

2013 Kellogg Marketing Leadership Summit
Leading the Customer-Centered Organization

Resurgence

The Four Stages of Market-Focused
Reinvention

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Alberto Culver

**Media
Company**

General Benefits Corp.



**Wisconsin
Industrial, Inc.**



Threats



New Competitors

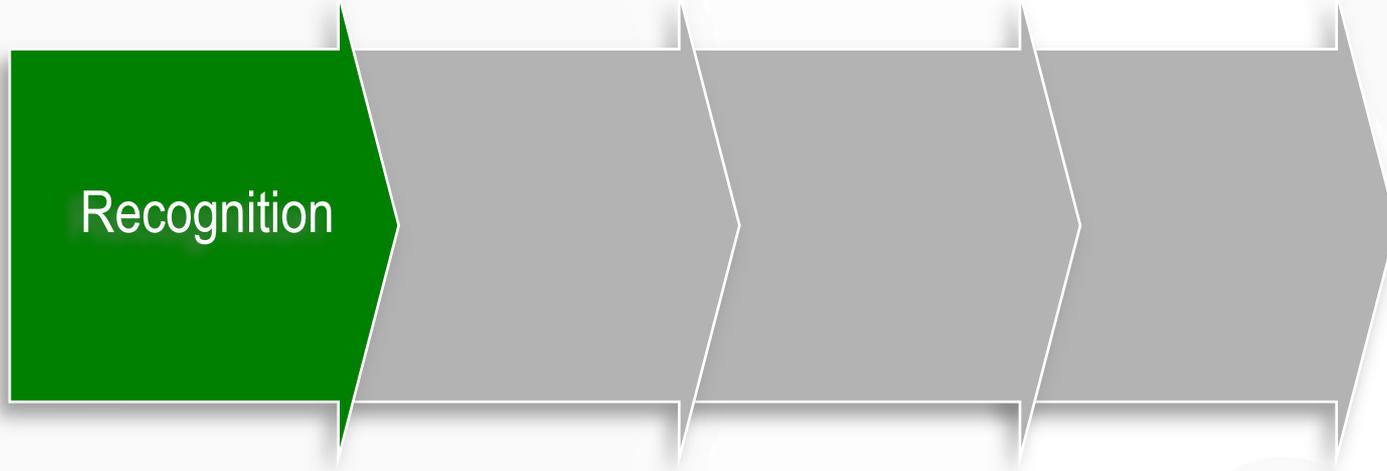


Financial Pressures



Disruptive Innovation

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Recognition

Leaders



Leaders from inside and outside began to transform the firms

Challenge

Once the need for change is clear, for many, it demands action

General Benefits Corp.

Change the players

Their plan was to bring in marketing people classically trained “at other companies...they hired tons of people We continue to hire people from outside...they continue to leave on their own—or they get fired.”

Change

*Successful efforts began when a leader
assembled a team to change the
organization*

Change Teams

Unsuccessful	Characteristics	Successful
External	Members	Insiders
Varied	Values	Shared
Isolated	Structure	Integrated
Functional	Influence	Cross functional
Projects	Focus	People & Culture

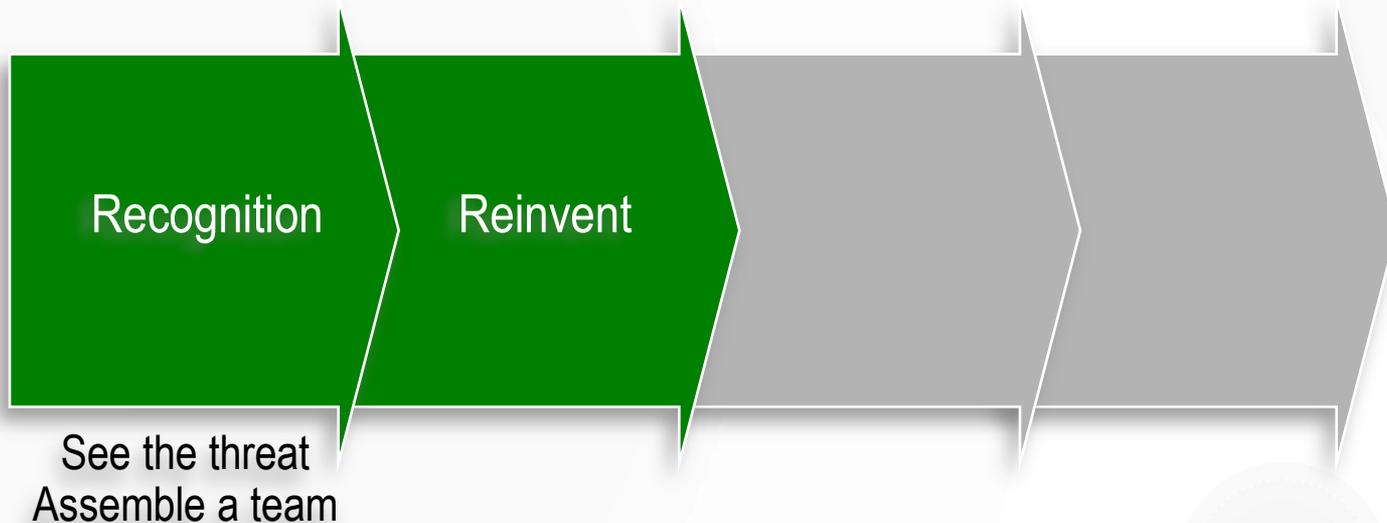
General Benefits Corp.

Market-focused versus marketing

“[The initial change effort] was a very compartmentalized one. A little bit like, ‘We have a sore throat, let’s do everything we need to get rid of that sore throat,’ not realizing, that maybe, that sore throat is representative of something really bad in your lungs. So we put all of our energy into the sore throat. That energy was ‘the way we present ourselves externally.’”

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Even after recognition, the future remains very unclear

Challenges

Distinct Silos

Hierarchical

Non-collaborative

Communication was poor, trust was limited, and few focused on the market

New Vision

*Reinvention begins with rethinking the firm
and its culture, creating a concept of
something new*

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Going Public



Company-wide meeting, a first, to announce a “new train in town”

Alberto Culver

Company-wide meeting to discuss “pennies of profit”



Ride from York, Pennsylvania, to Milwaukee by the new owners

Commitment

Members of the coalition for change demonstrated their commitment to the new vision and culture



“There is a history of one hundred and forty different platforms that we have in PCS, because we created that entrepreneurial spirit—but nobody worked together.”



Executive Review Board

“Engineering, non-voting member? I mean, imagine that in Motorola! The engineers don’t get to vote on what goes into the portfolio! Huge shift. They’re still screaming about it.”



Openness

“If you’re really in trouble and you need someone to extend a helping hand, whoever that may be, you damn well better be honest with them. The way you’re honest with them is opening up the books; and sharing management responsibility, working with the union, looking at the union as a fellow stakeholder.”

Reconnecting

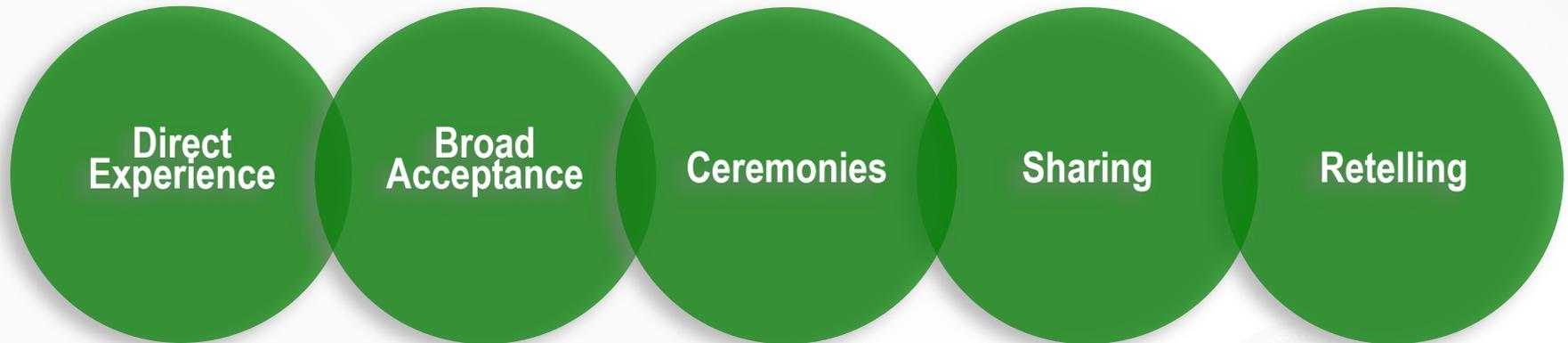
*A more market-focused culture creates
an appetite for deeper connections with
the market*



Customer Interviews

“We spent the better part of [a year] with interview teams going out and talking to architects, distributors and a few general contractors. They were cross-functional teams...It’s amazing how you can ask one question—and three different people can hear three different answers.”

Commonalities



These activities create a shared market understanding

Collaboration

A market-focused culture, with shared market understanding, produces a more collaborative strategy



Shared Market Understanding

“We have a pervasive, innate understanding of what customers/markets want...This creates an instinctive understanding about what the brand is about...It’s kind of like being in church.”



Collaboration

“We started inviting the marketing people to our meetings, saying, ‘Hey, tell us what needs to be done here’....We realized that we needed the knowledge of marketing to do the right thing in the first place. To me, that’s what’s key.”

Pink Slips

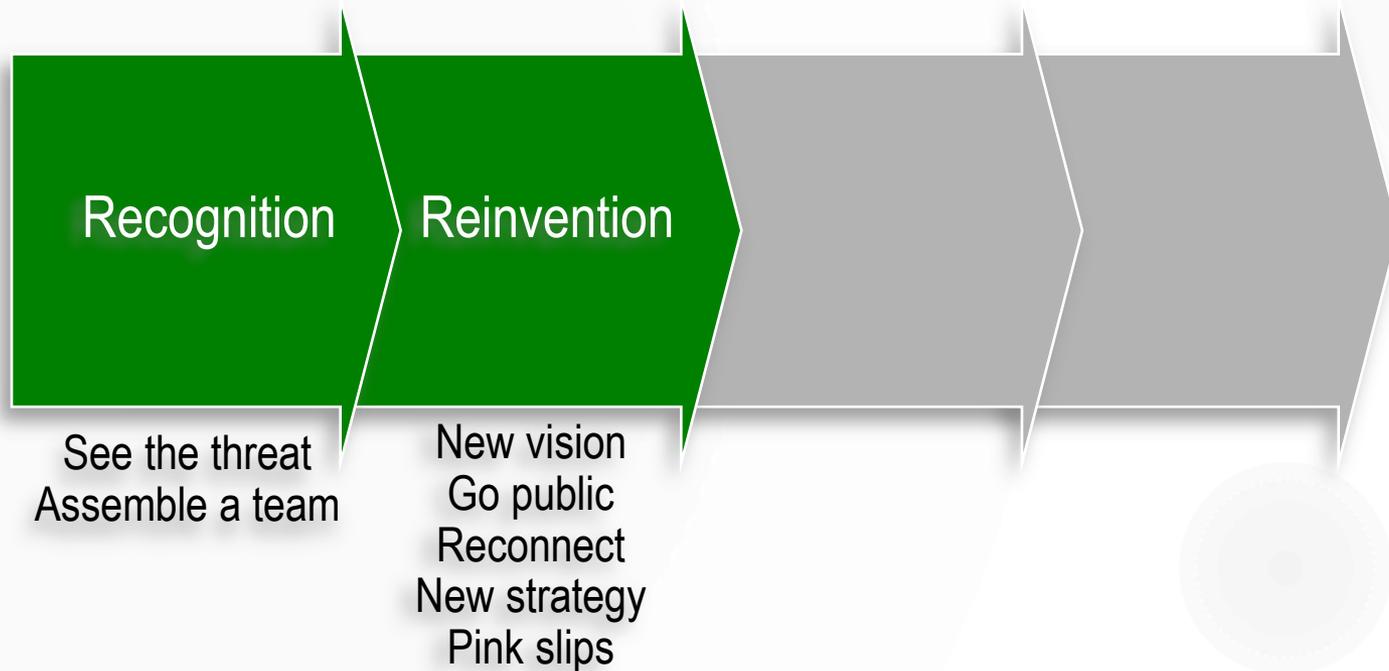
*Not everyone adapts well to a more
market-focused culture*



“It’s not a choice for the organization—we have to change. It’s only a choice for the individuals.”

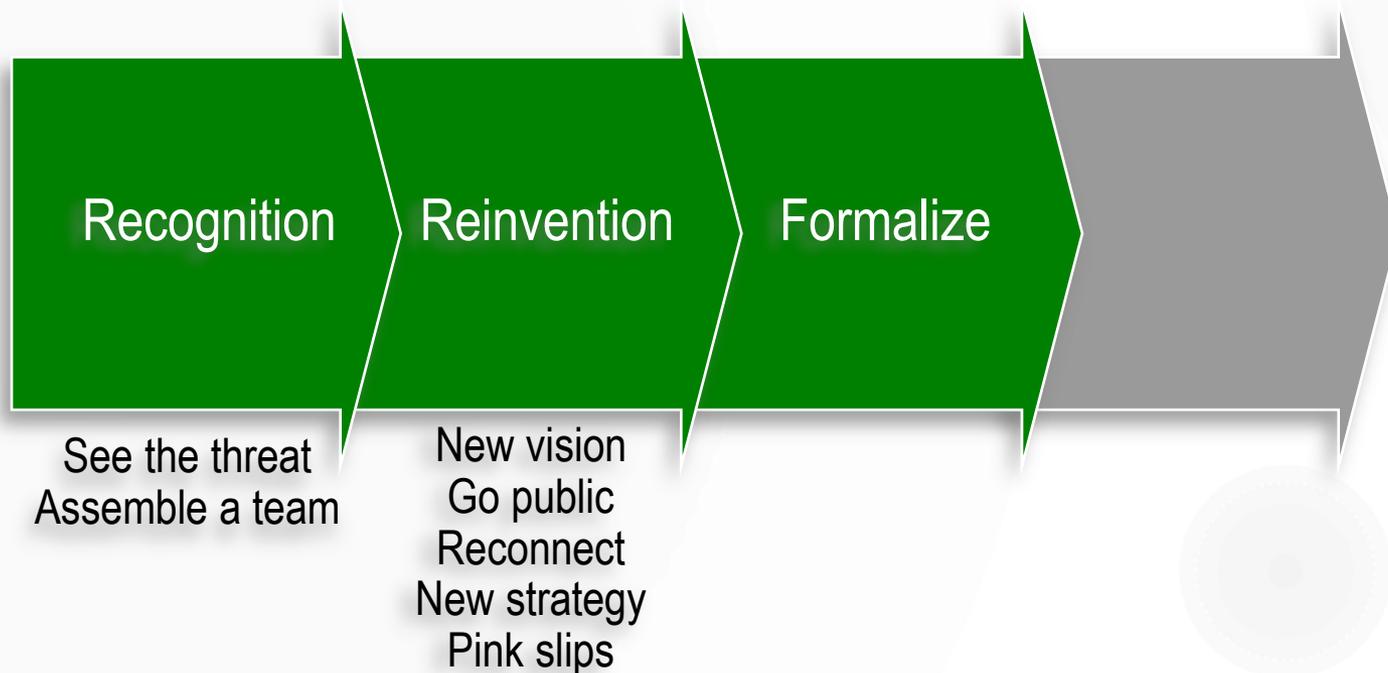
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Formalize

A more market-focused culture creates a tension with the formal, hierarchical organization



Power shift

“Everyone owns the brand. So what we do is make sure that everyone understands what the brand is. And if they understand what the brand is, they should be able to make decisions on the brand. They’re empowered to make decisions on the brand.”

Alberto Culver

Incentives

After sales began to rebound, a newly-hired VP of sales found a surprising welcome. “You’re killing us by trying to put together the incentive program on an individual basis,” the sales reps told the VP. “We want one number. All of us. One number.”

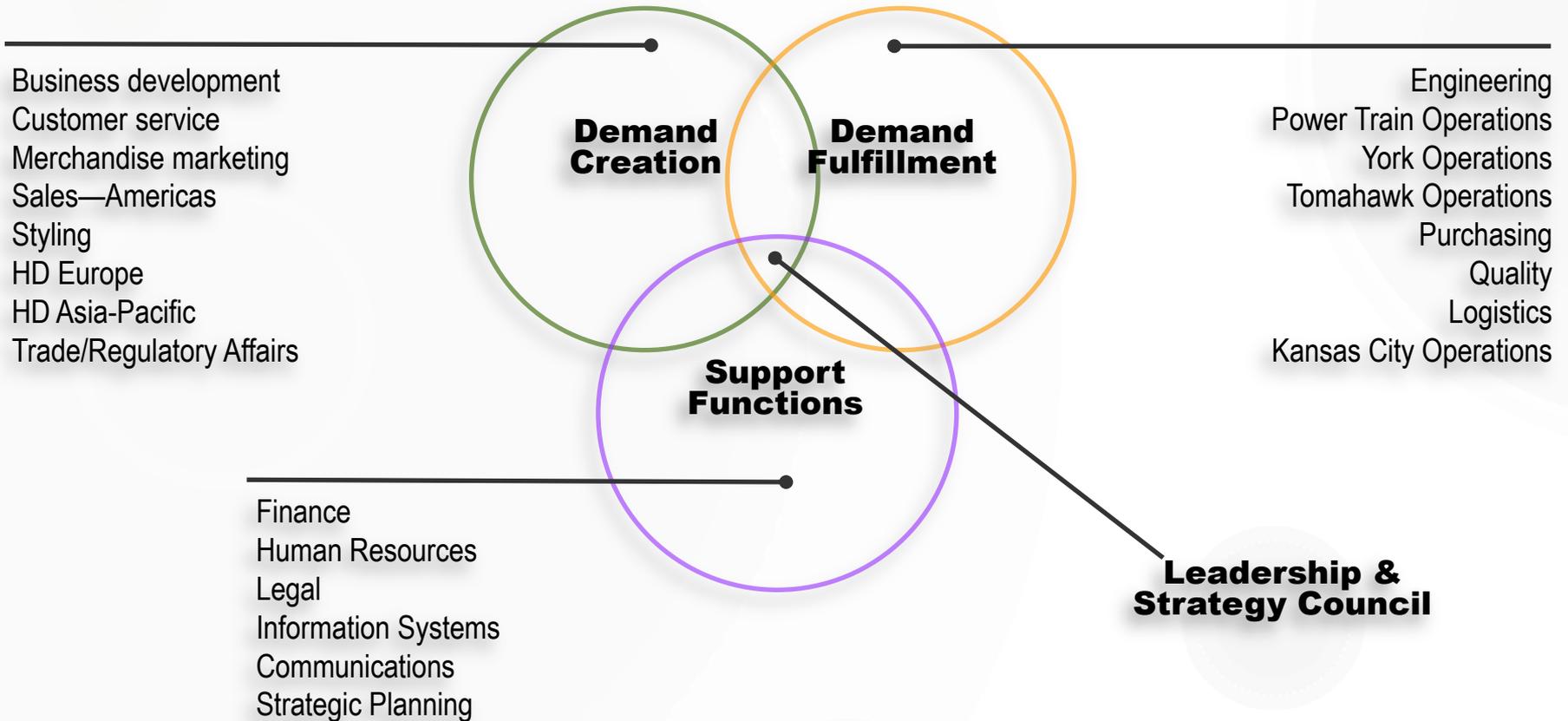


Organizational Structure

“What Harley needed was to get the right people together, at the right time, to do the right work right...” —
Richard Teerlink, CEO from 1989 to 1997

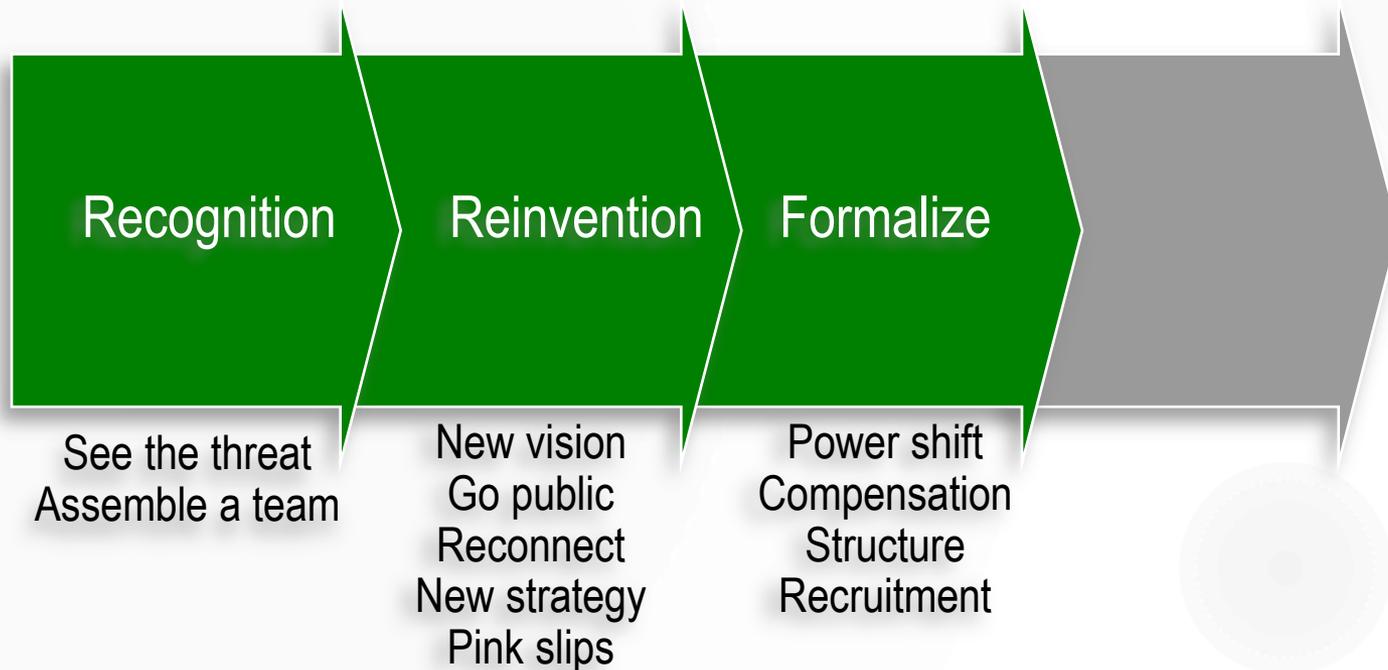
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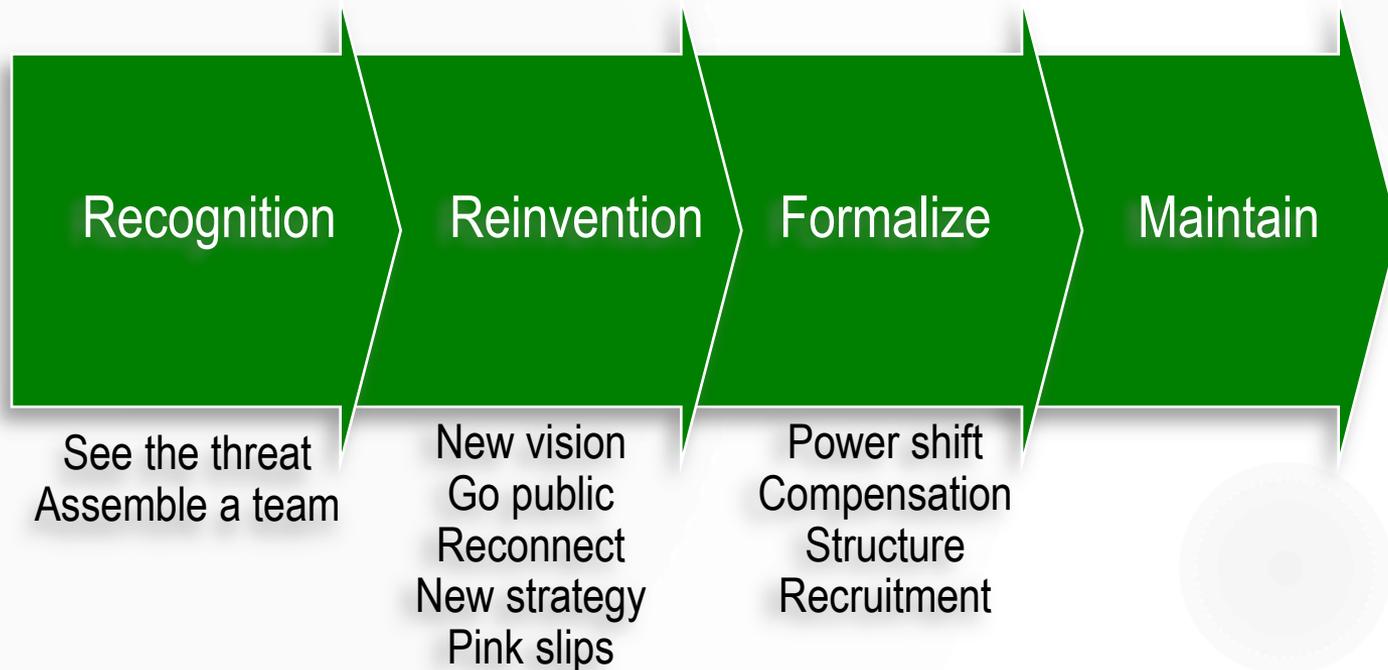
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Maintain

The new culture and process create a more formal market focus, and the reason for change fades from memory



Revising history

“From everything I’ve read and everything I’ve understood—miraculously over the last hundred years there’s been this very similar philosophy. By nature, our philosophy has always been we listen to the customer. We talk to them all the time. We ride with them—we’re there, interacting with them. We’re not going to ignore them.”



Training new hires

“They really taught employees a lot about themselves in relation to their culture and how to reinforce themselves within the culture and therefore be more successful in the marketplace. That was the theme throughout.”



On-going market connections

“I don’t have to go to demo rides anymore [as a 20-year veteran] but I just wanted to...Every opportunity you get to leave these four walls you always learn something. It impacts how I direct resources, how I get projects approved, how I run projects—everything.”

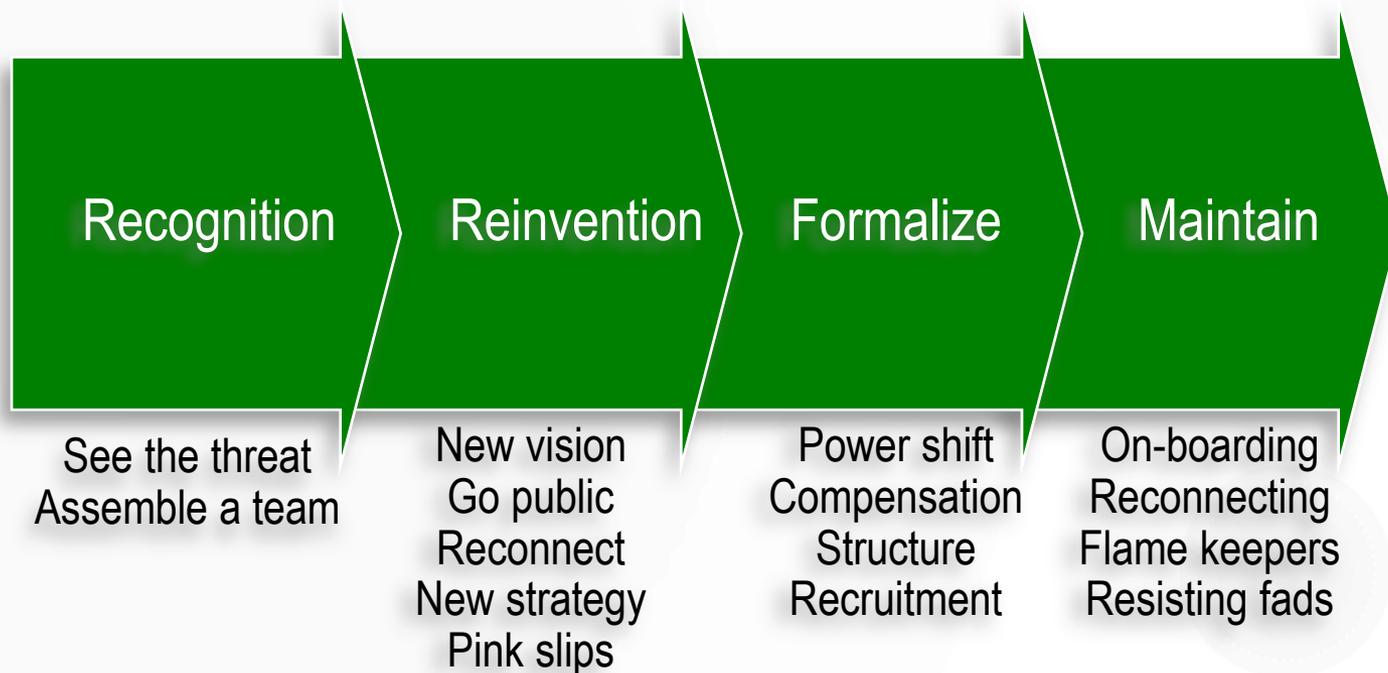


Resisting fads

“My big focus has always been to know who you are and who you’re not. And be consistent, because it is just painful to watch certain brands who have tried so many different positionings. Or have tried to ‘freshen’ their brand. And they end up being something that they weren’t. My belief is that the brand identity model should very, very rarely change.”

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MOTOROLA



Motorola Razr
Launched in 2004, sells 50 million in 2006

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Motorola Says President Mike Zafirovski Resigned (Update5)

By Jason Kelly - January 12, 2005 13:26 EST

Jan. 12 (Bloomberg) -- Motorola Inc., the world's second-largest mobile-phone maker, said President Mike Zafirovski resigned, 13 months after being passed over for the top job.

Zafirovski won't be replaced after he leaves Jan. 31, and the company's four division heads will report directly to Chief Executive Ed Zander, spokeswoman Jennifer Weyrauch said today.

Zafirovski, 51, was the only internal candidate for the chief executive officer post after then-CEO Christopher Galvin said in September 2003 he would resign. Zafirovski stayed on after Zander arrived last January and helped revive the handset unit and shed the Schaumburg, Illinois-based company's money-losing chip business.

"He's leaving as Motorola has turned the corner," said John Krause, an Appleton, Wisconsin-based analyst for Thrivent Financial for Lutherans, which manages \$65.9 billion and owns 1.77 million Motorola shares. "You have to give him a lot of credit for reshaping the handset division."

Leadership Losses
Mike Z resigns and Geoffrey Frost, CMO, dies in 2005

The New York Times

AUGUST 15, 2011, 7:43 AM MERGERS & ACQUISITIONS

Google to Buy Motorola Mobility for \$12.5 Billion

BY EVELYN M. RUBIN AND CLAIRE CAN MILLER

9:16 a.m. | Updated

In a bid to strengthen its mobile business, Google announced on Monday that it would acquire Motorola Mobility Holdings, the cellphone business that was split from Motorola, for \$40 a share in cash, or \$12.5 billion.

The offer — by far Google's largest ever for an acquisition — is 63 percent above the closing price of Motorola Mobility shares on Friday. Motorola manufactures phones that run on Google's Android software.

Android has become an increasingly important platform for Google, as global smartphone adoption accelerates. The platform, launched in 2007, is now used in more than 150 million devices, with 39 manufacturers.

The acquisition would turn Google, which makes the Android mobile operating system, into a full-fledged cellphone manufacturer, in direct competition with Apple.



The Motorola Droid X.



A New Game
Google buys Motorola Mobility in 2011

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Unilever to Purchase Alberto Culver for \$3.7 Billion

By Clementine Fletcher - Sep 27, 2010 3:37 PM CT

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QUEUE [print icon] [email icon]

Unilever, the maker of Dove soap, agreed to buy Alberto Culver Co. for \$3.7 billion in cash to add VO5, Nexxus and TRESemme hair-care products in the company's biggest purchase in a decade.

Unilever will pay \$37.50 a share, Alberto Culver, based in Melrose Park, Illinois, said today. That's about 19 percent more than the Sept. 24 closing price. The purchase will add to earnings per share in its first year, Unilever said separately. The companies agreed to a \$125 million breakup fee if the deal is terminated, said Paul Matthews, a spokesman for Unilever.

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Harley-Davidson and the S&P 500

