Eight essays on on the marketing agenda in internet times

An e-book

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Foreword

The marketing agenda in internet times.

Internet and social media cause radical changes within business life, institutions, politics and at your home. Business but also traditional roles are being changed: B2C becomes C2B and P2P. Traditions are evaporating: you simply again need to be good at what you are doing and self-management is entering the arena. Authenticity and credibility are more important than ever before. Radical changes accelerated by web and “socials” are penetrating corporate, private life and the society as a whole. The most fascinating is that Internet was in 2012 just 6000 days old. Hence all the huge changes have taken place within the time. And changes to come in the next 6000 days will have even more impact.

Are the changes going to be experienced by us as a flood wave? Or are we going to do wave surfing being able to determine our own course? Is your choice to be more reactive or more creative in this turbulent digital age? Do you close down or do you understand and use the need mind shift?

What about internet, socials and marketing? The internet changes customer interaction and customer expectations and many companies face a change in how and with whom they have to compete. The marketing agenda changes as well. Internet impacts marketing, the marketing scope, the speed of change and the departments marketing has to deal with on a daily basis, e.g. sales, operations and the service desk.

This e-book, selected essays about marketing and innovation, defines the new marketing context, lists a number of the new marketing challenges, suggests solutions and provides you with practical business examples.

These insides provide the context in which lots of new business initiatives operate. I am convinced these essays will find their way into your mind as a source of inspiration.

Rotterdam, augustus 2013,

Frans van der Reep
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Introduction

The New Challenge. What Guides you? Understanding or Ideology

“To see what’s in front of one’s nose needs a constant struggle”. George Orwell

There is a lot going on in the world, especially in Europe. Crisis, unemployment, poverty and people committing suicide for these reasons. At the same time, lots of change in the business arena as business logic in many markets is changing and mental models seem to shift. This raises the question how we decide to understand the world and on what basis we define policy, ideology or reality? As mental models are shifting and we, as I see it, do not really understand what’s going on, what understanding serves as basis for policy? What is the internet’s impact on marketing and innovation? We need to understand what we see in order to avoid ideology. This is the big challenge for the decade to come.

We need mental and physical reference points. As we are lacking reference points and understanding nowadays, as there is so much change, ideology substitutes reality in guiding our decisions.

We need physical reference points such as signposts to show us which way to go, for example to the airport or the hospital, and we also need reference points to show us where we are. Why? If you don’t know where you are, it’s quite a difficult job to find your way. So, landmarks and “lieux de memoire” play an important role in our lives. We need physical reference points like the ‘meter’ or ‘foot’ to be able to ‘feel’ distance, to be able to measure and to be able to communicate the results of such measurement. We also need emotional and mental reference points. If you see someone laughing it should be a safe conclusion for you to deduce that he is laughing/enjoying himself.

We need reference points like currency to pay our bills. This currency allows us to have a feeling of value. The step towards the euro may have caused economic benefits but also a lot of trouble as people have had to change their reference points with respect to ‘feeling value’. Although not always reluctant, some of us have needed many years to adopt to this new Euro reference point.

‘Culture’ can also be perceived as a set of reference points: how we behave, the way we define a social situation, good and bad, nice or ugly. Reference points may be formal or non-formal internal programs (also known in psychology as ‘cognitions’ or ‘frames’) and may take the form of rituals, e.g. the ritual that you don’t discuss business during holidays or that you don’t embark on a certain topic before the first cup of coffee. There are lots of reference points in social life. For example such things as your education, membership of Rotary-like clubs, concerts you visit or the newspaper you choose to read may be understood as a social code and establishing different social reference points of your social position.

We can’t function without them. My feeling is, even though I am not an anthropologist, that reference points shouldn’t change too often. A change of reference point or set of rituals is really very confusing and it takes time to adopt the new ones. That, for example, is the reason why avant-
garde artists often have difficulty selling their art: they don’t sell art. What they are selling is, in fact, a worldview, albeit one based on very different reference points than those you and I probably have. That’s why the BAUHAUS[i], built almost a century ago, still looks ‘modern’.

What about reference points in your own life? Do you know them? Are you aware of them? Are you aware of what you believe in? Major events in a person’s life are usually reflected by a shift in reference points. A divorce, a serious illness, a sudden loss of a beloved. Winning the multimillion jackpot or a getting that very wanted job or promotion. All these events may be looked upon as a reset of various individual reference points.

I will not systematically survey what reference points we have or need in life, although I’m sure there are many in various aspects of life, even in its most intimate parts. My intention is simply to give you an outline of what a reference point is, describe how it serves you and explore our limitations when it comes to changing them.

We experience so many massive changes in numerous aspects of our lives nowadays that many of us face the experience of having no reference points. In the business realm, in politics with respect to the sociological viewpoint of society and even in day to day family life many of us really don’t really know where we are or what we see, with the consequence that we dare not derive conclusions from what we see. We get stuck. Paralysed. We don’t act and do not take decisions as we fear they may be wrong.

Where we lack reference points we lack understanding. As we are lacking reference points and understanding nowadays, as I see it, ideology substitutes reality in guiding our decisions in whatever domain of action. To quote George Orwell: “To see what’s in front of one’s nose needs a constant struggle”.

This is the very reason I have written a series of essays on the internet’s impact on marketing and on innovation.

**Context drives meaning**

If many reference points change in a short period of time, there is no context to give meaning to facts. And without context there is no communication. And without communication and the feeling of being part of something, fear and uncertainty enter the picture and the feeling of personal significance is lost. With this fear, the ego enters the picture as well, being one of the human mechanisms to cope with fear, uncertainty and the sensation of being meaningless.

I give you one more example how changing reference points affect communication. Communication depends on established reference points: if I don’t know whether you are a friend intending to help me or an enemy focused on damaging me there will be not much exchange of thoughts, you will not leave your comfort zone and we will not enter a real relationship or connection.

But in this comparison, what about politicians, what about banks, what about visiting China looking for new business? Business has to do with interrelating, where all types of reference points are at stake. To give you one concrete, practical example of this: the reason video conferencing usually works fine when we know each other: established relationships need clear reference points.

**We need a set of fixed points**
Fixed points may be very concrete and very abstract, for example the definition of the ‘physical meter’ is fixed. What also should also be fixed, to give a few examples, is the administration of property, the municipal individual records and the rule that we drive at one side of the road (whether to the left or right I don’t mind). Each society needs a set of these rules and our political convictions as well as practical considerations determine how broad and extensive this set is.

Sometimes one may use quirks of national character to shape effective solutions. I give you the Chinese example on how they have organized tax paying. Like in other countries people in China don’t like to pay taxes. So, there is a tendency to avoid them. How did Chinese leadership solve the problem? If you ask for a formal invoice, the Chinese salesman has to glue a receipt stamp on your bill reflecting the tax amount being paid. However, this stamp also serves as an instant lottery ticket. So, one is able to encourage the payment of tax by making use of the enthusiasm for gambling of many Chinese: each correct invoice is a gamble and a promise for a huge amount of money. This is an example of how reference points and rituals may shape and serve formal policy.

**Ideology substitutes Reality?**

Our mental models of reality change. This creates a lot of uncertainty. One of the big questions, as I see it, is whether we accept the new reality or whether we hide in ideology and escape from how thing are. E.g. the belief that healthy banks foster healthy economics is just what it is, a belief. The belief that annual public deficit should be below 3% of national income is just what it is, a belief, an ideology.

I’m convinced this struggle between reality and ideology is one of the current big issues in a lot of domains, e.g. politics, business, science, education, food, energy, banking, the sustainability agenda to mention a few examples. Also in the marketing and innovation domain. Marketing policy based on how we like to think about reality are not effective and may be destructive or at least not profitable.

Other examples? It seems that even ‘McKinsey’ and ‘Harvard’ and (other) consultancy firms have discovered the valuable role of human beings in business again after having advocated spreadsheets and cost-cutting for a long period of time, thereby reducing humans to ‘resources’ and ‘nuts and bolts’. Very good news, these companies and academic institutions seem to stop acting and researching from this destructive cost-cutting-only ideology now.

Please think about this. Questions? Why do some people and companies prefer ideology as their guide for action? Opportunism? Stupidity? Insecurity? Preferring the comfort zone? I think we need critics, science and policies based on knowledge, not as a substitute for knowledge. What drives your marketing agenda nowadays? ideology or reality? What is your answer? Fact-free ‘ideology based’ marketing won’t restore profitability.

What about you?
Chapter 1 - The Middle Ages in the Internet-era:

What is happening around us?

The world is changing in many ways. Digital developments follow each other in quick succession and have an impact on many existing structures. The future may be uncertain, but we can still learn from what has happened in the past.

We usually know what we don’t want, but few of us know yet what we do want. Still, this is something we can only discover for ourselves, I think. Who are we? To what extent are we individuals and to what extent are we part of a collective? Remarkably, in these questions we can also find parallels with the Middle Ages.

In 2001 I wrote that as a consequence of the invention of the Internet, society has shown, and will continue to show, increasing medieval characteristics. As such, we will witness a revival of a ‘middle ages’ of sorts. I think this is an up-to-date metaphor, offering an interesting frame of reference, and an organizational context, in which we can place the current developments in order to obtain a clearer view of what is taking place. In contemporary society and in the business world, the individual and the internet when seen in relation to one another are experiencing an unprecedented development. It is almost as if the safe walls of our house have been suddenly lifted into the air, and we are now looking around at our new surroundings without their protection. Banks, newspapers, churches and even our governments are no longer what they used to be, with governments seeming to being led more and more by primitive ideologies with a bias on short-term results. Our world changes, our view of the world changes and, whether we want it or not, so does our identity. The world seems more susceptible to mass hypes and at the same time new connections and new combinations between ideas are arising at an astonishing speed. Here we have so-called “waving and weaving”, where the internet is a loom weaving together all sorts of new combinations while at the same time accelerating hypes (“waves”) as well (Shirky, 2008), (Ball, 2004).

With the invention of the Internet, factors like location, time and for a large part also cost are no longer influencing the process of information transfer to the same extent. Information becomes available to everyone, free of charge. This leads to changes in the power structures. During the last century the phrase “knowledge is power” helps to understand a social revolution, which emphasised transparency of government and access to education for everyone. Likewise it is interesting to see now how many parallels can be drawn now between medieval structures, organizations and methods of operation. This comparison offers businesses, education professionals and policy makers the ability to understand new developments more quickly and efficiently and to apply them in their own management strategies. It might also help overcome the paralysis that can be observed when new policies are developed, as it creates an easily understood reference point for the ongoing social change. Reference points, of course, help us understand where we are before taking that first step (Reep, The new challenge What guides You, understanding or ideology, 2013) (Reep, The new challenge What guides You, understanding or ideology, 2013).

The middle ages: the time of nobility, clergy and the bourgeoisie. This period saw the development of modern cities, where transport was by foot, horse or sailing ship, and where people had a simple and clear understanding of their place in the world. Large-scale organizations, with the exception of the
church, did not exist. Even the army was often a temporary project of the highest paying nobleman at the time. In this small world everyone knew everything about everyone – gossip was rife. Everyone was connected via one, two or maybe three steps with everyone via clear-cut social networks. Nowadays we can observe similar social networks, which are virtual meeting places, taking the place of the marketplace or the village pump: everyone is once again connected via a few steps to everyone else. Now rumor and social activity are spread via Facebook and Twitter. In Russia the “free word” is spread via blogs and other social media. On livejournal.com the message of the opposition is loud and clear, even though it cannot be heard on the street. These are large and easily linked databases, through which we know more now about each other now than we ever possibly could have done in the past, just as it is no longer easy to erase your past and start over somewhere else. YouTube has become the virtual counterpart of the old-fashioned funfair, where one can present himself and entertain or educate the public. Nowadays the Internet gives society the opportunity of new forms of trade and a platform for social activity that puts pressure on the post-medieval structure (Reep, Back to the Middle Ages, 2001).

The internet will reinstate a respect for craftsmanship. Since the customer has a multitude of options to choose from, you as a supplier will need to become the best in your field. This establishes a need for highly trained and skilled craftsmen, and as such old structures like the guild once more have their place. Only their name has changed (virtual community, closed user group certified RI, RA, MBA, Business Process Management Platform, etc.). Just as in the guilds, the master-professionals teach their student-professionals and they settle in each other’s physical neighborhoods. The ‘Baker Street’ will return in the shape of regional economic hubs such as Silicon Valley.

Self-planning and self-scheduling, also known as individual planning, is often considered to be part of a wider phenomenon of chain reversal. Likewise, other forms of self-organization are rapidly becoming more common: no longer are such things the work of the boss – today, you are more likely to be the boss of your work. Self-assembled teams fit this picture nicely. At BuurtZorg Nederland, for example, professional caregivers meet at “the kitchen table” and arrange the home care for customers in their neighborhood. It is a fast growing initiative and a taste of things to come. Franchises will become an important form of organization, because they utilise the power of combined procurement alongside real business-ownership, meaning that the costs of cooperation decrease significantly. In structure, these are similar to the feudal lords of old, though masked as franchise-givers. Why has markplaats.nl, the Dutch version of eBay, become such a success? Demand and supply have become much simpler because the product information and the physical product are offered separately. If the information about the product, its description and the pictures are appealing, a customer will contact the seller and only after that will the product be shipped. At the same time, the product is offered to the whole world, instead of just to the local village or perhaps the city. Not one to many, but one to everyone and with that, the long tail has become a fact.

In this way, a space opens up for small-scale craftsmanship, made possible by affordable technology. Just as on marktplaats.nl, products and services can be offered to the entire world simultaneously, making the chances of finding a buyer significantly larger. Customised ordering becomes possible, since information can be easily exchanged to allow customised products. This is the one-to-everyone idea. Because buyer and seller are not acquainted with one another, trust becomes as important as it used to be, such as in the case of travelling peddlers: out of sight, out of reach. Letters of credence, in any kind of form, remain important. Only the name has changed, i.e. peer governance. Business
Life is taking on more and more of a guild/network structure. There are now about 1 million self-employed people without personnel in the Netherlands (ZZPs), this number is increasing. As can be found in research by the Planbureau voor de Leefomgeving, the Utrecht University and Atlas voor Gemeenten, small companies benefit from the quality of life of their surroundings. Social cohesion increases. Generation Y, the digital native generation that have been raised with the internet, will no longer work for a boss and only want to do things that interest them. The legal personality did not exist in the middle ages as a judicial figure and people, at least on the scales at which they functioned, were dependent on the networks of the ZZP professionals or guilds.

We observe an increasing speed in communication and storytelling. We are returning to the time before the invention of the book where the writer has a direct connection with his readers. Writing becomes more and more like blogging, with a specific focus on vividness and images. Blogging becomes the new pulpit with the e-reader and the Smartphone as useful reading tool. Videoblogging appeals to the members of generation Y who grew up in a visual era and read far fewer books than their parents. Many commercial activities become short cyclical. And with that, old production philosophies like “sell them cheap, pile them high” are now out of date.

Webcams and Google Earth are realised forms of omnipresence and omniscience, characteristics that used to be only for the church. The whole world is one global village and TomTom and Twitter have become our most trusted travel partner. Ebay and marktplaats.nl are a revival of part practises. They show a revival of bartering: barter, direct peer-to-peer, P2P or goods-to-goods exchange. In the world of banks and loans the same story is unfolding. Smava.de, Zopa.uk are P2P trading places for loans that fit in the revival of the barter. (Reep, Finance 2.0, Superstructures or back to the cooperative public services., 2009) An example in the Netherlands is noppes.nl. A last beautiful example of the development of social currencies and barter is the bank of happiness. (Happiness, 2010)

Soon, you will have your own “hearth” – a metaphor of your own energy source, replacing the current central supply. The true smart grid will send your excess of electricity from your private fuel cell, solar panel or windmill to remedy my shortage of the good: this is in fact a step back to the peer-to-peer barter structure. I expect that it will not take long before insurance will be organized via the Internet, like the collection of money in the church a few generations ago. Clear, simple, connecting and meaning giving. Alain Grootaerts discusses this principle in his book “Zin over het KIN principe: Keep it Near”. He coined the term “Nearonomics” (Grootaerts, 2009).

The plague has also returned. In the Internet age, viruses are traveling with devastating speed, and the doctors, or in this case the virus scanners, can only follow but not cure. City walls offered small-scale protection against infection, like firewalls should against viruses. Even the pillory, bashing, has returned with the help of the internet: the justice department and civilians publish pictures of wanted criminals and set up blacklists of, for instance, less safe airlines, defaulters and pedophiles. This is already common practice. You and I can easily and quickly be outlawed by every other citizen, with reputations that spread quickly to the international community.

This demands responsible behaviour from each and every party. The Internet has widened the area of effect of every action endlessly. That has to be countered by a set of restraints of freedom in order to maintain a (precarious) equilibrium. An attorney general that acts as a robber baron when they violate the rules of criminal law does not really help with the maintenance of such an equilibrium.
And one has to watch out, for history on the WWW cannot be erased and becomes a lifetime archive. The relationship between the citizen and the state becomes a challenge – what is the state allowed to know about individuals and what are they allowed to do with the information that they have? Moreover, who will police the police?

Even the legitimacy of the state can be questioned. The relationship between the citizen and the state is shifting, and no longer is it automatically looked upon as a trusted advisor. The ‘protective’ government run by civil servants has nearly ceased to exist and there has been no replacement found. The pattern of the declining influence of the state leads to a call for civilians to have more influence in the courtroom. The television show “de rijdende rechter” (the traveling judge) is one of the symptoms. Unfortunately, digital lynching and torture has also become a fact. It does not even make national headlines anymore. For example, NATO becomes more and more of a military temp agency that focusses on the guarantee of access to strategic natural resources for its members. Also that is a crusade.

As I mentioned, the plague has returned. Unfortunately this is also true in a medical sense. Step by step infectious diseases become a problem in the Western world again, thanks to antibiotic resistant bacteria. Via the stimulation of global thinking and action, the internet is an indirect cause of this phenomenon. People have become more mobile and the risks of the spread of diseases like the Mexican flu and other illnesses that used to remain ‘local’ have increased – not to mention the effects of the increasingly rapid spread of news.

A revival of interest in spirituality has returned as well: there is an impressive number of courses available to help you find the invisible energy and karma that is surrounding you. Corporate astrology is a booming business. TV-shows like Medium and Ghost Whisperer offer a daily view of the untouchable and un-understandable, from the country of the clear-cut religion. Whoever did not believe in ghosts or the undead already might start doubting himself. People seem to seek out mystification whenever the world has been completely ‘entzaubert’ (disenchanted) as Max Weber has called it.

And then science. How much more scientific has science become? (Reep, FransvanderReep.com, 2011) I have respect for the practical and theoretical insights that have been obtained, but how far are we really removed from the the Aristotelian middle ages, when great minds such as Bruno, Kepler and Galileo had to pay such a large personal price for their knowledge? How value-free and empirically grounded is today’s science really? Think about the current ‘Modelplatonism’ as Hans Alb (Reep, FransvanderReep.com, 2011)ert called it, from for instance the mainstream macroeconomics (Albert, 1963)? And what does medical science do with the empirical observation that many receivers of a donor heart obtain memories and emotions of the donor, the so-called “organ consciousness” (Pearsall, 1999)? It takes a lot of courage to take an open-minded look at things and to ask questions with a truly open mind.

With the rise of the web as a source of information, estimating the objectivity and the value of information becomes increasingly difficult. Even Wikipedia, the open-source encyclopedia written by its readers themselves, has started to review and edit the available information by the use of trusted editors.
Similarly to the rise of the bourgeoisie, who took over from the reigning nobility at the end of the middle ages – we are now waiting on the bourgeoisie who will use new structures bypass the political elite, or possibly even surpass it by new political initiatives. The internet offers the platform for the direct plebiscite or for, for instance, the directly chosen mayor. Pim Fortuyn was the first who profiled himself in such a manner, and he nearly succeeded. Barack Obama used all the digital tools available to him with good results during his election, and it was noticed. In contrast to the “aloofness” of politicians in the last decade, it is now a possibility to have one-on-one communication with the voter. If politicians take the trouble to use videoblogging the rest of the Internet to its potential, they can be a modern replacement for the old “farmers cart” (this was also called the ‘soap box’). The Internet democratizes innovation. The German philosopher Peter Sloterdijk argued that new mass media lead to media mass, where civilians are easily manipulated and tempted. Recent developments have occurred on the other side (www.beleid20.nl), with the civilian innovation-initiative, a kind of end-user-driven-content. Also here a wrestling between stability and innovation can be observed. However, there can be no growth without roots.

The Dutch opinion poll 21minuten.nl offers a good insight into the mindset of the average Dutch person. The big change here is that the citizens are represented directly, rather than having to go through politicians for their representation. Already, without the impact from the internet, many of the policies are privatized, since at both sides of the table in the various ministries (expensive) external consultants are doing the job. We can see that in party politics the problems that concern all of us (e.g. solutions to the current financial crisis) are hardly manageable. It will not be the orientation of the traditional political parties, rooted in historic ‘debates and viewpoints’, but personal opinions and visions that will uncover future solutions. That means, for example, that classical social ideologies (socialist, Christian & liberal, in the Netherlands) are no longer the point of take-off.

No longer will the stances of the party gain the most votes, but the adoption of stances and opinions by the largest part of the population. Democracy at present is power on a basis of the wish of the majority. What is done once someone actually gains this power is afterwards irrelevant. Is this really what the voter wants?

The medieval “fierceness of daily life” and “rough reality”, to speak in the terms coined by Johan Huizinga, appear to be making a comeback. Executions are videotaped and uploaded onto Youtube. Individual self-control and safety are becoming more and more a matter of personal responsibility rather than a public affair. Children develop less and less in a safe cocoon and are exposed to all aspects of life earlier and earlier. It seems as if Lea Dasberg’s concept of “youthland” is evaporating, and this is something we have seen before (Dasberg, 1984). (Levine, 1997)A quote from Berkeley’s Peter Levine: ‘Being threatened engages our deepest resources and allows us to experience our fullest potential as human beings. In turn, our emotional and physical well-being is enhanced.’

(Levine, 1997). (Cornelis, 2000) I invite you to let this quote sink in for a while. Welcome back to the risk society.

These changes have large influence on our identity and on our sense of safety. Old anchors and holdfasts have been removed and new ones do not seem to be available yet, or are invisible. Are we still responding to the questions that this time is asking from us, or are we leaving the answers to
Was Arnold Cornelis right when he stated that we are on our way from a social system of formal rules to a system of self-regulation (Cornelis, 2000)?

It seems as if the entire medieval development agenda has returned, the same questions, but with new answers. From many of the examples it appears that new governance and top-down control or control from the outside in has been removed or is in the process of being removed. The state loses its function and its meaning, the model of democracy is slowly changing and the employer as an anchor is being removed. Banks and insurance companies have their best days behind them. When you seek to fill the sense of emptiness and the loss of meaning that these developments create within the existing frameworks, a feeling of insecurity comes into existence for many of us. This is a completely human and logical consequence. However, the good news is that there is a multitude of forms and sources of inspiration to fill these voids.

Lots of initiatives are coming our way. I list here some of them. We can see for example how the FNV (a Dutch trade union) tries to organize the self-employed entrepreneurs. I already mentioned the social media-based example of the election campaign of Obama. There will be new questions, such as how to organize the social debate. There are social structures that will remain the same, such as the family or schools. However, this demands a reorientation and a different openness than in the past. In fact, we are given the chance to define ourselves from the inside to the outside instead of from an external ideology, in whatever shape.

All sorts of growing forms of self-governance and self-organization are coming into existence. In our age, the individual is acquiring more space and is able to make himself the focal point. You could speak of a renewed personal connection between origin and destination, and with that a renewal of personal responsibility. You decide what you will grow in your vegetable garden and who you will sell or give to. Instead of “vegetable garden”, one could also read capacities and capabilities.

I will give a couple more examples of changing forms of self-governance and the recovery of the connection between origin and destination:

Entrepreneurship: as a self-employed person you are the origin and determine the destination of your business.

Energy: a characteristic of sustainable energy is the connection made between origin and destination. You produce wind or solar energy and you use it and trade/sell the leftovers.

Writer: The writer/blogger connects himself with his readers in the Internet era. The writer becomes the minstrel or jester, but he also asks us whether “we can tell a story this time”, adding to the process through our interaction.

(In)security: Short tempers online lead to both the desire and ability for people to play judge, to some extent. This is an unwanted side-effect of the connection between origin and destination of punishment, but an autonomous consequence of the risk society.

In many aspects connections are restored. Connections between the origin and destination of money for instance, in peer to peer banking, a connection we can also find in Islamic banks. We will see an increasing number of different forms of self-governance and self-organization (Wikipedia, 2010). Private money, for example the Bitcoin, is a new category of money, where financing becomes
similar to ‘social networking’ (Decentralized cash, 2010). They are called ‘social currencies’ and foster barter.

When our self-organizing capabilities increase, so proportionately does our capability to have either a destructive or positive influence. So, with the ability to self-organise comes the question of personal responsibility. The question is: what side will we choose for ourselves? The Internet brings us into the ‘personal age’. Because the top-down authority becomes less authoritative (What is a chicken? what is an egg?) social power structures tumble down. The Internet can have a positive influence in the development of initiatives and new forms of cooperation.

The main question for me is whether human beings will improve through these changes. Or perhaps not – I don’t know. I do know however that there are no societies which can function without beacons of social cohesion, mental anchors and basic rules. Where the virtual space widens our scope, the enlargement of political space (Europe, Nato, UN) has limited our scope. The need for a person to have his/her own language, identity and “beacons” of his/her life – mental anchors – increases as enlargement leads to anonymity or deprivation of one’s own direction.

We have the need for a shared vision of what is happening around us, otherwise we will feel estranged. Unity of perspective means that taking action will become easier. I sense a quest for significance. We have an urge to seek out simplicity and meaning: the vegetable patch from earlier is an example of sustainability and self-help. We have a need for science and for presence: scientific disciplines should cooperate and look at things together instead of working apart from each other, though studying the same things. We have the need to find ourselves once again and to re-locate ourselves in this existence. We do everything around the anchor in ourselves, and thus our concept of man. Where cooperation and integrity are reduced to an arithmetical problem for managers, aided by their courtiers, and where people are organized only on the axis of usefulness and production, a “homesickness” to the roots becomes apparent. This homesickness can take many shapes and sizes in society, politics, business life and in your own life.

What can we learn from this? The paradigm “old directs new” does not work anymore. The inverse paradigm “new directs old” only works partially however. This creates a possibly dangerous policy-vacuum, but also new opportunities. The current situation creates both Al-Qaida and Obama; both fear and hope. Did you know that with the collapse of the Berlin Wall, and now the collapse of international banking and multi-national economic companies, old ideologies like communism, socialism and capitalism have been abandoned as possible models for a better world? And precisely in this vacuum new crusades are fought. A new fundamentalism may appear. Old instruments of control lose their influence and new ones are created. But which of these will bring us, as individuals, the most opportunity?

Xenophobia, discrimination, intolerance (fascism) on the one hand and freedom of travel, information and knowledge on the other will come to meet each other in conflict time and time again. How do we defend ourselves from these tensions? Are we awake or will we close our eyes? Do we choose to be destructive or constructive? Both pathways are possible. I hope that the parallels I drew here between our time and the middle ages, however staccato and incomplete they might be, will help us understand our time. I hope they will remove something of the existential fear that comes into existence whenever we fail to understand new things, and to simplify the transition from “old directs new” to the “new directs old”. I also hope that from this understanding it will become
easier to choose our road with courage with honesty and integrity. Like I said in 2001: After the middle ages, the Renaissance and the (Dutch) golden age began. Let’s assume that the same will happen this time around.
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The author is professor at the Inholland University of Applied Sciences, the Netherlands, and senior strategist at Royal KPN, the Dutch incumbent Telco operator. This is an extended version of an earlier 2001 version of this article. (Reep, Back to the Middle Ages, 2001).
Chapter 2 - The Digital World:

Searching for a new personal perspective in the Internet of the future…(2007)

1. The Internet: are you being moved or is it your move?

What do you think of the title of this paper? Do you have the idea that I am reducing the Internet to a mere search-function? Or that I am inviting you to see the Internet as a tool with which to do thorough research? Probably, you react on the basis of the values, the perspectives from which you usually react. Your frame of reference and set of cognitions determines how you see the world. Surely, we use our brains to see, not our eyes. You are what you see. Optimists always see opportunities. Pessimists always see dangers.

In my opinion, the Internet adds another dimension to this. I think that the Internet contains such an astonishing amount of information that there is no other way than to be more aware of yourself and your own values: no life without roots, no growth without roots. Otherwise, you will be flushed away by the Internet and be moved, instead of giving shape to your own life. Where Web 1.0 could be seen as a large database with Google as its market-hit, Web 2.0 and, in the near future a semantic web, will allow social interaction to play a role and will stimulate this role on a – mobile or not – smart and interactive way.

I will sketch what I see happening in that digital world from different points of view and I invite you to develop your own opinions. I often use Dutch references. The message is not that the Netherlands are ‘special’ or ‘unique’. I’m convinced that in other regions the same trends apply and it is easy for you, dear reader, to find references for your own region.

I think that in the future, the impact of the changes which happen as a consequence of the digitization of information streams will be more intrusive than that we are already realizing they are. Just look at the business world, the way in which markets and consumers segment, the way we do politics, how we shape organizations, how civil journalism adds content to the newspaper, the manner in which criminals are caught and, for instance, how people manage to find each other. And how we, in society, try to find a new balance between social hypochondria and new ways of leadership.

It appears that a Government 2.0 is developing in which the political power is organized according to a different fashion and in which it utilizes a more bottom-up approach. The obvious power of governments – that is, at least in Europe – have long been forsaken. Here, chain reversal, self-assembled teaming and self-scheduling by all kinds of ways of self-organization are called ‘referendum’.
What I believe to see is that the ‘old world’ is over and that the new world has not fully been activated yet. That creates a power vacuum, which we can use for good or bad. As a result, this time is also a time of choices on your own position. A time of taking personal responsibility: “what are my values”, “what drives me” and “how do I want to express these values?”

A discussion has also already started on Science 2.0, past the ratio, which, besides objective knowledge from the rational scientific worldview, also integrates subjective knowledge and our ‘inner world’ and intuition in the scientific methodology we use to view reality. Annick de Witt and Erasmus University’s Professor Arjo Klamer contribute to this discourse. Klamer hopes to make scientific thinking on ‘the good society’ possible again.

When looking at the whole picture, you will see that, just like recent technological developments which have reached the ‘mass public’, digitization, Web 2.0 and the semantic web have an impact which touches upon many scientific disciplines and many facets of life: economics, psychology, sociology and anthropology – just to name a few. These developments have enforced a new environment where old rules have fallen away – regardless of whether this concerns separately organized university faculties, the country’s State secretaries or the departments in a business corporation, the latter development usually called Business Process Management (BPM). This essay attempts to make part of this impact visible and to show that a new paradigm shift has taken place in politics, business and science and re-defines the various realms.

The recent technological innovation which had a similar impact, I feel, was the introduction of the pill in the 1960’s. That development was also paired with entirely new social structures and changed our way of thinking. It was also a long-term process accompanied by many, even ongoing debates after 50 years.

The Internet increases our skills in both creativity and reactivity. In both ‘roles’, the web takes on the function of an ‘organizer’ of collective intelligence, just think of Google and how they are digitalizing books. The Internet stimulates the reactive ‘work and life administrator’ in our selves. The ‘work and life administrator’ likes to document all information, wants to neither lose nor miss anything, constantly reflects and leads, for instance, to a plurality of sensitive documentations of our behavior in public. The Internet offers the opportunity to react, which ubiquitously takes place simply because there is so much to react upon. In this reactive mode of behavior you will live from ‘outside’ to ‘inside’ and in this reactive mode actions such as optimizing, adapting and copying are necessary. For the business realm, this is the world of control and ‘best practices’ – a world of ‘scientific management’ in which one is trying to meet the future on the basis of past experiences and with the aid of science, taking into account all risks which can be thought of right now. This is also the world of scenario analysis.

On the other hand, the Internet stimulates creativity and makes us life designers. It will become easier to find other people so that together, you can accomplish your dreams. This is the world of networking and working together from the inside to the outside. This refers to the ‘creator’ in us. That is the world of the individually operating (work)-entrepreneur, a fast growing community in the Netherlands of 800,000 entrepreneurs now, a substantial part of the Dutch labor market.
2. Internet impels introspection on your personal life’s attitude and values

Information from the Internet does not only make it easier for us to reflect by using the web as a lifetime archive. The Internet also allows us to explore new possibilities, new opportunities and make new combinations. In creating the digital world, forming new networks as an individual to start new initiatives from a new point of view – inspired by and connected to the vicinity – is easier and cheaper. This requires people who from the comfort of their own environment dare to read from the ‘inside’ to the ‘outside’ in a learning curve. We think that this ‘creating’ point of view houses the source of the union of digitalizing information on the one hand and the ever increasing interest in spirituality and personal development and healing trauma on the other side: Here, the Internet serves as a tool that supports shaping your own life, where you take responsibility for your own choices.

Nowadays, we will probably need both, as a human being, as a business and as a country. As always, it is the art to find balance and to strike the golden mean. However, I feel the future is in our region in the creative viewpoint as it honors human beings as creators that express themselves.

Our reactive way of thinking is strongly determined by habits, patterns, assumptions, personal frames, fear of rejection and by positive as well as negative reactions of our environment. However, daring to create means letting go of formalized, external certainties, letting go of thinking from within the boundaries of the already existing, and to dare to stand on our own feet, amongst others by being aware of your own talents, ways of thinking and patterns. I think that the Internet is making our world so flexible and dynamic, so open and ‘perpetual beta’, that external certainties are fading ever increasingly. Indeed, tomorrow will be ‘different’.

Parting from thinking from within boundaries also allows you to redefine your own business as a part of a greater whole and part of an eco-system. This allows you to make your orientation wider, more integrated or, should you wish to use this word, more holistic. To cover this perspective on life and work, Peter Senge et al. introduced the term ‘presence’. With this term, the authors describe the choice for a conscious participation in a greater field of change, in which unbiased people are open to ideas by others.

Is stepping out of your own frame of mind hard for you, or is it refreshing? Allowing different perspectives at least means that your approach to a problem is a systematic one, using different – predetermined or not – angles. You make the step from linear to or cyclical, non-linear thinking. An example of letting go of linear thinking can e.g. be found in the cyclic innovation model (CIM) by Professor Guus Berkhout. We have started with linear thinking and set patterns, and by increasing the amount of perspectives we are getting closer and closer to holistic or integrated thinking.

An example of what a change in perspective can yield can be seen in the company AVR. AVR (Rijnmond Disposal) in Rotterdam has stopped seeing itself as a waste disposal company and has redefined, re-designed, itself as a supplier of natural resources and power. In short, it has created a new perspective of itself. Of course, AVR will continue to dispose waste. But it also puts itself in a much wider and new context. AVR has internalized its own value by means of this reorientation. By doing so, the new enterprise is unfolding itself in the new phase of an ever deeper learning experience. This will also lead to a different review of the economic value of AVR.
Is your goal to prevent past mistakes? That is the reactive point of view which many enterprises tend to opt for these days: paying attention to ‘best practices’, efficiency, using enterprise resource planning (ERP) software, market research and business intelligence including CRM and VRM (‘vendor relationship management’), Sarbanes Oxley (SOX), control orientation and company ‘best-practice’ comparisons. The point I am trying to make is that this is just one out of more than a hundred possible perspectives. Using this outside-in point of view, an enterprise puts the path to be followed outside the company – effectively rendering itself ‘reactive’. As something from the company’s outside is made reference for one’s action the company’s soul is lost in the end and the enterprise will be nothing more than the executor of tasks invented by others, taking a distrustful and reactive stance in the world. It is being led by the market and does not create any new markets itself. There is no ‘real design’ anymore. There is nothing wrong with that and it does make quite a penny nowadays. Such a company will use the Internet as a librarian would use his library. Driven by the will to survive we see a focus on smart searching and combining, but with a strong tendency for closed, well ordered mental systems, reflecting and risk management. Do you recognize it?

But what if ‘outside’ is increasingly less fixed and offers fewer securities? What if China arrives and forces us to reduce our overhead by 70% in five years’ time? Surely, everything which is transmitted by wire – which is constantly getting more bandwidth – has to be able to compete with China, Singapore, the Philippines and Vietnam.

What gives you a grip in the fast, flexible digital world where every day is different? Do you dare to have confidence in yourself? What’s the basis of a ‘blue ocean marketing’ strategy, a new direction coming out of the blue? Another point of view is that of the Internet is inviting you as a merchant or ‘work-entrepreneur’ to stay by your own wares. Next to outside-in, inside-out appears as a new perspective. A perspective which in my eyes triggers your most powerful competencies. This is true for you and me, for individual employees and departments, but also for enterprises and states. By thinking inside-out you activate creative and entrepreneurial skills within the organization. Then, you are not interested in best practices and fast follower behavior. You opt for next practices and determine your own choices and activities. You have the entire world at your disposal when finding an answer to your questions, this being empowered by, for instance, Wikipedia. You give shape to your own life: it is your move. You prospect and think in open systems and most likely use open source software, social media and wikis to keep track of others within the organization. From this point of view, you can give, without having the feeling of giving something away or losing something. You see cooperation as a core-competency. Who is your ‘pal’? With whom do you pool, ally and link?

E.g., how do you perceive the subject ‘privacy’? How do you think about that? And what is your opinion on the protection of privacy? Is privacy – and with that, the Internet – a source of potential terrorism against which appropriate matters need to be taken? Or is privacy a commodity for which you are willing to pay a price, a ‘dissident tax’, and should censure on the Internet be prevented? I think that your opinion on the Internet is the verdict on your values regarding privacy. Do you recognize this? The Internet and the digitizing of information create renewed attention for values and norms in both the public and private sector. No growth without roots indeed. This is true for the economic development of enterprises in terms of their power to earn. But also for our personal development as human beings.
Heavy growing requires strong roots. So what are our roots, or, stating it differently, our values? And do networks and digitizing our world have an influence on that orientation of value? Is it going to shift or is the Internet only making us more conscious of it because it is becoming more and more explicit to us? Has being an entrepreneur become a different trade due to the Internet? What does the Internet do to our values and how do we position the Internet from our values? This is a completely new and fascinating (digital) anthropological academic field.

As a metaphor, we could look at the Internet as a very large ‘media center’: do you decide the show, or are you being led?

With the focus on individual, own value, more societal diversity will start to exist. Where will that lead to? I do not know. More trust in society, or perhaps less? Will society become more tribal? It sure is captivating!

3. Internet and work organization
When looking at figure 1, we can see two heartbeats, react and create, back in the ‘counter’ and ‘en-counter’ quadrants. In the counter quadrant, people chose for boundaries, adapting to existing frameworks and to management, command and control as a mechanism of coordination. In business context, you will essentially survive by means of camouflage: within the organization, you are but your job title. It is not relevant who you are. In this quadrant, the lasting invitation is to adapt to ‘the company’: “this is the way it is”. That is reactive. This is the world of certificates: ‘that is how we do it here’. Jaap Peters and Judith Pouw speak in their contributions of ‘intensive human-husbandry’. In this sense, the Internet is being used as an effective distribution tool for information. Solutions within the ‘counter’ quadrant are often characterized by division of labor and as such, by compartmentalization, which results in an environment in which no one is able to really take responsibility, just because there is no responsibility or perhaps only in abstract terms. Everyone is optimizing his own part and there is no one who oversees the whole or even cares about doing so. Hence, cooperation becomes a challenge and, unfortunately, often results in striving for parallel self-interest and ‘every man for himself’. This is the world of mental processes, winning and competition, and the survival of the fittest: eat or be eaten. The land where linear thinking is king: how do I navigate myself, or my ‘compartment’, as neatly as possible from A to B? This often leads to a fragmented approach.

‘To counter’ is the way in which most, approximately 65% in the Netherlands, enterprises and governmental institutions are still being organized. Control excellence and operational excellence, focusing on stability, lean & mean (TQM, Lean Thinking, and Six Sigma) tend to reduce costs; in fact rendering past mistakes good.

• To counter is the way in which most enterprises and governmental institutions are still organized. The basically outside-in direction of improvement is from the control axis: control excellence
• Operational Excellence via TQM, Lean Thinking, Six Sigma et cetera reduces costs and as such – citing Hamel & Prahalad – “fixes past mistakes”. The basically outside-in direction of improvement is via the axis of improving work processes: operational excellence
• Letting go means that a company focuses on its core competences and outsources the rest to third parties. The basically outside-in direction of improvement is via the axis of redefining what to do yourself and what to outsource: core excellence
• To en-counter means that enterprises and/or individuals organize themselves in changing virtual
communities in order to supply a rapidly changing market demand. The basically inside-out direction of improvement is by building a new giant within and between enterprises: communicational excellence.

The outside-in world is basically reactive. This outside-in world is basically one of camouflage as this is the individual survival strategy which is so characteristic for our reactive mode of consciousness. This is the world of control, job titles and rule-based behavior, the world of ‘right practices’, implicitly but basically aimed at avoiding personal responsibility.

You may rise in the world of inside-out en-countering. En-countering means that enterprises and/or individuals organize themselves in changing communities as lean & meaningful network organizations in order to supply a rapidly changing market demand from inside out and to create their own markets. Here is e.g. the so-called ‘blue ocean strategy’. The individual survival strategy here is not camouflage and adapting anymore. This strategy here is one which plays to your strengths. This strategy requires personal commitment and a ‘coming-out’ from camouflage. The creative mode requires you to take a stand in life, to leave the safe harbor and to embark on your business life’s journey. Of course stormy weather may be part of this journey….. But that’s how it is.

Practical market examples of en-countering and open solutions where the market has replaced hierarchy are, for instance, www.unitedconsumers.com or http://fearlessrevolution.com/common/ and many other websites for marketplaces. This list also include www.smava.de, www.prosper.com or www.zopa.uk . As examples of P2P banking. The Dutch www.noppes.nl is a neat example of a business facilitating communicational excellence and barter with social currency, the lets, facilitating ‘nearnomics’. Creative commons is an open way to deal with innovations. Social media like twitter will speed up this process of community building and may allow for serendipity, bringing the right people together to do the job.
Many individually operating entrepreneurs work like this. The survival strategy here is no longer camouflage but ‘standing up’, a new way of working and human driven processes, showing who you are, resulting in survival of the most cooperative. The basic driver of cooperation is always sharing and giving. We shouldn’t forget that.

We can also illustrate this schema by means of figure 2 (see below), in which the indicated distinction between open and closed as well as assertive and non-assertive personalities matches with the Jungian subdivision of personalities (open versus closed and an assertive versus a non-assertive character), reflecting his vision that all the living is energy and therefore reflecting polarity, this polarity being so characteristic for our time.

![Figure 2](image)

The word ‘place’ to the left of figure 2 refers to the confined thinking in the bottom-left corner: thinking within frameworks, within the box. The word ‘space’ to the right of the figure refers to the unlimited thinking in the upper-right corner, out of the box.

The perspectives ‘counter’ and ‘en-counter’ follow suit in the same manner: it is not or-or but and-and. Flexible ways of cooperation in the shaping of targeted communities supplement the hierarchy and central control as a mechanism of coordination within companies.

I expect Schedule Push will be more and more surrounded by Reality Pull. Large enterprises are increasingly surrounded by smaller ones which have, proportionally speaking, considerable power. Apart from the ethics there is one good reason for this. The internet reduces the cost of creating cooperation with at least 50% as compared to the hierarchy as a means to facilitate cooperation.

Speaking in terms of the underlying orientation of value, it appears that the individual competences and honest and integral way in which someone perceives these opportunities and communicates about this are gradually more important for success in this world in which there is so much mobility. Authenticity, credibility and consistency in personal actions, as well as the focus on one’s own strengths will set the tone. Anselm Grün states that knowledge of oneself, knowledge of human nature, creativity and fantasy are prerequisites for leading, which starts with leading yourself. As such, business development, personal development as well as ruling the country is about points of
view and how one can perceive, for instance, business, social networking, science and politics from many different yet equal perspectives, reactive – the manager – or creative – the entrepreneur. I invite you to take and understand a different point of view once. To understand yourself, your colleagues within the corporation, your friends, your children or anyone else. I think that our capability of understanding is exactly what makes the difference between growing into compassionate capitalism with mutual respect and a piranha economy in which everyone competes with each other. To see more sides of the story, for instance your competitor’s side, allows for true communication and generates mutual respect.

The Internet really allows you to make your personal move introducing ‘the personal age’ and shows you who you are and really makes everyone a life designer! Exciting!
Part 1: ‘Why’ your company?

The Internet transforms many things. Not only are business and politics affected, but the personal lives of many people also feel its firm touch. For example, in the Netherlands a large proportion of romantic relationships now begin over the Internet.

The Internet has a lot of influence on companies, covering all elements from focus to business models, management to operations. ‘Focus’ here refers to business strategy and business logic (business modelling): what is it you want, and how can you communicate that to the market? How can you reach your target groups, and how can you interact with them? How do you find the right message to give the market, spread it and then measure its effectiveness?

Management: how do you arrange and organise your operations in an optimal way to ensure both operational and communicative excellence? How do you ensure that your customer does not feel trapped in the complexity of the inner workings of your business? How do you ensure that your business keeps feeling like a small business? How do you deploy new technologies in both marketing and customer interaction? How do you innovate towards consumer-centric orientation and branded solutions?

Operations: in essence, how do you ensure that you ‘do things well’? How do you make sure that your customers get what they order, that complaints are heard and properly handled, that you continue to meet all formal requirements and that customers always get the right bill for what they have ordered and received?

With the advent of internet, even the most ancient of managerial and entrepreneurial questions have been turned on their heads, and new solutions must be re-learned from the perspective of the opportunities of today and with the new potential to be had from such things as e-business, social media, tracking and tracing, big data, RFID tagging and cheaper, faster communications.

That is a tremendous challenge, and therefore also a great marketing challenge! Of course, there is also the question of where to start, bearing in mind also how to keep your company from drowning in new opportunities.

The very first thing you need to understand is how short a time you have to get your message across to a potential customer over the internet. Think about something in the region of seven seconds. You really don’t have any more time than that! This has implications on focus, management and operations, although for focus in particular it means that you have such a narrow opportunity to make your point that you must first understand completely where your true value lies.
Doing business in the Internet era begins first and foremost with brand awareness. After all, what has not been seen does not exist. If you are not seen, you will disappear no matter how much honesty and integrity you have. This is actually a pretty heavy-handed process: the Internet is all about visibility, branding and marketing power. This should be the first item on your agenda. In this digital age the winner takes all: people love a winning image, and will likewise avoid buying from or doing business with a ‘loser’.

Branding is all important in the Internet age. The existence of brand loyalty demands that your business be a ‘brand’, whatever shape or form that takes.

So, step one is to create brand value. What do you want to print on the forehead of your customer? How about “Starbucks” or “IKEA” or “Louis Vuitton”? Perhaps you would rather be a “Harrods”? Are you an ‘exciting, adventurous undertaking’ in the C2B segment or a ‘reliable service’ in the B2B segment? What suits you? How can you communicate your message credibly?

Brand value really does carry your market share, and shining a bright light here is a prerequisite for success. Of course this challenge existed well before the Internet, but branding today is even more important. Without communicating it loudly and clearly, your business will die while still in its prime.

If you know what it is that you want, then the question instead is how you wish to communicate it, whether by TV, newspaper advert or through a more modern medium (will it go viral?). You only need to pursue the latter, however, if it fits your brand’s values. Banks, say, or insurance companies do not necessarily have to: it does not often resonate with their core image. Facebook is not, after all, always the best solution for every situation!

Regardless, you will certainly have to develop new skills when entering the world of Internet marketing. For some key examples, look to search engine optimisation, web design on sound ergonomic principles or social media. You do not only need to think carefully about the ‘what’ and the ‘when’, but will need to fundamentally raise the pace of adjustment in your company. In the Internet world, after all, things change significantly faster.

Now, step 2 is to choose a clear strategy that matches your brand’s values. When choosing your ‘focus’, the strategy for your company, think very hard about what value you offer the customer. What is your core competence? What is it that you want the customer to remember about your business? Why do your current customers choose you over the competition? What is the solution you can provide for the problems of your customers? Also, how can you create a business that fits you?

How should you go about this? How can you even get to this position in the first place? I would suggest going directly to the customer with these questions. Do market research, occasionally take chances, look where your strengths lie and make decisions. Do not however do this only once: by developing permanent market and customer monitors you can build a dialogue. Customers can be kept on board by taking them seriously and promoting the brands they want, doing something with the feedback you receive in a way that also builds your reputation for fairness and honesty. The net promoter score is an example of a tool that can be used in this way. ZARA, a Spanish fashion brand, for example allows the customer to determine the range on offer by means of a smart logistics system that actively connects branding, sales and the more traditional marketing front-end.
When private investors investigate potential investments they are interested in three things in particular: that the entrepreneur knows what he is doing, that they can see him do it and that there are opportunities for future growth. Marketing forms the answer to these questions, making the Internet more important still.

If you can match and oppose these questions with the work you are doing, you are already well on your way to solving the first branding and marketing challenge.

In the next few columns I will take these ideas a little further, talking about business logic, new tools and other features of the Internet Age and what implications they will come to have on marketing. Good luck!

- This article was published November 2012 in the Russian Marketeer’s Digest
- Thank you Tatiana Barchuk for the Russian translation!
- Thanks David Alexander Wilkins for the English translation!
Part 2: Dancing with the Stars?

In my first contribution to Marketeer’s Digest I outlined ‘chess game marketing’. In this second contribution I work this out further, bearing in mind three key themes of modern marketing: attention, speed, and risk. I will begin by concentrating upon the influence of attention. The elements of speed and risk, along with their effects on the organisation of marketing, will be discussed in future articles.

The average person must now deal with many more messages and other sorts of digital communication every day than a person ten years ago. The key question that naturally follows from this is how you as a company can attract attention or empathy from customers by communicating amid this chaos. How can you ensure your message reaches the customer, that it is remembered and that it is then acted upon? How can you prevent someone from returning to his standard browsing behaviour while being constantly bombarded by messages from others which are reaching him all the time?

The company gets still less time with the customer to convey his message in the real-time economy. This places extremely high demands upon the communication of the market message, since the attention of the customer has become an extremely scarce resource. Marketers must always search for new ways to reach potential customers and seek to catch their attention at the moment they are taking the decision to buy. Likewise, companies must learn the correct ways to pay attention to their customers. Take the example of how the Dutch clothing brand G-Star (jeans and clothing) became so prominent by developing designs that remain distinctive, recognisable, modern or timeless. Their communication with customers rejects unnecessary information and keeps its message short and to the point: “our clothing makes you beautiful and accentuates your strengths”. By this method they have conquered the world from Tokyo to New York. I wonder whether the new Dutch brand Denham will have as much success in as short a time with their contemporary and recognisable collection.

Their first foreign store, located in Osaka, Japan, has already recorded its first successes and looks likely to have many more to come. Research performed from 2005 and onwards has indicated that existing mass media advertising quickly loses its effectiveness. Consumers are no longer dedicating so much attention to media consumption, and as a result less time is available for commercial messages. The drastic increases in advertising budgets in recent years fit this pattern well. Classic marketing is increasingly losing ground to smart, cheap and interactive relationship-based sales. Being able to relate to different customers in different ways connects much better to market segmentation than more traditional formats.

The marketer today must maintain focus on messages relevant to the customer. For example the context of information, from on the spot to devices and digital channels such as TV, radio or social media, can be considered carefully in a so-called ‘multi-channel’ strategy. This challenge is incidentally more difficult in the consumer-to-business market than the business-to-business market,
which is itself more difficult in retail and transaction-oriented businesses than in relationship-based contexts. Another medium sized player in the Dutch food market, Food Sense BV, demonstrates this point well by its own success. The mastermind behind a campaign for healthy and tasty products for children from 4 to 99 years, promoted by the cheerful symbols of two friends Fred and Ed (www.fredened.nl), this company sells a range including spreads, drinks, cookies, rice cakes &c. 8 years ago it started small and smart by deploying a multi-channel strategy with early emphasis on TV advertising but also a distinct presence on social media sites, featuring fun activities, prices &c. It was clever, accessible and uncomplicated, and without a titanic marketing budget gained a fantastic reputation. Today its products can be found on the breakfast table in almost every Dutch household.

Moreover, it seems that in terms of Internet marketing, so-called ‘permission-based practices’ have been the most successful: let the customer choose for himself what he wants to hear from your company. The more attention you ‘earn’ by providing relevant information for the customer at the right time, the more they will come to trust you and the more attention they will be willing to spend on you.

Getting attention and driving communication is not only an objective determination of a company’s market power. Both for consumer-to-business and for business-to-business marketing, a winner’s image is a second requirement to get the attention of the customer. Branding, focus and repetition focussed on market reputation all aim to create a winner’s image with which customers and business partners will be more willing to associate.

On the Internet you create your company’s front yard, you choose the brand that defines you and you present it in a way that aligns you with popularity and success. A this early stage it is this association with success, not your raw assets, that are of paramount importance. The increasing importance of partnerships between companies now also has a direct impact on marketing. To be admitted to a successful business community works wonders when developing a winner’s image. No one wants to be associated with a loser. You want to be a part of the success of the people with whom you work. On the Internet, ‘unknown’ and ‘unloved’ are virtually synonymous. The ability of an enterprise to network is thus part of its marketing success, indicating as it does the fact that it can be trusted.

The winner tends to take all in the digital world. This means that, as part of a marketing strategy, market share and pushing forward one’s own products as the dominant standard should be much more present than they were a few years ago. Companies such as Microsoft and Apple are particularly well-known for this. Software available to download for free over the Internet is frequently another example. Focussing not only on consumer attention and visibility, this strategy seeks to set technological standards in the hope of developing a user ‘lock-in’.

As an example, Amazon’s e-reader, the Kindle Fire, was put on the market, for which all the necessary software was free to download, also being available for smartphones and iPads. Free books are also available through the device where no valid copyright exists, although many more are available which must be purchased by the customer. Forming new combinations between free and non-free products and services is actually an ancient practise in marketing. This sort of bundling merely uses Internet technology to take a new shape and to vastly increase volume.
Regardless of what you sell, how you sell it and where you sell it is essential that you establish a clear brand with which your customer will want to associate. Without a brand you have no chance of catching the attention of the customer and you have no hope of developing the sort of brand loyalty that will keep your customers coming back to you. The question however is how to ensure a brand continues to grow and thrive. It would be a big mistake to think that this applies only to large companies: in fact, this couldn’t be less true. Take a look at what happened to Rituals, a small Dutch company founded in 2000 specialising in natural beauty products for body and mind, produced without animal testing. By pure coincidence KLM, the national airline, came across their marketing, took an interest in their products and, following testing, decided to adopt them as standard, resulting in a huge success for such a small player. Rituals has since grown into a success story of international stature: it has 220 stores worldwide and continues to surprise us with new products such as clothing, fragrances and color cosmetics. All that in just 10 years!

An effective means to get the most out of casual browsing is association with celebrities. Rolex with Roger Federer and former Yehudi Menuhin for example, Heineken with James Bond, and Burberry with Emma Watson. The city of Rotterdam with its Erasmus Bridge sponsors the Tour de France and the Dutch model Doutzen Kroes, the next Victoria’s Secret Angel, is currently the face of French cosmetics brand L’Oreal. Reputation is everything: what is not seen does not exist. The list is endless. My message to you is that, more than ever in the overload of information found in our digital age, “what is not seen does not exist”. The effective “way out” is branding and association with celebrities, usually through sponsorship. This applies equally to enterprises large and small. In addition to this, you must become a local company to ensure that you are part of the local ecosystem. This involves many of the same mechanisms, though it will be discussed in more detail in a later article.

This leads to the question as to how you, as an entrepreneur, can get the customer on board and, once he has heard your message, ensure that he really listens and acts accordingly. First, you must accept that the customers are your best evangelists. They spread the word. They can bring your brand strength, just as they can make it weak. Every public action you make must be thought about very carefully. McDonalds is a great example of how this can work and equally of how it can fall apart. Their twitter campaign in the U.S. involved talking about the high quality of their ingredients, encouraging the attention of their customers with the ability to share good experiences. McDonalds however failed to consider that those same customers were equally able to share bad experiences, and attracted still further attention with the speed of their reactions and interventions, perhaps causing even more damage. What is the lesson from this incident? Think carefully about the design of campaigns such as these; a deep understanding of your brand value is vital before you can even think about stunts such as this. Marketing and sales campaigns should always be in line with the values of the brand. Those that are not will be unable to tolerate the customer and will generally cause damage to your business. If you establish a brand that places a high value on each individual customer, for example, you cannot start a campaign by sending all your customers a standard brochure. Such an action would not fit with how the customer sees you and in fact undermines the values of the brand that you care about, in this case customer trust. Hence follows another success story from the Netherlands: Jumbo supermarket. They set out with an ambition to be a supermarket for everyone, achieved by the simple formula of remaining simple, transparent and understandable. Their campaigns send simple messages: they are cheap, they offer service with a smile, their produce is fresh, queueing for the checkout is quick and smooth, and refunds are available for those who are
dissatisfied. At Jumbo these values are really central to the operations of the company and do not exist only on paper. Are you a small supermarket somewhere on the outskirts of Krasnoyarsk? Perhaps this example can be an inspiration for you to grow and improve your performance, just as Jumbo continually does, year on year.

‘Dancing with the stars’ is a wonderful metaphor for branding in the real economy. In its namesake television programme professional dancers perform routines with celebrities, and the program has had a great deal of success in countries including the Netherlands, Germany, the UK and Russia. Why? The celebrities act as magnets for attention, creating a brand and providing ratings which in turn increase revenue through advertising. Curiously enough, the professional dancers, those who provide the actual ‘product’ draw hardly any attention to the programme. So it is with a company. You can make beautiful things, but if you are not seen, you sell nothing. Branding is a powerful solution, and can be your route to the stars.

Do you want to dance with the stars or become a star yourself? It is entirely up to you!
Part 3: The market has little time and does not wait.

Introduction
This is my third blog for Marketer’s Digest. Following a general introduction, I commented mostly on the importance of branding for my contribution in December. In the contribution that is now in front of you, I will elaborate on speed as a carrier of business value. I mentioned before that the trend of ‘winner takes all’ exists in the digital age. This means that there is a large premium on ‘being the first’. Being too late can be fatal. Next to that: the client does not wait. The client has a choice. If the B2B or C2B client comes, you have to be ready for him.

Internet has sped up the world and made it more dynamic, it delivers more information to us in less time and therefore also forces quicker decision making. Where we had years or maybe months to consider something 10 years ago, in current business we have to consider it in weeks, days and in some markets even seconds. Speed is everything in, for example, the current financial business where minimal price changes disappear by arbitration away in the blink of an eye.

A nice practical example of what speed does, is the physical distance between the data centres of the New York stock exchange, Wall Street. Data centres 300 meters away are just a fraction faster than data centres 2 kilometres away. This fractional time difference can make a difference of billions of dollars for the investor on the stock market. The local price of land shows this.

Basildon is, for example, the home of the data centre of NYSE Euronext. 70 trading companies rent capacity located a few meters from the data centre of NYSE Euronext in Basildon. It costs them 2000 pounds per year (per square meter) to connect the server to the data centre there. The time savings of 36 microseconds are essential in the algorithms for high frequency trading and can therefore yield billions of dollars.

The bigger picture
Businesses can only survive in a dynamic market with, among others, more speed, reactive power and an acceptable cost level. The ability of businesses and consumers to deal with this moment, now, is key: any place, any time. Plans are nice. However, the money has to be made now and the client is here now. The client surely is not going to wait until you have approved your marketing strategy.

This means, in practice, that marketing disappears in favour of sales. On the one hand the branding element of marketing is becoming more important, namely the constant creation of a purposeful perspective for the enterprise to the market. The rest of it is sales. Hereafter, I will give you examples of how every sales moment is used more to benefit marketing.
The accompanying diagram illustrates the movement. Upper left is traditional marketing and branding. Lower right is sales. The large movement is from schedule push marketing to reality pull sales. The demand for speed means that companies have to orient themselves towards the sales channels that allow information to be adapted quickly, without high costs. This generates a shift to digital sales channels.

At the same time, all kinds of flexible physical sales channels are starting to arise, a phenomenon that is really new in the Western World. It is important, however, to communicate the same brand on all channels. This is sometimes forgotten.

Also, the adaptive speed of the assortment has become increasingly important. The product has to be there when the customer asks for it. More and more, we see that the customer decides the assortment himself via smart logistic feedback of what the client buys of what is in store. ZARA got big with this concept. ZARA updates the assortment every three weeks based on what has been sold. This can differ per ZARA shop. This way ZARA can continue to serve the volatile customer demand. They have a good business with this.

Speed increasingly seems to almost be more important than cost level. We see this in the insourcing trend, the reverse of outsourcing. Many companies moved production to Asia, especially China, in the past decades. Outsourcing. However, outsourcing mainly works for stable volume processes. Where customer demand changes rapidly, we see the reverse happening. Large businesses, Philips, for example, are more often bringing production back to Europe. The reason? Rising labour costs in Asia and sometimes unbridgeable culture differences play an important role. However, what is often forgotten: China is not around the corner and to be able (and allowed) to implement certain decisions and innovations, time is needed and time has become very scarce. Production in the neighbourhood brings more control on the factor time and creates speed. Insourcing as a consequence of the business necessity for quick adaptation happens more often and not just in large players: Mexx clothing today is, for example, produced also in Ukraine and Romania and not in the far East.
Successful examples of speed in marketing.

Omoda

Shoes and clothing are not bought exclusively in shops anymore. The consumers, – owning tablets and smart phones at a large scale, – want to be able to choose and order 27/7. The portion of shoes, for example, that is sold via the internet in the Netherlands is 7-8% (data from the branch organisation, November 2012) and the trend is that the percentage rises.

Omoda is a Dutch shoe company from Zierikzee. Next to the web shop, Omoda has 13 shoe shops in the Netherlands. Since a few years, Omoda is also active in Belgium and Germany. Omoda can, due to different assortments, compete against foreign dominating web shops like Zalando or Spartoo. It can, within a few weeks (every second counts!), have fashionable wedge sneakers produced within the Omoda brand and offer them at half price. Moreover, they learn from their own shops how they can treat customer as king and apply this quickly in their web shop.

Pop-up shops

Pop-up shops are temporary shops in empty spaces or empty shops. British store Debenhams opened a pop-up shop in Moscow in August 2012 as a teaser for their first physical shop in Russia. Or quickly starting a shop, for example for temporary or seasonal assortments like Christmas items. Empty shop windows can also be used as sales channels by filling them with advertising posters in combination with, for example, the use of QR codes. Of course linked with social media. That is much faster than via the physical newspapers and brochures.

Integration of brand experience and sales creates speed

A final marketing trend in association with speed that I name is to strengthen the customer experience with direct additional sales events. Here, you directly see the integration of marketing and sales. By orienting more towards events instead of continual sales cycles, the company maintains speed. You can change or introduce events quicker and cheaper than a new assortment. Using twitter and facebook as channels for communication is usually effective.

In all these initiatives you see that the client is taken up in the big picture of the company and that the client is made into a brand ambassador. Word of mouth remains very powerful! Give customers an experience that they will later talk about. What do you think of the Porsche initiative to display your picture on a Porsche, because you have ‘liked’ Porsche on facebook and became a friend.

Making the sales moment an event itself is the most direct for the customer. ABERCROMBIE & Fitch has developed its shops accordingly. Clothing brand and shop experience, for special people and pretty people are fully integrated and people are queuing in front of the shop to go in. The recent opening of the first Abercrombie store in Amsterdam in December 2012 was really a party that actually started weeks before the opening itself.

The APPLESTORE on Fifth Avenue New York and the SONY shop are examples of the integration of sales and brand experience. They are expensive and expensively equipped shops but still quickly adaptable to the changing wishes of the customer.
Guerrilla marketing and ambush marketing are often applied additional sales tactics and can be employed quickly, focused, direct and cheap. The example of ambush marketing by Abercrombie during the election campaign of Barack Obama in 2008 is a good example of this.

Servicing & Apps
In servicing too speed is increasingly becoming the deciding factor for the customer. The customer has a question now and wants answers now. Web care and servicing via twitter is therefore arising more and more. Via, for example, @KLM, the Dutch airline company, you get a fast reply to all travel questions. It works quickly, well and inexpensively. It is of course very helpful for this, that many have a smart phone. Twitter brings the real time internet much closer this way, they have even surpassed Google in terms of speed.

Many apps are essentially solutions for speed. Many apps have essentially selected and readied necessary information for you so you do not have to find it yourself. Therefore, many apps will probably be added in the coming years, and of course apps to find the right apps.

Decision
We live in interesting times because of all these changes and all these new opportunities in business. I hope that the examples mentioned inspire you to apply your business even better with speed as business carrier! And do not wait too long with this since you now know that speed is the key to success. The market has little time and does not wait.
Part 4: Welcome to the Risk Society – New Digital Realities, New Risks

Risks are increasingly part of our business reality. Of course, business is always about taking risks, but these risks are deeper and more acute. On the one hand, there is a competitive pressure to produce more in order to improve the market and to make up costs. On the other hand, there is the pressure to innovate, to continuously produce other things and to take up new initiatives.

To choose and to do new things or bring focus is a risk. Because you might choose wrong. But by not-choosing you also take a risk. These two business needs can stand in each other’s way. To find balance is complicated.

Besides that, reputation in the context of the new digital reality is a new kind of risk. A careless tweet can affect your reputation for years.

Do you remember what an inadequate response from Goldman Sachs to a “dissident blogger” led to? Media have chased the company itself and the private Twitter account of the relevant employees for months.

Here are the big risks, as I see them, in a row.

Risk 1: Reputation

What are new marketing risks in the digital age? Here are some. The main change involved in going social is that to some extent your reputation is taken beyond your control. The outside world has a visible and audible opinion about you, outside your knowledge and out of the reach of most direct censorship. The Company has no control anymore. Through social media, customer groups, interest groups and pressure groups can take the initiative on opinions about your company and your decisions. Controlling a brand has thus become very difficult. Every company is under a public magnifying glass.

Actually, it has always been this way but now the pace, scope and intensity which companies can face, with uncontrollable initiatives outside of their knowledge, are truly of a different order than, say, 10 years ago. A ‘silly’ in your organization can be fatal and can ruin a long-running reputation at once.

This is not only true for companies, but also for politics.

In the Netherlands, for example, the youth movement #G500 was founded. Their goal is to include among their members 500 young people from different political parties, and to use their influence to legitimately affect the decisions of mainstream parties. In addition to physical presence at meetings of Dutch political parties, they support their initiative with massive attention through Twitter and Facebook. For the established political parties, this is a new phenomenon and a risk. Their feeling is that their political agenda is being hijacked by ‘outsiders’, and that they are being forced to formulate a response.
Another example is Apple, which was confronted with an initiative where it was made clear to the international market that iPhones were constructed in China by workers operating in extremely poor conditions. This wasn’t good news for Apple, and many customers concluded that they should have never done it that way. Apple was surprised by the news and had to intervene. Otherwise, the consequences for their reputation would have been bigger.

Reputation damage has, partly because of social media, become a potentially bigger risk. Step by step, the social and political communication becomes ‘wikileaks’. For businesses this is a new development. Sometimes it can be on purpose: reputation snipers, working for the competition, for example.

The lesson: every colleague in the organization has a responsibility within the organization and the way the organization comes out publicly. Be aware, don’t be stupid and realize that nothing is kept secret.

**Risk 2: Fail to Choose or Choose Late**

For many companies, the awareness of the risks leads to paralysis and risk aversion. Many Dutch companies are suspicious of what is new. This mentality clashes with what is really needed for innovation: the courage to take risks. Some companies, big or small, think linearly and want to know in advance what specific contribution each innovation will provide, while in reality innovation is a process of trial and error. Fortunately there are, even now in times of crisis, exceptions to this rule.

An example of failing to choose is, increasingly, what banks do. The strategy of banks has not significantly changed since the arrival of the internet and what most banks do is stick to the old business strategy. For example, crowdfunding should be addressed in the revenue model, but it is not. A signal for this lack of adaptation to the new world is that banks put the costs of cybercrime ever more on the customer. Also contactless payment via ‘swipe’, which is now being pushed in Western Europe and the USA by financial institutions, leaves the traditional business model intact and can be seen as a lifetime extension of the existing thinking.

My estimate is that the existing banks stand no chance against new initiatives like Google and Apple are taking. They will choose too late.

For another example, Nokia is a company which has continued producing its old handsets for too long and has missed the market for smart phones. Nokia has chosen too late and benefitted too long from the old success. The question is whether they can still pull through as a result of its cooperation with Microsoft.

Stahl, a medium-sized manufacturer of chemicals for leather processing from the Dutch town of Waalwijk, has proven this point: invest amply and against the trend, be thrifty with staff and in organizing outlets and (as Keynes ever said) works. The company has a clear focus. To belong amongst the best in the industry with an own clearly defined market. This market consists of automobile manufacturers of expensive models (e.g. BMW) and fashion warehouses whom sell expensive bags from several thousand dollars (such as Hermes). This is a segment that shows growth even in times of crisis. Moreover, this approach also proves that focus can work (see my first column for MD No. 33, November 2012). Ultimately, the company is stronger and more successful after the
crisis than before, going into the crisis. Look in your area. Maybe you see similar businesses that are clear in their choices and take risks, proving that this model works.

Not choosing is also a risk. Imagine, you have a restaurant and you want your restaurant to be packed every day, a nice ambition. How do you achieve that? You would probably think by having a very long menu people will always get what they like. Have you ever thought, however, that offering a long menu is a risk factor for the restaurant business? The likelihood of maintaining quality with so many different ingredients while keeping costs manageable is in fact relatively small. With a smaller menu you have focus. If you’re known as the restaurant where the finest fish or best steak is served, you eventually will have satisfied customers whom are willing to sit in the car or on the bus for hours.

For an example from the travel industry for a change, Corendon, which within 20 years has become one of the major players in the Dutch travel industry, continued to grow by 21% in 2012, while most competitors report a shrink in turnover. How can that be? Daring to take risks and responding quickly to trends in the industry and environment, Corendon sees a growth in retro destinations that were popular a few decades ago: Saint-Tropez, Israel, Cyprus in the coming years. They were forgotten by other providers for, among other things, political issues. Among baby boomers with a well-filled purses however, who have already experienced Brigitte Bardot, Corendon was successful. And new initiatives do not have to wait long: from next year, Corendon has a new goal: Albania, for the travelers who want something a little different.

The lesson? Not choosing or choosing late leads to an unclear brand. That makes continuity a perilous thing. Corendon and Stahl are examples of companies that choose clearly and precisely.

**Risk 3: Incorrect Assessment of the Skills**

Going back to the examples of Stahl and Corendon, these companies have made clear choices and are acting on them. One of their key success factors of course is that they have mapped out where they can perform because they have the necessary skills. Insight into one’s own skills is important. The lack of it is a risk. Digital communication will point out your incompetence quickly and finally, if needed. You need to be faster, better & cheaper. If you do not do so, the market will draw fast conclusions.

An example? Nowadays a lot of companies, especially big companies, think they can solely grow via an acquisition. However, if you do not have a clue what acquisitions are because you do not have the management capabilities, then a takeover will be a fiasco and will lead to capital destruction.

Acquisitions within a sector other than where you are now working is sometimes a very good idea, because of earning power through new combinations. It does however requires that you really understand that other branch, or else be willing to leave the responsibility for leadership with people who have that knowledge. Otherwise, the market will qualify you as an underperformer directly.

In the new digital reality, different competences are required than the reality of a plan able reality. For example, you also need a vision of the newly acquired business and the synergies. Digital tools itself do not lead to synergies.

The lesson: Do what you are good at and act on this with focus.
Risk 4: Assessment of the Market Development

A company can also (and this is a serious risk) misjudge the development of a market. Because markets are evolving rapidly in the digital age, this risk has also increased. Even whole market segmentations and customer images change, for example as a result of big data and the evolution to C2B.

Nokia really underestimated the development of the smartphone market. Several telephone companies have insufficiently anticipated the arrival of ‘ping’, that pushes the SMS market.

The marketing lesson here: follow people, not markets.

Risk 5: Tunnel Vision

The digital age rewards clever new combinations. If you limit yourself in your competitive analysis to the top 10 list as an entrepreneur of your industry and your position in this industry, then you probably cannot see your real competitor coming. Because he will, in the digital time, really come from an unexpected quarter. Did you know that over 70% of innovation in a particular industry comes from another industry? Almost all innovations in the newspaper world are made up and implemented by non-journalists. If you choose a best practice approach, as smart follower, by looking around at your market, you will mostly be second. It is a much pursued strategy but you will never be a “first rate”. The top is for the entrepreneur who, blue ocean marketing is it called, invents themselves. Apple and IKEA are the examples: IKEA invented IKEA.

A wonderful example, in my opinion, is Cirque du Soleil. A huge success that brings a lot of beauty into the lives of many. Actually it is a new combination of elements from classical music, ballet, and circus. A circus entrepreneur who has never looked “over the edge” would never come up with this.

If you think it is sufficient to monitor your own industry, you run a great risk. Apart from the fact that industries fade, you do not see innovation coming until you are too late.

The lesson: Look around you!

Risk Management, Suggestions

Listen to your customers, what they think of you and your new ideas. Set up a new community as a digital successor of the focus groups. Loyal customers are advantageous. Practice product development together with your first client, your launching customer. In aircraft development this has been done for years. You may not be an aircraft developer. But the concept is useful for many more enterprises.

At least organize your own criticism within the company. That saves a lot of money and possibly much misery. This criticism will significantly increase the quality of your innovation and thus save costs.
Of course you can also manage risks through a clever marketing organization. But more about that in my 5th article on marketing in the internet age.

At Last

Entrepreneurship is all about taking risks competently in an area where you have understanding. Risks are a given and therefore there is no reason to do nothing.

Cobbler, stick to thy last, so the saying goes. That is true. But the new competency is to dare to see your own business and the market from different angles, in relation to your own abilities. Do not drown in your own expertise and do not be blinded by your tunnel vision.

Risks for companies are not bad in themselves, and also offer opportunities. They keep you and your company alert. You will learn to think ahead and anticipate. The fact that it takes time to learn how to deal with this is a given. On the other hand, you cannot cross a ravine in two steps. An interesting dynamic.

President Eisenhower once said: “Men can’t stand open-end situations”. These wise words are diametrically opposed to the capabilities that we need in the upcoming “risk society”. While so far only a marketer and entrepreneur should have the capability to deal with uncertainty and risk adequately, this property is now essential for everyone. And don’t be afraid to take if a big step if it is obvious you should. Finally, you cannot cross a ravine in two small steps.

The lesson: If you keep seeing the world from the same perspective, in essence, nothing changes.

Welcome to the risk society!
Part 5: Marketing Organization: Who’s at the Wheel in your Organization?

This is the fifth episode of my series about marketing in the internet age. Earlier I talked about the importance of clear business logic, explainable within 7 seconds, clear branding and a clear awareness of risks.

The Internet has changed something about marketing. The dynamics, scope, technologies and the risks have changed. More and more, the customer is sitting at the wheel: this is “on demand” marketing. Besides traditional marketing, there is also the rise of e-marketing to be aware of. That means more channels, new necessary skills, more focus on new combinations and a higher pace. It also means something for the organization of marketing capabilities. In this episode, I want to talk about this organization of marketing in the digital age.

B2C is becoming C2B. Internet is turning companies inside out, visa versa and upside down. The boss is no longer at the wheel, but the customer is. Companies who give the wheel of business to the customer and know how to organize correctly will be most successful in terms of profit and customer satisfaction. This means that companies should organize contact with the customer much more than previously. This does not only apply for relationship-oriented and service-oriented businesses and services. This is also increasingly the case for transaction-oriented shops. In financial terms, the higher your recurring business, the lower your marketing & sales costs, and basically the higher your profit. Paying attention to your customer pays.

For the company, this means that all interaction with the customer should be monitored from one place, where information about each individual is needed. An integral customer image with information about what he has bought, buys, and perhaps is going to buy, with his preferences and the information obtained from customer panels about what he thought of the service so far, is key for every e-business organization. So organize from the client and not from the product.

Understanding the customer is essential. And from this understanding, a bit of predictability for the business can arise: why the customer buys what he buys. This includes smart customer segmentation that suits your customers’ needs. Which one of your customers is creative or reactive? Which are quick decision makers and which are slow decision makers? The use of this type of ‘psychological’ customer segmentation is important to provide the proper sales script that suits the type of customer, and thus increases the conversion. If you, like Albert Heijn in the Netherlands, can keep track of what, where and when a customer buys in the supermarket, you can analyze the customer’s buying patterns, ‘profile’ and make appropriate additional offers to the customer. Albert Heijn can be used as an example that a company should actually need to be able to do more than understand their own customers. Try to surprise the customer! People go to the supermarket to get meat, milk, bread &c., but what did Albert Heijn think of? Take a top restaurant feeling home. With their special products AH Excellent, they give everyone the feeling of being a chef of a superior restaurant and are able to put something nice on the table. Do customers want that? In the beginning they did not, because they did not know it was possible to have a “going out to dinner” feeling at home, but the customers are used to this now and do not want it any different.
It goes this way sometimes. From understanding, prediction about future expectations are developed. The enterprise does not offers its own clients directly what they ask for but something better, something that helps them exceed themselves, which occurs as a type of life stylist. The story of Apple confirms that the strategy works. Try it sometime! It is worth it.

Facilitate the customer. If price comparison is important for the customer, and if he does not want to pay too much, place a computer on the shop floor and make it possible to compare prices in your shop. You can make this a selling point. And if the customer comes to the conclusion that the refrigerator is cheaper somewhere else, you are at least talking. The customer is in your shop at that moment, and you are free to make an appropriate discount for him.

Be honest and open. The use of cookies to look into the computer of the customer is technically possible, and is seductive from a marketing perspective, but it is of course not done. In most West-European countries, one needs to explicitly ask for permission for the use of cookies for this purpose. I unravel apps when using mobile data, which explicitly ask for permission to look around in ones smartphone. This may work in theory, but customers are not happy about it in practise. RRR, remember?

Not only should you as a company have a clear customer image. It is important for the customer to know where he can go when he wants to communicate with you. Your company should feel like a ‘small business’ for him. For example, you do not find it comfortable to have a different caretaker every time in a care facility, and to explain your situation each time. That is also true for the customer. Also customers are like people and want to be seen.

Marketing especially must make sure that eyes and ears are opened and should arrange that the customer gets an answer, which helps him, to every question. Marketing must radiate the message that the customer is seen and known and that the company is happy with him. That also includes, in a manner of speaking, a web shop for toothbrushes.

Customer communication was essential and is becoming more important in the digital age, as it is also a core activity in marketing. Marketers realize that the customer always has a choice, and that the competitor is only a click away. Interesting, isn’t it, that the more digital things become, the more important the human touch is. The Internet brings us into a personal age. So be flexible, creative and proactive as a company to facilitate this choice. Also consider possible cooperation with other companies with similar interest to strengthen each other’s position. A wonderful example form is a Dutch family company Gassan Diamonds in Amsterdam, which focuses on diamond cutting and on the wholesale and retail trade of diamonds in, inter alia, watches and jewels. The company does not only traditionally take part in all major trade shows in the industry but also works with international agencies in the Far East in order to ensure that Gassan Diamonds is and remains part of the organized tourist trips. The result? 377.000 tourists, from mainly China, Russia and Japan who spend on average 100 euro’s a person. Added value through collaboration!

C2B: Give control to the customer. That is the task of marketing in the digital age. Customers do not want the feeling that they are left dangling in midair. Customer behavior should have an impact on your behavior. To get these relationships clear, is it wise to include skills like psychology and anthropology in your marketing. These people see things differently, and prove again, in my opinion, that this can be very valuable for the business.
Actually, the lesson is that non-commercial behavior pays commercially and that going digital makes human contact important. The good news is that this can all be organized! Companies like KLM and KPN show that customer service desks, that communicate directly with customers via DM on Twitter can do a lot for customer retention and satisfaction. If, near your enterprise, more languages are spoken, you could consider a multi-lingual chat site.

Fake does not sell. What can you do if you, as a brand/organization, really want to have a long term commitment with your customers? Ask yourself why you want that particular commitment and ‘what is in it for me and for them’. If it is about customer engagement, then the motivation and intention of you or your company and the way you think of communicating with your customers, is becoming increasingly important. Mari Smith’s The Relationship Age and Simon Sinek and his TED talk as well as Hans Kooistra say very different things here. Customer engagement is a subject, a big too large for the marketer alone. It is a subject for the whole organization and at least a topic for pr, marketing, sales, investment relations and customer service and ICT together. A company, who does not lift the famous silos towards the customer relationship, does not stand a chance in the digital age.

Engagement is a process and not a project. It is somewhat long-winded. An edge in engagement gives you a real, sustainable, competitive advantage. If the marketer starts an engagement process with ‘we listen to you’, and customer services do not answer the phone or the customer sees a different vendor every half year, you will really get into trouble with engagement.

Your promise and performance should be consistent with each other. Fake does not sell. Empty engagement promises, facades, will not maintain in the Twitter time. Your customers react more on the consistency and integrity of your message. If you position your company as customer focused, loyal etc., but you are acting like a “bag seller on Gran Canarias’ instead of a ‘butcher around the corner’ you will not get away with this. If you sell yourself a “toppertje” while you are mainstream,. You will not persevere: pretension and competence must be in balance.

It’s okay to use the client as a filling, as work order, but do not pretend it is different. The “bag seller” solely has a relationship in the here and now. There is no past and no future. There is nothing wrong with that as long as he does not encounter to you otherwise. Formule 1 hotels have a nice business with this. The “butcher around the corner” connects the past, present and future with you as a customer and the kids get a slice of sausage. Where the bag seller steers himself according to order value, the butcher around the corner moves according to customer value. Both have their values, but neither should fool the customer.

If you are a bag seller in your ‘cultural DNA’, just say so. There is nothing wrong with this. Integrity is important in the business area. It is not just about what you say and do. It is about your intention, your underlying thoughts and whether you provide.

Marketing as façade of camouflage does not work anymore and competing on features and benefits has little chance. Get ready to get real! Executive power is buyable for organizations and no longer creates a real distinctive power. There are so many alternatives. The real difference between you and your competitors are increasingly soft values, namely the extent to which your brand/organization can engage an emotional bond with your customer: selling real attention. Your company culture, design and leadership are important to your customer. ‘Commercial ’ behavior is not longer very commercial.
Social media are, if the context is clear, very effective in strengthening brand and customer engagement. Social media guides us as customers to the appropriate channel. The marketer is in the social company facilitator of engagement. The rest of the engagement process is called sales. You then see that in a lot of companies marketing and sales come back together under one responsibility and one budget. Your ‘brand vale’ provides the context for the client which will give the other manifestations of the company ‘meaning’ for the customer: context drives meaning.

Here are some skills you will need in this adventure. Social Media Manager (SMM) as ‘listening officer’. With the development of social media, more companies realize that this function within marketing is more needed. The tasks: organizing the customer panel and monitoring opinions on the internet about and towards the company, filter information and conduct a dialogue with customers and other stakeholders. Communication with customers and interested parties through social media is not a one-way street anymore. The customers are now just a click away from the company. Computer manufacturer Lenovo was one of the first companies to have actually introduced this feature. Dialogue in the net is different than in real time. For the position of SMM there are no courses yet, it is mostly learning by doing. As SMM one must be able to take stress and, as insiders say, should be well implemented in the internal network of the company, know a lot about processes and rules and can withstand “shitstorm”.

The rise of Social CRM (SCRM)- customer contacts can significantly improve through the use of communication tools of social networking. Appropriate integration in the enterprise software is essential. Social CRM tries expectation patterns by the observation of social media interactions and profiles these. KLM’s seat & meet is one application. The SCRM tools integrate, for example, the Facebook profile, a Twitter account and possibly also the blog of a person with the basic details of this person. MTV shows SCRM also works at the level of target groups in clustering. Real time online activities of users are then analyzed on different channel formats. Using two monitors for TV and online communication is common in this group. The aim was to increase the stay on the website, to create more advertising contacts. An instrument for this is the recommendation links to, for example, videos. MTV can thus cluster customers to the intensity of use: power viewer and occasional users to optimally serve these two groups.

Privatization of the industry is already very visible in businesses in Europe. Big jobs within a business are outsourced to freelancers or teams of self-employed people for, for example, preparing a product launch, setting up a communication campaign, sales outsourcing, etc. This means that a freelancer must be a true professional in the industry and should have very specific knowledge. You have to admit, an industrial marketer has different qualities than a marketer in the FMCG. This in contrast to a generalist, who knows a bit about everything and learns more on the job. How will this trend translate concretely in practice? Will we have a world of professionals who will fill small niches, or an ocean of generalists who think they can be used anywhere?

This trend now means that marketing is often a temporary project with a team of professionals. My feeling is that the design of customer interaction should be organized with more permanence. For knowledge about your customers, it does not apply to think that flexibility is the new continuity. For hard core knowledge, continuity as the standard, with added flexibility to changing customer needs, applies.
A final point relevant to marketing organization which I would like to mention is regionalization, as a trend also referred to as ‘nearonomics’. This trend is rooted in the need for us all to have a sense of belonging. We humans desire a connection with the area in which we live and want to affect it. Here again appears the need to close the circle of life and perhaps also to limit risks. This trend is also reflected in marketing and places new demands on the skills of marketers today: recognize the local identity. Search for roots in your own environment and region. Bring the human element back and give the customer the feeling that he matters.

Local money, for example, is doing very well. The Mayor of Bristol (UK) gets paid in Bristol pounds. The reason for the success of local money is that this money “stays in the system” and the circle of life remains closed. Another example? German companies, not only the MKB but also corporate, produce to a greater extent than other European countries in Germany. Back to the roots, to give content to the slogan Made in Germany: good for the economy and local identity. These are reaction to the frosty globalization that makes a calculation of any form of corporation. I predict that this trend will continue and that it is prudent to keep this into account in your marketing organization.

Is your company fit for marketing challenges in the 21st century? Do you think so? And what do your customers think? Will you ask them? I think you should!
Part 6: The Strainer

A new marketing category: the strainer.

After thirty-six years, the BCG matrix is finally ready for revision.

The question mark, star, cash cow and dog have made a new friend: the strainer. ‘The colander’ appears misleadingly to the marketing strategist as one of the usual suspects, so he thinks he should act according to the old manual of the Boston Consulting Group. But thanks to raging technology, this BCG growth model needs to be supplemented.

The old BCG matrix cannot be continued. This thing has facilitated the life of product strategists around the world for thirty-six years: your product is either a question mark or a star or a cash cow or a dog and nothing else. But now the expiry date in any way is exceeded. In 2013, technological development is going so fast that this widespread thinking-in-four-old booths leads to wrong decisions.

Why was the Boston Consulting Group Matrix again so useful? It classifies your product portfolio into segments of potential market growth and market share. In fact, you plot the BCG into earning potential (L / H) and competition force (L / H) against each other. Subsequently, it tells you what to do. To the star, with its high market share in a high growth market, you add new functionalities. You utilize the cash cow because it has a solid share in a mature market. You take the dog (low growth, low share) to the shelter and with a question mark (low share but high growth potential) you do what God has forbidden.

What is the BCG-matrix again?
In the early seventies, the Boston Consulting Group developed a matrix in which products or business units are assessed by two characteristics: the relative market share that the product has acquired in relation to the largest player in the market and the growth potential of the market for that product.

A question mark, also called problem child or wild cat, has a small market share in a growing market. It is still uncertain whether this is going to be a star or a dog. A star has a high market share in a growing market. With targeted investments we should retain the lead until the market is mature and the question market becomes a cash cow. A cash cow has a high market share in a stable, mature market. These revenues should be used to invest in other products. A dog has a small market share in a mature market. If it does not yield a strategic interest, you are better off avoiding it.
What do you do with the BCG-matrix?
The ideal development path for a product leads from question mark via star to cash cow. Some products never get beyond the question mark and become a dog. For the company in question, this is a costly affair. Ideally, on the long term it provides money that is invested in a new question mark.

Question mark: build strategy
Star: hold strategy
Cash cow: harvest strategy
Dog: divest strategy

The ‘strainer’
The implicit idea of BCG’s matrix until now was: as long as you’re running sales, you are doing fine. If you are not, you’re a dog. But a product is only dead when you do not make any profit on it anymore, the simple market trader might think. If you do not make any more profit? Worse, the two flagships star and cash cow suggest that you still make a profit thanks to their high market shares.

That gain, however, can be evaporated after a long time. Thus it may be that your worn production unit must be replaced at high costs. Or there are government regulations and taxes that make your variable costs higher. Or, and you see that more often, you should lower your prices as competitors with newer technology can provide the same functionality much cheaper or better. Worse, that better technology lies within your own company and is self-developed or purchased. In addition, you think that you, with your old technology, still have a great star, or at least a cash cow, in hands but in
the meantime the profit seeps away like a sieve. Finally, sometimes a product is just ‘out’. No explainable reason. Hypes are simply hypes, and disappear in much the same way.

There are old familiar examples. Steam locomotive versus traction. Horse tram versus car. Telex versus telephones. Records versus CDs. Fax versus mail. Letter mail versus e-mail. CD-i versus CD-ROM. V2000 versus Betamax. But the past years new examples are tumbling over each other. VoIP versus traditional telephone. Incandescent versus CFL or LED. GSM versus UMTS versus WIMAX? Nintendo DS versus Nintendo Wii. The first technology is still quite functional, but unfortunately is no longer state of the art. The economic life turns out to be shorter than the technology – a situation which BCG is not taking into account.

Once the commercial and technological life diverges, the original BCF-matrix no longer applies. The old photography companies thought they had something valuable in their portfolio. But that turned out to be a strainer, gone within seconds. The cash cow they longed for turned out to be a strainer, a product that generates cash now but is losing margin at a very high speed.

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<th>BCG 2.0</th>
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*figure 2, BCG 2.0*

**Euthanasia**

The speed of technological substitution is only increasing. Take a look at the audiovisual industry. In the eighties, video reached a penetration rate of 70% very slow, which Youtube outclassed in a year. Or take photography. After its invention, it took seventy years before ordinary people could buy an analog device. Around the world, Agfa and Kodak built large effective development centers for their cash cow – the analogue clockwork – at the time when the digital revolution was gripping around at a punishing pace.
The old photography companies thought they had a bowl with valuable content in their hands, but it turned out to be a strainer which was empty within a few seconds. Their cherished cash cow proved to be a miserable strainer. A product, which currently has a bigger turnover due to a large market share, with margins disappearing in every way.

Another strainer? Perhaps the coal plant centrals which are being built now and are expected to last for 40 years. If you look at the rate at which energy is already decentralized, think of your own solar or hydrogen power central in the garage later – my prediction is that centrals rapidly turn out to be a thick strainer, will be overtaken by technology. Look what is happening to the free record shop now. Analyze your portfolio!

What about old-fashioned telephone, plain old telephone service (POTS). That market is still exists, but in the meantime, volume and rates are decreasing. You can no longer call it a dairy cow, because investing in further cost reduction of this form of speech transmission does not yield anything anymore. Nor is it a sick dog that, according to BCG, can just be euthanized because you’re making profit on it now. If you’re honest with yourself, you know one thing for sure. In a few years pots no longer exist. Everybody will call with VoIP or anything else that transports voice and data efficiently. And texting will be replaced by whatsapp or similar.

Is the paper a strainer? What do you think? We shall soon find out.

Vermiform

What now? Think outside of the box, the modern theory of the strainer says. Are you not making any profit on your question mark for now, but you expect it will in the future? Then do not just invest heavily in attractiveness. Look around carefully first. It could be a strainer, where something else whips out from an unexpected corner. It (almost) happened to Nokia.

Museum

Like Kodak, will you invest in more efficiency and smarter operations in analogue photo development because you think people will gradually want to pay less for this cash cow? Do you build an additional terminal like Schiphol for faster handling of the ever popular flights to Paris? No, it could prove to be a strainer once the high-speed train from Amsterdam really arrives. That time is coming, and sooner than you want to know. Did you ever, as ABN Amro, buy the worldwide network of offices back ‘for a pittance’ from the Scots? A waste of money because the future now belongs to subdued, sustainable internet banks.

The “own mortality” does not seem to sink in. Do you, as an organization, invest in massive scaling and are you importing well paid management layers and are you investing in rigid ERP systems because you believe this is the only way to, for example, make care affordable? No, your time has come. Your employees walk away from their undervalued jobs and register as a freelancer in small-scale businesses that work forty percent cheaper and provide more satisfied customers.

And as the producer of the telex – a dog that is overtaken left and right by phone, fax and email – do you think that you have to fulfill a particular utility because some official documents can only be
recognized if they are sent by telex? A day will come when the price has dropped below its belt buckle, and that it no longer working out.

A small software company has developed a special digital service for this type of transport. With this, the telex can finally be handed over to the museum.

**Immortal**

The BCG recipe deserves a heavy revision. What now? First, an organizational intervention is needed. In many technologically driven companies – Nintendo, Philips, Kodak – you will still find it quite common that strainers remain competitive with newer products in the same range. They do not know that they are strainers. In compartmentalized business units, people with autonomic targets work diligently on their question marks, stars and cash cows. They all think that they are very important. Immortal. One delivers cash, the others a future.

But one technology is not “it” anymore, the other is not totally “it”. Has a visionary in the board a plan ready for a smooth substitution from one to the other technology? Does she dare to write off a small question mark because it is a strainer? Does he dare treat a star like a cash cow by sowing no more and continuing to draw the harvest?

Maybe it’s better to place a high fence around the strainer and then seal it off under a B brand. Or rather: flogging it immediately. Would anyone want the old stuff? Then they will have to learn how to manage several lifecycles simultaneously. To that end, the new and the old world are joined under one boss. He will force people in that operation to work together. One P&O, one marketing organization and one interest.

The most important lesson of the strainer? The discovery of it in your company is the acceptance of your own mortality. Unlike the old BCG matrix which still underlies that capitalist growth ideology that came to an end in the depression of 2009 until today, accept the strainer. Consider the world and yourself principally as a mortal.

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This essay is an adaptation of an earlier publication written together with Jan Garnier and published in the Dutch ‘Tijdschrift voor Marketing’:

BCG matrix, Het lek na 36 jaar eindelijk boven, met Jan Garnier, Tijdschrift voor Marketing 0708, 2009, p. 24-28
Part 7. De company reference grid: you never walk alone...

Marketing is one of the issues within the company that deserves attention. But marketing is not alone. Because marketing decisions have an impact on investment, perhaps the strategy of the company, on money and investments, the type of colleagues and on the operational capabilities that you need as a company. Conversely, all these things also affect marketing.

In this article, thanks to Peter van den Heuvel for his contributions to this, I present a way how business alignment systematic cab form within the company through the so-called Company Reference Grid.

The Company reference Grid was early introduces into the literature by Peter van den Heuvel in his article Unified Organizations. Do you fit in?

Marketing can not only use this approach to make the own position within the company clear in the vision, entrepreneurship and executive ability. The Company Reference Grid is an elegant format to capture the vision of customers and markets and implement them in all aspects of the business. Do you test your account plans of marketing & sales on completeness and consistency? In other words, do we know enough about the customer? Do we as a company have a clear vision of the client? Does the customer experience exactly what we meant?

We need references to identify the relationship between businesses and see the consistency or the lack of it. The Company Reference Grid brings, in a systematic way, business vision, resources and people together and gives a quick visual overview of the status and the possible steps to take. Important in these times, because one moment you are in and another you’re out. It gives direct insight into who you have to work with and what you need to tune. This also applies to the marketing department. With the Reference Grid Company a way of working is developed, where simplicity and commitment will come to best advantage.

Internet is forcing you to create new choices that will change the social cohesion in the organization. Control on pluralism and the establishment of a single flexible structure is thereby preferred. How does one organize this with a view on synergy, transparency and cost? And how do we embed what is good and let go of what we no longer need? The Company Reference Grid provides guidance in a short time. Upon deployment of the marketing plans this can be used in practice.

Roadmap

Picture 1 –Company Reference Grid
Every great change begins with the first step, but we often linger because we do not know where to start. The Company Reference Grid makes it possible to start at an arbitrary point. Whether it is your customer data, which you want to do something with, a new app which you want to introduce, or look into your employees regarding their internet marketing skills, it soon becomes clear where you then have to deal with. For those who are using this for the first time, here is a roadmap. You can then create an integrated new business plan in a few hours.

In Figure 1, the x-axis shows the different phases in which vision is developed and integrated into the business. Here, the ‘what, how and do questions’ are answered. You have probably already answered the ‘why question’ for your company. This is in fact the starting point of the new plan that you are going to make.

The y-axis shows the key aspects of the business. These are also placed in a ‘what, how and do’-perspective. As you can see, everything is directed on ‘do’, because there is often no time for long processes. With the combination of the x-and y-axis, the processes can be set up based on a vision, in balance with the practical situation. This creates an optimal alignment and optimizes the operational strength. In terms of sales: ‘We’re in business’.

Both the x-and y-axis form a ‘what-how’ hierarchy. This means, from each cell in the matrix, that you have to take the next step either to the right or down. The vision on business (cell 1.1) is both the framework for assessment (1.2) as the vision of the processes (2.1).

On first use, the start of the model is at 1.1. (business-view) and can be worked out first both vertically and horizontally to 6.6 (operational HR management). In practice, there is not a linear effect but an organic process, in which the choices can be bought together in different
compartments, and brought into balance iteratively together. In that respect it resembles a creative marketing process. You start with an idea and work out all the pieces into a creative and appealing concept. In this case it is marketing. You don’t do this alone but in cooperation with your colleagues from IT, operations, management, etc.

How do you get coordination and cooperation with changes that affect people? After all, people want to change, but do not want to be changed. A lot of the inefficiency in change is caused by miscommunication, unnecessary complexity, ignorance and lack of clear choices or even contradictory choices. Bundling of both the individual as the total perspective, should give direct insight into the situation and incite action.

The following is the recipe for those who will chart the organization for the first time.

1. Map all stakeholders for each box of the CRG. Each box has at least one name, at the same time responsible for that component, with associated personal- and access information.

2. Ask the stakeholders relevant questions:
   Question 1.1: What do you want to earn money with and how?
   Question 1.2: In what business are we and what do we stand for?
   Question 1.3: Do we send on customer margin or product margin?
   Question 1.4: et cetera.
   But above all remember the own relevant questions. A joint session, on the condition that there are not too many stakeholders, may also contribute to joint and mutual understanding.

3. Map the situation in each row map with respect to the vision, assessment, design rules, solution scenarios, development, implementation and management. Express these in simple and short terms. For example: total provider XYZ, XY provider, innovation, partnership, product Z, control per month, or based on crowd sourcing.

4. Highlight white spots, overlap, inconsistencies or contradictions. If Marketing calls something, can the operation deliver?

5. Define projects (a combination of columns and rows) as ‘redefining business vision’, ‘product development’, ‘restructuring ICT management’ or ‘front office process redesign’. In some projects, you are not immediately required as a marketer and sometimes it is good to just hook up later in the process; “are we still working on the same idea, or has everything changed now?”

The CRG may then be applied in various ways. Inter alia, to analyze the impact of various marketing plans, for example in relation to the business vision, the executive power of the company or in terms of the inner consistency. The first customer comments can immediately be placed next to the CRG and you should check whether it was intended in that way. Do you already have such a checklist, which immediately gives insight into the action to take?

An example: in a project like “redefine vision”, the key stakeholders in the area of business processes, information/data, IT infrastructure and staff & organization can drill through the column vision (1.1 to 6.1. Collectively the key words for the business vision (e.g. market-oriented, dynamic product/market package, partnerships) are translated. Immediately the following questions pop up, such as:
(question 2.1): What should the process be able to do, to make this possible?
(question 3.1): What applications are needed to run processes efficiently?
(question 4.1): How do you store customer data?
(question 5.1): Do you want an integrated system of one supplier or multiple systems from multiple suppliers?

And finally (question 6.1): Do you want a hierarchical- or network structure?
With the completed CRG in the first phase, it immediately becomes clear what steps should or could be taken (solution scenarios).

The CRG is now explained from three perspectives:

- link between business strategy, organization and staff (from top left to bottom right);
- Translation of vision to solution scenarios in time, what are the roles of management in this? (the columns from left to right);
- Manage the whole picture and parts (combination of CRG parts from the rows and columns). This is further illustrated with a practical example.

**Connecting marketing & sales, organization & staff**

Internet and the new possibilities it offers, compels many companies to look at their business, the structure of the organization, its staff and the way it is controlled. Just look at the impact of communities, crowd sourcing and marketplaces. The new business vision is bought into balanced with the appropriate organizational structure and staffing. This can be performed in different phases, where, after each phase, the process can be repeated again. A practical example is a Dutch organization with multiple locations and over 1000 employees. The name, for strategic reasons, is feigned to ‘Example’.

A while ago, Example expressed the wish to implement two major innovations:

1. The development of a decentralized local establishment to a centrally controlled franchise;
2. Developing and implementing a good e-business strategy for the entire organization.

Picture 2 – translation vision to solution: which errors can be prevented by using the CRG?
From the CRG-thoughts, the first vision of Example is mapped. In Figure 2, the core concepts of this vision are displayed. The results of the question- and answer game were a reason for management and policy makers to make e-business leading in the business strategy. This strategy stands for Example with a proper design of a digital connection: example.nl. The main questions, in the first line (1.1 to 1.6) of the CRG, are answered. Moreover, there are more and more companies shifting to a digital business, or a combination of bricks & clicks.

Key concepts in this example: visibility for the customer, respond flexible to market, structurally internal working on correct information transfers and information flow.

Subsequently, example.nl is appointed as a trigger of all ICT-related business innovations. The new vision of Example has enormous consequences for the activities of the staff and management. The CRG is used as a social security card, in which existing and desired competencies are aligned with the new business strategy. The results are included in the bottom line of the CRG, question 6.1 to 6.6. Many resistances can be prevented by adjusting the competencies of staff to the new vision.

Also, for each of the different boxes of the CRG, HR-competency questions can be asked. Questions here are: what does the staff know from top to bottom about ICT; what computer skills do they have; what knowledge do we need; what would someone like to learn; who we can ask to organize the training; how can we provide this tailored to employees; not just thinking of the functional contribution of the employees, but who are the employees? Organizing, with respect to the internal determination of everyone on the work floor.
Besides competencies, attention should be paid to leadership, especially because of the lack of leadership and excess management. Management is to ensure that place is run and is running well. Leadership, however, is bringing people into new relationships and different ways of working and to lead and give them direction on this. We must get rid of pyramid structures and look for networks. In a network, people listen to the leader due to his intrinsic competence, not because of the position he holds. One of the questions that can be asked in the context of the CRG is: in what way does the management of Example motivate the local branches, which differ widely in structure and process, adapt to the new business- and communication model example of example.nl?

**Translate from marketing vision to solution scenarios**

Once the vision is established, it is assessed on terms and feasibility. In the Assessment column, one looks at the current situation in which the organization is located and bottlenecks that occur there. Then any conditions and scenarios are outlined (Column Design rules/Solution scenarios), in which carried out projects must comply. These are itemized characterized. Note, the CRG method should result in a quick result; no extensive analyzes and determine things point wise by, for example, interviews with the concerned management. Experience shows that such a ‘business scan’ can be done in three hours!

In addition, it is important to create an image of the projects which should be carried out, in order to realize the vision. One needs to estimate the profitability of the projects and in what order the projects should be realized. The implementation strategy is key here. Within the approach of the CRG, this is obviously done in outline.

The whole process of vision, assessment, design rules and scenarios often proceeds iteratively. For example, when the vision turns out to be too ambitious, it will be revised downwards, while it is also possible, after the development of the scenarios, new opportunities arise and the ambition can be adjusted positively. A pitfall is that the current situation constitutes a major impediment to the solution scenarios of an ambitious vision. Nowadays, this can be solved by completing the columns in the correct order first and after that tune the content. Back to the example of Example.

For years, internet initiatives were addressed at local and regional levels. Often with limited resources and a limited vision. But the consumer is not waiting for fragmented information which, additionally, keeps on showing a functional and graphical structure.

The sector, in which Example operates, is one of the parts of our society where consumers use the internet in a high tempo to orientate and buy. Combined with rapidly emerging online competition, Example loses its position even more.

Eventually they decided to change their strategy drastically and to place the internet centrally in their business strategy. It was decided on to place example.nl, which they had left unused for years, centrally in the communication strategy to customers and suppliers. This strategic repositioning had and has an enormous influence on the business model, the internal processes and management control. In the past, the communication mainly came from the local branches. As consumers no longer accepted that companies present themselves the way they are organized internally, “from the
inside out”, it requires a different setup. Internet makes the company more and more transparent. With ranking, rating and reviewing, a potential customer quickly knows how your company is doing. A consistent organization prevents you from not keeping your promises.

Client-centered development from demand is key for businesses that primarily communicate through new media. This requires a total different management of the internal organization of Example. Here they have chosen for a franchise formula. It should be mentioned that this organizational change was already employed at the time that the new e business-strategy was adopted. Information flows should be brought together to a certain point, and then the consumer can search for the information, relevant to him, on his own way. An analogy which is used here, although frequent and often bandied about is the exchange of information between consumers and brokers. In that world, in a similar way for consumers relevant information is very distributed. This is now centrally brought together through a daily exchange and made available by the well-known portal Funda.nl. Demand and supply of houses is now easily visible and available. The position of the branches play an important role in the realization of the formulated vision of Example; how do you deal with the position of bricks & clicks. But also the position of entrepreneurs, partners and competitors was central, as well as the collection of various types of information.

The content and sequence of the various projects has asked for adjustments several times. But the big picture has been detained, and despite the fact that there is still a lot of work on the realization of the strategy, Example is firmly convinced that they will come back stronger. After completion, the CRG can serve as an example so more ‘if-the’ situations can be evaluated. The CRG works imaging and simplifies complexity.

Controlling the whole and parts
Picture 3 – translation rules and columns to projects

A radical vision-and strategy change requires careful project planning. Consistency must therefore be created from another perspective, other than the column- and rows approach described above. Associated parts of the CRG can be defined in projects. Every project has its own project manager and an own project name, which indicates a goal and/or focus. Think of e-business strategy, HT-change plan, information- and management planning, communication plan, application and IT-architecture.

Possibly with the additions development, implementation or management in case the project is clearly defined. When a project is defined over multiple columns, one should take into account the different responsibilities for, for example, vision development and implementation. In the project the columns can be defined with different people responsible. By placing the project steps in the time, dependencies and coordination issues become clear. The CRG serves as a calendar, checklist, project plan, information archive, telephone directory and management tool for projects and business. With regard to the control of the business card, it can serve as a business balanced score card (BBSC).
The terms in picture 2 are bundled in projects and appointed as shown in picture 3. Projects A to M are placed in a logical sequence, but run parallel to each other for a large part. The CRG can also be used as a reporting tool. Per box one or two critical performance indicators (KPI’s) or results can be described with, for example, a traffic light that directly indicates the status. Red for a critical line or downward trend, orange for extra attention and green for o.k. In this way, the status, possible connections and dependencies are shown in a glance and it shows where action is required.

Keep reminding the user to the original purpose by using the terms which are used in the original CRG. Managing the KPI’s is not a goal on itself. Terms such as demand-driven, client oriented and one point of information represent as core values the way in which the objective has to be achieved. The encounter with the employee and the customer plays an important role in achieving the KPI’s. The purpose of the CRG is connection after all.

The projects D, E, I, J, K and L can cascade under one person responsible and can be pointed in one integral ICT architecture- and infrastructure plan. This must, of course, connect with the other components like the HRM change plan and the business strategy. The KPI’s can be translated in a combination of ICT and business elements like the amount of different applications and releases and the associated costs. Also, the KPI’s can be defined on the search behavior of the customer of example.nl: the amount of unique visitors per period, how often is a product ordered directly, the score per location, etc. KPI’s can also be formulated on the ICT skills of the employees. After the CRG is used as a design tool, it can, of course, be used for management and as a knowledge management tool, which connects essential knowledge and people. Do not be deterred by the multitude of possibilities. By filling in the CRG together for the first time, gives you insight into new opportunities or into solving problems.

**Conclusions**

The CRG has more than ones proved to be a very practical and useful tool to engage companies into change. In addition, the simplicity ensures that one is finished sooner, something which is sometimes essential today. Especially visualizing coherence and corporation gives people support. Despite that everything in this grid is divided into squares, it permeates the ‘box-thinking’ and causes one to look over their own borders. It forces the user to describe concise. These expletives can be communicated easily and are fast recognizable for everyone.

The CRG is very versatile and can therefore not be fully described. The applications like HR-competency overview, project plan, information- and documentation overview and Business Balance Score Card, are just some examples. When using the CRG, one probably will find new applications and the whole gives insight in new business. The main result is perhaps the realization that you are not alone and together you are capable of more. This also applies to marketing!
Part 8. Innovation in the digital era

*If you want to innovate, then avoid tomtom behavior.*

How does innovation in the digital era look like? Different than before? Is success of innovation in the digital era predictable? Is there something like a business logics for innovation? For real new business this is very limited the case. There are no market examples where you can look at. Competitors or colleagues are not in front of you and the way customers will react is also a surprise. The pace of change is higher, faster feedback, which means shorter development cycles, so perhaps first time right is not always possible anymore.

Successful innovation logic must, for that reason, not be looked for in that direction. The idea, however, that you can make better decisions with more information has long been refuted by psychologists. You could conclude that it is not wise to innovate and, for example, choose the position of fast follower. Then you do not have this problem. This is, by the way, the conclusion a lot of big companies in the Netherlands and Germany draw, given the popularity of the risk-free best practice approaches.

If you choose for best practice, you will come second at the most because someone does this already. Best practice is a copycat strategy. Operational Excellence (TQM, lean, six sigma), as strategic choice often associated with best practice, is not innovation but a way to reduce the costs of a company. Therewith – quoting Hamel & Prahalad: “just past mistakes are make good”.

Best practices are essentially a control approach: you push yourself through a die back. You pull yourself, as an organization, through an elsewhere proven ‘fries chipper’, where people are reduced to fries. This can, of course, enhance the competitive power of the company for a short while but it has nothing to do with innovation. Also, most people do not like being a ‘french frie’ in an imagined system, but not by them.

For me, the ‘tomtom’ navigation is a perfect metaphor for this strategy. The ‘tomtom’ always leads you through main roads. To see new things however, you should not be on these roads. Innovation is always on the edge.

There has never been so much room for different views and perspectives and conceptual destinations, but at the same time we are so terribly hyper and we all walk past the same themes continuously, where a discouraging lot is written about. The ‘tomtom’ as a mental wind tunnel where we all let us be formed.

If you want to innovate, avoid this ‘tomtombehavior’.

**Next practices**

What is? Most of the innovation in an industry comes from outside the industry. In fact, this is a symptom of the emergence of new combinations. This means, that if you only pay attention to your own branch, you do not see the innovation coming. Hold your branch high in the top10 list, and therefore only pay attention to the nine others, is not a good strategy. It is, even reversed, extremely sensible to develop your ability to consistency: the ability to translate patterns and changes you see in other domains in possibilities for their own business.
A second suggestion. Bottom-up innovation, from bottom up, and customer-driven innovation, for example launching customers, is much more effective and more successful than management-driven top-down innovation. So go and listen to the customer and to the employees on the work floor. Stop disempowering the colleagues there, an innovation itself.

Innovative companies are generally companies who understand the core of their value as a business well (core excellence) through insight in their real ‘nines’. They do not have an ego-driven complexity and are thus capable of acting on all this simplicity and additionally with focus. Real innovative companies have this in their genes, by the way. They have the ability to constantly innovate, a class apart!

At last

Often people think of innovation in complex and expensive projects. Strange, because important inventions usually excel in simplicity. Think of the wheel, the paper clip, the Post-it or the “stijgijzer” (an absolute killer application for a new way of warfare in the Middle Ages). These inventions demonstrate that understanding and insight most of the time leads to simplicity and sustainable solutions.

Most important with innovation is that one is willing to look a little different at things. Think different. Innovation starts ‘between the ears’.

By the way, do you encourage this skill in your organization? Do you honor your innovators in the company? Are they making a career or are you just tolerating them? Is the boss of the Ministry of Economic Affairs, Agriculture and Innovation an innovator?

Innovation never occurs on the main roads in the best practice mainstream. Cherish this tomtom bias, which always leads you along the main road, and go your own way. Never mind the advised route, no matter how famous the source is. In mainstream magazines such as Harvard Business Review, you will never find innovations. Their current review process and their need to exposure really excludes this. Real innovation can be found much closer to home.

Let others find you an idiot. Only then you will gain new experiences, experience space, unexpected discoveries and undergo new adventures. Especially consult artists. They learn you to see the world through other eyes: the creative economy.

Let others on the main road. Innovate and enjoy your space
Chapter 4 - The Amazing Journey of Innovation: Guided by Luck, Wisdom, Serendipity and Twitter

“Look for something, find something else and realize that what you’ve found is better suited to your needs that what you thought you were looking for”- L. Block

How can fresh innovations emerge in the era of the Internet and social media? Coincidence, luck, reputation and the correct timing are, of course, crucial but social media and the permanent interconnectedness of today’s society have also changed the rules of the game.

There is no doubt that there is a lot to be learned from the past. To take one example: the paint tube. The introduction of the paint tube led to the rise and glory of impressionism. Why? According to a sign behind the Crecy la Chapelle church in France, the paint tube was invented in 1850. It enabled painters to work outside as well as inside. So, painters went outside for the first time in search of beautiful light, resulting in the emergence of the famous school of Barbizon and, later, impressionism. The paint tube therefore, when added to the natural beauty of the surrounding area, directly enabled this development.

Such a coincidental and lucky combination of factors can often only be understood in hindsight. The cultural development of impressionism was followed by an influx of money, followed by the construction of railways which enabled the well-off people to travel to Paris. Following them came the less well-off and, ultimately, industry. Looking back therefore it could in a sense be concluded that paint tube was an accelerator of the cultural and social revolutions in the 19th century.

These examples illustrate the way new discoveries, combinations and solutions in the Internet era can work together. When technology and culture meet at the right time a form of synergy can take place, brought about by lucky circumstances and fortunate timing, resulting in a real wave of change. Let’s have a closer look at the paint tube story: firstly, the new invention started out on a small scale. Why certain new developments survive and others do not cannot always be foreseen in the beginning. Why did this particular innovation turn into a huge success while others, which looked at the beginning to be no less promising, failed? Why does one pianist or actor succeed and another, sometimes even more talented, fail? This is simply a question of interferences from different circumstances whose impacts can be understood only in retrospect. All the right junctions need to be in the right positions to enable the traffic to flow!

How often does an end user invent something when trying to solve a very practical problem in an easy and creative way? Need an example? I can think of no single maker of cellphones that could ever have foreseen that an integrated camera could end up helping people remember where they parked their cars in a big city parking lot, or that a picture taken with this camera could be presented as evidence that a parking ticket was unjustified. The addition of cameras to mobile phones also
allowed a new form of news collection: “civil journalism”. Just as in the story with the paint tube, the end user makes the decision on the usability of an innovation.

Sometimes a catchy name (or a nice headline for an article) can open a door to success. The term “Crowdsourcing” will certainly be a success because the description delivered by the word is very clear. In 2005 I used the phrase ‘moneyskype’, but now we understand that the term ‘crowdfunding’ is a much better indication of what is happening. This is alone is a crucial ingredient of success.

New developments cannot be planned at the tables of managers by top-down decision making. Inventions and developments aren’t linear processes. Remember that innovation needs the correct combination of entrepreneurship, science, and culture. Any successful innovation is therefore by definition always an open innovation.

A successful innovation can perhaps be compared with encountering your one true love. Many innovations fail because – and unfortunately you can only see and understand it afterwards – the window of opportunity was not open wide enough. It is obviously not enough just to come across the most beautiful person you’ve ever seen: the right time and in the right setting also need to be taken into account.

Many innovations transform into success coincidentally. If the window of the opportunity is open, then the world is ready to accept the innovation and it usually ‘becomes reality’ simultaneously in many places. The success and successful use of an innovation is often therefore more luck than wisdom. Compare it with the jackpot in the lottery: you know for sure that somebody will win it, but whether it will be you is another matter...

**The Jackpot Society**

You know for sure someone will win the jackpot. You can also be quite sure it won’t be you. Some of us win the the innovation jackpot. Luck? Serendipity?

What can entrepreneurs learn from these views on the innovations? If an invention shows first signs of success the chances of a bigger success in the future increase. This is a commercial and operational wisdom used by experienced (private) investors. For that reasons they prefer to invest in small, scalable but already operational companies with a talented multidisciplinary team and a positive cash flow already behind their idea.

From our vision of the paint tube this is a wise explanation. Obviously all of the junctions were in the right position, the timing was right, and the content and interference from different domains did their work. Because the life cycle of ideas is getting shorter however, scalability, global sales potential, production network &c. are becoming what really matters. Many startups fail in succeeding in the final of these aspects. This creates many opportunities for the ‘fast follower’ innovation strategy, as applied by many big corporations. This lazy strategy of corporations is actually based on the logic of private investors, essentially fitting it into the goal of continuous profit increase.

What role does social media now play in the innovation process? I believe social media increases the chance of opening this window of opportunity. Or, to quote Bas van de Haterd, “Social Media increases serendipity”. As an example, he took two very busy people who were trying unsuccessfully
for a month to make an appointment, only to discover through Twitter that they had been travelling on the same train the whole time. Social media enables hyper-connectivity and increases the chance that our junctions will be in the right position. It helps us to look over our own fence. Social Media makes sure that the puzzle pieces needed to make a picture complete will find each other easily.

The important question is: what are today’s paint tubes, and what can be done to discover them as early as possible? I think that is something for... I wish I knew...
Chapter 5 - The TomTom effect

To really observe new things you should never stick to the main roads

It’s vacation time!

The ‘TomTom’ (I mean the navigation systems like Tomtom and Garmin in general, not the other products manufactured by the companies with the same name) I am sure will be used in the many foreign countries which you and I will visit, either by car or by bicycle, over the next few weeks.

The TomTom is a curious thing. On the one hand it shows you the way, making your journey much simpler and easier. On the other hand however it shows everyone else the same way, as a consequence making certain roads very busy and their alternatives relatively empty. The TomTom creates a bias to find the same solutions by following the same roads (even TomTom live changes little about this!).

It occurs to me that this could be a metaphor of our time: there has never been much space for different opinions and points of view or for other ‘mental travel goals’. At the same time we’ve become extremely susceptible to hype: we all read and talk about the same themes, which are themselves constantly being written and rewritten. The ‘TomTom’ has become a metaphor for the mental tunnel vision that permeates our lives.

Some practical examples of these new main roads of attention? Off the top of my head, I can think of ‘leadership’, ‘authenticity’, ‘the cloud’ and ‘enterprise 2.0’ to name but a few.

Could such tools as Google or the Lonely Planet guides be working work as forms of ‘mental TomToms’, leading us to all think along the same lines, putting you and me in the same ‘box’, and making out-of-the box thinking realistically unattainable? Are there other major agenda-setting ecosystems out there which work as ‘mental TomToms’ for all of us? The Harvard Business Review, for example, The Economist or The Times? Do they determine your box or do you?

To truly innovate you should never take the road most travelled. Innovation never takes place along the main roads or in the mainstream. So, bypass the ‘TomTom bias’ and go your own way. Don’t be bothered about the advised travel route, no matter how famous the source of your information is. Don’t mind if others find you idiotic or nuts. Only in this way will you find genuinely new experiences, discoveries and adventures. Leave the others to the main road, while you enjoy your space.

Safe travels and enjoy your holiday!
About the Author: Frans van der Reep

Introduction

Frans van der Reep (1954, linkedin, http://twitter.com/fvdr) is a thought-leader renowned worldwide for his accurate forecasts of business and technological trends, valued highly for his ability to unveil hidden assumptions and relate directly to genuine underlying issues. Having witnessed many passing fashions in business advice, Frans is well-known for his ability to recognise meaningless hype and identify whether solutions really fit the problems they are marketed for, providing recommendations that have a tendency to become at once “embarrassingly clear”. As early as 1995 he implemented what has become known as self-assembled teaming or self-organization.

From his large corpus of research and interviews published over many years Frans has acquired a reputation for making unusual predictions which, while running against the current of conventional wisdom, have almost all quickly become reality. A technological visionary, media futurist, game changer and popular inspirational speaker, Frans is dedicated to returning core moral values to the business arena, viewing universal traits such as respect for others and integrity as the foundation of a stable business culture. Known among his many roles as a researcher, trend watcher, writer, podcaster and entrepreneur, he is a Professor at the Inholland University of Applied Sciences, a Senior Strategist at Royal KPN, holds several board positions within both the public and private sector and was knighted in 1997 by Her Majesty Queen Beatrix for contributions to society. He has also published many blogs, papers and books on the influence and impact of the Internet on domains such as Business, eSociety, Policy, connecting the varied intellectual realms of Strategy, Sales & Marketing, HR, Finance, Innovation, Business Process Management and IT.

References to a selection of published articles, books, interviews and speeches may be found here.

An overview of articles on my blog site may be found here.