track by marketplace changes, is an ongoing challenge for leaders. Stubbornness is often borne from strategic investments companies have made in building assets and competencies to compete in a market and from the mental models that get formed from repeating market activities over time. When this happens, marketplace changes are simply missed or seem too difficult to act on. Drift arises from being overly reactive to competitor activities that challenge the company's business. The most important part of this balancing act is to remain resolutely focused on staying relevant to customers. This perspective ensures that companies will remain aware of the most important market changes and be unwilling to stand by outdated assets and competencies that do not serve the market any longer. There are many companies that had others "eat their lunch" because they would not eat it themselves, including Kodak, Blockbuster, Motorola, and Borders Books.

KEY LEARNINGS

- There are three main types of value that companies offer customers: (1) performance value, or having the best product or service offering, (2) price value, or having the lowest price over the life cycle of the product, and (3) relational value, or being able to offer customers a customized offering or solutions.
- To achieve customer value leadership, companies should strive to be exemplary for one type of the value proposition, and at parity, or at the level of performance that must be met for customers to judge the firm's offering as credible, for the other two types.
- Companies should not try to be all things to all customers and instead should focus on having a clear and specific value proposition.
- A company's business model, or how the firm creates and captures value from the target segment, should be aligned to meet the firm's desired value proposition.
- A company can create synergies by leveraging its assets for multiple uses and by aligning its business model elements.