

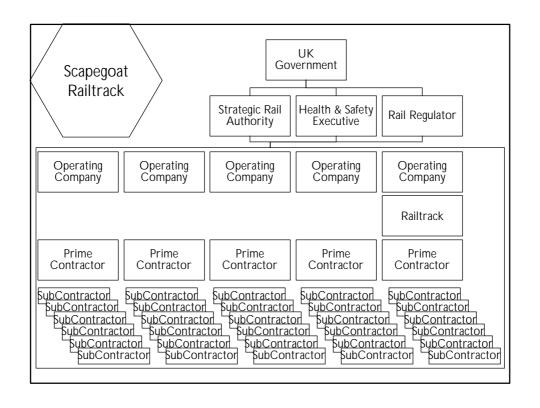
Value Creation & Migration Value Migration Value Creation SuperService Value Proposition Speed Scope - Reliability Profit Capture Convenience Strategic Control Customization Brand - Hook - Provider Relationship - Innovative Design Low Price Execution Source: Bovet & Martha, Value Nets

Conflict Scenario Fragmented Supply Chain

- · Goal: Rationalize Products
 - Assess all products according to some criterion.
 - Phase out low-performing products with higher-performing alternative.
- Goal: Rationalize Suppliers
 - Assess all suppliers according to some criterion.
 - Phase out low-performing suppliers with higher-performing alternative.
- Are these goals consistent?

- These two goals may sometimes conflict.
- Challenge: how to hold (contain) two different goals.
- Challenge: since the two goals mostly coincide, there may be resistance to the idea that they conflict at all.

Fragmentation 50 companies Scapegoat 25 franchises Railtrack 12 contractors 2000 subcontractors Outcome: Railtrack had no Source: FT October 8th, 2001 clear understanding of the It is not clear that privatization itself is state of the network. wholly to blame for the ills of Britain's railways The problems that have beset the rail Loss of Knowhow network may stem more from the decision Management cuts to split the rail infrastructure - the tracks Driver cuts and signalling - from the train operators. Passenger growth The complex structure represented an attempt to introduce competition. Outcome: "The net result has been a collective loss of And yet political lobbying ensured protection against true competition in memory on the basics of several respects running a railway." (Chris Green, former BR manager who now runs protected franchises Virgin Trains.) regulated fares



CRM Customer Relationship Management Pitfalls

- CRM used as a sales tool
 - I see you bought this, would you like this – NO. GO AWAY!
- CRM fails to hide the organizational mess that hides behind the call centre.
- Anything that isn't in their script they are unable to handle.
- Call centre rarely seems empowered
 - Bears the brunt of complaints they can do nothing about.
- Large companies seem to have multiple unconnected call centres
 - Only adds to the problem rather than solving it.