



# **The Seven Secrets of a Strategy of Preeminence**

Robert Hargrove

*Every CEO and Entrepreneur has the potential to dream bigger, reimagine what is done, and disrupt the status quo.*

*Every CEO and Entrepreneur has the opportunity to create a strategy of preeminence which will give them a virtual monopoly by discovering a small niche where they can be a big player.*

*Every business owner has the right to mine hidden opportunities and under-utilized assets in their core business that will throw off new revenue and profits.*

*-Jay Abraham*

# The best CEOs don't just have strategies, they have strategies of preeminence.

The term “strategy of preeminence” was coined by my good friend and partner, Jay Abraham. I’ve pondered Jay’s strategy of preeminence for years and always thought it was like a great Picasso painting that rattles your brain and makes you see the world differently.

Jay shares his ideas with a brilliant splash of color, rendering them like an impressionist painting, leaving your imagination to fill in the rest. I asked Jay if I could collaborate with him, building out his idea. Jay graciously granted me full creative license.

I love the idea of a strategy of preeminence. The best CEOs don't just have strategies, they have strategies of preeminence that result in outside success.

What exactly do we mean by a strategy of preeminence? First a definition: *strategy* is a focused and coherent way to meet a challenge, such as creating a successful business. *Preeminence* means “the fact of surpassing all others.”



## Companies with a strategy of preeminence are so good at what they do that no one else can offer a close substitute.

Google has a strategy of preeminence in the world of search and online advertising, connecting people to the information they need. The company is so good at what it does that it surpassed Yahoo and Bing over a decade ago. It is interesting to note that Google is worth more than all USA airlines combined.



P&G has a strategy of preeminence in the world of market innovation that is a result of capitalizing on the consumer's frustration. The company introduced three consumer products that grew into billion dollar businesses capitalizing on customer centric innovation. Think Pampers, Swiffer, Mr. Clean.



Chipotle is another company with a strategy of preeminence. Theirs involves providing delicious, healthy, fast food with an ethnic twist at a low prices. The company is growing at 30% a year and is disrupting McDonald's, which is growing at less than 10% a year for the first time in decades.



These companies treat their customers as clients, who are under their care and protection.

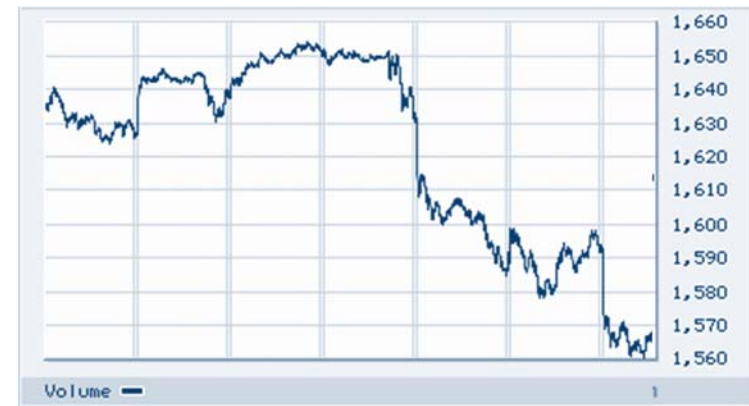
## Without a strategy of preeminence, the chances of being disrupted are very high.

Every day a company on the S&P 500 list goes out of business to be replaced by a disruptive competitor. If the present trend continues, by 2030, half the companies on the list will disappear.

Harvard Business School estimates that 83% of large companies feel they need a strategy to deal with disruptive competitors fresh from the niche. But only 36%, however, have the confidence they can do it. At the same time, only 12% of companies—large, medium, and small—have a strategy that goes out beyond the next year or so.

According to the Kauffman Foundation, 8 out of 10 entrepreneurial businesses also end up going out of business. They may have come up with a good idea for a business, yet weren't successful in coming up with a customer value proposition.

Or they haven't looked at how they could reinvent their company by combining an innovative business model with resources and external and internal processes to build a game-changing product, go to market, and turn a profit



**Every day a company on the S&P 500 list goes out of business. If the trend continues, by 2030, half of the companies on the list will disappear.**

# Right now you might be racking your brain: how can I create a strategy of preeminence for my company?

A strategy of preeminence may be the fastest and most powerful way to change your business results. However, it's our observation that most business leaders don't have a strategy of preeminence that is different from a strategy of operational excellence.

If you want a strategy of preeminence, you might start by looking at the synonyms for "preeminence," which might help you reset your mindset: *greatness, supremacy, distinction, innovative excellence, first-rate*. Ask yourself: how do these definitions apply to your company and what you offer your clients?

You also may need to recognize that you probably don't understand your present strategy well enough to know whether it's working.

- *Are customers crazy about or indifferent to your value proposition?*
- *Do you have a game-changing product or service, at a reasonable price?*
- *Do you have a way of combining business models resources and processes to go to market and turn a profit?*
- *Is your company (and industry) growing or not growing despite tons of hard work? What does that tell you about your business model?*
- *Do you treat your customers as clients?*



**You may not understand your present strategy well enough to know whether it's working.**

## Think in terms of a business that is capable of becoming a monopoly.

Peter Thiel, billionaire founder of PayPal, writes in his book, *Zero to One*, “I have a single idée fixe that I’m completely obsessed with on the business side,” which is that, if you are the founder / entrepreneur starting a company or reinventing your company, you always want to aim for a monopoly and you want to always avoid competition.

He believes that competition is for losers, because you always wind up with your product or services becoming a commodity and letting the market determine your price. He provocatively cites the airline industry, which he says since its inception a 100 years ago, probably has a net zero profit.

Thiel’s advice is to start a business grounded in the today’s reality, but which provides such a singularly important piece of the puzzle, given the direction the world is heading, that it becomes a monopoly.



**Aim for a monopoly and avoid competition,”  
Peter Thiel of PayPal**



## You can become a monopoly by becoming a big player in a small niche.

Companies that provide such a singularly important piece of the puzzle, according to Thiel, make so much money that they hardly know what to do with it. Such businesses can almost name their price. Think Apple, Google, PayPal.

The idea, according to Thiele, is to become a big player in a small niche that opens the possibility of becoming a monopoly. An example is Elon Musk of Tesla who is creating the first luxury car that is all electric, with an ethic of sustainable business performance.

His strategy is to become such a dominant player in that market that he turns Tesla into, not just a brand, but also a powerful movement that will allow him to create a near monopoly in other price categories. If he started competing against the Toyota Prius, he would become just one of the crowd.

In contrast, many entrepreneurs who try to build companies to compete settle only for copying the competition, turning their product into a commodity and winding up being forced to let the market determine the price.



Elon Musk's first luxury all-electric car makes Tesla a big player in a small niche.



## Create something new vs. copying the competition... competition is for losers!

One way to come up with a product that never existed before is to think in terms of the job that the customer wants to get done or the problem they need solved.

An entrepreneur who did just that was Scott Cook of Intuit. He created Quicken Software when he saw his wife, a very intelligent person, struggling to do the family income taxes.

Reed Hastings, the founder of Netflix, did it with movies when he got tired of paying late fees at the video store. He acted on the consumer's frustration with the industry and offered a better alternative, a business model that involved mailing the movies back with no late fees attached.

Hastings did it again when Netflix started offering streaming movies and TV shows directly to people's computers, tablets, and smart phones.

Peter Thiel did it with PayPal, recognizing that consumers needed a way to pay for stuff online. He came up with an electronic online payment system consumers could trust.



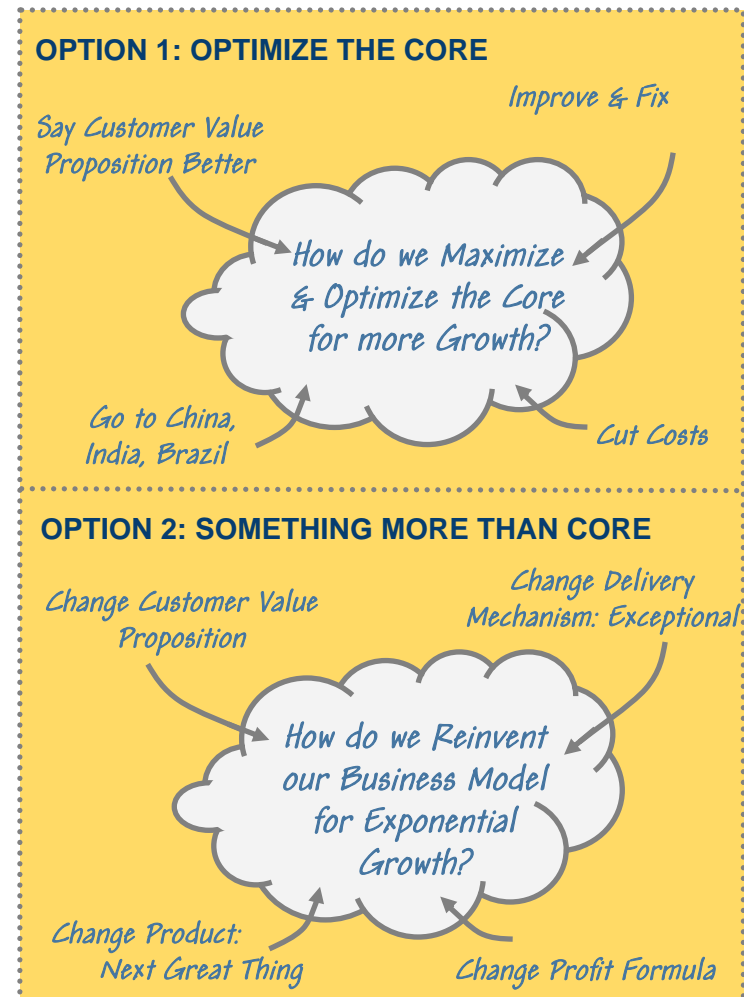
# Create a strategy of preeminence either by “optimizing the core” or doing “something more than core.”

Yet, if we limit the idea of the strategy of preeminence to creating a monopoly, it might count a lot of people out—those who are operating businesses that did not start in Silicon Valley, or businesses where they must compete with somebody else, or for whom changing the game looks too risky.

As friend and partner, Shim Bae Kim, Vice Chairman of Korea Telecom, points out, “We all love to talk about examples like Apple, Amazon, Google, but in fact, these kinds of companies are very rare.”

There are basically two ways of to get to a strategy of preeminence. The first is to think in terms of **optimizing your core** business by becoming better at what you already do. Amazon invented the idea of selling stuff online, then came out with Amazon Prime to lower shipping costs for customers.

The other way to get to a strategy of pre-eminence is to **do something more than core** that really represents a whole new business model. Steve Jobs did that when he moved away from selling computers to selling devices like the iPod, iPhone and iPad.



## Make progress vertically by leveraging your unique strengths vs. horizontally by following the crowd.

If you are starting a business, the way you make progress toward a strategy of preeminence is to think in terms of making “vertical” progress upward in a small niche vs. horizontal progress across a whole industry.

As companies compete across a broad industry, like in the airline business, the only way they can make progress is “horizontally,” which involves copying things that the competitors have done that work: *online ticketing, self-check-in, videos at every seat.*

“Vertical” progress is what happens when you are in a narrow niche, but trying to always improve. It’s harder to imagine vertical progress, because it requires doing something nobody else has ever done.

Vertical progress means you start small in a narrow niche where no one else is playing and you make progress upward by building on your foundation.

Southwest Airlines is an example. They identified a small niche – students, retirees, salesman who couldn’t afford to fly – and provided them with an irresistible offer: *the low cost, affordable airline.* Their revenues climbed higher, not by beating the competition, but by becoming better and more efficient at what they did.



**Imagine how you can make your original idea way better by improving the customer experience.**

# Five Pathways to a Strategy of Preeminence

1. **Monopoly creating strategies** that create something totally new and compelling in a small vertical niche without competitors, as opposed to competing by copying competitors spread out over a big horizontal niche. *Tesla luxury hybrid cars vs. Detroit.*
2. **Market transforming strategies** that create a new population of consumers by radically transforming existing products that are complicated and costly. *The Mac vs. IBM.*
3. **Performance-improving strategies** that replace old products with new and better models. *P&G's consumable Swiffer mop vs. traditional household mop.*
4. **Efficiency strategies** that help companies make and sell mature, established products or services to the same customers at lower prices. *Dell Direct vs. HP or Compact.*
5. **Trusted advisor strategy.** When design, quality and price is common to all competitors, compete instead acting as your customer's *thought leader, most trusted advisor, and only viable go to source.*



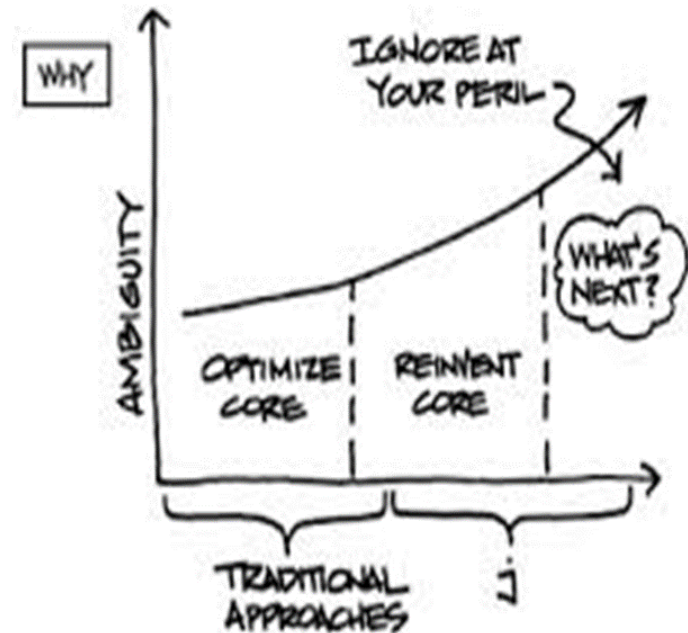
# Every CEO & Founder can create a strategy of preeminence and drive explosive growth.

Now that you understand the idea of the strategy of preeminence, you would probably like help in creating one. I have designed *The 7 Secrets of the Strategy of Preeminence* with that in mind.

The 7 Secrets can be applied in large, medium, or small companies and represent an integrative, step-by-step process.

We will tackle all the issues involved, starting with asking the leader, “Are you a strategist?” We will show that strategy isn’t just beating the competition, but creating a company that matters.

The 7 Secrets includes guiding ideas, simple to use tools, and easy to learn methods that are totally actionable.



# The 7 Secrets of a Strategy of Preeminence demystifies the process of creating a growth strategy.

## 1. Becoming the leader your business needs starts with empathy

*Focus on customer's rising aspirations and needs.*

## 2. To get a stuck business unstuck, face reality

*Honestly assess your current business situation.*

## 3. Declare an Impossible Future or ennobling purpose

*Who do you aspire to be as a company, to whom will you matter, and why?*

## 4. Segment a high-growth market

*Decide where you will play as a company.*

## 5. Create a strategy of preeminence

*What will you do for customers that is so good that the competition can't offer a close substitute?*

## 6. Create a delivery mechanism to match

*How will you combine a winning business model, resources and process to go to market and turn a profit?*

## 7. Apply a profit formula

*Lay out how you will make money. The acid test: Are there enough customers willing to pay high prices?*



**Strategy is establishing a difference that matters.**

# 1 BECOMING THE LEADER YOUR BUSINESS NEEDS STARTS WITH EMPATHY

**Don't think about strategy, think about a customer with an unmet need.**

A friend and mentor of mine, James Macgregor Burns, the great presidential historian once said that the call to leadership is empathizing with throbbing human needs and wants.

This is what caused FDR to come up with the new deal and Social Security which was an Economic Bill of Rights for all Americans.

The same principle holds true in business, but I will put it a little differently, the call to leadership is empathizing with the customer's unarticulated, unmet needs.

Herb Kelleher built Southwest Airlines, a budget airline, so that grandparents could go to their grandchildren's graduations, salesman could travel by air to make a deal that it would normally take three hours driving, and where students could fly to school and back.



**The call to leadership is empathizing with the customer's unarticulated, unmet needs.**

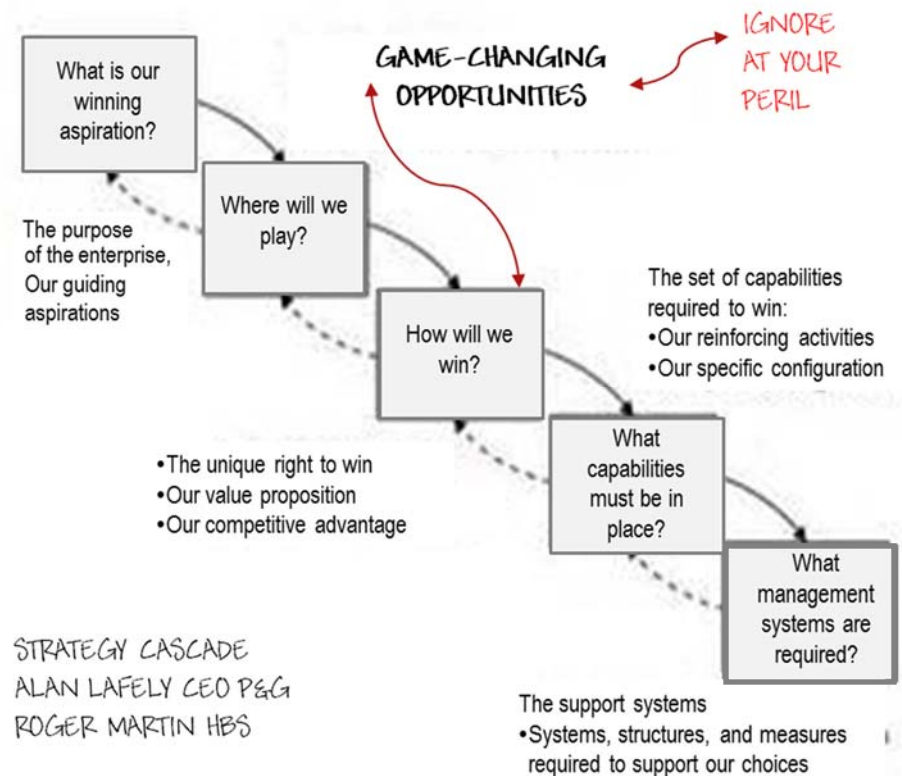
# A good question for every CEO and entrepreneur to ask themselves is: “Are you a strategist?”

While leadership starts with empathy, empathy alone does not make you a strategist.

First of all, being a strategist means stepping up to the job of being your company’s chief visionary vs. delegating it to specialists or ignoring it.

Alan Lafley, CEO of Proctor & Gamble, says that to create a winning strategy, a leader has to make five choices based on five questions.

It then becomes a matter of becoming a Monster of Execution.



**As the Chief Strategist for your company, you need to make five choices based on these five questions.**



## 2 TO GET A STUCK BUSINESS UNSTUCK, FACE REALITY

### **Honestly assess your current business situation.**

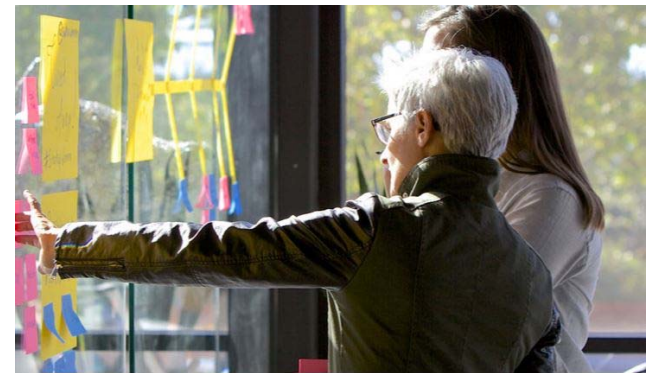
After Alan Mulally became CEO of Ford Motor Company, the company lost 17 billion dollars in the next quarter.

When he met with his managers to get a weekly update, going around the table each gave a positive and upbeat view, which made Mulally wonder what was going on.

Finally one manager, Mark Fields, threw up a red warning flag that had to do with a broken tail light on the Ford Edge that was going to cost Ford \$2.5 billion due to production delays.

Mulally applauded the manager for his forthrightness, which was the first step in helping to get the stuck company unstruck.

This created some oxygen in the room and Mulally then went on to talk about his vision of seeing a car as a phone, web, roadmap, or wearable on wheels.



**To powerfully create a new future, first spend the time to honestly assess the business situation.**

# The “what so” processes helps with both assessing the current business situation and creating a strategy to match.

Chances are, whether you are the CEO or an entrepreneur, you and your team could be in denial.

At my company, Masterful Coaching, we have something called the “What’s So” process which you may want to try.

It’s good for identifying hidden opportunities and underperforming activities that can be immediately acted on to increase profitable revenue.

**Seeing clearly the current reality creates the oxygen for people to start brainstorming powerful growth strategies that are a blend of game-changing opportunities and your unique strengths.**

## *THE WHAT’S SO PROCESS*

- 1. Financial facts about the business?*
- 2. Game-changing opportunities already opening to you?*
- 3. New business you can create by leveraging your unique strengths?*
- 4. Weaknesses you need to fix to optimize your core business?*
- 5. What’s missing that, if provided, could make a difference? \**

# 3 DECLARE AN IMPOSSIBLE FUTURE OR ENOBLING PURPOSE

**Who do you aspire to be as a company, who will it matter to, and why?**

I use the term “Impossible Future” to distinguish it from the typical mediocre vision statement you see on the wall of most companies.

My favorite example of an Impossible Future is Henry Ford who had an vision most of us don't know about: ***Opening the Highways for All Mankind.***

He immediately translated this Impossible Future into a game changer of a strategy in three parts:

- 1) Building the cars on the assembly line
- 2) Making only one kind of car to reduce complexity and cost
- 3) Raising the wages of the workers so they could afford to buy the cars



## Does your company have a higher purpose that drives high performance?

You may be a CEO or entrepreneur who is thinking, “Wow, Robert is using a pretty big monumental example, what does this have to do with me?”

What it has to do with you is that I want to inspire you to dream bigger, to reimagine, to disrupt the status quo (repetition has a purpose).

If you have trouble with the word “Impossible Future,” think about your company’s core purpose which is the basis of its strategy.

For example, John Mackey started Whole Foods Market with one store, based on the purpose of *Whole Foods, Whole People, and Whole Planet*. The store was very profitable with lots of people willing to pay higher prices for good food.

He met up with a friend one day who inspired him to “dream bigger” and to “reimagine” the conventional supermarket and national chain. The rest is history.



**John Mackey’s higher purpose of *Whole Foods, Whole People, and Whole Planet* drove amazing business growth.**

# 4 SEGMENT A HIGH GROWTH MARKET

**Focus on new customer groups and important jobs-to-be-done.**

As Jay Abraham says, every business has hidden opportunities and underutilized assets. I assert that right now you have hidden opportunities to segment a high growth market, even if you appear to be in an saturated, low growth industry.

To discover those opportunities, all you need to do is to change your vantage point and what you focus on when you look at the market.

**To segment a high growth market, shift your focus to:**

- A new customer group focus
- A job-to-be-done focus
- A next great thing focus



iWatch  
Time for a change.

## Three strategies for segmenting a high-growth market

**New customer group focus.** Fred Smith of Southwest Airlines segmented a high-growth market by making air travel accessible to a whole new population of consumers: retirees, salespeople, students who couldn't afford to fly. He made his budget airline profitable by only flying one plane, direct flights, and cost mania.

**Jobs-to-be-done-focus:** Fred Smith created a high growth market by bringing a jobs-to-be-done focus to package delivery: "Absolutely positively delivered to you in 24 hours or we pay the freight."

**Next great thing focus.** Steve Jobs created a new high growth market for the iPhone, with a snazzy design and a single high tech device that connect the dots between telephones, entertainment, and e-commerce.



*Diverse Groups: Geezers and boomers, entrepreneurs and CEOs, women and minorities, companies and consumers, techies and creatives, rich countries and poor countries*

# 5 CREATE A STRATEGY OF PREEMINENCE

## Come up with a breakthrough value proposition.

As a CEO or entrepreneur, you may now be starting to have a sense of who you aspire your company to be, who you want it to matter to.

The next step in creating a powerful growth strategy is making a powerful choice regarding the question: ***Why will it matter?***

Your ability to answer that question is predicated on coming up with a breakthrough value proposition that delivers exceptional value and that the competitors can't easily copy.

Let's take an example. Ingvar Kamprad's IKEA is an example of a company that made some very powerful choices about who they aspired to be, who they would matter to, and why.

IKEA's Purpose, as stated on their website: "The IKEA Concept builds upon the spirit, values, and intentions of our founder Ingvar Kamprad, and upon the IKEA vision "to create a better everyday life for many people."



**IKEA's Breakthrough Value Proposition:**  
***To create a better everyday life for many people.***

# What's your company's breakthrough value proposition?

The IKEA Concept includes the IKEA business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

The customer value proposition includes reasonably attractive furniture, which people are able to pick up today, rather than have to wait 8 to 16 weeks, furniture packed in flat boxes that you can put in your SUV, and easy assembly.

Let's get back to you. Think about how you could reimagine traditional customer value proposition in your own industry, redefining what's possible with some creativity and ingenuity.

**Then do this exercise Jay Abraham taught me long ago. Write down in a long sentence or short paragraph what your company's breakthrough value proposition is.**

I like to say that it takes seven iterations to get to brilliance, each iteration takes half as long and doubles the output of the previous iteration.





# 6 CREATE A DELIVERY MECHANISM TO MATCH

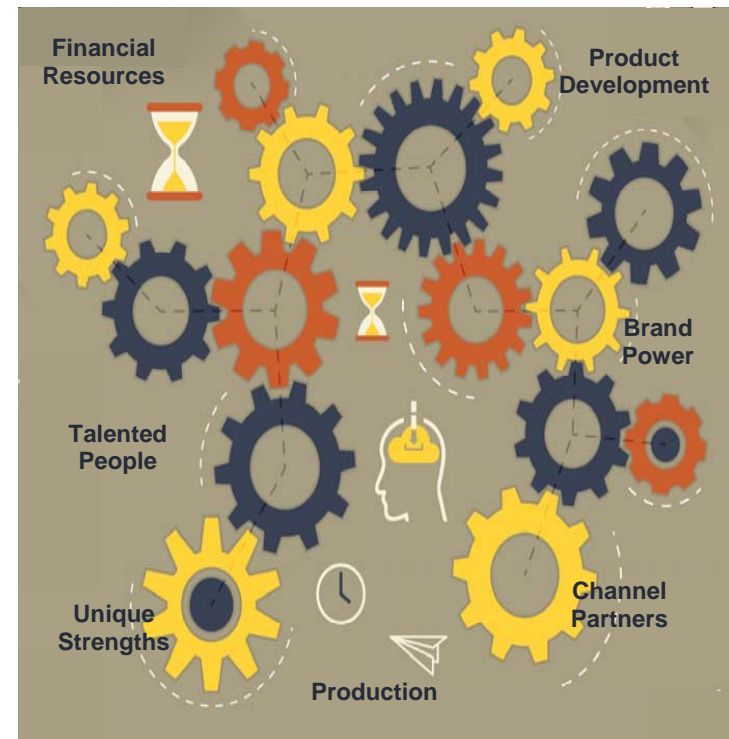
## Coming up with a breakthrough supply chain.

The best CEOs and entrepreneurs design both a distinctive strategy and a distinctive delivery system that is better than the competition. Think Walmart, Netflix, Amazon.

Designing your distinctive delivery system involves taking your compelling customer value proposition and looking at how you need to combine a business model, resources, external and internal processes to go to market and turn a profit.

Amazon's distinctive strategy is a great website that sells a wide selection of books online at cheaper prices, with faster delivery. It's distinctive delivery system is based on an innovative business model that includes increasing cash flow with low inventory and third party resellers.

Barnes & Noble lost the competitive battle for preeminence in the e-business sector due to a misjudgment that, given their "sunk costs" in brick and mortar stores, it wasn't worth the effort to change their business model.



**A powerful delivery mechanism is a unique combination of financial resources, talented people, brand, structures, core processes, partners.**

# Design your own distinctive delivery mechanism

Let's go back to the IKEA. The breakthrough value proposition was well designed Scandinavian furniture at affordable prices.

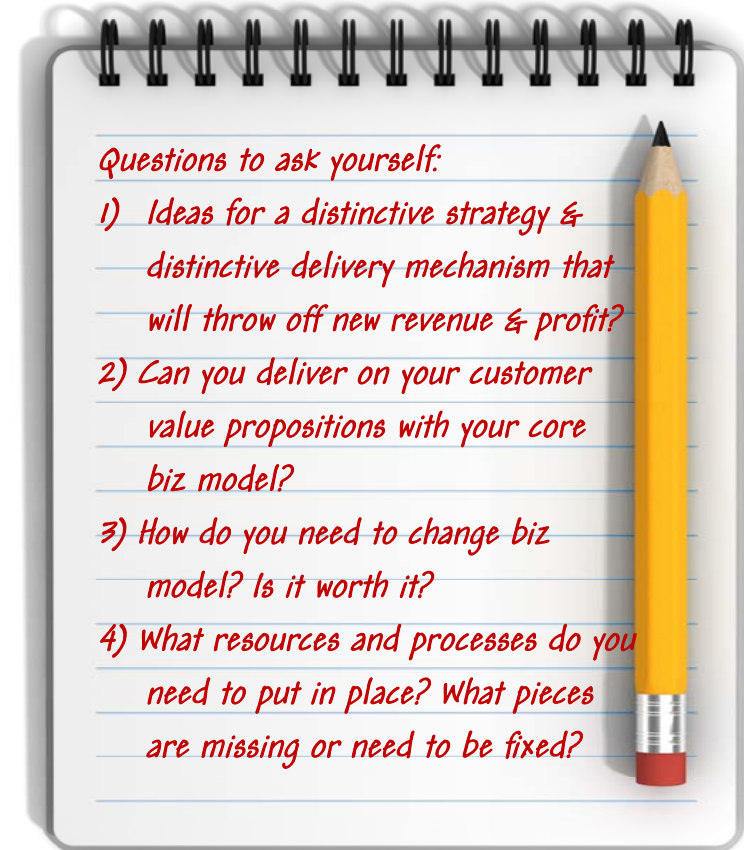
When IKEA started looking to make its furniture, like headboards and tables, it bypassed traditional furniture factories and started doing business with makers of doors, which were much cheaper.

Ratan Tata, of Tata Motors, decided at a press conference after seeing a family of four on a motor scooter involved in an accident that the price of his Tata Nano would be \$2500.

Still his engineers had to go back and figure out how to build the car for that price. They did it by stripping away almost one half of the parts of the car.



**Ratan Tata took a stand to make a car that sold for \$2500 - the Tata Nano!**



# 7 APPLY A PROFIT FORMULA

## Lay out how your company will make money.

Once you have an Impossible Future or core purpose, a distinctive strategy, and a distinctive delivery mechanism, the last step in creating a strategy of pre-eminence is to apply a profit formula that lays out how you are going to make money.

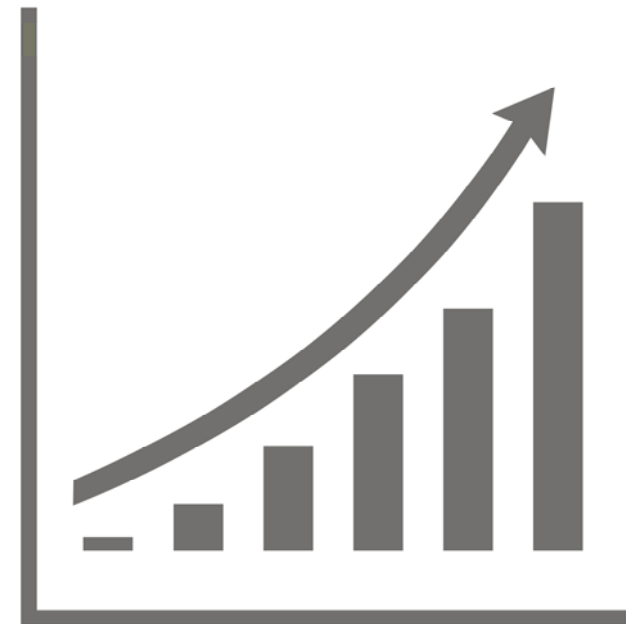
The basic question you need to ask yourself is: *Will there be enough customers willing to pay high enough prices per transaction for you to make a profit?*

Another important question: *What is the volume of those transactions in any given period?*

If you are the manager of a Tiffany & Co store, whose average purchase is \$500 with a average per square foot turnover of \$6000 a year, you don't have to make a lot of sales.

If, however, you are a Chipotle Mexican Grill, you need a very high volume of sales in order to make money, and if you don't get it, you will lose?

Customers



Sold at what price?

**Will there be enough customers willing to pay high enough prices per transaction for you to make a profit?**

# Paying attention to the financial signals (facts), helps you make decisions about when to intervene.

There are a few important pieces you need to pay attention to in order to make adjustments when business is bad.

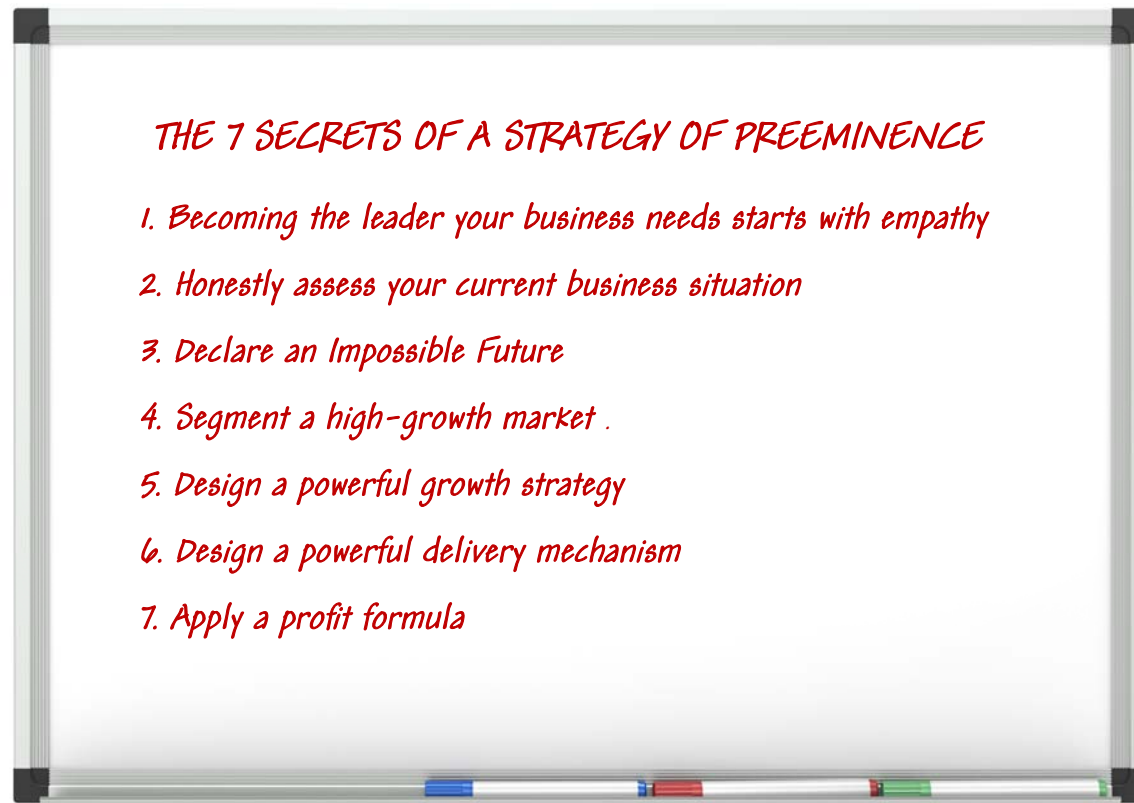
- 1) **Revenue Creation:** What can you do to make marketing or sales generate more revenue? (See Jay's Marketing Maven)
- 2) **Cost Control:** It's always better to think, talk, and act like your business has no money, than it is to act like it has a lot.
- 3) **Operations Issues:** A broken website or manufacturing line that has to shut down due to safety can cost you a lot of money.



Pay attention to revenue model, cost controls, operation issues

# Self Reflection on the 7 Secrets

Which secrets are you strong on? Which secrets represent a development need?



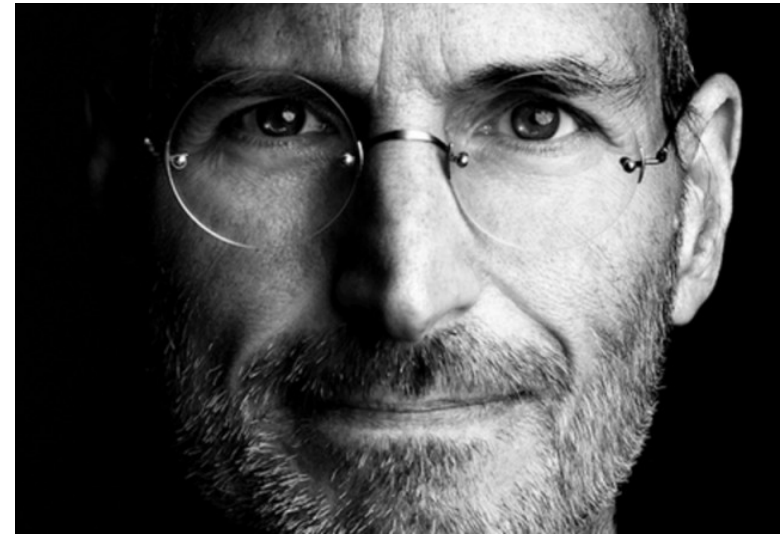
## A Closing Thought: Be a Monster of Execution

I have had the opportunity to work with some of the best CEOs and entrepreneurial-minded leaders in the world.

There is something about these leaders that stands out from the crowd: Once they create a strategy, they execute in a fiendish way.

**The best leaders seek to accomplish big things (not small things) and pursue them with a level of ATTENTION, INTENTION, and DRIVE that most people have never experienced in their lives.**

This is what leads to a track record of extraordinary accomplishment.



**The best leaders bring a very high level of attention, intention, and drive.**

# **SOME TOOLS YOU CAN DRAW FROM TO CREATE YOUR OWN STRATEGY SESSION**

## 5 Essentials for a Good Strategy Session

1. **Get the right stakeholders in the room** so decisions that need to get made, will get made.
2. **Steer the conversation with 7 Secrets.** Engage in in authentic dialogue vs. covering up hot or controversial issues. Which of the 7 Secrets are strengths, weaknesses, or blind spots?
3. **Don't focus on the grand strategy, focus on a customer with an important job to be done** in a specific context. e.g., Getting sleep on a plane to Europe, or finding a nice low cost hotel downtown.
4. **Create a winning value proposition and delivery system.** What customer value proposition will deliver exceptional value to the customer with a job to be done, at a reasonable price?
5. **Apply a business model.** How can we gain a competitive advantage through a innovative business model, delivery system, or way of going to market?

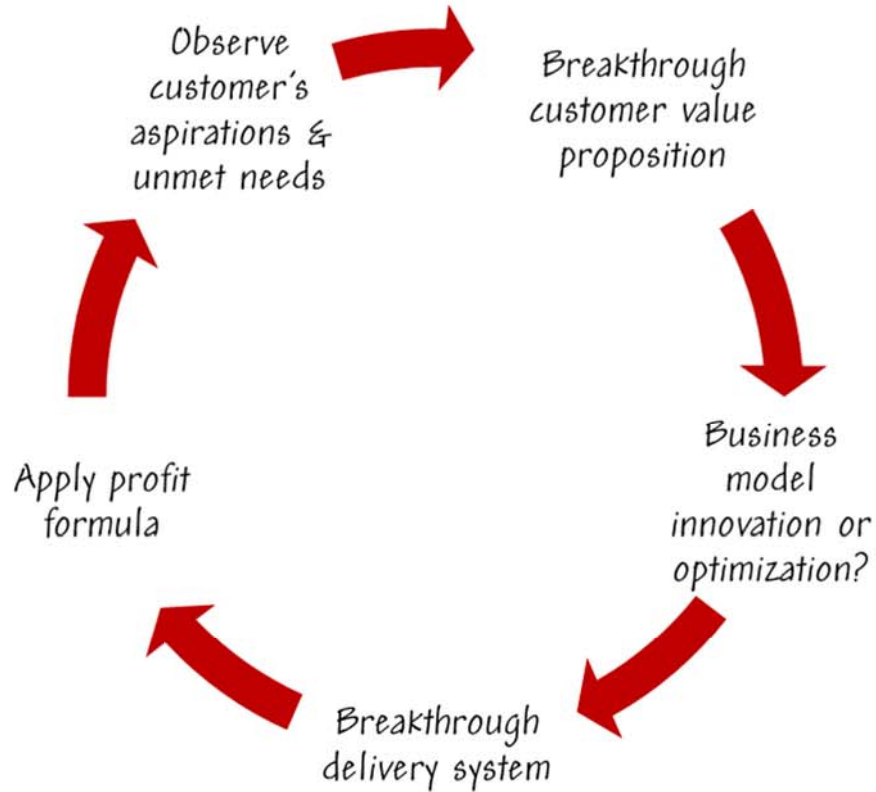
Lays out the formula for taking our CVP and combining resources and processes to build a product, go to market, and turn a profit.



**Going through this process will be enlightening and revealing.**



# The Pathway to a Growth Strategy



# For renewal and exponential growth, transform your strategy into an innovative business model.

This 4 step process involves design thinking, serious play, and rapid iteration of business model prototyping.

STEP 1	STEP 2	STEP 3	STEP 4
<p><b>Observe customer with an unmet need or job-to-be-done</b></p> <ul style="list-style-type: none"> <li>• Unmet needs</li> <li>• Unarticulated needs</li> <li>• Rising aspiration</li> <li>• Frustration or pain factors</li> </ul>	<p><b>Dream bigger, reimagine a new business model or apply generic one</b></p> <p>Customer value proposition, delivery mechanism, profit formula</p> <p><b>4 Generic Business Models</b></p> <ul style="list-style-type: none"> <li>• <b>Solution Shop:</b> Consultants, MinuteClinic, HomeDepot</li> <li>• <b>Mass Customization:</b> P&amp;G, Cars, Husqvarna</li> <li>• <b>Process Industries:</b> Oil companies, steel, chemicals</li> <li>• <b>Networks:</b> Amazon, Facebook, LinkedIn</li> </ul>	<p><b>Leverage technology to create a solution that disrupts status quo</b></p> <ol style="list-style-type: none"> <li>1) The Cloud</li> <li>2) Biotech</li> <li>3) Clean tech</li> <li>4) Web</li> <li>5) 4G technology</li> <li>6) Bionic limbs</li> <li>7) Agile robots</li> <li>8) 3D printing</li> <li>9) Agricultural drones</li> <li>10) Mobile collaboration</li> </ol>	<p><b>Get creative juices flowing</b></p> <ul style="list-style-type: none"> <li>• Use innovative business model analogies</li> <li>• Creative exercises around a high stakes challenge</li> <li>• Delivery mechanism</li> <li>• Profit formula</li> </ul>

# Jumpstart your creative juices - How does a business model for an existing business in another industry apply to yours?

<b>BUSINESS MODEL ANALOGIES</b>	
▶ <b>Alter the usual formula.</b>	Amazon sells online cheaper than brick and mortar stores, less inventory and less overhead.
▶ <b>Do more to address job.</b>	UPS looks beyond offerings to address other jobs customers want to get done (assembling computers).
▶ <b>Razor and blades.</b>	Gillette gives away razors for essentially no cost, but makes profits selling higher-margin blades.
▶ <b>Create user communities.</b>	Angie's List grants members access to a network of quality information on services or goods; generates revenue by membership fees and ads.
▶ <b>Develop unique partnerships.</b>	Minute Clinic enables CVS to make money in ways beyond clinic visit fees (gets customers into stores, exposes them to other CVS products).
▶ <b>Subscription.</b>	Netflix and Amazon Prime allow consumers to pay a subscription price to get access to products or services.
▶ <b>Bundle elements together.</b>	iPod and iTunes make purchasing simple and more complete by packaging related products together.
▶ <b>Dial down features.</b>	Motofone targets less-demanding consumers with products that may not be superior, but are adequate and perhaps more convenient and simple.
▶ <b>Freemium.</b>	LinkedIn, Skype, Pandora offer basic services for free, but charge for upgraded or premium services.

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