



NAEMI Biomass & Business Training Workshop
FOCUSING YOUR STRATEGY
FOR TRIBAL BUSINESS DEVELOPMENT

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***Assumptions* about what impedes
Native American &
Minority-owned businesses**

- **Access to capital**
- **Access to contracts**

RESEARCH FINDINGS:

Weaknesses of Native American and minority-owned businesses

-the top eight...

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Weaknesses of Native American and minority businesses

- ☐ Lack of strategic direction***

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gets in the way

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- Organizational structure an impediment
- Not customer-oriented**

Weaknesses of Native American and minority businesses

- Lack of strategic direction
- Not empowering employees effectively
- Poor cash flow management
- Control systems underutilized
- Inefficient processes
- Organizational structure an impediment
- Not customer-oriented
- Narrow portfolio of products / services and customers**

Defining strategy involves addressing the following questions:

1. What business is your organization in? Not in?
2. What is your basic business model?
3. Who are your organization's competitors? Who could be?
4. How is the market changing?
5. How is your organization positioned in the market?
6. What are your organization's sources of competitive advantage?

What business are we in?

--the question of

Strategic Domain

- **Vision/Mission**
- **Breadth of Domain**
 - Can be too narrow
 - Can be too broad
- **Core Competency**

*What is the **basic business model?***

-How do you make money?

- Life Insurance
- Satellite Insurance
- NASCAR Race Team
- Mobile Phones
- Retail Banking (“Savings & Loan”)
- Auto Manufacturer
- Law Office
- Janitorial Cleaning Service

*Which of these business models is **scalable**?*

-can you easily become 5x as large?

- Life Insurance
- Satellite Insurance
- NASCAR Race Team
- Mobile Phones
- Retail Banking (“Savings & Loan”)
- Auto Manufacturer
- Law Office
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Basic business model issues:

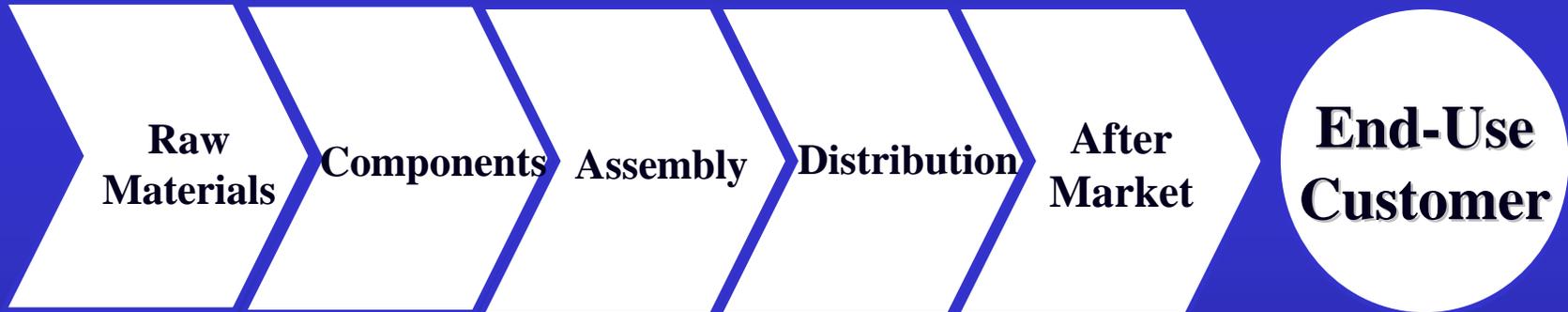
Strategic Questions

- Place in the value chain
- What value is added
- Share of total value-chain revenue

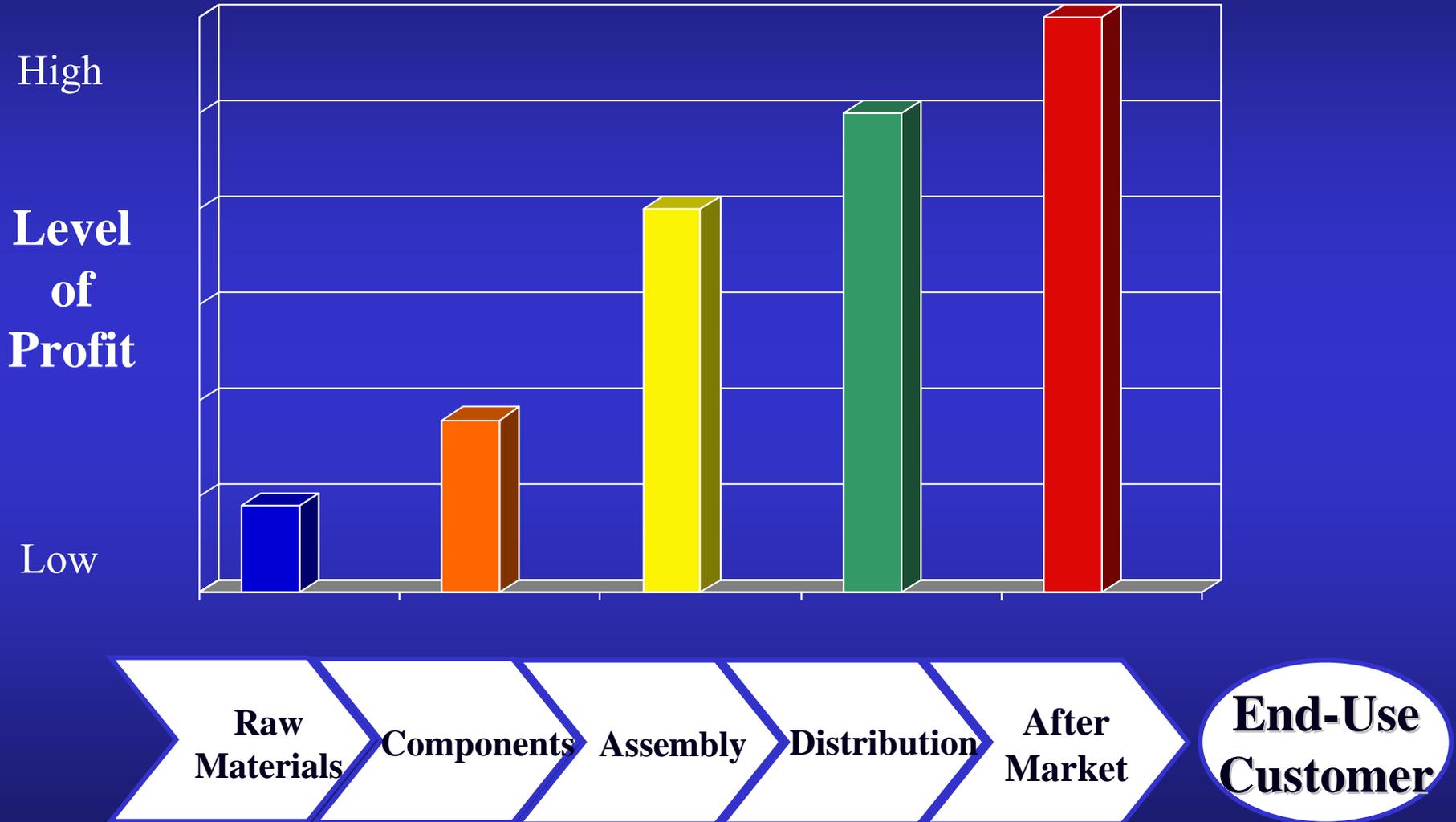
How do we fit into the value chain?



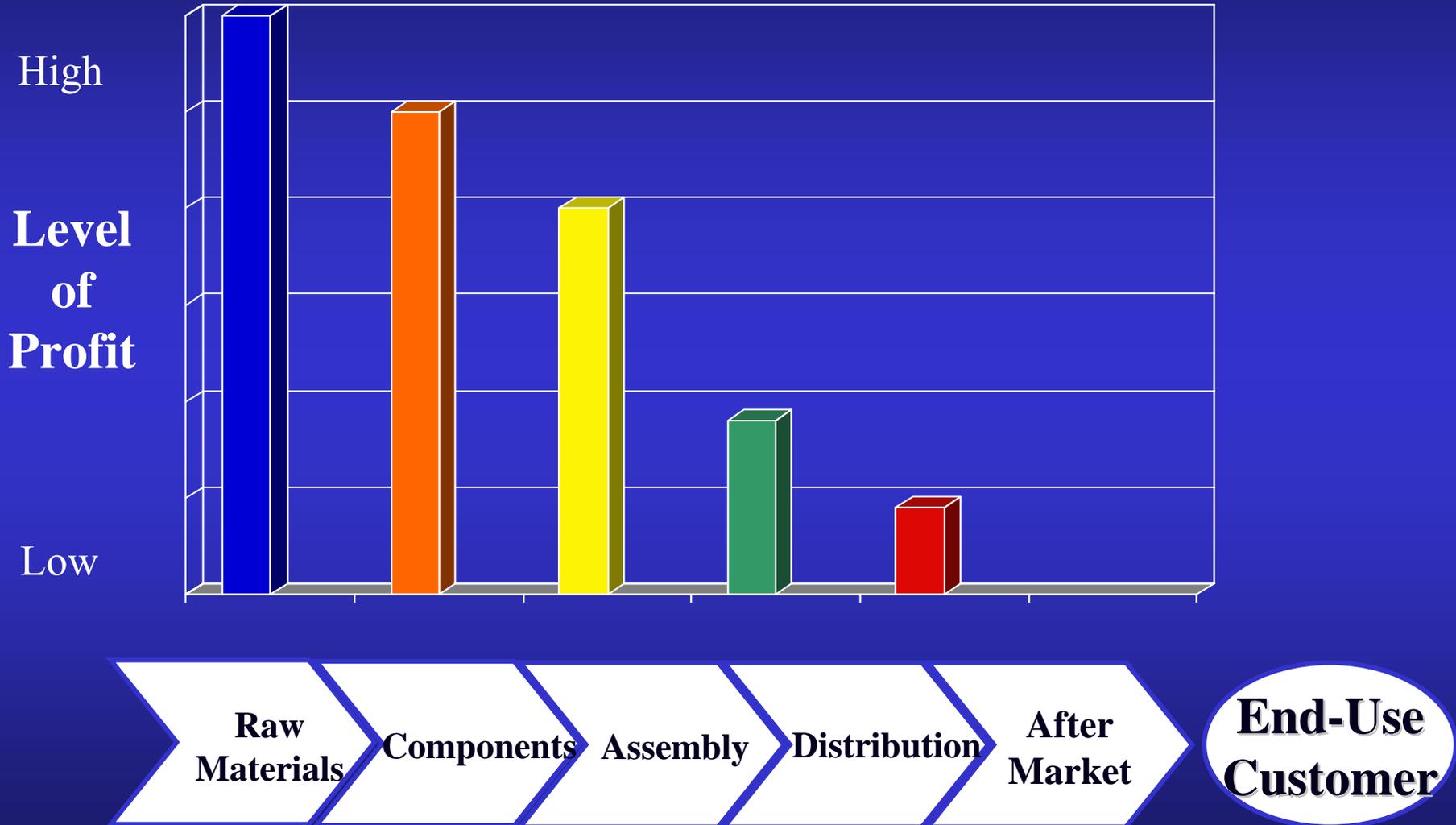
*Is each component of the value chain
equally profitable??*



Who is taking the profits in the value chain?



Who is taking the profits in the value chain?



An MBE Mission Statement

“We train sewage-treatment facility employees to operate the water treatment plant”



Another MBE Mission Statement

**“We provide high-quality
janitorial services”**

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graph LR; A[Workspace Needs Assessment] --> B[Seek Best Location]; B --> C[Rent or Build]; C --> D[Building Mgmt.]; D --> E[Clean Premises]; E --> F[Determine Maintenance Needs]; F --> G[Repair And Refurbish]; G --> H[Tenant Uses Space];
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Workspace
Needs
Assessment

Seek
Best
Location

Rent or
Build

Building
Mgmt.

**Clean
Premises**

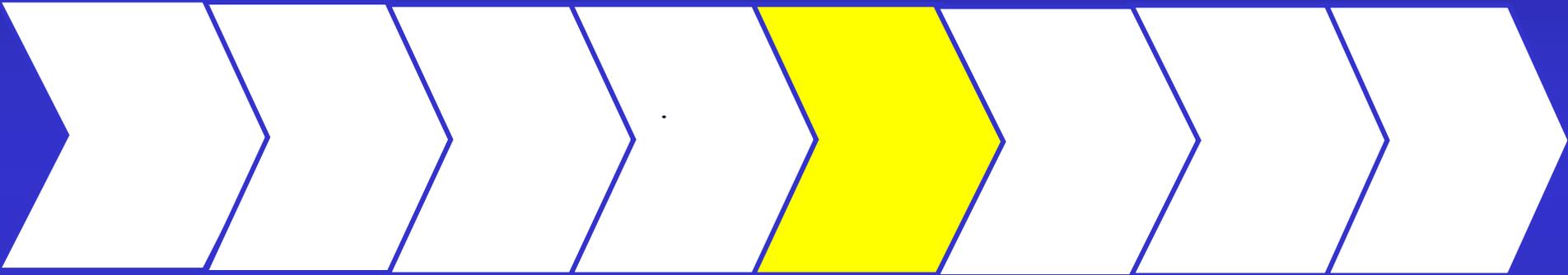
**Determine
Maintenance
Needs**

**Repair
And
Refurbish**

Tenant
Uses
Space

**Where are *YOU* in
the biomass value chain?**

Is there much profit potential there?



Who are our competitors?

-Who else is in our part of the value chain?

- Current “obvious” competitors**

Who are our competitors?

-Who else *could come into* our part of the value chain?

- Current “obvious” competitors
- **Suppliers and customers**

Who are our competitors?

-Who else *could come into* our part of the value chain?

- Current “obvious” competitors
- Suppliers and customers
- **New market entrants**

Who are our competitors?

-Who else *could come into* our part of the value chain?

- Current “obvious” competitors
- Suppliers and customers
- New market entrants
- **Substitute products**

How is the market changing?

- **Deregulation**

How is the market changing?

- Deregulation
- **Globalization**

How is the market changing?

- Deregulation
- Globalization
- **Changing technology**

How is the market changing?

- Deregulation
- Globalization
- Changing technology
- **Changing tastes**

How is the market changing?

- Deregulation
- Globalization
- Changing technology
- Changing tastes
- **Changing the rules**

How is the market changing?

- Deregulation
- Globalization
- Changing technology
- Changing tastes
- Changing the rules
- **Changing economic conditions**

How are you positioned?

- **Target market**

How are you positioned?

- Target market
- **Value proposition**

The value proposition must be aligned with the growth strategy

Customers/Market Segments

Current

New

Current

	Current	New
Current		
New		

*Services/
Products*

New

The easiest approach is to gain a larger “share of customer”—such as becoming sole-source provider

Customers/Market Segments

		Current	New
<i>Services/ Products</i>	Current	1 Customer Penetration	
	New		

The value proposition must be aligned with the growth strategy

Customers/Market Segments

		Current	New
<i>Services/ Products</i>	Current	1 Customer Penetration	2 Market Penetration
	New		

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Customers/Market Segments

		Current	New
<i>Services/ Products</i>	Current	1 Customer Penetration	2 Market Penetration
	New	3 New “Product” Development	

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Customers/Market Segments

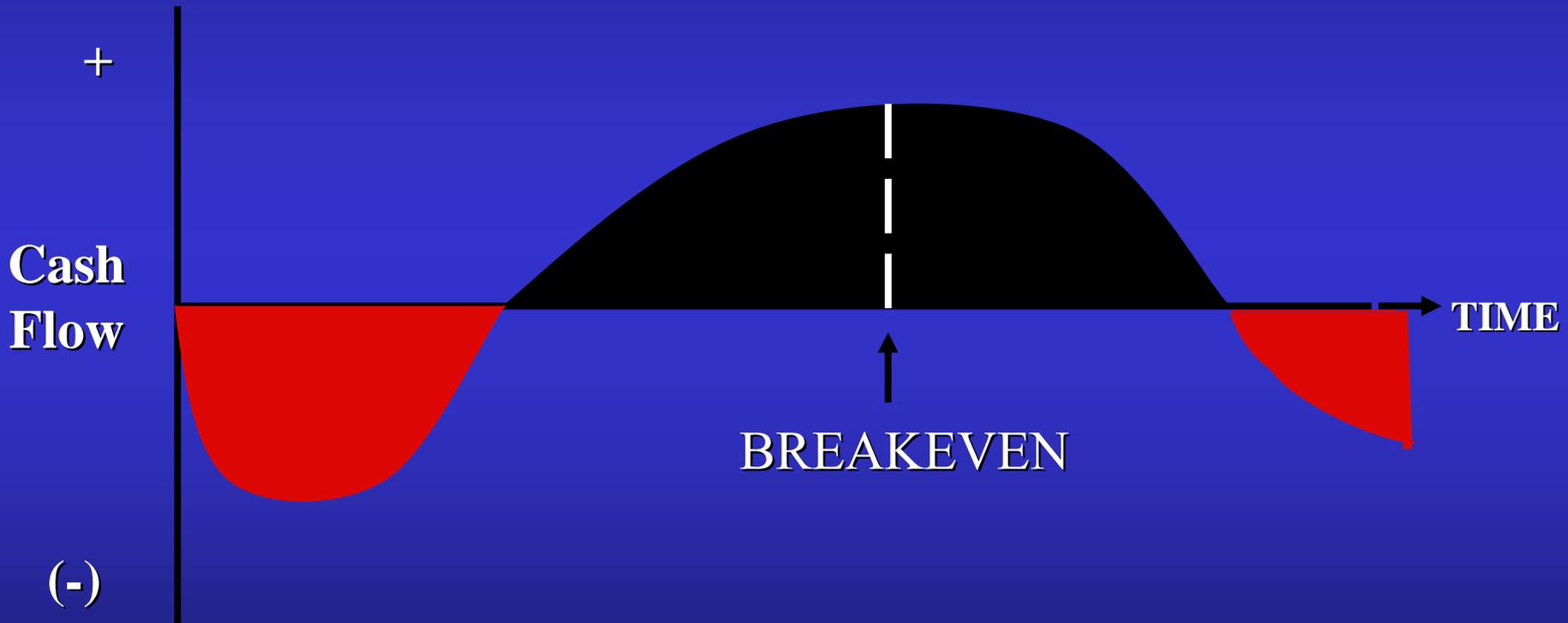
		Current	New
<i>Services/ Products</i>	Current	1 Customer Penetration	2 Market Penetration
	New	3 New“Product” Development	4 Diversification

How are you positioned?

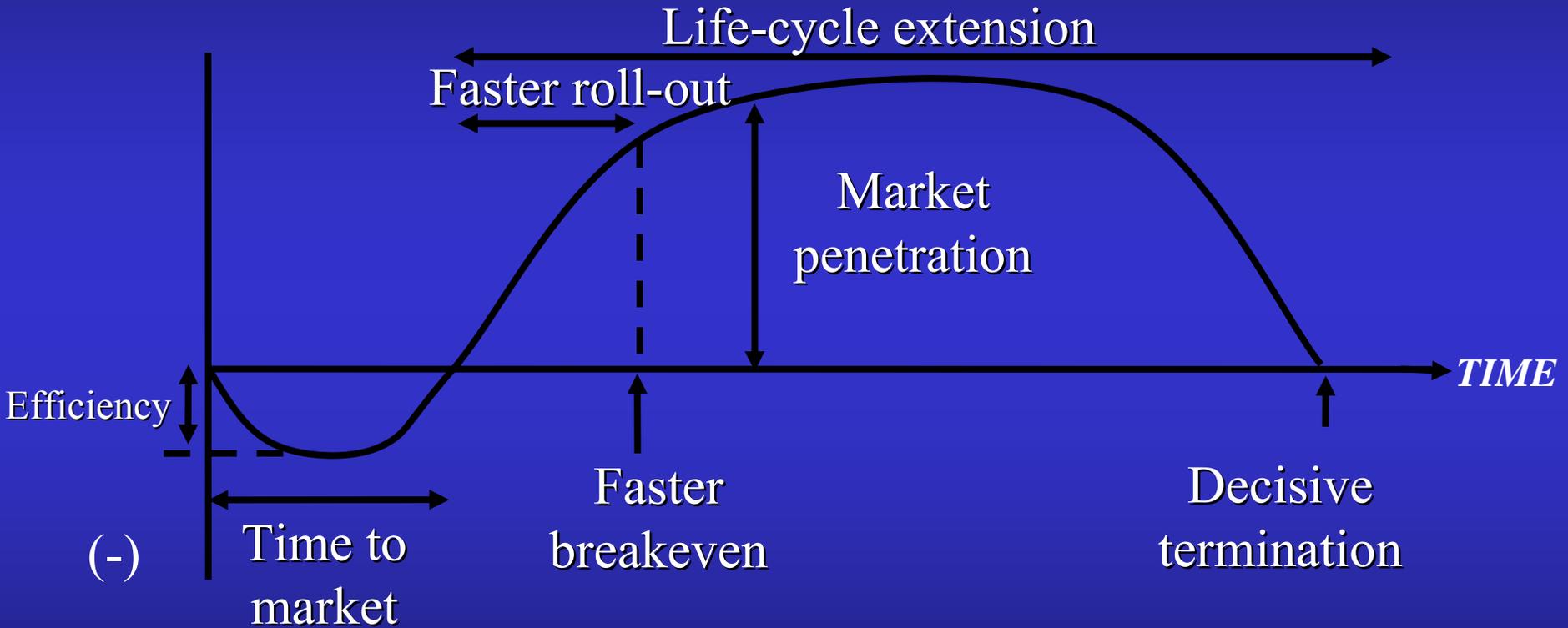
- Target market
- Value proposition
- **Portfolio of products/services**

Why a portfolio?

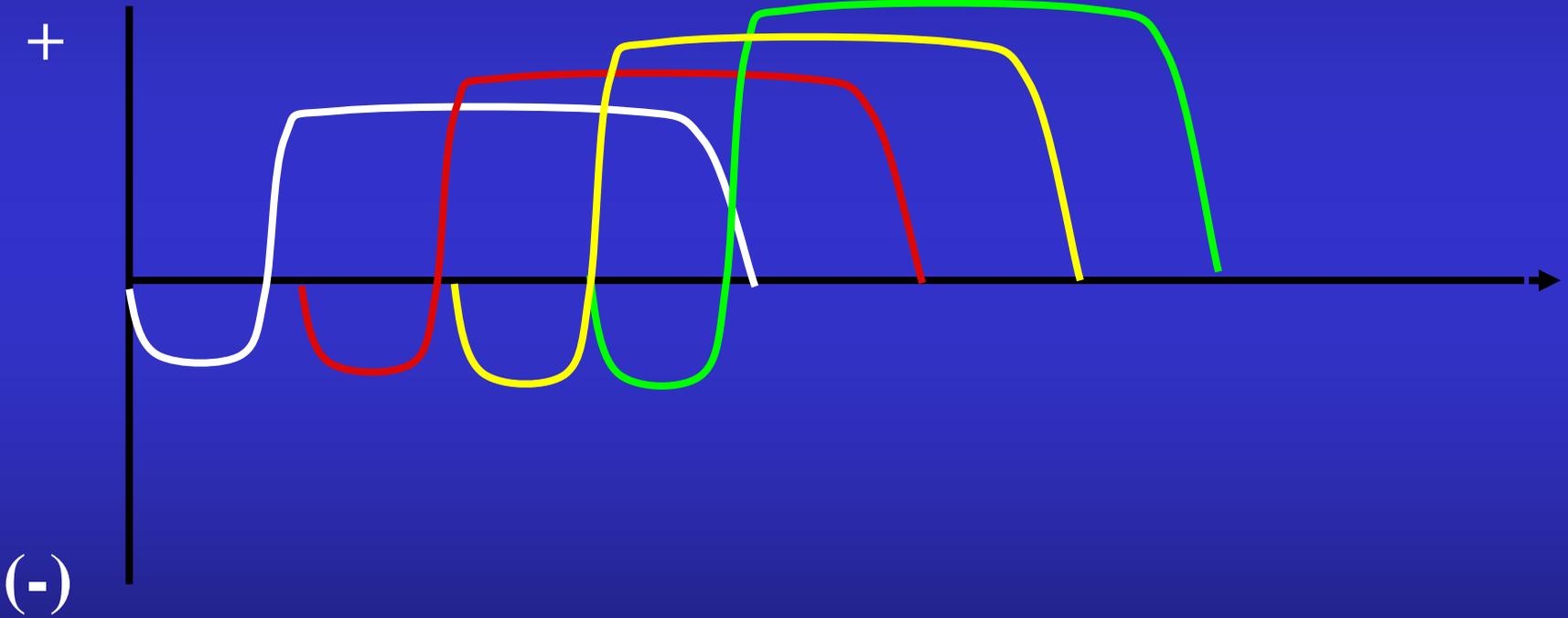
-Because it's better than a single product/service



You can only do so much with a single product/service



A portfolio allows you to grow and be resilient



How are we positioned?

- Target market
- Value proposition
- Portfolio of products/services
- **Defense of position**

Sources of competitive advantage

- **Do it better**
 - Cheaper, higher-quality, quicker, more-responsive, just-in-time, etc.
 - *Operational excellence strategy*
- **Do it differently**
 - Segment, target, position
 - *Differentiation strategy*
- **Gain customer loyalty**
 - Repeat vs. conquest purchasers
 - *Customer relationship management strategy*

Apply this learning to your business

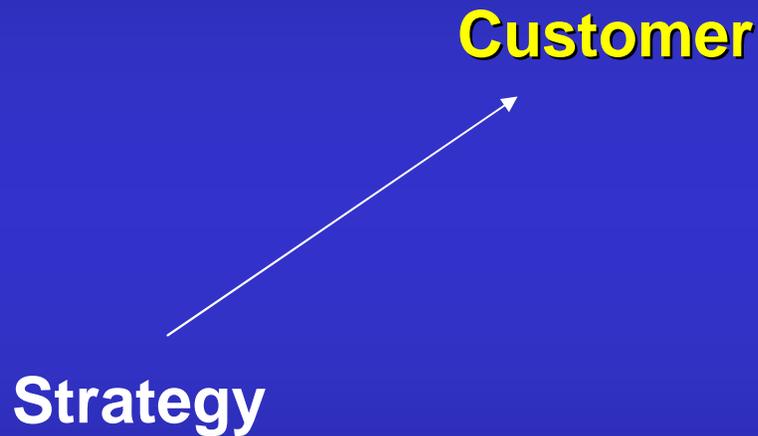
- Is the strategy clear and well-defined?
- Does it make sense, given your business context?
- Is it widely understood and agreed upon?
- Are you positioned for the future?
- Add items to your *To-Do List*

Once you have gained strategic clarity, the next step is to:

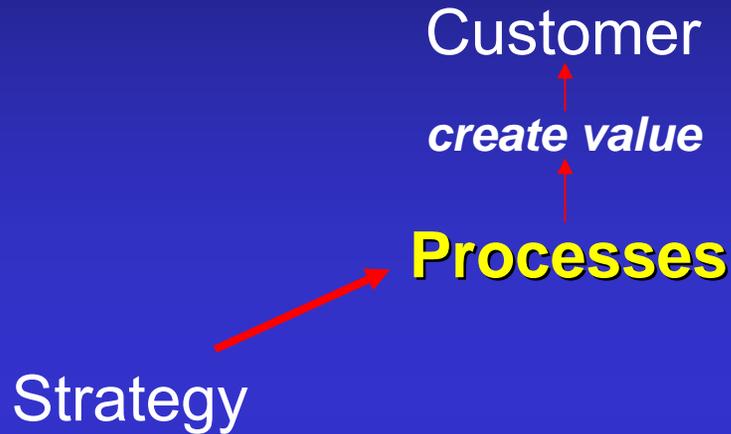
CREATE THE CONTEXT

in which the business can survive, prosper, and grow

*First, make absolutely sure the strategy is
customer-focused*



*the strategy must be implemented by means of
processes that create customer value*



Until recently, processes were designed with a focus on the organization, not the customer

1986 Selling a Book

Maintain premises
Forecast demand
Stock inventory
Wait for buyer to come to store
Take customer inquiry
Check current inventory
Take special order
Secure customer deposit
Contact wholesale supplier to assess availability
Place special order with wholesaler
Process wholesale order confirmation
Inspect delivered order from wholesaler
Process wholesaler account payable
Set book aside for customer
Notify customer of arrival
Hand over book when customer comes in
Collect balance of transaction price
Process accounts receivable

*In 1986, the **customer's experience**—and therefore value—was determined by the organization's **processes***

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1986 Buying a Book

Visit bookstore
Ask for book

Place special order
Pay deposit

Wait for book 4-6 weeks

Receive notification of arrival
Go to bookstore to pick up
Pay unpaid balance

*Today, processes have been **re-engineered**
in order to create greater value
for **the customer***

2006 Buying a Book

Visit website

Search for book

Order/pay

Wait 1-3 days

Receive book by UPS/FedEx

*Customer-focused processes create **competitive advantage***

2006 Selling a Book

Maintain integrated value chain

Integrate MIS with Internet

Install cross-selling software

Maintain control system

Activate cross-selling software

Auto-update customer data base

Auto-track delivery

Auto-update accounting

2006 Buying a Book

Visit website

Search for book

Order/pay

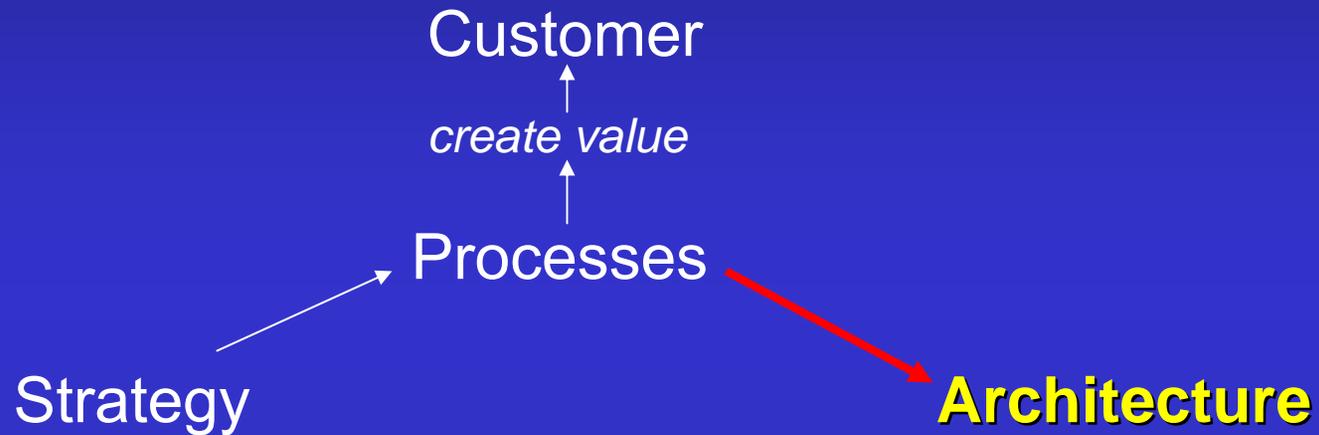
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Receive book by UPS/FedEx

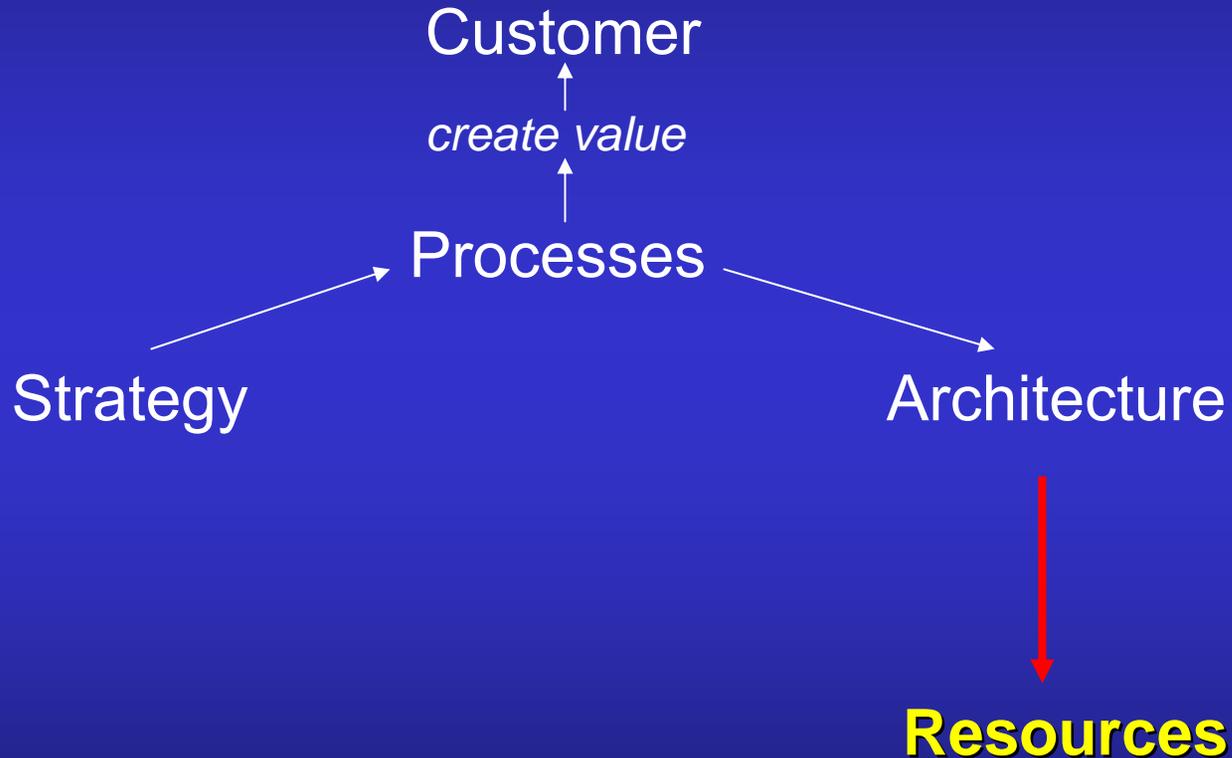
*Results: **Customer is more satisfied** with “solution”*

Leaner organization is more profitable

*Processes require appropriate architecture:
the **organizational** and **value-chain** structures must
be aligned with the strategy and processes*



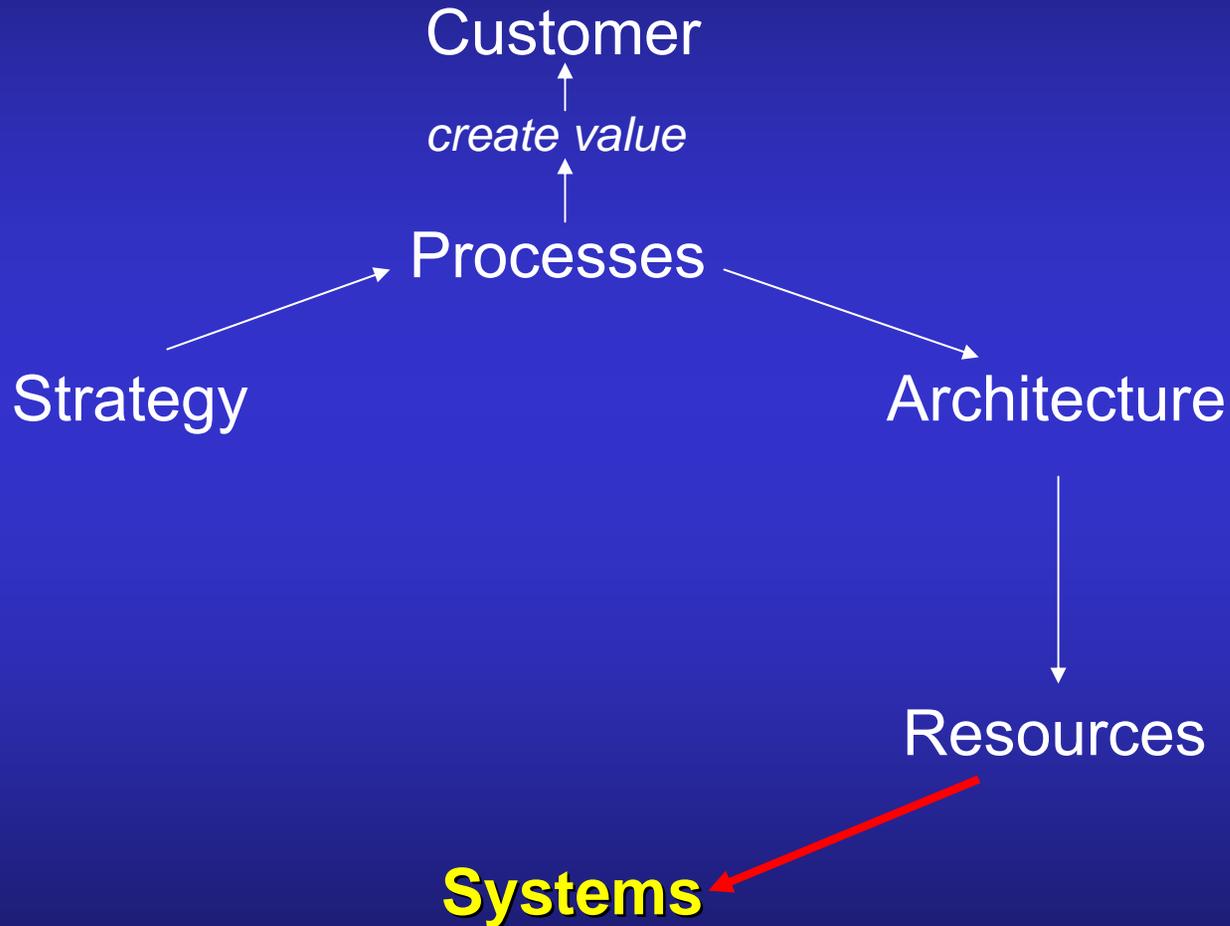
Appropriate resources are needed
—financial, technological, human



*Resources must be **aligned** with architecture, processes, and strategy....and **managed well***

- **Portfolio** should balance generation and consumption of financial resources
- **Technology** must increase competitive advantage through innovation, efficiency
- **Knowledge-workers** must be attracted, developed, and retained

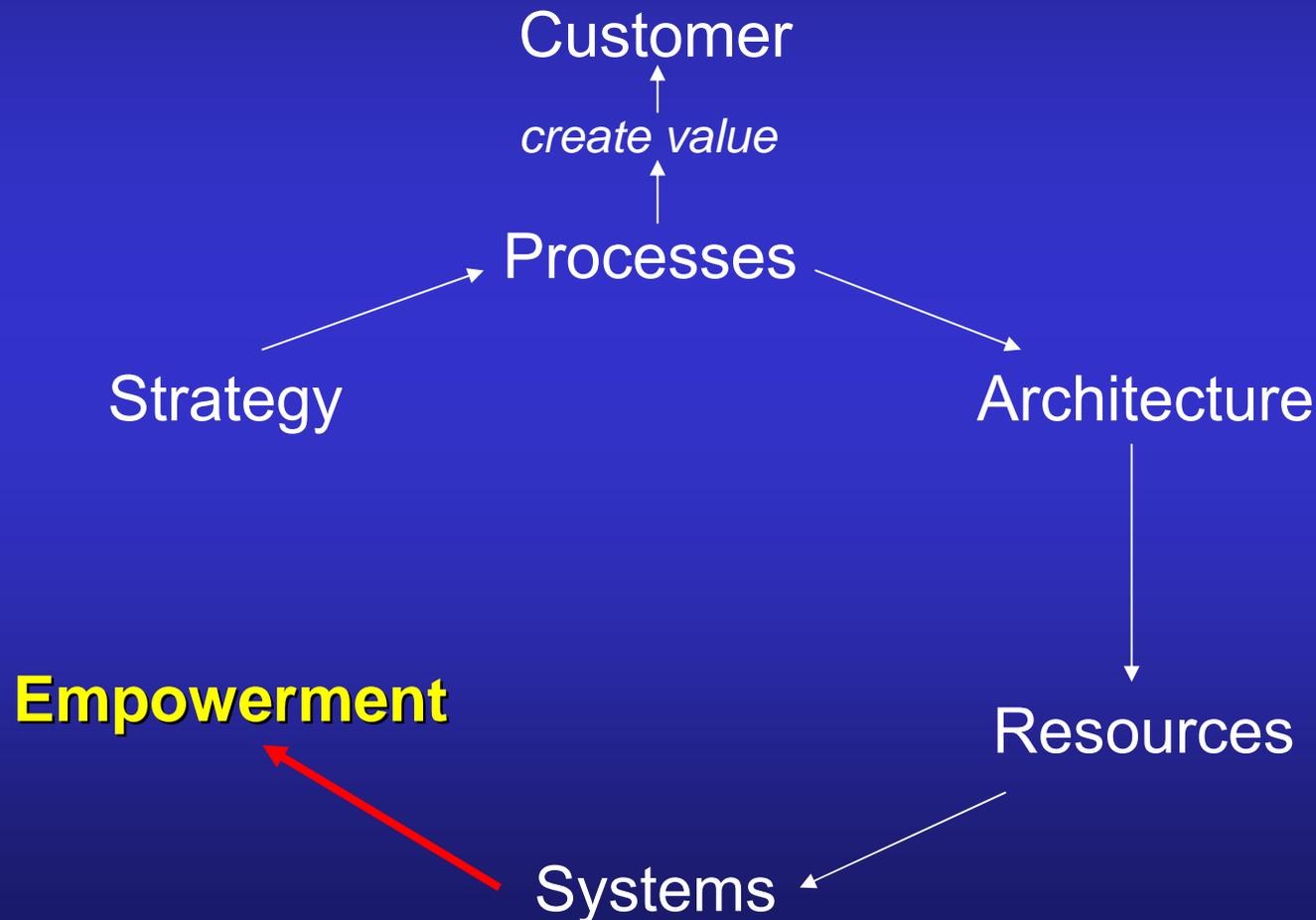
***Systems** ensure that the various elements are functioning in line with the strategy*



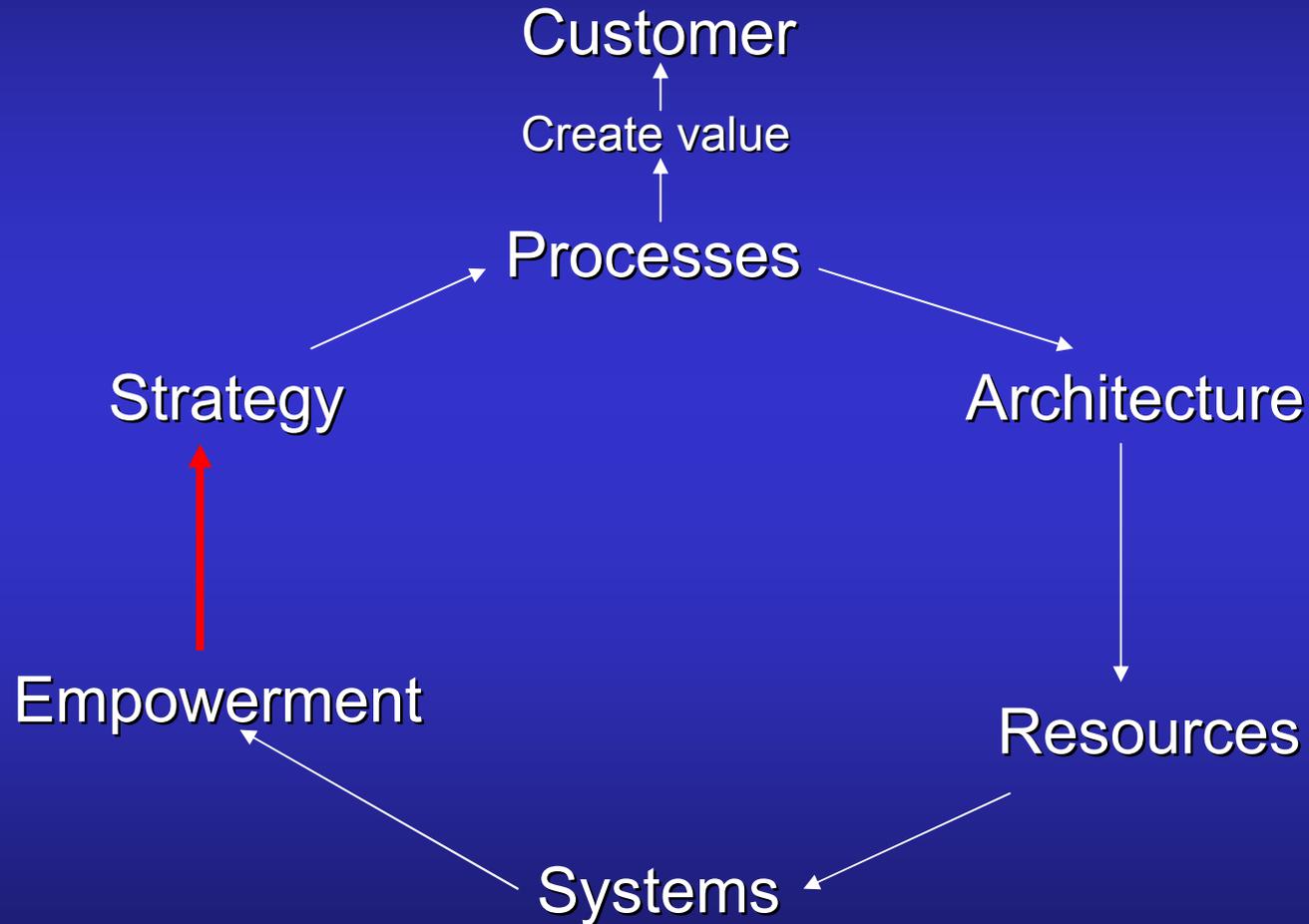
*Systems are mechanisms for
coordination and control:*

- **Management information systems**
- **Controls**
- **Communication**

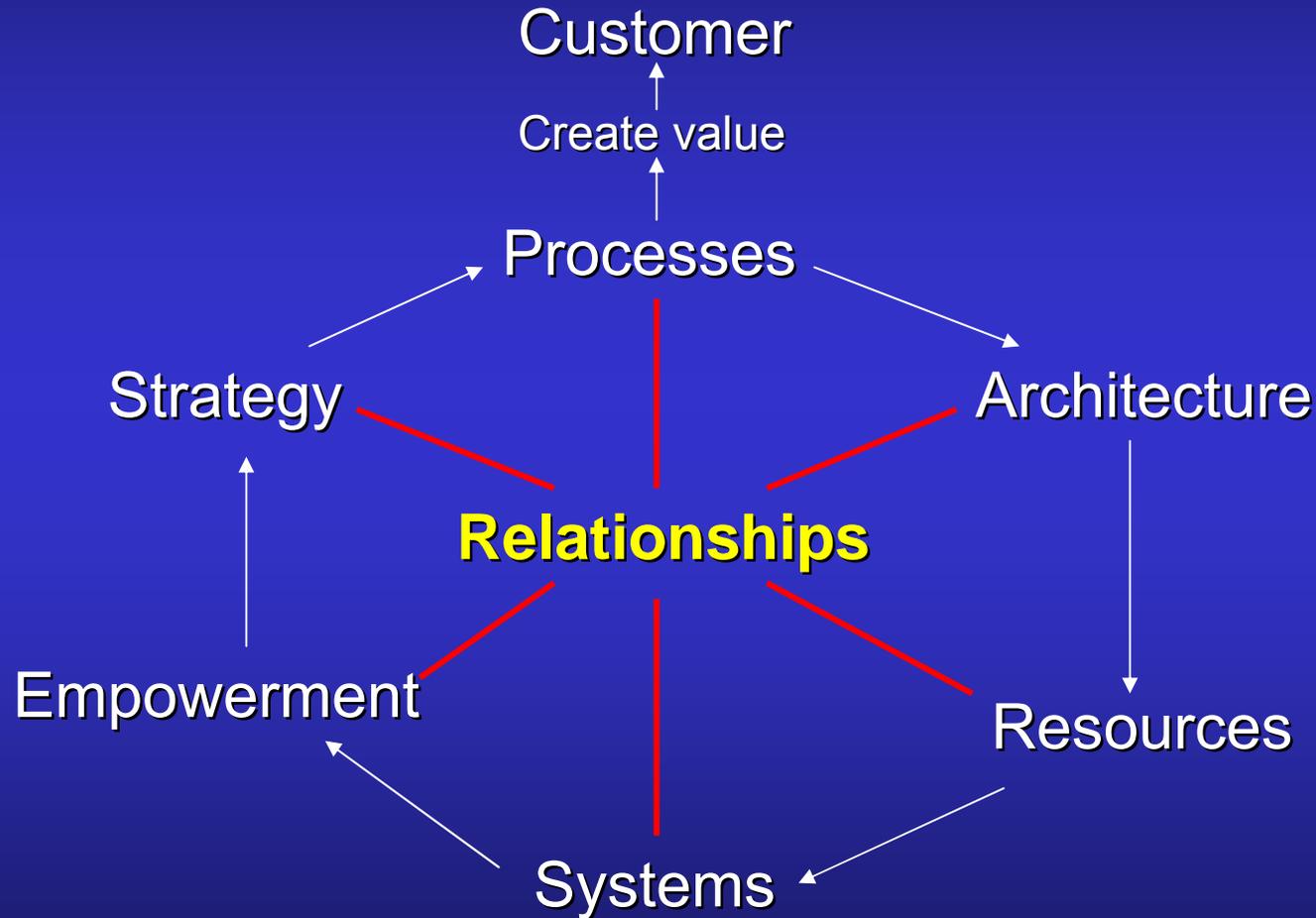
When the other elements of strategy implementation are in place, and properly aligned, good people need to be appropriately empowered



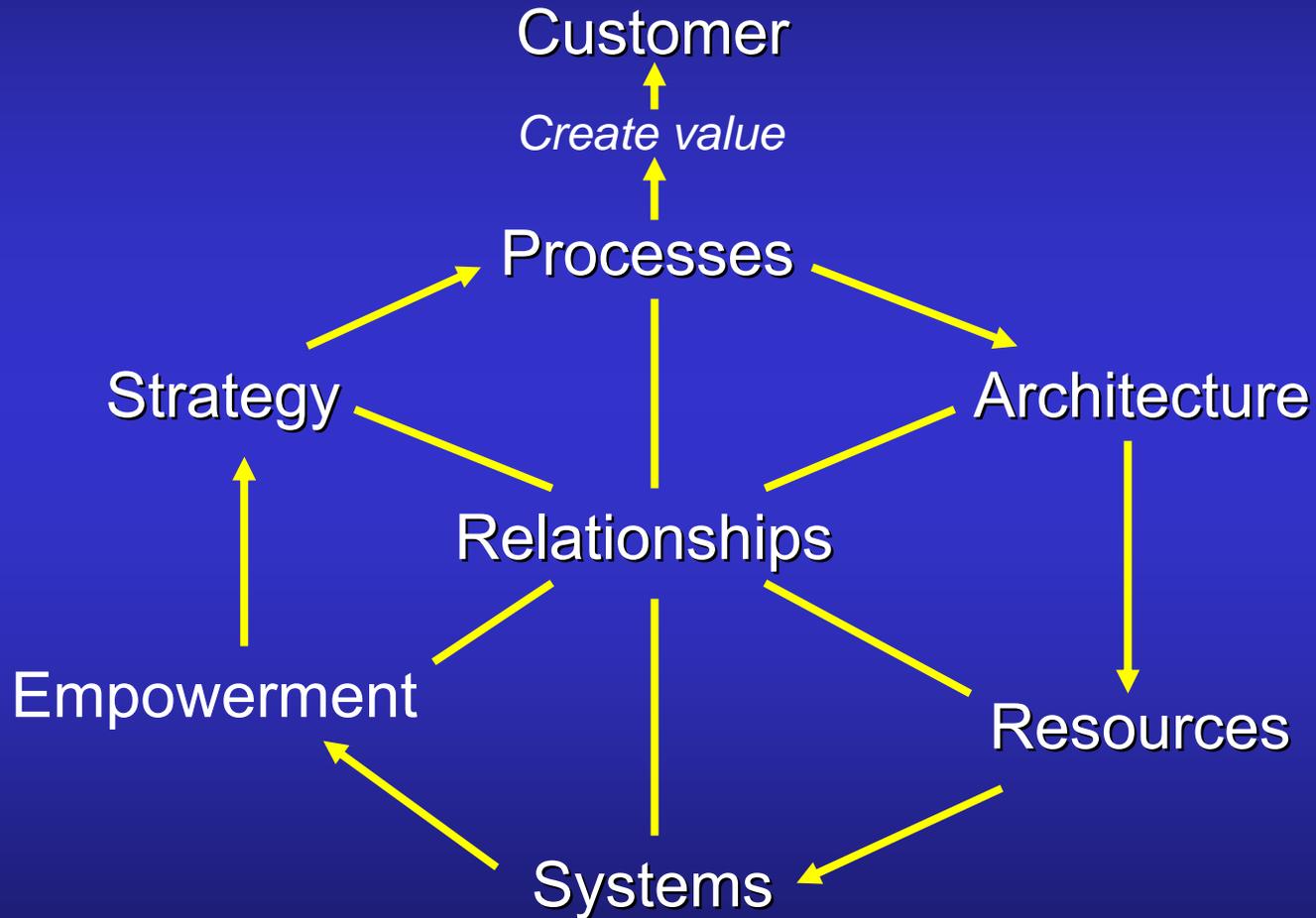
*Success produces the need to **reiterate the cycle***



*To make it all work, **relationships** must be managed effectively*



*Creating the context involves
aligning these elements*



Apply this learning to your business

- What are its areas of weakness ? (where would there be low scores on the *SPARSE questionnaire?*)
- What can you do to improve these?
- Prioritize the necessary improvements