

# Day 2

## Remember, the Consumer Is Boss

### Central Question

How do I spot opportunities for innovation?

### One-Sentence Answer

Take a consumer-is-boss perspective.

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On March 7, 2000, Procter & Gamble warned that it would miss its quarterly earnings estimates. This event might not seem like that big a deal—after all, companies miss their earnings estimates all the time. But not *P&G*. The company had only missed its estimates once since World War II. The March 2000 announcement sent its stock price down a shocking 31 percent. Three months later, P&G chairman and CEO Durk Jager stepped down, and P&G's board appointed innovation master A. G. Lafley to the role of CEO (he became chairman in 2002). P&G's stock dropped another 11 percent that week.

As Lafley started the hard work of reinvigorating P&G, he made a critical decision to focus on winning through innovation—one that ultimately helped him earn a spot on the Mount Rushmore of Innovation. The decision resulted from Lafley's core belief that innovation was a discipline that could be managed and mastered. He set about weaving innovation deeply through P&G's culture.

As part of this effort, Lafley sought to get P&G employees to shift their focus. The company was world renowned for

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Courtesy of P&G

A.G. Lafley

driving decisions based on deep customer understanding, but upon reflection, Lafley realized that the company had drifted away from that understanding.

“We were all so busy every day,” Lafley told me. “We had our ears in our cell phones; we had our heads in our Black-Berries and PDAs; we had our heads in our computer screens; we were consumed in meetings of all kinds. When you thought about it, where was our behind? Our face was internal, and our behind was right facing the customer.”

Lafley is gifted at communicating complicated ideas in simple ways. He developed a simple mantra to refocus P&G: The consumer is boss. He would say something along these lines: “Fellow P&G-ers, I’d like you to meet your new boss. You may think that I, as your CEO, am boss. That’s not right. You might think that the Board of Directors to which I report is boss. That’s not right. You might think our shareholders are the bosses. That’s not right. You might think your line manager is boss. That’s not right. We have one and only one boss that matters. The consumer. The consumer is boss.”

Lafley urged P&G to listen to the consumer as the company never had before. P&G had to hear what the consumer was saying and, much more importantly, tease out what the consumer couldn’t articulate.

## The 28-Day Innovation Program

Lafley urged particular focus on the two “moments of truth”—the moment a consumer chooses a product, and the moment the consumer uses a product. P&G had to learn more about these moments of truth—where it was falling short, and where there were opportunities for innovation.

“The consumer is boss” wasn’t just an executive platitude. P&G increased investment in market research. It sought to get employees out of the building to spend time with consumers. It launched two programs, Living It and Working It. The basic notion is that everyone in P&G—from the chairman down—would spend time living with consumers, shopping with consumers, or working alongside consumers. Many products trace their inspiration to these kinds of efforts. For example, watching a woman grow frustrated when she spilled coffee grounds on her floor helped to inspire P&G’s Swiffer quick cleaning line.

If you happen to meet a P&G employee, ask him or her about a recent consumer contact. Odds are, the employee’s face will light up as the person describes what he or she has learned from spending time with a consumer. The company’s offices are blanketed with pictures of consumers. Marketing plans are littered with pictures and icons to bring consumers to life.

Other companies follow derivations of the consumer-is-boss mind-set. Best Buy doesn’t rely on dry customer-segmentation models. Rather, it gives names and personalities to segment archetypes to help bring them to life. I even once heard a story—perhaps apocryphal, given that no names were mentioned—of a company that brought a mannequin

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into a key decision meeting to help make sure the consumer had a seat at the table.

The consumer-is-boss mind-set is useful whether or not you actually serve end consumers. After all, just about everyone has a “customer.” A salesperson has a sales contact. A member of the IT support team serves the company’s employees. And many companies have more than one “boss” that they must please. P&G’s most important customers aren’t individuals—they are Walmart, Carrefour, Target, and the millions of mom-and-pop retailers around the world. If P&G doesn’t figure out what will delight those retailers, it will have no hope of delighting the end consumer. Medical-device companies have to think about the doctors and nurses who use their products, insurance companies that pay for medical procedures, hospitals that purchase the product, government regulators, patients, and those patients’ families.

A consumer-is-boss mind-set trains you to look at the world through other people’s eyes. It helps you feel their hopes, dreams, frustrations, and desires. And that understanding provides absolutely critical input to spot opportunities for innovation, which, after all, is the goal of this week’s exercises.

Taking this mind-set can also help you defuse disputes at home and at work. It’s simple, but the empathy that comes from taking a different perspective can help you see things you might otherwise have missed.

For example, a couple of years ago, I was frustrated by upward feedback I received from one of our junior consultants.

## The 28-Day Innovation Program

I spoke with my colleague Dave Duncan about my frustration. “This feedback is just empirically wrong,” I said. “I just don’t know how he could have this perspective.”

“You know,” Duncan said, “I received feedback that I felt the same way about in the last review cycle. At first I ranted about it, because the feedback literally bordered on lunacy. However, the person who gave it believed it fiercely. So I asked myself what I had done that led to a smart individual’s having such a warped perspective.”

I now try to always follow Duncan’s advice. After all, our perspectives are always right in our own mind. Step out of yourself and ask questions like “What assumptions was that person making when he or she made that statement? What else in this person’s life might have influenced what was said?”

After all, the consumer is boss.

### HOW-TO TIPS

- ✓ Bring your target customers to life—give them a name, describe what they do, and find images you associate with them.
- ✓ Detail the amount of time you spent with customers or key stakeholders in the last three months. Find a way to triple that time.
- ✓ Look back at a recent disagreement you had at work or at home—use a consumer-is-boss mind-set to try to identify what was behind your antagonist’s argument.