

What Does Your Company Mean?

by Robert W. Bradford

Last week I had an interesting discussion with a director of Mary Kay, one of the most successful companies in the cosmetics industry. She wanted to know why it would be important for her sales reps to understand strategy.

Classically, we've just asked sales reps to sell, and nothing else. The ideal salesperson was someone who could sell ice to Eskimos, a kind of glorified snake-oil salesman in a plaid jacket. This approach has done one big thing for American business: it has taught us to expect lies and misdirection from salespeople. Long-term success cannot, however, depend upon this kind of "burn the bridges" mentality. With a "scorched earth" sales strategy, you can maximize your sales in the short run, but there will be no second sale. As the cost of sales has risen, the need for customer retention has made that second sale a mandatory prerequisite for profitability.

The best way to get at the second sale – or better yet, having a customer for life – is (and this is not rocket science) to sell the customer what the customer wants to buy. The rocket science comes in when you try to figure out exactly what it is the customer wants to buy. Strategy guru Peter Drucker said it best: "The customer rarely thinks he is buying what you think you are selling". In other words, you are all wrapped up in your company while your customer is all wrapped up in his life, and the amazing thing is that you manage to get any sales at all!

My response to the Mary Kay director was along those lines. I asked "When customers buy from you, what are they getting?", to which she replied "Makeup...no, wait, they are buying beauty." She was on the right track, but we took it a step farther. Beauty, of course, is in the eye of the beholder, so you can't really sell it (and you'd have a lot of returns if you tried). You can, however, sell certain aspects of cosmetic performance. Some people buy cosmetics that promise to make them look more professional. Others want to attract a mate. And teenagers want to look cool and trendy. Those are things Mary Kay can sell – but each has a very different meaning.

This meaning is the key to efficient sales. In the Mary Kay example, they developed a product line which targeted the high school and college crowd. In marketing this line – called "Velocity" – they emphasized the hipness of the cosmetics. This extended to the packaging, colors, fragrances, and selection of reps, as well as the marketing materials. Interestingly, Mary Kay management did not insist on emphasizing the Mary Kay name – because they knew that Mary Kay meant something unhip to their target market.

There are six key things to remember about meaning. First, useful meaning is found in the brains of your customers, not in your operation. Second, meaning is a valuable strategic tool only when it is distinctive. Third, for the distinctiveness to last, meaning must require serious commitment and focus. Fourth, meaning must be difficult to copy casually. Fifth, meaning must be driven into your sales, finances and operations so that it won't unravel. Sixth, meaning is difficult to create, and difficult to erase. Attributes of Valuable Meaning 1. In your customers' brains 2. Distinctive 3. Commitment 4. Difficult to copy 5. Fabric of your business 6. Hard to erase

Let's look at some examples for each of these to understand why they are important for organizations:

1. Meaning is in your customers' heads. I asked a friend in mortgage banking what his company meant. He answered, "My company means great customer service, before, during and after you get your mortgage." Now, this is a great answer, but let's look very closely at what is going on in the customer's head. When people go to get a mortgage, they are wondering a lot of things – "Will I be approved?", "Will it take a lot of time?", "Am I going to make a mistake that

costs me a lot of money?”. Notice that – while it relates directly to some of the most common questions - “Will I get good customer service?” is not likely to be one of those questions. Thus, “Great Customer Service” is a useful value if in the mind of the customer it links directly to one of his or her top concerns, such as “Will it take a lot of time?”. Otherwise, prospective customers are likely to react to your meaning by saying something like “OK, you have great customer service, but will it take a lot of my time?”.

2. Meaning must be distinctive. “Great Customer Service” is a great example here. We can all see that great customer service is valuable. For it to be a valuable meaning, it must set you apart from your competitors. Again, looking at what is happening in the brains of your customers, it is easier to do this credibly if one of two things is true: A) No one else makes the claim or B) You have some concrete evidence that you are the very best at what you are claiming. If these are not true, the claim will not become meaning. For example, think of car dealers who claim they have the lowest prices, or car manufacturers who claim to make a high quality product.

3. Meaning must be backed by serious commitment and focus. There is nothing more damaging to meaning than occasional lapses in performance – and these are bound to happen without serious commitment. For example, there is a very popular and successful “mom and pop” grocery store on a corner near my house. I’ve always found this intriguing, since there is a big, low price competitor just down the street – only three blocks away. The “mom and pop” store has a very loyal following because (unlike at the big competitor) there is never a line at the cash register. Does this require commitment? You bet – think about what it costs to staff a store so well that customers never wait in line. What is the payoff? Much higher profit margins, and a clientele that returns time and again regardless of the difference in price. Notice that any store could try to have this meaning – “You’ll Never Wait in Line” – but only a store that backs this up with commitment will be able to create success from it.

4. Meaning must be difficult to copy casually. Meaning cannot come from things that are easy. The best meanings come from focus and commitment that others will be unwilling to undertake. The meaning of the Mary Kay story to that company’s representatives is a huge motivator, and it’s the kind of thing that can only come from years of dedication to a concept that lies outside of the competition’s comfort zone. For example, a hotel chain I frequent set itself apart years ago by offering fresh-baked cookies to guests as they checked in. While that’s a nice distinction, it’s also a comfortable one, so now at least a couple of competing hotels have started doing the exact same thing. End of distinction.

5. Meaning must be part of the fabric of your organization. It must be driven into your sales, finances and operations so that it stays real even after the ad campaign is over and the buzzwords have moved on. This is why the dozens of wannabes who imitate the most successful innovators – from Mary Kay to Southwest Airlines – usually fail miserably. It’s not enough to copy the superficial aspects of the business model – you have to get the meaning, too. One of the least understood reasons for the often-hyped “first mover advantage” is that meaning creates its own momentum over time as it is woven into the very structure of an organization.

6. Meaning is difficult to create, and difficult to erase. To get ideas into customers’ heads, you have to do very expensive things with hard-to-measure outcomes, like advertising, PR, and customer service. Being first (like Yahoo!) will get you some mental real estate, too, but you usually only get to do that once, or maybe once per generation. What’s worse, changing meaning is a nearly impossible task. If you like Southwest Airlines because of their fun flight attendants, you are unlikely to change your beliefs about this without a good reason. Likewise, if you think of Mercedes-Benz as a luxury automobile brand, a low-priced economy car offering with that brand on it is likely to fail.

Now that we understand the importance of meaning, how can we use it to make your company more successful? First, you must find the meaning that works for you. Second, make sure you

target customers and segments that will reward you for having this meaning. Third, be deadly serious about your commitment to the meaning your company has. Fourth, take a close look at the relationships between meaning and your operations and finances. Fifth, create useful comparisons for your customers that demonstrate why you have the meaning and your competitors do not (and never will). Sixth, challenge your organization to define the next level of performance relating to your meaning.

1. Find the meaning that works for you. In the Simplified Strategic Planning process, we like to focus attention of strategic competencies. If you have a good strategic competency, this is a fine starting point. If you do not, you need to find meaning that fits two criteria: A) None of your competitors could (or would) claim it and B) You have strengths that would enable you to claim this meaning and back it up. As with strategic competencies, you should also pay close attention to the value of this meaning to your customers, and the size of the market that would prefer your company as a result of this meaning.

2. Target customers and segments that will reward you for having this meaning. This can be a tough task, especially if you have spent the last 20 years selling to a market that has stopped valuing your meaning. In extreme cases, this may mean your company must be much smaller than it is today to be successful. On the other hand, remember that customers will tend to lie to you about what they value – until they place an order. The truth we are looking for lies in those orders. Pay special attention to customers who have a real choice and decide to buy from you despite your competition. They are the most likely candidates, and, in the long run, their reasons for selecting you are the most likely to be the reasons why your company succeeds.

3. Be deadly serious about your commitment to the meaning your company has. The difference between sustained success and a flash in the pan here is commitment. Management gurus like to point at companies that are successful today and talk about their success as something that can be copied overnight (with the help of a management guru, of course). The reality behind all successful companies boils down to one of two things:

A) Luck or B) Sustained commitment to a vision with meaning. Until someone creates a reliable process for creating luck, we should focus our attention on commitment. In your own company, this means you must back up your commitment – sometimes unprofitably. Does this mean you should sometimes show customers how to get good results by spending less money with us? You bet. Remember, part of making money off of what we mean to our customers is a two-way street – they need to feel they can trust us to deliver on that meaning every time they come back to us.

4. Examine the relationships between meaning and your operations and finances. Operations and finances – the “non-market” realities of our businesses – have a funny way of defining meaning. For example, airlines pack their planes with people because the planes are incredibly expensive. Because of this, “You’ll be Comfortable” is a meaning you won’t encounter outside of first class on most airlines. As a result, a company like Midwest Express, whose aircraft fleet is configured for comfortable seating through the whole plane, can claim “You’ll be Comfortable” as a meaning with strategic benefit. A very important point here is that you must find unique ways to make your operations and (possibly) your financial structure to support the meaning your company has. This is why you will see the meaning of organizations like Disney and Southwest Airlines woven into every part of their operations. When such companies have tough times, it would be very appealing to management to unravel this fabric and destroy the meaning. Because the meaning exists in all parts of the organization – and not just sales and marketing – it is virtually impossible to cut costs this way without dismantling the whole company.

5. Create useful comparisons for your customers that demonstrate why you have the meaning and your competitors do not (and never will). Look at your competitors through your customers eyes – why do they not seek the meaning that you have for your customers? Are they unable to, or unwilling to? Those are great starting points for ad campaigns and sales

conversations. As an added bonus, your sales team can become much more efficient by steering customers who don't value your meaning away.

6. Challenge your organization to define the next level of performance relating to your meaning. If customers buy from you because your company means quality, what is the next level? Can you offer the first lifetime warranty in your industry? If your company means service, can you reach a 24-hour turnaround level on orders? How can you take what your customers love about you and turn it up a notch? How would you do it if money was no object? The process of pushing the envelope on performance can take your company to a place that is miles ahead of anyone who might be so foolish as to attempt to compete in your "space" – the space defined by your company's meaning.

I recently met the president of a company called University Living, which runs a local retirement community. Calling it a retirement community is technically correct, but the meaning of the company is quite different. The president said "We have a unique and active community because we firmly believe that your brain doesn't go just because you're old – you go only when you treat your brain like it's old". Now, I have worked with retirement communities before, so I asked what portion of his clientele was private pay. When he said "All of it", I was really impressed. I was led to believe that this was impossible – that you just have to have public money to make out in his industry. When I thought about it, I realized that he was doing exactly the right thing, because the reliance on Medicare has a profound effect on the operations, financing, and, in fact, the very meaning of organizations that provide living space for the elderly. University Living is able to efficiently provide an intellectually stimulating environment for their residents specifically because they are not hampered by the operational overhead imposed by public funding. This kind of organization is a great example of how you can mean something for your customers – and create a market you can dominate in the bargain. So what does your company mean?

Robert Bradford is the President and CEO of Center for Simplified Strategic Planning, Inc., a consulting firm with a strict focus on Strategic Planning services for the small to mid-sized company. Copyright, Center for Simplified Strategic Planning, Inc., Southport, CT, 2002. Reprinted with permission of The Center for Simplified Strategic Planning, Inc., <http://www.cssp.com>.