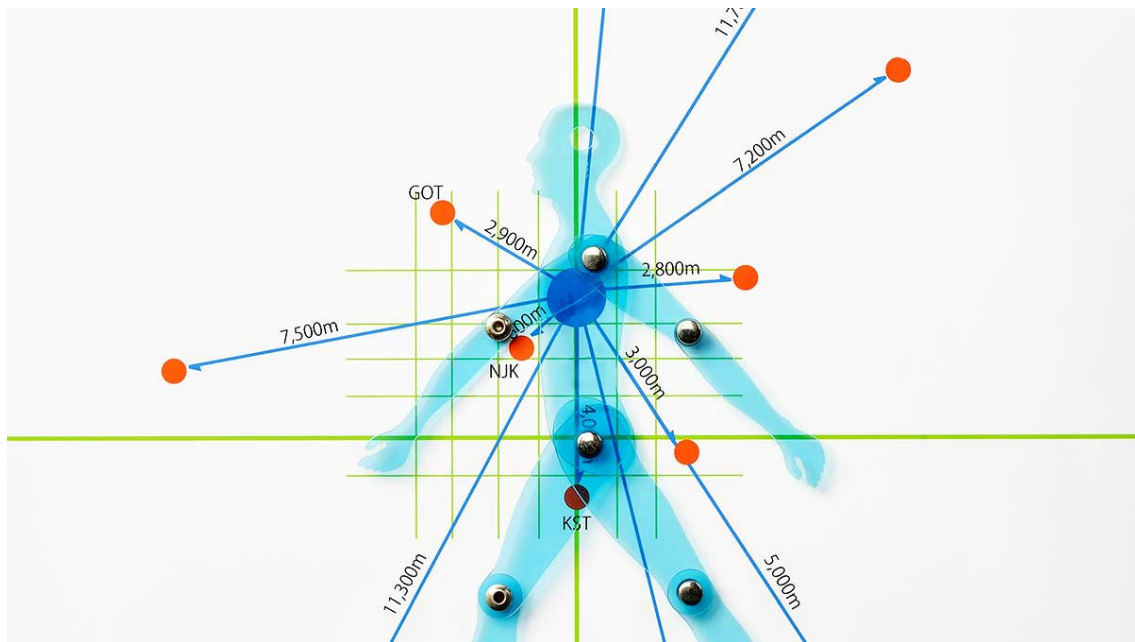


Organizational Culture

The Benefits of Hiring Your Best Customers

by Eddie Yoon

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I am a big proponent of *superconsumer strategy*: find, listen to, and engage with your most passionate customers; understand their tastes, emotions, and behaviors; lean into the aspects that also resonate with a much larger group of potential superconsumers; and then tailor your decision making, coordinate, and concentrate your cross-functional investments, and innovate—both your product and your business model—to give these consumers what they want and need.

I've found that managers who fully embrace a superconsumer strategy learn more from their consumers through increased empathy. These managers are more persuasive at getting buy-in from the leaders in their organization, make better strategic decisions, and achieve more stable, more predictable, and longer-term growth.

I also know all too well that, like all strategies, superconsumer strategies can be hard to implement, because of internal processes, misaligned incentives, and organizational structures that are difficult to navigate. And even if you're successful at overcoming those obstacles, it's very hard to keep up the momentum. Good leadership certainly helps, but more often than not, the organization will revert to business as usual.

That's why it's imperative to ensure your strategy deeply resonates with your organizational culture. With superconsumers, this is actually straightforward. And this is not just the superconsumers outside your organization who are passionate about your products and services. I'm talking about the superconsumers who are inside your organization, working at every level: the fashionista who works in the mail room at the headquarters of an apparel company, or the finance manager who works for a pork brand and who eats three pounds of bacon in any given week. My point is, inside the walls of your company, there are superconsumers who are passionate and engaged. So find them, ask questions, and let them help you. Let your superconsumers be superconsumers at work.

The key is to look beyond just the obvious places like marketing. Superconsumers can exist in your company across all functions. And they're sure to have great ideas about how to improve your products and business.

If there are superconsumers in your midst, and if they're encouraged to speak their minds, they will inject your culture with extra doses of energy, empathy, and creativity.

Unlocking Energy

The airline industry has experienced great volatility from deregulation, takeovers through mergers and acquisitions, and, as always, unpredictable forces of nature. So when I asked Mark Krolick—managing director of marketing and product development at United Airlines—about the hypothesis that having more superconsumers as leaders or employees enhances business performance, he smiled. “My guess is that one hundred percent of United’s employees are superconsumers of travel,” he said. “The romance of travel is near and dear to everyone’s heart. There can be a lot of stress in this industry. It’s not for everyone. But our employees know this full well and embrace this because it is a labor of love.”

Krolick also noted that a meaningful number of United Airlines employees are also pilots—these are super-superconsumers. Krolick himself is a pilot, and although he does admit that his pilot skills don’t necessarily help him out in the day-to-day aspects of marketing, they do help him appreciate the challenges that exist on the front lines and cross-functionally. “The learning curve in any industry is steep, but it is particularly so in the airline industry. The superconsumer effect is realized in more loyalty, lower turnover for United and in the industry. Longer tenure reduces the challenge of a steep learning curve.”

Keith Levy, who oversaw the creation of Bud Light Lime and other similar products as vice president of marketing and sales for Anheuser-Busch, took a similar stand on in-house superconsumers. (Disclosure: Anheuser-Busch is a former client.) He estimated that 95 percent of Anheuser-Busch employees loved and enjoyed beer and the remaining 5 percent loved beer but could not drink it for medical reasons like celiac disease. The passion was infectious. Levy told me that his wife would accost people for drinking a competitor’s beer. Levy, now at Royal Canin, a pet food company, told me that the same employee passion holds true there. Once his employees start feeding their pets Royal Canin and seeing the clear benefits, they become much more energized and work harder because they have firsthand experience of the impact of the products they are making and selling.

Both Krolick and Levy highlight a seminal point: passion is not a finite resource. Time is a finite resource, but energy is not. In one of my favorite articles, “Manage Your Energy, Not Your Time,” Tony Schwartz and Catherine McCarthy go deeper into energy: “Defined in physics as the capacity to work, energy comes from four main wellsprings in human beings: the body, emotions, mind, and spirit. In each, energy can be systematically expanded and regularly renewed.” Energy is an expanded resource that few companies fully tap into. Schwartz and McCarthy describe how to access this energy: “To effectively reenergize their workforces, organizations need to shift their emphasis from getting more out of people to investing more in them, so they are motivated—and able—to bring more of themselves to work every day.” Sounds like letting superconsumers be superconsumers at work, doesn’t it?

Building Empathy

I spoke with Patty McCord, the former chief talent officer of Netflix from 1998 to 2013. During her tenure, Netflix stock grew more than forty times bigger, so she speaks with authority about building a high-performance company. In fact, she literally wrote the book on it. Along with Reed Hastings, Netflix’s founder and CEO, she wrote a PowerPoint presentation on Netflix culture. The presentation quickly went viral and has been viewed more than five million times. Sheryl Sandberg, chief operations officer of Facebook, called McCord and Hasting’s presentation the most important document ever to come out of Silicon Valley.

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Since Netflix employees were binge-watchers in their personal lives, they were empathetic to the viewing habits and behaviors of their consumers, especially when Netflix went from DVD-by-mail to streaming. Because employees themselves tended to hide their guilty pleasures—the TV shows

and movies they liked but which they'd never admit to others—they saw an opportunity: “When streaming came,” McCord said, “all of us working at Netflix realized that it opened up a new category of movies and TV shows. This was ‘junk food’ TV and movies that we all secretly enjoyed watching, but didn’t necessarily want it publicly displayed on our desks. We often had fun kidding each other about that.”

And as they could more precisely measure consumer behavior—what people were watching, when they joined, when they watched, if their streaming behavior was increasing or decreasing—employees could parse the information more meaningfully because they truly understood and emphasized with their consumers rather than treating them like data points. “It was as if our consumers were sitting right next to me at the company,” McCord said. “And guess what—we discovered we were no different than our consumers . . . We stopped judging our consumers and ourselves about our media habits. And that freed us to better serve our consumers because we understood their needs without judging them.” As media enthusiasts themselves, Netflix’s employees were self-aware enough to realize that consumers have a variety of tastes and that there was no reason to stick exclusively to proud-to-watch content. And self-awareness, according to McCord, is ultimately the key to Netflix’s success because it “makes it so much easier to put the customer first. Self-awareness makes it easier to be selfless.”

Inspiring Creativity

More often than not, we look for creativity from senior executives and so-called high-potential employees. These employees are very important, of course, but as Michelle Stacy, the former president of Keurig, told me, there are two groups of employees that we often overlook: those in the middle of the organization and younger employees, or millennials. (Keurig is another former client.)

“As leaders,” Stacy said, “it is always so easy for us to lean toward the stars in an organization. We can count on them. They are usually more highly motivated and need less direction so we gravitate toward them and choose to spend our time with them. However, it’s the middle of the organization that needs our time. They will benefit the most from being mentored. They need to feel valuable and that they are being developed. When this middle feels valued, then they stay engaged.”

Since Keurig was growing at a fast clip, Stacy knew that she needed to create a culture full of employees who loved coffee as much as their consumers did and who were dedicated to the company: “We couldn’t get paralyzed. We had to reward risk taking and initiatives. And that is where the middle was invaluable. We were growing so fast it was hard to oversee everything. That our employees loved a wide variety of coffee . . . like our consumers [did] made it easier to trust they would do the right thing.” Being in the lobby of Keurig and seeing the sea of coffee choices is like being a kid in a candy store if you love coffee. The sense of adventure, exploration, and discovery when you first walk into the building is a daily reminder of the joyful experience Keurig is trying to provide to each consumer.

Most leaders recognize that culture is critical, but sometimes it is hard to quantify the benefits. But unleashing a culture of superconsumers has clear benefits. Let’s say that the increased energy from a superconsumer culture produces 10 percent more labor productivity. People go the extra mile and may be willing to stay a little late because it is fun. Would you rather drive productivity that way or increase your labor costs by 10 percent? If this example sounds like a fantasy, consider Gallup’s observation that only 32.5 percent of US employees are engaged at work. According to this pollster, 50.8 percent of employees are “not engaged,” and 17.2 percent are “actively disengaged.” You probably can’t do much about the 17.2 percent who are actively disengaged—who alone cost the United States \$450 billion to \$550 billion in lost productivity, according to Gallup. But most likely, a reasonable number of the

middle 50 percent are themselves superconsumers or have a close family or friend who is a superconsumer of the category they work in. Couldn't you reach them this way?

Let's say that the empathy in your company increases 10 percent because of a superconsumer culture. Certainly, this increase will clearly benefit your external metrics like customer satisfaction scores. But empathy has internal benefits, too. By flattening a hierarchical structure, empathy can empower all the workforce and, ultimately, your organization. Consider Nordstrom's purpose: "To provide a fabulous customer experience by empowering customers and their employees who serve them." Not only has this purpose served Nordstrom well for decades, but it has helped the company overcome the multichannel challenges most retailers struggle with. One of the biggest obstacles for brick-and-mortar retailers that are trying to win online as well is internal organizational conflict. If a customer is in the store, but buys it on a phone online, who gets the sale—the physical store or the e-commerce site? Nordstrom has increased its sales by 50 percent from 2010 to 2015 through both online and offline sales.

It achieved this growth by arming its store employees with digital information about their shoppers' past purchases and enabling mobile checkout without the need to send the shopper to a cash register. The retailer also has an app that alerts employees to the latest trends on Pinterest. All of this digital technology—be it apps, analytics, or social media tools—is tightly integrated to serve the customer via Nordstrom's empowered employees.

As the final benefit of a superconsumer culture, creativity has perhaps the greatest upside but the widest variability. A great example of creativity from superconsumers in your midst is what happened to Steve Hughes, the CEO of Sunrise Strategic Partners (a \$300 million private equity fund). Hughes was inspired to create Grovestand brand orange juice when he was working for Tropicana and paid attention to some superconsumers right under his nose. While walking the factory lines one day, he noticed some plant workers on break. They

were drinking orange juice and adding back to their drinks the pulp that the machines had separated from the juice. Curious, Hughes asked them why they were doing this. They told him that the pulp made the juice seem as if it were freshly squeezed. Creativity from superconsumers from within provided the creative spark that launched a huge innovation.

In the end, the incremental value of a superconsumer culture may in fact exceed the value of any superconsumer strategy. A shift in consumers, increased competition, or some unexpected external shock may require a tweak in strategy over the years. But a strong superconsumer culture, where the newest entry-level employee can offer an opinion on growth because he or she is a superconsumer, has an impact that can last decades. A strong superconsumer culture, where employees are willing to give a bit more because they know what their customers are feeling, can be the difference maker in a hypercompetitive world.

Is there any one of us who doesn't wish that our workplace had more energy, empathy, and creativity? Who wouldn't want to work at a place like that?

This article is excerpted from the Harvard Business Review Press book Superconsumers: A Simple, Speedy, and Sustainable Path to Superior Growth.

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