

MK391: Orthodoxies 1

Class 5

15 September 2010

Agenda for Today

Review of last classes

Key concepts of Orthodoxies

Explain Assignment 4

From Last Classes

Satisfy **unmet needs** and frustrations of (CI)

Focus on things you can do **better than anybody** and that others can't copy easily (CC)

Exploit **powerful changes** going on in the world (D)

...but then what about competition? How can you prevent competitors from reacting?

เบียร์ทำขึ้นในพระนคร ไม่มียาเคมีกัด
เจือปนเช่นกับเบียร์ที่ลงข้ามทะเล

เบียร์ไทย

กำลังนิยมทั่วไป



BANG KRABUE. TELEPHONE NO. 736

暹羅啤酒 專用純正米料
釀成 並無化學混合



Chang Broke the Rules

Chang broke the rules on WHO drank beer

Chang broke the rules on WHAT is beer

Chang broke the rules on HOW beer is sold

An Orthodoxy is what is commonly accepted, customary, or traditional

Orthodoxies are self-imposed rules, habits, or assumptions on how a company or industry competes

What Orthodoxies Can Be Broken?

WHAT is the product

Attributes

Customer benefits

Price

WHO is the customer

Segments

**Interaction with
customer**

HOW to compete

Suppliers

Distribution/ Retailers

Production

**Mechanism for
making money**

**Competencies for
success**



**SOUTHWEST
AIRLINES**

WHO is the customer?

- **American: Airline travelers (business travelers)**
- **Southwest: Air, car, and bus travelers**

WHAT do benefits do customers expect?

- **American: Assigned seats, food, and frequent flyer miles**
- **Southwest: No assigned seats, bring your own food, “green stamps”**

HOW are prices set?

- **American: Complex, multi-level pricing; matching or beating other airlines**
- **Southwest: Everyday low prices; competing with car travel**

HOW to run the planes?

- **American: Hub and spoke, different size airplanes**
- **Southwest: Point-to-point with only 737s**

Say hello to iPhone.



“I've played a Nintendo Wii.

I don't see it as a competitor.

It's more of an expensive niche game device.”

- Sony CEO Howard Stringer, 2008



Orthodoxies are deeply-held, sometimes unconsciously held, and often unquestioned

- Barely thought of, never questioned, usually thought to be impossible to break (despite no attempts to break them)

Orthodoxies are usually historical formulas for success

Orthodoxies are not inherently right or wrong – but the task of the innovator is to question them and challenge them to see what opportunities for growth result

Industry orthodoxies

Common industry rules

“The way to do business in this industry”

If most of the industry is looking in one direction, what opportunities lie in the other direction?

Company orthodoxies

Beliefs the company has about itself

“How we do things around here”

If you overturned those orthodoxies, what new opportunities present themselves?

What Makes a Good Orthodoxy

Orthodoxies are not laws of nature

- **No magic!** No Doraemon-toys! “Flipping” orthodoxies shouldn’t be impossible, or require unreasonable advances in science or technology

Orthodoxies are **useful** in coming up with new ideas

- Generate varied new thinking about customers, benefits, how to do business, etc.
- **Not just a wish-list** for new features

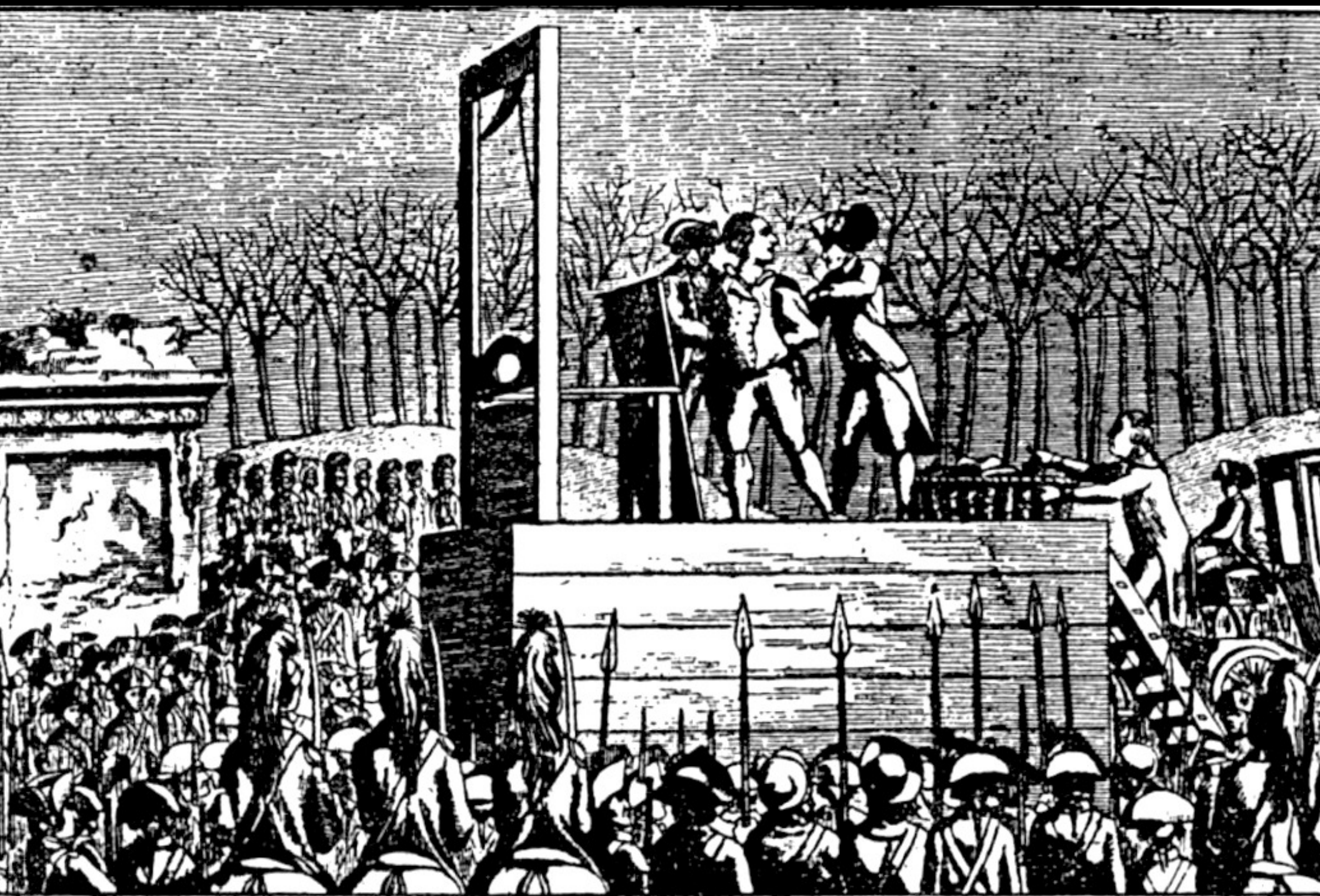
“The cinema is little more than a fad.

It’s canned drama.

What audiences really want to see is flesh and blood on the stage”



“The French people are incapable of regicide.”



Two Previews for Next Week

1. The most powerful orthodoxies are about how the needs of “good” target customers differ from the needs of “bad” unprofitable customers. An innovator can meet the needs of “bad” customers while ignoring the “good” customers...
 - “Disruptive Innovation”
2. An effective way of breaking an orthodoxy is by giving customers new product attributes while at the same time reducing “quality” on some existing product attributes...
 - “Blue Ocean”

Assignment 4

In 1-2 pages:

- Describe at least 2 orthodoxies that were broken
 - What is the orthodoxy? What categories is it in (Who, What, How)?
 - What companies followed the orthodoxy, and how?
 - What company broke it, and how?
 - How did the competition react? How long before the rest copied?
- At least one should be uniquely Thai, and recent (within 5-10 years ago)
- Don't copy examples from class or the readings
- See tips in the next slide
- Look at the example assignment to see what I'm looking for!

Include your **name** and **email**. Most interesting Thai answers get a **special prize**.

Mail to or share with Innovation2011TU@gmail.com by **Wednesday noon**

WHAT is the product

- What is important to our customers?
- What are the products we produce?
- What are complementary products?

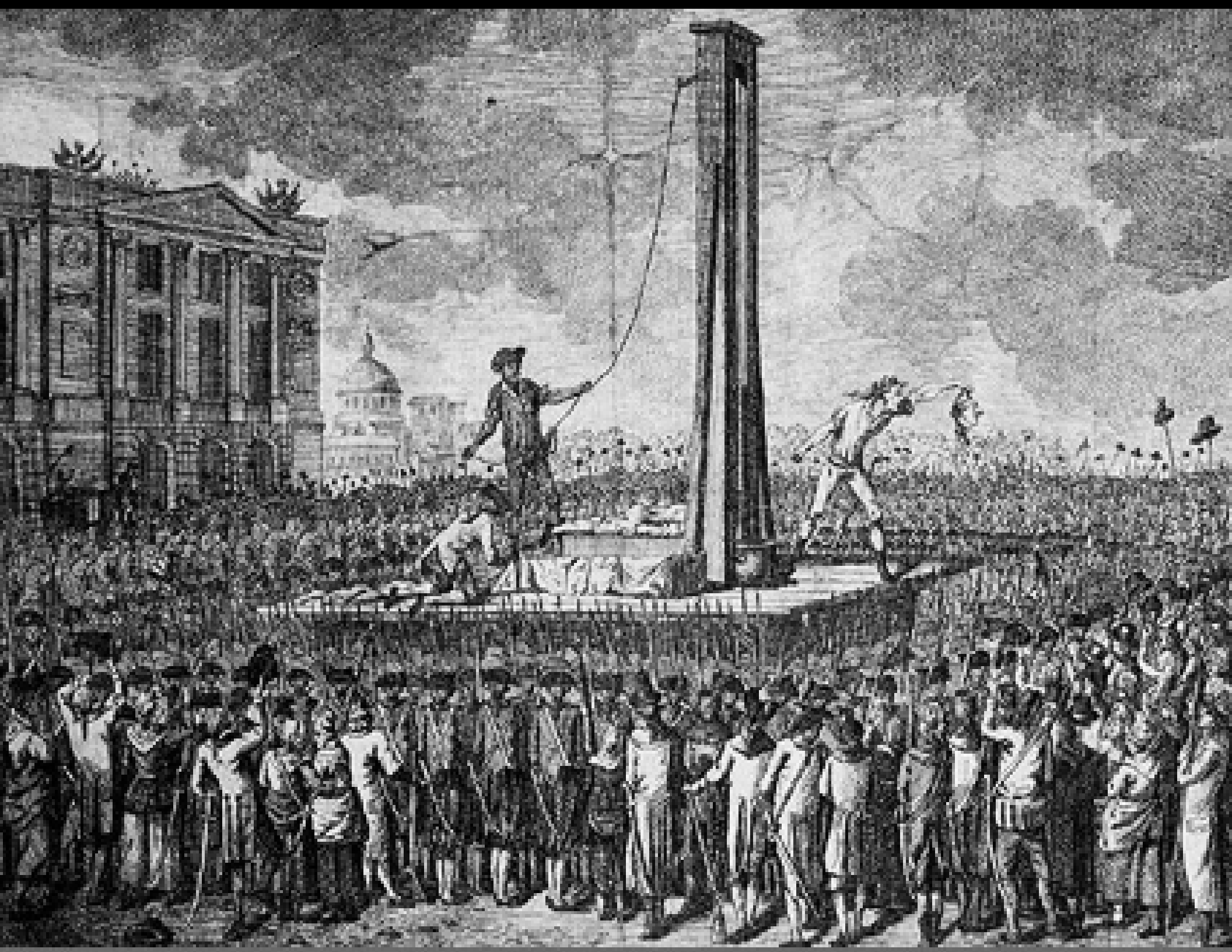
WHO is the customer?

- What are the markets we serve?
- Who are our customers?
- How do we define high-end or low-end?
- How do product needs differ by customer group?

HOW to do business

- What are the channels of distribution?
- How do we make money?
- Who are our competitors?
- What type of inputs do we use?
- Where does the new product process start?
- Where should the product be introduced first?
- When do we introduce a new product?
- What is important to consumers?
- How do we track our business?
- How must we be organized as a company?
- How do we hire people?
- What kinds of people should we attract and retain as employees?
- What are the values and behaviors we promote?
- How do we grow?

SLIDES NOT USED





qu'un sang impur abreuve nos sillons.

Lundi 21 Janvier 1793 à 20 heures un quart du matin sur la place de la revolution, ci devant appelle Louis XV. Le Tiran est tombe sous le glaive des Loix. ce grand acte de justice a consterne l'Aristocratie ancant la superstition Royale, et cree la republique. Il imprime un grand caractere à la convention nationale et la rend digne de la confiance des françois.....

ce fut en vain qu'une faction audacieuse et des orateurs insidieux epuiserent toutes les ressources de la calomnie, du charlatanisme et de la chicane; le courage des republicains triompha; la majorite de la convention demeura inbranlable dans ses principes, et le genie de l'intrigue ceda au genie de la Liberte et à l'Ascendant de la vertu.

Extrait de la 5. Lettre de Maximilien Robespierre à ses commettans.

Reebok orthodoxy held:

“To succeed we have to beat Nike at the hard core sports market”

- Used to be the biggest player in the \$8 billion U.S. athletic footwear market, but lost out to Nike
- For years tried – unsuccessfully – to beat Nike at its own game



Orthodoxy overturned:

“We can become the shoe brand for hip-hoppers, hipsters and other fashion-forward urbanites”

- Now has decided to turn from high-priced celebrity endorsements in favor of high fashion
- Launched RBK, a streetwear-centric line, with rap stars and non-athletes as spokespeople
- No guarantee strategy will work, but



I AM MORE
than a cover story.

SCARLETT JOHANSSON IS WEARING HER SIGNATURE RBK TEAM HOODED TUNIC,
RACER TANK, DISTANCE LEGGING AND RETRO AZTEC FOOTWEAR. RBK.COM


RBK
I AM WHAT I AM



