

Strategy @ Work

brand**smart**

2009 CONFERENCE

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We are in an extraordinary time

REAL GDP

Change from previous quarter at annual rate, seasonally adjusted



Source: Department of Commerce

CONSUMER CONFIDENCE

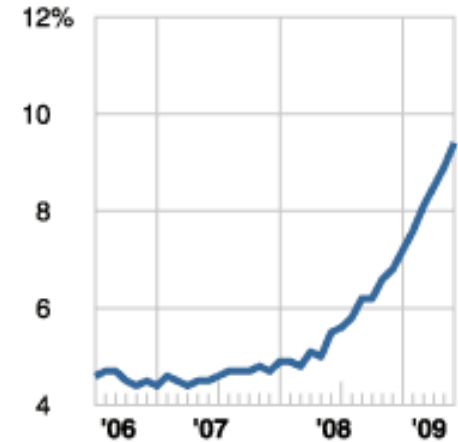
Index stood at 100 in 1985, its base year



Source: Conference Board

UNEMPLOYMENT RATE

Seasonally adjusted



Source: Bureau of Labor Statistics

This is a challenging time for brand builders

Brand building is difficult in the best of times

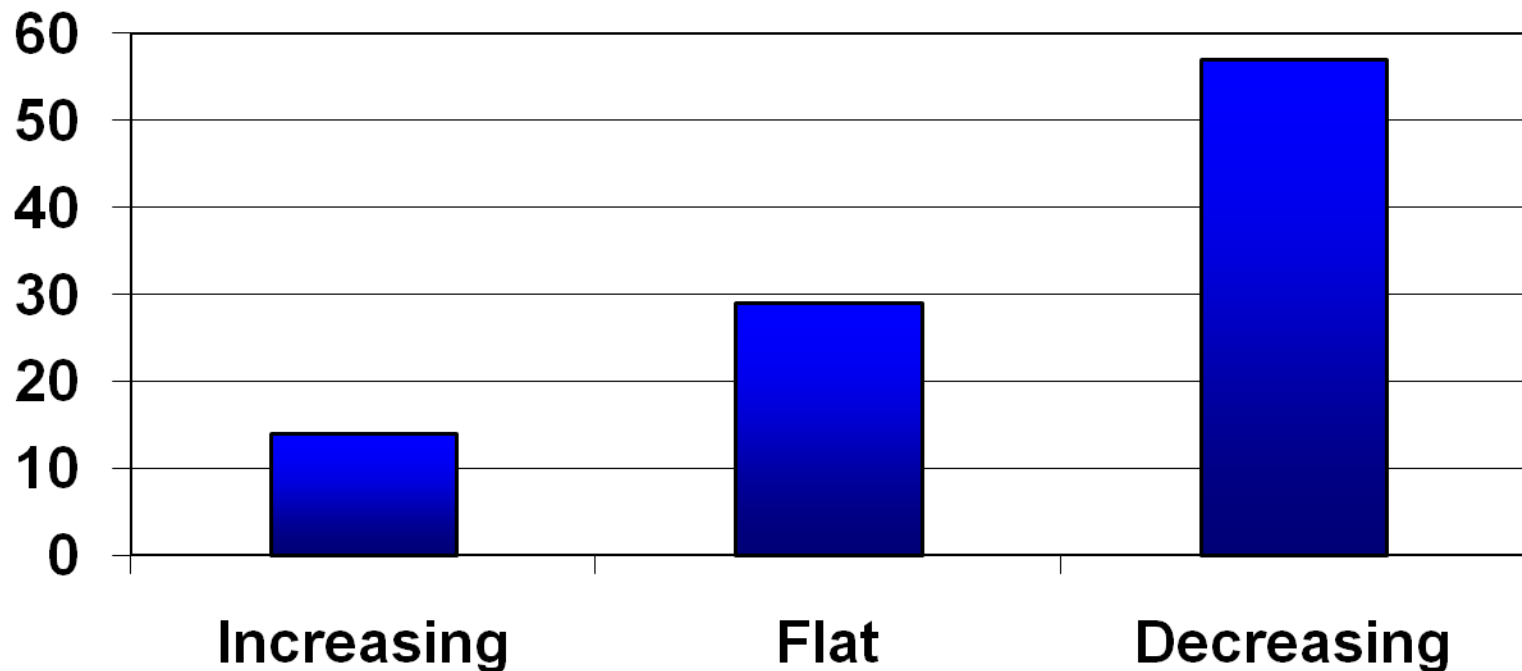
Today it is harder than ever

- Short term focus is intense
- Branding initiatives are under pressure
- Long term growth programs are being questioned

Most companies are cutting marketing spending

Marketing Spending Trends

% of Responses



The key question: how do you navigate the stormy seas?

“The crisis exists. One has to confront it....”

-Richard Girardot, CEO, Nespresso

Strategy and discipline are essential in a downturn

- Strategy is about making choices
- When resources are limited, choice becomes more important

Strategy and discipline are essential in a downturn

“You have to be very disciplined, and this is even more important in a crisis.”

-Jamie Dimon, CEO, JPMorganChase

Two Recommendations

1. Relentlessly focus on managing your brand portfolio
2. Rethink your marketing plan

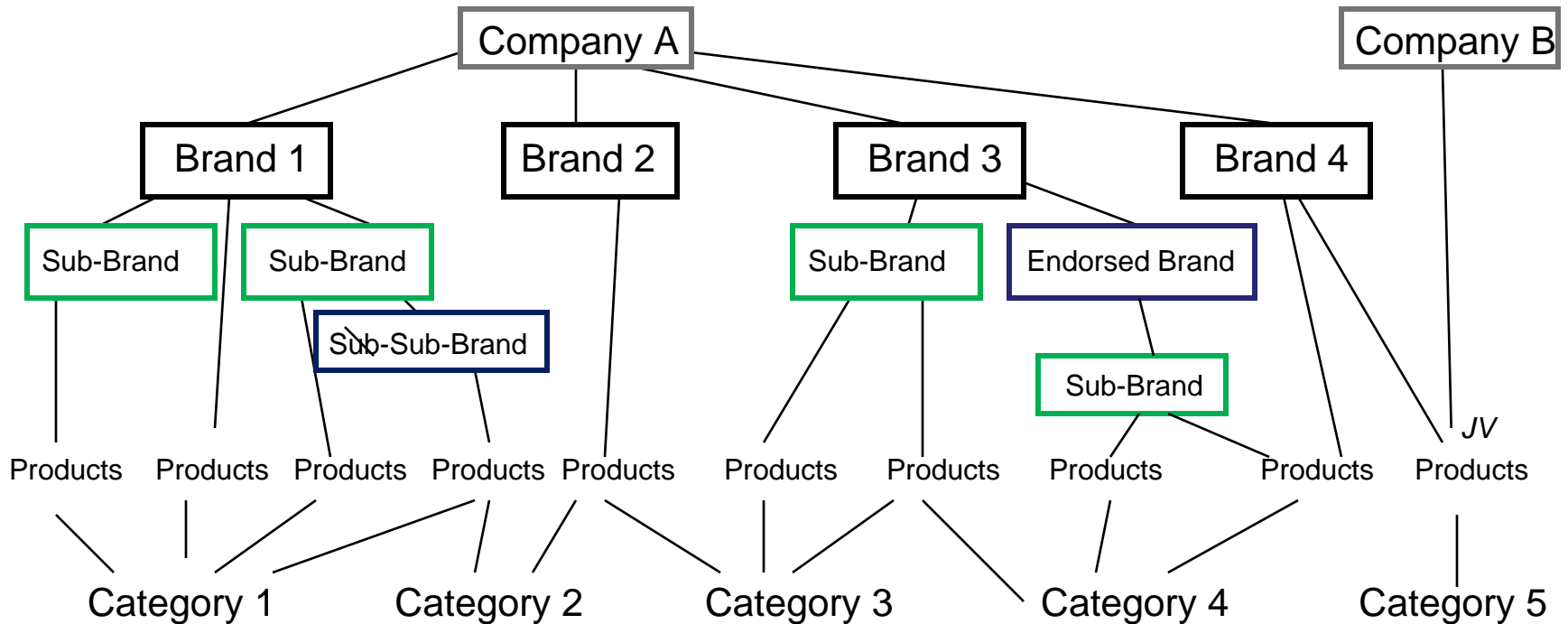
Two Recommendations

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Managing the brand portfolio is always important

- Ultimately the brand portfolio matters most
- Optimizing each brand will not optimize the total
- A strong portfolio is a competitive advantage

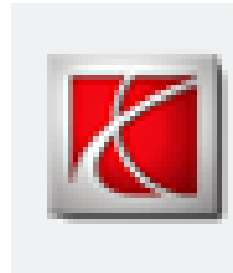
The frequent reality



A weak brand portfolio causes many problems

- Fragments spending
- Creates inefficiency
- Fosters cannibalization
- Leads to infighting

The GM U.S. Brand Portfolio



HUMMER® LIKE NOTHING ELSE™

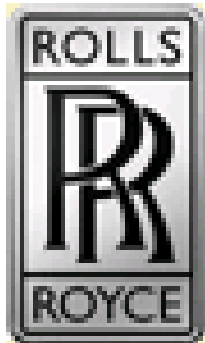


GMC. | WE ARE PROFESSIONAL GRADE.™

A strong portfolio is a competitive advantage

- Characteristics of a strong portfolio
 - Strong, well defined brands
 - Little overlap between brands
 - A manageable number
- Benefits
 - Focus
 - Clear prioritization
 - Flexibility
 - Profitability

The BMW Global Brand Portfolio



Sheer
Driving Pleasure



Portfolio Keys to Success

- Be certain each brand has a clear positioning
- Invest in the core brands
- Eliminate struggling, redundant brands

Fading brands...



Portfolio Keys to Success

- Be certain each brand has a clear positioning
- Invest in the core brands
- Eliminate struggling, redundant brands
- Only launch a new brand if:
 - It is a compelling opportunity
 - You have the resources to support it
 - It is distinct from existing brands

Two Recommendations

1. Relentlessly focus on managing your brand portfolio

2. Rethink your marketing plan

Marketing plans are incredibly important. Plans do two things. First, they set the course

- Marketing plans force you to be clear on what you plan to do in the market to build the business
 - Plans specify what you will do and when you will do it
- This is important
 - Prioritization is critical
 - Making tactical decisions is almost impossible without a broader plan

Marketing plans set the course

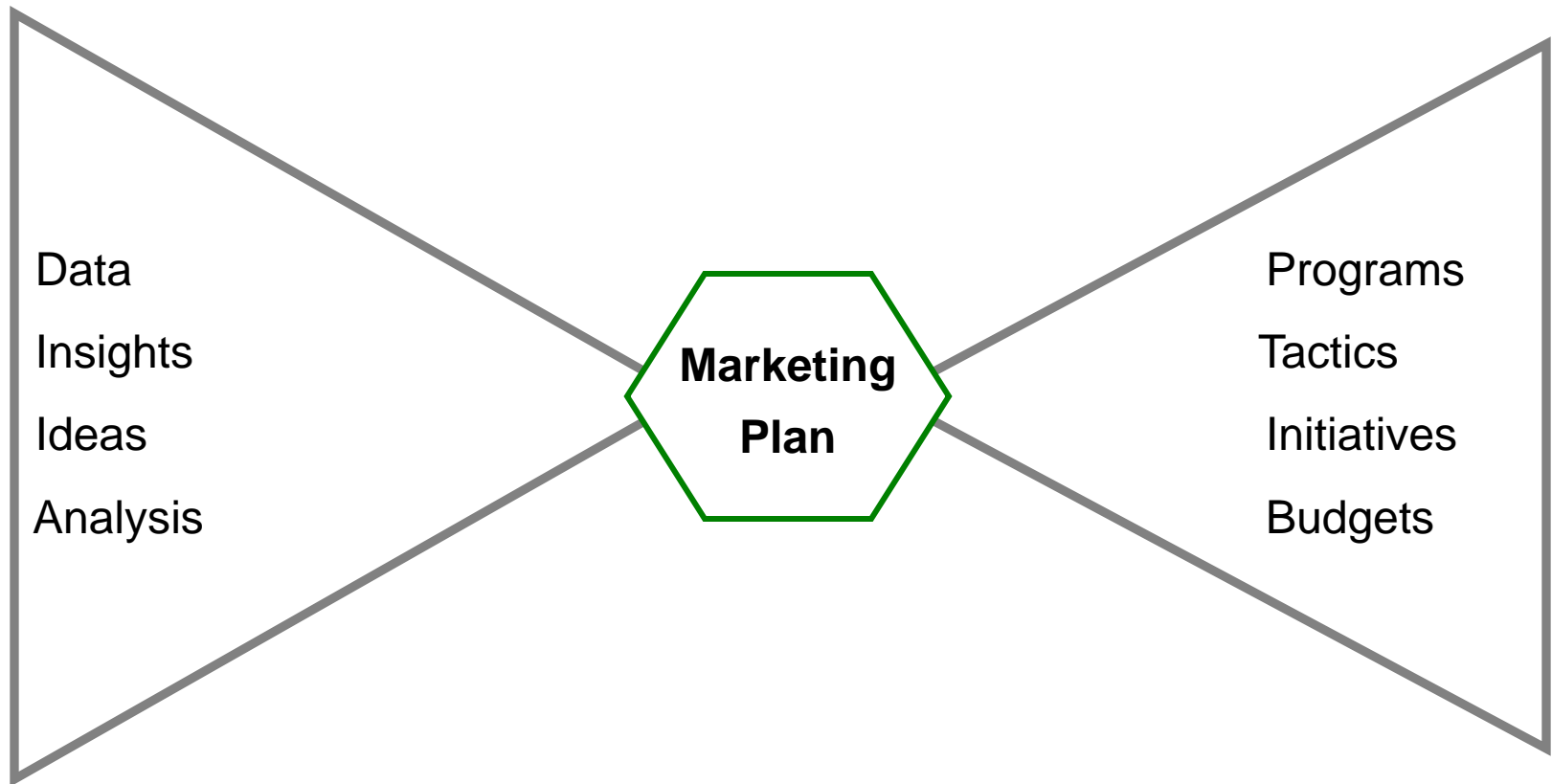
“This is where are going, and this is how we are getting there.”

-J&J executive

“The marketing plan is the road map.”

-Pepsi executive

Marketing plans connect information and action



Second, marketing plans help you sell your recommendations

- Making a decision and creating a plan is just the first step
- In virtually every organization you then have to convince people to support your recommendation
- A strategy without support will not succeed

Creating a strong marketing plan is particularly important in a down economy

It is essential to focus on the key initiatives, and make sure that every dollar is well spent

Gaining support is critically important and harder than ever

The sad reality: many marketing plans are terrible

“5% of them are good, most of them suck wind.”

-Eli Lilly executive

“Maybe 20% of companies do it right. Most have absolutely no clue.”

-Gillette executive

“So much of marketing is common sense, but it all goes away when you write marketing plans.”

-Barilla executive

The typical marketing plan

- Is more than 100 pages long
- Begins with a long, detailed situation analysis
- Ends with many programs, lots of details, lots of tactics
- Is presented in a big meeting with dozens in the audience

The result is disappointing

- Senior management support is tepid, because senior management is:
 - *overwhelmed*
 - *bogged in the details*
 - *lost*
- The team is exhausted from producing the enormous tome
- Efforts get diffused because there is no focus

A question

Why do people create long and unwieldy plans?

Marketing plans should be focused on three things

Goals/Objectives → What you are trying to accomplish

Strategic Initiatives → The most important things you will do in order to achieve the goals/objectives

Tactics → How you will move forward against each initiative

A marketing plan needs to start with clear goals/objectives

- A marketing plan has to start with the goal in mind: what are we trying to achieve?
- Objectives should be linked to the financials of the business
- Having too many goals is a problem. Best is to have one or two

Strategic initiatives are the big moves

- Strategic initiatives are the most important things you need to do in order to deliver the goals/objectives
- Strategic initiatives should convey action...this is what we will actually go and do
- Successfully executing against the strategic initiatives should deliver the goals/objectives

Good strategic initiative, or not a good strategic initiative?

New products

Pioneer and lead the home robot industry

Quality

Build revenue

Increase margin through cost reduction

Improve our brand image with young families

Focus is critical

- Having too many strategies is a problem
 - Dilutes focus
 - Creates confusion
- For most businesses, there should be 3 to 5 strategies
 - Three is the best number of strategies
- Great strategy is based on choice

Focus is critical

“Every leader needs to clearly explain the top three things the organization is working on. If you can’t, then you’re not leading well.”

-Jeff Immelt, CEO, GE

Focus is critical

“People think focus means saying yes to the thing you’ve got to focus on. But that’s not what it means at all.


It means saying no to the 100 other good ideas that there are. You have to pick carefully.

I’m actually as proud of many of the things we haven’t done as the things we have done.”

-Steve Jobs, Apple

Tactics are the specific actions

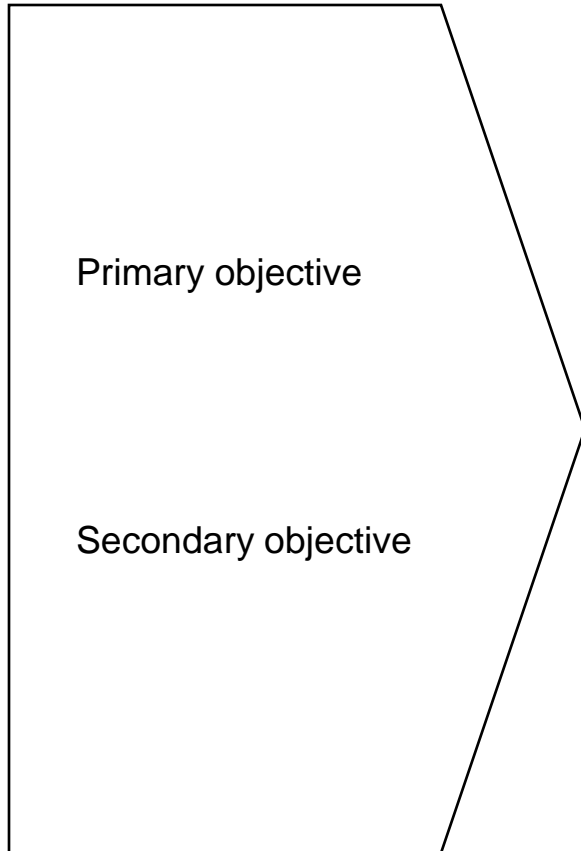
- Tactics highlight precisely how the strategic initiative will happen
- Tactical moves include specific action steps

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- Pricing changes
 - Advertising plans
 - Packaging changes
 - Product development projects

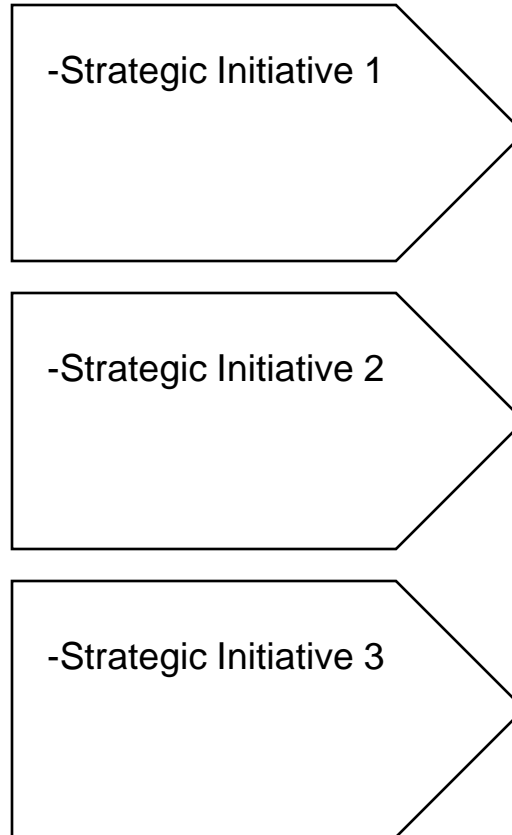
The 4 Ps

One Page Plan Summary

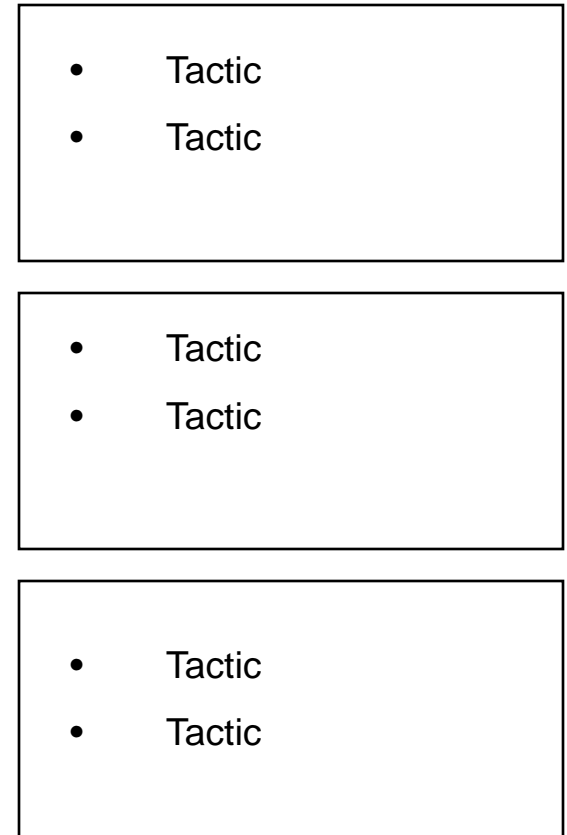
Goals/Objectives



Strategic Initiatives



Tactics



Creating a breakthrough marketing plan requires courage and hard work

“You can’t believe how hard it is for people to be simple — how much they fear being simple.

They worry that if they’re simple, people will think they are simple-minded.

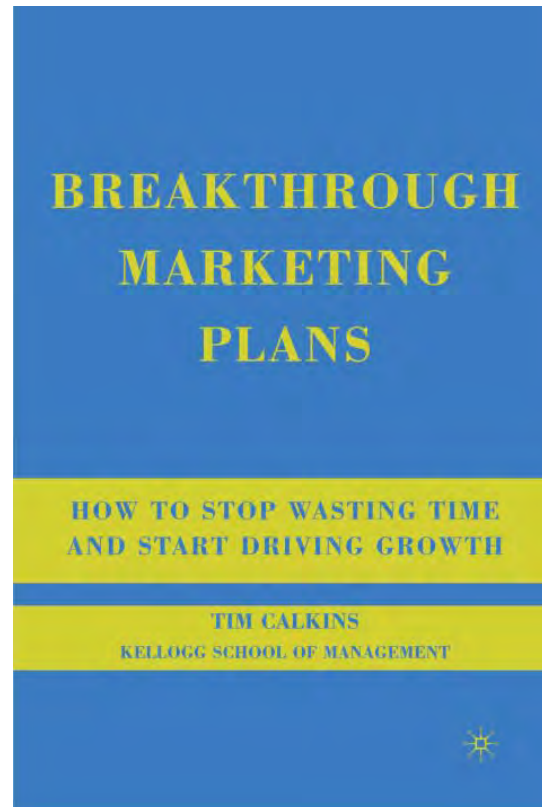
In reality, of course, it’s just the reverse. Clear, tough-minded people are the most simple.”

-Jack Welch

Two Recommendations

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If you want to learn more...



Contact Information

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