Brand Strategy And Design for Six Sigma

Customer Processworks ™

Glenn D. Pincus
Principal
2219 East Thousand Oaks Boulevard, Suite 337
Thousand Oaks, California 91362-2900
PH: 805-624-6300 FX: 805-435-8423
EM: glennpincus@gmail.com

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By Glenn Pincus and Thomas Bertels

"99.44% pure." "It takes a licking and keeps on ticking." "When it absolutely, positively has to be there overnight." "The ultimate driving machine." "We bring good things to life."

Brand Promises Aren't Just Talk

For recent generations of Americans, the slogans above have become synonymous with the high-profile brands they represent. But these words are not simply clever taglines. They are in fact shorthand descriptions of each company's competitive strategy. These words describe what the companies are pledging to deliver as well as what's special about their products and services. In the cases of Federal Express, BMW, and General Electric, consumers *and* stockholders would agree that the success of these brands is a function of both the relevance of their promises and how effectively and consistently the companies are able to keep them.

But what does making good on a brand promise get a company? First of all, it means the company is able to consistently deliver the products, services, and experiences it promises to deliver. When this happens—and customers know about it—they benefit from easier shopping, reduced risk, greater perceived value, and increased customer satisfaction. Resulting business benefits include lower marketing costs, greater pricing independence, and higher net income.

> If you are among those companies that make promises they cannot keep, there are a couple of things that you can count on. Those consumers who were hooked with false claims are not coming back for more and they will likely tell ten friends about their negative experience with your brand. If your goal is simply to land a one-time sale, and you are not concerned with customer satisfaction or referral business, this might be the right strategy for you.
>
> – Tony Bombacino, "Making Brand Promises You Can't Keep"

Coca Cola, for example, can today sell six-packs of its Coca Cola Classic for $2.50. Down the grocery aisle, a store brand virtually identical in its ingredients fetches a mere $1.00 for a six-pack. Coca Cola's "brand tax"—which most consumers do not object to paying—has vaulted "the real thing" to #1 in Interbrand's annual brand rankings, with its brand valued at over $67 billion.[1] Now that's a powerful—and valuable—brand promise.

The top organizations in Interbrand's 2005 rankings include not only Coca-Cola, Microsoft ($60 billion), and GE ($47 billion), but also Disney ($26 billion), McDonald's ($26 billion), and Ford ($13 billion), companies currently struggling but continuing to be competitive in large part due to their powerful brands. Data from Interbrand and *BusinessWeek* (see Figure 1) illustrate the increased financial value of a powerful brand. As the experiences of these leading companies demonstrate, success is clearly related to keeping promises made to consumers, because an unkept brand promise means a failure to deliver the product, quality, service, experience, or pricing customers expect. Consider: "Born to perform," "The document company," and "Reach out and touch someone." The fact is that Jaguar doesn't (U.S. sales 2002 = 61,204 units; U.S. sales 2004 = 45,875 units)[2]; Xerox isn't (1994 Fortune 500 Rank: 26; 2004 Fortune 500 Rank: 130)[3]; and AT&T isn't (2000 revenue/income: $46.8 billion/$12.8 billion; 2004 revenue/income: $30.5 billion / -$10 billion)[4]. And these companies' sales and financial results tell the story...

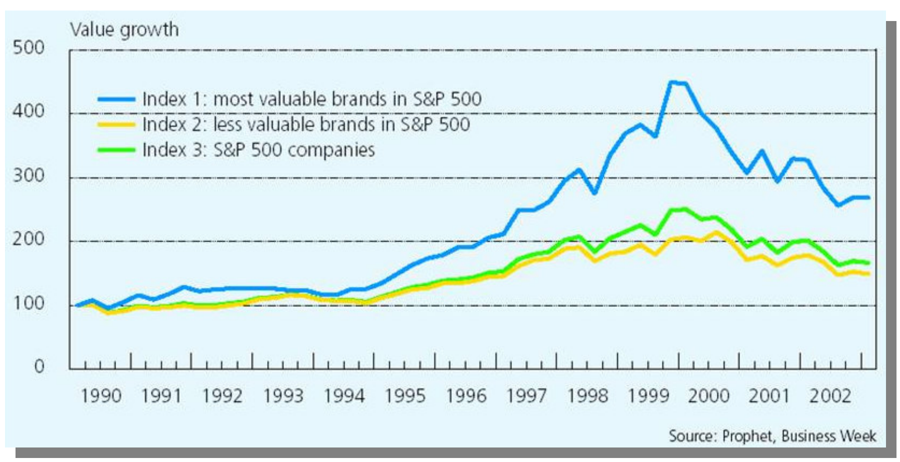

Figure 1. Growth in Investment Value of Top Brands vs. the S&P 500 (1990 – 2002)[5]

The reality is that building a strong brand means delivering maximum value to customers as consistently as possible. And that means *every* employee delivering on the brand promise in *every* action affecting suppliers, co-workers, and customers...*every* time. While most brand strategists might not immediately consider it, achieving this level of consistent adherence to a brand promise is one way to put Six Sigma to work.

Strategy, Marketing Communication, and Operations

An effective brand promise rests on three legs: business strategy, communication of the promise, and implementation (see Figure 2). It is this third area—implementation—where plans "oft go astray." (And isn't this always the case!) It is no coincidence that in organizations building vibrant, high-value brands, the constituencies responsible for the three legs—executive, marketing, and operations teams—work in lock-step. The puzzle, for some, is how to get there in the first place.

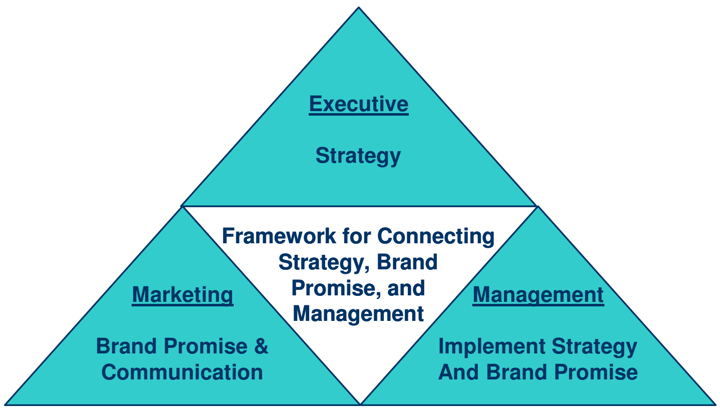

Figure 2. Key Elements of Brand Promise Delivery

Six Sigma—too often viewed as being *only* about wringing variation and cost from business processes—is in fact a versatile, effective framework for connecting executive goals (business strategy), marketing communication (brand promise) and management (operational activities).

Consider the case of the business bank aiming to increase its share in a regional market. Using Design for Six Sigma (DMADV) and adapting it for brand strategy (see Figure 3), it became clear that to advance from the business strategy to marketplace results, the organization first needed to understand the brand, define the brand promise, and identify specific actions required to deliver on it (Define, Measure, Analyze). Finally, it needed to make sure that the defined brand promise actually was fulfilled (Design, Verify).

Design for Six Sigma	"Brand" Six Sigma
Define the project goals and customer (internal and external) deliverables	Ensure that operational activity is delivering on the competitive advantage and customer expectations created by the brand promise
Measure and determine customer needs and specifications	Determine the measurable extent and scope of competitive advantage and customer expectations created by the brand promise
Analyze the process options to meet the customer needs	Work back from the brand promise through brand associations and tangible brand attributes/CTQs to ensure that operational building blocks—business goals, organization, processes, administration, and metrics—are producing the competitive advantage and delivering on customer expectations generated by the brand promise
Design detailed processes to meet customer needs	Design and implement the operational building blocks
Verify the design performance and ability to meet customer needs	Use measurement to verify that the operational building blocks are producing the tangible brand attributes/CTQs contributing to the brand associations and brand promise

Figure 3. "Brand DMADV"

The bank's marketing team identified customer segments and their respective product and service needs, preferences, and priorities; researched competitive threats and opportunities; and gathered complete information about the business itself—its economic model, strengths, weaknesses, and internal capabilities to perform. On the basis of that work, the organization was ready to commit to a clear brand promise: "The bank that helps small businesses succeed" (see Figure 4).

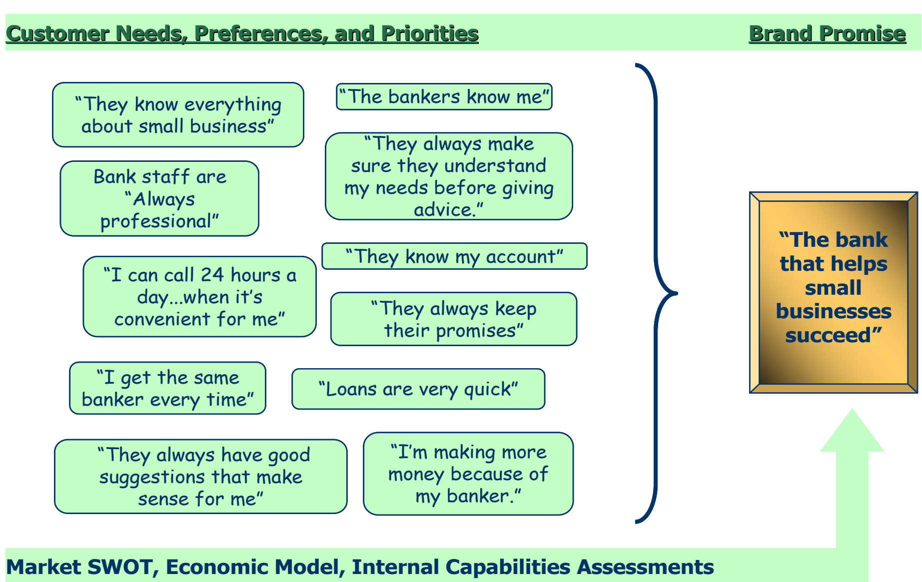

Figure 4. Creating the Brand Promise

This is the point at which many organizations' brand and business strategies falter. The advertising and point-of-purchase campaigns take wing, but nothing else changes. Customer expectations are raised and then dashed, with predictable results. To avoid this outcome, the business bank employed Design for Six Sigma techniques to transform the brand promise into "brand associations," "tangible brand attributes," and "operational building blocks," ultimately defining very specifically how the organization was to deliver on the promise. And because executive, marketing, and operations stakeholders participated together in the process, strategic goals, expectations, and planning were understood and aligned effectively throughout the organization.

A Real-World Promise and Its Parts

As our bank example illustrates, defining the brand promise in operational terms involves three critical steps (see Figure 5):

1. Translating the brand promise into specific "brand associations," or CTQs: Here, marketers, operations management and Six Sigma practitioners study the brand promise to identify the characteristics that typical customers will associate with it. These hypotheses are then tested in customer research. For the bank, the list of brand associations included:

- Professional, knowledgeable banking staff
- A bank that knows its clients as individuals
- Rapid loan processing
- The customer's ability to make more money as a result of the banking relationship
- And others…

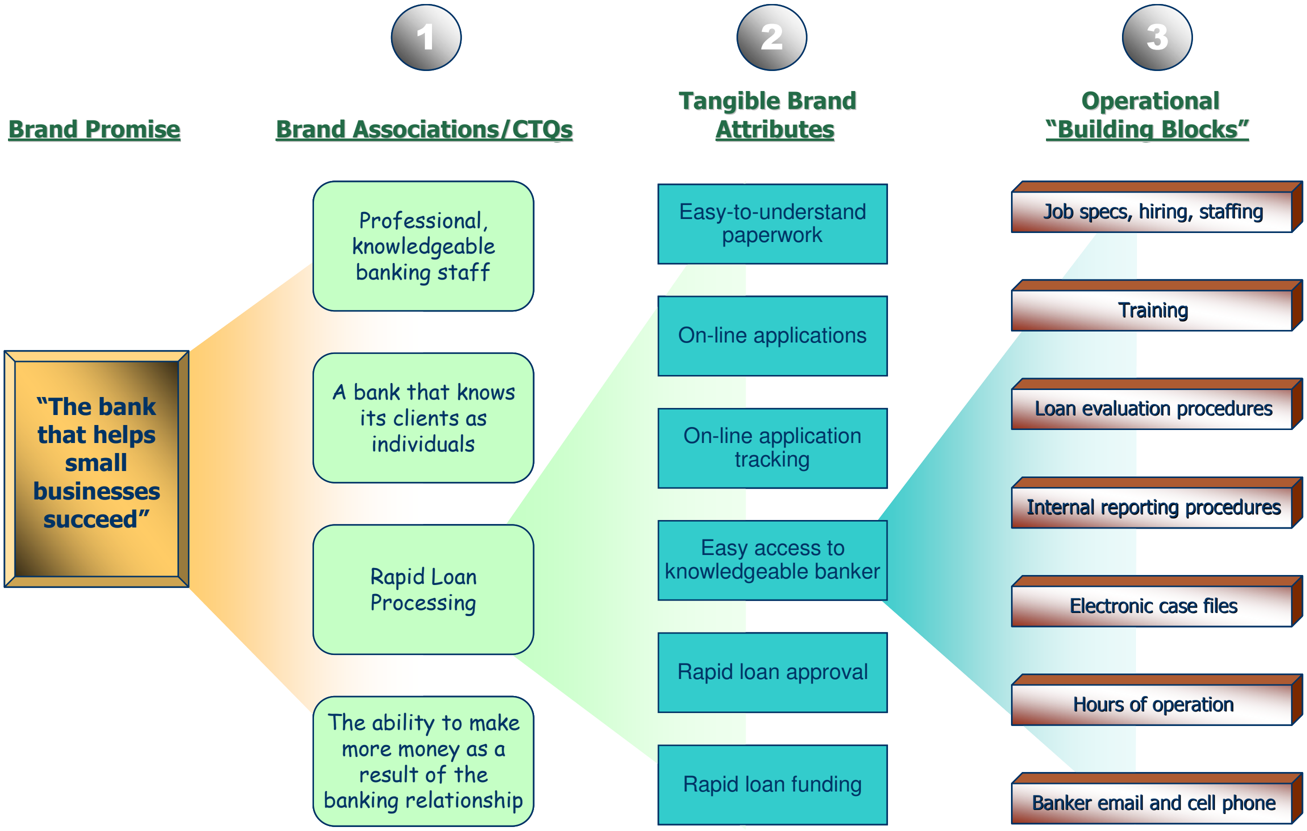

Figure 5. Defining a Real-World Promise in Operational Terms: Focus on "Rapid Loan Processing"

2. Converting each of these brand associations into "tangible brand attributes":

For this bank, it was decided that "rapid loan processing" would require:

- Easy-to-understand paperwork
- On-line application capability
- On-line tracking of application progress
- Easy access to a banker who knows the client and the loan application
- Rapid loan approval
- Rapid provision of loan funds

3. Defining how each "tangible brand attribute" will be delivered operationally: Implementation of the attributes depends on some combination of human resources, processes and technology. For example, for just one attribute of rapid loan processing—easy access to a banker who knows the client and the loan application—there were implications for:

- Job specifications, hiring, and staffing
- Training
- Loan evaluation and internal communication and reporting procedures
- Electronic case files
- Hours of operation
- Availability of banker e-mail and cell phones

A Cautionary Tale

When laid out in the example of this regional business bank, the connections between strategy and operational building blocks seem almost too obvious. But history offers many examples of organizations that somehow lost the connection between their brand promises and the brand associations, attributes, and building blocks needed to deliver them.

Here's just one: Between 1974 and 1986, Schlitz ("The beer that made Milwaukee famous") lost 93% of its brand equity chiefly because of its decision to lower production costs.[6] A premium brand—in fact, the number-two brand in its category at the time—Schlitz cut its costs in 1974 by changing ingredients and by reducing fermentation time from 12 days to 4. While the cost reduction enabled Schlitz to build sales with aggressive discounts and promotions (precisely what Ford and GM are doing today), consumers noticed a difference in flavor that, coupled with the word-of-mouth story that the company was "making green beer" (improperly aged), motivated them to switch to other premium brands.

As a result, Schlitz went from selling 17.8 million barrels of beer to selling less than 1 million barrels per year. The problem, of course, was that Schlitz failed to maintain key brand associations—including taste and a reputation for quality brewing—critical to drinkers of Schlitz beer.

Final Thoughts

Knowing what's important to customers, precisely how the organization is to deliver on those attributes, and then actually delivering are all vital to profitability and growth. Organizations wanting to achieve results like leaders in the Interbrand study—rather than repeat the mistakes of Schlitz, Jaguar, AT&T, and others—can look to Six Sigma for a workable roadmap. With it, they can produce exceptional business results while distinguishing themselves as true market leaders

[1] "Annual Report on Global Brands," *BusinessWeek* (McGraw-Hill Companies, Inc.), July 2005.
[2] *Ward's Motor Vehicle Facts & Figure—2005* (Southfield, MI: Ward's, 2005), p. 18.
[3] http://www.fortune.com/fortune/subs/500archive/company/0,19388,X,00.html]
[4] AT&T 10-k Report, March 10, 2005, p. 25.
[5] Root, Stephen. "Branding for Banks," *UBS News for Banks,* Vol. 4 (2003), p. 2.
[6] Aaker, David A. and Biel, Alexander L. (eds.). *Brand Equity and Advertising: Advertising's Role in Building Strong Brands* (Hillsdale, NJ: Lawrence Erlbaum Publishers, 1993), pp. 339-340.

About the Authors

Glenn Pincus is the principal of Customer Processworks ™ and a frequent collaborator with Valeocon Management Consulting. He is an expert in generating profitable relationships at the point of contact between business and customer by aligning organizational value chains with customer needs and priorities. Formerly a director in Coopers & Lybrand LLP's management consulting practice and the partner in charge of consulting and education at J.D. Power and Associates, Mr. Pincus has worked with AOL, the Cleveland Clinic, GE Capital, Lexus (U.S.), Samsung (Korea), VW AG (Europe), and others. He can be reached at glennpincus@customerprocessworks.com or glenn.pincus@gmail.com.

Thomas Bertels is a co-founder, partner, and Regional Director of the Americas for Valeocon Management Consulting. He is an expert in helping companies implement large scale change efforts such as Lean, Six Sigma, Supply Chain Management and other process improvement efforts. He works with senior management teams to help translate business strategy into improvement projects and has extensive experience in supporting senior level steering groups to manage major initiatives and leading improvement teams at all levels. Mr. Bertels has worked with clients in a variety of industries encompassing both manufacturing and service businesses: financial services, consumer goods, automotive, pharmaceuticals, information technology, and food. Prior to co-founding Valeocon, he was serving as a Vice President and operations director at Rath & Strong, where he worked with clients such as TRW, Pfizer, J&J, and Siemens. Mr. Bertels has extensive line and executive experience in Customer Service and Sales Support and worked in a variety of sales and marketing positions at Asea Brown Boveri (ABB). He is based in New York and can be reached at thomas.bertels@valeocon.com.