

Background:

This white paper details a framework for winning in 2010—a year in which all businesses and leaders are facing unique challenges. It summarizes our award-winning book and what we call “The Underdog Advantage”—learning and borrowing the great underdog stories and lessons from business, politics and warfare.

Today is the toughest environment in business history: 95% of start-up businesses fail by their 10th year—as do 80% of corporate products. And consumer research shows unprecedented distrust, cynicism and even anger—with distrust of institutions at an all time high. For all companies in all industries, these are remarkably topsy-turvy times. It’s the toughest time in history for the incumbent.

As a result, all companies today are in transformation—whether they know it or not, and whether they are in control of the transformation or not. And to adapt and win in these very challenging times, a company must be ready to move quickly to opportunity and away from failed strategies. So the kind of transformation you are leading within your company must be from top to bottom ... and very carefully and strategically controlled. This is fundamentally what it takes to succeed today.

- We think of the words of legendary Alabama football coach Bear Bryant to describe the ideal culture for a company that can win in this hyper-competitive and rapid-change environment. Coach Bryant described the ideal football player as “mobile, agile and hostile”—and these characteristics set-apart the winners vs. the drifters in today’s markets.

The Discipline of Insurgent Strategy:

We have worked on some of history’s toughest turnarounds and advised some of the world’s best companies in applying the discipline of insurgent strategy. We’ve also advised some of the world’s great political campaigns and revolutionaries—for example, Corazon Aquino, Kim Dae Jung, Vaclav Havel and Barack Obama.

This work formed a strategic approach that has helped radically transform and renovate companies: By thinking, planning and acting like an insurgent—a marketer who takes nothing for granted, thinks of innovative ways to beat other slow-movers to the punch, and acts with precision and speed to persuasively secure new business. Fundamentally, the goal is to win every potential usage occasion and every moment of decision before the other guys do.

- These insurgent principles form a model that contrasts to the “tried-and-true” of marketing and strategic communications because, after all, these approaches have been tried and are clearly no longer true.

Our legacy began in politics 30 years ago, but this approach to business was virtually invented by Steven Jobs when he hired us for the “campaign” against IBM. Steven knew there are fundamental differences in the way incumbents and insurgents compete:

- **Incumbents** tend to be bureaucratic, hierarchical, formal, superstitious, slow and very reluctant to accept change (after all, for the incumbent, change means disruption of their reality).
- **Insurgents** tend to be strategic, informal, flat, fast and welcoming of change (after all, for the insurgent, change means opportunity).

Since the days with Apple, we’ve applied our insurgent strategic principles to start-ups and underdogs who have to compete more aggressively or face extinction, but also to corporations like McDonald’s, News Corp, Hewlett-Packard, Verizon, Disney, The Coca-Cola Company, Pfizer, Pepsi and others. And when market leaders learn to adopt insurgent strategies and

develop an insurgent culture within their organizations, they can be very formidable; almost unbeatable.

Today, the current turbulent environment makes it tougher than ever for incumbents who are trying to defend their turf and retain traditional business models. Size, scale and legacy are less an advantage in the context of a rapidly changing marketplace. So the companies that act like insurgents have new and significant advantages and opportunities.

This premise and approach are based on a simple lesson, proven over and over again in campaigns of every kind: *Discipline Wins*. And we are committed to this lesson and these principles because they form the very foundation of insurgent marketing that creates breakthrough results when infused into our client's businesses.

Fundamentally, today, the critical battle for all companies is for control of their own destiny—and that battle begins with defining what success means:

1. Define the Win:

If one thing separates politics from corporate work, it is the clarity of consequences. As they say, it's the White House or the outhouse; there are no equivocal results. When we begin any relationship or project, we work with the client to develop a clear definition of success: What will be the metrics of success? With success, how will your most important constituents think, feel and act differently? In this way, we clearly define the destination of the campaign as "Job Number One."

2. Build Momentum—Do the Doable and Move the Movable:

Insurgent campaigns are models of efficiency (after all, they don't have any resources to waste). So "Do the Doable" means never taking on an impossible goal. Instead, we develop what we call "momentum objectives," achievable objectives established in order of difficulty, so that the campaign gets early success and builds momentum.

In order to "Do the Doable," insurgent strategy focuses on only those voters who can provide the win. In business, we target any

constituent group (internal or external) according to how they are likely to vote, based not only on preference, but performance. This targeting is critically important because most businesses focus a disproportionate amount of resources and investment against targets that are very expensive and very fickle—and are often driven by price. Instead, today, insurgent businesses understand how to drive more value from those who are the richest *sources of future volume*.... In fact, these are targets that warrant attention in the “Do the Doable” approach. Here is what this targeting looks like:

Hard Opposition | Soft Opposition | Undecided | Soft Support | Hard Support

Hard Opposition: These represent the loyalists of your competitors or those who oppose your interests.

Soft Opposition: They are influenced by the Hard Opposition, but aren’t likely to be active in their opposition.

Undecided: While these often represent the largest group, their loyalty is almost impossible to hold.

Soft Support: These constituents may like your candidate or brand, but they aren’t loyal; they don’t come back often enough or buy enough.

Hard Support: These are your loyalist—no matter the size of this group, they are the most important of all; the most profitable of all.

We use this targeting doctrine and encourage our clients first of all to “lock-down” their loyalists. This is the top priority. So we identify this group, understand their perceptions of relevant benefits and competitive differentiation and do whatever it takes to activate them. It’s the “value proposition according to these Hard Supporters” that we find will work best to move the Soft Supporters to greater usage and loyalty.

Pursuing more business from Hard and Soft Supporters is highly efficient and profitable. And the biggest source of future

business for your company is certainly here; so the question is how do you identify and create more profitable business from potential customers that also intersect with your brand (as Hard and Soft Supporters).

So...avoid the “Undecided”...their loyalty is simply too expensive to buy; in fact, it costs 6 times more to get “undecideds” into your franchise, yet their business is fleeting. In most businesses, these are the consumers who buy on deal or switch or ultimately do not live up to the standard of truly successful and profitable marketing—when your customers come back more often to buy more.

Further, it is important to manage, divide or disrupt the Soft Opposition and Hard Opposition. Many major companies are doing this with vehemence now. Last month, the Wall Street Journal profiled efforts of Ford, Pepsi and Coca-Cola management who are aggressively seeking to resolve the first signs of strong opposition—usually found in message boards, social networking sites, etc. This approach is part of fighting like an insurgent!

3. Perceptions Rule and Everything Communicates:

Whether it is dealers, customers or regulatory officials, you must recognize that their perceptions create your market reality. And you must also recognize that every detail is important in communications. A brand is the sum of thousands of tiny details; every aspect of operations and communications ... every interaction with every constituent group—and they all count.

4. Discipline Wins:

In almost any contest of any kind, speed wins. This is why discipline is so important; because it creates speed and focus on the right things. We learned from successful political campaigns that one core strategy must drive all others. One set of proven themes and messages (the “3X5 Card” in political campaigns) drives all communications to all audiences. Put simply: Strategy is boss of every action and interaction. This is the discipline it takes to win.

5. Communicate Inside/Out:

The most effective and efficient marketing is viral—the communications and behavior that moves from insiders/believers out toward less loyal audiences. The best insurgent campaigns always begin by “preaching to the choir;” the goal is to turn them into missionaries. It is the sign of a great organization that drives its marketing “Inside/Out” and through its own culture and system to ultimate customers.

6. Play Offense:

No great battle is won on the defensive. Today, the current trend is simply cutting costs and cutting staff. Of course, this may work in the short run—but no one is successful in saving their way to profitability. This is like trying to get rich by selling your body parts to science—it just doesn’t happen.

Once objectives are set, targets are identified and strategy is in place—you must drive aggressively to take control of the competitive dialogue. And, whatever it takes, you must hold onto control of this dialogue. Particularly in today’s more competitive and often zero-sum markets, we help develop predatory marketing programs with our clients—the offense of an insurgent.

Summary:

This paper does not address the specific challenges and opportunities your business faces during 2010’s extremely difficult transition and challenge. Still, the common denominators of great underdog-insurgent strategy apply to any business—to **your** business. In fact, great underdog strategies work—particularly when they are customized and drilled-down to the specific challenges and dynamics of your marketplace.

During today’s unique crisis and remarkably challenging marketplace, the underdog truly holds the advantage.