How winners bring the front line into the heart of their strategy

Creating an adaptive go-to-market system

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In late 2006, the mobile phone industry was booming. Consumers and businesspeople alike were growing increasingly dependent on the useful little devices. Two of the business's stars were industry leader Nokia, with 35 percent market share, and up-and-comer Samsung, with 12 percent. The future for both companies looked bright.

And then a tsunami hit the industry in the form of Apple's pathbreaking iPhone. Suddenly the old phones—no touchscreen, no built-in music player, no easy-to-use ecosystem of apps and services—seemed like grainy black-and-white TVs up against a sleek color model. Nokia, among many others, struggled to react. Though it introduced new smartphones based on a proprietary operating system and pursued partnerships with companies such as Universal Music Group, its moves were insufficient and too late: By the end of 2010, its share of the overall wireless handset market had fallen some six percentage points. Only recently have new CEO Stephen Elop and his team begun positioning the company for renewed growth.

Facing the same circumstances, Samsung reacted nimbly and aggressively. It plunged into smartphones, harnessing a market-sensing and development system that quickly turned out innovative devices. It was one of the first to adopt Google's Android operating system, an effective rival to Apple's technology. It created an appealing line of product offerings under the Galaxy brand. It also anticipated the market-share battles to come, moving quickly to provide carriers with the products they needed and expanding its distribution channels. Despite the disruption—or maybe because of it—Samsung *gained* nearly six points of market share between 2006 and 2010.

Nokia and Samsung are archetypes of today's turbulent marketplace—not just in mobile phones. Tidal waves of all sorts continue to hit one industry after another. A leading market share can evaporate quickly. A strategic move, such as an acquisition or expansion into a new market, can backfire with little warning. Many companies in this unpredictable world have wound up like the Nokia of a few years ago, unable to maintain momentum as the ground shifted under their feet. A much smaller number—including the mutual fund company Vanguard, the European toolmaker Hilti, and Samsung—have adapted quickly to the changes, moved forward successfully and taken their growth to new heights.

What accounts for the difference? Conventional explanations—better technology, deeper pockets, better-known brands—aren't sufficient. Neither are the "silver bullet" stories often favored by outside analysts and journalists. The real difference is that nearly all the successful companies, the ones that have moved quickly and nimbly to adapt to the new environment, have created distinctive go-to-market *systems*. They have built adaptability and repeatability into the neural wiring of their daily operations. They can make decisions quickly without bumping into walls created by functional silos, enabling them to respond effectively to marketplace changes. They can incorporate an acquisition or launch a new product smoothly and successfully because they are built to do so.

Every company has a go-to-market process, of course. That's why they have functions called Sales, Marketing, Product Management and so forth. But these functions at many companies are like fiefdoms, isolated from changes in the marketplace, from their own company's strategic priorities, even from each other. The handoffs from one fiefdom to the next are incomplete. There's a disconnect between what the sales channel understands and what it is asked to sell. Too often, frontline employees are baffled by the company's strategy.

A powerful go-to-market system is quite different. It builds in fast, regular feedback so that the company remains in sync with its market. It is based on a handful of key capabilities, each one world-class and superior to competitors. Above all, it is integrated, with seamless coordination between design and delivery functions. The litmus test for all these traits—the linchpin that makes it all work in front of the customer—is a front line that deeply understands the strategy, executes it flawlessly and brings passion and excitement to the task.

We have seen these differences repeatedly in our own work with clients. To test our observations, we surveyed 225 marketing and sales executives in some 60 different companies, including leaders and laggards in both B2B and B2C markets. We conducted in-depth analyses of 50 other companies in businesses ranging from IT services and pharmaceuticals to insurance and retail. We also interviewed dozens of our own partners to determine whether our findings rang true in markets around the globe.

All this research pointed to the same conclusion: A robust, integrated go-to-market system is one central difference today between companies that succeed and companies that fail, between those that grow and those that scramble merely to stay in place. In the rest of this article, we will describe the essential elements of this system and show how companies create and reinforce these elements. We will also offer a list of diagnostic questions about *your* front line—questions that will enable you to determine whether your go-to-market system is in need of a tune-up or a complete overhaul.

The bridge to growth

Let's begin with the basics. Growth is nearly every company's top priority. A Bain survey of 2,300 global companies revealed that the typical management team promises to increase revenue at twice the market average and earnings at four times the market. But that level of growth is elusive. Just 9 percent of these companies actually averaged annual revenue and profit growth of at least 5.5 percent (while earning their cost of capital) over the 11-year period from 2000 to 2010.

The reasons for the difficulty are scarcely a mystery. New technologies are cropping up everywhere. They blur competitive boundaries, undermine established business models and shorten product lifecycles. Companies find themselves facing unfamiliar rivals. They struggle every day to keep up with shifting customer wants and needs. In this kind of turbulence, even a business's own strategic moves, such as launching a new product or moving into a new market, can overload its go-to-market system, sabotaging its plans for growth. SAP, the big software company, tried a few years ago to move aggressively into the software-as-a-service space. But the product design faced some challenges, and the company didn't sufficiently adapt its go-to-market system—for instance, it failed to add effective channels for reaching small-to-midsize companies. As a result, it signed up far fewer customers than it had hoped. With the recent purchase of SuccessFactors, a leader in cloud-based software, SAP has invested in building its companywide cloud capabilities. The new platform will help SAP expand its cloud offerings and leverage its extensive go-to-market reach, this time targeting large and midsize enterprises.

The companies that have sustained their performance over 10 years—that 9 percent—manage to grow despite any turbulence. If you study this group closely, you learn an interesting fact: Nearly all of them have a different relationship with their customers. Far more than other companies, their customers are loyal, passionate advocates—the kind of buyer who loves doing business with a company. Far fewer customers are dissatisfied. The average Net Promoter® score of the growers is 30, compared with just 13 for other companies. (A metric widely used by customer-focused companies, the Net Promoter score, or NPS®, is based on the question, On a zero-to-10 scale, how likely are you to recommend the company to a colleague or friend? A company's NPS is the percentage of promoters—those responding with scores of 9 or 10—minus the percentage of detractors—those giving scores of zero to 6.)

The link between advocacy and growth is apparent in the other direction as well: The loyalty leader in nearly every industry grows at a rate greater than twice the industry average. Again, little mystery. A company that masters the art of delivering exceptional customer experiences *earns* loyalty and advocacy among its customer base. Loyal customers, in turn, buy more products, stick around longer, cost less to serve and sing the company's praises to friends and colleagues. It's a virtuous cycle. No wonder the companies that achieve it are able to sustain their growth.

This is precisely why an integrated go-to-market system can be so powerful. It is the missing link between a company's strategy—its decisions about where to compete and how to win—and the exceptional customer experiences that are the ultimate path to success. Such a system enables a company to identify attractive target customers and *design* value propositions tailored to those customers' needs and to the company's strengths. It also enables the company to *deliver* these offerings to the marketplace and to continually refine them based on fast, accurate customer feedback (see the sidebar "Design and deliver").

Building a world-class go-to-market system

Our research and experience have turned up remarkable similarities in the go-to-market systems that produce sustainable, profitable growth. Companies with world-class capabilities in this area almost always adhere to just three fundamental principles, which we think of as Stay in Sync, Focus on a Few and Tie It All Together. Let's look at each one.

1. *Stay in Sync.* The system needs to shift along with market and strategic requirements. Every company today must respond rapidly to whatever turbulence is roiling its industry, and it must make good decisions about the inevitable trade-offs. *Should we try to leapfrog a competitor's new technology or play catch-up? How much should we invest to meet new consumer preferences, such as for organic or environmentally sustainable products? How can we minimize the impact of a supply-chain disruption or a spike in energy prices?* A world-class go-to-market system helps a company synchronize its operations with the ever-changing marketplace, enabling it to make good, quick decisions about issues like these. In Bain & Company's survey, executives from high-performing companies were far likelier than those from lagging companies to cite their organization's ability to adapt to changing market conditions and strategic priorities as a distinct competitive advantage (see Figure 1).

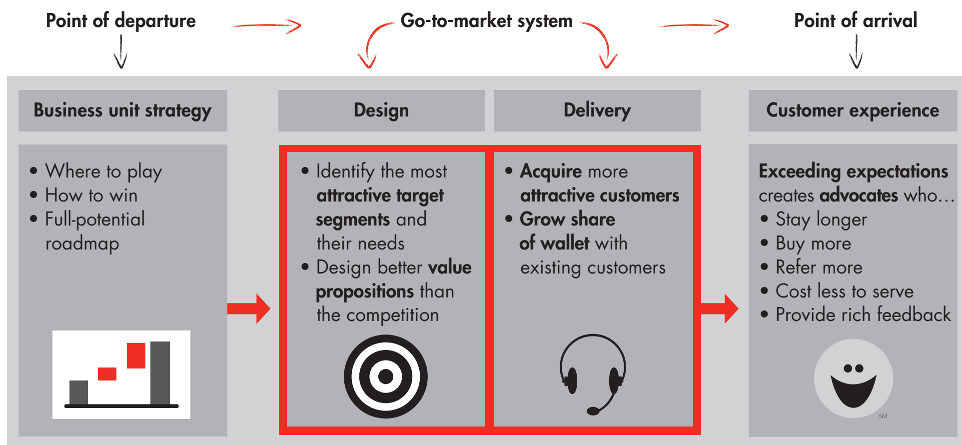
Leaders monitor competitors closely and connect their findings with what they learn from their own customers. They search out rapid, direct customer feedback through a variety of channels. The financial software company Intuit, for example, gathers Net Promoter data from a sample of its customers after every interaction with the company. It has created an Inner Circle of 6,000 users to generate and rank-order suggestions for improvement. It actively solicits B2B customer feedback through online forums, surveys and beta testing.

All this input enables Intuit to pursue—and prioritize—continuous improvements in product development, sales, marketing, pricing and distribution. For instance, it incorporated a live support community in its popular TurboTax program and streamlined Quicken's user interface. It learned that it had to work more closely with retailers and so created category captains to help retailers understand how to sell each kind of product. The result: annual revenue growth averaging 13 percent over the past 10 years, fueled partly by a massive share gain in the retail channel (50 percent to 90 percent for TurboTax alone).

A company with a strong go-to-market system can treat potentially disruptive technologies such as social media as opportunities rather than as threats. JetBlue Airways, for instance, actively monitors chatter on sites such as Facebook and Twitter. During the "Snowmageddon" of December 2010, the airline's real-time Twitter service recovery force effectively converted stranded passengers from detractors to promoters by

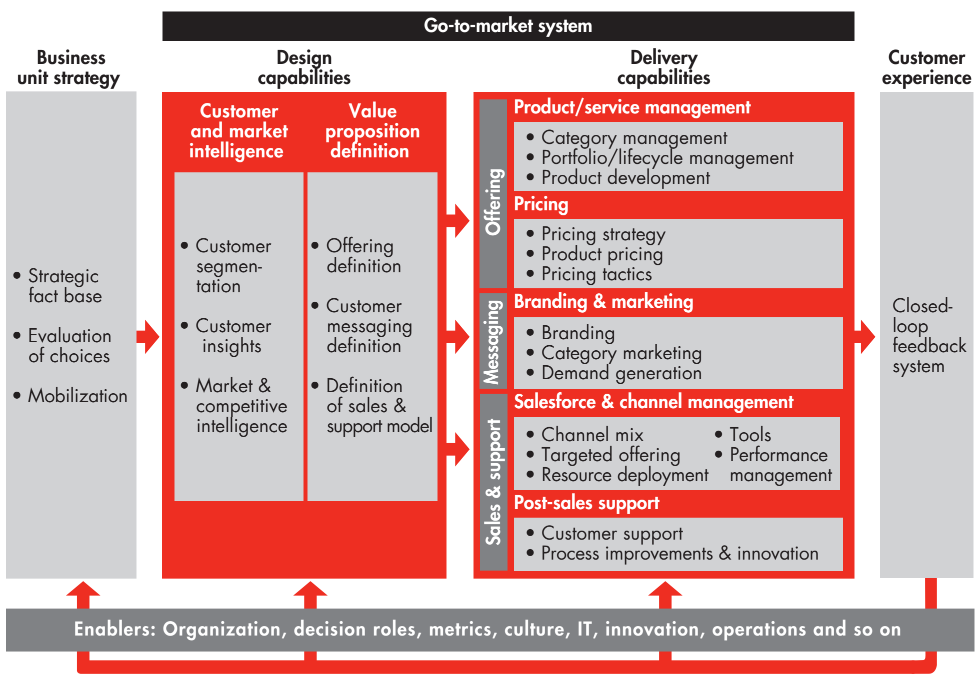
Design and deliver

A go-to-market system builds customer advocacy by creating a superior customer experience



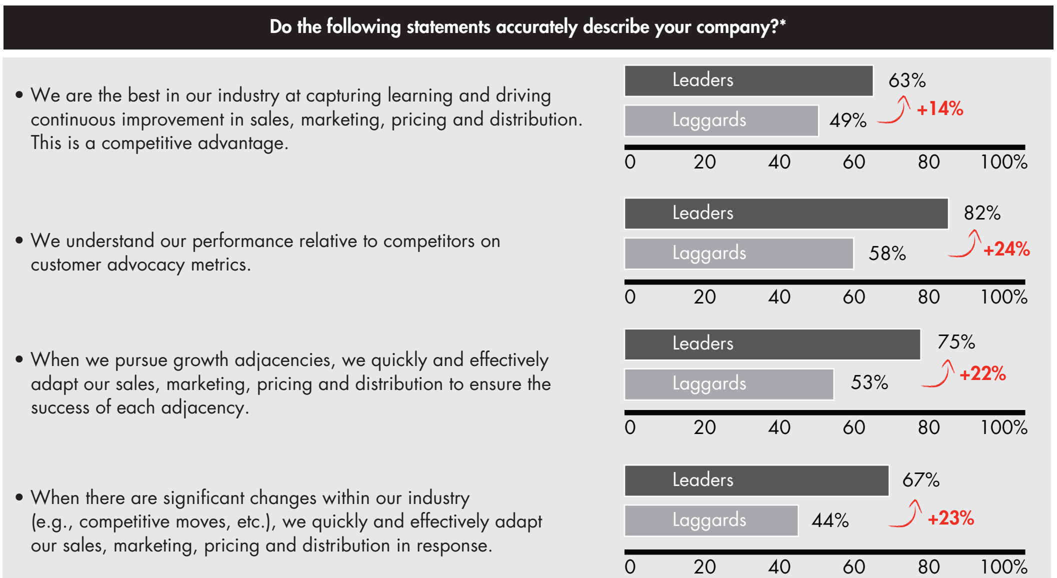
An integrated go-to-market system comprises dozens of capabilities that, together, build a bridge between a company's strategy and the exceptional customer experiences that are the ultimate driver of customer advocacy and loyalty.

Capabilities that form the go-to-market system



A company's key go-to-market capabilities fall into two buckets, *design* and *delivery*. For example, the design capabilities of a top performer like Intuit, the financial software company, range from customer segmentation and intelligence to the definition of the company's sales and support model. Its delivery capabilities run the gamut from product and service management to post-sales support.

Figure 1: High performers excel at adapting their go-to-market systems



*Percentage of respondents who said they "strongly agree" or "agree more than disagree." N = 50 high performers; 45 laggards from B2B customer survey

quickly rebooking them on new flights—and the efforts were witnessed by JetBlue's 1.6 million Twitter followers. JetBlue estimates that service recovery over Twitter is more productive than recovery delivered over other channels and that it can handle five customer-related tweets for every one call handled through a call center.

The steady flow of feedback also helps the high performers adapt their go-to-market system to accommodate industry disruptions, competitor acquisitions and their own moves into adjacent markets. Hess Corporation, a global energy company that began in oil, recognized the need to expand beyond its core business over time. Serving commercial and industrial customers, the company's Energy Marketing business unit first focused its efforts on gas, achieving leading positions in many markets. The team then began expanding into a third commodity, electric power, as the regulatory environment allowed—for example, moving into Pennsylvania following that state's 2009 deregulation of the electricity market. Energy marketing revenues have grown 9.5 percent yearly since 2004, with annual margin growth of 15 percent in an industry where annual demand growth was only around 2 percent during that period. In addition to fueling growth, the ability to capitalize on market changes while continuing to meet different customer needs enabled the Energy Marketing unit to achieve the leadership position in customer loyalty and advocacy in markets it serves.

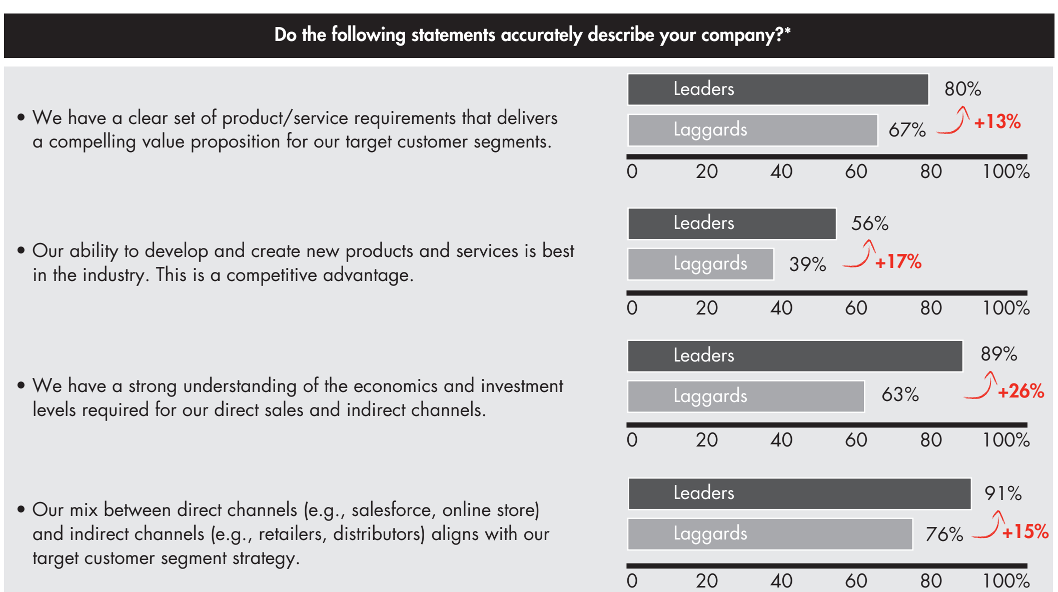
2. *Focus on a Few.* A handful of capabilities should be truly best in class. Leaders of high-performing businesses understand that, like championship sports franchises, the best teams don't necessarily have stars at every position. So they pursue world-class performance only in the handful of capabilities that are most critical to success. The ability of leading companies to identify where they must excel to seize a competitive edge over their rivals emerged clearly in the Bain survey findings (see Figure 2).

What are the go-to-market capabilities a company needs most? One is the ability to design crystal-clear requirements for product and service offerings geared precisely for target customers. That includes delivering what the customers want and nothing more that could distract from the value. When the environment is changing rapidly, marketers face the temptation to play it safe, to develop products and services that try to be all things to all people. (Steve Jobs famously said that the hardest decisions were always about what to leave out of Apple's products, not what to put in.) For B2B companies, world-class sales and channel-management capabilities are also likely to be critical. For B2C companies, superior branding and marketing skills are essential.

One company that focuses on just a few essential capabilities is the Vanguard Group. Now one of the world's largest investment management firms, Vanguard has built its entire business on a few highly differentiated capabilities. Its target customers are investors who value low-cost investment vehicles and who want to remain with one investment company for an extended period of time. Its products—including both index and actively managed funds—carry expense ratios that are a fraction of industry averages. Vanguard provides highly responsive service to its customers, and it structures both its product line and its pricing policies to reward long-term relationships. A second example is Hilti, the Liechtenstein-based tool company. Hilti's direct salesforce of 13,000 representatives, unique in its industry, visits construction sites and solicits feedback from customers that then drives product innovation. Innovation, in turn, has helped the company sustain a consistent 6 percent growth for more than 50 years.

Selling organizations often stumble as they try to reach diffuse, ill-defined customer segments through channels that are poorly suited to the job. A clear understanding of target-customer needs helps go-to-market leaders organize their sales resources and select the channel mix best suited to reach these customers. Since these leaders anticipate customer needs better than rivals, they can deploy their sales resources to the highest-value areas within each customer segment, selling channel and geography. Pharmaceutical manufacturer AstraZeneca, for example, used its superior market-intelligence capabilities to develop a new Internet-based sales

Figure 2: High performers excel at a few differentiated capabilities

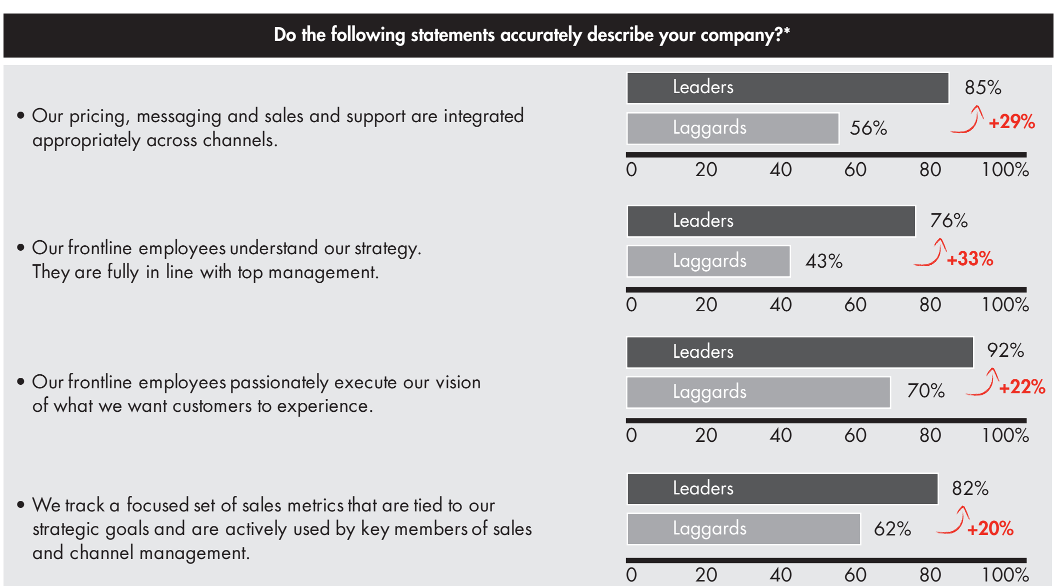


*Percentage of respondents who said they "strongly agree" or "agree more than disagree." N = 50 high performers; 45 laggards from B2B customer survey portal called AZ Touchpoints. Sales reps can now dedicate more time to building relationships with physicians, using data gathered at touchpoints to inform their sales approaches. The result: lower selling costs and greater salesforce efficacy.

3. ***Tie It All Together*****. Leaders foster integration and clear decision making throughout the organization and across all channels.** Many companies fail to deliver their value propositions effectively across multiple channels. Their sales and marketing efforts wind up trapped in silos or stymied by slow decision making. Companies with high-performance go-to-market systems don't face these difficulties. The Bain executive survey found that the leaders integrate design and delivery capabilities, tailoring each offering and marketing message to its channel while maintaining a cohesive approach overall (see Figure 3). They break down the silos and establish simple, clear decision roles and processes. They know exactly who is responsible for pricing tactics, product launches, market intelligence and every other aspect of the system—and since decision roles are transparent, everyone in the organization knows it as well.

One company that has successfully integrated its go-to-market system in this manner is Scania, the Sweden-based truck manufacturer. To an extent unmatched by the competition, it puts the customer experience at the heart of its strategy, from product design to the aftermarket value chain. It communicates directly with truck drivers, commits to resolving easy-to-fix problems within days and uses the full range of feedback channels from drivers and other end users in its product development processes. On the shop floor, cross-functional collaboration and working groups help employees understand the value of their delivery to the next stage in the work flow, shortening time to market for new products and services. Internal rules of conduct, codified in a document titled "How Scania is Managed" and embraced by managers, line employees and Scania affiliates, describe the decision-making structure and key processes that govern the company. "Scania is the most focused and best-performing truck manufacturer in the world," said one industry expert in 2011.

Figure 3: High performers integrate how they go to market into a cohesive system



*Percentage of respondents who said they "strongly agree" or "agree more than disagree." N = 50 high performers; 45 laggards from B2B customer survey

Key to success: The front line

What makes all these principles work is simple: It's a company's front line.

Frontline employees are central to every high-performing go-to-market system, the linchpin that makes it all work. The front line represents a company's value proposition and brand promise in the eyes of the customer. Think of the friendly, helpful staff in a Four Seasons hotel, the legendary account executives at IBM or the genial flight attendants and gate personnel who work for Southwest Airlines. It's the commitment and enthusiasm of those individuals that help these companies realize their goal of providing a great customer experience.

In our survey, frontline engagement was the No. 1 factor separating leaders from laggards—which means, in effect, that if you don't get the frontline part right, you are failing to get the system right. (See the sidebar "Does your front line measure up?") As it turns out, nearly every one of the go-to-market leaders we studied engages the front line as the embodiment of its go-to-market system. Samsung mobilized its entire organization to confront the challenge of the iPhone. Intuit asks employees to spend 10 percent of their time in unstructured activities to improve the customer experience, and it has created an online brainstorming tool to facilitate idea sharing across the company. Vanguard expects employees to drive process and service improvements, and captures the ideas through its "voice of the crew" feedback mechanism. In many selling situations, the frontline salesforce literally embodies the organization's go-to-market strategy. Hilti's field representatives not only study the customer's needs and propose new products that will meet those needs, they also stay involved after the sale, working closely with customers. "This is why we know exactly what our customers want," explains board chairman Pius Baschera. "Our research and development doesn't 'invent' products in a vacuum in the hope that these will appeal to the market. As a rule, they translate the customer's actual wishes—a hard enough task in itself."

These three principles—Stay in Sync, Focus on a Few and Tie It All Together—are easy to articulate but tough to get right. Bureaucracies resist change. Functional leaders may feel threatened. People accustomed to the cloistered confines of their own silo may find it hard to break down the walls and let in the sunlight of cross-functional collaboration.

But what's the alternative? The turbulence in the marketplace isn't going away. A company that fails to create an effective go-to-market system is likely to wind up like Nokia in 2007, struggling mightily to confront a challenge it hadn't adequately anticipated. On the positive side, the payoffs from creating such a system can be extraordinary. Samsung, Hilti, Vanguard and the other leaders have catapulted themselves to the top ranks of their industries—not on the basis of deeper pockets or some dazzling new technology, but simply on the basis of going to market better than everybody else.

Does your front line measure up?

Any top-performing go-to-market system depends on the engagement and passion of frontline employees, which should be ground in their full understanding of your strategy. Ask yourself these questions to determine whether your system is hitting on all cylinders, needs a quick tune-up or is due for an overhaul.

- Does your front line know which target customers and sales opportunities to pursue and which ones they shouldn't waste their time on?
- Does your front line live and breathe the key attributes of your brand?
- Does your front line consistently and effectively position your company's value proposition against competitors, based on the most recent competitive intelligence?
- Do you know how your front line performs on key customer advocacy metrics?
- Can you identify the interactions between frontline employees and customers that have the greatest impact on customer advocacy?
- Do you have closed-loop learning processes in place to get customer feedback to your front line within 24 to 48 hours?

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