PLAYING TO WIN

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To win, a company must choose to do some things and not others
STRATEGY IS THE ANSWER TO 5 QUESTIONS

What is our winning aspiration?

Where will we play?

How will we win?

What capabilities must we have?

What management systems are required?
WHAT IS OUR WINNING ASPIRATION?
WHAT IS OUR WINNING ASPIRATION?

Playing to Play

Playing to Win
WHERE WILL WE PLAY?
STRATEGICALLY DISTINCT SEGMENTS

**Individual Customers**

Develop Competitive Strategy Based on an Understanding of Individual Customers?

or...

Develop Competitive Strategy Based on Generalizations about “The Industry”?

or...

Develop Competitive Strategy Around Clusters of Customers About Which We Can Make Generalizations?

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**“The Industry”**
HOW WILL WE WIN?
THE TWO FUNDAMENTAL WAYS TO WIN

Low Cost

Sustainable Competitive Advantage

Differentiation
ALTERNATIVE WINNING VALUE EQUATIONS

Margin
Cost
Value

Average Competitor
Cost Leader
Differentiator
How will we win?

What is our winning aspiration?

Where will we play?

What capabilities must we have?

What management systems are required?

- America
- Short haul routes
- Secondary cities or airports
- Economy class only

- Highest employee satisfaction, highest customer satisfaction airline in America
- Highest profit airline in America

- Lowest costs in the industry
- Frequent reliable departures
- Very low ticket prices
- Limited passenger services
- Fast gate turnaround

- Cost management
- Route planning and design
- Internet booking expertise
- Employee selection and motivation

- Cost management systems
- Employee compensation systems
- Route profitability analysis

- Lowest costs in the industry
- Frequent reliable departures
- Very low ticket prices
- Limited passenger services
- Fast gate turnaround
DIFFERENTIATION STRATEGY: PROGRESSIVE INSURANCE

What is our winning aspiration?
- Non-standard drivers
- Nationwide
- Direct and independent agents
- Underwriting and claims

Where will we play?
- Provide non-standard drivers a high quality solution
- Dominate the non-standard segment

How will we win?
- Proprietary pricing expertise
- Rapid accident scene response
- Express Quote service
- High agent service
- Liquid portfolio

What capabilities must we have?
- Response fleet management
- Pricing database building and analysis
- Agent acquisition and training

What management systems are required?
- Pricing management
- Liquid investment management
- Fleet responsiveness systems
WHAT CAPABILITIES MUST WE HAVE?
STRATEGIC CHOICES AT P&G

What is our winning aspiration?
- Grow from the core, focusing on big brands, markets and customers
- Lead in laundry & home care, beauty and personal care
- Position to lead long-term in emerging markets

Where will we play?
- Meaningfully improve the lives of the world’s consumers
- Deliver consistent 4-6% top-line and double-digit bottom-line growth

How will we win?
- Consumer understanding
- Innovation
- Brand building
- Go-to-market ability
- Scale

What capabilities must we have?
- Build highly differentiated brands backed by global scale and ubiquitous distribution?

What management systems are required?
- OGSM
- Operating TSR measures
- Leadership Development
SOUTHWEST AIRLINES ACTIVITY SYSTEM

- Limited Passenger Service
- No meals
- No baggage transfers
- No connections with other airlines

- Limited use of travel agents
- 15-Minute Gate Turns
- No seat assignments

- High Aircraft Utilization
- Automatic Ticketing Machines
- Frequent, Reliable Departures

- Very Low Ticket Prices
- Short-Haul, Point-to-Point Routes Between Med-Sized Cities and Secondary Airports

- Lean, Highly Productive Ground and Gate Crews
- High employee compensation
- Flexible union contracts

- High employee stock ownership

- “Southwest, the low-fare airline”
WHAT MANAGEMENT SYSTEMS ARE REQUIRED?
REINFORCING CHOICES
OLAY STRATEGY CHOICES CIRCA 1995

What is our winning aspiration?

- Low-price skin-care products (cleanser, moisturizer, beauty bar, body wash)
- Customers in the 50+ segment
- Sold through discount retailers, grocery and drug stores

Where will we play?

- To play in the global skin-care category
- To turn from a shrinking position to a growing one, improving from $750 million in sales

How will we win?

- Leverage scale behind an array of products, widely available
- "Classic" brand positioning

What capabilities must we have?

- Product-based innovation
- Strong retail relationships

What management systems are required?

- Measures of market share, in-store presence, in-stock positions
- Product R&D systems
OLAY STRATEGY CHOICES

What is our winning aspiration?

- Sell through mass channels (best customers)
- Younger women just noticing the first signs of aging
- Win convincingly in skin-care segment (market leadership)
- Build a pillar for the beauty-care business

Where will we play?

- Sell through mass channels (best customers)
- Younger women just noticing the first signs of aging

How will we win?

- Move upmarket in product, price and promotion
- Establish “masstige” channel presence

What capabilities must we have?

- Innovation (product, distribution, packaging)
- Consumer understanding
- Go-to-market approaches
- Partnering

What management systems are required?

- Partnering systems
- Channel and consumer metrics

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A NEW OLAY ACTIVITY SYSTEM

Communicate Powerfully and Effectively

Advertising

Design

Consumer Research

Innovation

User Co-Creation Sessions

Compound R&D

Connect + Develop

In-store Marketing

Brand-building framework

Consumer-driven measurement systems

Scale

Deep Consumer Understanding

Sell Where She Wants to Buy us

Engage and Inspire Olay Team

Customer Relationship Management

Distribution Management

Shopper Marketing

Packaging Technology

Compound R&D

In-store Marketing

Packaging Technology

Consumer Research

Deep Consumer Understanding

Sell Where She Wants to Buy us

Engage and Inspire Olay Team

Customer Relationship Management

Distribution Management
THANK YOU

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Check out the PTW Toolkit @ WWW.HBR.ORG/TOOLS/PTW