



Business Development Strategies - From Sun Tzu to Blue Ocean

Wolf S. Becke

Kasteel Oud-Poelgeest, Oegstgeest, August 2017

Chairman of the Supervisory Board, Aegon Blue Square Re N.V.

Helping people achieve a lifetime of financial security

AEGON
Blue Square Re

What, Exactly, Is Business Development?

According to **Wikipedia**, the free encyclopedia:

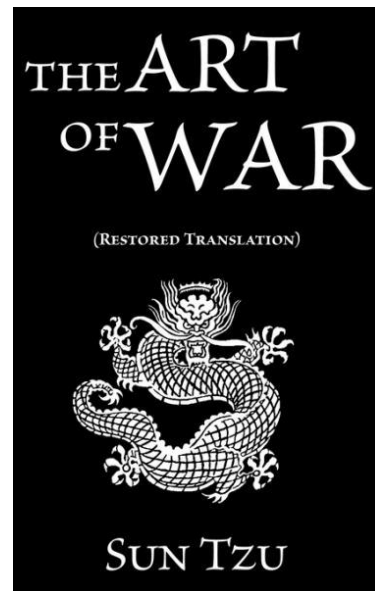
- Business development is the creation of long-term value for an organization from customers, markets and relationships
- Business development is defined as the tasks and processes concerning analytical preparation of potential growth opportunities, and the support and monitoring of the implementation of growth opportunities
- For larger and well-established companies,...., the term 'Business development' often refers to setting up and managing strategic relationships and alliances with other, third party companies

Business Development - The 3 Buzz Words to Remember

- Long-term value from customers, markets and relationships
- Potential Growth opportunities
- Strategic Relationships and Alliances

Sun Tzu (Sunzi) and The Art of War

Sun Tzu, born around 544 b.c. and died around 496 b.c., was a Chinese general of the Wu kingdom during the so-called 'Warring States Period' in Chinese history and a military strategist.



His recommendations on business development - in those days called 'warfare' - are elaborated in his book, The Art of War.



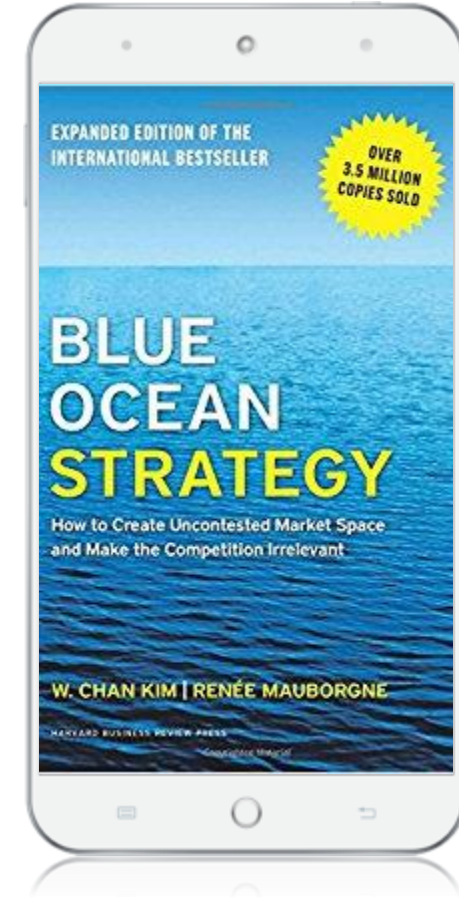
Some Key Strategies of Sun Tzu

- For to win one hundred victories in one hundred battles is not the acme of skills. To subdue the enemy without fighting is the acme of skill
- If you know the enemy and know yourself you need not fear the results of a hundred battles
- He will win whose army is animated by the same spirit throughout all its ranks
- Let your plans be dark and impenetrable as night, and when you move, fall like a thunderbolt
- When you surround an army leave an outlet free. Do not press a desperate foe too hard

Blue Ocean Strategy of Business Development

Based on a study of 150 strategic moves spanning more than hundred years and thirty industries, the authors Kim and Mauborgne argue that tomorrow's leading companies will succeed NOT by battling competitors but by creating 'Blue Oceans' of uncontested market space ripe for growth

From '**Blue Ocean Strategy**' by W. Chan Kim and Renee Mauborgne, Harvard Business Review Press, Boston MA, 2005



The concept of Red Ocean vs. Blue Ocean

RED OCEAN STRATEGY

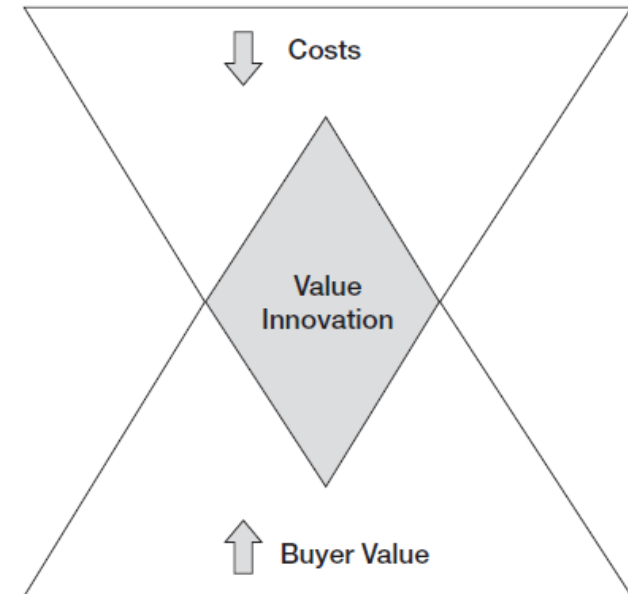
- Compete in existing market space
- Beat the competition
- Exploit existing demand
- Make the value-cost trade-off
- Align the whole system of a firm's activities with its strategic choice of differentiation OR low cost

BLUE OCEAN STRATEGY

- Create uncontested market space
- Make the competition irrelevant
- Create and capture new demand
- Break the value-cost trade-off
- Align the whole system of a firm's activities in pursuit of differentiation AND low cost

Value Innovation - The cornerstone of Blue Ocean Strategy

Value innovation is created in the region where a company's actions favourably affect both its cost structure and its value proposition to buyers. Cost savings are made by eliminating and reducing the factors an industry competes on. Buyer value is lifted by raising and creating elements the industry has never offered. Over time, costs are reduced further as scale economies kick in due to the high sales volumes that superior value generates.



The Simultaneous Pursuit of Differentiation and Low Cost

The Case of Cirque du Soleil - Eliminate/Reduce/Raise/Create

<p>Eliminate</p> <p>Star performers Animal shows Aisle concession sales Multiple show arenas</p>	<p>Raise</p> <p>Unique venue</p>
<p>Reduce</p> <p>Fun and humor Thrill and danger</p>	<p>Create</p> <p>Theme Refined environment Multiple productions Artistic music and dance</p>

CIRQUE DU SOLEIL®



Strategy Implementation in Life Reinsurance

Successful implementation of business strategies depend on several additional factors and insights like:

- Understanding that we are in a B2B2C market space - formally B2B but intrinsically B2C
- Creating Win-Win-Situations with our customers and business partners
- Understanding the concept of CLV - Customer Life Time value and the treatment of, value destroying, customers

Questions?

Thank You



Workshops



Workshop 1

- How can Sun Tzu's strategies be adapted towards today's business environment of reinsurance?
- What messages are most valuable for the short to mid-term business development at Aegon Blue Square Re?

Workshop 2

Within the Blue Ocean framework:

Develop the Eliminate/Reduce/Raise/Create Grid for Aegon Blue Square Re in 2017/18