

Where can I buy the book?

You can order it online

@ [www.amazon.com](http://www.amazon.com)

Or

you can grab a copy at  
any leading bookstore

From the author of the bestseller *We Are Like That Only*

RAMA BIJAPURKAR

# CUSTOMER IN THE BOARDROOM?

CRAFTING CUSTOMER-BASED  
BUSINESS STRATEGY



## Is the Customer In Your Boardroom?

The business strategies of most companies in India are marked by the supply-sided tunnel vision of the market and obsessively competitor-centred approaches.

*Customer in the Boardroom?* highlights the need for companies to embed customer centricity into the heart of their business strategy development process if they are to continue to grow profitably and secure their future.

**Rama Bijapurkar** presents a compelling treatise on how to develop business strategy around the world of customers rather than the world of competitors. She draws a sharp distinction between the 'market = industry size' and the 'market = customers with needs' bases for developing business strategy.

The book proposes **Customer-Based Business Strategy (CBBS)**, a lucid and simple framework for the successful assimilation of customer centricity in business strategy.

The framework provides a blueprint for defining and choosing market segments, developing rivalry propositions, creating value delivery systems, reading markets and gaining customer insight, reading macro trends, strengthening strategy foundation analyses, removing organizational roadblocks and more.

# Customer in the Boardroom?

## Crafting Customer-Based Business Strategy

RAMA BIJAPURKAR



[www.sagepublications.com](http://www.sagepublications.com)

Los Angeles • London • New Delhi • Singapore • Washington DC

# Contents

|   |      |
|---|------|
| <i>List of Tables, Figures and Boxes</i>  | xi   |
| <i>Preface</i>  | xiii |
| <i>Prologue</i>   | xvii |
| <i>India Inc. Needs a Strategy Makeover</i>   |      |
| <b>Chapter 1</b> Is the Customer in the Boardroom?  | 1    |
| <b>Chapter 2</b> Locating 'Customer' in Business Strategy                                 | 15   |
| <b>Chapter 3</b> The Customer-Based Business Strategy Framework                           | 43   |
| <b>Chapter 4</b> Business-Market Strategy: <i>WHERE?</i><br>Choosing Market Segments      | 59   |
| <b>Chapter 5</b> Business-Market Strategy: <i>HOW?</i><br>Developing Rivalry Propositions | 77   |
| <b>Chapter 6</b> Translating Strategy into Customer Value Delivery                        | 99   |
| <b>Chapter 7</b> The Art of Business-Market Segmentation                                  | 113  |
| <b>Chapter 8</b> Customer Insight for Business Strategy                                   | 143  |
| <b>Chapter 9</b> Strengthening Strategy Foundation Analyses                               | 177  |
| <b>Chapter 10</b> Removing Organizational Roadblocks                                      | 189  |
| <i>Appendices : Articles by Rama Bijapurkar, 1998-2005</i>                                | 201  |
| <i>Bibliography</i>   | 221  |
| <i>Index</i>  | 225  |
| <i>About the Author</i>   | 231  |

# Prologue

## India Inc. Needs a Strategy Makeover

India Inc., since 1991, has operated with the implicit logic that 'if you expand supply and manage operations skilfully, you are sure to win'. As is evident from revenue and profit growths over the past decade and a half, this logic has served it well.

Consumption growth rose steadily year on year, riding on the back of significant increases in household income as a result of overall economic growth. Consequently, and understandably, the demand side of business did not occupy a prominent place in business-strategy development for India Inc. The strategic focus has almost entirely been to build an efficient and scalable supply machine that could make the maximum hay while the sun shone. Of course, over the past two decades, there have been several anxious moments when demand blips occurred due to environmental shocks, or misplaced bets on which part of the market would grow faster-urban or rural, class or mass-or, just like in the mid-1990s, letting enthusiasm about the so-called Great Indian Middle Class overshadow the data. However, they caused only temporary discomfort and not lasting damage. Also, they were more than amply made up for in subsequent years.

Consequently, India Inc. learnt to operate in two modes and to switch seamlessly between them: (i)expanding supply to grab as much top-line or revenue growth as possible in good years and (ii)cutting costs in bad years to boost bottom-line or profit growth, while getting leaner and fitter for the good years to come. The general sentiment on classical

business-market strategy issues like competitive differentiation and strategic market choices has been: 'Why waste time on navel gazing and existential angst? Just keep moving forward.' Competitive advantage was seen to come from running faster and getting to more destinations far ahead of competitors. Making market or business segment choices was seen as putting unnecessary brakes on growth. Why choose what kind of fish you want when there is a tumultuous tide that is sweeping in all kinds of fish into a 'one size fits all' net?

Market strategy, a key element of business strategy, has been understood to be synonymous with aggression, no doubt driven by a relentless-growth-worshipping valuation regime, which did not provide any extra multiples for better-quality market share or differentiated market positions. As a result, what has passed for market strategy, which is about determining what game the business as a whole should play in the market and why it deserves to win over others, can best be described variously as 'Land Grab', 'Carpet Bomb', 'Sales Force' (pun intended), 'Star Trek' and 'Brand Voodoo Magic'.

Land Grab is about grabbing as many and as much of privileged assets as you can in the hope that they will automatically translate into a business stream over time—physical property, air routes, retail space in upcoming malls, prime real estate for branch locations, etc. We have now learnt that it can result in dangerously leveraging the business and irrationally betting on uninterrupted growth. Should the growth engine stall even a little bit, or if the amassed assets turn out to be not as valuable as expected for some reason, then the business can get into serious trouble.

# 10

## Removing Organizational Roadblocks

## Resolving the Tyranny of 'OR'

**W**e are often told by practising managers that they totally agree with our CBBS approach, but ... And there is always the 'yes, but'. Most of the arguments principally centre on what C.K. Prahalad called 'the tyranny of OR'. Should a company pursue an 'out-side-in' strategy, chase after new opportunities, and run the risk of not having enough capability to deliver? OR should it be pragmatic and prudent and 'inside-out', aiming only for those market opportunities which it already has the capabilities to deliver? Should it be leading the customer OR should it be customer led? Should it pursue profitability, OR should it pursue customer delight, given that one usually comes at the expense of the other?

All the arguments and concerns that they raise have merit; so we thought we must end this book with a discussion on some of them.

### Bifocal Vision

To help practising managers deal with 'the tyranny of OR' we offer the concept of bifocal vision, which is best illustrated in Figure 10.1.

Bifocal vision requires that outside opportunities be weighed against inside capabilities-and capability to acquire and build new capabilities is a big capability too-and the common space between the two is the territory we are suggesting that strategy focuses on.

We want to emphatically state that the CBBS way is not about finding new lines of business. It is about strategizing your current business better. You need to do to win your current line rather than your competitors. Technologies and

There is a lot of talk about customer-led or should be the customer. The job of a business is to resolve the customer's problems. It has been that the customer's needs be relevant to the customer's mind and business.

The CBBS approach to customer-advantages or special treatments suggested the lens of their

## Where can I get the book?

You can order it online  
@ [www.amazon.com](http://www.amazon.com)

Or

You can grab a copy  
at any leading  
bookstore.

We have also laid out in detail, in the context of the discussions on 'how to compete', the whole discipline and approach to profitably creating customer-perceived value. We have discussed how companies must design innovative value delivery systems and value packages in order to profitably deliver to a 'challenge cost' (which is the maximum amount that the customer is willing to pay).

# CUSTOMER IN THE BOARD ROOM?



Bijapurkar is one of India's most thought leaders on market strategy. She is also a keen proponent of liberalizing India. She has founded a strategy consulting practice with an impressive list of clients, including global companies, and her mission is bringing customer insights to business strategy. She has served as an independent member on the boards of several leading Indian companies. An alumna of the Indian Institute of Management, Bangalore, she is a Visiting Faculty at the IIM, and also serves on its board of

by  
Rama Bijapurkar

For more information about the  
work, visit  
[ramabijapurkar.com](http://www.ramabijapurkar.com)

*Rama Bijapurkar's book comes right at the time when one was reconciled to think that there was no thought leader in India who was thinking of putting the customer at the core of the strategic exercise. Rama's book mixes anecdote, theory and practice in a way that will be found immensely useful by every business leader who needs to make the customer central to business strategy.*

**--K.V. Kamath**

Chairman, ICICI Bank and Chairman, Infosys Ltd

*Rama is a tireless and brilliant advocate for embedding customer insight into business strategy. This book is a great blend of her experience in strategy consulting and teaching.*

**--Anand Mahindra**

Vice Chairman and Managing Director,  
Mahindra & Mahindra Ltd

*This is a book on strategy with a refreshing perspective that makes customer-based business strategy practical and doable, not just desirable. It proposes a framework for how to make customers the centrepiece of business strategy, business plans and business metrics. It looks at strategy from a demand perspective rather than a supply perspective and makes the point that customers are too important to be left to the marketing and sales people alone!*

**--Vinita Bali**

Managing Director, Britannia Industries Ltd

FOR SALE ONLY IN SOUTH ASIA



[www.sagepublications.com](http://www.sagepublications.com)  
Los Angeles • London • New Delhi • Singapore • Washington DC

₹ 495

ISBN 978-81-321-0635-7



9 788132 106357