Resurgence

The Four Stages of Market-Focused Reinvention

Gregory S. Carpenter
James Farley/Booz Allen Hamilton Professor of Marketing Strategy

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2013 Kellogg Marketing Leadership Summit
Leading the Customer-Centered Organization

- Marshfield Door Systems
- Alberto Culver
- Media Company
- General Benefits Corp.
- Wisconsin Industrial, Inc.
- Motorola
- Harley-Davidson Cycles
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Threats

New Competitors
Financial Pressures
Disruptive Innovation
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Recognition
Leaders from inside and outside began to transform the firms
Challenge

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

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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.’”
Recognition
See the threat
Assemble a team

Reinvent

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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MARKET FOCUSED VALUES

- Trust
- Openness
- Collaboration
- Empathy
- Respect
- Market as raison d’être
Going Public

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

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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Recognition
- See the threat
- Assemble a team

Reinvention
- New vision
- Go public
- Reconnect
- New strategy
- Pink slips
Recognition
See the threat
Assemble a team

Reinvention
New vision
Go public
Reconnect
New strategy
Pink slips

Formalize
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.”
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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Demand Creation
Demand Fulfillment
Support Functions

Business development
Customer service
Merchandise marketing
Sales—Americas
Styling
HD Europe
HD Asia-Pacific
Trade/Regulatory Affairs

Finance
Human Resources
Legal
Information Systems
Communications
Strategic Planning

Engineering
Power Train Operations
York Operations
Tomahawk Operations
Purchasing
Quality
Logistics
Kansas City Operations

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- Recognition
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- Reinvention
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  - Go public
  - Reconnect
  - New strategy
  - Pink slips

- Formalize
  - Power shift
  - Compensation
  - Structure
  - Recruitment
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- **Maintain**
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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Maintain
- On-boarding
- Reconnecting
- Flame keepers
- Resisting fads
Motorola Razr
Launched in 2004, sells 50 million in 2006

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

A New Game
Google buys Motorola Mobility in 2011
Unilever to Purchase Alberto Culver for $3.7 Billion

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

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.
Return on $1000 investment in Harley-Davidson and the S&P 500