



COMPETE TO WIN

Losing with a winning product: How market leaders often get comfortable and lose sight of the competition, and what they can do about it.

Summary

PROBLEM

Due to a mix of increased competition and a complacent workforce, a global pharmaceutical company's category leadership was in steep decline.

SOLUTION

Together we applied an innovative approach to build stronger competitive strategies resulting in a more competitive organization. We developed, and executed on, ideas that generated a greater sense of urgency, improved morale, and addressed hidden organizational challenges.

RESULTS

Partnering with the client, Clarkston developed and implemented seven innovative ideas designed to improve competitive readiness, organizational mindset, and marketing positioning. These strategies were primed to be applied more broadly throughout the organization.

Late in 2015, a global pharmaceutical company was, for the first time, beginning to suffer from an increasingly competitive landscape in a category they had invented. While the franchise enjoyed top market share for years, management recognized their recent loss of competitive focus. More agile competitors had entered the market with new products delivering superior benefits for key patient groups, and they came armed with fresh business strategies that communicated these benefits to health care providers (HCPs). It was a wakeup call. The franchise knew they would need to take their competitiveness to the next level.

Year after year of uncontested success had slowly bred complacency, comfort, and a general lack of urgency across the organization. This drift was manifesting itself in mindset and morale issues that were limiting organizational effectiveness and restricting the team's ability to respond to opposition. How could the franchise prioritize the new competitive challenges? How could leadership reinvigorate employees and develop rallying points to carry brands forward? How could the franchise create breakthrough ideas that could be implemented immediately to address these issues before they caused more damage?

Management knew they had to address these essential questions to survive and grow in the future. They recognized that an innovative solution would be needed to solve never-before-seen challenges. They chose to partner with Clarkston Consulting, the leader in Strategic Innovation, to help them develop a strategy to reclaim their leadership position.

A New Competitive Paradigm

In the last thirty years, unprecedented changes in markets and technologies have forced even the best-positioned companies to take a fresh look at their competitive landscape. Incumbents, once protected by traditional barriers of entry such as large capex, are being **disrupted** by agile startups and non-traditional competitors leveraging new technologies. Even regulatory and legal barriers (e.g., pharma patent protection) are giving way to unforeseen competitors. Many industries are under threat of **commoditization** in an increasingly connected and globalized economy. **Brand equity** is harder than ever to grow and maintain.

27 TransferWise

- Provides wire transfers at 8x less cost than banks.
- Emerged in 2012.
- Now moves £500 million per month across 50+ countries.



STARBUCKS

- Starbucks app holds more than \$1.2B cash.
- Has more cash in reserves than many banks and financial services companies.
- Now a non-traditional competitor with banks.



SOUTHWEST

- From Chairman Herb Kelleher down, Southwest has enforced a winning culture centered on collaboration.
- Company mindset has grown to become an enabler of Southwest's success. This winning mindset has translated to more effective competitiveness.



DOLLARSHAVECLUB

- Relentless focus on customer relationships.
- This customer connection has manifested in more than 10 million customers, recurring every other month.

New Competitive Realities

▶ TRADITIONAL APPROACHES ARE NO LONGER SUFFICIENT

It is likely that you have recently observed new and non-traditional forms of competition creeping into your industry. Our research has suggested that the very underpinnings of competitiveness are rapidly evolving. Driven by a reduction in industry barriers, an explosion of communication technology, and the emergence of the modern connected consumer, companies need to act faster and smarter to meet today's challenges. Entrants are arriving from beyond industry boundaries and begin to erode market share immediately (e.g., Google's entry to mobile phones). These organizations come with a playbook of non-traditional skills and technologies that can cause disruption in any industry. Companies like Amazon understand your customers at a deep level and 'own' a relationship with them as a result. These realities need to be addressed in order to protect your business and win in the marketplace going forward.

▶ A WINNING MINDSET BREEDS COMPETITIVE SUCCESS

A theme we have observed consistently in companies succeeding against new competitive dynamics is a winning mindset. While the pace of change in industry may seem nearly overwhelming, winners understand the value in developing a mindset to propagate a winning culture. Coming to terms with today's competitive realities is merely the first step in this process. Industry leaders plan for the necessary capabilities to compete in the market of tomorrow. They prominently link their core mission to their products or services and develop deep customer buy-in. These companies develop an ambitious culture that fends off pervasive negative thought, disappointment, and discouragement. They use this mindset as a true competitive advantage and catalyst in shaping the future of their industry.

▶ STRATEGIES MUST ALSO BE RELATIONSHIP-ORIENTED

At the heart of a winning product strategy is great product positioning. At the core of that positioning is the value proposition, which is differentiated and sustainable over time. Commonly, marketers will focus their energy on defining and maintaining their product's differentiation against others. However, in a connected and globalized market ripe with new entrants and disruption, it is more difficult than ever to create lasting and sustainable product differentiation. As a result, marketers need to broaden their efforts to create an enduring and meaningful differentiated and sustainable relationship with their customers. A focus on the relationship manifests itself in superior brand loyalty and repeat purchases regardless of today's competitive challenges.

WIN BEFORE YOU BEGIN



CREATE YOUR SPACE



CHANGE THE GAME

Breaking Down the Issues

Recognizing the pressing nature of these modern realities, this pharma company turned to Clarkston Consulting to help them become more competitive and overcome the team's mindset issues.

OUT-STRATEGIZE THE COMPETITION

Situation: Even in the highly regulated environment of pharma, employees had acknowledged that the competitive landscape was shifting more rapidly than they had ever expected. They were unsure what steps would be necessary to beat the novel products and modern strategies of their opposition.

Our Approach: In order to help this organization find innovative ways to deal with competitors, we analyzed the best examples of a company whose winning strategy drove success regardless of the market odds. For example, we analyzed how Cialis overcame fierce competition through clever positioning by targeting women and positioning under the guise of 'romance', leading to a 65 percent CAGR.

We also dissected the strategy of Nintendo's Wii, which was a new entrant in a fiercely competitive category. Nintendo positioned the Wii for active gamers, and aimed to flip detractors—often mothers and fathers—into enablers. Clarkston helped the client teams adopt winning themes to their current products and marketplace. Together, ideas were generated on how to better position their products, de-position the competition, and overcome current competitive challenges.

ENHANCE COMPETITIVENESS WITH A WINNING MINDSET

Situation: It seemed as though everyone was keenly aware that the franchise was suffering from a lack of competitive drive but no one knew what to do about it. The accelerating pace of change in the industry seemed to be compromising their will to win. All of this was manifesting in distress and discouragement.

Our Approach: The team set out to discover the underlying drivers of morale and address areas of weakness by leveraging market success stories. We examined companies like Tesla to see how it used mindset to develop and sustain a competitive advantage. At Tesla, we observed the value that was generated when teams and customers were oriented towards a larger, common mission.

Similarly, we observed how Blumhouse, a movie production company, capitalized on the passion of its staff. The company treats those involved in a production as stakeholders, not just employees, resulting in five of the ten most profitable films in the last five years. We helped the franchise team utilize the most powerful learnings to create a new winning mindset and accompanying action plan unique to their situation that was then adopted throughout the organization to elevate their business to a more effective and competitive level.

The **2020**
Competitive Mindset
Formula:

Bold Vision

+

Broader Good

+

**Customer
Relationships**

**= Modern Winning
Mindset**

LEVERAGE YOUR MINDSET



VISION AS A PLAN



MORE WITH LESS

WINNING THROUGH
RELATIONSHIPS

CrossFit
FORGING ELITE FITNESS

BRAND BY COMMUNITY



PSYCHOLOGICAL
FULFILLMENT

TOMS

FOCUS ON DEVELOPING RELATIONSHIP-ORIENTED BRANDING

Situation: The franchise recognized that product differentiation was no longer enough to win in today's market. The team knew they needed innovative ideas to develop and better leverage existing relationships to enhance brand usage.

Our Approach: The team analyzed market precedents where loyalty evolved beyond product and trust was solidified based on core values. CrossFit has, by traditional standards, broken every rule in the fitness industry—it asked customers for more time and energy to participate while all other players were working on the 'less is more' exercise model. CrossFit built strong bonds with their customers and has become hugely profitable in the process. Lego returned to their roots, focusing on what made its products special and offering a solution to allow anyone to develop a Lego product online. TOMS products are very simple, yet the company is able to develop deep customer relationships through its socially conscious One for One[®] proposition—a simplistic, clear, and easy-to-interpret message. Using these winning themes, the franchise team engaged in active discussion and debate about developing deeper relationships with customers, HCPs, and insurers.

Bottom Line:

Having a great brand with a conventional strategy is no longer enough

Conclusion

Disruption can, and will, happen to you. As we have seen over and over, having a great brand with a conventional strategy is no longer enough to effectively compete. Competition is proliferating, unexpected, and occurring more frequently than ever before. The increasing speed of change is leaving organizations dazed and discouraged. To succeed in the future, organizations need to acknowledge this new competitive paradigm and develop innovative ways to address and shape them to their advantage in the industry. Tomorrow's market leaders will be proactive, focused, and strategic, leaving their organizations with increased confidence and capacity to meet the many competitive challenges that tomorrow will hold.

Questions to Consider

If you are trying to analyze your competitive landscape or assess your ability to respond to modern competitive pressures, we recommend asking yourself tough questions about both your present realities and capabilities.

- Does your team continually scan and respond to new category entrants from beyond the industry?
- Do you have a plan to create a winning mindset around your products or services? Is it linked to your core value proposition? Does your workforce understand and believe in it?
- Have you defined a clear strategy on how to develop lasting relationships and how you will use them to win against competitors?
- Are you at the forefront of innovation in your industry? Do you feel that you have the tools and capabilities to innovate to set yourself up for success in the competitive landscape of tomorrow?

For More on Innovation Through Clarkston

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