



Book Outsmart the MBA Clones

The Alternative Guide to Competitive Strategy, Marketing, and Branding

Dan Herman
Paramount, 2008

Recommendation

Dan Herman’s book is not really about M.B.A.s; it’s just badly titled. Actually, his subject is the continuing power of product differentiation, and he is challenging how marketers conceptualize their work. He explains how to “electrify” consumers by developing innovative products and services that your “M.B.A.-clone” competitors are reluctant to imitate, thereby handing you a monopoly. Herman comes out swinging as a bold strategist, but because his thinking is both nuanced and complex, his book is sometimes difficult to follow. Still, *BooksInShort* considers it a useful text in marketing strategy and recommends it to marketers of all stripes. Even if you decide not to follow Herman’s logic down all its paths, you can harness his clever ideas and out-market all those M.B.A. clones.

Take-Aways

- M.B.A. graduates tend to think and act in highly conventional – and predictable – ways.
- Compete with these individuals and their firms on your own terms.
- Develop differentiation as an “unfair advantage” that immunizes you from competition.
- An unfair advantage functions exactly like a “private monopoly.”
- The “M.B.A. clones” will not attempt to follow your lead; they think inside the box.
- “Electrify” customers with intangible benefits that are truly different and unique.
- This kind of differentiation stresses a product’s “off-core” benefits.
- Conduct an “opportunity scan” of your environment, market, customers, product and company to uncover new angles to exploit.
- Try 10 tactics to find opportunities for your brand, including moving up- and down-market and targeting neglected markets and consumers.
- Score big with “short-term brands” that get consumers buzzing.

Summary

Gain an “Unfair Advantage” Over Your Competitors

Do you believe that long-term strategies make your company successful? Think again. “Long-term” no longer exists when business moves as fast as it does now. So how do you stay ahead of the competition with its M.B.A.-toting CEOs? Don’t fall into the trap of the routine-bound “M.B.A. clones,” repeating the same old strategies. Instead, leapfrog your competitors. Take unfair advantage of them with compelling differentiation.

“Most of the rules of strategy, marketing and branding that you learned are no longer relevant.”

You can out-think the M.B.A. clones, even though they represent the crème de la crème of business schools. That is their strength, but also their weakness. They’ve all studied the same outdated marketing theories and, like good clones, they all think alike. So they set strategy the same way, they compete for the same clients and they create products that look the same to customers. Instead, you can win on your terms by creating a unique competitive advantage.

“A major weakness of M.B.A.-clone thinking is a blurred understanding of strategy (believing that it is something other than differentiation).”

Competing on price won’t help you. Your rivals will always match you and drive down profits for everyone. Price is not that big a deal with consumers; they don’t mind

spending more to get what they truly want. An unfair competitive advantage has two primary characteristics:

1. **Consumers believe your product is absolutely irreplaceable** – Apple’s ultraloyal customers are devoted to iPods, Macs and all things Apple.
2. **Your product is so special no one will bother to copy it** – Virgin Airlines makes flying fun for its passengers, offering in-flight massages and manicures. These oddball tactics work, but Virgin’s staid competitors won’t duplicate them.

“The market isn’t price-driven and neither is the consumer. It’s the marketers who are price-driven.”

Companies that create unfair advantages develop “private monopolies.” They satisfy their customers by offering truly unique products. M.B.A. clones are unlikely to go down this road. Strategy involves choices, and M.B.A.s hate to give up any of the market to focus on just part of it. They’re afraid of deviating from the standard playbook they learned at business school, so they all use the same outmoded plans and end up fighting one another.

“To obtain a window of time large enough to allow you to become very wealthy, you must create a huge gap that stuns your competitors, create doubts in their minds...and paralyzes them.”

Use the “Advantagizing Approach” to set your company on a different path. Your product needs a competitive edge, profits and client appeal: a three-legged strategic stool. This “Unique Success Formula” (USF) consists of creating an advantage, a plan and an identity for your marketing. M.B.A. clones will never adopt this approach because they all buy into three common myths:

1. **“You have to be better than your competitors”** – Not true; if you can match your competitors, you can still beat them by using “electrifying marketing” to offer a must-have product.
2. **“To succeed, you have to endear yourself to as many consumers as possible”** – Not necessarily; you can succeed with a smaller client segment that is passionate about your brand.
3. **You “need...[a product] advantage on a parameter that is considered important”** – Completely false; customers consider products that address their needs, but they only choose brands they see as distinctive.

“Off-Core Differentiation”

To achieve an unfair advantage, focus on off-core differentiation. Your customers already count on your product’s “core benefits.” A cellphone’s core benefits are that it provides not only a telephone, but also a camera, a messaging unit, and the like. Work to improve a core benefit, and your competitors will quickly one-up you, so you’ll be right back where you started. Go beyond the core to stand out (and away) from the clones. Swatch watches are prized for their artful faces and funky watchbands, both off-core differentiators that nobody’s imitated. To find the off-core:

- Discover your clients’ needs, and research what satisfies them today.
- Develop new solutions that deliver more.
- Create a USF that includes your “competitive strategy, business model, brand concept and...realization plan.”

“The ultimate test of your strategy is the consumer test. Will he or she do (or not do) what you intend?”

Base your strategy on factors that set you apart from the competition. Try to:

- **“Satisfy an unsatisfied need”** – Customers have not yet found everything they need in one product.
- **Provide “a new satisfaction for an already satisfied need”** – Go the competition one better by providing an off-core differentiator.
- **Offer “satisfaction of a regenerating motivation”** – Find this month’s trendy new thing, which will give way to next month’s trendy new thing, and so on.
- **Create “fantasy satisfaction of an unsatisfiable motivation”** – Some people want to stay young forever, so they invest in cosmetics, face creams and plastic surgery. When those don’t work, they’re on to the next big antiaging product.

“Opportunity Scan”

Use the opportunity scan (or “O-scan”) method to analyze the market and determine your place in it. The O-scan examines five concentric segments to find the most promising opportunities. Explore these five circles from the outside in:

1. **“Context”** – Understand cultural and business trends, political considerations, new technologies and security concerns in your market.
2. **“Consumers”** – Analyze buying behavior and influences. Identify the customers you could potentially reach.
3. **“Market”** – Know the main players, the proxies for your product, and the distribution and selling practices.
4. **“Competition”** – Identify your current and future competitors. Spot the “competition’s rules, especially the implicit ones that [people] comply with but don’t notice.”
5. **“Us”** – Come to grips with your abilities, profitability, resources and weaknesses.

“Today, a five-year period is the ‘long-term’.”

Make the most of available “research and analytic tools” to get marketing answers. You can “zoom in” on the O-scan to figure out “what’s now.” To determine your potential market, “zoom out.” Every opportunity involves recognizing how your company can improve consumers’ lives. Identify the prospects you could sell to, along with the concept that exploits the opportunity. Now examine the feasibility and profitability of implementing the opportunities that the O-scan identifies. Your goal is to create a competitive advantage in the minds of your customers. Your strategy must meet the needs of your targeted customers in a way that distinguishes your offering.

“In today’s business world, conservatism is dangerous.”

You can choose from numerous O-scan methodologies. “Contextual Segmentation” studies consumers according to how their context affects their buying. For example, off-road enthusiasts purchase more heavily equipped vehicles and accessories than do drivers who only occasionally venture off the pavement. The “ForeSearch Method” focuses on the judgments consumers make based on their emotions and expectations. In the mid-1990s, Chrysler’s market research discovered that drivers longed for a return to the good old days, so the auto maker created the PT Cruiser, the quintessential 1940s wagon. In addition to these methods, work through 10 “searching angles” to uncover opportunities for your brand:

1. Identify the predominant buying criteria that consumers use for your merchandise.
2. Consider new product classifications and customer segments.
3. Speculate how your company can turn nonbuyers into buyers.
4. Target consumers your competition neglects.
5. Check out any selling opportunities your firm tends to ignore.
6. Find consumers who are underserved in your markets.
7. Think about adding an upscale product to your mass-market line.
8. Think about adding a mass-market product to your upscale line.
9. Develop new offerings that enable consumers to trade up and trade down at will.
10. Ensure that consumers share your positive view of your product.

Compelling Brands

Your brand is all-important; hearing your name creates the “anticipation consumers feel for a specific benefit...from a company, product or service.” With the best brands, these benefits are intangible; these elements distinguish your brand and should be basic components of your competitive strategy. The 10 tactics you can use to uncover your brand’s intangible benefits are:

1. **“Creating a perceived connection to a tangible benefit”** – The benefit must be real and tied directly to your brand.
2. **“Building mental context”** – A brand’s “inferred meaning” makes the whole greater than the sum of its parts.
3. **“Directing experience using expectation”** – The consumer’s experience transcends the product, much like drinking fine wines.
4. **“Creating a means for communicating a message of identity”** – An Absolut vodka drinker identifies with the upwardly mobile implication of the brand’s message.
5. **“Creating a means for conveying specific messages”** – De Beers’ slogan, “A diamond is forever,” links a diamond ring with the permanence of a romantic relationship.
6. **“Establishing a source of social-cultural authority”** – Consumers take their cues from an “authoritative voice” that helps defines their life experience. Apple’s famous “1984” commercial imbued the personal computer with the power to enable creative expression.
7. **“Creating the long arm”** – The Body Shop enables its customers to aid the needy and to assist sustainability through their purchases.
8. **“Creating an alter ego”** – The consumer assumes a popular, sometimes forbidden persona, as did the early readers of *Playboy* magazine.
9. **“Building an emotional gym”** – Users can live vicariously through a brand. Reality TV shows such as *American Idol* and *Wife Swap* exemplify such over-the-top fulfillment.
10. **“Fantasy support”** – Harley-Davidson motorcycles exploit a dream commonly held by middle-aged male executives.

“If everyone has to think outside the box, maybe it is the box that needs fixing.” (Malcolm Gladwell)

Measure your brand’s desirability and success against these “ABCDE” factors:

- **“Attribution of benefit”** – Consumers agree that your brand delivers a special benefit.
- **“Believability”** – Customers have faith that your brand will deliver.
- **“Craving”** – You can measure how much buyers want your brand over the competing brands.
- **“Differentiation”** – Consumers recognize notable differences between your brand and your competitors’ brands.
- **“Ease of acting upon desire”** – Consumers can purchase your brand readily; it is available and within their price range.

“Short-Term Brands”

In today’s fast-paced marketing world, short-term brands (STBs) can capture new customers the M.B.A. clones won’t bother to reach. Coca-Cola’s Coke Zero is a good example. Follow these four rules for STBs:

1. Consumers will quickly feel comfortable with your short-term product if it’s at least 80% representative of an already successful commercial category.
2. The benefit in the other 20% is innovation; otherwise, why would consumers switch?
3. Whatever is new about your product should address an “unsatisfiable or regenerating” impulse, as determined in your O-scan.
4. A “Wow!” innovation can spur consumers to spread the word eagerly (think Apple).

About the Author

Dan Herman, the co-owner and CEO of a global strategy consulting firm, is also a speaker and training workshop moderator.
