STRATEGY & INNOVATION

Breakthrough Insight and Ideas for Driving Growth

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Mastering the Emergent Strategy Process

Invest a little to learn a lot about key assumptions and risks

BY SCOTT D. ANTHONY

Recently, Apple has received acclaim for the fabulous success of its iPod product line. About 15 years ago, Apple was on the verge of pioneering another category with its Newton personal digital assistant (PDA). That effort famously flopped. It wasn't just Apple that got it wrong, however. Sony, Motorola, and Hewlett-Packard, among others, failed to pioneer the category. All told, companies squandered more than $1 billion following doomed strategies. Who won the space? A startup called Palm Computing.

The high failure rate of smart companies in a new space shouldn't be a surprise: An overwhelming amount of evidence suggests that companies entering into new markets tend to start with the *wrong* strategy. This simple statement has profound implications. No one would pour money into a strategy known to be fatally flawed, but companies make just such a mistake by stepping up investment in an unproven strategy too early.

We believe that an "emergent strategy" process can improve a company's odds of success by systematically addressing the risks and unknowns that typify uncertain ideas. This article describes four steps managers can follow to master the process. By comprehensively laying out assumptions and risks, focusing first on the critical areas of uncertainty, executing smart experiments, and adjusting based on the results, companies can quickly adjust—or shelve—flawed ideas, increasing the chances of ultimate success.

see 'Mastering Emergent Strategies' on page 6

Can Venture Capital Help Companies Innovate?

How to use outside investments as a source of innovation

BY CHRIS CARTER

In 2004, Motorola Ventures, the venture capital arm of Motorola, invested $500,000 in Camero, Inc., a small company developing a portable radar-imaging system that could help rescue forces such as fire departments save lives by seeing images through walls.

That modest half-million dollar investment, which was part of $9 million in total financing that Camero received from a syndicate of venture capitalists, led to a final product that probably would have

see 'Corporate Venture Capital' on page 10

INSIDE

Voices of Disruption

BY LIB GIBSON

Each issue, we feature a person who is "in the trenches" of disruption. This issue, we hear from Lib Gibson, who is a corporate advisor in the Office of the President of Bell Canada Enterprises.

When first learning about disruptive innovation in the 1990s, the messages resonated strongly with my observations over years of business experience. Later, when I joined Bell Canada Enterprises in 2003, I realized that the telecom industry was being rocked by several disruptive innovations.

Wireless communication had been around for years, but only recently had improved quality made it a viable substitute for wireline communications. Voice over Internet Protocol, or VoIP, had reached a state of relative maturity, supporting the ambitions of new entrants into both wired and wireless communications. Given this context, I knew the theory of disruption could be helpful to Bell Canada, Canada's largest telephone company, which was fighting off a clutch of feisty new entrants.

VoIP is a highly disruptive innovation in telecom. The market's perception of "good enough" has evolved downward to encompass lower quality service, arguably due to the uneven quality of mobile telephony. And, open standard Internet Protocol has greatly decreased the cost of transport and switching equipment, making it cheaper for new players to build a presence.

In contrast, POTS (Plain Old Telephone Service) has traditionally committed to "five 9s" reliability, meaning the service is available 99.999% of the time, including during power outages. Legacy networks have supported that commitment using older, more expensive equipment. To top it all off, incumbent companies are subject to intense regulation that some newcomers can avoid.

Take cable companies. They already have physical connections into consumers' homes and now can enter the telephony industry with a product that is "good enough" for many consumers. They enjoy lower costs because of cheaper equipment, lower commitment to reliability, and freedom from the fetters of regulation. It's hard for incumbents to simply respond with lower prices, when each customer who switches to VoIP represents a hit to the bottom line. Asymmetric motivation indeed.

Another type of company, the so-called "over-the-top VoIP provider," typified by Vonage, can be even more disruptive. These companies provide an adaptor that connects any phone to any Internet connection. Since this service rides over existing connections, there's no need for Vonage to provide—or set up and maintain—any connectivity. With Vonage, area codes are no longer fixed to your home connection; you can select the area

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INNOSIGHT
unlocking new market growth

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code of your choice and take that area code with you on the road. The quality of the service is not as good as traditional wireline service or even cable VoIP, but it's cheap, offers new features, and enables consumption in new contexts, all classic disruptive hallmarks.

Then there's Skype, what you might call a Monster Disruptor. With this service, you can use headphones on your computer to talk to someone on their computer. And the service is…free! Believe me, there's nothing more disruptive to a business model than having someone offer your service free.

Skype is aggressively expanding its range of options to include paid service, as well. Now any Skype subscriber can call any POTS subscriber for a small fee. Skype is looking at disrupting the wireless industry, too: You can buy a WiFi cell phone that supports Skype in any hot spot in the world.

By holding workshops on disruptive innovation and VoIP, Bell was able to better understand the nature of the threat—and our own motivation to meet it. Today, Bell has an "over-the-top" VoIP service that can be purchased by any customer in Canada, whether they get their physical connectivity from us or one of our competitors.

We offer a highly innovative hybrid service that has been described as the best VoIP offering available, combining the high reliability of traditional telephony for the last mile to the customer with the flexibility of VoIP in the central office.

Bell also has taken aggressive action in the provision of telephone service through fixed wireless. To a company steeped in copper-based telephony, the idea of providing Internet and voice services with a totally wireless solution would have come hard, were it not for the insights gained from disruptive innovation. Yet Bell has invested in Clearwire and is a partner in Inukshuk, a company dedicated to rolling out such service in Canada.

Thinking about innovation has helped Bell to be aggressive in facing disruptive challenges. However, we all know it's easier to focus on threats than on opportunities. Our challenge now is to focus less on how to defend against other disruptors and more on how to become a disruptor ourselves. Communications will be crucial in the 21st century, so there are plenty of opportunities for us to bring substantial innovation to many fields.

For instance, in a recent workshop with Innosight we were able to brainstorm several promising disruptive opportunities in health care. However, it was clear that the biggest obstacle to bringing these innovations to market was not technology or competition, but our internal processes. When a company is under assault by disruptive forces, it is difficult to gain support for products that will not contribute to the bottom line in a very short time frame.

Bell is just such a company. We are fortunate to have enlightened leadership that is committed to innovation. I believe we are heading in some promising directions, but time will tell if Bell Canada can earn a place in a future Christensen book as an exceptional incumbent company that flourished amid disruption.◆

Reprint # 040202A

A LETTER FROM CLAYTON M. CHRISTENSEN

This month's case study ("Reigniting a Brand," page 13) describes how The Clorox Company reignited its Kingsford brand of charcoal by taking a jobs-based approach to market segmentation.

Recently, I conducted an online "webinar" presenting some of my latest thoughts on how to use the concept of jobs to be done to create what we call "purpose brands," or brands that become so tightly identified with a meaningful job that customers closely associate the brand with the job.

After learning how to conduct a job-based analysis (see page 14 for a brief description), some attendees wondered how one can identify jobs in a business-to-business context, where the purchaser often is not the end-user. While it is quite natural to think that jobs are harder to understand in the B2B market, there is a fundamental job that is surprisingly easy to identify.

Broadly speaking, all companies have the goal of making more money more easily. To do this, companies need to continually move "upmarket," finding better customers who will pay higher prices or serving more customers by reducing the price and complexity of the offering.

Companies trying to sell a product or service to another company need to help them accomplish this goal in some way. In other words, you become successful by helping them become more successful.

How do you learn how to help your customers make more money more easily? You get on the inside and watch how the users of your product live their lives at work. Often this requires getting difficult-to-obtain permission to observe employees in the workplace, but only by "living with the customer" will you get valuable insights.

Use what you learn in these sessions to create your own short case studies that focus on the situations in which consumption took place and on the shortfalls of available solutions. These studies can help you learn about the functional, social, and emotional needs of your customers, knowledge that can be used to create products and services that target meaningful jobs.

Clayton Christensen

To hear Professor Christensen's webinar on jobs and purpose brands and access his related learning materials, please go to: www.strategyandinnovation.com/webinar

Innovator's Update: Intel Continues Searching

In 2004, we said that Intel could suffer from an inability to innovate in markets outside its core. What's happened since?

Each issue, we take a look back at a past Innovators' Insight to see how our analysis has held up. In this issue, we look at Insight #27, "Intel's Challenge: Finding New-Market Growth." The insight suggested that while Intel had done a solid job of grappling with disruptive forces in its core market, its inability to create new growth businesses was a long-term risk for the company.

Any incumbent has to overcome three basic challenges: execute its core strategy, defend against attacks from below in its core market, and constantly plant the seeds of its next round of new growth. Historically, Intel has done a great job on the first two challenges, but an inadequate job on the third one. Now the microprocessor titan faces increasing risks on the second challenge, as disruptive attackers hungrily circle its core franchise.

Intel's core business, of course, is selling microprocessors that power personal computers. It has been a beautiful business for more than 20 years, powering phenomenal revenue and cash flow growth. Intel also has done an above average job of spotting early on the need to address encroaching competitors like AMD and Cyrix, launching its stripped down Celeron processor and optimizing its Centrino line around battery life and wireless compatibility, not pure power.

Still, it is not enough. AMD continues to improve, with analysts now saying that some of its chips match or even exceed the performance of comparable Intel chips. In early March, Intel issued a revenue warning and analysts pointed to AMD's continued improvement as a root cause of Intel's struggles.

AMD will continue to be a serious thorn in the side of Intel's core business, but we continue to think that Intel's biggest strategic challenge is finding a way to overcome its historical inability to create new growth businesses (see Chris Carter's front-page article to see how Intel's venture arm has successfully *invested* in growth businesses).

Intel's track record doesn't leave much room for hope: Efforts to crack into the communications and consumer electronics business have struggled. That being said, Intel now has an interesting portfolio of three potential growth businesses.

First is its effort to foster growth of ultra-high speed wireless technologies broadly referred to as WiMax. This market is just beginning to form, and Intel's early move to make this a strategic priority could pay rich dividends.

Two other recently announced efforts are Intel's Viiv technology that targets the so-called "converged" home and a recently announced focus on creating technology for the health care industry. There appears to be space for both of these new efforts to succeed, but the company faces clear challenges.

A move into the "converged" home with Viiv takes Intel into a market crowded with competitors such as Microsoft, Samsung, Apple, Comcast, TiVo, and others anxious to "own" the space. The more these competitors view Intel as a friend instead of a foe, the higher the chances of success. Intel also has to successfully allay the fears of content creators who worry that digitization makes it too easy for pirates to commoditize proprietary content. Finally, Intel has to make sure that it develops deep consumer insight that helps it build solutions that prioritize consumer needs over technological brilliance.

Similarly, numerous companies are eagerly eyeing the booming health care market. Success will require deep understanding of a new market, not an easy task. Further, it potentially will require following a new-to-Intel approach in which the company produces final products instead of components for final products. Its announced focus on creating devices that can help consumers manage chronic conditions at home is a positive sign.

The clock is ticking for Intel. If it does not figure out a way to overcome its historic inability to create new growth businesses, it faces the prospects of a sliding stock price and decreasing influence in the high tech market.

Our sense is that Intel has placed bets in the right general domains. It must now manage the complicated process of adapting its strategy in each area to maximize its chances of success. And it must do so while simultaneously dealing with aggressive attacks on its core. Intel must avoid the temptation to marshal all of its resources in this fight. Although that strategy might seem to make sense in the short run, it will prove devastatingly short-sighted in the long run. ◆

Reprint # 040204A

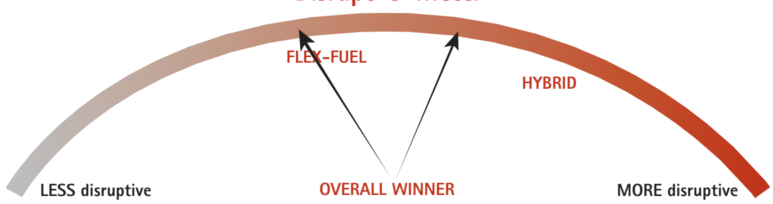
Disrupt-O-Meter

A Tale of the Disruptive Tape: Hybrid vs. Flex-Fuel Cars

"Is company X disruptive?" Whenever we're asked this question—and we're asked it often—we run through a simple mental checklist that looks at the target customer, the solution, the business model, and the competitive landscape. In this issue, we use our "Disrupt-O-Meter" to analyze new solutions in the automobile industry.

The U.S. auto industry is in famously bad shape. Hoping to spark the interest of consumers who have rejected recent offerings, GM and Ford—which dubiously claims to be "driving American innovation"—loudly announced plans to ramp up production of flex-fuel vehicles, which run on more environmentally-friendly ethanol instead of gasoline. Taking a different approach to next-generation autos, Toyota is aggressively pushing hybrids, which employ a combination of electricity and gasoline. With hydrogen power still far off, which solution is more disruptive?

Disrupt-O-Meter



FLEX-FUEL		HYBRID	
Consumers who want "traditional" cars with the option to operate without fossil fuels	CUSTOMER	Consumers willing to trade off some functionality for improved gas mileage	WINNER
Bio-matter converted into ethanol is combusted like gasoline	SOLUTION	Energy generated by braking harnessed for city driving	WINNER
Cars are the same price but few stations have ethanol pumps	BUSINESS MODEL	More expensive than traditional cars, but prices are falling	TIE
Petroleum industry has a vested interest in stalling ethanol consumption	COMPETITIVE LANDSCAPE	"Plug-in" capability could end the reliance on traditional refueling stations	WINNER

More Disruptive: Hybrids. Today, hybrids are more expensive than flex-fuel vehicles, though much of this cost difference is recouped in fuel savings. If the technology continues to improve—and as plug-in capability, which allows a battery to recharge by connecting to the electrical grid, becomes more widespread—these cars could eventually require little liquid fuel, offering both greater convenience and lower price, classic disruptive markers. While more environmentally sound than traditional autos, flex-fuels rely on essentially the same combustion technology, meaning they will always require the same refueling infrastructure, adding little in the way of convenience. Fuel prices are unlikely to fall precipitously either, as ethanol is currently more expensive than gasoline and the petroleum industry has a vested interest in keeping fuel costs steady.◆

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EMERGING TECHNOLOGY WATCH

Cellphone Bidding Systems

Consumers trying to make purchases through online auction sites generally can either sit online and follow each new bid or employ a "sniping program" to place a last-minute bid for a particular item. eBay and other sellers have discouraged sniping, driving consumers to hold off on bidding until the end of an auction. Hoping to make this process more convenient, gNumber, a Texas company, has launched a free "Unwired Buyer" service that allows bidders to follow an auction and place bids via cellphone. The company, which won eBay's 2006 developer challenge, secured $1.5 million in venture funding in March.

Self-Serve Fast-Food

Fast-food chains are joining supermarkets, movie theaters, and banks in the push toward self-serve kiosks. In January 2006, Dairy Queen and Angelo's Burgers became the first restaurants to employ kiosk technology from Roboserver systems, a Nevada company. The machines allow customers to place an order through a touch screen interface and pay by credit card, cutting waiting time by "as much as 33 percent," according to company estimates.

Cracking Open a Can of Wine

Wines have seen several packaging innovations over the last decade. Screw tops, synthetic corks, and wine boxes all have tried to make consumption more convenient. Gargantas de Lata S.R.L.(Argentina) is adding aluminum containers to the list with the canned "Iron Wine." The cans, which have a nonreactive lining to preserve taste, are 11.5 oz and sell for just under $2. While this wine won't appear on dinner tables, it may become popular at picnics, in clubs, and sporting events.

Lie Detector Tests for Job Applicants

Lie detector tests are not easy to administer. Air travelers, loan applicants, and job interviewees—among others—cannot be easily tested. With this in mind, Nemesysco has developed a less invasive honesty assessment that uses layered voice analysis technology to assess 129 voice parameters that relate to the emotive qualities in voice. The first applications, which are targeted toward human resources, score applicant answers from low-risk to high-risk in each of several interview sections. While these interviews are presently conducted in person, the company hopes to be able to use an automated voice system to validate responses.

By John Boddie. For submissions please, email jboddie@strategyandinnovation.com

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The emergent strategy process

Remember, when you are treading into a new market, the odds are very high that your first approach is wrong. The key, then, is figuring out quickly *how* that strategy is wrong. A simple visual metaphor reinforces this concept (see the figure on this page).

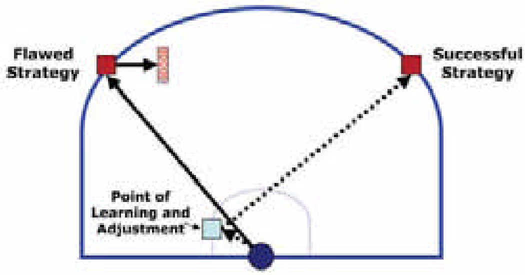
The arc represents all of the possible strategies an innovator might follow. In the face of an uncertain market, companies often adopt "deliberate" strategies: They choose a course and run fast and hard toward the arc's frontier. Once they arrive at a destination, however, they often recognize that their seemingly solid strategy is replete with flaws, some of them fatal.

The more time and money a company has invested, the more painful the realization that success will require following—and paying for—a fundamentally different strategy. For example, after investing $350 million on the Newton, Apple realized that people were interested in a product that would *complement*, not replace, a laptop. Imagine, then, a poor project manager saying: "I just spent $350 million proving I don't know what I'm doing. If you just give me $350 million more, then we can do something interesting here."

Those sorts of conversations don't go too well. Chapter 8 of *The Innovator's Solution* describes a different approach. Building off of the work of Robert Burgleman, Rita Gunther McGrath, Ian MacMillan, Henry Mintzberg, and others, it suggests that innovators in highly uncertain circumstances follow an "emergent" strategy. Instead of acting as if you know the right strategy—and therefore charting a pre-determined path—follow an approach that lets the right strategy bubble up from the market.

Innovators that follow emergent strategies, then, pick an early point of learning and adjustment. They invest a little, learn a lot, and adjust their strategy toward success.

Although the concept of emergent strategy sounds intuitive and appealing, following the approach inside a company with strong biases for the deliberate approach can be challenging. Our work with a number of operating companies suggests that the disciplined, four-step approach described below can help companies realize the power of emergent strategy.



Instead of running hard in possibly the wrong direction, pick an early point of learning and readjust toward success.

Step 1: Comprehensively map out assumptions and risks

Before you head in a new direction, take a careful inventory of the good, bad, and unknown elements of a strategy. Start this process by defining what a generically "good" opportunity looks like. What kind of revenues must an opportunity generate on an ongoing basis to be attractive? What kind of gross margins should it earn? When should it produce positive cash flows?

With that agreement, then carefully map out all of the assumptions that would have to be true for the strategy you are working on to have a chance of achieving those good elements. Also list out all of the risks that you think might stand in the way of success.

Note how emergent strategy immediately shifts attention from the *answer* itself to the *assumptions* that support the answer. Too often, companies assume that their locus of analysis ought to be on an opportunity's financial projections. When you have low certainty about almost all of the inputs into a financial model, having vigorous debates about projections is, quite frankly, a waste of time. Instead, come to a consensus on what the answer needs to be and have a vigorous debate about the *inputs* that would lead you to that answer.

It pays to be expansive when developing the list of assumptions and risks. For example, Innosight helped one team at a consumer packaged goods company develop a list of close to 100 different assumptions and risks. The list spanned many different categories, such as the target consumer, the technology, revenue streams, required costs, the channel-to-market, and required partnerships.

The further a company moves from its core business, the more important it is to think carefully about assumptions and risks because there are implicit assumptions a company takes for granted. A company that sells low-priced products like cereal doesn't really have to worry about consumers' returns, for example, because most people don't take the time to return a $5 box of cereal. But if that company starts selling a customized cereal blender that costs $500, it needs to carefully think about the impact of returns on its business model.

Once you have your list of assumptions and risks, it is time to start selecting the individual areas that you must address first.

Step 2: Identify priority areas

A list of 100 assumptions and risks can be daunting. It is critical to prioritize that list to pick out the assumptions that you need to learn more about or the risks that you need to mitigate first. Three questions can help guide these prioritization efforts:

1. What is the **impact** of being wrong about an assumption or of failing to overcome a risk? Address first the areas where an adverse result would kill the deal, then consider elements that would lead to a major re-engineering. Finally, work on areas that would simply lead to minor tweaks to the approach.

2. How **confident** are you that your assumption is right? Often managers dramatically overestimate their confidence about critical assumptions and risks. To try to tease out areas of uncertainty, ask what you would be willing to give up if your assessment was wrong. A year's salary? A week's salary? No salary at all? This somewhat tongue-in-cheek exercise can help managers see that they know a lot less than they think they do.

3. How **easy** is it to learn more? All else being equal, the first areas to address are the ones where it is easy to gain more knowledge. Consider the cost of running an experiment, the time to see definitive results, and the experience that you have running the designated experiment.

These questions can help you sift through the long list of assumptions and risks to determine those that require immediate attention.

For example, one consumer health company was considering introducing a novel treatment for a condition that afflicts millions of people. The company had dozens of assumptions about the product's efficacy, the company's ability to deal with the regulators, its channel to market, and its pricing strategy.

The project team had spent weeks on one area of uncertainty: whether it could keep the product shelf-stable for several months so it could use mass-market distribution outlets like discount retailers. While that area was important, the company realized that its most critical assumptions were that physician recommendations would drive trial adoption and that consumers who used the product would become regular users.

If these assumptions didn't prove true, the company would have to dramatically reconfigure its go-to-market plan or perhaps scrap the product, making shelf stability irrelevant. Once the team identified the most critical areas, it could then design smart experiments to address those areas in a cost-effective and timely manner.

Step 3: Design and execute knowledge-building exercises

Smart experiments and risk-mitigation strategies are at the heart of a good emergent strategy. Instead of risking resources on uncertain strategies, companies can invest a little to learn a lot about key uncertainties in their approach.

Experiments can range from simple activities such as small focus groups to more complicated activities such as launching a localized test market. Innovation experts generally categorize experiments into two buckets:

Partial experiments are designed to test a single element of a strategy. For example, market research testing different price points is intended to control other variables and learn more about one factor. Use a partial experiment when you have an important "known unknown"—a critical factor that you know you don't know.

Holistic experiments test a strategy comprehensively. Sometimes there are things that you just can't learn until you see all of the elements of a strategy together. A holistic experiment, such as the construction of a prototype, helps to flag interdependencies between different elements of a strategy. Use a holistic experiment to tease out "unknown unknowns"—things you don't know you don't know.

Similarly, there are many techniques to mitigate important risks. Contingent contracts, employing consultants before making full-time hiring decisions, and creating patent protection can be sensible ways to address key risks (the box on the page 9 lists more experiments and risk mitigation strategies).

The most important thing to do when designing and executing these knowledge-building exercises is to keep them as simple and inexpensive as possible. Find a co-worker who addressed a similar problem to see if there is something useful to glean from her experience. Build models and simulations before you design final products. Look for outside analogies that provide evidence about whether you are headed in the right direction.

STARTING *PARENTING* MAGAZINE

The experience of Robin Wolaner, the founder of *Parenting* magazine, demonstrates the power of designing and executing smart experiments.

In the 1980s, Wolaner left her job as executive publisher of *Mother Jones* magazine, and was searching around for a new venture. Her conversations with friends with children led her to believe there might be an opportunity for a high-quality magazine targeting parents. Wolaner figured it would cost about $5 million to flesh out the idea. However, advisors suggested that she find a cheap way to validate her hunch that there was a market for the product. She raised about $150,000 to run a direct mail survey to address this critical assumption (today, such a survey could be easily conducted for a fraction of the price over the Internet). The initial investment valued the business at approximately $500,000. The response to the survey exceeded Wolaner's expectation. Customers clearly were interested in the magazine.

With the critical assumption addressed, Wolaner began seeking additional investment to realize her plan. She went to Time, Inc., who was rumored to be considering introducing a similar style magazine. The risks that Wolaner still saw in her approach—creating great editorial content as well as finding and maintaining subscribers—were relatively trivial issues for the publishing giant. The company invested in the business, which turned into a massive success. Eventually, Time bought Wolaner out for close to $10 million.

The way the Wright brothers tested the key assumptions behind their early airplanes demonstrates the power of a "keep it simple, keep it cheap" approach. Many would-be aviators took the dramatic step of building planes that they would attempt to fly. If their assumptions were flawed, however, the plane would crash and the aviator might perish.

The Wright brothers took a different approach, building scale models and, in fact, creating a predecessor to today's wind tunnels. This approach allowed them to cycle through designs to find one that had a higher chance of working without risking life and limb.

Companies oftentimes have lower cost trial options at their finger tips than they realize. Localizing a launch to a particular geography, using employees to beta test products, or using more advanced techniques like "learning markets" (where participants buy and sell "shares" in strategies like they were stocks) can be quick and easy ways to test key assumptions.

The consumer health care team mentioned above decided to do a "stealth" launch in a handful of geographies. It worked to educate leading physicians in those markets to drive early traffic and closely monitored how consumers used the product and whether it drove repeat behavior.

As the team monitored the results, it could move to the next, crucial stage of the process: absorbing and re-directing. (See the sidebar on ***Parenting* Magazine** for another example of an entrepreneur managing risks in a cost-effective way).

Step 4: Absorb and re-direct

The final stage of the process is utilizing the learning of the knowledge-building exercise. Re-directing a strategy can be emotionally wrenching. Managers who have dedicated time and energy to a particular path can cling to that path even in the face of countervailing evidence.

Success requires an odd mix of humility (recognizing that despite your best efforts your initial approach was wrong) and confidence (not giving up in the face of disappointing results).

Oftentimes it is this fourth step that trips up well-intentioned companies. Consider the words of wisdom of a newspaper editor reflecting on his organization's early Internet forays: "Given the pace of our expansion, I don't think we made mistakes fast enough and we didn't learn from them often enough. The problem wasn't just turning [experiments] on, sometimes it was turning them off."

The essential problem was that the company didn't absorb the knowledge from the experiments to shelve strategies that emerged as duds and re-direct stumbling strategies that still had potential.

To ensure you follow this step, force yourself and your team to systematically re-assess your approach at regular milestones. Carefully consider whether your increased knowledge means you should:

- **Double down.** Information clearly points to a winning strategy with no obvious deal-killing uncertainties, so move forward rapidly.

- **Continue exploring**. Signs look positive, but there are still untested assumptions, so keep experimenting.
- **Re-vector**. Investigation suggests that the current strategy is not viable, but another approach might be, so change the approach and begin experimenting again.
- **Shelve**. There is no clear path forward, so move on to other projects until something changes to make the opportunity look more attractive.

People often forget that Palm's first strategy was as flawed as Apple's. Palm's first product was the Zoomer. According to a FastCompany article, the Zoomer "did lots of things, most of them badly." After the product flopped, however, Palm had enough money left in the bank to revector its strategy.

Palm interacted with Zoomer users to find out why they were so disappointed by the product. Once it learned that people were seeking a complement to their computers, the company developed a straightforward device that forced users to use a simple writing style instead of relying on complicated, buggy handwriting recognition software. The Palm Pilot seamlessly synchronized with a computer, enabling a single data repository. Palm's re-vectored approach took off, creating a powerful growth business.

Generally, when you decide to continue exploring or to re-vector, return to the first step. See if you have unearthed any new assumptions. Re-prioritize your assumption list and start executing another set of experiments.

Speeding through the fuzzy front end of innovation

Many process experts advise firms to cut the number of projects they undertake to speed the innovation process. Counterintuitively, companies that follow the approach described here can speed the overall process by *increasing* the number of projects they consider.

Many delays in getting products to market occur at the start of the development cycle. Because typical stage-gate processes strictly limit the number of projects undertaken, the stakes at the first gate become very high. Managers delay proposing projects until they can invest in creating a highly detailed business case. However, because the project does not yet exist, they don't have the resources to invest in this business case development, so project ideas linger in a limbo state.

Through lowering the stakes at the start—demanding a basic analysis framed around pattern recognition and explicitly acknowledging uncertainty—senior managers can quickly assess a much larger number of projects, enabling them to see more ideas and allowing staff to propose projects more easily.

Some companies have made such fast-cycle experimentation and adjustment a core business model component. Google has become famous for flinging new services such as GoogleBase (a classified product) and GoogleTalk (an instant messenger) into the market. If a new service shows signs of success, Google steps up investment. If it struggles, Google pulls the plug and moves to other opportunities.

Companies in other industries that become best-in-class at fast-cycle re-vectoring can utilize the power of emergent strategy to improve their odds of creating attractive new growth businesses. ◆

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EXPERIMENTS AND RISK MITIGATION STRATEGIES

Knowledge building exercises (ordered from least difficult to most difficult)

- Internal best practice assessment
- External benchmarking
- Business modeling / simulations
- Competitive war games
- Patent analysis
- Secondary market research
- Focus groups
- Thought leader round table
- Customer observations
- Quantitative market research
- Concept / prototype tests
- Test markets

Risk mitigation strategies

- Alliances
- Consulting arrangements
- Contingent contracts
- Partnerships
- Patents
- Technological milestones
- Test markets
- Focused experiments

cost Motorola more than $100 million to develop on its own.

"This was a highly strategic investment on our part," Matthew I. Growney, co-founder & managing director of Motorola Ventures says. "By investing in early stage companies like Camero, we accelerate access to new technologies, new markets, and new talents. Motorola Ventures helps the company to innovate—faster than we could if we developed these technologies through traditional research and development channels."

Unfortunately, while a small number of firms like Motorola and Intel have successfully adopted a venture capital (VC) model to help identify and invest in innovation, other firms have struggled with venture capital initiatives. Dell and Applied Materials, for example, recently closed their venture arms' doors after years of poor investments and low returns.

A well-functioning and well-capitalized corporate venture capital group has the potential to be a tremendous source of innovation for a corporation, but building a successful venture group often proves remarkably difficult.

Simply applying the business model used by independent venture capital firms rarely leads to success in the corporate setting, where firms have very different strategic goals, internal processes, and compensation systems.

But, by understanding the challenges facing corporate venture capital groups and by relying on a set of principles that have defined other successful corporate efforts, companies can use venture capital as a source of innovation.

The growth of venture capital

Early venture capitalists sought to nurture new firms and support the commercialization of new technologies. In fact, the founder of the first VC firm, General George Doroit, saw venture capital as a way to contribute to the economic development of New England.

In 1957, Doroit invested $70,000 in Digital Equipment Corporation. By 1971, that investment was worth an incredible $355 million. Such remarkable returns attracted new venture investors who were more interested in achieving financial returns than creating innovation.

The venture capital industry has since matured into a structured asset management business. Last year, more than 1,000 VC firms in the US invested $21.7 billion in companies ranging from start-ups to pre-IPO businesses with millions in revenue. While top venture firms now manage funds exceeding $1 billion, many of their corporate counterparts have had limited success.

The unique challenges of corporate venture capital

Corporate venture capital initiatives are often sold internally as a way to make easy money. After all, who knows industry dynamics better than the executives of one of the leading players? Shouldn't having access to a large corporate research and development group be a huge advantage?

Unfortunately, the answer to these questions is often a resounding "no." As it turns out, good industry knowledge alone isn't enough to succeed in the highly collaborative and dynamic world of venture investing.

In fact, more often than not, ties to a parent corporation present significant obstacles to successfully launching a venture group. Corporate efforts tend to struggle due to:

1. A lack of dedication to the core venture capital model
2. Short investment horizons
3. Inappropriate compensation models
4. A poor balance between financial and strategic goals

1. A lack of dedication to the core venture capital model

Venture capital firms focus solely on the value of their funds. Corporate groups, however, exist within the context of the parent organization, whose senior executives have a host of concerns and priorities well beyond their venture investments. Consequently, corporate VCs often spend more time managing politics than investments.

Worse, corporations often do not create a dedicated fund when starting a venture group, but rather fund investments on a case-by-case basis. As such, corporate VCs must seek approval for new investments, as well as later-stage funding of existing investments.

At best, this can prove time consuming; at worst, it ties the hands of the venture managers in a way no independent VC would accept. Getting corporate approval can be especially difficult when a portfolio company is disruptive to the core business—and, ironically, these are exactly the types of investments a corporate VC should be making.

Furthermore, without a dedicated fund, potential portfolio companies and other co-investors might lack confidence in the longevity of the corporate group, leading to fewer deal opportunities. History has shown that when business slows, corporate venture initiatives are often the first to go.

2. Short investment horizons

Generally, independent funds have a 10-year life cycle: The first five years are focused on investing capital, the last five years on harvesting those investments. While such a time frame makes sense given the illiquid nature of venture investments, many corporate VCs are forced to move more quickly.

All large companies rightly rely on financial forecasts to monitor their operating units. Such rigid forecasts do not accurately reflect the reality of venture investing, however, and can lead corporate venture groups to operate on an artificially short time frame.

Even if only created as loose "projections," managers know the importance of these figures to senior executives and will do whatever it takes to meet the numbers, distorting their behavior.

Why would the corporate venture managers do this? Executives assigned to a corporate VC group often expect to stay in the position for less than three years. In order to achieve tangible results that can be ascribed to them—and that will lead to promotion—managers try to generate returns quickly.

This type of regular job-switching, which is common in a corporate career-development path, doesn't suit the VC model, which relies on managers following deals from investment to harvest.

3. Compensation models

VCs are typically compensated by taking 20 percent of the profits generated by a fund's investments, a potentially large sum. In fact, the annual compensation of many successful venture capitalists exceeds that of many CEOs.

Explaining this compensation model to public investors would be extremely difficult. And yet, the corporation needs to offer an attractive compensation package in order to attract quality investing talent. The resulting compromise is often a hodge-podge compensation package that ends up satisfying no one.

4. A poor balance between financial and strategic goals

The goal of the traditional venture model is solely to generate large financial returns. To do this, most VCs have broad investment strategies. They seek high-potential companies from a wide array of industries.

For example, the highly successful venture fund Kleiner, Perkins, Caufield & Byers defines its investment focus this way: "We're constantly on the lookout for ideas with the promise to invent new business categories or radically alter existing ones. Our focus is on new technologies and new applications of technology that will drive high-impact change."

Such a broad investment strategy makes little sense for a corporate group that has a dual mandate to generate returns and gain strategic insights for the parent company. Corporate VCs have little incentive to adopt this type of industry-agnostic strategy because unsuccessful investments outside the parent's core markets are highly subject to scrutiny and second guessing.

As a result, corporate groups cannot be judged by the same metrics as independent funds, which are evaluated solely on the internal rate of return (IRR) of the fund. In a corporate setting, IRR is an incomplete measure that fails to take into account both the narrower investment mandate of the group and the strategic benefits the parent receives from investments.

Building a successful, sustainable corporate venture capital group

Companies like Motorola, Intel, and 3M have all successfully launched venture initiatives. Understanding the reasons behind their success shows how corporate venture capital can generate both innovation and financial returns for the parent corporation.

Make a commitment

Without a commitment from senior management to leverage the corporation's assets and stay the course throughout the VC investment cycle, any effort is bound to fail. Senior management must give operating managers a clear mandate—backed with financial incentives—to support the efforts of the venture group, even when such efforts are potentially disruptive.

Staying the course means just that: Create a dedicated fund and commit capital and resources for at least five years. Then, use a combination of strategic metrics and return on investment calculations to measure the program rather than the kind of close quarter-by-quarter oversight that is appropriate to an operating division.

Put strategic interests first, but measure investment returns

To maintain the support of senior management and the board of directors, corporate venture capital investments must offer the parent company ongoing strategic benefits, such as access to a critical technology or a new product that fills a gap in the firm's offerings.

Motorola, for example, seeks technological, financial, and customer impact from all investments. Motorola venture director Growney estimates that the firm has a commercial relationship with more than 80 percent of their portfolio companies, which reinforces the value of the venture group within the firm.

When the benefits of an investment are not immediate, as with an early stage investment, the venture group must communicate how the investment complements the corporation's strategy. MIT Professor Edward Roberts, the founder and chair of the MIT Entrepreneurship Center, recalls how he saw 3M's corporate VC arm successfully do this during a two-day meeting he moderated for the company.

"The invited guests and presenters were the CEOs of 10 early-stage, high-technology companies in which 3M had invested," he says. "The 3M executives were there to assess the potential fit of the emerging technologies into the company's future business portfolio and to engage these young entrepreneurs in one-on-one discussions."

By bringing senior executives together with leaders of the portfolio companies, 3M management was able to understand the potential long-term value of investments that might not create immediate financial returns. Often these relationships benefit the portfolio company and help accelerate its growth, improving the odds that the investment will be a financial and strategic success.

Develop a hybrid compensation plan

Corporate VCs will never be compensated exactly like independent venture capitalists, but that does not mean they should be on a traditional compensation plan. Instead, use creative performance compensation structures, including granting options, phantom stock, or allowing co-investment.

These can prove lucrative for a talented corporate venture manager and make working in the group more attractive. Such a plan is also more likely to retain successful managers who otherwise might move to an independent fund.

Work with the portfolio companies

A corporate venture group established just as an investment arm is likely to struggle in the market. Without the strategic and operational expertise of the corporation, the group is simply another source of capital and, given the issues mentioned above, a less attractive source than many other players.

Indeed, when a corporation invests in a start-up and then doesn't follow that investment with what would seem to be a logical operating relationship, it can send a damaging message. When investment is backed with a working relationship, both parties benefit. This can lead to better deal flow, as other VCs will want to work a team that can accelerate a start-up's growth.

An alternative corporate venture model for mid-sized companies

With innovation becoming more vital than ever to a company's long-term viability, more and more firms are looking to corporate venture capital as a way to stay on top of their markets.

Companies with more than $10 billion in revenue can typically afford the large commitment—often $10 million a year, plus operating expenses that can easily reach 15 percent of annual investment volume—necessary to really start a venture arm.

Unfortunately, many mid-size firms lack the resources or scale to become meaningful venture capital investors. And even for those that have the available capital, the learning curve can be so steep that the effort seems unwise: Companies report spending up to 5 years and $10 million in "wasted" investment before seeing signs of success.

As MIT's Roberts points out, most mid-sized companies have much less slack in their R&D portfolio than large companies.

"They can't afford the money or time to staff and initiate exploratory projects outside of their core businesses," Roberts said. "They are more likely to become victims of commoditization of their businesses because they haven't nurtured growth alternatives."

A new "outsourced" corporate venture model is emerging that might be able to help companies with a limited venure investing budget. The recently founded Synchrony Venture Management is dedicated to making small, focused strategic investments for mid-sized companies.

Unlike traditional funds that seek corporate limited partners, Synchrony manages each of its corporate investor's capital separately. This allows Synchrony to avoid conflicts between the strategic goals of varied corporate investors and the fiduciary responsibility of managing pooled funds.

More important, by managing these funds individually, Synchrony can tailor investments to suit each corporate investor. Synchrony's investment criteria states that the firm puts the strategic benefits of its investment first, with ROI potential as only one of several deal screens. By removing direct ties to the parent company, Synchrony can resist many of the potential conflicts that plague in-house corporate venture capital funds, such as quarterly earnings pressures and Wall Street compensation-reporting requirements.

According to company founder and managing director Adam Caper, "Synchrony allows a corporate investor to stay current on new innovations and efficiently deploy a firm's limited pool of external investment dollars across a broad range of opportunities."

Synchrony believes it will have access to premium deals because other VCs will want to co-invest with the firm to gain the market access and technical expertise that Synchrony's corporate partners can offer.

Properly implemented, corporate venture capital can be a great source of innovation and market understanding, but the obstacles to proper implementation are substantial. To have the best chance of success, make sure that when you launch a corporate venture initiative, the group is given the capital commitment and senior management backing that it will need to thrive.

Corporate efforts can succeed, but remember to define success properly, taking into account both the financial and strategic benefits that accrue to the corporation. Managed properly, corporate venture capital can be a great source of innovation for a company. ◆

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Reigniting a Brand: A Job-Based Approach to Marketing

How much can the theories of innovation help a company that makes, say, charcoal? Quite a bit, as The Clorox Company's Kingsford brand found out.

BY JONATHAN BARRETT

When seeking examples of innovation, most people probably would not look to a mature industry selling a commoditized product that has no obvious room for improvement. Compared to industries undergoing massive change, such as biotechnology and telecommunications, how much can the theories of innovation help a company that makes, say, charcoal? Quite a bit, it turns out.

In 2000, The Clorox Company's Kingsford business, which manufactures and markets charcoal grilling products, was in jeopardy of missing its sales and profit targets.

Instead of turning to traditional market-segmentation tools that were unlikely to offer any new insights, the company examined why consumers were purchasing—and not purchasing—charcoal.

What role did charcoal grilling play in consumer's lives? What needs was a consumer satisfying when buying a bag of charcoal at a local grocery store? In the lexicon of innovation, Clorox undertook a jobs-to-be-done analysis. Kingsford's resulting strategy shows how a jobs-based approach to marketing can lead to significant growth, even in a stagnant market.

History of the Kingsford brand

For decades, Kingsford had been an important Clorox business, contributing about nine percent of revenues and a larger portion of profits. Historically, sales had grown about two percent per year, mirroring the segment's low growth.

Sales in 2000, though, were down. The weather during the previous six months had been colder and wetter than normal—bad grilling conditions. Plus, careful review of consumer grill-purchasing trends convinced the company that the growing popularity of gas grills was hurting all charcoal products.

The company also felt that a past reluctance to spend money on advertising and to increase its budget for promotions was also hurting sales.

Why people hire charcoal: a jobs-based market analysis

Although charcoal is basically an undifferentiated product, Kingsford's decades-old brand commanded a price premium. Over time, however, private labelers had been gaining market share and closing this pricing gap.

Confronted with a changing market, Kingsford took a new look at the job of grilling food. (For an explanation of how to conduct a jobs-to-be-done analysis see the sidebar at the bottom of this page.)

Although cooking over an open flame is an age-old facet of human life, why do people still use grills? The modern kitchen is a marvel of innovations that make cooking easier and faster, from microwave ovens to food processors to in-sink disposals. What job, then, are people trying to accomplish when they expend the time and effort to set up outdoor cooking surfaces?

By listening to customers, Kingsford identified two crucial insights: 1) People grill because they like how cooking food outdoors makes them feel; and 2) Charcoal does more than simply make a grill hot.

The first insight has to do with the entire grilling category of both charcoal and gas grills. Consumers think of grilling as an experience. They could have heated their food in a pan, an oven, or a microwave, but instead chose a grill. When they want to have fun cooking food with family and friends, grilling helped accomplish the job.

The second insight differentiates charcoal from gas grilling. Kingsford knew from internal research that most people preferred the taste of meats cooked on charcoal to meats cooked on gas. The charcoal adds flavor in a way that strongly complements the job of having fun and cooking outdoors. Charcoal grilling made the experience more authentic. The job of charcoal might be described as:

"Grillers" want to maximize the great taste of cooked food in a fun, outdoor, family environment.

The context in which this job takes place—the fun, outdoor, family environment—is important.

HOW TO CONDUCT A JOBS-BASED ANALYSIS

The jobs-to-be-done framework is usually thought of as a tool to analyze the potential impact of new, innovative products or services that a company is considering for commercialization. Although jobs-based analysis is highly useful for such a task, it also can be a powerful way to devise an innovative approach to marketing that can revitalize an existing line of business.

It's helpful to think about a jobs-based analysis the same way you think about hiring an employee: Begin by carefully defining the job itself. This "job statement" describes the fundamental problem a customer is trying to solve. Action words such as minimize, maximize, improve, decrease, and obtain often appear in the problem portion of the statement. It should look like the following:

[Customer] wants to [solve a problem] in [this context]

When thinking about how to create a marketing innovation, identifying the context of consumption is particularly important.

Once you have clearly defined the job and the context in which the job takes place, turn to the "hiring criteria" customers will use when making a purchasing decision. Here, too, the process is like evaluating a job candidate. How important is a candidate's background? What skills are important? Which personality traits? Specifically, break down the hiring criteria into the functional, social, and emotional dimensions along which a consumer will evaluate how well a given solution gets the job done.

With the hiring criteria established, evaluate all of the "candidates" that a customer can hire to get the job done. Candidates might include competing products, specialized services, compensating behaviors, and nonconsumption. It is important to think broadly about all solutions available to customers so that you can craft a brand identity that will differentiate your offering in customers' minds.

Going through this process can help a company generate valuable insights into what its products can and can't do to solve the real needs of its customers. These insights can then be translated into marketing messages that reinforce how you can help customers accomplish meaningful jobs. Especially important is to note areas where there are still "help wanted" signs: gaps between your customers' ideal hiring criteria and the abilities of other available candidates. If you can fill these gaps, customers are more likely to turn to your offering to accomplish meaningful jobs.

Doing this successfully can lead to creating what Harvard Business School Professor Clayton Christensen calls a "purpose brand." A purpose brand is brand that is so closely associated in customers' minds with a certain job that those customers instinctively migrate to the brand's products when confronted with a task at hand. As explained in a recent Harvard Business Review article by Professor Christensen:

> In many ways, a clear purpose brand acts as a two-sided compass. On one side, it guides customers to the right products. The other side guides the company's product designers, marketers, and advertisers, as they develop and market new and improved versions of their products. A good purpose brand clarifies which features and functions are relevant to the job, and which "improvements" will prove irrelevant. The price premium that the brand commands is the wage that customers are willing to pay the brand for providing this guidance on both sides of the compass.

Marketing messages that might be effective for other companies selling food-preparation products in a different context could completely miss the job Kingsford's consumers are trying to accomplish.

Take the Viking Range Corporation, a maker of high-end cooking appliances. Viking targets consumers who want best-in-class performance offered in the most stylish appearances.

To this end, Viking brands itself as "the ultimate in Professional Performance for the Home." Images of its products appear in lavish environments that have an aspirational quality. Distribution is limited to select, high-end channels and marketing messages have a feeling of exclusivity.

Although both companies are in the business of "making food hot," Viking's message has no resonance for consumers who want to enjoy a fun, low-key experience accessible to and shared by all. Kingsford wants to remind people of a summer meal on a patio with a hot grill laden with sizzling hamburgers and hot dogs: Grilling as part of the American experience, right up there with apple pie and baseball.

Using the 'hiring criteria' to create the marketing message

All products—even those as mundane and utilitarian as charcoal—have functional, social, and emotional dimensions consumers experience when choosing between available offerings. Marketing programs that speak to these needs will drive consumers to turn to an offering again and again when they encounter specific situations.

Such a tight connection between a specific job and a given product is the foundation of a purpose brand.

Charcoal's functional attributes

A key part of the consumer job is to "maximize the great taste" of grilled food and research showed that people preferred the taste of charcoal-cooked food to gas grilled. Kingsford capitalized on this with a taste-test campaign that found "two to one participants preferred the taste of charcoal-grilled food to gas-grilled food."

When communicating this difference, Kingsford praised charcoal cooking generally, not just the Kingsford brand, focusing on "the maximize flavor" job that all charcoal products perform. While the company was concerned this might boost competitors' sales, Kingsford opted to reinforce the strength of the category against gas grilling.

The company did, however, work to closely associate its brand with the "great taste" job. Translating taste-testers' comments that charcoal-grilled food "has a real barbecue flavor," "has a smoky flavor," and "tastes like it was grilled over a real wood fire," Kingsford's product packaging now prominently touts its "Better BBQ Flavor" and "Signature Smokey Taste."

Knowing that some consumers felt charcoal cooking took a long time, the company adopted a functional slogan targeted to this concern: "Ready Faster. Burns Even Longer." The product packaging also offers simple tips to make charcoal grilling quick and easy.

Kingsford then expanded its product line to better meet the hiring criteria of specific consumer segments. For those who want grilling to be quick and easy, it pushed the Match Light brand of lighter-fluid treated briquettes. The company further developed the "BBQ Bag," a single use product that can light without needing to open. For those focused on achieving the "smokey taste" of charcoal, Kingsford added flavor-enhanced products, such as Kingsford brand flavored wood chips and Mesquite flavored charcoal.

The social aspects of grilling

Kingsford also needed to connect the brand with the "fun"-and-"family" social experience of grilling . Whereas in the past Kingsford had done little traditional product advertising, the company launched a series of television ads highlighting the fun experience of grilling.

Wanting to associate its brand with fun gatherings of all sizes, Kingsford entered into cross-promotional deals with Pepsi and Budweiser. Since people often purchase beer and soda for social events, it made a great deal of sense to set up displays tying charcoal to these popular consumer brands.

Kingsford also tried to use the social nature of grilling to encourage consumers to expand the grilling season beyond the most popular summer months. Along with the partners mentioned above, Kingsford promoted "tailgating" events throughout the spring and fall, when consumers would be watching popular sporting events.

To facilitate this expanded season, Kingsford worked with retailers, ensuring an adequate supply of product and offering the retailers temporarily reduced pricing during promotions. Sales staff used data to convince channel partners to promote Kingsford products: Research indicated that when consumers bought Kingsford products they bought 30 percent more than consumers who did not buy charcoal. As a result, Kingsford often secured coveted end-of-aisle display placement along with its partners during promotional efforts.

Making an emotional connection

One might not think of emotional connections to charcoal, but a great deal of research has pointed to the emotional importance people place on eating in general. The social experience of a barbecue can have strong emotional components, given most people's deeply positive feelings about getting together with friends and family.

To bolster this connection, Kingsford entered into another partnership that sought to create a bond with a segment of consumers who frequently grilled outdoors: NASCAR fans. Kingsford sponsored a race car on the wildly popular circuit and developed in-store promotions with NASCAR. Around NASCAR events, Kingsford uses the slogan: "Sit Back, BBQ, And Watch the Race."

Kingsford also wanted to forge an emotional bond with what might be called serious-grillers: consumers who are fanatical about achieving the best possible taste. The company created advertisements featuring chefs at grilling competitions who praise the superior performance and flavor of Kingsford. The company also entered into a co-branding agreement with Masterbuilt Manufacturing, an outdoor products company whose slogan is "Simply Outdoors." Together, the companies manufacture and market a Kingsford line of high-end grilling equipment.

A final, perhaps unexpected, act was to raise the price of Kingsford products. Kingsford wanted to be seen as the premium brand in the category—and research indicated that consumers thought of Kingsford as such. The company felt a modest five percent price increase would not hurt sales, would affirm the brand's premium position, and would help improve profitability.

When confronted with falling sales and profits in a commodity market, Kingsford retrenched and took a careful look at the jobs that people want to accomplish when grilling. It used these insights to create partnerships, advertising, and promotional programs that resonated with consumers. Has Kingsford become what we would term a purpose brand?

Although "Kingsford" has not become the term for a whole category, as did "FedEx and "Xerox," its results have been impressive by any standard. Between 1998 and 2004, sales grew from $266 million to $436 million, a nine percent compound annual growth rate—in an industry that as a whole grew only about one to two percent per year over that time.

Given those numbers, it's not surprising that the company has taken a dominant market-lading position, going from 51 percent share to 74 percent share in the same six year period.◆

Jonathan Barrett is the editor and publisher of *Strategy & Innovation.* He can be reached at jbarrett@strategyandinnovation.com. Writer Molly Joss contributed to this article. Reprint# 040213A

INDEX

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Agenda*

8:30am- 8:45am Introduction and Welcome

8:45am- 10:00am Principles for achieving innovation- driven growth

10:00am-10:15am Break

10:15am-10:45am Connecting solutions to the job-to-be done

10:45am-12:45pm Small Group Work: Assessing Opportunities

12:45pm-1:45 Lunch, one-on-one time and explore museum

1:45pm-2:15pm Creating Winning Strategies

2:15pm-3:15pm Small Group Work: Developing a Plan to Learn

3:15pm-3:30pm Break

3:30pm-4:30pm Building an Innovation Dynasty

4:30pm-5:00pm Wrap-up and Review

Registration Fee: $995/person
Group Discounts Available
*Agenda subject to change