



# Differentiation that Matters – the key to organic growth

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*Motorola is the best managed company in the world. Nobody else is close.* Fortune April 1994



Innovation, TQM, BPR, Training, Teamwork, Empowerment

*1943 Portable two-way radio*

*1946 Car-phone*

*1969 First words from the Moon*

*1973 DynaTAC*

*1983 Commercial cell-phone*

*1990 HDTV*

*1991 GSM cell system & phones*

*1994 iDen Digital Radio*

**Global cell phone market 1994**

**Motorola 45%**

**Nokia 20%**



*Motorola's history is anything but boring, littered with iconic products from the Star Tec to the recent hit with the RAZR.....*

*Tom Meredith, CFO Motorola*



*1996 Star TEC wearable phone*

*2000 GPRS*

*2002 3G nationwide network*

*2004 MOTORAZR V3 cellphone*

**Global cell phone market 2000**

**Motorola 15%**

**Nokia 31%**

**Global cell phone market 2008**

**Motorola 9%**

**Nokia 40%**



*Motorola's history is anything but boring, littered with iconic products from the Star Tec to the recent hit with the RAZR. But you'd be hard pressed to name an iconic product from market leader Nokia. Yet, when you look at their profitability and successes, you see they had a portfolio that was complete.....from mass market to feature to enterprise and they....competed more effectively than we did.*

*Tom Meredith, CFO Motorola 2007*



## Organic growth strategy

Holistic brand: promise keeping and consistent communications

### Market driving incremental innovation

*ACI in product range, total costs, business systems – customer focused*

### Market-oriented leadership and values

*Noyryys = humility*

*Very Human, engaging you, passion for innovation and working together*

# Delivering on Your Promise

**Can your middle managers accurately describe  
your promise?**

Can you describe it?

Can your middle managers?

Accurately?

Is it a promise?

What does that mean?

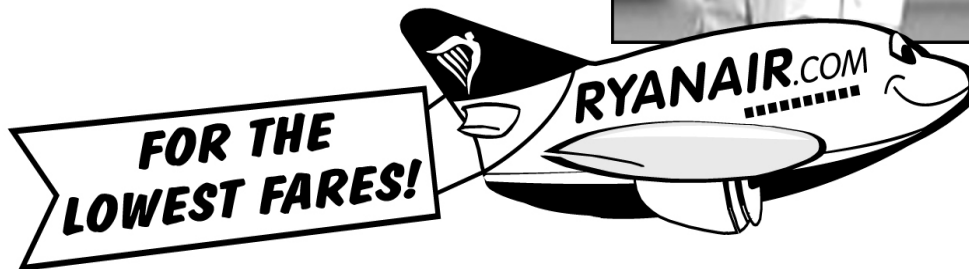


# Remarkable Clarity

Cheap Hotel,  
Cheap training pitch!!!!  
Next thing they'll be  
wanting us to  
F#@kin fly Ryanair

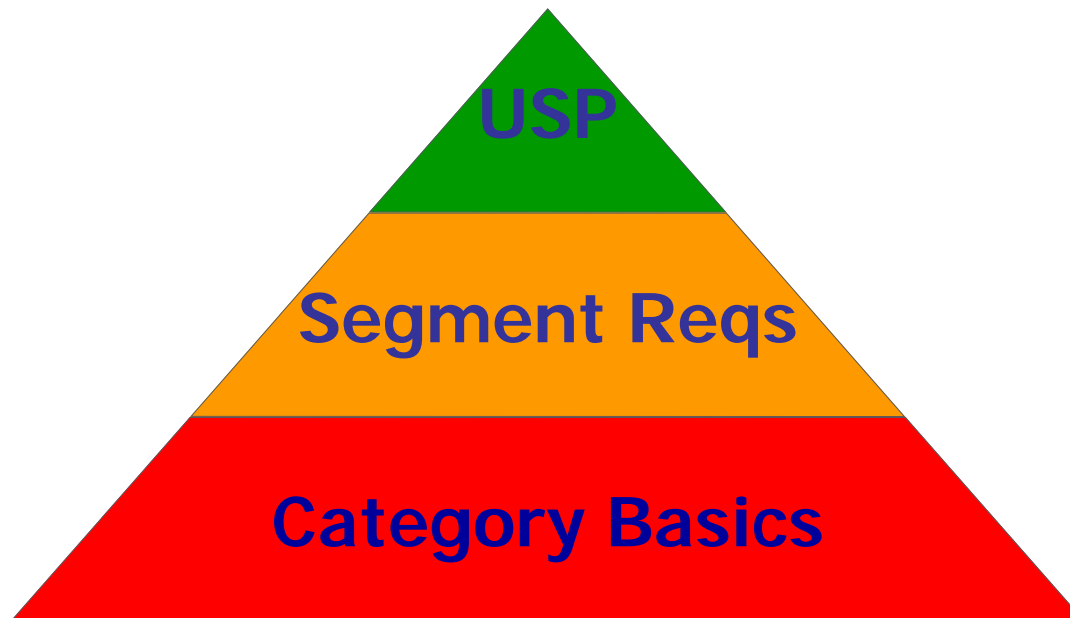
**ROY'S RIGHT -  
ONLY RYANAIR OFFERS  
THE CHEAPEST FARES!**

(The preferred airline of the FAI ??????)



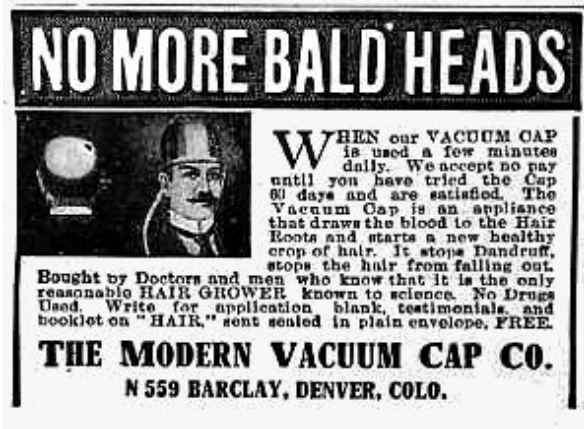
# The Complexity of the Value Proposition

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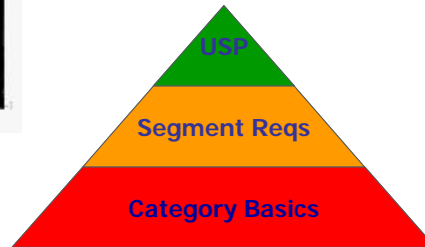


# Delivering on the Promise

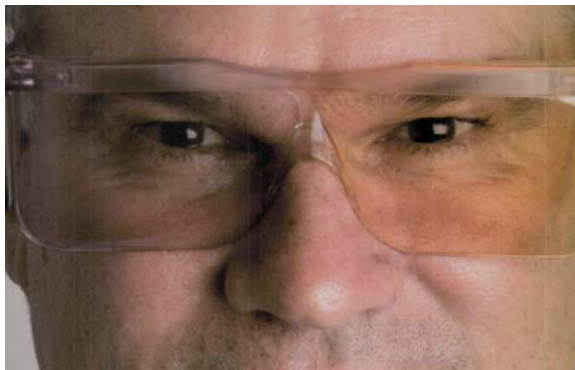
Clear and Sincere



Complete

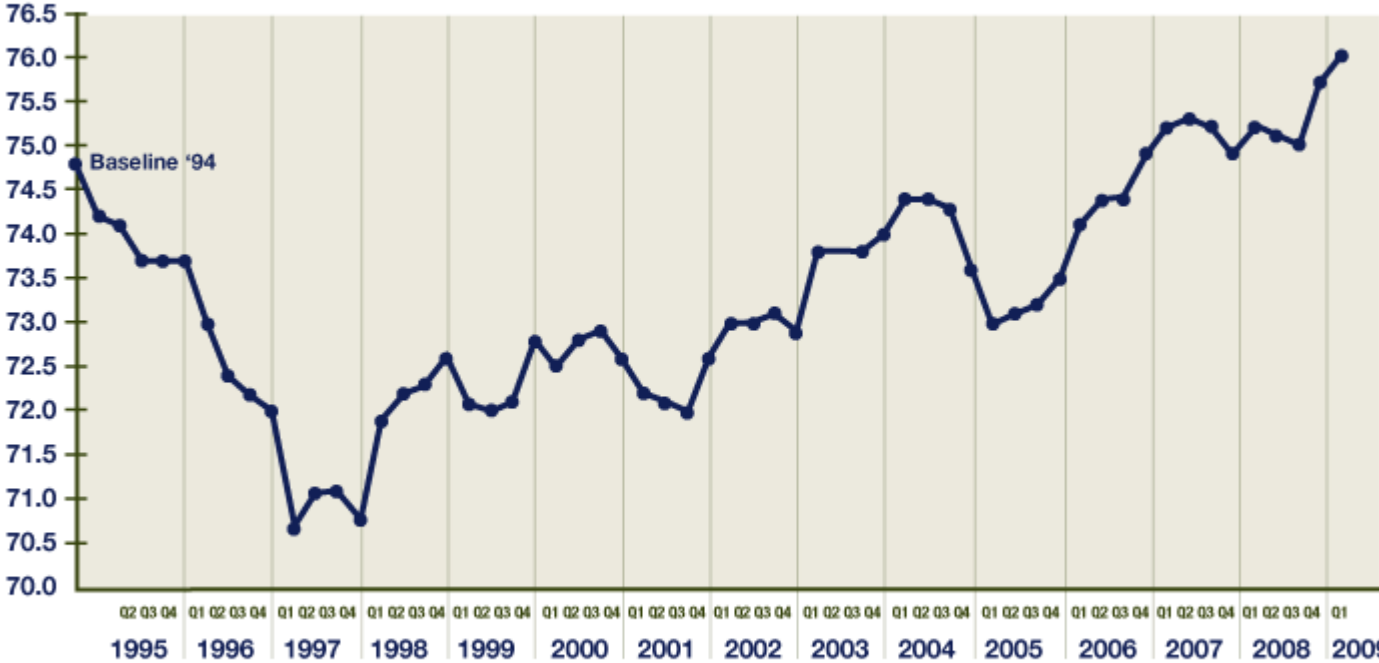


For Example:



# Room for Improvement?

### Change in the National ACSI (0-100 Scale)



# What is Really Important?

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“It is a profoundly erroneous truism....that we should cultivate the habit of thinking of what we are doing. The precise opposite is the case. Civilization advances by extending the number of important operations which we can perform without thinking about them.”

*Alfred North Whitehead*

# Not even *THAT* Simple?

**Dear Sir or Madam**

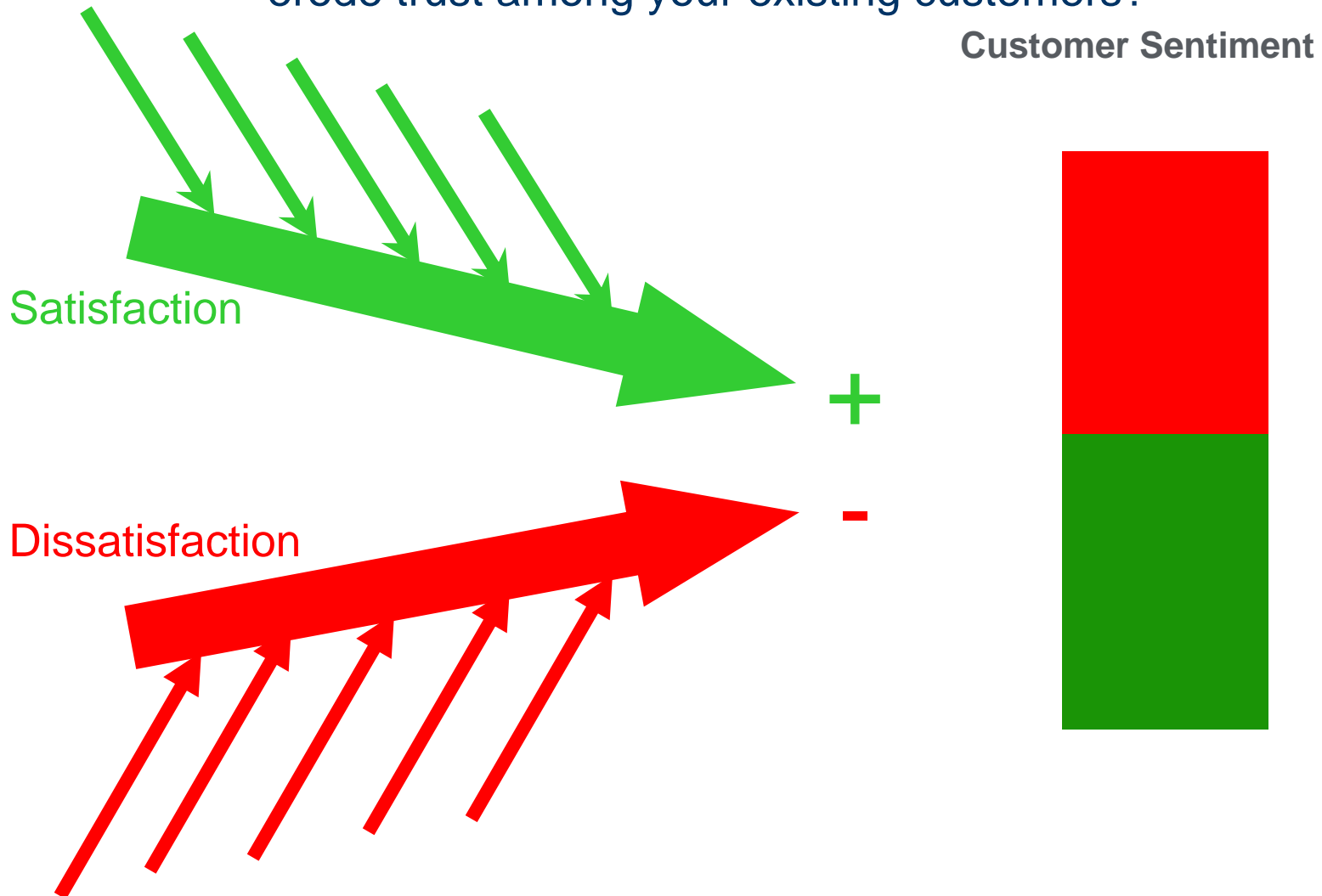
**My congratulations to you on getting a yacht to leave on 28<sup>th</sup> November 2004, sail 27,354 miles around the world and arrive back 72 days later.**



**Could you please let me know when the kitchen I ordered 96 days ago will be arriving from your warehouse 13 miles away?**

# What is Getting Your Airtime?

Can every member of your top team list the three things that erode trust among your existing customers?



# Building on the Promise

Is your brand really the best option for customers and will it still be next month and next year?

Big and Impatient

Step 1

Delivering on the Promise

Step 2

Building on the Promise



The first big change in soap making in 2,000 years



# Building on the Promise

“Fits and starts, fortuitous accidents, vexing dead ends, and slow, laborious work, P&G did not march so much as crawl its way toward the breakthrough”

1946



2008

Tide is always the best laundry detergent

60 incremental innovations

Process innovations

Brand extensions

Consumer and retailer benefits

# Building on the Promise

By 2001 Household penetration slowed for 8 consecutive years

*Yes, Tide is better*



*But, that much (50%) better?*

Aggressive Competition

Tide with a Touch of Downey, Tide with Febreze, Tide Coldwater

**By 2005 these innovations boosted Tide's market share by 5.8%**

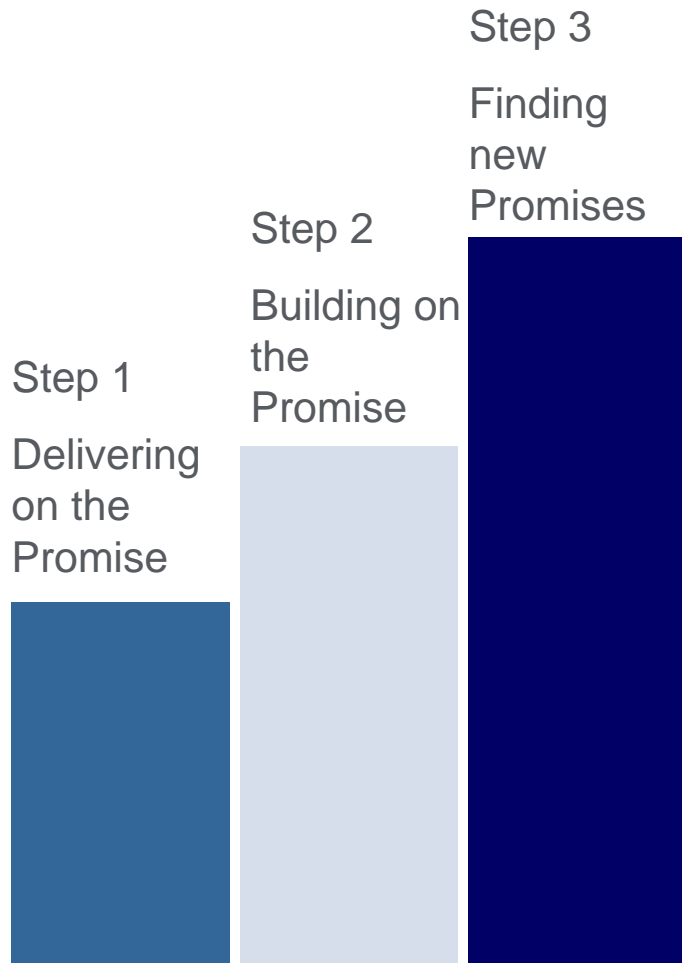
Emotional Mis-connection

Tide knows fabrics best

**By 2007 Household penetration 37%, market share 44.5%**

# Finding New Promises

Have you acted on any novel ideas in the last year which led to a significant innovation beyond the familiar?



1998-2008

Outstripped every F500 co –  
Shareholder return 51%

# Finding New Promises

....and failing



# Finding New Promises



## With the Mac, Apple:

- Did not invent the key technologies
- Was not first in the market
- Did not succeed first time through
- Did not rest on its laurels

# Finding New Promises



Apple's promise:

We make life enhancing technology truly accessible for the mass market

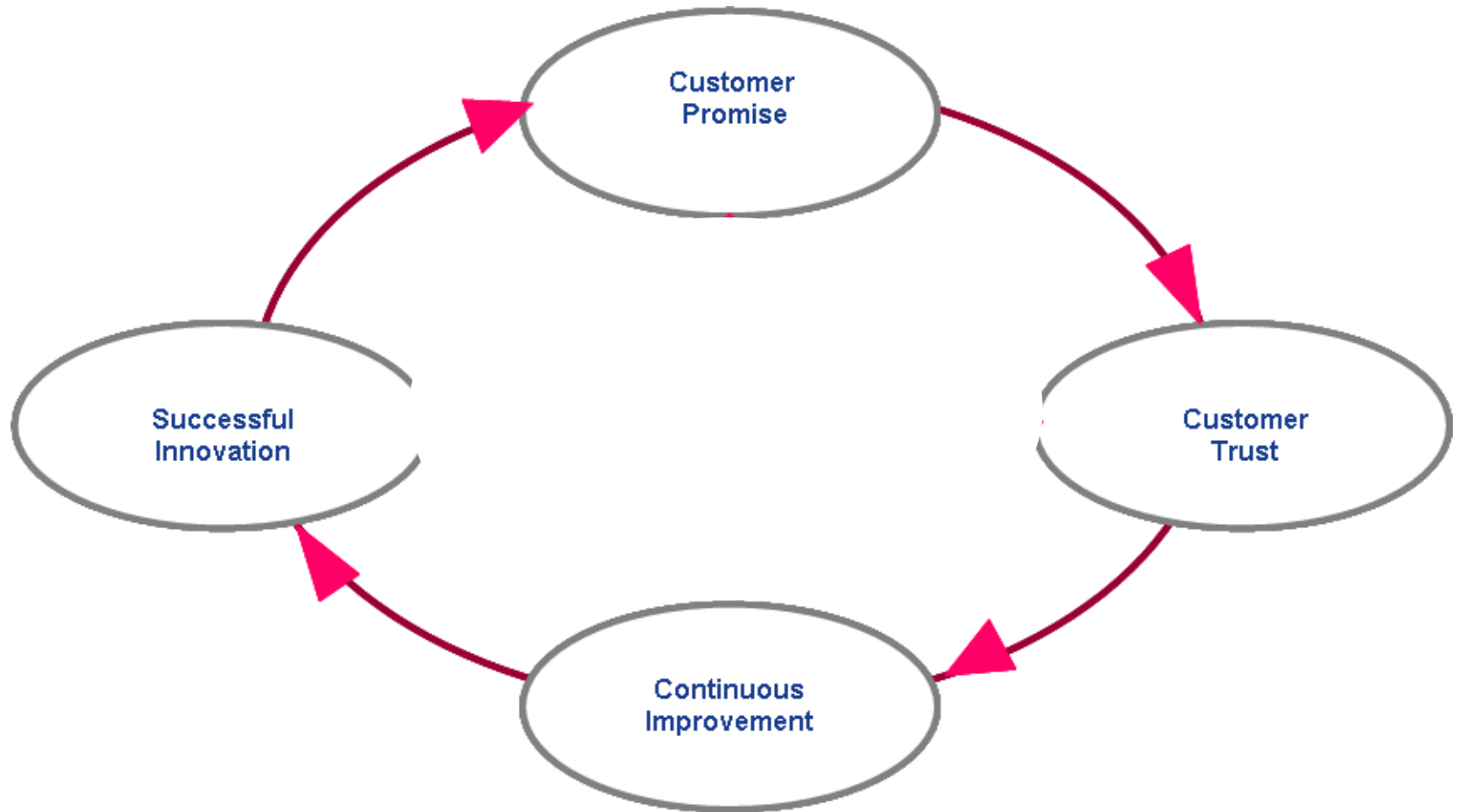
Introducing  
**iPhone 3G**   
The fastest, most powerful  
iPhone yet.



A user-centric fast-follower

An aggressive incremental improver

# The 'Sweet Spot'



# How Open Are You?

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Have your front line staff asked you any uncomfortable questions or suggested any important improvements over the last three months?



# We're Not As Open As We Think



1 complain to V. P.



“Every layer is a bad layer.....obstructing swift and simple communication...We must create an atmosphere where people can speak up to somebody who can do something about their problem”

*Jack Welch*



**Front-line  
Service Providers**

to front-line



**500** who are  
dissatisfied

ified  
t

in

Source: U.S. Office of Consumer Affairs



# Opening Up

*"Bad decision, moved too quickly, no controls in place, wasted some money,"*

Sheryl Sandberg  
Google

*"I'm so glad you made this mistake," he said. "Because I want to run a company where we are moving too quickly and doing too much, not being too cautious and doing too little. If we don't have any of these mistakes, we're just not taking enough risk."*

Larry Page  
Co-Founder and CEO, Google

*"We don't have quality problems"*

GM Senior Management

*"No problem is a problem"*

Watanabe-san  
President, Toyota

# Conclusion

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Can your middle managers accurately describe your promise?

In God We Trust.... all others must bring data.

W. Edwards Demming  
Quality Guru

Have your front line staff asked you any uncomfortable questions or suggested any important improvements over the last three months?

# The 'Sweet Spot'

