

Tough markets require peak performance—demanding clarity and focus on your unique value edge

Both corporate and product brands operate within competitive markets. Players watch and copy each other's moves. Genuinely different and better patented inventions can help to defend against this but the general consequence is that customers end up concluding there is broad parity.

While such parity can temporarily help market leaders (as a result of existing customer investment, wider distribution, and the 'better the devil you know' principle), it also leads to market commoditisation as price becomes a last resort for differentiation. If experiential value is undifferentiated, buy the cheapest. For a period, this can be advantageous for a low-cost producer, but in most cases it leads to a category spiral unless an alternative can be found. (It also makes Western economies very vulnerable.)

The commoditisation trend has been obvious in the automobile industry—a category that should begin with many inherent advantages. The global small car market has been operating on wafer-thin margins or worse; and once-global-leader General Motors is now in intensive care. This leads to the curious phenomenon that high-technology industries can look more like commodities than basket-making.¹

Is there a defence against this?

While pressure and challenge will never be eliminated, the best remedy is to be found in combining two business principles: operate at peak performance and enhance differentiated value.

In the research and client engagement I have engaged in over the last seven years, we have discovered an important and largely overlooked synergy and coherence between these two elements, as well as key components for their effective execution.

The synergy arises from the following crucial phenomenon:

- Every successful organisation is de facto unique, just as every human being is unique with an individual DNA that imprints itself across the whole organism, the metabolism, each organ, fingerprints, eyes and teeth, and personality. Similarly, the organisation's business models, brand, culture, product architecture, and so on, are all closely related and belong to the unique DNA of the organisation.
- And the organisation is closest to peak performance when it is closest to fully realising this uniqueness. By analogy, Ronaldo (football, for the unenlightened), Manchester United, Dave Brubeck and his band (jazz), John Le Carre (spy thrillers), Pieterman (cricket), Banksy (graffiti art), and Kasparov (chess) all produce their best when they are playing or working in tune with their unique style and ability. Indeed, the sports world has a name for this—'being in the zone.'

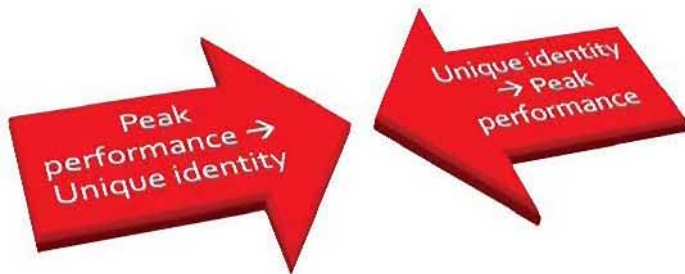


Figure 1: The synergy that drives peak performance

This has important consequences. If you focus on operational improvement using, say, performance management or lean without doing so in a way that respects unique identity, the result appears to be an increase in generic capability while in fact diluting real value and differentiation.

If you accept this principle, then it leads inescapably to two conclusions:

- It is an urgent essential of management to ensure that the whole company is operationally conscious of what makes it unique.
- And also crystal-clear about how to express that uniqueness. The brand's unique value DNA must be incarnated into the character and quality of every product and every customer touchpoint. What should your user manual look like? How should your help system behave? What's the character, aesthetic, and content of the first (and every) thing the user sees when signing into your world? In order to do this, you need a way to be able to describe and characterise unique value in more than functional terms, because it is imperative to be able to define it also in terms of an aesthetic and a felt response.



Figure 2: The management challenge for peak performance

How do you do this?

Over the same seven-year period we have researched, developed, and applied Stellar®, so that it is now recognised in many organisations in a dozen countries as a cost-effective, strategic identity toolkit and process with the capability to tune management teams, processes, customer experiences, marketing, and indeed the whole organisation to work at their best. A distinctive feature of Stellar is that it unites all the different aspects of organisational identity on a single page, making leadership more simple, complete, and direct. It provides coherence to management actions and strategy. Stellar is also particularly useful for organisations that are growing by acquisition since it can be used to help to determine fit.

Agencies, consultancies, and internal change management may be interested to know that accreditation as a practitioner of Stellar is available through a training course.

At the same time, we have developed a toolkit to describe and model the unique experience that you create for customers, helping to maintain the brand's distinctive value edge. The value key signatures that we co-create with the brand team provide actionable inspiration and measurable performance effects on customer experience and product design.

I shall briefly outline the key principles in both areas and how they interact.

Stellar

Stellar explores and precisely describes 12 inter-related aspects of the organisation's unique identity, as indicated in the representative questions in Table 1.

Table 1: Stellar definitions: Identifying the unique DNA of the organisation

PRODUCT

What unique design principles fashion your product and service architecture?

BRAND ESSENCE

What is at the heart of your value, what you mean to customers?

CUSTOMER NEEDS

What needs do the core customer groups seek to satisfy and what unique experiential value is created for them?

ORGANISING IDEA

What is the idea, mission, or promise that glues everything and everyone together?

BRAND PERSONALITY

What personality and style do you express?

UNIQUE COMPETENCE

What is the special systemic capability of the company?

VISION

What do you want to bring about in your world?

POSITIONING

How is it seen to be different to others in its market?

CULTURAL VALUES

What guiding principles influence behaviour across the organisation when the organisation is working at its best?

BUSINESS MODEL

What interlocking synergies form the gears for economic success?

PURPOSE

Why do people really work for you?

DASHBOARD

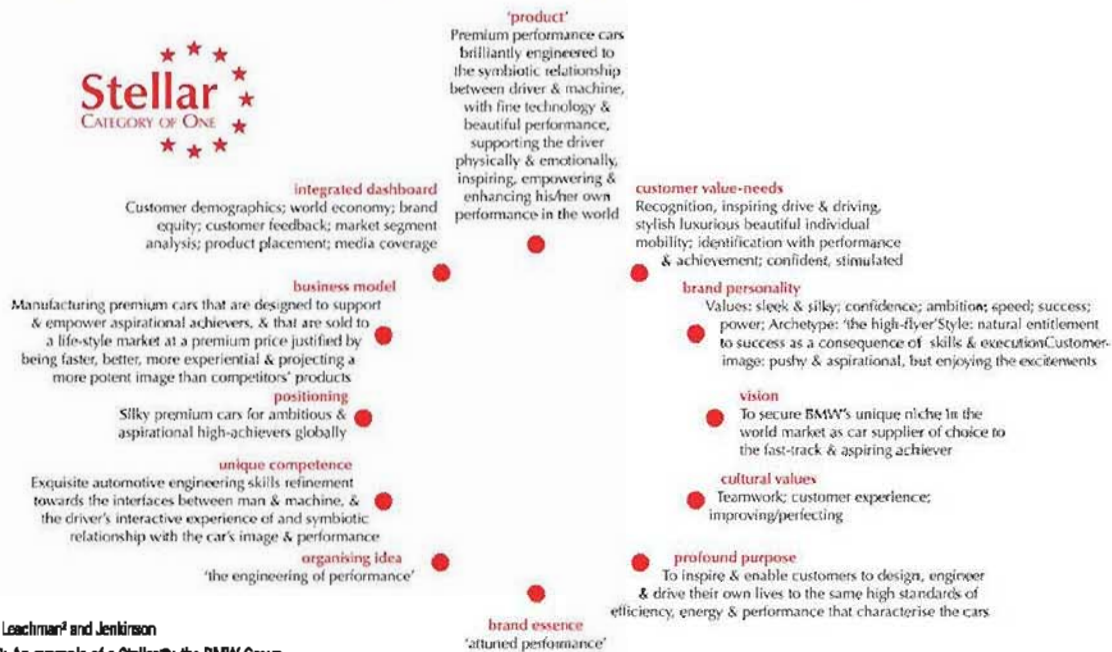
What are the unique measures of success and how do they interlock with other key measures to form your unique performance management system?

Source: Jenkinson, Leachman, Drenth
© Stellar Ltd; Stepping Stones Consultancy Ltd; the Centre for Integrated Marketing, 2007-09

We have received some complaints in the form: "12 things are too many to manage." A standard response to this is to say: "We recommend that you decide which of these 12 it is not necessary to manage, and ignore it. If you survive, let us know."

The truth is that they are all crucial and this process succeeds in putting all the essential guiding principles on one page, with clients reporting that this actually makes management easier. Until now, these vital issues are often managed in isolation by different parts of the business (marketing, HR, finance, production, etc) and some may even be overlooked. Furthermore, because the arrangement is wisely composed and intelligent forming a logical as well as a visual circle, each derives synergy and additional meaning from its relationship, as can be seen in Figure 3. This also makes management and strategy clearer and easier.

Tough markets require peak performance—demanding clarity and focus on your unique value edge



Source: Leachman[®] and Jenkinson

Figure 3: An example of a Stellar®: the BMW Group

For example, opposite points are polar (e.g. market positioning is a status achieved by past performance while vision represents a future ambition, which will in due course affect future positioning; product design principles precisely describe the most tangible aspect of the organisation's value while its brand essence is its most 'spiritual'); triads (relational triangles) guide management challenges such as equity relationships, customer experience, and strategy.

The answers to your unique identity are reached through an economical discovery process that is adapted for each organisation but generally includes stakeholder research (using existing research wherever possible); structured observation of the organisation's behaviour, communications, products etc.; and also workshops with management (and potentially staff).

The process identifies peak performance characteristics, remembering that a core principle is that the organisation is most itself at its best. This means that it follows an appreciative enquiry model, looking for what is good, and the strengths that can be built on. Research shows that this is a very effective discovery method and that even complaints and disappointment can be used by inversion to capture insights about the positive, as shown in this remark by a commentator at Wimbledon...

Commentator: *"She is just a shadow of herself"*

—Clearly shows a clear appreciation of both current and peak performance

However, the discovery process also identifies current practice overall and where appropriate in different parts of the organisation. This gap between everyday reality and performance in the zone is used to develop strategic changes to close the gap. These are more effective than most change management programmes because they are not based on some arbitrary ideal but on a real and already present capability.

Peak performance is always drawn from proven reality. This might be the operation of only one branch, market, or channel, but it exists as inspiration, proof, and model and it means that change is being designed on sure foundations. Indeed, each gap represents an assured opportunity for growth and improvement. Furthermore, as consistency at peak is achieved, a new peak emerges, providing natural growth and development.

This also overcomes common problems with management retreats and visioning:

- Values, vision, goals, brand values, etc that are not 'true:' they do not grow out of the heritage and DNA of the organisation but instead belong to the fantasy of its current leadership
- Plans are seen as unreal and create no traction

Action to close the gaps will depend on what is needed and a variety of different methods can be used. We favour the thinking behind Hoshin Kanri, which consists of a process of identifying strategic priorities and focusing on them (rather than everything that moves) following a cycle of continuous improvement.

We also recommend socialisation (internal marketing) and training to ensure that the organisation understands and internalises what makes you, you, and therefore what to do. A key challenge of modern leadership is to find a way of giving direction without using command and control, which inevitably leads to less than peak performance.

One of the strongest features of Stellar is that it can be used to empower the organisation, providing guided inspiration that both mobilises and channels action. In this way, you address the first strategic imperative that Drucker gave to Management, to clarify 'who we are and what we do.' It leads to better cross-functional decision-making and commitment to the success of the whole organisation.

Customer experience

A key feature of development is also to focus on customer experience. Stellar helps to ensure coherence and consistency of experience across channels. Such integration is obvious but vital.

Furthermore, all aspects of Stellar are related to stakeholder value and customer experience. For example, positioning gives a precise frame of reference for how customers expect you to be different; the two brand domains define the internal

essence of your unique value and the external personality that you portray in the world; the organising idea provides strategic mission and perhaps a slogan, such as Tesco's *Every Little Helps* or IBM's *On Demand* (and earlier versions including *e-business*). The business model clarifies what you do to make money, and is often the engine of uniqueness, while unique competence is not only something to nurture but a point of inspiration for innovation. The Integrated dashboard helps to ensure that you are measuring the critical factors that help to maintain value edge.

The product domain at 12 o'clock and customer needs at 1 o'clock must obviously work together. Many organisations are good at defining the functional characteristics of their products, but they are often relatively poor at identifying the essential design principles that make their brand unique. This is not a list of special features, although such a list might be a start point. What differentiates the design principles of Versace and Armani, or of HP and Dell?

Discovering and operationalising these principles leads to positive results, particularly when allied to an understanding of customer needs. To do this we are interested in understanding the functional requirements of customers (using a variety of techniques such as House of Quality), but more importantly we also want to dive into the real component of value.

The customer experience of value

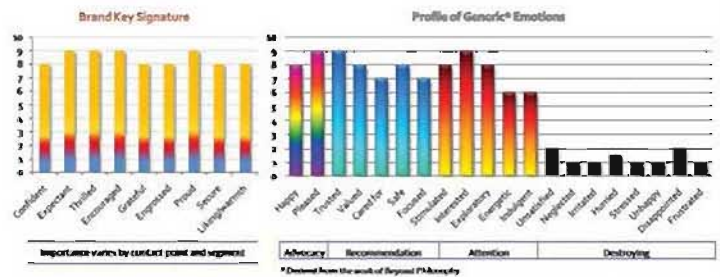
One consequence of working with Stellar has been deep insights about experiential value for customers. When the term value is used in shopping and business, it is usually related either to price or a particular functional characteristic ("this computer has a faster processor"). Such features, benefits, and price differentials are important. However, they are not the substance of value in the customer psyche (whatever he or she may think). Essentially, functional descriptions are profiles of the product or service; they belong to the 'interior' of the product (so belong at 12 o'clock). Value exists in the customer's mind, so we need to go inside that.

If we turn to psychology to understand how value is experienced there are two intertwined elements consisting of meaning and emotion, both of which derive from the needs people bring to the experience (e.g. of using the product) and what happens afterwards.

- A thirsty person gets a glass of water and feels refreshed
- A thirsty child gets a glass of milk from her mother and feels refreshed and loved
- Raffles serves fresh juice with lime, ice, and heritage in a tall glass on a silver tray to a visiting tourist
- A girl at a bar is offered a drink by a male stranger

Different meanings, different emotions, different values!

From a psychological perspective, the emotion arising from the satisfaction of the need, or indeed the failure to satisfy it, constitutes the motivational force of value. Remember that emotion is accessed three or four times faster than conscious cognitive thought and has served as a human decision-maker (think of fear, disgust, trust, happiness, excitement, liking) for tens of thousands of years.



As Figure 4 illustrates, our work is focused around identifying sets of meanings and core emotions common throughout world cultures, and in the B2B and consumer markets. Our research has identified a wide inventory to differentiate the precise experience that the brand should provide to a particular segment. Managers can use this from research and innovation to training and evaluation to upgrade products, services, communications, and indeed all touch points.

Peak performance in tough times

Some observers are claiming the recession is over, tough times however rarely end, and in any case, now will be the time to exploit strengths.

My central argument is that leadership can and should become much clearer about what constitutes the unique identity of the organisation and how to operationalise this into distinctive and richer value through every process and at every experience.

Operationalising the customer experience of value by profiling the key signatures of meaning and emotion that play in their minds is more powerful than just working with features and benefits. It means working from the inside of the customer—not the inside of the product.

The following questions may help to navigate next steps:

- Is every manager in your company completely clear about what makes it different and the consequential significance of that when making process improvement, service design, and evaluation decisions for example? (And other staff?)
- What are the most important differentiating emotions associated with your most important product (must-be emotions or those that are common to other brands are not counted)?
- What should be the play of those emotions during the process of using or consuming your product? For example, how should they vary during the life of a particular usage? Is there a particular peak-end emotional goal?
- What single word or individual single words sum up what you mean to a committed customer?

Stellar was co-developed by Angus Jenkinson and Richard Leachman in partnership with Kathleen Drenth and was sponsored by The Centre for Integrated Marketing. Copyright, trademark and other IP is held by Stellar Ltd., in trust. Any organisation or person may apply to use Stellar, training, accreditation, and use of the toolkit is recommended.

1 There are many examples of basket making, for example for tourists or in public areas in towns in India, where the margins are much higher than the auto industry.

2 The research and analysis of the BMW group was carried out independently of the company by Richard Leachman, whose invaluable assistance in this and the article is much appreciated.



Angus Jenkinson is principal consultant and founder of Stepping Stones Consultancy and holds the chair at the Centre for Integrated Marketing at the University of Bedfordshire.

Angus Jenkinson
angus.jenkinson@stepping-stones.org

"One of the strongest features of Stellar is that it can be used to empower the organisation, providing guided inspiration that both mobilises and channels action."