

INSPIRED AND ACTIONABLE IDEAS

THOUGHT LEADERSHIP

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The Shift

Become a visionary marketer who controls the quest for growth

A series of profound shifts have ushered in a new era in marketing, an era marked by Visionary Marketers who know that no one is better suited to help drive the growth agenda than the head of marketing.

Consider how three noted Visionary Marketers have become integral to their companies' growth agendas:

- Burger King's Russ Klein asserts, "Anything that's a growth factor is fair game for me to stick my nose into." Klein is responsible for product mix, pricing strategy, product development, market planning, supply chain, and mix management, on top of more traditional marketing responsibilities. He's considered the CEO's right-hand man, as reflected in his title—President, Global Marketing Strategy and Innovation.
- Stephen Quinn, Chief Marketing Officer (CMO) at Walmart, continues to shed light on how the world's largest retailer can grow organically. Using robust insights, Quinn has put focus on the segments that matter—those that are open to Walmart's proposition and can provide growth and healthy margins. "Even though most of America shops at Walmart, not all of America is Walmart's target," he says. Leveraging that understanding has helped Walmart's sales outpace its competitors.
- General Electric's marketing, led by Beth Comstock, co-owns growth and innovation because GE's CEO, Jeff Immelt, believes in the link between customer insights and growth. Immelt made marketing responsible for owning customer insights, and, in turn, a co-conspirator of the growth agenda for one of the world's most successful companies.

These Visionary Marketers are seizing the opportunity to become one of the core senior executives helping to drive their company's growth agenda and, in the process, signalling an opportunity for all marketers to shift their charge from supporting sales to one of direct line responsibility for successful and profitable growth.

From deeply understanding today's and tomorrow's customers' needs, wants, behaviours, and media consumption patterns, to translating these into new products, services, experiences, and relationships that customers want, Visionary Marketers are helping their organisations match these customer dynamics with internal capabilities for maximum external impact.

Five Shifts Towards Role as Visionary

The ability to move into roles of greater influence and impact as Visionary Marketers requires marketers to undertake five shifts:

- from *Creating Marketing Strategies* to *Driving Business Impact*;
- from *Controlling the Message* to *Galvanising Your Network*;

- from *Incremental Improvements* to *Pervasive Innovation*;
- from *Managing Marketing Investments* to *Inspiring Marketing Excellence*; and
- from an *Operational Focus* to a *Relentless Customer Focus*.

Of course, a shift is difficult to do, and it doesn't happen overnight. Those who have been successful have managed to get out of the traditional "marcomm" trap and have helped to seize the growth agenda, primarily by shifting Marketing's profile, as a function and as individuals, to one that's more strategic. Once the profile shifts and Marketing becomes a key strategic driver of the growth agenda, it becomes easier to be the strategic partner to the CEO and broader C-suite, and an undeniable asset to the organisation.

The new formula for success starts with a new imperative. Marketers must become deeper strategic thinkers and bring that capability to bear across more of the business landscape. Those who contribute strategically and use their skills, capabilities, and knowledge will accomplish both shifts.

Proof Points for Aspiring Visionary Marketers

The marketer who aspires to become the CEO's true partner in growth needs to bring together a balance of hard and soft skills. This is not unlike a chef at a five-star restaurant who must carefully blend ingredients to achieve outstanding results. The aspiring Visionary Marketer must:

- consistently exceed expectations for marketing excellence;
- build operating credibility with the CEO, CFO, and the rest of the C-suite;
- show capability and muscle in driving strategic discussions at the corporate level;
- consistently innovate across the enterprise; and
- lead by example, and inspire the organisation to deliver results based on world-class marketing and business strategies and plans.

Of course, the basic ingredient—exceeding your company's expectations for marketing excellence—is a prerequisite to earning the right for a more strategic profile. If you can't handle the responsibilities you already have, then why should the CEO think you're ready for more? That's the stark, realistic situation at the top: CEOs will bring the right marketer into the inner circle, but that marketer must be proven. By successfully executing a world-class marketing plan, intimately tied to the company's strategic

growth plan, and delivering quantifiable results, you will make a convincing argument that you as a marketer can play two roles simultaneously: that of a great strategic thinker and that of a great in-market executor.

Walmart's Stephen Quinn admits that early in his tenure as CMO, he did everything, big and small, with a purpose. If he needed to write the weekly circular, he had no issue with doing the task himself. Although he had aspirations for the role that went far beyond the circular, he also knew that he would be judged as much on executing in a manner that would delight the 1.5 million store associates and 140 million weekly shoppers as he would be on thinking strategically.

Some CMOs with a successful background as a strategist are accountable beyond delivering on their marketing communication goals. Steve Meyer, who has headed marketing at Dell Services and Trilogy Software, believes "there's no substitute for putting real points on the board—led by analytics focussed on true 'business impact' rather than just traditional brand metrics like advertising tracking and equity studies. You can earn a real seat at the table."

Shifting Through The Five Marketing Roles

Achieving such a shift requires taking the marketer's role from Tactician to Facilitator to Leader to Visionary. Each role has specific attributes, and each allows marketers to see, much like a great brand identity is earned over time, that they can follow an aspirational path, earning their way to the leadership position they know they should possess.

As Tactician, the marketer is responsible for succeeding at delivering on a set of tactics or programmes required to fulfil a strategic imperative. The Tactician, in effect, operates with a checklist or a to-do list of activities to achieve over a calendar year; value is often measured by the amount of "stuff" checked off. The Tactician tends to stay in the marketing box, playing the functional role well, but not viewed as an important or critical asset across the organisation. Lots of good stuff is accomplished, but nothing is viewed as very strategic.

The Facilitator incorporates all of the Tactician responsibilities while also beginning to help the organisation as a whole develop and leverage shared approaches to traditional marketing communications and sales. Marketing develops a common language around marketing and brand and develops approaches, tools, and methodologies. The Facilitator starts to lead discussions around best practices inside and outside the organisation. Although Facilitators are not usually viewed as very strategic, they are starting to play on a broader platform and building a voice within the organisation.

The Leader carries out all of the Tactician and Facilitator responsibilities and uses customer insights and knowledge, beginning to show marketing's customer-led strategic muscle throughout the organisation. The Leader is known as the guardian of the brand, the keeper of the customer, a savvy marketing ROI investor. The Leader lives up to this title primarily within the marketing function, while recognising the need to become more influential with other functions, such as human resources, finance, operations, and sales. Although it's not expected, the Leader looks to serve up strategic issues and opportunities, start dialogues across the organisation, and drive towards customer-insight-led opportunities (in the broadest sense of the word) that can move the whole organisation forward.

Shift the marketer's role
from Tactician to Facilitator
to Leader to Visionary.

The Visionary Marketer encompasses all of these other roles and also plays that central role in driving strategy—from eliciting imperatives to prioritising them and putting economic values around each. In addition, the Visionary Marketer proactively collaborates across all functions, consistently pushes the growth agenda, has deep-seated relationships with the CEO and the board, and is always commercially oriented.

Ultimate success comes from recognising the importance of achieving each aspect of each type of marketing role, as well as recognising that each role builds on successful achievement of the responsibilities housed in the previous one. You need to accumulate, and perhaps disperse or delegate, responsibilities within each role to others.

It's a new era for marketers, marked by massive shifts around them—as well as shifts they must themselves take charge of seeing through. In the end, how effectively they manage the process will totally change the skill sets, roles, and relevance of marketing to the organisation as Visionary Marketers become the rule, not the exception.

Scott Davis (sdavis@prophet.com) is a Senior Partner at Prophet. This article is based on aspects of his latest book, The Shift, published in June, 2009 by Jossey-Bass.

Before You Slash That Marketing Budget...

Tough times require even smarter and more informed decisions

With the continued tailspin in the economy, the pressure on marketing is mounting. In the absence of a better understanding of how marketing investment drives short-term and long-term business performance, marketing budgets are again being cut sharply and in a haphazard manner, to no one's benefit.

If anything, this current crisis once again brings the marketing accountability gap into sharp relief.

For decades, business leaders have wanted to understand the relationship between current marketing investments and the measurable business results that these investments help to drive now and in the future. But the marketing profession has repeatedly struggled to crack the code on this problem, for some good and some not so good reasons. CEO and CFO frustration levels are at an all-time high.

Just like I always counsel my 4-year-old, however, it probably makes sense to pause and take a couple of deep breaths before letting the frustration take over completely, resulting in a series of rash and ultimately regrettable decisions.

A variety of studies of past recessions have found that companies which maintained or increased marketing spending during tough economic times generally lost limited share to "value" competitors during the recession and then averaged significantly higher revenue growth for another 3 to 5 years after the recession ended.

These findings are intriguing and should make any veteran leader take pause. Before you indiscriminately trim your marketing budget, invest some time and resources to figure out what is working and what is not.

It doesn't have to be complex, but it does take commitment. Advances in customer information, data management, and marketing science techniques, along with continued innovation in marketing tactics, have put a highly accountable marketing capability within reach.

You just have to want it bad enough and have the discipline to see it through. The first and most important step is to figure out where you stand. Using existing data and analysis, how much do you and your team believe you understand about the financial performance of your marketing investments? What percentage of my investment has proven financial returns? What percentage of my investments can be proven to have a negative financial return? Can any of that poor performance get improved by better execution or better creative?

Marketing spending can get so calcified inside an organisation or hidden in so many nooks and crannies, that just using some straightforward analytic techniques can yield no-risk savings opportunities of 15 to 35 percent.

You must be willing to take on political fights to capture those savings, as well as begin to create a common language and understanding across the organisational silos of finance, sales, operations, and marketing.

Doing so gives you the flexibility to redeploy those "savings" into (1) attractive programmes with proven financial returns, (2) an "experimentation" budget to qualify new activities, or (3) permanent expense reductions that drop directly to the bottom line.

Then, you must champion a two-pronged agenda of analytics and thoughtful experimentation to close the most material knowledge gaps around your high potential, high-risk spending programmes. A variety of changes in the marketing landscape over the past decade should allow you to make meaningful headway against most of these questions in a quarter or two, although some questions may take longer to answer. It's also important to make sure that the insights derived from this agenda are systematically included in your strategy, planning, and creative processes.

Finally, make a concerted commitment to truly understand the levers which drive compelling marketing investment performance. Demand that your marketers clearly explain why proposed strategic and creative choices will deliver what the customer is expecting and can withstand a direct competitive assault. Have them explain and articulate a clear path to value between marketing intent and specific customer behaviours that can be financially modelled and forecasted through the P&L. Make them build the case that the recommended set of vehicles at the recommended investment levels can be executed efficiently and effectively over time. In this way everyone on the executive team will develop a sharper eye for marketing and can make better choices in terms of which kinds of capabilities and processes to invest in over time.

It is totally appropriate for the CEO to ask marketing to make cuts when times get tough. But when everyone commits to a marketing accountability agenda, the risks and potential consequences of those decisions are much better understood. It ultimately leads to better decision making for the company, its customers, and its shareholders. Who knows, maybe you will build a case for increasing your marketing investment and position your company for break-away growth in the years ahead.

It never hurts to think big.

Michael Dunn (mdunn@prophet.com) is Chairman and CEO of Prophet. This article from CNBC's "Bullish On Books" blog is based on his new book, The Marketing Accountability Imperative.

Silos Impede Great Marketing

Silos isolate people, ideas, and creativity. By making it a corporate-wide issue to address these silos, companies can become more successful. Innovation is the key these days, and when it comes to personal branding, you want to be in a creative environment where you can interact—network—with as many of your coworkers as possible. Networking within a company harvests productivity.

What are silos and why are they jeopardising companies' marketing efforts?

Silos are organisational units defined by product, countries, or functions. They can be monumentally inefficient—and worse—barriers to great marketing and brands. Most operate in isolation, if not in competition, with each other.

They foster inefficiency, inhibit synergy, fail to leverage skills and successes, lead to resource misallocation, diffuse competence in key marketing activities, and create brand confusion. In tough economic times, such inefficiencies and barriers can mean the difference between business success and disappointing marketing performance—or even survival.

What are some ways a CMO can break down silo walls to foster cooperation and synergy?

My research, involving over 40 CMOs, reported in my book, *Spanning Silos*, has several headlines:

First, the role of the CMO team in the absence of a crisis or change in business strategy may be a nonthreatening one, such as being a facilitator, consultant, or service provider. Such roles can avoid organisational stress and CMO flameout while still going a long way towards creating communication and cooperation processes and culture, and thus addressing many of the silo-driven issues.

Second, silos can and should be a vehicle to test and refine ideas. Perhaps more important, silos can be a source of ideas for breakthrough products or marketing campaigns that can be rolled out across the organisation. McDonald's "I'm lovin' it" came from Germany, and Pantene's "Hair So Healthy It Shines" came from Taiwan.

Third, one way to get buy-in from the organisation is to align the role of marketing with that of the CEO's priority agenda. Focus on growth objectives instead of brand extensions; efficiency and cost objectives instead of marketing synergy or scale; and building assets to support strategic initiatives instead of brand image campaigns.

Fourth, use cross-silo teams to create relationships and communication channels. To succeed, the team needs to have members with good group skills as well as the right expertise—leaders that can deal with multiple cultures—and clarity of mission.

What is the impact of globalisation on corporate marketing programmes?

They need to be concerned with coordinating programmes across countries and regions. Usually brands and programmes need to be adapted to local culture, but also there is potential for shared ideas and synergistic programmes if the "I am different" silo culture can be overcome.

In tough economic times, inefficiencies of silos can mean the difference between business success and market disappointment.

CMOs only last a few years on the job. Why is this? What stories have you heard from the more successful ones?

Actually, the number is 23 months—less than half that of a CEO. The basic reason is that silos have power and don't have to communicate and cooperate. They often believe that they know their products and markets well, and that anyone else inserting themselves would only waste time. They usually have no motivation to reduce the silo walls because they are evaluated solely on the silo performance.

How can an individual apply the concepts and ideas in your book to marketing his/her personal brand?

The major takeaway for an individual is a recognition that silos are a major organisational challenge, and that everyone has an opportunity to be part of the solution. There will be a big payoff to the person who can network, establish relationships, and communicate across silos. Even more so to the person who can initiate cross-silo programmes. Some organisations formally measure such things, but even those that don't will recognise the resulting success.

David A. Aaker (daaker@prophet.com) is Vice Chairman of Prophet. This excerpt is from an interview with Dan Schwabel on personalbrandingblog.wordpress.com.

Promoting the Intangible Aspects of Innovation

Businesses that find ways to continually foster innovation—despite the hard times—will come out ahead in the end

During these tough economic times, when it is tempting to cut resources, slow down product launches, and refocus only on the core, companies that continue their commitment to innovation are more likely to reap great rewards. And not only is innovation more critical in a down economy, it is also more valuable. Consider the innovation breakthroughs of previous recessions ranging from iPods to detergents as examples.

But how do organisations galvanise the necessary capabilities, motivation, philosophies, and behaviours which deliver innovation success? How do they get everybody involved in innovation and get them feeling passionate about it? In recessionary times, how do they deliver the breakthrough innovations achieved in previous downturns, including these landmark product events?

- Though Procter & Gamble's sales and earnings were decimated during the Depression, the consumer goods giant still launched the first radio soap opera nationally and its first synthetic detergent brand, Dreft.
- During the 1980–82 double-dip recession, Ted Turner founded CNN in 1980. MTV launched a year later, the same year that American Airlines launched its miles-based loyalty programme.
- Just 42 days after the infamous 9/11/01, Apple launched the first iPod, which transformed the music landscape and became the model for successful business innovation.

So what explains this track record? Smarter, more focussed innovation. The issue is not whether we should innovate in a recession, but how we can do it most effectively.

Prophet recently conducted a Best Practices Study titled "The Making of World-Class Innovators" which incorporated input from over 150 senior executives at major corporations identified as having a clear commitment to innovation as a means of driving organic business growth.

On the topic of how to get the innovation machine purring internally, certain factors stood out:

Firstly, successful innovation starts from the top, often with the CEO personally serving as a catalyst and a role model which sets the standard.

For example, Procter & Gamble CEO A.G. Lafley has become something of an innovation legend for the way he sets the pace. He has been known to do his own ethnographic research with

customers to see firsthand how they use P&G products and to gain insights for inventive new offerings.

Secondly, we found that 92 per cent of successful innovators view innovation as a team endeavour fostered by encouraging risk-taking, allowing time to pursue the development of new ideas, and establishing thorough training programmes in best practices.

For example, Best Buy benefits from a number of internal idea-sharing networks, all connected through an intranet-based marketplace established to capture the wisdom of crowds. Employees can post, comment on, or support ideas with winning ideas getting seed funding.

Thirdly, successful innovators don't limit themselves to internal sources, and recognise that a rich vein can be tapped into outside the business. Three-quarters of innovators in our study actively involve their vendors and suppliers in the quest for the next new thing.

For example, Boeing cast the widest possible net to capture the thinking of Wal-Mart and Disney for its new 787, the Dreamliner. It has gone to Wal-Mart for its innovations around inventory tracking systems for their implications for baggage handling, an area of critical customer concern. And for better service on board, it has gone to Disney to learn how its customer-service advances can be applied.

Fourthly, successful innovators understand the power of incentives, and not merely the financial ones. Whirlpool, for one, ties one-third of senior managers' pay directly to what comes out of the innovation pipeline, but more broadly finds peer recognition a more powerful motivator than money.

Finally, successful innovators have the mindset and courage it takes to see the course through. They understand the need for continuous improvement and embrace change. In fact, these are smart risk-takers who understand that the risk with the greatest downside lies in standing still.

Vanessa Cohen (vcohen@prophet.com) is a Partner at Prophet. This article originally appeared in AdAge.

Economy Spells Opportunity

Use the economic downturn as an opportunity to evaluate your brand portfolio

The year 2008 will be remembered as one of the worst in history from an economic perspective. Declining home values, the S&P plummeting close to 40 percent, and poor corporate results all marked the second half of 2008. The good news is that 2008 is over. The bad news is that 2009 doesn't look as though it will offer the relief that we are hoping for.

Companies that are successful over the long term are those that use this turbulence to rethink and optimise their businesses and portfolios in preparation for the recovery that's sure to come. They will take a hard look at their assets and make tough decisions to maximise return on investments. Brands are no exception and should be reevaluated on an ongoing basis.

Our experience with Fortune 500 companies has shown that most companies have more brands than they need to effectively serve their target customers. This is typically a result of acquisition strategies, ingrained management beliefs, lazy marketing, and organisational silos that prevent the development of a comprehensive view of the business. Too many brands in a portfolio results in assets that are underleveraged and under-resourced, leaving companies vulnerable to more focussed competition.

The solution is to identify and prioritise the most powerful brands in the portfolio, explore and select the optimal orientation for the portfolio, and assign the roles and resources required for each brand to meet its objectives.

Unfortunately, many companies think of their offerings as brands when, in fact, it is often the case that they are just offerings, which we define as those that have a minimum level of connection with customers, such as limited awareness and loyalty. Brands, in contrast, are those that have and promote an emotional connection with customers and that build a set of associations and expectations around its offerings. The key is to focus resources on the brands that have a true connection with target segments. Examples of brands that have effectively leveraged their relationships with customers to expand their offerings include Iams (pet insurance) and Tide (To Go stain removal pen).

Two lenses should be applied to begin prioritising the future brand portfolio: strategic intent and financial performance.

Strategic intent usually offers the greatest insights about the future of a brand. This lens allows you to identify which brands have a clear, strategic role in the portfolio today, or importantly, could have one in the future. Key questions include: Which brands

have a clear target segment and associated value proposition? Which brands have the potential to extend into other categories or markets? Which brands play a key and well-defined offensive or defensive role?

Then identify those brands that are important contributors to financial performance and/or have exhibited strong growth. Revenue figures typically tell the story and guide the prioritisation of brands from a financial perspective. For example, in a recent engagement with a leading FMCG company, we found that close to 70 percent of the company's revenues were driven by 25 percent of the brands in the portfolio. While EBITDA figures shed additional light on brand performance, they also provide direction and serve as input to inform key financial roles of secondary brands within the portfolio.

Successful companies take a hard look at their assets and make tough decisions to maximise the return on investments. Brands are no exception.

Applying both lenses guides identification of those brands that should be prioritised in the portfolio (strong financial performance and clear strategic intent); those that should be rationalised (weak financial performance and lack of strategic intent); and others that still require further analysis.

While identifying the strong and weak brands is relatively straightforward, the real opportunity is to determine what to do with grey assets, those that have strong financial performance and weak strategic intent, or vice-versa. The best way to understand their potential is to look at them as part of the overall portfolio, rather than as individual assets. Often, the interdependencies with other brands and the resources allocated to them or their category can explain their current performance and/or delineate their potential role in the portfolio.

Once the most relevant brands have been identified, the next step is to create a set of brand portfolio solutions that respond to the needs of target customers in the market. How are brands aligned

with customer segments? Are there customer segments that are being underserved? Are there brands that are overlapping in terms of what they offer to customers? Are there strong brands that could expand cross-category or regionally to drive growth? Just recently, for example, Toyota announced the development of a fourth brand in its portfolio to expand into the ultra-affordable car segment in developing economies.

In a recent client engagement, we used quantitative research, such as customer segmentation and brand equity analysis, to create three alternative portfolios: one based on very few, large megabrands spanning across categories, another based on a few strong category-specific brands, and one that just trimmed down the number of brands in the portfolio.

What serves as the silver bullet in identifying the winning portfolio strategy is an estimate of commercial impact. While the ultimate metric is usually sales and/or profitability, we have found that customer preference, purchase intent, and ability to attract new customers or increase loyalty are among the metrics that can be used during research to determine brand potential.

When you evaluate your brands and “offerings” as a portfolio, you may identify the need to divest brands to meet your strategic and financial objectives. Most recently, for example, Procter and Gamble sold its Folgers business to J.M. Smucker for \$3.3 billion. P&G chairman and CEO A.G. Lafley explained the move: “Strategically, P&G has exited certain categories in order to focus on our core businesses and enhance the growth profile of the portfolio.”

Once the portfolio solution has been defined, a portfolio roadmap must be established to clearly outline the roles and priorities of

each brand during the transition. Which brands will be invested in? Which brands will fund the growth during the implementation? What impact does this change have on the organisation, both internally and externally? How will marketing investments be realigned to support the strategy?

Customer preference,
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to determine brand potential.

Answering these questions as part of a brand portfolio journey should not be taken lightly. To be successful, a team with representation of all major geographies, product categories, brands, and customer segments needs to be assembled to have a comprehensive view of the business. The effort should be led by an empowered CMO with the influence in the organisation to drive to the tough decisions, as well as generate buy-in of the resulting brand portfolio strategy.

There’s no argument that the current economic climate is extremely challenging. But as U.S. President Obama’s Chief of Staff Rahm Emmanuel puts it: “You never let a serious crisis go to waste...it’s an opportunity to do things that you could not do before.”

Larry Lucas (lucas@prophet.com) is an Associate Partner, and Jorge Aguilar (jaguilar@prophet.com) is an Engagement Manager at Prophet.

Get (and Keep) Great People

The Employee Value Proposition is a potential recipe for attracting—and keeping—the best possible people to deliver the customer strategies your organisation needs in tough times

Of all the difficulties currently facing businesses in the UK, one that might not be immediately apparent is employee recruitment and retention. Surely, economic uncertainty makes it less likely that staff will walk out? The answer, however, is not so straightforward. In fact, as companies look to adjust to the new climate, the likelihood of your best people being attracted away does not decline.

Demand for the most productive people actually grows in these circumstances, and businesses that do not persuade employees or potential recruits that they offer both excellent financial rewards and a great working environment struggle to keep up. This, in turn, impacts on the customers' experience of the brand, service, or product and can exacerbate decline.

The Employee Value Proposition

To counter this potential danger to the survival of a business, we help clients to develop and implement an Employee Value Proposition (EVP). An EVP is a promise or pledge to employees which communicates the values and aspirations of the company as well as the benefits for employees. It sets out what the company stands for, what it offers its staff, and what it expects from them in return.

The development of an EVP must include input from different key functions of the business, including marketing, human resources, and corporate communications to ensure it fits in with the objectives and culture of the organisation and is coherent and complementary to external articulations of the brand.

Cross functional co-operation in the development of an EVP is also important to avoid a common mistake made by many companies—making claims to both current and potential employees that do not reflect the real experience of working for the company. Two of the most common claims that companies make focus on diversity and innovation. Yet, more often than not, a quick visit to the company website reveals a top management team that is largely homogeneous and a product pipeline that is less than inspiring.

To attract the best people companies do not just need a good EVP they also need to be able to prove it.

Developing an Employee Value Proposition

Prophet has developed a proven process that not only creates an EVP but also helps companies achieve the aspirations it sets out, delivering real benefits in terms of employee recruitment and

retention as well as the broader reputation of the business.

The process of developing the EVP is based on four pillars. A good starting point is always to look at what other companies are doing. To stand out, a company needs to create an EVP that is unique, and discovering the “white space” is critical. This research does not focus solely on companies in the same sector, but also those in other sectors that are attracting the kind of people you would like to be working for you. An additional and equally important aspect of this phase is to examine the qualities of other successful brands, and whether these qualities need to be incorporated into your own culture as an ante for consideration—for example, providing the opportunity to develop both personally and professionally through high levels of responsibility.

Successful development
of an Employee Value
Proposition can position
a business to survive any
economic downturn and to
prepare for future growth.

Secondly, you need to analyse the elements that are already part of your brand which can be used to successfully recruit and retain employees. An examination of the choice drivers that help to shape people's decisions about where they want to work and a comparison with your existing equities needs to be supported by the third pillar of the process, namely a detailed survey of the opinions of employees and potential employees.

This third pillar helps to identify what these people really think. Why have people applied for a job in your company? Why did they refuse or accept an offer? What do your current employees think? Why have some employees been with you for years, and what keeps them here? Detailed research into where a company stands at the moment provides the insights needed to move forward.

Finally, a company needs to look at what can realistically be delivered. What will actually work for the business and support overarching brand goals?

This research and analysis process then leads to the development of several possible EVPs. For Prophet, the development of an

EVP combines art and science. We use the insights derived from the research to develop a strategy, and then use intuition and creativity to develop a range of unique solutions. There may be a set list of ingredients that needs to go into making an effective EVP—such as working culture, development opportunities, and impact on the local community—but how these are mixed together can produce very different results, some of which may not fit well with the objectives and culture of the company.

A company that clearly transmits its values and aspirations to its employees enhances its wider reputation as the EVP is translated into ways in which employees interact with customers. It creates a virtuous circle.

To find the best option, all the possible EVP solutions need to be put through a filter process. This asks whether it is really relevant to employees and potential recruits, whether it is really different or unique, whether it really fits with the business strategy, and whether it is really credible. The latter filter often needs to include a time frame within which a company sets out an ambition to achieve its EVP. This is based on a clear understanding of the gap that exists between the current position and where the company wants to be.

Implementing the Employee Value Proposition

The development of an EVP is simply the first step. It's the blueprint. The implementation process can be equally, if not more, arduous. First, companies need to ensure that all their relevant touch points tie in with the EVP—employees and potential applicants interact with companies on many different levels. This can be through the Internet, company literature, and personal experience of the brand and its products or services. Do these touch points encourage the right potential employees to apply for vacancies, and do they all line up with the EVP you have developed?

Secondly, a major effort is needed to bring current employees

on board, to make them understand and engage with the EVP and how it will benefit them. In particular, managers need to be trained to live the brand in order to transmit it to employees and to candidates during the interview process.

This is a crucial step because it is current employees who transmit the EVP externally and help build the reputation of the company with clients and customers, and attract the right kind of person to apply for a vacancy. The process of implementing an EVP must also include the measurement of progress with the two main criteria: changes in the rate of staff retention and the quality of applicants. Having the right metrics and an effective monitoring and reporting system ensures progress is on track.

Benefits of an Employee Value Proposition

The successful development of an Employee Value Proposition means companies retain and attract the best people. These are individuals who fit in with the values of the company and share its aspirations. This puts businesses in a strong position to survive any economic downturn and to prepare for future growth. It also creates a virtuous circle. A company that clearly transmits its values and aspirations to its employees enhances its wider reputation as the EVP is translated into the ways in which employees interact with customers. This helps recruitment; you have people who live the brand and the culture. Higher staff retention also means cost savings. Organisations that develop an EVP which clearly sets out benefits in terms of personal development and working environment can, in fact, often avoid competing on salaries with their peers. People are not only motivated by money, and an effective EVP not only means a better reputation and more loyal customers but also reduced costs.

Roland Bernhard (rbernhard@prophet.com) is a Partner at Prophet.

How to Cope with Ageing Brands

The story of brands getting old is a story of relevance

Individual brands, or even whole categories, that were once important for a particular consumer segment, become irrelevant as society evolves and tastes change.

In the past, one of the most common situations in which “brands aged badly” revolved around strong associations with national pride. Many brands, such as US automakers Ford and GM, once successfully owned this space. Over time, however, the kind of brand attributes that they were associated with lost their importance as purchase drivers. This was due to a diverse set of realities. More relevant attributes emerged, such as the rise of the Japanese manufacturer Toyota’s reputation for quality in the US, the lack of relevance in national pride to new generations of consumers, and even the emergence of a “global” mindset in which consumers were willing to try new things from other markets.

The rise of new generations of consumers—with new ideas and evolving needs and wants—meant that although these legacy national pride-associated brands retained their distinguishing characteristics from their competitors, their attributes were no longer relevant.

This situation has been faced by a lot of European brands in categories such as retail, air travel, telecommunications, and many others in which strong brands differentiated themselves by emphasising their origin and roots: brands like France Telecom, British Airways, or Marks & Spencer.

A current example of this situation is observed at Waitrose, the upscale UK grocery retailer. With the credit crunch, mainstream consumer segments are moving away from premium price products as they recognise that acceptable quality exists elsewhere. The ethical and “British grown” part of the equity of Waitrose is not relevant enough to consumers, who are switching to cheaper and even to “foreign” brands such as the European hard discount retailers Aldi and Lidl that are performing quite strongly in the UK market.

Brands such as Waitrose now face a tough question: Should I completely lose my current brand equity association so I can become relevant to new consumers?

The answer to this question is usually *no*. Brands need to evolve their legacy to make sure the things that differentiate them from their competitors are complemented by more relevant purchase drivers. They need to upgrade the different touch points of the business, create new product brands, eliminate others, and launch new product lines.

Recent corporate history is littered with examples of brands

needing to adjust their brand image to cope with new scenarios and a new generation of consumers.

When telecommunications companies evolved from public-sector businesses to multi-service providers, first expanding into mobile telephony, they created new brands. These were not completely independent from the traditional fixed line operator branding, but incorporated new attributes that were relevant to this new line of business. Again, the beneficial aspects of the legacy of the aging brand which provided scale, reliability, and trust were complemented by the personality of the new mobile brand. This meant that old, fixed telephony brands were able to compete with strong, young attacker brands.

Should a brand completely lose its current brand equity association to become relevant to new consumers? The answer is usually *no*.

One of the most successful examples of this was the launch and consolidation of Telefónica’s Movistar brand in Spain and Latin America. The Telefónica brand had a strong trust in its core Spain and Latin American markets, and it leveraged on its equity as the big, traditional, and Spanish national incumbent. The Spanish side of this equation lost relevance in Spain and even became negative in Latin America, where the company wanted to move away from a perception of “here comes Spanish colonialism again.”

Also, the emergence of mobile communications required it to have a more emotional relationship with consumers. In this context, Telefónica evolved its legacy brand to dial up the aspects of its equity that were relevant to residential and corporate consumers, such as quality, innovation, and any other magnitude related attributes that would build trust.

Also, its Spanish roots were shifted into emphasising its corporate spirit of progress essence, which highlighted the positive impact that the company had in developing the economy in emerging markets. In parallel, it developed the younger Movistar brand. This brand would be supported by the equity of Telefónica but would allow communication with consumers in a language that was more relevant in the mobile business.

But the problem of aging brands is not limited to those with a patriotic tradition, as can be seen from the example of Burger King.

Burger King was an “old” brand that consistently underperformed its category. The essence of its message was “we make better burgers; have them your way,” and this became irrelevant to its consumer base worldwide, who felt much closer to the more emotional approach to the fast food consumption experience that McDonald’s was communicating.

It took Burger King time and multiple changes to its ownership structure, advertising campaigns, management teams, and go-to-market strategies before it finally understood that its brand had become irrelevant to males 18–35 years old. After it recognised this and took appropriate action, the fast food giant never looked back. It reshaped its brand, tapping into its roots and embracing innovation across the four Ps—Product, Price, Promotion, and Place.

Burger King’s brand evolved its “better quality burger” approach into a rule-breaking, politically incorrect positioning in which it almost tells the consumer, “Yes, we know it is fast food, we know it is red meat, but this is what you like—you like our big and greasy burgers, and nobody needs to tell you what is and isn’t good for you.” Coupled with bold advertising and innovative social media campaigns, this put Burger King back on the map with more than 13 straight quarters of sales growth.

In the UK, we have recently observed how complete product lines at aging brands have died and then reinvented themselves. This situation is quite different from the previous scenarios outlined above because it assumes that the equity that existed needs to be completely wiped out before a brand is able to become relevant to a different segment of consumers. This is probably the reasoning behind the radical branding shift visible at the retail chain from Virgin Megastores to Zavvi.

Management of the CD-retailer-turned-video-game-shop thought that its strong legacy brand, Virgin, was not appropriate for the new directions they wanted for the business. This is quite interesting as it implies that the irreverent/Richard Branson part of the equity of Virgin—that has worked so well in expanding the brand into new territories—was no longer relevant for the new consumer segment that the chain wanted to target. In this context, they completely wiped out all the brand equity and develop a new brand and a new mark.

Not all cases are necessarily so dramatic. Sometimes brands just need innovation-driven tactical solutions to rejuvenate themselves and become relevant. For example, the alcohol industry noticed that consumers loved to drink from martini glasses, so you had Sex and the City’s cosmopolitan, bringing vodka and triple sec back on to the scene; or how about putting some Baileys on your coffee?

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From these examples, we can see the different directions that companies with aging brands can take.

Telefónica kept its stronger functional attributes and developed a new brand that benefits from it but that can talk to consumers in a more relevant language; Burger King made its brand edgier around its core quality attributes and invested across the four Ps to reshape its image; and Zavvi became a completely different brand with little leverage on its legacy brand (Virgin).

To make these decisions, these companies needed to understand the purchase drivers of their consumers and which parts of their legacy brands, if any, were still relevant and differentiated them from rivals.

Brands aging—badly—is a reality in multiple industries. Once the company acknowledges the need for change, which is often difficult given their legacy and strong brand equity, the most important decision is to decide which part of the old equity, if any, can evolve—or whether a completely new brand is needed. With the right decisions on these points, most brands can live long and healthy lives.

Joseph Gelman (jgelman@prophet.com) is a Partner at Prophet. This article originally appeared on the website of the World Advertising Research Center (www.warc.com).

Our Work

We help our clients win
by delivering inspired and
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Prophet is a strategic brand and marketing consultancy with offices in Chicago, Hamburg, London, Madrid, New York, Richmond, San Francisco, and Zurich.

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BRAND

Your brand is as critical an asset as your people and equipment. Prophet helps ensure you're realising its full potential by identifying opportunities to extend its reach into new markets and segments, determining how it impacts customer behaviour in a given category, devising ways to revitalise tired brands, helping ascertain the value of your brands, and more.

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Today's demands for marketing accountability require strategies and programmes that appeal to customers and create material business impact. Offers that are better targeted to your most profitable customers. Evaluation of the most effective channels to reach particular market segments. A sharpened understanding of the investment trade-offs in marketing channels and mix to improve short- and long-term business results. Organisational capabilities built to measure and improve decision-making around marketing accountability. We bring an emphasis on in-market experimentation that will help you become more forward-looking, accountable, and make a strong business case for your marketing efforts over time.

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Great strategy translated into great experience is incredibly powerful. Making it happen is the challenge: The best strategy won't capture customers' hearts and minds if not implemented well. Prophet's strategy-led design practice creates communications and brand experiences that make customers think, feel, and behave differently. Our team collaborates with you to develop ideas that engage all the senses to enhance the brand experience—ultimately helping to grow and transform your business.

INNOVATION

Prophet helps you create and capitalise on the kind of culture that engenders innovation—and contributes to sustainable business growth. We're poised to get you there with a broad range of services, from the identification of new platforms for growth, to enhancing your internal capabilities, to developing strategies to establish innovation networks both inside and outside your organisation. We ensure your best ideas—no matter how big or small—make it to market.

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Our Management Team



DAVID AAKER, Vice-Chairman

David is one of the world's most respected thought leaders on the subject of brand and consults exclusively for Prophet's clients. David is creator of the Aaker Model™ and has published more than 100 articles and 14 books, including *Managing Brand Equity*, *Developing Business Strategies*, *Brand Leadership*, *Brand Portfolio Strategy*, and *Spanning Silos*.



MICHAEL DUNN, Chairman and CEO

Michael has helped orchestrate tremendous growth over the past several years, including the opening of the London, Madrid, and Zurich offices. Michael oversees development of the firm's people, practices, and thought leadership and also serves as a strategic advisor on client engagements. He is co-author of *Building the Brand-Driven Business*, author of *The Marketing Accountability Imperative*, and has written white papers, articles, and case studies on a variety of marketing and brand related subjects.



ROLAND BERNHARD, Partner

Roland is a Partner in Prophet's Zurich office and has nearly 20 years of international experience in business, marketing, and brand strategy. He has worked with clients to perform extensive market and consumer insights analysis, develop innovative brand and marketing strategies, and drive organisational change. He has worked across a variety of industries, with companies such as UBS, Sara Lee, Red Bull GmbH, and Coca-Cola.



VANESSA COHEN, Partner

Vanessa is a Partner in Prophet's London office and brings more than 20 years of experience in marketing and brand strategy. She specialises in helping companies identify opportunities for growth through branding, strategic marketing, customer experience, and customer insight initiatives. Vanessa has worked with global companies in financial services, retail, energy, utilities, luxury goods, telecoms, and travel/leisure industries, as well as the government sector.



JOSEPH GELMAN, Partner

Joseph heads Prophet's Madrid office, and has worked with leading clients in Spain, UAE, Kenya, Switzerland, and Denmark. Joseph has worked with iconic FMCG brands (alcohol and tobacco) and has conducted projects in industrial products (green branding), telecommunications, education, hospitality, and financial services. He also helped one of the biggest real estate companies in the world in taking its brand to 17 markets.



GREG HANDRICK, Associate Partner

Greg is an Associate Partner in Prophet's London office. With over 15 years of experience in the field, Greg brings a pragmatic, well rounded approach to brand and marketing strategy from the consulting, agency, and client side. He has led a range of projects in a variety of industries, including insurance, media, and travel and leisure.

CHICAGO

180 N. Stetson Avenue
Suite 4600
Chicago, IL 60601
United States
+1 312 879 1930

LONDON

55 Drury Lane
London WC2B 5SQ
United Kingdom
+44 20 7836 5885

NEW YORK

160 Fifth Avenue
Fifth Floor
New York, NY 10010
United States
+1 212 244 1116

SAN FRANCISCO

150 Spear Street
Suite 1500
San Francisco, CA 94105
United States
+1 415 677 0909

www.prophet.com

HAMBURG

Poststrasse 33
20354 Hamburg
Germany
+49 40 350 85 948

MADRID

C/Caléndula
93 Edificio E – Miniparc III
28109 Alcobendas, Madrid
Spain
+34 91 8388540

RICHMOND

1801 East Cary Street
Suite 300
Richmond, VA 23223
United States
+1 804 644 2200

ZURICH

Bahnhofstrasse 52
8001 Zürich
Switzerland
+41 44 214 64 63

