

Building & Driving Business Markets Strategy ("BDBMS")

Course Purpose

Deliver a learning experience of strategic leadership in Business Markets ("B2B"), through a "hands-on and fun" process.

The Unique Domain B2B

B2B is uniquely competitive because you compete for the business of customers who, in turn, compete for the business of their own customers. Your success depends on the value you propose and deliver to these direct clients. They shall perceive this value as compelling if it allows them to outdo their own competitors downstream.

At the heart of strategic B2B is the Decision Making Unit ("DMU") concept. The organizations we target include a diversity of decision makers and stakeholders, who, together, form a collective decision of whether to purchase from us - or not. More specifically, our clients' decision-making processes may involve an internal hierarchy of participants, like purchasing, manufacturing and general managers. But our clients also work with external "influencers" or "gate-keepers", like alliance partners, other suppliers, strategic clients, external consultants, regulators, consumer advocates and labor unions.

We must understand what drives these "decision makers", and the way they relate to each, formally and informally. This includes professional considerations, personalities, personal preferences and biases, along with historical relationships with our competitors and us.

With this in mind, here is, more specifically, what we try to achieve in this course:

1. Build your personal experiences of working with the B2B tools and concepts in a tough competitive environment.

You are familiar with the "case method", where we learn through replicating the discussion that must have taken place in the subject company, prior to an actual decision. However, the case method has two major shortcomings. First, cases are "positioned" at specific points in a course, asking specific questions, and providing information for the answers. But even the best class discussion comes short up short of the empathy for the dynamics and pressures affecting the actual management team's debate.

Second, in "real life" we operate with messy or non-existent information. In real life "the problem" is something for us to define. Also, in real life, we work with odds, where our intuition, street-smarts, speed of decision and, yes, luck, play a major role. Cases do not cover these aspects.

Third, the professor, in a case discussion, can take you only to the decision point and, in some cases, tell you what happened. The professor cannot give you the most powerful learning experience of all, seeing your own decision through and learning from your own experience.

2. Experience as life-like as possible

The next time you are in the comfort of your airplane seat, before takeoff, think about those in the cockpit, in whose hands you place your life. In fact, you place your life in their personal experience, built on thousands of successful flight hours. However, a major challenge in training pilots is how to make them experience grave situations that might be too costly before they actually happen.

You will be relieved to know that, in order to retain their commercial flight permits, your pilots are required to attend periodical simulation sessions, where they face such challenges. Each time your pilot “crashes” in such a training session, the damage may be his or her bruised ego, but the benefit is a valuable learning experience they earned, for when they fly you to your destination.

In this course we use a similar technology. In addition to traditional lectures and case discussions, the INDUSTRAT simulation, is part of this course. INDUSTRAT will place you in a “real-life like” competitive environment, allowing you to experience complex situations and learn from the consequences of your own decisions. Not only will you learn from the “content” of your decisions, you will also learn from the “process” your team used to reach them.

3. “Content”: learn, first hand, how to build and capture value through the interaction among your major strategic challenges—choice of markets, pricing, technologies, product development, cost reduction, strategic alliances, salesforce, technical force, market research and more.

Success rests not only on how strategic choices are made in each function, but also on how these choices, and their respective implementation, work together. This course will give you an opportunity to experience how the various functions in the company must be in sync. For example, you’ll experience how the choice of market segments affects technology choices and vice-versa. The questions you’ll face might be, “How should all functions work together? How do we turn the situation around? How do we “hedge” our luck the next time around? What information, which could be expensive, do we need at this time? What relationship should we have with our competitors? And more.

Since success of a firm depends largely on decisions customers make, but also on “bets” leaders make on future technology platforms that customers might not even imagine. We must discover, downstream, what the customers’ needs are, and even influence them. But, upstream, we must be ready by taking the risk of investing, making savvy technological choices, and committing to a competitive cost structure.

Your upstream initiatives may indeed influence your downstream customers’ choices and vice versa. For this reason this course is truly cross-functional in nature.

4. Experience the impact of leadership and team dynamics on business success.

In this course you and your team shall be working in a realistic and complex competitive business environment. Your team is composed of a diverse group of personalities, cultures, risk profiles and leadership styles. As in real life, the complexity of the situation, and the pressures resulting from it, will require the team to be both effective and efficient in its discussions and decisions.

Leadership, organizational structure and culture are the pillars of “process,” and in this course we give you the opportunity to design your own team’s process, diagnose how it works and “fix” it yourselves. Our experience clearly shows that, as in real life, process factors into success in a big way, and we want you to benefit from trying to balance both process and content, simultaneously, in a way no other course can provide.

5. Have fun while learning

We know for fact that learning is especially effective when one has fun. The setting of this course is one of competition between firms in the same industry, each managed by a team of participants, who compete by creating and capturing value from the same client base. The KPIs are the usual business indicators of sales, profit, stock price etc. As in real life, teams who manage to combine teamwork, personal business talent and analytical tools are “winners”. The ups and downs of competition over time, the sense of accomplishment when we make the right move, and feeling challenged when competition happens to make it, create a fun and dynamic team-learning environment.

The INDUSTRAT simulation

The INDUSTRAT simulation is used in top business schools and, internally, by major corporations (see www.industrat.com). It includes the complexities of products, technology, development, sales and technical forces, complex customer decision-making processes and the wider aspect of relationship with customers.

INDUSTRAT allows you to not only to compete with your own products and services but also form alliances with your competitors, through licenses and joint ventures. This feature gives you, through analysis, “street smarts” and negotiation skills, an opportunity use the natural entrepreneurship and creativity within your team.

In this realistic environment, you will draw on modern strategic marketing concepts and analytical tools of decision support systems, based on a rich base of market research. By combining theory, analysis and intuition, you will gain the experience of making strategic marketing decision that would otherwise take years to build.

While in other business schools, professors use it under license, at Columbia you will be working with the creator of the INDUSTRAT simulation. Numerous business schools and corporations for senior management training have used the simulation. Working with the author, you will have the benefit of all these years of using the simulation and customizing it to specific strategic situations. INDUSTRAT is continuously evolving and you will have the opportunity to be exposed to a challenging environment that I shall design especially for this course.

Finally, the course will integrate lectures and case discussions into the simulation, giving you a full learning experience as individuals and as teams.

The rest of this syllabus will cover the following:

- (1) Content and Topics we shall cover
- (2) Abstracts of the cases we shall discuss
- (3) INDUSTRAT description
- (4) Pre-course preparation
- (5) Session schedule
- (6) Evaluation

(1) Content and Topics

In today's competitive environment, companies must generate value for their shareholders, having paid suppliers, employees, the government and lenders. The party that funds all this is the customers, who prefer buying from this firm, rather than from its competitors, at a competitive price that represents their perceived value. Management's role is to identify target customers and create competitively compelling value propositions for them. To this end, management needs to search and exploit technology and also do what it takes to generate sufficient cash to keep all "partners" happy in this "business model".

This process must be managed. If the firm does not keep shareholders happy, the latter will take their investment elsewhere. Also, if there is not enough to pay all stakeholders, in the long run, the firm, in its present form, may not survive. Strategic decisions here fall into three+ major categories: (1) how to allocate the company's resources (cash, human resources, technology, channel power, etc.), (2) what should be the offering, for which target customers, at what price and with what business model, and (3) implementing these choices successfully.

(2) Case Abstracts and Assignment Questions

The following is a tentative choice of cases. I have written two of them and was deeply involved in one. Hence you will get my first hand observations during our debates in class:

Fortis Industries (A)

Case Abstract:

Fortis Industries' packaging division manufactures steel and plastic strapping. In 2007, the company underwent a leveraged buyout. The case focuses on the packaging division's need to maintain high profitability in a declining market for steel strapping. Since 1998, Fortis has been losing 1% per year of the steel strapping market. Since then, there has also been significant erosion of prices. The division president is faced with 1) decreasing price to increase market share, or 2) maintain/increase cash flow. The specific decision revolves around the potential adoption of a price-flex system that is designed to authorize selective discounting by the division's sales personnel.

Assignment Questions:

1. Why is Fortis losing market share?
2. What is Fortis current marketing strategy?
3. What is your recommendation about list price and the "price flex" proposal?

Verbeek Packaging Worldwide: The Totpet Account (A)

Case Abstract:

The relationship of Verbeek's Industrial Packaging Division with Totpet, a major French oil company is seriously threatened. In the past, being the only worldwide supplier of steel drums had been a clear competitive advantage for Verbeek. While Verbeek had assured global customers consistent quality, proximity and continuity of supply, the sales relationship had been handled locally. However, more and more global clients, like Totpet, were re-engineering their purchasing operations to reduce the number of suppliers and form global relationships. With such changes, pressures naturally developed from clients' headquarters to gain control on prices, which had historically been based on local competitive conditions and relationships. Is being a global supplier turning into a liability for Verbeek?

Assignment Questions:

1. How can you explain Verbeek's success until now?
2. How does the Totpet's Global Purchasing pressure fit with Verbeek's business model?
3. Why has Verbeek UK resisted the pressure?
4. What do you suggest that Johan Ten Cate, our "protagonist" do about it?

Nissan: the Hakone Pilot

Case Abstract:

Car Dealers in Japan are authorized by the government to act as inspectors in periodical road-worthiness tests. Recently, new chains of inspection specialists have emerged in Japan, cutting significantly into car dealers' share of inspecting their own brand vehicles. Moreover, repair and service sales, which clients had done traditionally as a result of the inspection or the dealer, have been affected too. Since dealer profitability is important to Nissan's success, the company initiates a drive to improve dealers' efficiency, advertising and promotion and marketing strategy. Part of the latter includes price competition on road-worthiness inspection fees, aimed at recuperating the share of inspections. With dealers resisting the adoption of this strategy, Nissan collaborates with one of them in the city of Hakone to create a showcase of the whole initiative. However, while initial results were promising, this dealer's performance in the Pilot seems to have slowed down.

Assignment Questions:

1. What are the trends in dealer profitability and what are the long-term implications for Nissan?
2. The Toyota model of competing with Shaken specialists has been successful. Why are Nissan dealers resisting?
3. What do you think about the idea of running the Pilot in Hakone?
4. If the Pilot is not successful, or if rollout to other dealers fails, what should Nissan do?

(3) INDUSTRAT

As in any other management simulations, each of you will act as a member of a management team making strategic decisions. In our case, each team will compete as a "Firm" against four others for a number of periods, or "years". Each firm will take over an

ongoing business, with its own set of inherent strengths and weaknesses. The business objective will be to maximize income and shareholders' value by competing for the business of a present and potential client base.

The amount of learning in a simulated setting is not dissimilar to real life. It depends entirely on your own motivation, participation and contribution to your team's work. If a manager treats his or her business superficially, like a game of Monopoly, they may enjoy the fun, and may even learn a little. However, if you are ready to invest the time, this tool is, as I mentioned above, your "flight simulator". Although not a formal objective, feedback from past participants and executives, the word "fun" is frequently mentioned. I certainly feel that a team that is having fun together learns together and my work with the class and the team will try to enhance this aspect of our course.

The logistics of the simulation are straightforward. During some INDUSTRAT decision periods, each team will have its own breakout room for its internal decision-making process. These sessions shall take place under a severe time constraint, to replicate real life. I will be moving in and out of these rooms, supporting, challenging, answering questions and playing the roles of your corporate CEO, the government, the bank and administrator. I will help, when asked, in negotiation between teams, as well as facilitate arbitration sessions, if necessary, between teams in dispute.

Other decision sessions shall be "homework" for you, and I shall be available via e-mail or internet chat media. You will have a submission deadline for each of those decisions, which you can make at your leisure.

One final word, before we get into content. There are numerous management simulations on the market. The difference between them and INDUSTRAT could be compared to the difference between the game of Checkers and Chess. In Checkers, there are a restricted number of strategies that work, and the end game converges on the same solution. In INDUSTRAT, creativity, unconventional moves, negotiation skills and, just as in "REAL" business, luck, are also necessary to succeed.

All this means that the competitive scenario, except for some macro industry-wide parameters, will evolve almost exclusively according to the interactions among competing firms. In all the years my colleagues and I have run and refined INDUSTRAT, we have not seen two identical scenarios. This means that many of your decisions and interactions will, no doubt, be new and challenging to me, providing me with rich learning experience as well.

Content of the simulation

INDUSTRAT (www.industrat.com) provides you with exposure to:

Business Setting

1. Industrial target accounts with several decision-makers, each with his or her concerns, biases and relative influence different stages of the purchasing process.
2. Customer decision-makers holding various perceptions of competing products, but also of competing supplying establishments.

3. Separation of the “R & D” function into: (1) “R”: basic technological research, an expensive and risky undertaking, and (2) “D”: the less risky product development and cost reduction activities.
4. The possibility for collaboration between competing companies through licensing agreements, joint ventures and other alliances. This experience allows you to experience negotiation and conflict resolution between firms, which are competitors and allies at the same time.

Decision-Making Challenges

1. Your customers will be concerned with multi-sourcing issues. A major consideration is how to manage this process for each of your clients.
2. You will observe an evolution of your product's status with your customers that will run from "awareness" through to "primary sourcing". One critical challenge will be how you optimize your firm's performance at each step of this evolution.
3. You will have to manage your sales force and technical support organizations via hiring, firing, alternative organizational structures, guiding and training, commission schemes and the like.
4. You will implement your strategies via detailed industrial marketing mix decisions including list prices, price discounts, promotion, product advertising, corporate communication, sales and technical force allocation.
5. You will have to design your own information system in order to monitor, analyze and forecast the behavior of customers and competitors.

Strategic Marketing Tools

1. As in any market, segmentation is a major strategic decision subject to constant review in light of your competition. Two features shall be present here:
 - a. INDUSTRAT allows you to choose among a number of alternative segmentation schemes that are pervasive across industrial markets.
 - b. Distinction between *macro* segmentation and *micro* segmentation. The former is based on the characteristics of accounts and the latter on the characteristics of decision-makers within the accounts and their decision-making process.
2. Provision of a comprehensive set of customer-based market research studies specifically designed for industrial products, formatted according to your desired segmentation schemes. In addition, a set of on-line graphic decision support tools, to significantly reduce the need (and the excuse...) for "number crunching".
3. A "qualitative images" facility (letters from customers, memos, newspaper clippings, caricatures, etc.) allowing the communication of creative messages aimed at triggering thought and even inter-groups communication.

(4) Pre-course Preparation

1. A “demo” version of the INDUSTRAT software for team decisions may be found at www.industrat.com DEMO section. Once you enroll in this course, you will receive, via Canvas, a short orientation note on what to do in a short “dry run” with this demo.
2. At the same location, on the INDUSTRAT web site, you shall be able to download the INDUSTRAT participant manual. Please read the first 3 chapters carefully and skim through the rest of the book, familiarizing yourself with “where is what”, as this will be your reference throughout the simulation.

Reading the manual and going through the decision demo is crucial for your team's success. One of the most important learning points that teams in previous years included in their final presentation, as a message to you, is "read the manual!"

(5) Schedule

Session	Timing	Contents	
1	Tues. Sept. 4	Introductions	Skim INDUSTRAT manual. If you form your own team or part of a team, communicate it to the course admin (Vee) by e-mail. If you don't have a team, Vee will assign you to one.
Homework	Before next class	1. Read INDUSTRAT Manual: preface, pp. 1-39 & pp. 110-178 2. Practice INDUSTRAT Demo in teams 3. Install INDUSTRAT software in your personal computer	Demo instructions Canvas Uninstall the demo and follow your team's follow download and installation instructions (team specific IDs and PWs)
2	Thur. Sept. 6	INDUSTRAT Decision 1	Available 1 hour before class
Homework	Before next class	Read INDUSTRAT manual, pp. 39-66	
3	Tues. Sept. 11	INDUSTRAT Decision 2	Available 1 hours prior to class
Homework	Before next class	Read case: Fortis (A)	Assignment questions in syllabus
4	Thur. Sept. 13	Case discussion: Fortis (A)	
Homework	Before Mon. Sept. 17 @ 12pm	1. Read INDUSTRAT Manual pp. 67-109 2. Submit INDUSTRAT Decision 3	Available Friday 12pm
5	Tues. Sept. 18	Lecture: Strategic Market Segmentation	
Homework	Before next class	Prepare Team Strategic Plan	Due 1 hour before next class
6	Thur. Sept. 20	INDUSTRAT Decision 4	Results and software available only to teams that submit, starting 1 hour before class
Homework	Before Mon. Sep 24 @ 12pm	1. Read Case Nissan Hakone Pilot (A) 2. Submit INDUSTRAT Decision 5	Assignment questions in Syllabus
7	Tues. Sept. 25	INDUSTRAT Decision 6	Available 1 hour before class
Homework	Before next class	Prepare Strategic Plan Read Case: Nissan Hakone Pilot (A)	Due 12am Friday Assignment questions in syllabus
8	Thur. Sept. 27	Case Discussion: Nissan Hakone Pilot (A)	
Homework	Before Mon. Oct. 1 @ 12pm	Read case Verbeek (A) Submit INDUSTRAT Decision 7 Read Case: Verbeek (A)	Available Friday Sept. 28 12pm only to teams having submitted strategic plan
9	Tues. Oct. 2	Case Discussion Verbeek (A)	
Homework	Before Thurs Oct. 4 @ 10am	Submit INDUSTRAT Decision 8	Available Wednesday Oct. 3 12pm

10	Thur. Oct. 4	1. Lecture: Strategic And Global Accounts: Leadership, Organization and Processes 2. Guidelines for Team Presentations	Available after Oct 4 class
Homework	Before Mon. Oct. 8 @ 12pm	Work on Team Presentation Submit INDUSTRAT Decision 9	Software available Friday Oct. 5 4pm Team evaluation form posted on Canvas
11	Tues. Oct. 9	Team Presentations	Submit Final PPT file 1 hour before class
Homework	Before next class	Complete Draft INDUSTRAT Team Evaluations	Before class. DO NOT SUBMIT
12	Tues. Oct. 11	Instructor's Presentation & Evaluation Revisions	Submit final team evaluations at the end of class

(6) Evaluation

Evaluation

The evaluation system below is the result of collaboration by many “generations” of MBA and EMBA students. We have learned that, when students evaluate teams with whom they were competing, everyone benefits. This dynamic stimulates you to be “competition sensitive,” which is why we have integrated this highly valuable element in the learning process. Hence, a major component of the grade relates to your firm's performance in the simulated market, as evaluated by the instructor and by your “rival” teams.

Since the firms in the INDUSTRAT simulation do not start from similar positions of strengths and weaknesses, their performance evaluation is not based merely on financial results. The assessment will relate mainly to how you handled the business that you had taken over. That is, the objectives you set for yourselves, your performance in the light of these objectives, the turnaround capability you demonstrated, and the amount of learning and competence you showed in running your business.

The evaluation of these aspects is not the exclusive domain of the instructor, since participants, by the time we end the course, are rather sophisticated and experienced. Your team's performance will be evaluated by me, as well as by each individual member of the other teams. There will be no internal evaluation of individuals of their own teams.

Another component of the grade is the quality of your final team presentation. A team will be evaluated on its ability to articulate its past activities and the sharing of what they learned in the process. Again, this evaluation will not be reserved to me as all students will be contributing to it.

More specifically, in our last meeting, each participant will complete an anonymous questionnaire about his or her perception of the other teams' performance and presentation. A copy of the questionnaire used previously, the result of a joint effort between me and many past participants, is attached. Constructive suggestions for change, early in the simulation, are welcome. If I receive suggestions that would improve your learning experience, I'll be happy to modify the system, after discussion with the class

The final individual grade for the course will be a function of your performance in the components of the course. The formula is as follows:

30% Firm performance as evaluated by peers in other teams (see sample evaluation form)

30% Firm performance as evaluated by instructor

15% Quality of Final Presentation as evaluated by peers in other teams

15% Quality of Final Presentation as evaluated by peers in other teams

10% Overall individual contribution as evaluated by the instructor *

*This component of the grade is a way to reward individuals for exceptional individual contribution to everyone's learning, or to penalize counter productivity. I will use it only if the reward or penalty is justified. I would gladly reward someone whose team, in a discrete way, tells me that he or she had contributed more than his or her expected share. I will not hesitate to use this component as a penalty when I see clearly, or if a whole team complains that someone did not live up to their commitment to contribute.

About Professor David Weinstein

DAVID WEINSTEIN

Faculty of Executive Education and Adjunct Professor
INSEAD Emeritus Van Leer Professor of Industrial Marketing



Professor David Weinstein is the Emeritus Van Leer Professor of Industrial Marketing at INSEAD. Currently he is Faculty of Executive Education and Adjunct Professor at Columbia University in New York.

He earned his PhD in Marketing and Information Systems from Columbia University in New York and is graduate of the Hebrew University of Jerusalem in Economics and Mathematical Statistics. His teaching, research and consulting experience span specialty chemicals, automobile, electric power, global IT software development, global IT support, pharmaceuticals, medical imaging, specialty steel, steel manufacturing supplies, mining industries and management education.

Professor Weinstein has accumulated 47 years of experience of teaching in MBA programs and winning best professor and best course awards at INSEAD, Harvard Business School, Stanford Graduate School of Business, The Wharton School of UPENN, Florida International University, The University of Miami and Columbia University.

He joined INSEAD in 1972 and served several times as chair of its marketing area. He served as program director for INSEAD's European Marketing Program for eight years and acted as program director on numerous other seminars. He lead INSEAD's Advanced Industrial Marketing Strategy, [AIMS](#), between 1989 and 2018. Professor Weinstein's current assignments at INSEAD include an elective Strategic Market Orientation in the Global EMBA program, as well as open enrollment and company specific executive programs.

David Weinstein was Visiting Professor at Harvard Business School in 1977-1978, Visiting Professor at Stanford Business School in 1982-1984 and held the Henry Sweetbaum chair of Distinguished Visiting Professor at the Wharton School of the University of Pennsylvania in 1993-4. Between 1993-2001 Professor Weinstein was co-academic director of the Industrial Marketing Strategy program for senior executives at the Wharton School. Between 2002-5 he was Ryder Visiting Eminent Professor at the Chapman Graduate School of Business at Florida International University, later held the chair of Barski-Greenstein Visiting Professor there until 2008. Between 2010-2014 he was Visiting Professor at the University of Miami, teaching the core marketing course in Spanish to Latin American executives attending its Global EMBA program. Currently Professor Weinstein is visiting faculty at Columbia University, teaching an MBA elective and executive courses.

In all the above schools, Professor Weinstein, contributed, in addition to their MBA programs, to executive education as teacher, program director, designing and leading programs, and internal strategic consultant to the school's deans of executive education and marketing managers.

Among corporate executive programs, apart from INSEAD and other business schools, Professor Weinstein founded, designed and led internal development programs with teaching teams of academics and practitioners , lasting from 2 weeks to 2 years, in marketing, strategy, leadership and general management for General Electric, Volvo, duPont, Intel, Pioneer, Rohm and Haas, Ciba Geigy, Syngenta, the Swiss AL Group, Pechiney, Nissan, Wacker Chemicals Square D and Rio Tinto.

Professor Weinstein's research was published through blind peer reviews, in the Journal of Business, Journal of Marketing, Management Science, Multivariate Behavioral Statistics and other refereed professional journals. He also presented numerous refereed papers at events of the American Marketing Associations. Professor Weinstein was a member of the editorial board of the Journal of Marketing and associate member of several advisory committees of the Marketing Science Institute.

Cases that Professor Weinstein's wrote, some of them "best sellers", for management education, were published and reprinted in case books and the Harvard and the European case clearing houses. They include subjects like the power of brand equity, global account management, automotive parts distribution and distribution of electric power, sports sponsorship, pricing, strategic account management and many more. Many of these cases were the result of Professor Weinstein's personal consulting involvements.

Professor Weinstein is a co-author of INDUSTRAT: The Strategic Industrial Marketing Simulation (www.industrat.com), with its manual published by Prentice-Hall. This leading-edge simulation has been adopted by the top business schools in the US and elsewhere for their MBA and executive programs. INDUSTRAT has also been used by many corporations as part of internal strategic and organizational change initiatives.

Currently Professor Weinstein is visiting faculty at Columbia University in New York, teaching a Business to Business Strategic Marketing elective in the MBA program and in executive programs.

In his years at INSEAD and other business schools, apart from being almost a permanent member of the executive education committee, Professor Weinstein chaired and participated in numerous management education strategy committees and task forces, dedicated to creation of Executive MBA programs and strategic expansion to Asia and North America.

Professor Weinstein is fluent and teaches in English, French, Spanish, Hebrew and can participate in smaller teams in German. He was a player in the Israeli National Basketball league and made it to the national student team of that country. With age he progressed to squash and tennis, ending today as an avid golf player.

