

# STRATEGY HQ

**Q4 2013**

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**Brand Inertia:  
Should Your Leadership  
Be Arrested?**

**Use Continuous Innovation  
to Unshackle Managerial Decisions**

**splunk: NextGen  
Operational Intelligence**

**Allowing a brand to bask in previous success could be incarcerating. Today's leader must embrace innovation to avoid brand inertia.**

# Brand Arrest: Inertia Inhibits Brand Freedom

By David Cooper

## Defining Brand Inertia

Imagine two companies. Brand A believes in the phrase, "if it ain't broke, don't fix it." This company chugs along at methodical pace, following the previously strategic, tactical and financial patterns that contributed to its historical success.

Conversely, Brand B is constantly tweaking performance, profits and people, standing by the mantra, "If it ain't broke, break it!" This brand is continuously investing in the next best solutions model, a stronger market position and defendable competitive advantages. In the long-term, which brand is more valuable? A or B? Which describes your brand?

Being "committed to success" is not unusual for most leaders; executing the previous marketing plan/tactics, allocating the same resources and utilizing the same model is less taxing on the organization. Unfortunately, the result is often brand inertia.

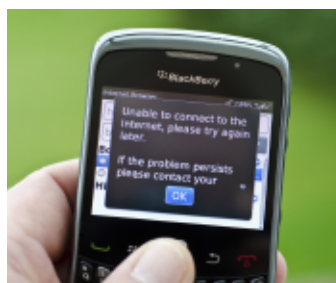
Brand inertia is an organization's failure to innovate or effectively

manage change in its offerings portfolio. Inertia is often unrecognizable, disguised as staying focused on a goal or logical business decisions:

- Myopic focus on initial objectives, regardless of current or future market conditions.
- Belief that ample resources will mitigate the lack of organizational innovation.

## The Inertia Effect: RIM's Arrested Development

Many brands drift without anchor, citing the need for flexibility; leadership believes this model enables innovation. Meanwhile, other brands remain anchored, fixating on a location that is frequently debilitating. Some brands implement both strategies. Take Research in



Leadership's inertia "crimes" often imprison innocent brands.

- Hesitant to risk a new strategy or business model without the existence of serious problems with the current model.
- Recent capital investments - costs require a longer term to recoup
- Inconclusive analytics indicate market trends are "temporary."

Motion's (RIM) BlackBerry. This brand was once synonymous with mobile communications. Once the leader in handheld mobile devices, RIM watched competitors offer more intricate mobile devices, ground breaking operating systems and structure altering applications.

In 2007, BlackBerry had the most popular mobile phone portfolio. As the industry leader, RIM rested in its dominance, arrogantly watching upstarts redefine the industry. Before the end of 2008, both Apple and Google introduced groundbreaking mobile products and platforms. For the next few years, RIM attempted to regain its market position, launching unsuccessful products (Storm, Playbook, etc.) and watching its core customers defect to more innovative and productive options.

At its height, BlackBerry owned more than 50% of the mobile phone market. By Q2 2013, RIM's share of mobile units sales was a minuscule 1.1%, down from 4% versus the same quarter 2012, according to Kantar Worldpanel. These metrics included the Z10 and Q10, both introduced with much fanfare in Q1. In September 2013, BlackBerry announced steep financial losses and extensive layoffs. RIM's dominant mobile phone position was lost to the likes of Apple, Google and others.

#### **Inertia = Arrest**

Leadership's inertia "crimes" often imprison innocent brands.

Management pins their hopes on the mercy of the "consumer justice system," pleading for the strategy transgression to be forgiven and forgotten. Managers that continuously expect customers to ignore major crimes often find their brands serving very serious prison terms, as customers frequently issue very harsh sentences when their hearts are broken.

Conversely, leadership expects marketing to bail out the brand after poor decisions. They demand the key players acquire and destroy any signs of inertia crimes before the market convicts. In other cases, bail is too high and the marketing lacks the collateral required to post bond.

#### **Freedom Has a Price: Disruption**

With disruptions abound, progressive companies continually exhibit the ability to be insightful, nimble and avant-garde. Tomorrow's leaders do not only expect disruption, they create it – as a competitive advantage. Don't let your organization's historical success lead to inertia or, even worse, a slow painful demise.

## **Disruption@Work splunk: NextGen Operational Intelligence**

**Can you hear customer clickstreams, customer service calls, credit card transactions, social media posts, etc.? splunk believes the data is talking to you. Capitalizing on Big Data trends, splunk monitors, collects and indexes data in real time by making machine data accessible, usable and valuable throughout your organization – in real time. Imagine seemingly disparate data generated by websites, applications, servers, networks, mobile devices and all the sensors and RFID assets turned into valuable, actionable insights – for the masses. The next gen Operational Intelligence is speaking. Are you listening?**



## **Quick Facts**

### **About Leadership's Strategy & Decision Making**

**64** *The percent of leaders expressing frustration with too many conflicting priorities.*

*Leaders who believe both employees and customers understand the company strategy.*

**54%**

**56**

*The percentage of leaders that said their company hadn't provided enough resources to effectively supports their strategy.*

*Leaders who said they thought the company's "core competencies" support the organization's strategy.*

**33%**

Source:  
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## Next Q

### Burn The Box:

#### Enabling Real, Sustainable Innovation

Leaders often tout the need for innovation, requiring stakeholders to “think outside the box.” Unfortunately, human nature encourages people to retreat to a safe zone when competitive discomfort arises; that safe zone is back into the box (old model/way of thinking). The only way to prevent this retreat is to burn the box!

## DIGITAL MARKETING MANIFESTO

### Use Continuous Innovation to Unshackle Managerial Decisions

By Rohan Rodney

**E**ver heard these questions from your chief marketing decision makers: “Why the heck does the digital landscape have to keep changing so much? Why don’t customers stand still? Why do they have to control the brand conversation so much?”

Perhaps the conversation should revolve around, “Why do I believe that I am still in control?” Perhaps there should be a revelation that there no longer needs to be a guess at what the consumer will be thinking 6 to 18 months into the future based on the previous year’s market research.

In fact, isn’t it wonderful that customers will yell out their every desire, fear, secret yearning about the products and services in their lives...in real-time?

Customers have progressed to the point they anticipate innovative technologies and innovative conversations and will, in fact, co-develop innovative products and services with their favorite brands. A wonderful aspect about these digitally connected customers is that they will do this on an ongoing basis and will drive



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agile marketing endeavors with their continuous feedback and approval.

What a wonderful feeling for a chief marketing decision

maker to be unshackled! Isn’t it outstanding to use customers’ conversations to drive innovative developments that drive delight for all consumers?

So, it is best to understand and cuddle up with the fact that the customer drives continuous innovation. Let the customers unshackle the decision making process through the digital conversation. They will be delighted to help you and be delighted in their products.

If you still think continuous innovation is not tied to customer delight, go ask a little company called Apple about this topic...better yet, go ask Apple’s competitors.