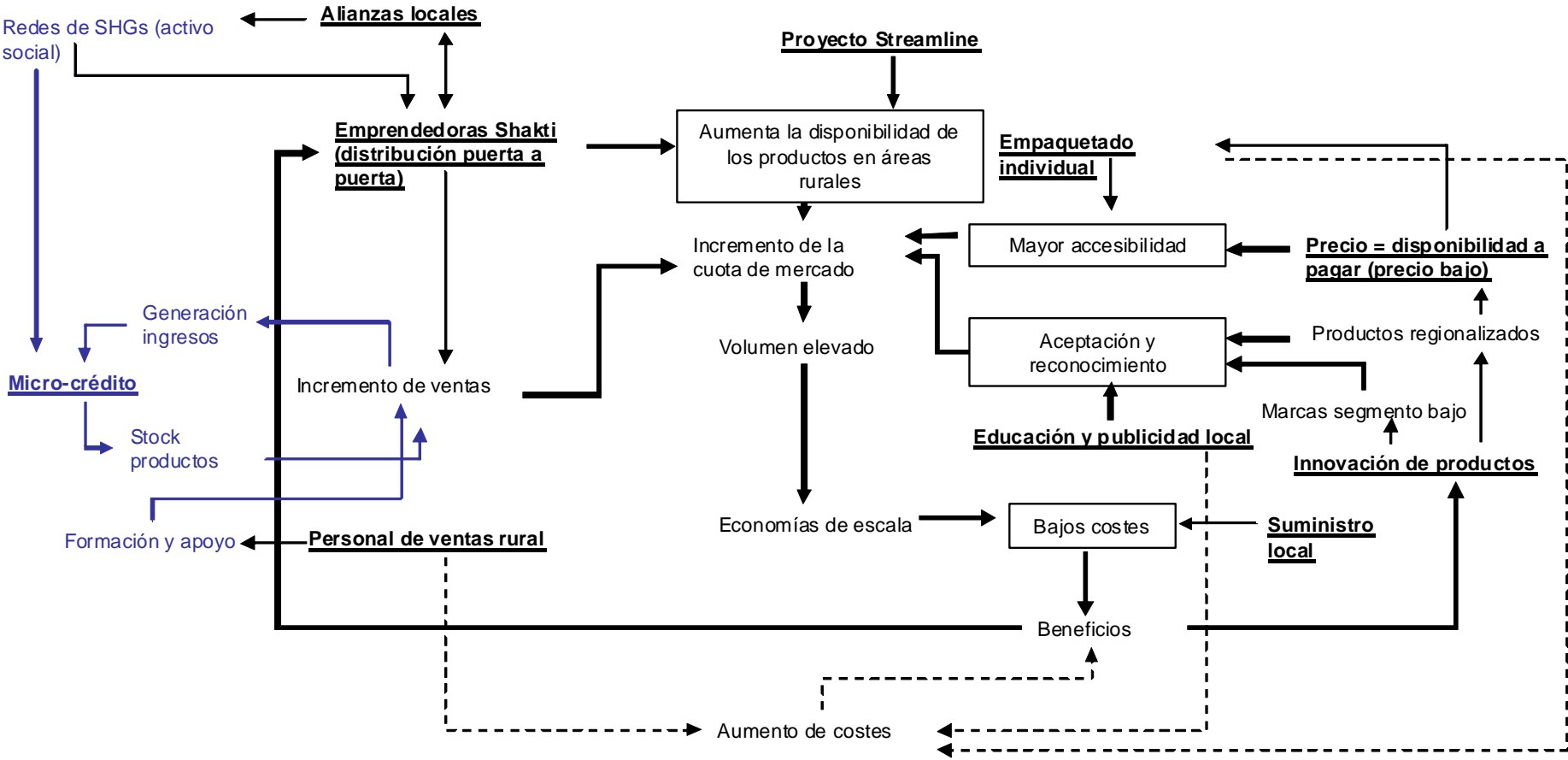
# Business Model of MANGO

10



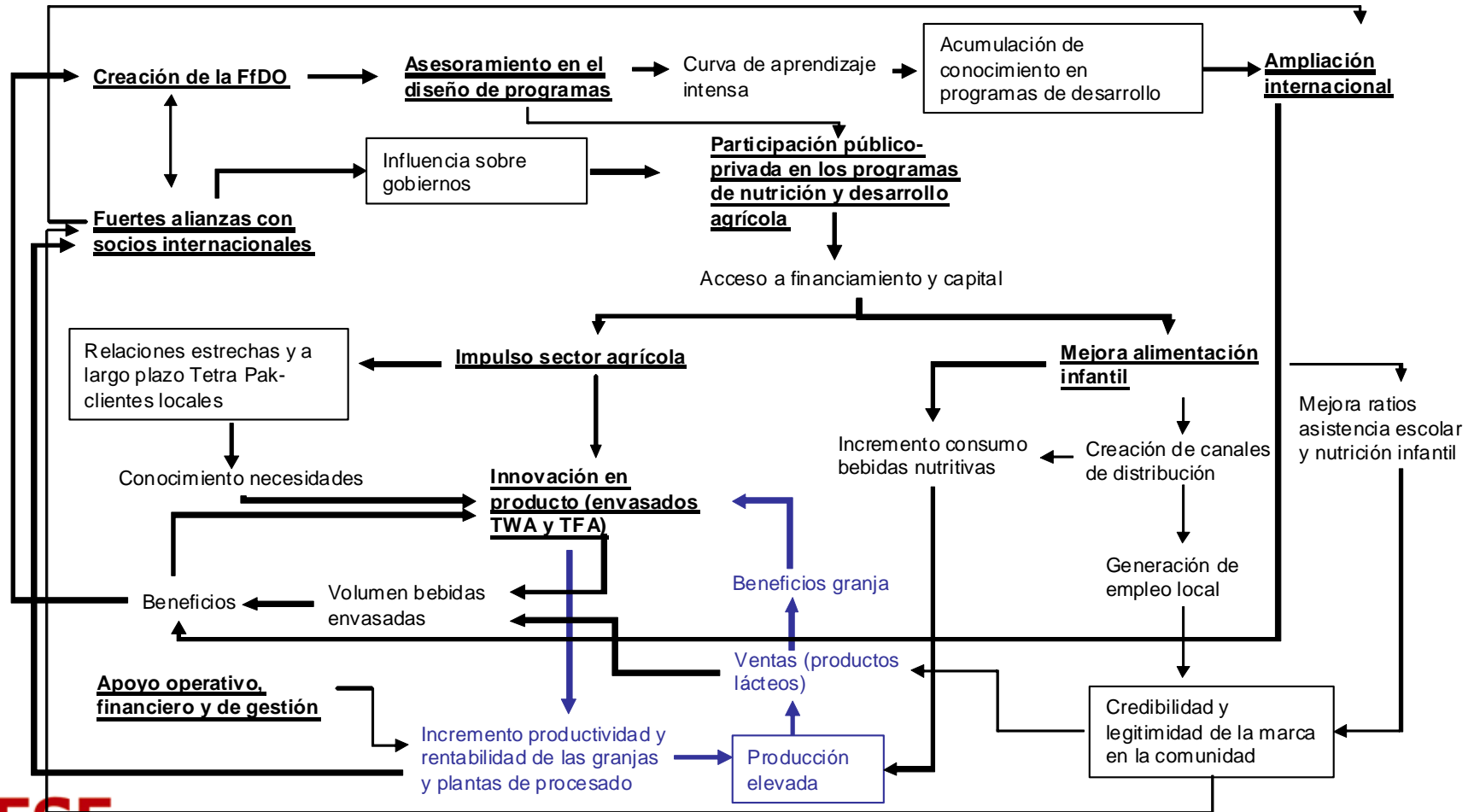


# HUL - Shakti



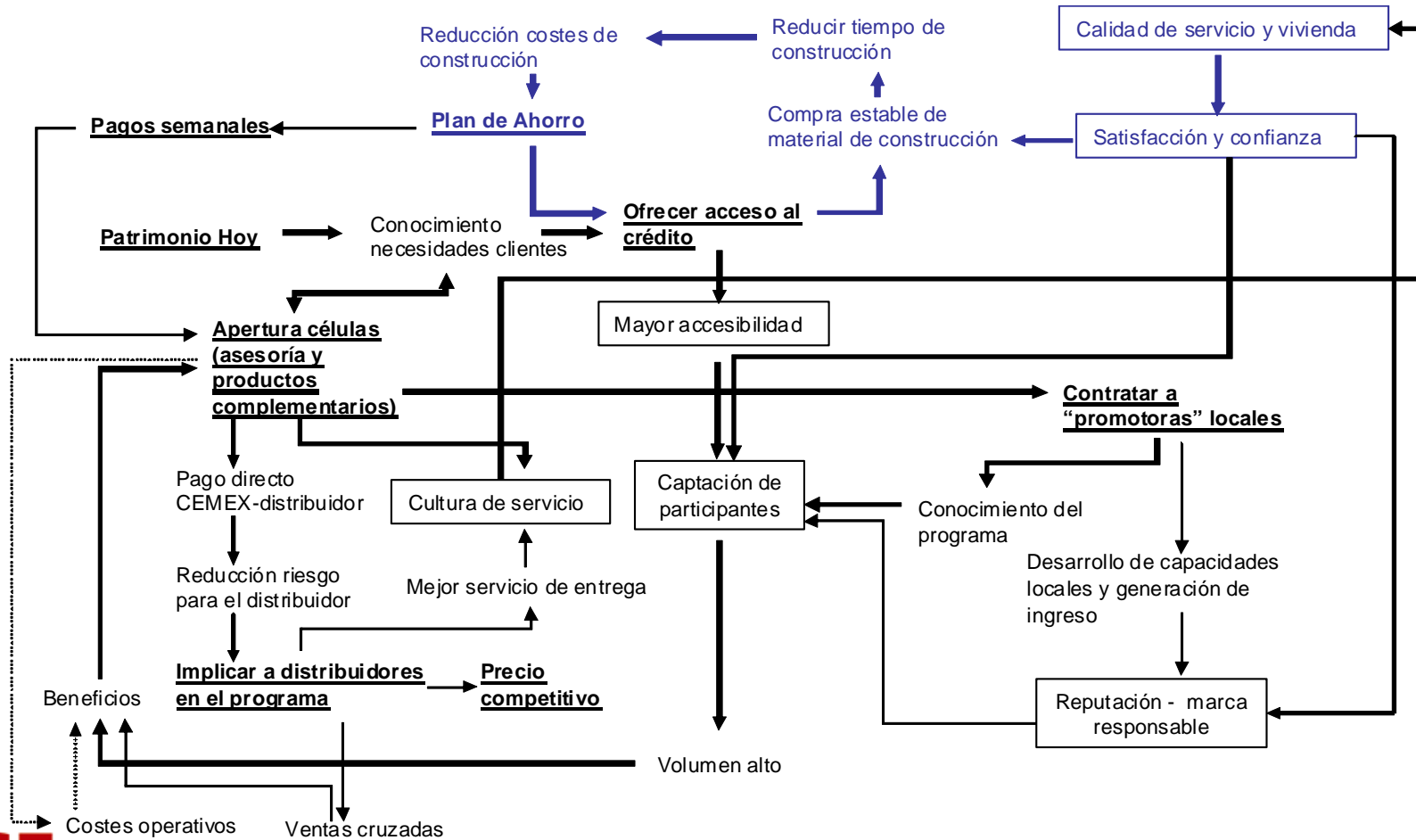
# Tetra Pack FfDO

13



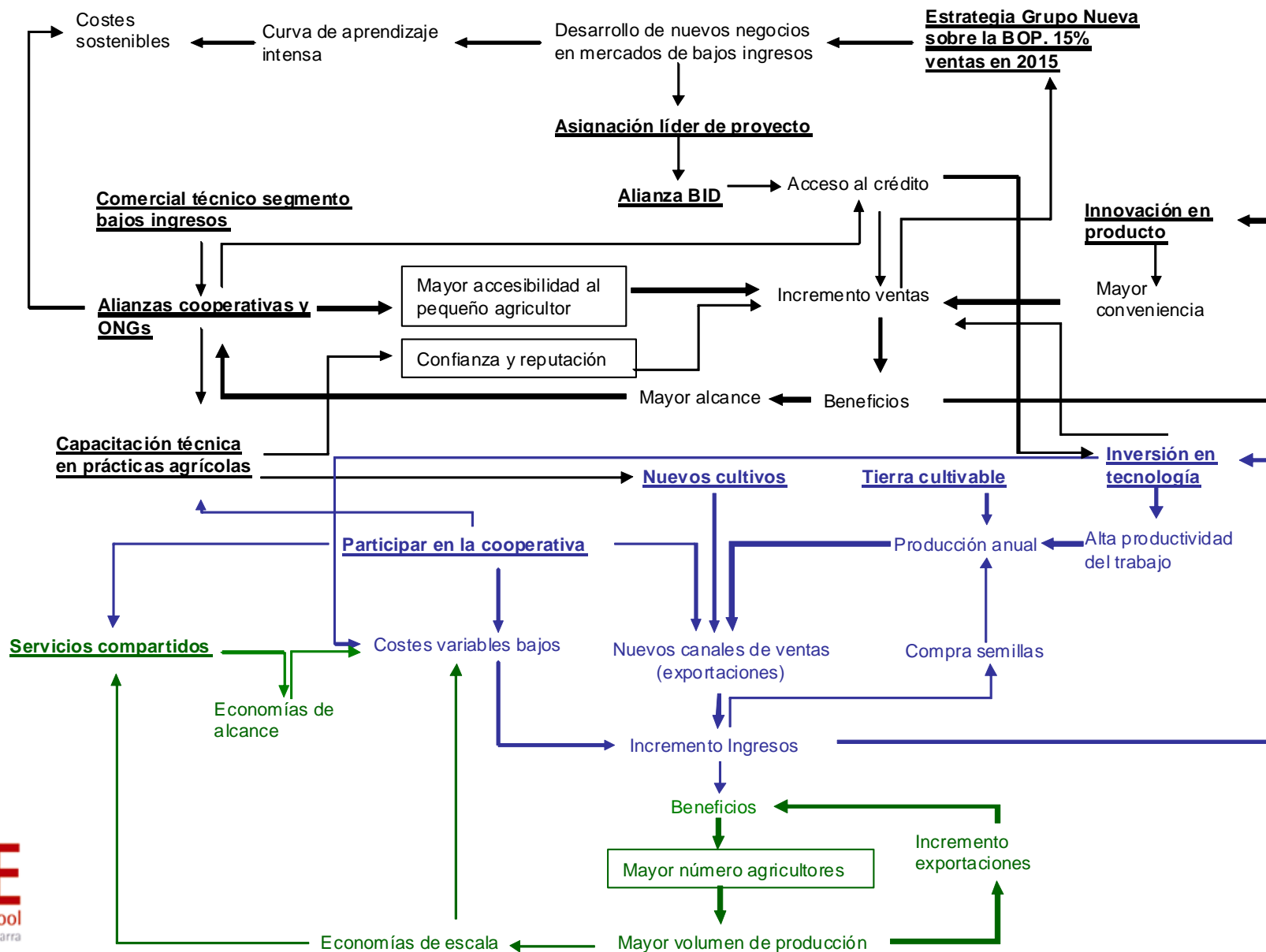
# Cemex Patrimonio Hoy

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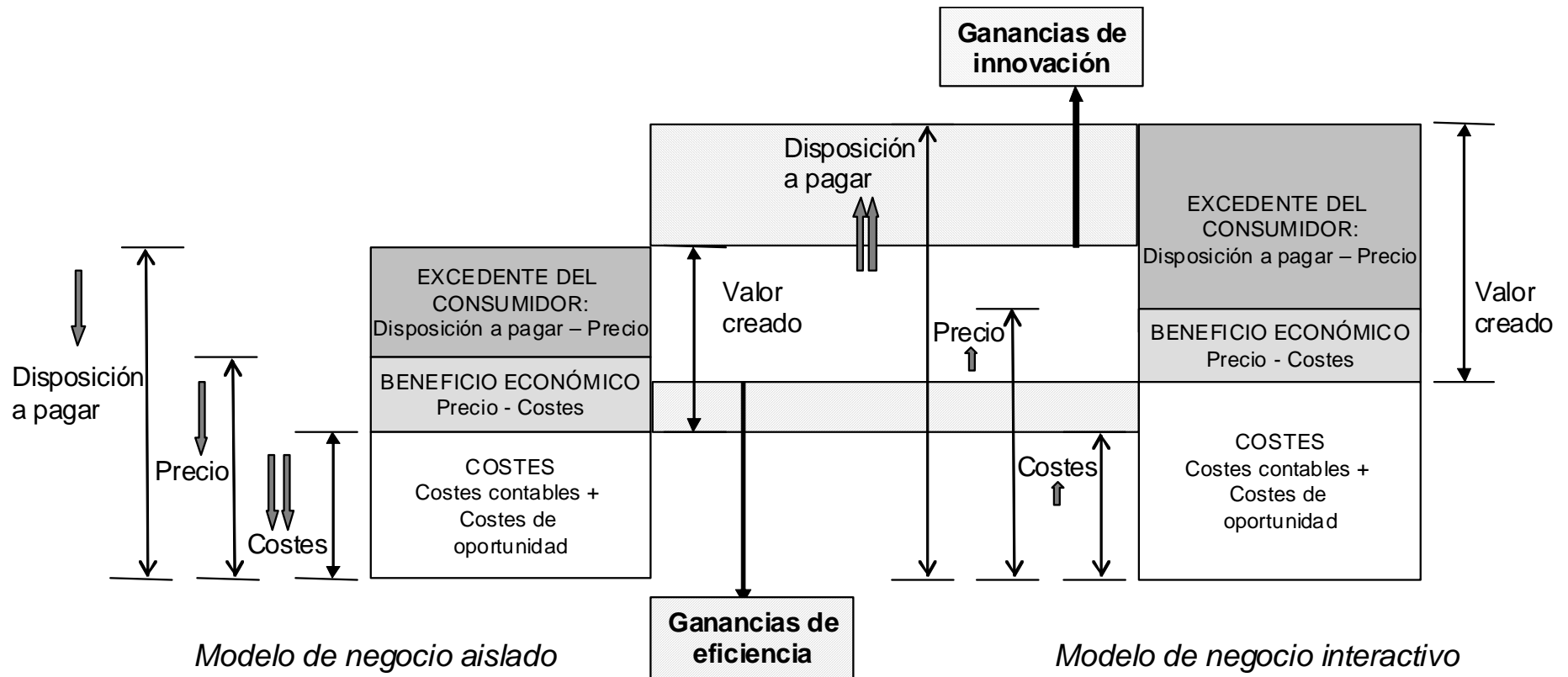
# Amanco - Todos Ganamos

15



# Negocio Aislado vs. Interactivo

16





The forces that transform the world  
always start with values

Innovate in business models to transform  
Society and improve development

THANK YOU

# What to do in crisis times?

18

## I. Recognize the new reality.

Your strategy has to change.

- ❑ Segmentation. New priorities?
- ❑ Our client has new problems. Provide new solutions.
- ❑ Don't stop investing in key competences: Product innovation, customer service, speed,... (Value creation!)
- ❑ Focus on *Capex*. Cash generation? Where to use it?
- ❑ Do not run to decrease prices
- ❑ Be intelligent in Merger and Acquisitions

# And in crisis time?

19

## II. It is the right time for.....

- re-think,
- re-focus,
- adapt,
- improve...
- or even... ¿change **the business model**?

## And in crisis?

### III. Implement your strategy with care.

- 1) Communicate extensively with realism and optimism.
- 2) Re-evaluate your critical personnel.  
*Can you attract new talent?*
- 3) Consider your compensation system.  
*Are we providing the right incentives?*
- 4) Use outsourcing and off-shoring smartly.
- 5) Be a role model

# And in times of crisis?

---

21

**IV.** Don't forget what you stand for. How difficult decision are taken is very important

1. Keep you values alive
2. Do not forget your purpose
3. Do things right
4. Be a role model

# Managerial values

---

- ❑ Competence
  - ❑ Professionalism
  - ❑ Integrity
  - ❑ Service
  - ❑ Conflict solvers
  - ❑ Self-exigency
  - ❑ Personal balance
- ❑ Prof. Kanter, HBS:  
Innovation to get out of  
the recession requires:
    - Focus
    - Flexible
    - Fast
    - Friendly
    - Fun

# What is a business model?

23

- ❑ A business model consist of a set of **choices** *and* **consequences** that follow from the choices
- ❑ Choices:
  - Policies
  - Assets
  - Governance
- ❑ Consequences:
  - Flexible (*flows*)
  - Rigid (stocks)

# Expanding the Innovation Horizon

The Global CEO Study 2006

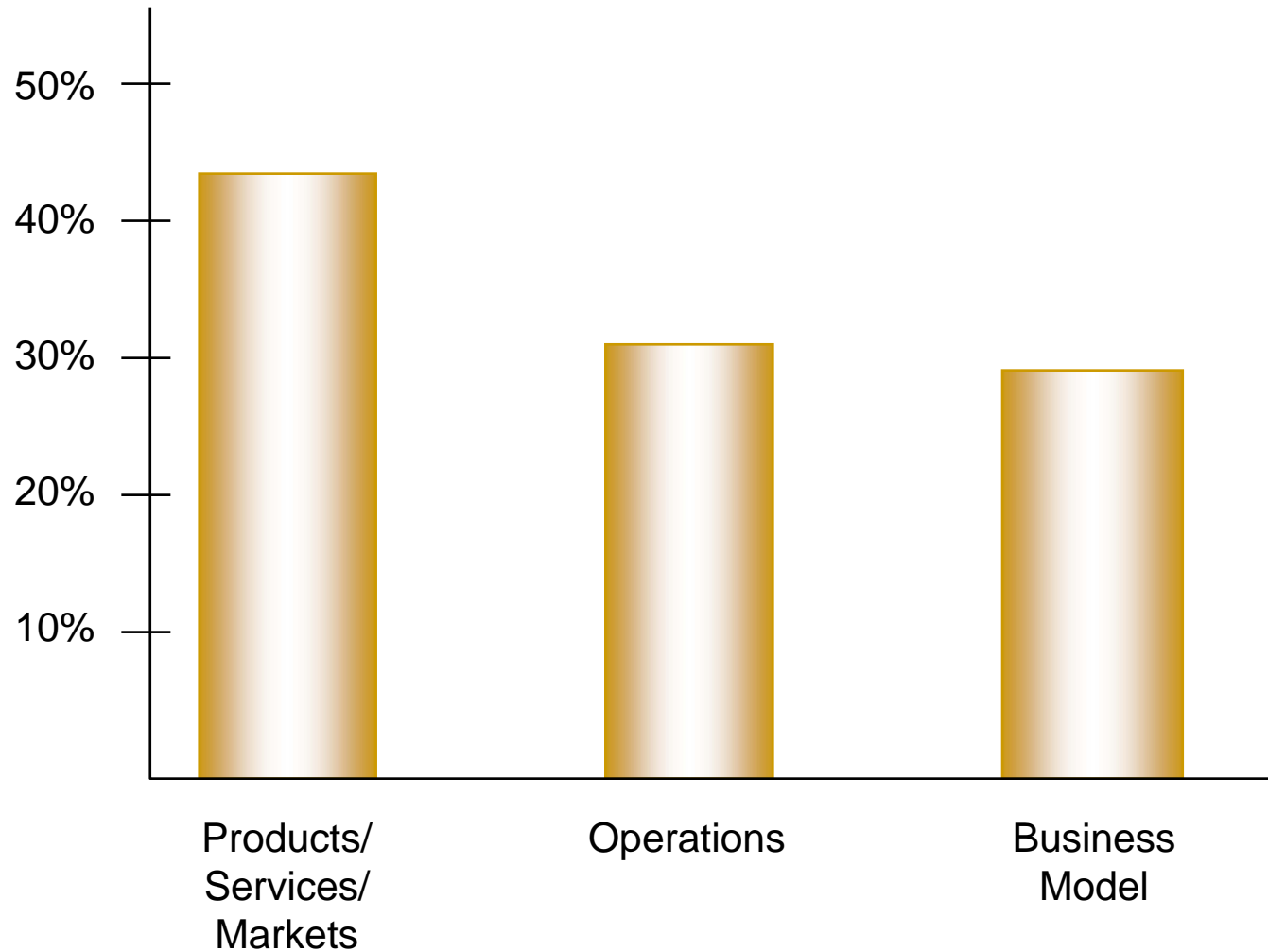
Executive Summary

*“Business model innovation matters” and it is a  
top priority of CEOs*



# CEOs Innovation Focus

25

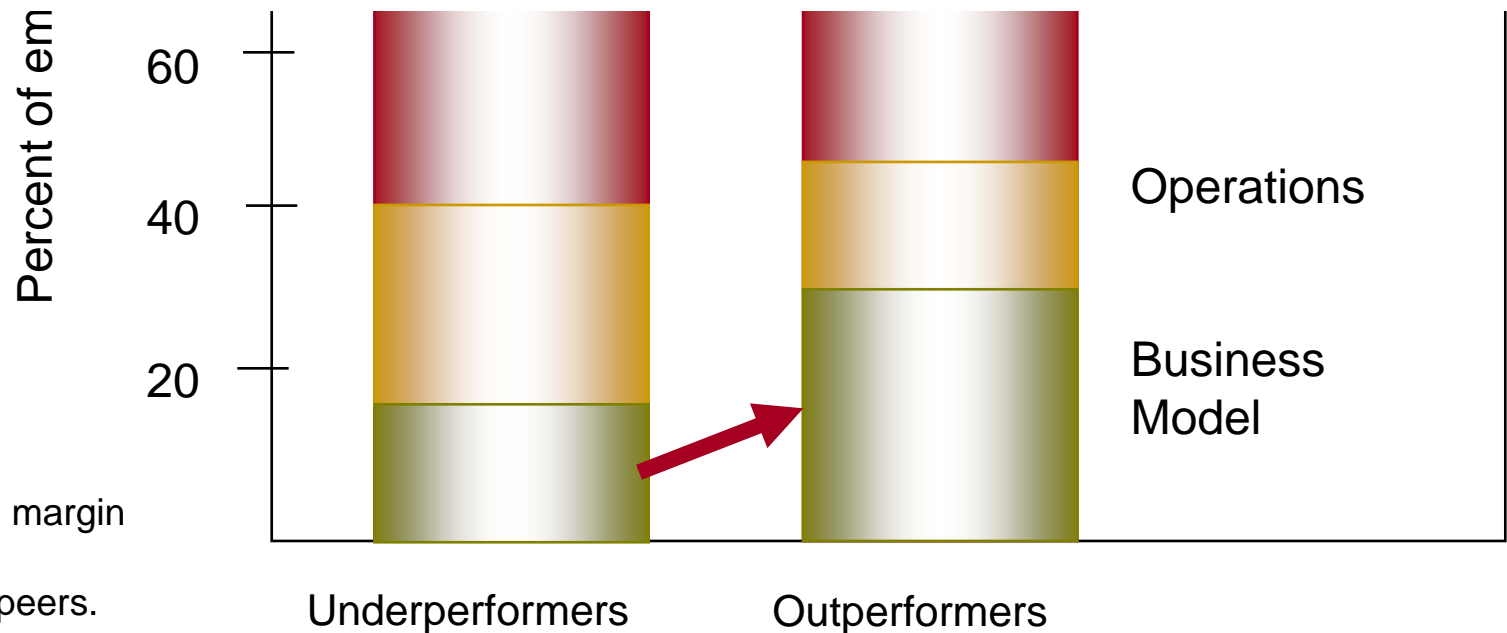


# Innovation Priorities of Underperformers vs. Outperformers

26

Some sentences from executives:

- *“The business model we choose will determine the success or failure of our strategy”*
- *“Products and services can be copied, the business model is the differentiator”*
- *“Our greatest focus is on business model innovation, which is where the greatest benefits lie”*

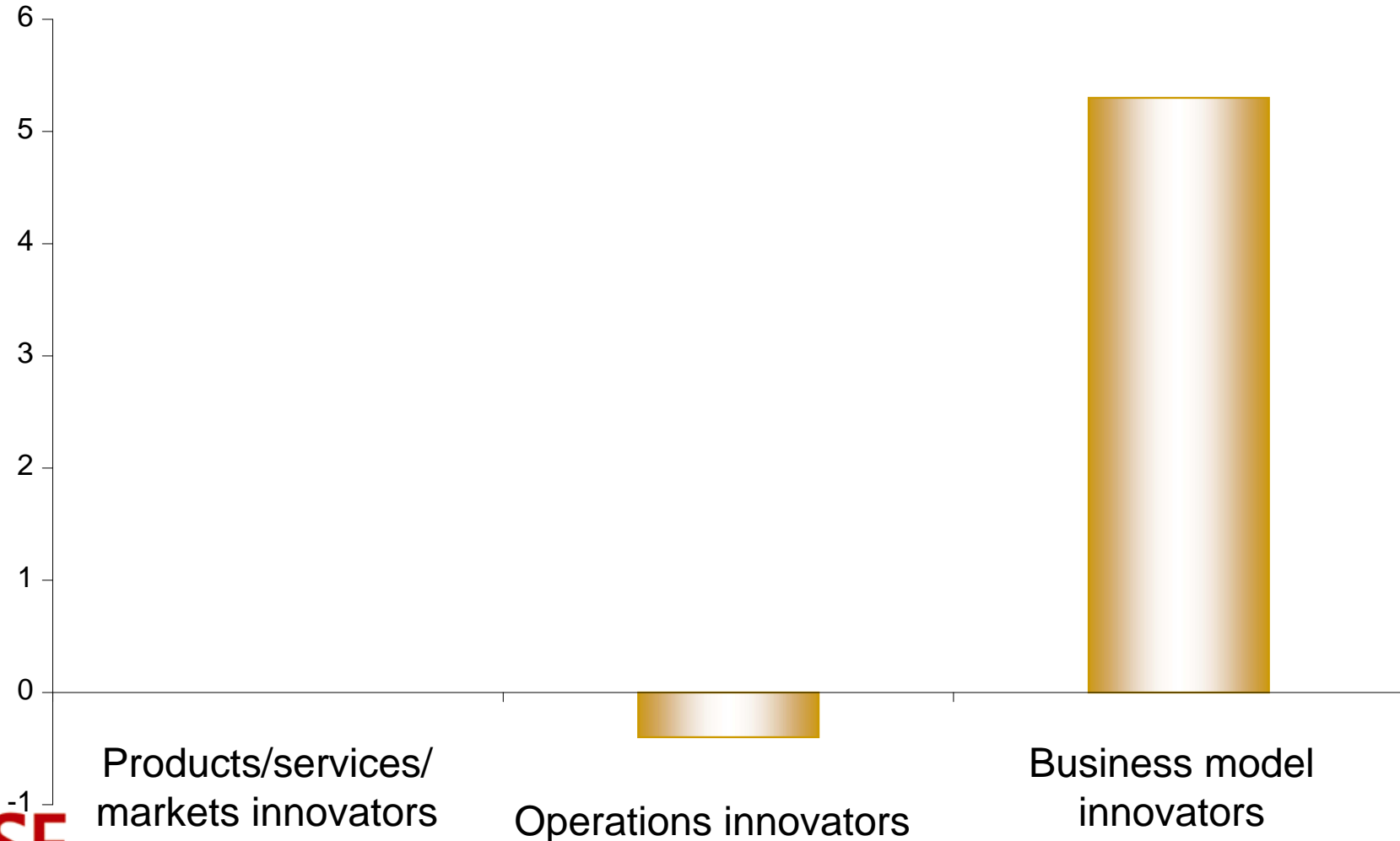


**Note:** Based on operating margin growth over five years as compared to competitive peers.

# Operating Margin Growth in Excess of Competitive Peers

27

Percent compound annual growth rate over 5 years

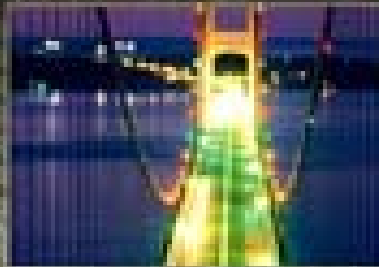


# IBM Global CEO Study, 2008

28

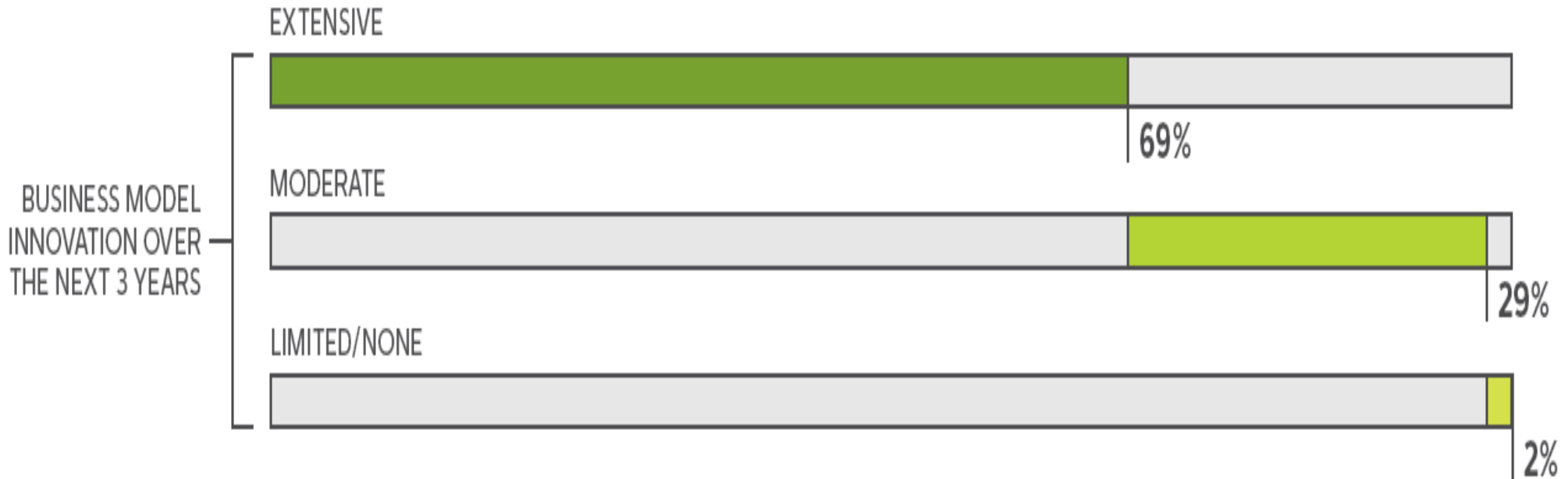
## Global CEO Study: The Enterprise of the Future

→ Register to download the full report



# Business Model Innovation in the Next Three Years

29



# Specialize and Collaborate

30

## Industry model

Redefining an existing industry, moving into a new industry, or creating an entirely new one (think music industry and the Apple iPod and iTunes).<sup>25</sup>

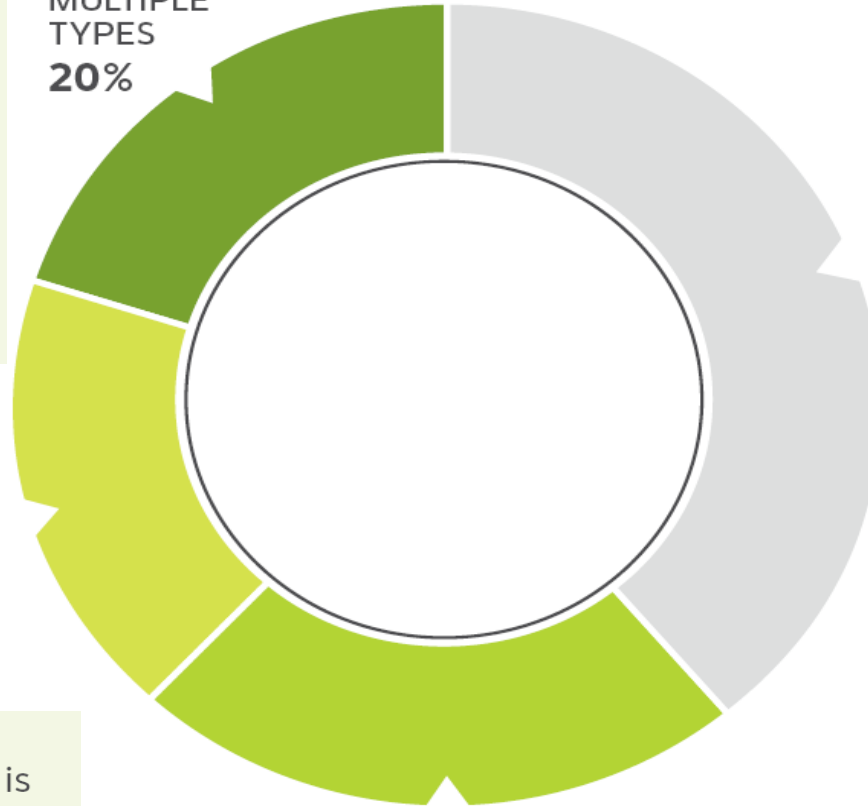
INDUSTRY MODEL  
INNOVATION  
**18%**

## Revenue model

Changing how revenue is generated through new value propositions and new pricing models (as Gillette did by switching the primary revenue stream from razors to blades).

REVENUE MODEL  
INNOVATION  
**23%**

MULTIPLE  
TYPES  
**20%**



ENTERPRISE MODEL  
INNOVATION  
**39%**

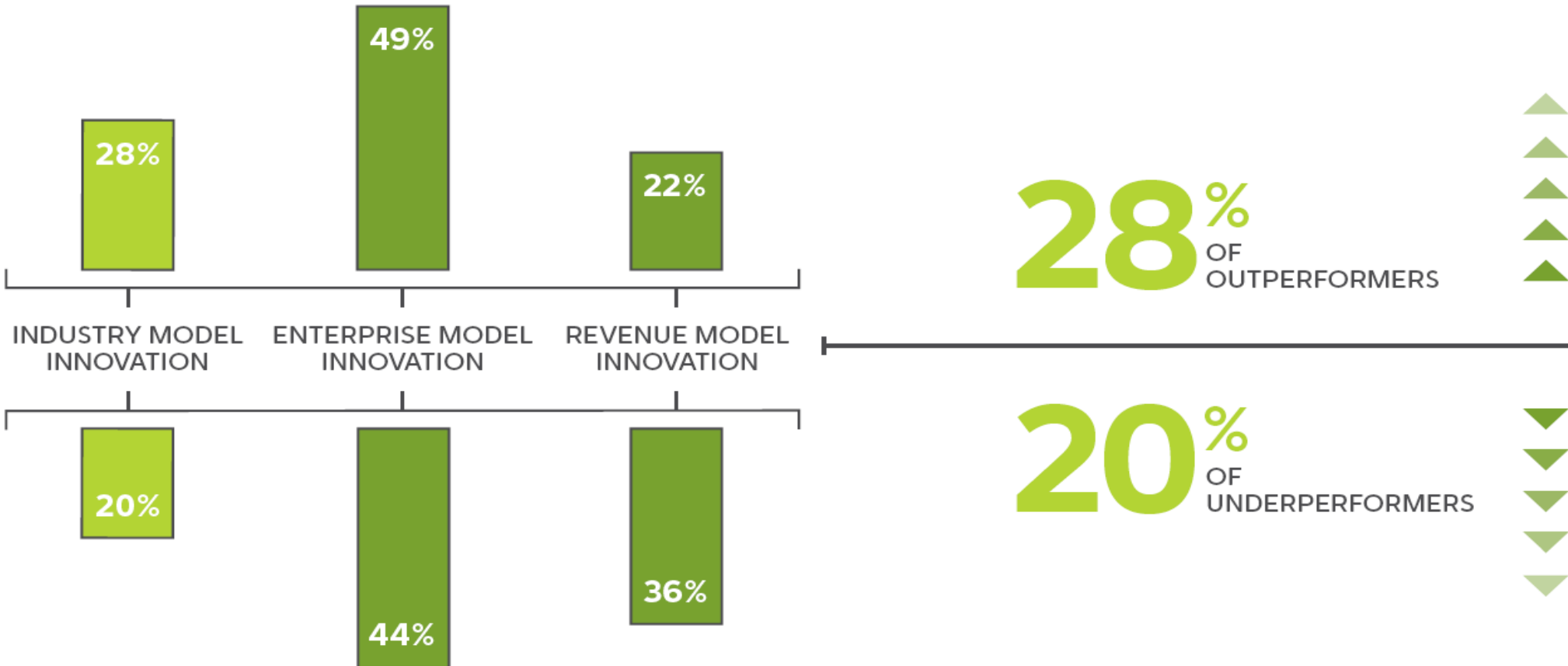
## Enterprise model

Specializing and reconfiguring the business to deliver greater value by rethinking what is done in-house and through collaboration (as Cisco has done by focusing on brand and design while relying on partners for manufacturing, distribution and more).

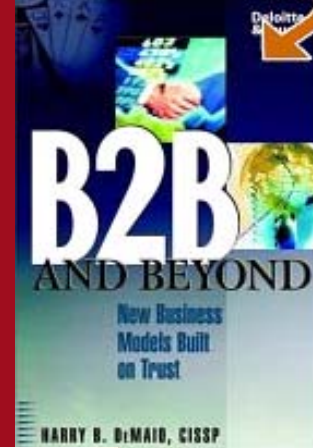
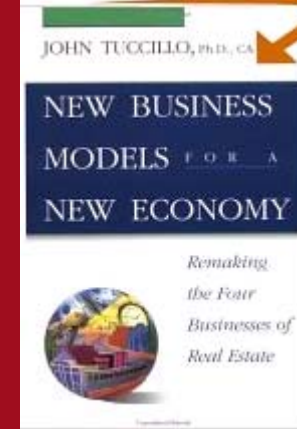
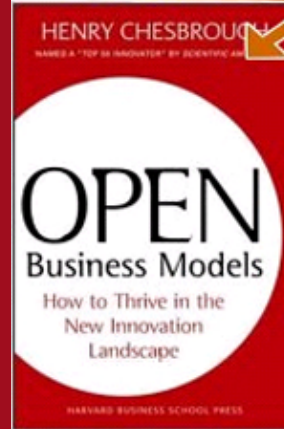
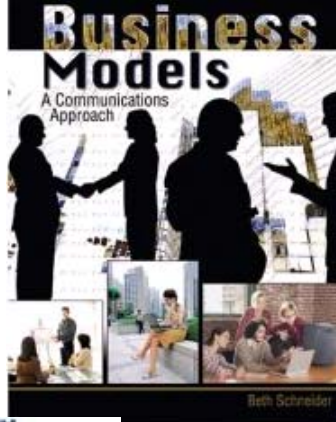
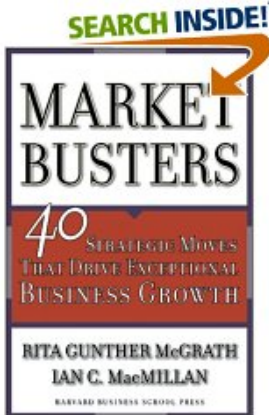
**Source:** IBM Global CEO Study, 2008

# Outperformers More Likely to Pursue Industry Model Innovation

31

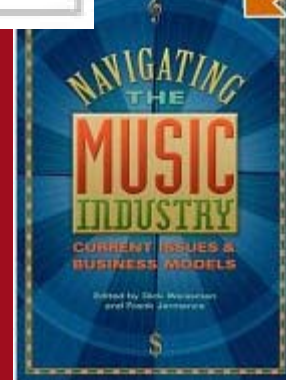
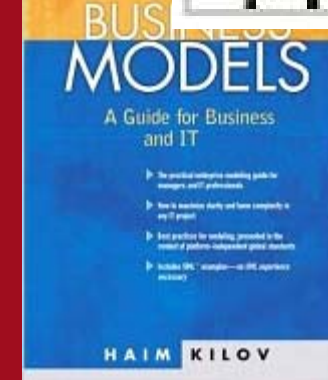
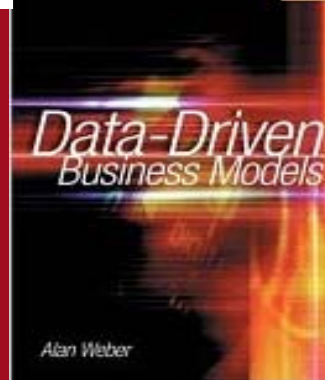
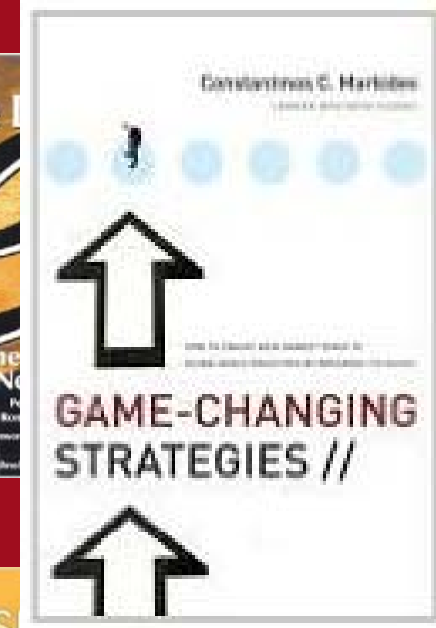
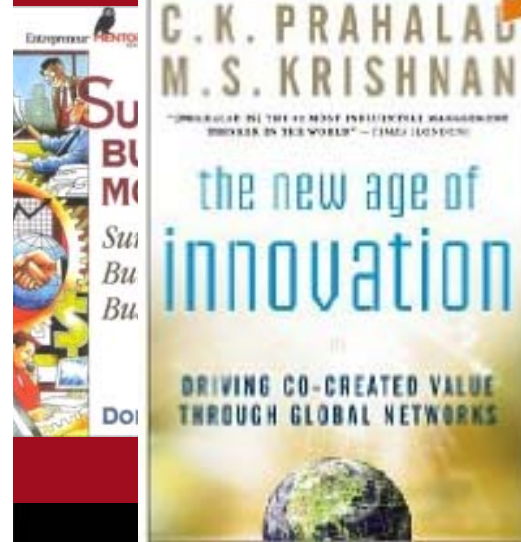
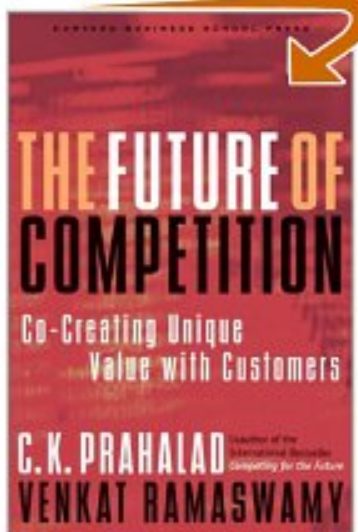




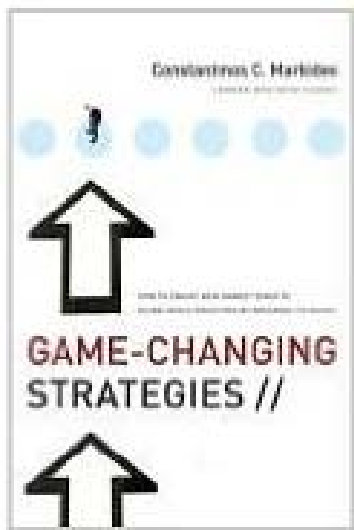


**SEARCH INSIDE!**<sup>TM</sup>

**SEARCH INSIDE!**<sup>TM</sup>







**Table 1.1. Examples of Business-Model Innovations.**

<i>Industry</i>	<i>New Business Model</i>	<i>Innovator(s) and Date of Introduction</i>
General retailing (U.S.)	Online distribution <ul style="list-style-type: none"> <li>• Books</li> <li>• Music</li> </ul>	Amazon.com: <ul style="list-style-type: none"> <li>• July 1995</li> <li>• June 1998</li> </ul>
Car rental industry (U.S.)	Focusing on a different type of customers, and operating an extensive network of car rental offices located in cities, rather than at major airports	Enterprise Rent-A-Car: 1957
Computer industry (U.S.)	Selling computers directly to customers	Dell Computer: 1983
Retail brokerage industry (U.S.)	Online trading	Aufhauser & Co.: 1994 E-Trade, Charles Schwab: 1996
Retail brokerage industry (U.S.)	Operating an extensive network of single-broker offices across the country as separate profit centers	Edward Jones & Co.: 1972 (when the company formally adopted the new business model)
Steel industry (U.S.)	Introduction of minimills (a low-cost production method to make flat-rolled sheet steel, a high-end steel product)	Nucor Corporation: 1969 (introduced the world's first continuous thin-slab casting facility for sheet steel)
Automobile industry (Europe)	Mass-customized cars	Smart car (by DaimlerChrysler): October 1998
Used car business (U.S.)	A new retail and distribution method for selling used cars (extensive refurbishing of cars, product guarantees, no-haggle pricing, and sophisticated use of in-house financing)	AutoNation USA, CarMax: 1996

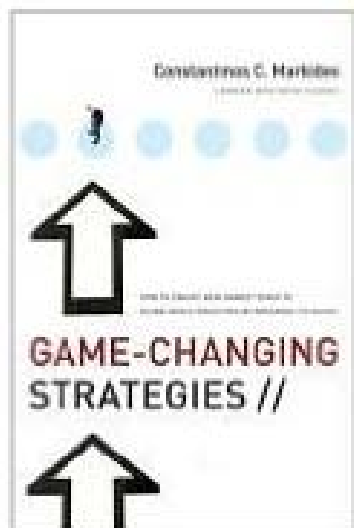
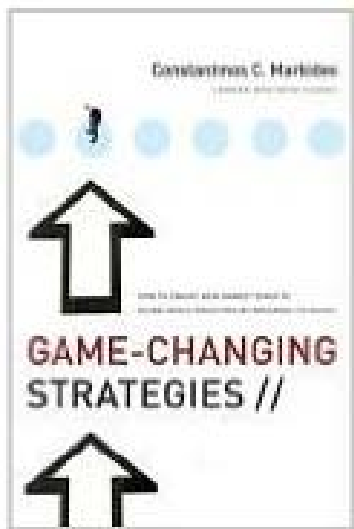


Table 1.1. (continued)

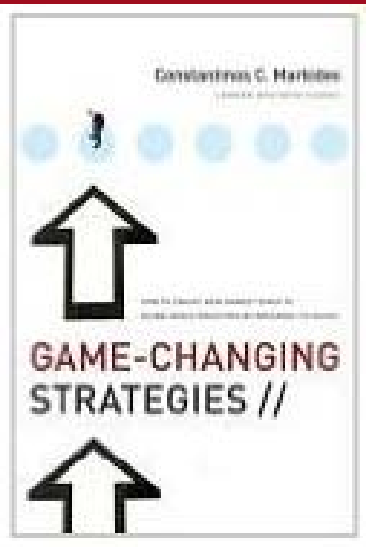
<i>Industry</i>	<i>New Business Model</i>	<i>Innovator(s) and Date of Introduction</i>
	<ul style="list-style-type: none"> <li>• PC banking</li> <li>• Online banking</li> </ul>	<ul style="list-style-type: none"> <li>• May 1996</li> <li>• Summer 1997</li> </ul>
General insurance industry (U.K.)	Direct insurance <ul style="list-style-type: none"> <li>• Direct motor insurance</li> <li>• Direct home insurance</li> </ul>	Direct Line Insurance <ul style="list-style-type: none"> <li>• April 1985</li> <li>• Autumn 1993</li> </ul>
Life insurance and pensions industry (U.K.)	Direct life insurance and personal pensions	Virgin Direct: June 1996
Airline industry (Europe)	Low-cost, no-frills, point-to-point airline service	Ryanair: 1991 (routes between U.K. and Ireland only) easyJet: November 1995
Retail supermarket industry (U.K.)	Home-delivery grocery service	Food Ferry Co., Teleshop: Early 1990s (London area only) Tesco Direct: 1998
	Online home-delivery grocery service	(now part of Tesco .com, launched in 2000)
Stock exchanges (Europe and North America)	Electronic communications networks (ECNs)	OM Exchange: 1984 (Recently, new ECNs such as Instinet, Island, and OptiMark were introduced in European and North American exchanges)

Suskewicz, 2007; Markides, 1997; Mitchell and Coles, 2003; Slywotzky, 1996; Slywotzky and Morrison, 2002; Voelpel, Leibold, Tekie, and Von Krogh, 2005). Consider just three of the definitions



**Table 2.1. How to Discover New Business Models.**

<i>Innovator</i>	<i>Source of Innovation</i>
Enterprise	Saw the growth of a new customer segment (or customer need) as demographics changed.
Mattel (Barbie)	Targeted a different customer and <i>created</i> a new need in this customer (aspiration).
Canon	Targeted a different customer, focused on a new customer need, and built on existing core competences.
Swatch	Offered what the competitors were offering (good enough in price) and created a new product benefit (design and fashion).
Bright Horizons	Targeted a different customer.
Sara Lee (Senseo Coffee)	New trends in society gave rise to new customer segment.
Body Shop	Offered what competitors were offering (good enough in cosmetics) and created a new product benefit (environmentally friendly).
Charles Schwab	Offered what competitors were offering (research and advice) and created a new product benefit (cheap and easy).
Honda	Targeted a new customer segment and offered a new benefit.
Southwest	Targeted a new customer segment and offered a new benefit.
Starbucks	Redefined what the benefit (or value proposition) of the product is.



*“Discovery of a new business model is easy. The difficult part is to implement the new strategy in an economic and effective way”*