Chapter 8

Building the Brand

The Emotional Triggers That Launched Profitable New Ventures

> Somewhere, something incredible is waiting to be known.
>
> —Dr. Carl Sagan

A brand is your face to the world, the promise you make to your customers, your reason for being. Successful organizations treat their brand as a valuable asset, continually searching for ways to keep it relevant and compelling. One strategy is to pursue "brand extension" opportunities by launching new products or services. This is the story about a large corporation with an established and well regarded brand that was searching for new services to offer small-business owners. Typically the company segmented small-business owners, their number-one customer group, by using traditional objective data. Although the data was factual, it wasn't how their customers saw themselves. Emotional-trigger research redefined this company's method of analyzing small-business owners and, in the process, enabled them to increase sales and successfully launch new ventures.

Lesson #5

> Regardless of how you segment them, customers are self-defining.

Leveraging a Position of Strength

A recognized industry leader had a long record of consistent growth. This company served the needs of small businesses, professional practices, and consumers in the areas of technology, electronics, consumables, office products, and furniture. Sales were strong. The time was right to leverage their position of strength. Specifically, they wanted to form strategic alliances that would enable them to offer small-business owners value-added outsourced services.

Testing Current Assumptions

Several options were already under consideration. Emotional-trigger research was used to determine if the company was on the right track or whether there were better alternatives. Small-business owners across the country participated. They represented a variety of fields including manufacturing, health, technology, marketing, insurance, professional services, personnel, distribution, engineering, and construction. The interviews were intended to provide insights into the challenges they faced and the problems that consumed disproportionate amounts of their time or sapped their mental energy.

Small-Business Owners: Five Common Challenges

It turned out that regardless of geographic location, area of specialty, or size of operation, small-business owners all contended with five critical issues. They agonized over the rising cost of providing healthcare benefits. They had great difficulty finding, motivating, and retaining qualified employees. Compliance with government regulations and IRS requirements was overwhelming. Keeping up with the rapid changes occurring within technology was exceedingly complicated. The increased speed with which they were expected to meet contractual obligations put unrealistic demands on their organizations.

Owners said their companies lacked internal resources. When they addressed morale issues, they weren't referring to employee morale; they were talking about their own. Unable to find qualified help, they were forced to scale back on their plans for growth.

They never had enough time and had trouble coping in an increasingly fast-paced environment. Two unrelated factors were the major source of the problem. Technological advances had permanently altered their customers' expectations of acceptable turnaround times needed to complete the work. At the same time that they were being pressured to work faster than ever before, they faced mounting obstacles to finding qualified personnel.

These companies were not equipped to comply with all the government and IRS regulations. They were buried in red tape and had neither the expertise nor the manpower to manage numerous human resource and payroll functions.

With the exception of technology-oriented companies that already had internal specialists, technology threw everyone else into a panic. It was changing at warp speed causing confusion and an enhanced sense of urgency. Small-business owners conceded the necessity of becoming part of the technology revolution in order to remain competitive, but had no idea how to proceed.

Similar Personal Values

Small-business owners valued continuity. In a world where they were always the little fish in a big pond, "emotional anchors" provided them with a sense of security. They placed a premium on developing long-term relationships and conducting business with the same people over time. Continuity equated to trust.

They preferred doing business with other small companies. As owners themselves, they had confidence in suppliers who were also owners, because they believed these individuals had a vested interest in providing good customer service. Many distrusted large corporations. They feared getting lost in the bureaucracy. Big companies have big clients. Smaller companies, in turn, are more willing to give the time and attention equally small customers crave. Small companies equated to security and respect.

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In an era of automation, these owners valued the personal approach. Whenever possible, they wanted to deal with people they knew or people who had been recommended. Familiarity equated to confidence.

Although they recognized the irony, speed was as important to small-business owners as it was to their customers. They placed a premium on quick turnaround times. If they were compelled to work faster and faster to satisfy their own customers, then they needed resources willing to help them. Responsive vendors equated to commitment and partnership.

Different Customer Profiles

Small-business owners struggled with many of the same challenges; they even shared common values. But when it came to how they actually saw themselves, the similarity ended. Categorizing them by industry, sales volume, number of employees, or geographic area proved too one-dimensional of an approach. The distinctions were more profound. What separated these owners into two groups were the stark differences between the emotional triggers that

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motivated them. Consequently, when it came to running their respective companies, they diverged sharply on attitudes about spending money.

Proprietors Versus Entrepreneurs

Proprietors comprised the first group. These individuals were focused on creating self-employment as a means of maintaining their independence. They kept their operations small and manageable. Quality personal time really mattered; they didn't want to be overwhelmed with demands that interfered with their personal interests and obligations. The business existed for the purpose of subsidizing a well-rounded life, nothing more.

Entrepreneurs made up the second customer segment. Unlike proprietors, they had ambitious goals for their companies and hoped to amass significant wealth as well as build large organizations. From the start, they had an eye toward growing their business rapidly and becoming a "major player." Characterized by a "can do" attitude, entrepreneurs exuded self-confidence. They thrived on being in charge and had great faith in their ability to orchestrate their own destiny. Their business and personal lives were inseparable, and they liked it that way.

Finding the Sweet Spot

A number of disparities separated proprietors from entrepreneurs, but there were two areas of convergence that the emotional-trigger research revealed. Exploiting the emotional triggers that united, rather than divided, proprietors and entrepreneurs represented the "sweet spot" for brand extension opportunities and provided the foundation for the strategy going forward.

The emotional triggers that defined proprietors made them prime candidates for a range of outsourced services. If the price was right, and they had confidence in the quality of the service, they'd readily embrace anything that lightened their load. The question of control never factored into the equation. As such, they were an easier target than entrepreneurs. Rather than resisting outside involvement, they wanted to lift the burden off their shoulders. Life was too short to get bogged down in time-consuming and thankless activities. However, the emotional triggers that defined and motivated entrepreneurs made them poor candidates for most outsourced services. They were leery of ceding control or trusting unknown resources to manage aspects of their business. They preferred to hire and develop their own personnel.

Emotional-trigger research revealed that entrepreneurs were open to outsourced services only when the potential threat to their business was serious enough to outweigh all other considerations. As much as they wanted to retain control, they were smart enough to recognize when it wasn't in their self-interest. Fear eclipsed self-confidence if the dread of potential consequences overshadowed their inclination to reject external "interference." Yet only when confronted by such circumstances did the predominant emotional trigger influencing their behavior switch from "authority" to "survival."

From the entrepreneur's perspective only two issues qualified. Complying with countless IRS payroll and employee regulations was akin to navigating alien territory laced with landmines. Equally fraught with peril were the mysteries of technology. Either issue, if mismanaged, could severely wound their operation; if both were mismanaged the outcome would be lethal. Identifying the hierarchy of emotional triggers shared by proprietors and entrepreneurs made it possible to exploit these two "consensus issues."

Proprietors and entrepreneurs had very different self-images. They wanted different things from their businesses and they had very different priorities about how they chose to operate their companies. Emotional-trigger research clarified those differences and helped to prioritize the few instances when their self-interests overlapped. Page 129 shows the emotional triggers that formed the "sweet spot" around which proprietors and entrepreneurs converged.

Emotional Trigger	What Emotional Triggers Revealed
Feelings	⊡ They felt intimidated by all the government and IRS regulations. ⊡ They felt threatened by technology advancements and insecure about their ability to navigate change. ⊡ They felt vulnerable because they lacked affordable resources to help them deal with government and technology issues.
Needs	⊡ They needed to feel valued; not like a small fish in a big pond.
Beliefs	⊡ They believed their interests would be best served by working with other small-business owners or companies that catered exclusively to small businesses.
Experiences	⊡ They experienced limited choices from service providers disinterested in small accounts.

Exploiting the Sweet Spot: Profitable New Ventures

The first "consensus issue" was the need to ensure ongoing compliance with government payroll tax and employment requirements.

In response, a strategic alliance was formed with a payroll accounting firm. The industry leader leveraged the combined revenue potential of their extensive customer base and negotiated a lower fee structure than any of the business owners could have obtained themselves. Everyone benefited from the arrangement. Small-business owners were able to receive expert services for a fee that wasn't available to them individually. The company increased sales among their key customer segment by using the insights the emotional-trigger research provided to further engage small-business owners.

Sensitive to their customers' need to avoid feeling like a small fish in a big pond, they selected a strategic partner whose niche was serving small and mid-sized companies. The choice of this strategic partner reinforced the small-business owners' need for respect and security. If the majority of other customers were also small owners, they felt reassured. The company came out ahead by identifying a timely and profitable brand extension opportunity. At the same time, they reinforced their leadership position among small-business owners as a value-added partner.

The second "consensus issue" was technology. Recognizing the lack of services available to small-business owners, the company developed a multi-pronged solution. Strategic alliances were formed with technology experts who helped with hardware and software decisions, integration, and related issues. Alliances were formed with service providers at the back end to handle maintenance and repair. For quick and low cost assistance, online support functions were enhanced.

Both the payroll and technology brand extensions were a natural outgrowth of the industry leader's core competencies. Each strategic alliance offered upside revenue potential without requiring upfront investments as the cost of entry. The company achieved their objective of launching successful brand extensions and, in the process, they strengthened relationships with high-priority customers.

Summing Up
Building the Brand

Situation

An industry leader serving the technology, electronics, consumables, office products, and furniture needs of small businesses, professional practices, and consumers wanted to explore strategic alliances that would enable them to offer new outsourced services to small-business owners, their most important customer segment. Emotional-trigger research was used to provide insights into the challenges small-business owners faced and the problems that consumed their time, in order to identify the most viable brand extension opportunities. It soon became apparent that while small-business owners shared common personal values, they diverged sharply when it came to running their companies. These owners fell into two distinct groups: proprietors and entrepreneurs. The first group viewed their business as a means of subsidizing a well-rounded life. They didn't want to be overwhelmed by demands that infringed on their personal time and welcomed outside assistance. Entrepreneurs, on the other hand, had ambitious goals for amassing wealth and building large organizations. Their businesses and personal lives were intertwined. Characterized by a "can do" attitude, they were leery of relinquishing control, preferring instead to hire and develop internal talent.

Small-Business Owners' Emotional Triggers

They felt intimidated by government and IRS regulations. They were threatened by technology advancements. They felt particularly vulnerable because they lacked the ability to adequately deal with either.

Genuine Insight

Typically, small-business owners were segmented in traditional ways on the basis of industry, size, or geographic location. Although the data was factual, it wasn't how they saw themselves. Emotional-trigger research identified stark differences between "proprietors" and "entrepreneurs." Proprietors were interested in a broad range of support services, anything to lighten their load. That wasn't the case with entrepreneurs. Only when fear overshadowed their need for control were they open to outside assistance. And only two things frightened entrepreneurs: compliance with government regulations and technology.

Solution

By changing the method of analyzing their customers, this industry leader was able to identify, prioritize, and launch profitable new brand extensions guaranteed to have the broadest appeal. Initiatives included a strategic alliance with a payroll accounting firm that catered to the needs of small companies and partnerships with technology experts who offered front end support as well as back-end maintenance and repair.