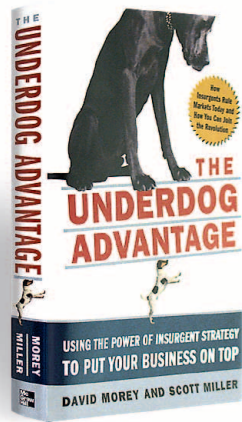


SOUNDVIEW Executive Book Summaries®

FILE: STRATEGIC MANAGEMENT



Using the Power of Insurgent Strategy To Put Your Business on Top

THE UNDERDOG ADVANTAGE

THE SUMMARY IN BRIEF

The *Underdog Advantage* is about a set of principles that have been proven to win and to build a winning attitude, character and culture in the most difficult circumstances. These are principles that can drive your business, marketing and communication strategies and transform your company. And they can transform your career. Established and refined over centuries of military and political experience, these principles have worked on the battlefield and at the ballot box. For 25 years, business has been applying these principles globally to corporate strategy. They have been used to develop competitive strategies, crisis solutions, and cultural changes.

The advantages of the incumbent seem to have diminished or even disappeared in today's brave new world. Today's consumers are empowered with a tsunami of instant information. As a result, consumers of information feel overloaded, and the tried-and-true rules of mass marketing have been tried and are no longer true. According to David Morey and Scott Miller, two strategy consultants who have worked with Microsoft, The Home Depot, McDonald's, Disney, Coca-Cola and Nike, it's the underdog's day. In *The Underdog Advantage*, they present the insurgent strategy's key concepts and describe how to develop them into effective tactical planning.

By David Morey and Scott Miller

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What You'll Learn In This Summary

- ✓ How the rules of leadership, business and communications have completely changed.
- ✓ How to instill the kind of insurgent behavior found inside today's most highly competitive and successful organizations and individuals.
- ✓ How to promote insurgent strategic planning and execution in every aspect of your company's operations and communications.
- ✓ How to create a spirit of innovation in your company that leads to new and different approaches to every aspect of your operation.
- ✓ How to expose individuals to new ways of thinking and infuse them with insurgent principles that they can apply to daily business challenges.

THE UNDERDOG ADVANTAGE

by David Morey and Scott Miller

— THE COMPLETE SUMMARY

Adopt the Political Campaign Model

There are no excuses on the morning after Election Day. There are no equivocal results — you win or you lose. If you get 49.9 percent, you take a hike.

The political campaign model is a simple model that is easily understood at every level of an organization. Insurgent political strategy was made for today's challenging business environment. The political campaign model clearly frames a company's objectives and focuses its people on winning. It creates a bolder, more aggressive spirit and drives the organization to settle for nothing less than a win over the competition. It creates an "Election Day" finish line in terms of getting results.

As noted by Marc Gobé, author of *Emotional Branding: The New Paradigm for Connecting Brands*, "Brands have to be elected to be part of the culture now." This strategy is clearly evident at Red Bull, which dispatches legions of foot soldiers in "mobile energy teams" that tote a huge can of Red Bull on the trunk — raiding college campuses, construction work sites, health clubs, and anywhere else that they can generate word-of-mouth acceptance and "votes" for their product. This is how Red Bull carefully and methodically built and grew a core audience — with deliberate stealth, effective low-cost spending, and a "do the doable" grass-roots marketing campaign.

Election Day

Every strategic goal in your company should have its own Election Day, and the results should show that it either "won" or "lost" on that day. Chances are that you are in the campaign mode whether you realize it or not.

The insurgent political approach has been used successfully for centuries by revolutionaries across the globe in politics, war and business. It is what drove America's own revolutionaries: Jefferson, Adams and Washington. And it is what drives the insurgents who rule U.S. markets today: Starbucks Coffee, Wal-Mart and Southwest Airlines; Bill Gates, Rupert Murdoch, Charles Schwab and Oprah Winfrey. They all have boldness, an outsider's perspective, curiosity and imagination. They also have classic insurgent leadership skills, planning and tactics.

Although overpowering force still dominates many markets, it is a very expensive way to win. Insurgency is becoming the most effective and efficient way to win.

Even if you are a market leader, *you must make a commitment not to act like the incumbent*, no matter how overwhelmingly you may dominate your market. Insurgent strategies will not only help you continue to gain ground, but will also help you develop more satisfied customers and happier, more productive, and totally committed employees.

Change Rules

Today's incumbents must learn to adopt a political campaign model and utilize insurgent strategy. Change rules the markets today, and the rules of change greatly favor the insurgent because the insurgent embraces and loves change. The traditional structure of markets is crumbling under the weight of the information revolution. The information revolution's effect has been to provide consumers with infinitely more choices in every marketplace and infinitely more information about those choices. Today's consumers know more and demand more, so product integrity — how your product or service lives up to its inherent brand promise — is more critically important in this environment than ever.

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The authors: David Morey is founder, president and CEO of DMG, a leading strategic communications consultancy. He is also an adjunct professor of international affairs at Columbia University.

Scott Miller is the president and founder of Core Strategy Group. He was founder of the pioneering political consulting firm Sawyer/Miller Group. Core Strategy Group's corporate clients have included McDonald's, Citigroup, Microsoft, Coca-Cola and The Home Depot.

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For Additional Information on the authors, go to: <http://my.summary.com>

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GEORGE Y. CLEMENT — Publisher

Adopt the Political Campaign Model

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Frito-Lay

One great example of a top-tier brand playing by the insurgent rules of the bottom tier is Frito-Lay. After decades of putting its faith in mass advertising, Frito-Lay has put its faith in product — which strongly implies that it has put its faith in customers. The core of Frito-Lay's marketing is product differentiation, which is in a constant state of development and change. That's because Frito-Lay annihilated its major, mass-marketed brand competition, and because it was forced to turn its attention to the local and niche snack brands that might otherwise have nibbled it to death, market after market.

Frito-Lay pulls products before customers get a chance to sense that those products are stale (stale, in terms of having been “seen” or “raised” by competitive options). For the insurgent Frito-Lay, new products mean new forms, flavors and packaging concepts. In the 10 yards of shelf space that Frito-Lay controls in the snack section of a supermarket, every five feet or so there is a “keeper” brand, flanked by several “temporary” brands. It's the combination of keeper and temporary brands that builds the franchise and Frito-Lay's brand.

To adopt the political campaign model, you must focus on delivering the win; develop an idiot-proof strategy that delivers the win; and create a more results-focused, aggressive spirit. To do this, you must adopt the reality of a campaign, define “Election Days” for every business objective, model insurgent leadership, and prepare a change map that describes where you and your competitors are. Finally, commit to changing the dialogue in your market. ■

For Additional Information on an insurgent spirit at the helm of 7-Eleven, go to: <http://my.summary.com>

Do the Doable

There is one core principle that drives nearly every decision within a successful political campaign: Do the doable. Today, it's about real results. Business is focused on performance now: not buzz, glitz or excuses.

Winning always begins with practical dreaming. A company must have a clearly defined destination in mind. First, define what winning will mean in the broadest, but clearest, possible terms: How is it going to change the future? Define the future in detail. Tell a great story. This is the future that will result if your company, product or service achieves real success over the next three to five years. You need to define the future in the context of your customers' lives, because your success will be achieved *only* if your customers

achieve the future you have defined. Microsoft's mission statement in the 1980s is a perfect example of this: “A computer on every desk and in every home.” Do the best job of defining the future and you'll have the best chance of controlling it.

Your company's people want to be part of something great. It takes energy and focus to win in markets today. This comes from understanding that you're a part of a big-picture effort that is going to change people's lives. Define goals in a sequence based on order of difficulty — “do the doable” means “win the winnable” first.

Many new and insurgent brands find an opportunity in the seams ignored by the big incumbent brands. Arizona Iced Tea, for example, wanted placement in stores anywhere except on the soft drink aisle. And today, it has ended up with three or four placements — near bottled waters, near bagged teas, near juices, and sometimes off on its own. It even helped to create a “new age” beverage display category in many stores (and immediately started trying to break out of there).

Arizona Iced Tea didn't follow the leaders on packaging, either; it pioneered a 20-ounce can, as opposed to the standard 12-ounce cans and 16-ounce bottles.

Develop a ‘Must-Win’ Attitude

To get real results, set achievable goals and develop a “must-win” attitude toward reaching them. But to win, do the doable. Winning today requires a clarity and realism superior to that of the market incumbent. Don't even think about objectives that are impossible to reach. Think about success in terms of a set of steps that will lead to a big, but achievable win. List all of the elements of your success as objectives, even if that means listing 10 or 15 objectives for your plan instead of the traditional three or four.

Next, establish your objectives in order of difficulty. Knock off the easiest (most winnable) ones first. By establishing your objectives in order of difficulty, you create “momentum objectives.” Winning each one makes the next one easier to win. Creating momentum objectives also preserves your resources for the harder challenges that lie ahead. Generally, political campaigns budget from Election Day backward, realizing that up to 60 percent of the budget will be spent in the campaign's last two weeks.

Today, most brands cannot afford to carpet-bomb their way through the markets. You've got to get much more out of much less. Most businesses adjust to that reality by cutting back on budgets for traditional strategies and tactics. The best way is to establish new strategies and tactics for this new reality. Don't retreat, rethink. ■

For Additional Information on how Patagonia defines its core values, go to: <http://my.summary.com>

Move the Movable

Don't waste time and energy fighting for votes you can't get. "Move the movable" describes how to develop a better strategy — the objectives are your destination; the strategy is your road map. Developing a move-the-movable strategy starts with defining your movable market targets. In business, the best use of your marketing and sales resources and the best way to move an internal or stakeholder audience is to focus on attitude.

Demographic and psychographic segmentations are useful, but you should impose attitudinal segmentation on top of these definitions. Attitudinal segmentation tells you where to place your resources in order to get the win. It focuses you not only on where to start your success, but also on where to start the momentum that will ensure that success.

Attitudinal Segmentation

An attitudinal segmentation map looks like this:

HO SO UNDECIDED SOS HAS

- **HO = Hard Opposition.** These people hate your candidate, and they'll endure a driving blizzard to vote against that candidate. Write these people off. Battling with them wastes resources and energy, demoralizes yourself and your colleagues, and energizes the enemy.

- **SO = Soft Opposition.** These consumers prefer your competitor's brand. But they're not loyalists. In consumer marketing, the soft opposition often has attractive long-term potential. Note the words "long-term." This is exactly where *not* to start your campaign.

- **Undecided.** Campaigns will do anything in order to move the undecided on Election Day, including buying

votes. Because buying votes is not very effective, they must be bought over and over again, which is expensive.

- **SOS = Soft Support.** These are the consumers who like your brand, but don't buy it often enough, don't buy enough of it, or aren't willing to pay a premium for it. Moving the soft support is easier and cheaper than moving the undecided, you don't have to compromise your value system to move soft support, and the movement of soft support to hard support creates true market momentum. Today, the most effective and efficient way to move the undecided is by creating movement of the soft support. There is a tipping point when more and more see, hear and feel more and more demonstrating their choice in the marketplace. When that avalanche happens, you get buried in money.

- **HAS = Hard Support.** Do anything you can to hold the hard support, and do whatever you can to activate them to help you sell more by helping you move the soft support. Hard support can also help you develop strategies that will move soft supporters. Do "loyal voter research" to understand how they define the product and product experience.

Once you understand the product in the minds of your hard support, test their personalized brand positioning among soft supporters. When soft supporters increase their usage of any product or service, the activity has a seismic effect on the marketplace. Do market research to create this attitudinal segmentation among market targets. It can also be done informally, with internal or small client audiences.

How can you develop a strategy that moves soft support to hard support? Remind them constantly of the benefits you provide them and remind them constantly how you do that uniquely. Activate the hard support to recommend your brand to others, and transfer ownership by developing a strategy with soft supporters. Listen and allow those whom you lead to shape your strategy for action. Make it clear how their input has been incorporated into your strategy. Incorporate a "we hear you" message into any change in operations, product, or service/support.

Early Adopters

The first consumers of new products are called "early adopters." Early adopters strongly influence other consumers and lead others to new products through their demonstrated behavior in the marketplace and their word-of-mouth advertising. To hold on to early adopters, maintain and upgrade or refresh the relevant and differentiated benefits that brought them to your product. Develop more effective marketing for them by developing more truly new ideas, and ensure they can find your brand by implementing wide distribution and packaging that stands out among the competition. ■

Don't Buy the Undecided

Price promotion is essentially buying votes. Marketers keep using price promotion because "it works." The problem is, it works for everybody. Unless you can develop the lowest price in the marketplace every day, you don't have real market differentiation. Nobody did or ever will get rich promoting to the undecided.

The low-cost operator — like Southwest in the airline business or Dell in computers — *doesn't have to have the lowest price at any given time*, because it's established its brand as having a low price all the time. On any given day, American or Delta will dive down below Southwest's prices to create a "sale." This buys a day's worth of loyalty. Southwest holds its loyal customer franchise by refusing to play the games the big airlines play with their passengers.

Moving the undecided is imperative. But buying the undecided is stupid.

Play Offense

Consider the clarity an insurgent brings to the marketplace competition by defining itself against a big, bloated, bureaucracy-loving incumbent — against a marketplace “enemy.” Even a great company like Microsoft can lose its focus until it finds such an enemy. For example, in 1994, the enemy was Novell. In 1995 and 1996, it was Netscape. In 1997 and 1998, it was Sun. And today, it’s Linux and the so-called open systems.

To win, the insurgent must constantly take the battle to the incumbent. The insurgent must play offense. Your people can’t play to win if they don’t understand the stakes of the game. Define winning in these three ways:

1. **How will winning make customers’ lives better?**
2. **What will winning mean for the company and all its stakeholders?**
3. **What will winning mean for each employee?**

One great way to sharpen your definition of success is to find an enemy. Often, the best enemy to define is a problem that innovation will solve: It may be a problem that consumer education will solve; it may be a problem created by a big player’s marketplace domination.

Represent Choice and Change

In order to instill an insurgent culture, you must make your brands and your company represent choice and change in the marketplace. Incumbents hate choice and fear change. Your job as an underdog is to destabilize and disrupt. Force choice. Force change. Make everything about your brands represent change and refreshment of the incumbent’s marketplace offer. Build your brand around the concept of change and choice in these five key dimensions: active presence, relevant benefits, competitive differentiation, brand credibility, and change imagery.

Creating an insurgent culture depends upon change leadership at the top of the company. Lead by example. Set the example of taking action. Taking action creates leadership differentiation.

The *Washington Post*’s Katherine Graham inherited the undistinguished regional newspaper following the suicide of her husband in 1963. In 1971, CEO Graham faced a critical decision: Should she publish a leaked Defense Department study detailing Vietnam War deceptions, called the Pentagon Papers? Either way, the consequences of her decision might put the entire company at risk.

Graham concluded that *not* printing the Pentagon Papers would contradict the company’s very soul and purpose. She published — and started a trajectory that helped transform modern journalism. Soon thereafter, Graham was making tough and correct calls on covering the Watergate scandal and managing a 1976 strike. And

Ben & Jerry’s Challenges a Rival

Ben & Jerry’s challenged the incumbents, such as Häagen-Dazs, head-on in true “David and Goliath” style. Its very first commercial employed a simple jingle that said: “There ain’t no Häagen, there ain’t no Dazs, but there are two real guys named Ben and Jerry!” Faith Popcorn, the futurist and consultant on consumer trends, best characterized this approach as a “real sell, delivering a real message in a real way.” As diehard idealists who refused to compromise, Ben and Jerry vigorously identified themselves as “hippie capitalists,” wedded to their values and flaunting them in every manner possible.

the *Post* went on to both a Supreme Court vindication over its decision to publish the Pentagon Papers and to become one of the top 50 IPOs over the past 25 years.

You want to create an action culture — a culture of people who take the initiative and are willing to take responsibility for their decisions. Create an atmosphere that rewards action at every level. Celebrate action even when it doesn’t result in success.

Disrupt the Marketplace

As an insurgent, disrupt the marketplace. The insurgent brands in every market’s bottom tier create most of the innovative thinking in every category. These days, these insurgents can ride that innovation right to the top.

Most big companies in global markets are constantly preparing to fight the last war — the war of mass marketing. To beat them, never fight on their terms or on their turf. Instead, represent everything they are not; meet their market tactics not with the same, but with the opposite. The incumbent doesn’t want to change and will resist changing at almost all costs.

Control the market dialogue and you win the market. Here are three ways in which insurgents drive the marketplace change and control the dialogue:

1. **Define yourself.** To be fully energized, your entire company system must know not only *what* you believe but *why* you believe it. They must understand *how* you will make decisions and what drives every decision.
2. **Define your business.** Define your brand and your business with extraordinary efficiency and effectiveness.
3. **Define the future.** Define the future context and you win the opportunity to control it.

The insurgent always fights the battle on the field and in the minds of the citizenry. Celebrate every win to create a sense of victory. This will motivate the sacrifices necessary for the revolution to succeed. But never, ever declare the war won. Stay connected to your customers by remaining in constant, fluid dialogue with them. ■

Communicate Inside-Out

Throughout the 1980s, IBM literally fell apart from the inside out. The computer giant had a confused mission, an unfocused strategy, lackluster employee attitudes, and an outdated culture — played out in undifferentiated products and strategies in the marketplace. It took Lou Gerstner in the early 1990s to refocus and reenergize its employees from the inside out and reclaim IBM's great success and legacy. To understand the power of Gerstner's inside-out success, consider the view of IBM in the 1980s as a powerless, slothful giant.

Under Gerstner's command, a few hundred employees were fired, and many new "Gerstnerites" were hired. But it was the thousands of long-term IBM employees who turned the company around, by turning around their perceptions of themselves, the company, and their conviction to succeed. They went from the worst to first by creating an insurgent strategy from the inside out.

Three groups are part of the definition of "inside": employees; system partners, including suppliers, distributors, sponsors and investors; and friends and family (i.e., stakeholders). Selling inside-out is more important now than ever. You can no longer expect blind faith and unquestioning commitment.

Energize Your Internal Culture

Energizing your internal culture demands communicating and reinforcing employees' core values — their sense of what the company believes and the values for which your brand stands. This means defining your organization's *conviction* and the larger *context* of why these employees come to work each day, adrenalized about their own success as a part of the organization's success. "Success cultures" create an emotional context and an environment of excitement and open communication. They stand for something far greater than the products they make and the services they provide.

Nike stands for unbending excellence on every playing field; Coke stands for the refreshment of mind, body and spirit in everything it does. Chip Coe's company, Smartwool of Colorado, makes socks and underclothes for skiers and hikers. His people firmly believe their fanatical dedication to quality has a direct relationship to the skier's performance.

Your job as a manager must be to wage the equivalent of an insurgent and ongoing campaign inside your organization to ensure your ultimate success.

Attitudes Create Behavior

Perceptions create attitudes, and attitudes create behavior. So the behavior you need is a result of the right attitudes shaped by the right perceptions.

● **Understanding insiders' perceptions and attitudes will be the foundation for the development of**

your inside-out strategy. Turn the microscope around. Define these insiders' most basic perceptions and attitudes. Effective strategy is impossible without this information and analysis.

● **Develop attitudinal segmentation among employees and market partner groups.** This will tell you where to focus your communications for the best effect.

Since you can't win in the marketplace until you win in your own company and system, here are nine keys to inside-out communicating:

1. *You must sell your own employees before you can sell anyone else.*
2. *Assume that your employees are sophisticated and cynical.*
3. *Never tell them; sell them.*
4. *Monitor employees' perceptions and attitudes.*
5. *Overcommunicate key themes and messages.*
6. *Create employee satisfaction the way you create customer satisfaction, by defining expectations in advance, overdelivering on a key benefit, and reminding them of what you are doing together.*
7. *Make sure you can define your business insurgency and market revolution in a "what we believe" speech.*
8. *Remember that tone and style are as important as substance in driving an inside-out strategy.*
9. *Create an insurgent culture within your company.* ■

Forget Reality: Perceptions Rule

Microsoft used to scoff at market research and marketing in general, claiming that product development was simply about making "cool stuff." But, at the same time, the company has always devoted a hefty share of its total resources to its usability labs. These labs focus on how people use software, how they use PCs and other devices, how they work and think about work, how they decide on purchases, and so on. Invariably, Microsoft uses this competitive intelligence to find new ways to get closer to its end users and to these consumers' needs and wants.

Listen

Without listening, dialogue is impossible. Without constant, perceptive market research, effective strategy formation is impossible. Perceptions and attitudes are changing faster and faster. The only choice in this environment is constant dialogue: the market conversation.

Research is often the best way to get into this dialogue. Research, particularly qualitative research, can be done informally as well as formally — just start asking questions and listen to the answers. This is where the best CEOs not only begin thinking about their future

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Forget Reality: Perceptions Rule

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business challenges, but also monitor progress and learn about perceptual dangers and opportunities.

The key to research is to ask the right questions — to develop points of inquiry that penetrate most deeply and attract and inspire the most relevant and useful answers.

Great research begins with great questions, including: What surrounds your customers' world? How do they see the future? What do they dream about? What's in their hearts? Where is their pain? What's relevant and different? Are they movable? How can you overdeliver on their expectations? How can you best define yourself? How can you control the dialogue in your favor?

To answer these questions, you can't simply rely on analyzing consumer behavioral data from the market or polling for current opinions. These techniques give you a clear picture of what was, but not of what will be.

Customers' Perceptions

Today, your business should use *presearch* to dig deeply and pragmatically into customer perceptions of the future. Presearch is a powerful tool to help identify the most compelling and relevant set of customer strategies, themes and messages into the next market.

Presearch can be conducted qualitatively or quantitatively. Qualitative focus groups are particularly powerful in helping us understand the way in which new information moves a collective psychology, together, in discussion. Qualitative in-depth interviews, with their one-on-one focus, are among the most helpful research methodologies to establish initial strategic assumptions that can be tested through quantitative research.

In order to find out what today's customers want, start with five critical perceptual axes along which a company, product or brand must position itself to gain marketplace momentum. These five axes are:

1. Control. People want to regain control of their time, finances, kids' education, families' safety, and health care.

2. Customization. Customization lets people feel that companies care about their own needs, wants and dreams.

3. Convenience. Time-pressed consumers don't just appreciate convenience: They demand it.

4. Choice. Providing choice within an existing brand family isn't easy, but it's totally necessary.

5. Change. When customers reward a product or service with their loyalty, it's because that brand makes constant change and refreshment part of its value proposition.

Remember, pigs fly — as long as your customers believe they do. It's their party. And we get into it only at their invitation. Be careful with that relationship and respectful of customers' views. ■

Rebels With a Cause

Ten candidates have identified themselves as having a passion for playing offense, for controlling the dialogue, for riding ahead of the forces of change, and for taking advantage of nontraditional marketing strategies and communications tactics. These companies are:

- | | |
|-----------------|-----------------------|
| ✓ Ben & Jerry's | ✓ Google |
| ✓ Jet Blue | ✓ Krispy Kreme Donuts |
| ✓ Linux | ✓ MobileOne Singapore |
| ✓ Nokia | ✓ Patagonia |
| ✓ Red Bull | ✓ Starbucks |

Herd the Details: Remember, Everything Communicates

Everything that you say and do is important in defining the value of your brand and the success of your company. True market insurgents pay attention to the details because, quite often, that's all they have to control. They agonize over the fine print on the back of the label. They put messages about quality on the inside of their bottle caps. They swarm all over customers in their showrooms. Most of all, they worry about the product — its quality and its integrity.

Ray Kroc's Philosophy

McDonald's founder Ray Kroc was a famous stickler for nanodetails. His motto for the level of operational discipline he expected from owner/operators was, "Clean the corners. The middle will take care of itself." That's why Kroc insisted that his franchisees be actively involved in their businesses: "You cannot buy a McDonald's restaurant as an investment; it's your main business or it's not your business."

Even today, the average franchisee in the sprawling McDonald's system operates just three stores. And today's "back to basics" management under Mike Roberts will still drum an owner/operator out of business for running a sloppy restaurant. Kroc instilled fanatical attention and an "everything communicates" microscopic focus on everything within the property lines, from the front counter to the far reaches of the property. He understood how important the little things are to customers, particularly at a restaurant.

Details need direction. It's not enough to tell your people to care about the little things. You must tell your people exactly what the details should be communicating. The most effective way to create a discipline for controlling the details of your company and brand is to form everything around one core communications strategy. Your company's core message must define who you are

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Herd the Details: Remember, Everything Communicates

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in terms of the relevant and differentiated benefits that you provide for all constituents. It should also provide some reasons why the relevant benefits should be believed. Your core communications strategy tells your people what's important.

Hub-and-Spoke Relationship

Your company's core communications strategy should connect to every other strategy in a hub-and-spoke relationship. Do an "everything communicates" audit of your company and your brands. Include everything that your customer might come into contact with. Start inside your own company and work outward toward the marketplace and then to usage and customer support. Try to include in the audit every word and image, from first impressions to relationship management. Ask of every single thing in this audit, "What does this communicate?" Then ask, "How can we make it better communicate our core message?"

Every aspect of your company should add value. That's why everything is marketing. Everything that you do and say is either selling or unselling your value. That's why the everything-communicates audit is so important — because the details can unsell just as surely and effectively as the broad strokes can.

You must develop a strategy and a tactical discipline to express the brand in every possible detail — in everything you do and say, in everything and everybody that has anything to do with the brand. ■

Deal With Crisis as SOP

Stew Leonard, Jr., who runs the famous Stew Leonard's Dairy Stores in Connecticut, treats every instance of customer dissatisfaction as a crisis — and has created a model for dealing with crisis on any scale. When a customer brings a half-gallon of milk back to the store saying that it smells funny, the employee who opens it up to smell it is putting his or her job on the line. "No questions asked" is the policy, and Stew Junior enforces it strictly.

At Stew Junior's, the employee takes the milk back immediately and, importantly, doesn't just provide a replacement half-gallon in return. Instead, it's up to the employee to be creative and "oversolve" the customer's problem. For example, the employee may give the customer a half-gallon of ice cream to go along with the milk. This "crisis response" is considered everyday *modus operandi* at Stew Leonard's.

Don't manage a crisis: Solve the crisis. Tell the truth. Tell it all. Tell it fast. Create an organization that deals

with crisis as standard operating procedure.

Train for Every Possibility

Train for crises the way airline pilots do at Flight Safety. Train for every possibility. Develop scenarios that define the worst that can happen. And develop checklists of actions to take. Not only will this help you solve crises, it will also make your everyday actions and communications sharper.

Here is an example of a crisis checklist:

1. Solve the next crisis before it happens. Assume that what can go wrong will go wrong — sometime. Create a core strategy group consisting of your executive team plus product experts, market researchers, corporate counsel, and communications managers. Create the mindset: *You will not just survive the next crisis, you're going to turn it to your advantage.*

2. Count to 10 — but not to 11. Stop, breathe, think and act. Step back, remain cool, think and work out solutions. That keeps the whole organization cool and collected. And that can keep you in business.

3. Segment your target constituents. Find out who must be moved and who can be moved. Define the hard opposition, soft opposition, undecided, soft support and hard support. Pay particular attention to the soft support. It's vitally important to activate them to support you.

4. Form a core communications strategy. Drill down to the details — remember, everything communicates. In a crisis, it's the details that communicate most vividly because of the increased scrutiny. If you try to manage a crisis without a strategy, you'll be in constant defensive mode — which is where you don't want to be.

5. Get control of the dialogue. Get control of the dialogue in a crisis at the very beginning. Tell the truth: Define what you know, when you knew it, and what you're doing about it. Only the truth solves crises. If there's heat, take it sooner rather than get fried later.

Start at the Core

6. Communicate inside-out. Start at the core of the crisis and focus first on your internal audiences. After all, they're the ones who are most directly and profoundly affected by a crisis. Get this right and nothing else matters. Get it wrong and your operations freeze up.

7. Play offense. No attack should go without response. Correct every single inaccuracy quickly. Speak clearly, speak simply, and let your actions communicate as often as possible.

8. Develop strategy for the "other side" of the crisis. Winners plan, and only planners win. Develop a strategy for what you'll do when you win.

9. Keep in touch with reality. Keep a sense of dialogue with your key audiences. Make attitudinal research a launching pad for your actions. ■