CHAPTER 1

Madonna
Strategy on the Dance Floor

The year 2009 saw Madonna Louise Veronica Ciccone Ritchie celebrate her 51st birthday and surpass cumulative album sales of 200 million to become the top selling female rock artist of the 20th Century. Just two years earlier Guinness World Records had listed her as the world's most successful female recording artist of all time, and she was subsequently inducted into the Rock and Roll Hall of Fame. In 2008 she released her 11th studio album titled *Hard Candy* which became another of her albums to debut at number one on the Billboard albums chart, embarked on yet another top-selling world tour and collaborated on a number of new tracks with Justin Timberlake and Timbaland, two of the world's hottest young music stars. Her marriage to film director husband Guy Ritchie came to an end, and she embarked on a controversial second adoption of a child from Africa; but the publicity surrounding these events seemed to do little to dent her professional achievements. So how has Madonna been able to maintain her incredible success? The answer to this question lies in five key ingredients of successful strategy that are equally relevant to companies and individual managers. These five dimensions have provided the foundation underpinning Madonna's stardom, and if diligently pursued can provide the ingredients for sustained company and career success. Indeed, without these elements in place an organization will not have the foundations upon which to drive innovation and creativity.

Dimension 1 – Vision

One of the most important drivers of Madonna's success has been her desire to achieve stardom – her strategic *vision*. Madonna has demonstrated a clear commitment to her super-stardom goal that has been pursued with single mindedness throughout her career.

Madonna is the third of eight children and her mother died at the age of 30, of breast cancer in 1963, when Madonna was only five. The singer has frequently discussed the enormous impact her mother's death had on her life and career, and being the eldest daughter of a large Catholic family meant that a greater share of household and emotional responsibilities fell on Madonna's young shoulders. Her aspiration to be a performer started at High School, where she was a straight-A student and excelled at sport, dance and drama. She continued her interest in dance during brief periods at colleges in Michigan and North Carolina, and in 1977 went to New York, studying with noted choreographer Alvin Ailey and taking modelling jobs. Two years later, Madonna moved to France to join a show featuring disco singer Patrick Hernandez. There she met musician Dan Gilroy and, back in New York, the pair formed club band The

Breakfast Club. Madonna played drums and sang with the band before setting up pop group Emmy in 1980 with Detroit-born drummer and former boyfriend, Steve Bray. Together, Madonna and Bray created club tracks which led to a recording deal with Sire Records. With leading New York disc jockey Mark Kamins producing, she recorded ‘‘Everybody’’, a US club hit in 1982.

Between 1983 and 2009, more than ten studio albums, multiple world tours, and a dozen or so movie roles had established Madonna with an image and persona beyond any single field of entertainment: she was musician, actor, author and talent scout. In delivering upon her vision she has also made a great deal of money: she is easily the world’s top earning female entertainer. Madonna’s vision to become a star has been clearly apparent, and her spectrum of personal and professional activities – stage performances, television appearances, albums, music videos, Hollywood films, books and links to charity – all evidence a remarkable dedication to a single goal: the objective of becoming the world’s foremost female performer.

Vision is equally important for organizations that wish to achieve long-term success. The Virgin Group Ltd is an entity consisting of many separately run companies united by the Virgin brand of British celebrity business tycoon Sir Richard Branson. The Virgin Group’s core businesses are travel, entertainment and lifestyle, and Virgin is one of the UK’s best known consumer brands, associated with excellent service and having the consumers’ interests at heart. In the words of Richard Branson: ‘‘I look for opportunities where we can offer something better, fresher and more valuable . . . I think one of the reasons for our success is the core values which Virgin aspires to. This includes those that the general public thinks we should aspire to, like providing quality service. However, we also promise value for money, and we try to do things in an innovative way, in areas where consumers are often ripped-off, or not getting the most for their money. I believe we should do what we do with a sense of fun and without taking ourselves too seriously, too! If Virgin stands for anything, it should be for not being afraid to try out new ideas in new areas.’’ This vision to win in markets through the delivery of service excellence, value for money and innovation has remained consistent for more than three decades.

A good example of how the Virgin Group’s philosophy translates into a vision to succeed in a specific market place has been seen in the firm’s success in the UK mobile communications sector. After launching its operations as a mobile virtual network operator (MVNO) in November 1999, Virgin Mobile (VM) proved to be one of the remarkable success stories of the UK mobile phone industry. With a steadfast vision to become the customer champion in the 18–35 year-old prepay segment, VM was able to achieve a number of significant milestones right from its inception. With a steadfast focus on its target customer group, by June 2001 it had captured more than one million customers, making it the fastest (among the major UK mobile communications providers) to have achieved that milestone. Within five years of launch the company had an active customer base of over four million and its customers were found to be among the most satisfied in the pre-pay sector, according to surveys conducted by J.D. Power and Associates. VM had also been included in ''The Sunday Times 100 Best Companies to Work For'' and was part of the FTSE4Good. The company was recognized as the most admired brand in the UK with a distinct customer proposition and market positioning.

VM UK believed its strong growth had been driven by clear vision, its brand and differentiated approach to the market. The brand was consumer rather than technology-oriented, and this strategic message remained consistent from inception in 1999. While other mobile network operators in the UK had broad visions to be all things to all customers, Virgin's vision and strategic focus allowed it to build an organizational culture, structures and processes that were in complete alignment with its core value proposition and target market.

Dimension 2 – Understanding Customers and Industry

It is clear that Madonna's success has been underpinned through her deep and insightful appreciation of customers and understanding of the music industry. Madonna's performance at the First Annual MTV Video Music Awards in 1984 at the age of 26 is considered to be the first stroke of genius in a career that would see many more. She took the stage to sing ''Like A Virgin'' wearing a combination bustier and wedding gown. During the performance, she rolled around on the floor, revealing lacy stockings and garters, and made a number of sexually suggestive moves. The performance was shocking to a mid-1980s audience, but only served to increase her popularity with her main target group, teenage fans. Showing her ability to tap into youth sub-culture, Madonna's bleached blonde hair with brown roots, sexy lace gloves, lingerie on the outside and ''Boy Toy'' belt buckle defined teen-pop fashion of the era.

Beyond an ability to understand the needs and tastes of current customers, Madonna has also shown an ability to tap into evolving trends. While focus groups have been used to help sell everything from washing powder to political parties, Madonna has been one of the world's first artists to bring this approach to the music industry. Showing her ability to interpret the needs of the market, in mid-2005 Madonna partnered with DJ and producer Stuart Price, age 28, to test songs in clubs from Liverpool to Ibiza. The tunes, with Madonna's distinctive vocals removed, were played and the reactions of the crowds were filmed and used to determine the final track listing of *Confessions on a Dance Floor*. According to Price: ''Whenever I was DJ-ing I'd take dub or instrumental versions out with me and test them at the club that night''. He said, ''I had my camera with me and the next day I'd tell Madonna, 'This is what a thousand people in Liverpool look like dancing to our song.''' He added, ''You can work on a song for 12 hours but I guarantee you'll know within just 10 seconds of putting it on at a club whether it works or not.'' Within the first week of release, the lead track from *Confessions on a Dance Floor* ''Hung Up'' became the number one download on iTunes stores around the world, and went on to top the charts in an unprecedented 45 countries. Madonna's ''Confessions Tour'' began in May 2006, had a global audience of 1.2 million people and reported gross sales of $260.1 million – the highest earning pop tour of all time.

Madonna has also shown expertise in understanding and shaping the music industry. She has the ability to shape her image in the media, and has been recognized as a skilled self-publicist – a critical ingredient for success in an industry that sees new competitors entering on an almost daily basis. Understanding that the music industry is heavily influenced by very few big players like MTV and the big record labels she teamed up with MTV very early in her career. Her first album sold only moderately at first, but thanks to heavy rotation on MTV, Madonna gained nationwide exposure and the album peaked at number eight on the Billboard chart, and went platinum five times. It ultimately sold close to ten million copies worldwide. MTV aggressively marketed Madonna's image as a playful and sexy combination of punk and pop culture, and she soon became closely allied with the network.

In 1987 Madonna embarked on the ''Who's That Girl World Tour'' and the tour marked her first run-in with the Vatican when the Pope urged fans not to attend her performances in Italy. The fans were not affected, however, and the tour went on as scheduled. Her use of sex as a marketing tool brought her fame and notoriety in the early 1990s, when she became one of the world's first mass-market performers to manipulate the juxtaposition of sexual and religious themes. The music video for her chart-topping song ''Like a Prayer'' featured many Catholic symbols, and was denounced by the Vatican for its ''blasphemous'' mixture of sexual themes and Catholic symbolism. Madonna had signed a deal with Pepsi according to which the song ''Like a Prayer'' would be debuted as a Pepsi commercial. When Madonna's own music video version of the song debuted on MTV, Pepsi pulled theirs off the air. But Madonna got to keep her $5 million dollar endorsement fee without fulfilling her contractual obligations. In 2003 Madonna again stirred controversy at MTV when she kissed her ''brides'', Britney Spears and Christina Aguilera, on stage during the MTV Video Music Awards. The use of religious symbols such as the crucifix in her 2006 ''Confessions on a Dance Floor Tour'' caused the Russian Orthodox Church and the Federation of Jewish Communities of Russia to urge people to boycott her concert. The Vatican as well as bishops from Germany also protested. Madonna responded that, ''My performance is neither anti-Christian, sacrilegious or blasphemous. Rather, it is my plea to the audience to encourage mankind to help one another and to see the world as a unified whole.''

But despite these events, Madonna has shown a deep understanding of the politics of the music industry, and has proven to be skilled at walking the line between the shocking and sacrificing her career. She has worked particularly hard to maintain positive and mutually beneficial relations with major music companies such as MTV, and has avoided the fate of artists such as Sinead O'Connor who's political activism saw her shunned from the major distribution channels needed to link to fans.

In an increasingly competitive and global world, customer and industry understanding is also a necessity for companies and managers. Poor attention to industry dynamics and evolving customer needs can result in companies being side-stepped by their rivals. A good example of this has been the German retail banking sector where an aging population, increasingly sophisticated consumers, technological changes and the entry of new competitors has witnessed the profitability of German retail banks decline considerably over the past decade. The vast majority of German banks have been very slow to respond to these changes, while new competitors have stepped forward to implement new business models more in tune with the emerging financial services requirements.

Ranking only behind the US and Japan, the German economy is the world's third largest. Post-war economic growth has provided German citizens with one of the world's highest standards of living. But Germany's formerly affluent and technologically powerful economy turned in a relatively weak performance throughout much of the 1990s, and the economic downturn of 2008–2009 may well herald the prospect of low growth for the foreseeable future.

Germany's total estimated population is 82 million, and modest population growth estimates put the levels at 85 million by 2015. There are now 2.6 working age Germans for every person aged 60 or older. Demographic trends similar to those being experienced in other developing countries project that figure dropping to 1.4 by 2030. In just a few years, there will be more people aged 65 and over than people aged 15 years or under. The number of people over 80 will increase to around three times as many by 2050, while the number of people over 100 will increase to around six times as many by 2050. There are currently two workers per retiree, but if current demographic trends continue by 2050 there will be less than one worker per retiree.

Structural rigidities – like a high rate of social contributions to wages – and the impact on industry of the economic crisis of 2008–2009 have made unemployment a long-term, not just a cyclical, problem, while Germany's aging population has pushed social security outlays to exceed contributions from workers. A recent study by the Centre for European Reform reported that if Germany were to rely on immigrants to keep its ratio of workers to pensioners constant, its population would consist of 80 percent foreigners by 2050. There is an almost unanimous view in both government and industry that Germany faces a massive pensions shortfall within a generation. Not surprisingly, fewer than 50 percent of people in Germany between the ages of 18 and 35 think that their finances will be ''good'' or ''very good'' in retirement.

The comparison with the pension systems in other industrial nations underlines the structural deficits of the German system. In Germany 85 percent of pensions are currently financed by state funds. Only some 5 percent come from company pensions schemes, while the remaining 10 percent are made up of private policies. In the US, for example, state-funded pensions and private pension plans each make up around 40–45 percent of total pensions, while 13 percent of pensions are company policies. In the Netherlands the state-funded proportion is only some 50 percent, while company policies account for 40 percent. The remaining 10 percent then comes from private policies.

Despite deep structural problems related to its aging population and pension needs, one of Germany's strengths is its gross domestic savings rate, which has remained around the 10th highest in the world over the past few decades. The total value of inherited assets in Germany in the 1990s was €1.3 trillion. Inherited assets of €2.3 trillion are expected for the period between 2010 and 2020. Historically, Germans have saved primarily via low interest *Sparbuch* savings accounts, and until the 1990s, more than half of private savings were regularly deposited with banks. Analysts suggest that the increase in private assets naturally will lead to a greater demand for investment opportunities. Clients, they suggest, will demand individual products that allow them to meet their personal investment aims and return expectations.

Despite the potentially significant opportunities to support Germans with their financial planning needs, German banks have languished near the bottom of the performance league when compared to their peers in many other developed countries such as the US and the UK. The return on assets for the main UK banks was over four times higher than for the big German private sector banks over the period 2000–2005; and cost income ratios were more than 30 percent lower. In consequence the market capitalization of German banks has traditionally been very low. The German commercial banks have typically blamed labour laws, the pricing policies of state funded competitors and the low customer propensity to borrow for their failure to restructure. But instead of pointing to the customer or the competitor – management should have instead focused on delivering operational efficiency and innovation to provide new products and services.

While most of the established retail banks in Germany have been slow to respond to changes in the industry environment, more nimble competitors such as financial advisory firm MLP have stepped forward to take advantage of changing customer needs. In 2008 the MLP Group was one of the largest and most profitable financial advisory firms in the German retail financial services industry, but outside of its home country almost nobody knew its name. MLP's 262 branches and 2,613 consultants made it one of Europe's largest independent financial services firms. Its after-tax return on equity had averaged 21 percent since 1998, more than ten times that of some of its competitors in the industry. In some years ROE had exceeded 40 percent, and MLP had been voted German Company of the Year five times by *Manager Magazine*.

As an independent broker, it is MLP's vision to provide discerning clients with integrated financial services and to be the best partner for them at every stage of their lives for pension, asset management and risk management. MLP's focus is on distinct professional groups, such as doctors and lawyers, economists and scientists, IT-specialists, engineers and academics, who the company believes have high future earning potential and attractive risk profiles. In principle, its main clients are university educated men and women who the firm has served since their graduation.

With its unique business model that brings together a federation of highly entrepreneurial financial consultants, MLP has built a reputation for clients with sophisticated requirements on pension provision, asset management and risk management. By the beginning of 2008 MLP counted more than 721,000 clients and firmly believed that Germany's aging population and emerging pension crisis places it in a strong position for future success. In the words of Dr Uwe Schroeder-Wildberg, MLP CEO;

> *Based upon a foundation of a tried and tested business model our company has worked to become an independent financial service provider in an excellent market position, which will enable us to benefit from long-term market developments. And more tail wind will also come from demographic and political developments.*

The German retail financial services industry has changed dramatically since the late 1990s. Deregulation, globalization and pension reform, among other factors, have contributed to massive turbulence in a once conservative and stable environment. The slowness of most German retail banks to adapt to these challenges has seen their profitability steadily decline, while firms such as MLP have stepped forward to win customers and profits. Just like Madonna, MLP has understood the significance of shifts in the industry landscape.

Dimension 3 – Leveraging Competences and Addressing Weaknesses

Another important element in Madonna's success has been the ability to acknowledge her own competencies and weaknesses. Looking at her impressive career it becomes obvious that one of Madonna's most outstanding competencies is her ability to bring people with various talents together with herself as the hub. Through the use of her extensive network of support personnel, including musicians, technologists, producers, dancers and designers she is able to address her weaknesses and even compensate for them.

Very early on in her career Madonna realized that her dancing abilities and her voice were not strong enough on their own. She started to team up. One of her first and probably most important and successful alliances started in 1982. She flew to Los Angeles to convince Michael Jackson's manager, Freddie De Mann, to help her launch her music career. De Mann did just that, and eventually dropped Jackson altogether. In 1983 her self-titled first album, *Madonna*, was released, and its hit single, ''Holiday'' was Madonna's first top 20 hit single in several countries. Other hits on *Madonna* included ''Borderline'' and ''Lucky Star''. The album was produced with contributions from John ''Jellybean'' Benitez, with whom Madonna had also had a brief romance.

Madonna's debut as an actor followed her marriage to Hollywood actor Sean Penn, and a brief relationship with Warren Beatty. Her book *Sex* was released as an accompaniment to her studio album *Erotica* as the first output of a recently signed partnership with Time Warner. Undertaken with the support of famous friends from the music, film and fashion industries, Time Warner commented that *Sex* was very complex to produce, requiring partnerships with many different printing and publishing companies. The photographs in the book were taken by some of the world's best known fashion photographers – Steven Meisel, Fabian Baron, Stephen Callaghan and Darren Lew. *Sex* stirred significant controversy for its sexually explicit content but went on to sell 1,500,000 copies at a cover price of $50 within three days of release. This made *Sex* the fastest selling coffee table book of all time, and an additional million copies each were printed in French, Japanese and Italian. Featured in the book were model Naomi Campbell, actress Isabella Rossellini, rap performers Vanilla Ice and Big Daddy Kane, gay porn actor Udo Kier, and the European socialite Tatiana von Furstenberg. The day after the release of the book cable television company MTV screened a documentary called *The Day In Madonna* featuring Madonna's *Sex* and her new album *Erotica*.

In December 2000 at the age of 42, Madonna married film director Guy Ritchie. In June 2001, she appeared in *Star*, a short commercial film directed for BMW by Ritchie, and then began working on *Swept Away*. Her partnership with UK DJ Stuart Price towards the *Confessions on a Dance Floor* album has been mentioned above, and in 2007 she partnered with world-renowned artists Justin Timberlake and Timbaland towards the creation of her *Hard Candy* album, moving from the disco sounds of *Confessions on a Dance Floor* to the rhythm of R&B. The single ''4 Minutes'' that she produced with Timberlake and Timbaland resulted in Madonna's 37th Billboard Top 100 top ten hit, thus surpassing Elvis Presley as the artist with the most top ten hits.

Capability and skills gaps can also be a critical barrier to the success of firms, so managers need to understand areas of strength and weakness and how to develop capabilities through development activities, partnerships, networks or alliances. When VM sought to enter the UK mobile phone sector it recognized that it was lacking a very critical resource – a mobile network. The company saw the cost of a license to enter the mobile sector as an independent operator as prohibitively expensive, and instead sought to partner with one of the existing players. VM UK was floated as a joint venture between Virgin and T-Mobile in 1999, and Virgin operated as an MVNO to be able to provide cellular services without owning wireless spectrum access rights. To customers, Virgin looked like any other cellular operator, giving the impression of a full-fledged mobile operator. But the company did not own or operate base station infrastructure. For T-Mobile, the main benefit of the partnership with Virgin was to tap into consumers with whom it had a low brand affinity, therefore having a low risk of self cannibalization, and to maximize utilization of its network capacity thereby achieving greater economies of scale.

Being an MVNO, Virgin needed less capital. The company did not have to invest in network hardware. Because of its partnership with T-Mobile, it already had access on long-term contractual terms to billions of pounds' worth of state-of-the-art mobile network assets. The company enjoyed the scale benefits of the network operators, without the associated investment and technology risk. Although other incumbent operators could realize the benefits of scale once their large fixed cost base was covered, VM had a very low fixed cost base compared to traditional mobile network operators – for example, Virgin's capital expenditure (CAPEX) as a percentage of earnings averaged around 2 percent compared to more than 20 percent for some industry incumbents. Even a teenage subscriber spending just a few pounds each month could contribute value to Virgin. In the words of Tom Alexander, former CEO of VM UK:

> *There's no great mystery to Virgin Mobile's approach. We are a marketing and service business: we focus on customers, not engineering; we focus on the brand experience, not technology. We give our customers what they want – not what's easiest for us to provide. And what our customers want is exactly what we stand for: value for money, outstanding service, great products and a sense of fun . . . Because we're not a network operator, we're free to focus on people, not hardware. We focus on our own people, through our singular Virgin Mobile culture; and we focus on our customers, by providing them the best customer service in the business . . . Attention to the needs of our customers – in our role as the Consumer Champion – is at the heart of everything we do.*

In addition to compensating for potential weaknesses, VM was also able to leverage its core strengths in service delivery and retail distribution to enter the UK mobile market. Effective and targeted distribution played a key role in the company's success, and in just five years, the company had built a distribution network of around 6,000 sales outlets, with another 50,000 outlets selling airtime. The company capitalized on the value of the Virgin brand by putting dedicated VM ''stores within stores'' inside 96 Virgin Megastores nationally, many staffed by dedicated, expert sales people. Each store stocked the entire range of products. In addition, there were a total of 104 VM stores throughout the UK in 2005 where only Virgin's services were sold.

VM stores were designed to offer customers a unique experience – as the perfect environment to showcase VM's products and services. Customers were made to feel relaxed and staff made a point of being friendly but not ''salesy''. VM's in-store ''experts'' were trained to be open, honest and knowledgeable, and to help bring VM to life. Customers could try before they bought a phone to see if the phone was right for them, and self-service interactive kiosks showed customers the range of VM products and services on offer. According to Tom Alexander: ''We hand-pick our VM Stores staff. They're warm and friendly, they always give their best, they like talking to people . . . and we're proud of them!''

Virgin also used its expertise in distribution to build a network of distribution alliances. Virgin innovated by being the first mobile company to offer its products through such well-known high street stores as Woolworths, Comet, Argos, Sainsbury's, Tesco and Asda. The high street channel was particularly attractive for Virgin as these retailers typically charged lower commissions than traditional industry channels. Virgin's extensive use of retailers was an important difference between its distribution approach and the approach of the established mobile network operators. For example, Virgin's competitors Vodafone and O2 reported 40–50 percent of their sales were attributable to owned retail channels in 2005, while for VM this number was only 22 percent.

Just as Madonna has leveraged her strengths and overcome her weaknesses, VM succeeded in the UK mobile telecommunications sector by taking a similar approach. The company's strong foundation in customer service and retail distribution provided a perfect complement to the technology expertise brought by its network partner T-Mobile.

Dimension 4 – Consistent Implementation

Madonna has also been able to stay on top through an impressive ability to implement her strategy. Perhaps most impressive is the fact that Madonna is not the product of any music company – her success has been very much the outcome of her hard work and ability to get the job done. Despite the increasing dominance of the global media sector by multinational firms such as Warner Brothers, Sony, Bertelsmann and Vivendi Universal, Madonna has maintained her independence while expanding her influence.

Despite the radio success of ''Justify My Love'' in 1990, the sexual content of both the song's lyrics and video saw the song embargoed by network executives at MTV. In response, Madonna's record company decided to sell the video as the world's first ever ''video single''. The video sold over 400,000 copies, and the CD single went on to sell over one million.

Most of Madonna's entertainment interests have been owned and operated by her own companies. In 1992, Madonna founded entertainment company Maverick as a joint venture with Time Warner. Maverick consisted of a record company (Maverick Records), a film production company (*Maverick Films*) and also music publishing, television, merchandising and book-publishing divisions. The seven-year multimedia contract was reportedly worth $60 million and gave Madonna almost complete artistic control over her music – including her own record label. Included in the package were deals for cable-TV specials, books and any film projects she wished to develop, plus a share of the profits generated by other Maverick artists. By the mid-1990s, Madonna had become an active chief executive of the Maverick label. Maverick's roster included Me'Shell NdegeOcello – who performed on *Bedtime Stories* – heavy grunge rockers Candlebox, and Bad Brains.

Madonna announced her departure from Warner Bros. Records in 2007 and a new $120 million, ten-year contract with events management company Live Nation. Mainly a concert promoter, Live Nation ''signs'' artists as a ''record label'', but predominantly takes the role of a promoter rather than ''owner of music''. Annually Live Nation promotes or produces over 22,000 events, including music concerts, theatrical shows and other events, with total attendance exceeding 50 million. As part of the Live Nation partnership, Madonna became the founding recording artist for a new music division, Live Nation Artists. In 2008–2009 Madonna embarked on the ''Sticky and Sweet Tour'' to promote her *Hard Candy* album, which was her first major venture with Live Nation. It became the highest-grossing tour ever by a solo artist with gross earnings of $280 million, surpassing the record previously held by her ''Confessions on a Dance Floor Tour''.

Implementation is also key for organizations and the people within them – strategy is the easy part, but as any wise manager knows the devil is in the detail of getting the job done. Many companies spend months or years on elaborate strategies while failing to develop the structures, processes and mindset to implement them. The electronics and technology giant Philips took decades to re-invent its business. A string of CEOs at the Netherlands-based company did not lack strategic intent, but implementation across the organization's notoriously political operating companies proved an arduous task.

Effective implementation has been key to the drive by Germany's MLP to take advantage of shifts in the country's market for retail financial services. At year end 2008, MLP employed 1,800 employees in addition to its 2,613 consultants. The headquarters operation provides key areas of functional support such as human resources (including recruitment and training), quality management, accounting, sales support and marketing. Another important headquarters' responsibility is asset collection and management.

Unlike the branches of its banking rivals, MLP branch offices are rarely located on the ground floor of busy high streets. The vast majority of new client business for MLP comes via referrals, and appointments with consultants are almost always scheduled. MLP does not rely on ''drop-in'' business, and indeed such business is not encouraged as the company has a highly focused customer segmentation and does not seek to serve any ''walk-in'' customer.

Therefore, its branches tend to be found in convenient although not high-profile down-town locations. MLP also locates its branches on university campuses. This strategic placement of branches has an added advantage for MLP – rental costs per square metre are typically much less for its office locations than for those of its main competitors.

Branch facilities are simple but adequate. There is a shared waiting area for clients, and each consultant has his or her own small office. MLP consultants rent their computer from headquarters, and pay for all consumables used in the branch such as stationary, marketing materials and coffee for clients. Consultants' offices are furnished according to individual tastes, but it is rare to see advertising posters or brochures for investment products. According to one MLP client: ''It is very different to walking into the formality of a big bank. My consultant's office is more like a personal space than a place to do business. He has some art prints on the wall, and pictures of his children on his desk. It doesn't feel like my money is being spent to pay the rent.''

The branch manager is typically an experienced consultant with more than five years experience, and is responsible for the performance of the branch. The manager typically has only 50–80 active customers, and receives a share of the commission's of his or her branch consultants. The organization also appoints regional managers to coordinate clusters of branch offices. Each branch office has one or two administrative assistants to support the resident consultants and branch manager.

The sales support organization is divided by product group and screens the market to select appropriate investments for the MLP product portfolio. It has a research area that monitors the performance of funds and other products, and sets commission rates and product prices. In the area of marketing, the sales support organization produces marketing materials and product information that can be purchased by individual consultants, and monitors consultant compliance to corporate brand guidelines.

MLP has invested €25 million annually in IT over the past decade, with around one-quarter of its headquarters employees being engaged in IT-related tasks. As the first priority these employees organize data so that it is possible to identify, at any time, information coming from or going to a particular customer. MLP has developed its own software solutions in the areas of data organization, product advice, creation of new products and assembly of savings plans from different components.

In other areas, where there is no need for specialized know-how, standard software tends to be installed. In order to focus on content rather than on the technical aspects of information management, MLP outsources IT services to Hewlett Packard. Rather than asking an external partner to take over its entire IT infrastructure, MLP has handed over responsibility for the operation of its network and computer centre. It retains direct responsibility for strategic issues, such as the effective use of IT to communicate with customers, or the choice of partner to work with on different tasks.

MLP has developed five core SAP-based IT applications: logging consulting services (Clickstream Live), maintaining existing policies and new business (Policies), central reporting for all operational systems (Partner Inventory Live), Internet-based applicant placement (Career Base) and employee planning for graduate support (Potential Live). Potential Live is a particularly important application that enables MLP to determine the number of graduates (approximately 120,000 per year) in the occupational categories which MLP targets. This information enables MLP to strategically plan personnel capacities well in advance, to provide the best possible service to graduates.

MLP sets a limit of maximum 200 active clients per advisor because it believes the fewer clients its consultants have to consult the better they are able to consult each individual. Consultants typically meet their clients once or twice a year. MLP has three key values underpinning its consultancy business:

1. **Per consultant MLP concentrates on a maximum of 200 active clients**, simply because the fewer clients consultants have, the more time and energy they will have to invest in each individual client.

2. **Consultants with same or similar academic backgrounds and degrees as clients are made available to MLP's academic clients.** This means consultants know where their clients are headed and find themselves in the best position to help them achieve their objectives.
3. **Maximizing value added.** Consultants' valuable advisory time is held free through the support offered by MLP's Back Office, which does research and keeps its consultants informed about the latest developments on the financial markets.

MLP consultants work hard to build up their own client base. The organization does little consumer marketing in the media, with most of its new business coming from direct referrals and promotional activities undertaken by advisors themselves. Consultants are required to purchase all of their own marketing materials, and these are provided by the central sales support organization.

University campuses provide a key source of new clients and MLP advisors attend graduation celebrations to meet prospective clients, running special activities and events to promote the organization. On campus promotional activities often involve several branches and dozens of consultants, and are carefully coordinated in close cooperation between branch managers.

Advisors endeavour to contact new graduates within a month of leaving university to set up an initial appointment to discuss their financial future. A ''client'' does not usually become profitable until five years after commencing employment, although MLP offers a free current account and other limited services to its target customers during this ''transition'' phase from student to young career professional.

MLP looks to recruit college-graduates and especially ''academics'' and professionals with work experience. The company also recruits from the financial services industry, although consultants coming from banking and insurance represent a small share of total employees. A university degree is advantageous, but is not essential – what MLP really seeks is intelligence, entrepreneurship and strong social skills. Entrepreneurship is a particularly important attribute given the fact that MLP consultants do not receive a salary beyond the initial training period – remuneration is completely performance based.

In the two-year training course to become an MLP Financial Consultant, candidates go through more than 700 teaching units. In the years that follow, MLP consultants continue to expand their knowledge in all facets of financial services through a further central training programme. Consultants undertake 72 days of training at MLP's Corporate University in the first year of employment, and subsequently 27 days per year at the headquarters and 60 days per year in the branch office. MLP Corporate University has a total training capacity of 270,000 days per year. After two years advisors become ''senior consultants'' and are able to offer the full range of MLP products.

Just like MLP, Madonna has known the importance of planning and implementation all along – she has just not broadcast the fact. She once reportedly admitted: ''Part of the reason I'm successful is because I'm a good businesswoman, but I don't think it necessary for people to know that.''

Dimension 5 – Continuous Renewal

The fourth element to Madonna's success has been her ability to renew her popularity again and again. Within a year of the commercial flop of her *American Life* album she embarked on her ''Re-Invention World Tour'', during which she played 56 dates across the world. The tour became the world's highest-grossing tour of 2004, earning more than $100 million. Compare her abilities in re-invention to many ''one-hit-wonders'' in the music industry, or to performers such as the Rolling Stones who have enjoyed long periods of success, but whose fan-base has aged or remained largely unchanged.

The frequent re-invention of Madonna's style and sound has reflected an acute awareness of changing styles, social norms and attitudes in a fast clock-speed industry. From her punk-pop look of the early 1980s, her ever growing fan base has witnessed multiple reincarnations. These have included her glam-rock look of the late 1980s, a Marilyn Monroe retro look, her soft-core porn image of the early 1990s (which included a documentary film *In Bed with Madonna* and the release of her bestselling book *Sex*, which showed Madonna as the centrepiece of photographs depicting various sexual fantasies), her high-fashion look of the mid 1990s, a spiritual image that accompanied motherhood in the late 1990s and her disco look associated with the release of *Confessions on a Dance Floor*. Perhaps not surprisingly she is known as the ''queen of re-invention'' within industry circles.

Some say that in the corporate world you cannot teach old dogs new tricks. But companies that are ''one-trick ponies'' can expect market derailment unless they are able to renew and re-invent themselves. Witness the challenges faced by firms across history in industries such as chemical photography, printed encyclopaedias and department store retailing that have struggled to re-invent themselves in the face of industry disruption. Just a handful of firms, such as Finland's Nokia, have shown an uncanny ability to radically redefine their businesses to respond to evolving industry trends and customer tastes. Nokia started out as a manufacturer of paper in 1865, but has evolved its business through industries including rubber, electric cables, consumer electronics, personal computers, mobile phones and networking technologies. The company's most recent foray is into outsourced services, as it looks to manage the mobile networks of telecommunications companies in developed and developing markets.

Another firm that has managed to adapt to changing industry environment is VM of the UK. As mentioned above, VM had carved out a highly differentiated niche in the UK mobile market during the first five years of its existence. While its main rivals had attempted to serve a wide range of customer segments with broad product and service portfolios, Virgin had remained highly focused on its target customer segment. But by mid-2005 some analysts were questioning the sustainability of Virgin's strategy in the face of a number of new developments. The most tangible example of higher competition in the UK had been the launch of EasyMobile, a 50:50 JV between EasyGroup and TDC, a Danish network operator that had been challenged by low-cost MVNOs in its home market. VM's share price fell 15 percent within days of the EasyGroup announcement of its intention to launch a mobile offer.

Following EasyMobile's launch one of the UK's biggest mobile retailers Carphone Warehouse reduced tariffs on its own MVNO Fresh to make them mildly cheaper than those offered by EasyMobile. In addition to the new pricing pressure from EasyMobile's arrival and aggressive tariffs from Fresh, the UK market was being impacted by the aggression of new entrant Hutchison ''3'' that saw its market share grow rapidly. By mid 2005 ''3'' was adding over 60,000 new customers per week, and reported a customer base of 3.2 million. ''3'' believed that it would hit the four million customer mark by the end of the year. Tesco Mobile, a 50:50 joint venture by the Tesco supermarket chain and O2, was another new entrant that had shown significant customer momentum since launch in late 2004, with some 750,000 customers signed up in the first six months and a target of two million by the end of 2005.

The established operators had not sat still in the face of actions by companies such as ''3'' and Tesco. O2 had won significant prepay market share in 2004–2005 with new offers – adding 1.1 million new customers. France Telecom's Orange also launched a series of special promotions in 2004 based around ''tailor-made'' monthly programmes, while Vodafone had launched a concerted marketing campaign to target what it described as the ''young, active, fun'' segment via its Vodafone Live! Portal, new prepay packages and a marketing campaign with British footballer David Beckham. T-Mobile UK had been working to increase its store base, build brand and grow customer acquisition through a more aggressive approach to the market.

In the face of intensified competition, VM's percentage share of new customers slowed significantly in 2005, and its prices were being significantly undercut by the competition. Perhaps not surprising given this intense competition, Virgin stated in early 2005 that advertising and customer acquisition and retention costs would rise, and predicted decreased profit margins. In addition, termination rates (the money Virgin received for terminating a call from another network operator's customers to one of its own customers) were cut by 30 percent by the UK regulator in September 2004. This was forecast to result in gross margins for inbound calls declining by more than 10 percent.

The relatively stable competitive and regulatory situation that VM had experienced over the period 1999–2005 was changing rapidly, and management recognized that something had to be done should the company wish to maintain profitability and growth. Competitive advantage is a dynamic process, and Virgin's management were quickly coming to understand that changes in the competitive environment could undermine even seemingly unique market positions. But what should the company do to respond to the intense competition now enveloping the UK mobile telecoms sector?

In 2006 Richard Branson announced that he had sold a majority stake in VM to the cable network operator NTL for close to a billion pounds. The acquisition brought together NTL's technological expertise with Virgin's strengths in customer service. Indeed, NTL's management described the merger of the two organizations as more than just a new name and logo – it signalled a completely fresh start for NTL which had previously been known for its strong product offerings but poor customer focus. The new company would be built around Virgin's core values of value for money, brilliant customer service, good quality, innovation and fun. In 2007 the merged company was rebranded Virgin Media, and became the only multimedia company in the UK to be able to offer full quadruple-play services: mobile telephony, fixed telephony, broadband and pay television. This represented a strategic transformation, with Virgin and NTL departing from their respective industries of mobile telephony and cable TV to enter the newly emerging market space for converged telecommunication, Internet and media services. Just like Madonna, they had strategically re-invented themselves to stay ahead of the competition in a dynamic and rapidly changing business environment.

Conclusion

Few would argue that Madonna lacks the voice of Anastasia, the acting ability of Nicole Kidman or the song writing talent of Justin Timberlake. While she is undoubtedly in excellent physical condition, few would regard her as beautiful as Jennifer Lopez or Mariah Carey. Her various acting roles have rarely attracted anything but scathing criticism and her 2003 album *American Life* was panned by critics, who described it as an indication that she was ''in need of a vacation'' from the stress of her career. But despite apparent gaps in her capabilities and the occasional setback, she has been able to reincarnate her career time and time again.

As Madonna has demonstrated, strategy is not about crafting a detailed plan to be implemented without adaptation or evolution, but about establishing an overall direction that incorporates five key elements – vision, customer and industry insight, leveraging competences and weaknesses, consistent implementation, and a drive towards continuous innovation and renewal. These five elements are as equally important to companies such as Virgin, Nokia and MLP as they are to global pop-stars, and organizations that fail to take into account all of these dimensions risk being sidelined by more nimble and strategically oriented competitors.

In mid 2009 Madonna started working on *Celebrations* her third ''greatest hits'' album and was in the process of planning her next world tour in partnership with Live Nation. Her adoption of Mercy James, the second controversial adoption from Malawi in just two years, had been approved by the Supreme Court of Malawi and *Forbes Magazine* had just named her as the third most powerful celebrity of the year. After two and a half decades at the top of her profession there was little indication that Madonna's career was slowing down.

ELEMENTS OF MADONNA'S SUCCESS

1. **Vision.** Madonna has demonstrated a clear commitment to superstardom goal that was pursued with single mindedness throughout her career. Other dimensions of her life have been either subordinated to or absorbed within her career goals. Rather than wait for industry trends, she has acted to shape the world around her.

2. **Profound understanding of consumers and the industry environment.** Madonna has developed her strategy through a deep and insightful appreciation of customers and the music industry. Critical to her continuing success has been a deep understanding of the ingredients for sustaining popular appeal. The frequent re-invention of her style and sound has reflected an acute awareness of changing styles, social norms and attitudes in a fast clock-speed industry.

3. **Leveraging competences and addressing weaknesses.** Madonna has been able to exploit her abilities to develop and project her image and to exploit emerging trends, while protecting areas of weakness. Her weaknesses have been more than compensated for by her use of an extensive network of support personnel, including musicians, technologists, producers, dancers and designers. Her personal relationships have often been important in building her career.

4. **Consistent Implementation.** Without consistent implementation, even the best strategies are unlikely to succeed. Madonna has surrounded herself with individuals and organizations that have enabled her to deliver upon her vision. Through her various companies, such as Maverick, she built organizations that allowed effective marshalling of resources and capabilities, and quick responses to changes in the competitive environment.

5. **Continuous Renewal.** A key ingredient of Madonna's success has been her ability to renew her popularity again and again. She is known as the ''queen of re-invention'' within industry circles. Compare her abilities in re-invention to many ''one-hit-wonders'' in the music industry, or to performers such as the Rolling Stones who have enjoyed long periods of success, but whose fan-base has aged or remained largely unchanged.

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