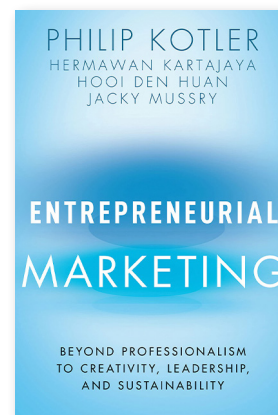


# Entrepreneurial Marketing

Beyond Professionalism to Creativity, Leadership, and Sustainability

by **Philip Kotler**



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## THE SUMMARY IN BRIEF

So much has changed in the last years, from technological advances that revolutionize the way we communicate to globe-shaking events like COVID-19. Although much uncertainty surrounds these shifts, one factor remains clear. Business will never be the same. And that includes marketing. In the past, a procedural approach to marketing might have produced reliable results, time and again. That's no longer the case.

Today's fast-paced, shifting world calls for a marketing strategy that can fit in everywhere—and be agile enough to move when needed. An entrepreneurial approach may be the ticket for organizations to be interconnected, flexible, and results-driven. In *Entrepreneurial Marketing: Beyond Professionalism to Creativity, Leadership, and Sustainability*, author Philip Kotler and his co-authors teach a more expanded, holistic version of entrepreneurial marketing. One that integrates all the other departments of a company to create paths of stronger engagement, increased customer retention, and higher levels of loyalty.

## IN THIS SUMMARY, YOU WILL LEARN:

- The elements of the omnihouse model of entrepreneurial marketing
- How to rethink competition for sustainability
- How to converge departments within a company
- Building omni capabilities with a company

### The Omnihouse Model: A Holistic Perspective of Entrepreneurial Marketing

The *omnihouse* model is a framework that makes it easier to understand this new genre of entrepreneurial marketing. This model demonstrates how entrepreneurial marketing should be carried out and also shows how the approach integrates an entire organization. *Omni* means “to combine” and the word *house* represents a place, facility, or business. Thus, *omnihouse* refers to an organization that combines multiple elements. Each of these components plays an individual role and also collaborates with the other parts of the business.

The core of this model is housed in two clusters. The first cluster is the *entrepreneurship* group, comprising four elements: *creativity, innovation, entrepreneurship, and leadership* (CI-EL). The second cluster is the *professionalism* group, which also comprises four components: *productivity, improvement, professionalism, and management* (PI-PM).

These clusters are surrounded by other functions and interact with them. They are affected by *dynamics*, which constitutes five drivers: *technology, political/legal, economy, social/cultural, and market*. These drivers, which collectively are called change, affect the other 4C elements: *competitor, customer, and company*.

This dynamics component serves as the foundation to develop marketing strategies and tactics related to *positioning, differentiation, and brand*. This is the anchor for the other main elements of marketing: segmentation, targeting, marketing mix, selling, service, and processes. The dynamics element is also the basis for developing ideas, which leads to creativity. These ideas can be converted into innovation in the form of tangible solutions for customers. The solutions provided to customers need to result in improvements, as reflected in the company’s better profit margins.

Elements of creativity and improvement can generate competitiveness only if we involve people with solid mindsets of entrepreneurship and leadership to manage them. Value creation is the responsibility of entrepreneurs, and leaders maintain values. However, we also need to support entrepreneurship and leadership with solid professionalism and management. This condition, in turn, can propel the company forward.

As laid out in the omnihouse model, it is essential to integrate marketing with finance and also integrate technology and humanity, namely, people, customers, and society. Collectively these functions support the actions that lead to results. Finally, in the heart of the model we have operations. This

function takes marketing objectives and places them into action and, at the same time, ensures financial goals can be achieved to keep a company moving forward, competitive within its industry, and enable the organization to adapt quickly to any changes in the business environment.

### The Entrepreneurship Model for Marketing

There are at least three very prominent capabilities related to entrepreneurship, namely the attitude and ability to see opportunities, a mindset that dares to take risks, and the ability to cooperate with other parties. Drawing from this description of entrepreneurship, we can observe how it applies to marketing.

Marketers must be able to convert solutions into value, which can take on different forms. For the company, it will typically mean higher profits. Investors will be looking for a higher market value of the company. For customers, the value will be in our products that can solve their problems. An attitude of daring to take risks, namely, choosing a path that we or others have never tried, shows that marketers aim to be different, and not mainstream. Differentiation is essential, but it must be consistently realized in marketing campaigns and supported by sales.

The sales team needs to understand the characteristics of the targeted segment and how to position an offering, including the brand, relative to competitors. The team will want to grasp the product differentiation and support services offered. They also need to ensure efforts are made to maintain the brand’s character.

Through solid collaboration, we have a better chance of overcoming challenges. From this basis we can observe that entrepreneurship in marketing has three main factors: positioning, differentiation, and brand. Individuals with entrepreneurial skills may have a specific focus. Opportunity seekers will relate to positioning, which is more broadly part of customer management. Risk-takers will be involved with differentiation and more broadly with product management. Meanwhile, network collaborators will focus on brand development, which is part of brand management.

There can be great potential when we blend entrepreneurial elements into a professional environment. If we rely solely on professionalism, we will be locked in only to productivity figures and incremental improvements. The play-safe attitude cannot support increasing the company’s

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If you want to go far, go together.”

market value in the long term because without an innovative breakthrough, the company’s future will be bleak. Hence, we need to try to bring together the two extremes on the professional and entrepreneurial continuum. Further, to fully thrive in this changing world, companies need to be able to integrate these marketing approaches into other departments as well.

## Rethinking Competition: Collaborating for Sustainability

The European Union has a strong electric vehicle charging infrastructure in place and interestingly, the power behind these recharging places didn’t come from a single player. The project was simply too much for a single company to take on. Automakers from various parts of the world came together to collaborate on it. The BMW Group, Daimler AG, Ford, Volkswagen Group, Audi, and Porsche pooled their resources and laid out plans to build charging stations that would support their up and coming EVs.

Take note of the players involved. *Aren’t they competitors?* you might ask. The answer, of course, is a resounding *yes!* *Are they working together to create a resource that will serve their individual purposes?* Again, the response is an overwhelming *yes!*

Welcome to the playing field of today and tomorrow. To stay alive, corporations need to look to their competitors and work together, to a certain extent. There are limitations to this strategy, of course. To fully understand the balance between cooperating and staying competitive, we will turn to our omnihouse model and dive into the “dynamics” section.

There are five factors that are affecting how companies compete. These factors are related to technology, the political and legal environment, the economy, social and cultural factors, and market conditions. These forces are stirring up change, which in turn, affects the way companies operate, compete, and interact with customers. Collaboration among competitors is one of the results.

There are three main reasons organizations are collaborating today:

- They cannot face the significant drivers individually. By uniting, they share knowledge, grow more robust, and solve problems quickly.
- A single company may not have the financial backing to overcome a challenge. When facing large issues, firms can pool their resources to share the costs involved.
- Together companies can achieve a win-win situation, as opposed to a zero-sum game. If they establish a standard or platform in their industry, they’ll all strengthen their position in the market.

As an African proverb says, “If you want to go fast, go alone. If you want to go far, go together.” Going alone can quickly decide things within our management ecosystem, but we need to collaborate to be sustainable in the long term.

## Navigating Customers: Progressive Approach for Stronger Market Position

Today’s customers have extreme bargaining power. Thus, companies generally adopt a customer-centric approach. However, customers are also increasingly stuttering with the piles of information they can get, including false information, hoaxes, and other misleading information. There is so much available that they can get caught in confusion. Companies need to supply customers with robust navigation systems so they can find solutions they need.

In line with today’s digital world, customers—who have been and will be served by company’s worldwide—are also more connected. This leads to a number of factors:

- **Customers are more informed.** With almost unlimited access to data and information, everyone does their research before making decisions.
- **Customers are more sophisticated.** These shoppers have higher expectations which can lead to gaps between what they want and the company’s ability to meet their expectations.
- **The shift of bargaining position.** They are price savvy and aware of how to determine which offer

provides the best value.

- **More challenging to satisfy customers.** For some product categories, customers choose function over brand and in others they choose the brand with which they feel most strongly connected. In either case, there is a tendency to ditch the brand immediately if they feel neglected.
- **More challenging to have loyal customers.** Consumers are dynamic, quick to understand, and at the same time change rapidly in line with their latest insights, which in turn has sparked a wave of disloyalty to brands.
- **More difficult to get positive advocacy.** We used to get a level of retention and repurchase to indicate customer loyalty. Now we include the willingness to support our brand through advocacy, which puts customers at “social risk” if someone doesn’t like a brand they recommend.

Facing this new breed of customers requires a serious overhaul of a company’s management to survive and remain competitive. To do so in the future, many more businesses will become internet businesses and work across all types of channels and devices. A company must proactively act as a trusted navigator for customers by following these processes:

**Provide a platform.** Companies can have a physical and digital platform for customers to use as a tool to identify their problems, find solutions, and learn how to use them.

**Engage partners.** Companies must involve relevant partners on the platform to support the resources, activities, capabilities, and even competencies needed to serve customers’ multiple needs.

**Focus on the solution.** Through this platform, the company must provide complete solutions that free customers from pain at each point in the customer journey.

**Provide supporting service.** This aims to provide assurance to customers and must be accessible anytime and anywhere.

**Communicate value and values.** The company’s value proposition focuses on experience and even transformation.

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### Integrating Functions: Converging Departments Within an Organization

A company is organized in a way that is conducive to car-

rying out its required activities. Departments can carry out its activities independently or interdependently with other divisions. Silo mentality is counterproductive because it may originate from unhealthy competition from people who sit at the top levels in various divisions in a company.

In the omnihouse model, we can observe four distinct functions: marketing, technology, humanity, and finance. In companies, these functions are often siloed or separate. To break down the silo challenges, companies must explore ways to connect marketing and finance.

The incompatibility of finance and marketing functions is one of the classic marketing blind spots. Marketers are often only fixated on nonfinancial measurements. Financial executives usually ask what marketers want to achieve when using their budget. Marketing people will give answers such as increasing brand awareness, creating certain perceptions, and communicating value propositions.

Such answers will sometimes make financial people frown because they may not understand the value of all that the marketing team wants to achieve, especially the terminology used, which is not normative financial lingo. Finance people then sometimes jump to the further question: what will be the return from the money they give to marketing people?

Sometimes financial people place too much emphasis on cost containment alone without seeing that the money spent will accumulate nonfinancial results, which can be converted into financial ones. As such, it should not be seen as an expenditure but rather as an investment. Finance professionals must understand how various departments work. This inter-departmental collaboration will strengthen a one-firm mentality to deliver the best products and services to customers and positively affect company revenue. Coming together as a company is essential for relevancy, survival, and sustainability.

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### Converging Creativity and Productivity: From Idea Generation to Capital Optimization

The objective of creativity is to find a solution and then execute a plan productively. This can happen when there is a convergence of creativity with productivity. Creativity is needed for innovation but it must present various technically feasible ideas that we can materialize.

Therefore, creativity must start from a clearly defined problem with a customer-centric approach that is purpose-driv-

So much is at play when we innovate that nothing is guaranteed. It takes a lot of orchestrated effort to move the needle in improvement.

en. Identifying and defining the problem triggers creativity. The creative process should be able to utilize company assets productively that prioritizes flexibility, but is well organized in a systematic way, too.

Creativity converts to innovation. Innovation is a tangible form of ideas that is ready to enter the commercialization stage. It must be aligned with available resources, capabilities, and competencies. It should demonstrate value that is easy for customers to understand, strongly differentiate, and be difficult to imitate.

Finally, innovation leads to a solution in the form of products or services that can improve customers' lives. The solution must be a viable business for the company and be able to improve the company's performance and be evaluated objectively for continuous improvement.

We have to measure productivity in correlation to the use of capital provided by the company. However, the productivity calculation cannot be solely based on the input-output approach, especially when there are several intangible input factors. Productivity must be looked at more widely and include outcomes, as well as impact.

Output is the immediate result of a production process that we often call products (both goods and services). We can measure output immediately after the completion of a given productive process. In simple terms, an outcome is the positive effect of the output from a given production process offered and enjoyed by several stakeholders, such as people in the company, customers, the community, and the company itself. We can see an outcome in the short and medium term, whereas the impact is a result that we can see in the long term.

Companies can generate new ideas and use them to attract customers and investors through the creative process. Customers often impatiently anticipate the launch of a new product. They may be willing to preorder for an interesting new product idea, even though the physical form does not yet exist. Investors will be interested if the company has unique business ideas. These segments must be balanced in terms of the creativity and productivity elements. Manag-

ing the best aspects of creativity and productivity can help companies keep customers and attract investors.

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## Converging Innovation and Improvement: Solution-Centric Approach for Higher Profit Margin

When we innovate, does it always lead to improvement? Not necessarily. In fact, it's easy for things to go astray. So much is at play when we innovate that nothing is guaranteed. It takes a lot of orchestrated effort to move the needle in improvement. Innovation must focus on customer solutions to provide improvement for the company.

Its processes are based on desirability, feasibility, and viability. Consumers will want something only if it solves a problem for them. To make it feasible, the right resources, capabilities, and core competencies must be optimized.

Viable innovations lead to business growth, both in the short and the long term. In the short term, this might include customer acceptance, higher levels of satisfaction among users, and the emergence of a lock-in mechanism or loyalty. Long-term growth is reflected by improved profit margins, which increase profitability. Affecting the community at large can lead to ongoing sustainability.

Companies that connect the bridge between innovation (i.e., providing solutions to customers) and improvement (i.e., increasing the company's profit margins) build a competitive advantage. They start by doing a 4C analysis. We can test the sharpness of implementing an entrepreneurial marketing mindset by understanding three elements in the 4C model: customer, competitor, and the company itself.

**Customer Analysis:** We must understand the customer based on data. This might be qualitative, quantitative, primary, or secondary data, depending on the solution we would like to offer. We're looking for information on preferences, opinions, suggestions, and the problems customers face.

**Competitor Analysis:** We have to comprehend our competitors—direct and substitutes—to ensure the solutions

we offer have an advantage and can therefore strongly compete. The goal here is to create the highest perceived value in relation to other existing solutions.

**Company Analysis:** We need to know our company to determine what our resources, capabilities, and competencies can realize and to market these solutions. We'll want to make sure that the innovations we come up with do not deviate too far from the company's core competencies.

As people with an entrepreneurial mindset, we cannot be satisfied with only non financial outcomes. If the nonfinancial results that we achieve are pretty good, but the financial results are not satisfactory, then there is something wrong. We must look at the execution or operational aspects of the company. Innovative solutions must increase the company's profitability margins.

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### Converging Leadership and Management: Maintaining Values and Increasing Market Value

Leadership is crucial in entrepreneurial marketing and within the omnihouse model, leadership must be converged with management. Entrepreneurial leadership can have a positive influence on company performance. Strong leadership is defined as the ability to direct the management team in line with company goals and strengthen team morale and confidence, which in turn increases employee engagement and commitment. In this sense, strong entrepreneurial leadership is one of the essential factors for establishing a company's competitive advantage.

Entrepreneurial leadership also plays a vital role in the development of the people in an organization. It is positively related to employee creativity and reduction in employee turnover. In essence, leadership must be able to build competitive advantage through the development of personnel, including coaching, mentoring, learning-by-doing, and other formal courses.

Without strong leadership, marketing will only run normatively or by procedure and will not cope with the fast changes triggered by the increasing role of digital technology. We cannot implement marketing based merely on a "professional" approach.

Determining excellent leadership is vital for marketing success, especially in uniting, directing, and motivating the marketing team to move according to the predetermined

strategies and tactics. Leadership also has a significant role to play in planning and executing a marketing strategy, which will show financial results and also nonfinancial ones, such as customer loyalty, product leadership, and solid brand equity.

In this new entrepreneurial marketing model, marketing strategy and tactics refers to nine elements held together by positioning, differentiation, and the brand. The nine elements—segmentation, targeting, differentiation, marketing mix, selling, brand, service, and process—can be grouped into three main marketing management capabilities: customer management, product management, and brand management. Leadership capabilities in the management of these processes are crucial.

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### Building Omni Capabilities: From Preparation to Execution

A company can no longer rely solely on one or two capabilities. It must build several capabilities and leverage them simultaneously for rapid expansion. Converging, balancing, and leveraging those capabilities aligns with the idea of building omni capabilities. This means an organization has all the necessary capabilities and can use them in value-creation processes to shape powerful competitiveness. Therefore, we need to include people who have these capabilities, shape them, and keep them in our organization.

A company that wants to be successful must identify what capabilities are required for its operational, managerial, or strategic positions. After that, the firm should invite talent with different capabilities and competencies to join and carry out an integrated value-creation process with maximum results.

The critical factor distinguishing between competitive and noncompetitive companies lies in how the company recruits, develops, and retains talented people. Companies especially need people who understand how to leverage various technologies and have the skills to analyze information and interpret it well to be used as a strong basis in decision-making. This situation forces companies to abandon conventional staffing approaches and shift to more sophisticated methods that focus on acquiring and developing talented people.

When finding the people they need, companies will want to build capabilities in the areas of creative, innovative, entrepreneurial, leadership, productivity, improvement, professionalism, and managerial. It's infrequent, if not impossible,

for an individual to have all capabilities at once. Having two or three of the eight is sufficient. However, one can also learn about the other capabilities to understand other partners who have strengths in different capabilities.

Companies must have a clear plan to find, unite, develop, assign, and retain people in the organization. They'll need to have talent aligned and integrated with the goals and strategies of the organization. Such an approach is the essence of strategy-driven talent management and is imperative for today's environment.

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### Visioning the Next Curve

On top of understanding the current conditions, companies must also be able to observe what we will likely face in the future. The implementation of entrepreneurial marketing will not be optimal and will not significantly have an impact if we are not prepared to anticipate what will happen in the future.

Regardless of how severe the impact of the COVID-19 pandemic has been, it is time for us to bounce back. The next curve is our journey from 2022 to 2030 and it is seen as full of uncertainty. However, we should remain optimistic but also realistic when facing various challenges in the future.

Don't hesitate to collaborate. Use an entrepreneurial mindset together with professionalism. Converge various dichotomies. The challenges on the next curve are not easy, but that doesn't mean we can't overcome them. If humans continually strengthen their minds, use their conscience, and use them as a marketing beacon, then the future is in hand. Welcome to the next curve!



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