



Ray Algar asks 'What does my business stand for?' – a question that could be the key to understanding the difference between success and failure

## What does my brand stand for?

As 2007 draws to a close, just over 16,000 UK companies will not be planning a Christmas party this year. Instead, an insolvency practitioner will be surgically extracting every pound of value for beleaguered creditors of these failed companies. According to the latest BDO Stoy Hayward *Industry Watch* report, UK corporate failures will rise by 7% in 2008 and by more than 10% in the leisure sector. So why do they fail? According to The Insolvency Service, the three key reasons for corporate failure are: Loss of market; failure to deal with tax affairs; and 'other management failures'. Loss of market was cited in just over half of all UK compulsory liquidations. Loss of market is a 'catch-all' term that really means that customers were mis-treated, mis-sold, ignored and taken for granted. How should we feel about these corporate fatalities? Undoubtedly, many people's lives (normally committed staff) will be profoundly affected by their demise, but in the majority of cases, will their customers miss these companies? Probably not and the reason is that most were extraordinarily ordinary, offering mediocre, poor-value goods and services to overwhelmed customers (e.g. undifferentiated food propositions, web sites that nobody needs, unscrupulous home improvement companies and a raft of unnecessary business-to-business intermediaries). Why did these companies exist in the first place? What was their compelling purpose? What did they stand for? Perhaps, not very much which explains why most will not be missed.

### Choice, choice and more choice

It can be hard being a consumer. So much choice and so little time to choose. Presently, I am in the market for a new laptop, but can never find the right moment to cease all further research and just buy one. I was in the market for a laptop last year and I will probably still be in the same market next year. The sheer choice is traumatising. Sony presently has 11 different laptop ranges and thousands of different product configurations. Sony is a great company, but I still struggle to choose one of its laptops. What chance then for the plethora of less remarkable laptop companies?

### Companies bordering on the irrelevant

Wander down your local high street and be amazed at the oh-so-last-century retailers such as: video rental stores; general stationers; estate agents; travel

agents; camera and photo processing shops; and the ubiquitous off-licences.

The stores may look great, and the staff well trained, but in an era of on-line price comparison search engines, consumer-generated product reviews, one-click to buy and next day delivery, do these retailers provide any meaningful value?

Today, we are awash with choice, but bereft of companies that leave a lasting positive impression. Mediocre and forgettable businesses, with neither a heart nor soul, peddling ordinary products and services, abound. Sometimes, companies even struggle to deliver average. Recently, I took my family to a well-known cinema chain for a weekend film and was surprised that it was not cleaned between screenings. Perhaps, the company believed that because customers found their seats in their dark, that the litter mountain would go unnoticed. Home cinema just became even more appealing. It seems that aiming for mediocrity is as far as many companies aspire. 'The mediocre are always at their best', is how the saying goes.

### What does your business stand for?

It sounds like such an innocent question, but scratch deeper and it reveals some fundamental truths about a company's strategy and prosperity. 'Stand for something or fall for anything' was how Malcolm X, the civil rights activist would rouse his followers. CEO's should ask themselves what their companies stand for at least twice a year, because a compelling corporate purpose drives profit.

Recently, I discovered Sussex and the City, a small Brighton-based grocer that stands for locally-sourced produce. Every product claims to be grown, produced or made no further than 50 miles from the store. The business's purpose is to reduce food miles and support small-scale Sussex suppliers.



Spoilt for choice - the consumer is now king

'Good food for miles less', could be the company's slogan. Clearly, this is a novel cause, which will resonate with environmentally sensitive customers. The enduring success of this business will ultimately rest on the founder's depth of conviction for the cause. Should they stock imported coffee beans, which are blended and packed in Sussex? What happens when they find that the world's best pear and chilli chutney is being produced not 50, but 59 miles away? What if all of the Sussex-made marmalade ingredients cannot be sourced within 50 miles? Scenarios such as these highlight the difference between a superficial marketing campaign and a cause. Causes demand consistency otherwise they frustrate and confuse customers. If this cause is diluted, then ultimately the business returns to being just another grocery proposition and does the world really need more of them?

### Companies that actually stand for something

Innocent (drinks), Apple, Curves fitness clubs, Facebook and Starbucks spring to mind when thinking of companies with a compelling cause. Innocent recognise that they are never going to get people to pull-back from hyper-speed living, but they do believe they can help us live a little more healthier by serving up 100% natural smoothies (no nasty additives here), while simultaneously offsetting the impact of their business operations. They are authentic to the core and trusted by their customers. Does such a cause actually make money? Innocent has been in the *UK Fast Track/Sunday Times 100 list* for four consecutive years and is averaging 92% annual sales growth.

Curves is the fastest-growing fitness franchise in the world (opening 833 clubs annually for the past 12 years) and is allowing time-challenged women the opportunity to enrich their lives through a simple 30-minute circuit training programme. Four million women now use the 10,000 Curves clubs across 55 countries. Facebook (58 million active members and growing at 250,000 new members per day) and Starbucks (6,000 stores and growing) both have a fanatical following. In fact, there is a 'Starbucks Fanatics' community on Facebook where customers discuss all facets of the brand. What about Apple which is seen as 'anti establishment', immensely innovative, responsive and a company that produces beautifully designed products? Apple is now a \$24bn (£12bn) turnover,

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debt-free phenomenon. Customers do not just use Apple products, they name them, nurture them and take them to bed. These companies have a compelling reason to exist. If they closed tomorrow, their customers would feel a genuine sense of real loss. However, can this be said for the majority of the businesses that you have experienced this year? Think airlines, restaurants, pubs, hotels and many high-street retailers. Let us vaporise them now. Would we mourn their passing? I think not, although there may be some mild frustration while we research alternatives.

### From ordinary to remarkable

Recently, I was speaking at a conference in Gothenburg and while wandering around the city centre I called into Attractions ([www.attractions.se](http://www.attractions.se)), a new contemporary furniture store. It supplies affordable Scandinavian interiors. From a market positioning perspective, it sits between Habitat and Heal's. The store has a stylish café serving fresh shrimp salad, espresso and two floors of great furniture. The only item I could carry out of the store, was two boxed wax candles, priced at £10. A staff member asked if I would like complimentary gift-wrapping and then spent the next ten minutes wrapping these two candles with such care that it seemed as though her career depended on it. This was remarkable customer service, but is it memorable simply because it has now become the exception? I now jump for joy when staff at the Tin Drum, my local café, remember my name and favourite drink. No longer do I feel like a 'cover', but an appreciated customer. I feel we have now bonded for life and now smugly walk past several good cafes to the one where I believe I belong. Of course, my special relationship is threatened every time one of the United Nations café team decides that it is time for them to move on to the next leg of their world tour. Sometimes it feels as though my history with a business is erased when staff move on. It is though the long-term memory of the business has been disabled. Recently I felt this acutely with a garage that has been servicing my car for the past six years. The service manager left and along with him, all the banter and special concessions that I had informally accumulated. The new service manager has no knowledge of me, only my car, and thinks of me only in terms of a registration plate number.

Often, it does not take much to change ordinary into remarkable customer experiences; the real challenge seems to be whether 'remarkable' forms part of a company's cultural vocabulary.

### Where is the sense of surprise?

Customers expect a consistent brand experience, which is a fundamental driver of loyalty, but there are occasions when a sense of surprise is required to reinvigorate the experience. Sometimes this is tangible such as a chocolate left on your hotel bedroom pillow, or the way that staff behave. Once

## Business causes demand consistency, otherwise they frustrate and confuse

when travelling with BA on a very short flight, a member of the cabin crew announced that today's entertainment was seeing if they could serve food, drinks and duty-free to passengers before preparing for landing. There was spontaneous laughter throughout the cabin, partly because we expect BA staff to be 'professionally formal' all the time.

The Singapore beverage company, Out of the Box, has taken the sense of surprise to a new level with a range of drinks called 'Anything and Whatever' ([www.anything.com.sg](http://www.anything.com.sg)). 'Anything' is a fizzy range and comes in six flavours, while 'Whatever' are non-carbonated teas. So what is the surprise? Consumers do not know which flavour they are getting until they take a sip. This brand is generating quite a buzz since its May 2007 launch, selling 3.5 million cans in the first 31 days of its launch. Johnson Tan, the managing director, discovered the idea when he and his friends went to coffee shops and would find themselves saying, 'just get me anything'.

### Send it out, they will not notice

Have you ever been served a coffee at your local café that was slightly too cold, or eaten a meal at your favourite restaurant that was very slightly undercooked, but not sent it back? Days later, the subsequent dinner-table debate with friends is whether we should have sent it back or silently endured this mal-treatment. Once may be accidental, but what if it happens again? Does this represent the early tell-tale signs of a business that is slowly but surely, ceasing to care? Perhaps, a sense of, 'this is good enough', has crept into the business. Other businesses might also be saying, the gym equipment is good enough, the restaurant interior is good enough. The issue with 'good enough' is that it is hardly likely to get customers trying to rip the clothes off staff as a keep-sake. In a recent interview, Gordon Ramsay said: "We've never sent out a dish and said, 'They won't notice the difference, send it! They won't know that that sea bass is two-and-a-half minutes overcooked.' I'd rather keep the customer waiting 15 minutes and get it perfect. Never, ever allow yourself to question their integrity." Ramsay underplays all achievements. A Michelin star awarded this year may be lost next year; a glowing review is ignored as it may foster complacency, and complaints are prioritised over compliments as they can be learned from.

### Companies with a sense of purpose

Recently, I interviewed Joe Cirulli, the founder of the Gainesville Health and Fitness Centre in Flor-

ida. Gainesville is the home of the University of Florida with a resident population of 108,000. Cirulli set up his 2,500 square feet gym in 1976 with three staff. It was a small gym, but Cirulli had a very large cause. He wanted the town of Gainesville to become the healthiest place to live in the United States. Everyday this cause became the fuel that drove his team to forge connections with doctors, hospitals, chambers of commerce and local businesses. Over the next two decades, Cirulli's business prospered and moved several times. It now operates a mixed and women's-only facility spanning 80,000sq ft. In 2003, Gainesville achieved its objective, when the Wellness Council of America awarded the town a Gold Well City Award. Gainesville remains the only town throughout the US with Gold status. The club now has over 27,000 members, has been voted one of the world's best health clubs and in 2005, Cirulli was presented with an Industry Visionary Award by IHRSA. If this club closed today, would it be missed by its members? Absolutely. Members have grown up at the Gainesville club and now their children are members. While many companies aspire to become the 'third place' in customers lives he has achieved it, long before it became Starbucks' marketing slogan.

### The six-question test

Step out of your business for a few minutes and spontaneously answer these six questions - no conferring with your PR team.

- 1 What does your business stand for? I am sorry, but striving to maximise shareholder returns may be worthy, but does not represent a cause.
- 2 Forget the one-minute elevator pitch; can you describe the essence of your business in three words? If you must, take five in order to make it compelling and distinctive.
- 3 If your business closed today (hypothetically), would it be genuinely missed by customers?
- 4 Do you have customers that genuinely love your company?
- 5 Will your company leave a valued legacy?
- 6 Is there a real sense of external buzz about your company?

These are tough questions, which can be sobering when answers do not roll off the tongue. What if the company has no cause? Discover one. If you look deep enough, you will find it.

Consumers are eagerly waiting with their purses and wallets in hand to develop a deep and meaningful relationship with a small number of companies. Just give them a compelling and authentic cause to buy into. Once they make a deep sense of connection, it becomes a synchronicity moment and from that point forward you start to make the competition irrelevant.

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