

# VALUE CHAINS

November 2008

## SURVIVING

### Valent Group Inc.

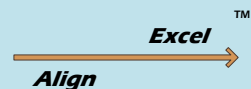
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Much is being and will continue to be written as to how companies should survive the recession. I would like to add my own brief comments to this topic.

1. Focus on margins, not market share or gross revenue. Too many companies will take any job no matter the profitability (if any). If you do this, and unless you are sitting on a huge cash reserve, you will end up spending your way out of business just to perform those jobs. A focus on financial health, now more than ever, is critical.

Underperforming lines of business are not worth maintaining. Rationalize products and parts and drop what is not worth carrying. What good is market share if the business goes under?

2. Get as close to your customers as possible. This has been trumpeted many times as a response to globalization, but it's just as important in this recession. Analyze the principles of mass customization and see if there are any you can adopt—even if the

whole paradigm is not a match for your business.

3. Grasp competitive advantage. The recession will end at some point. Be prepared to leverage every bit of competitive advantage you have now and for the future. Use this time to exploit your value chain (Porter's analysis tool) for every bit of competitive advantage you can find. Build a strategic plan (See Align/Excel, [www.AlignExcel.com](http://www.AlignExcel.com)) based on competitive advantage and focus on internal capabilities.

## 7 MYTHS OF CONFIGURATORS

I'm pleased to announce the publication of a new white paper, "7 Myths of Configurators," that is available at the [Resources](#) page of the Valent Group website. This paper focuses on the misconceptions associated with customer-facing configurators that lead to less than successful deployments. It also discusses some of the meth-

ods to avoid these mistakes.

The 7 Myths are:

1. A Configurator is a Strategy
2. The Primary Justification of a Configurator is Increased Sales
3. Who the Sales Force Is Doesn't Matter
4. Customers Want to Choose from Every

Possible Option the Company Offers

5. Engineering or Configuring—Who Cares?
6. If It's Technically Possible, Build It Into the Configurator
7. A Configurator Is an End-to-End Business System.

I invite you to review this paper and offer your comments and experiences.