

Chapter 1

The Search for Unique Value

Today, everyone is searching for value. *Everyone!* That is the biggest, harshest, most challenging reality of the post-recession era through which we are all now living. Some people are going to Wal-Mart and McDonald's for the very first time. Some are trading down from private jets to first class, from first class to business class, and from business class to economy. Others are choosing not to travel at all. Value is at the forefront of every consumer's mind, at every end of the value chain. Every purchase, every decision, is made with that single idea looming large. This doesn't just mean that people are spending less. It's true that many people are, but what almost everyone is doing is trying to do more with less. In the messy aftermath of global recession, when people do spend money, they will want to feel they have achieved value in doing so. The success or failure of every business at this crucial moment in time depends on understanding this notion of value as never before. Hope is not a strategy. So you'd best have a plan.

Do not, however, fall into the trap of confusing value with price. To do this is to pursue the strategic equivalent of a commercial dead end. Anyone can beat you on price, more or less any time. Price is far too simple to be the lodestar of success or failure. We live in a hyperglobalised world, a world in which labour and intellectual property seem to move at the speed of light. There is, and always will be, someone out there who is able to do what you do, more or less, more cheaply than you can. Manufacturing, and now even services,

flit around the globe endlessly, landing in a cheaper place and then leaving it again as their presence has made it more expensive. Price wars are endless and are likely to be bloody. Once you are sucked into the vortex of competing solely on price, you must realise that you're unlikely to win at all. Most likely, you will end up being a big loser. If you rely entirely on price, you could soon become a commodity. The end result will be that you lose power to control pricing, as you'll be following, not leading. What are the long-term con-

*Hope is not a
strategy*

sequences of this? What will this do to the long-term value of your company? Be honest with yourself – how close are you to having this happen? How can you avoid it?

Price is not the only trap into which the pressures of a recession may lead you. Clearly, everyone reading this book will have been focused on cutting costs, even cutting staff, as a result of this recession. It's likely that you have been looking at all expenditures and thinking in cold, hard terms about how essential they really are, and what the impact of doing without them would be. Your budgets for the year ahead are probably displaying a distinctly downward trend. Yet, in addition to the threat of becoming a commodity, there is another, perhaps even greater, problem linked to cutting costs. How do you cut costs without cutting your own throat? The demands of your customers are increasing, not decreasing,

as a result of the recession. Cutting back and sitting tight is not an easy way out.

Please don't think, either, that having a superior product will give you enough value to stay safe. As a competitive strategy, great products may not be as deadly simple as low prices, but they are nearly as replicable. If you decide to rely on your product, at the expense of price and relationships, you are likely to see all your hard work overtaken and your unique advantage disappear within a matter of months, if not weeks. The global marketplace is littered with the wreckage of businesses which fell victim to 'second mover advantage'. Companies who relied heavily on their products and forgot that others out there were able to take advantage of their research and development, without the costs, were never able to recover from this. Look at Atari. They were first to market with a gaming machine. Hot on their heels, however, followed Nintendo. Today, decades later, with the Wii, Nintendo has dominated and changed the face of computer games. Who's got an Atari now? With a truly great product, it's easy to win in the short term. The best products create new markets, or new standards in existing markets. But almost as soon as they arrive, they can be, indeed they will be, imitated. No successful company is able to compete on product alone.

To compete solely on product, cost, or price in the post-recession era is to build your house on sand. What marks out the companies that have succeeded in the recent past, a trend which will only intensify in a more difficult future, is that

they possess that genuine commercial gold dust: *Unique Value*. This is value which cannot be copied or imitated, as easily, if ever, by any competitor. This Unique Value resides in the relationship that you have with your customers, and they with you. These customer relationships, the personal one-to-one interactions that people have with your company, built up over time and based on trust, have a truly immense impact on their brand loyalty – and, ultimately, on your bottom line. These relationships are not like one-night stands. They exist over long periods of time. They go beyond any loyalty card or scheme which, as we’ve discussed earlier, have now themselves become a commodity. In a service economy, long-term, one-to-one relationships are the only thing that you can aspire to do better than the next person. Such relationships will be the dominant factor determining success in the post-recession era. They not only create Unique Value, they create Value for Life. That is the core premise of this book.

Unique Value cannot be easily quantified, but it must be understood. Unique Value consists of understanding, not just guessing, what your customers want, and then consistently giving it to them better than they could ever have known they wanted it. The mission of this book is to help you identify where the Unique Value is in your company.

Here’s an interesting thought experiment, which illuminates quite well the importance of Unique Value and where it lies. If, God forbid, you went under a bus tomorrow, you probably know exactly who would care: your partner, your

friends, your parents, your kids, your neighbours. In your personal relationships, it's almost certainly a lot easier. But what if your company went under the same bus? Imagine that your business disappeared overnight. Plenty have in recent years, and many more are likely to in the years to come. Who would really miss it? Who would come to your corporate funeral? Your customers, your supplier, your competitors? Why would they be there?

The premise of this book is that corporate success is founded on relationships that are just as deep and take just as much work as the ones in your personal life. This is a kind of corporate version of the film *It's a Wonderful Life*. Would your customers really feel that you were irreplaceable in their lives? Would your suppliers think they had lost a company which they really enjoyed trading with? Would your employees feel that they had lost not just a job, but also the chance to be part of something really special, something that made a difference? Would the media bemoan the loss of a company that had made your particular industry just that bit more interesting or exciting? Think hard about this; even ask the people around you. Once you have isolated the people who would care if your company ceased to exist, and the reasons why they would care, you've found the nub of what really makes what you do special: your Unique Value and the relationships that make it what it is. Once you've got this Unique Value in your sights, you must grab hold of it and keep it there. That value is the heart of the revolution.

At this point, it's worth pausing briefly to think in a little more depth about that elusive notion: *what customers want*. My exposure to business audiences all over the world has allowed me the rare, precious opportunity to be introduced to the nuances of customer demands at many levels, in many cultures. I speak to private and public sector audiences alike, at the very highest level of both commercial success and government influence, and as I've said before, we can substitute the word citizen for customer at almost any point in this book. As a speaker, what I try to do for my audiences is connect the dots on my personal radar screen, and depict the trends that are already under way, making real the possible impact on their businesses and individual careers.

In today's world of faster communication, longer working hours, unparalleled choice and seemingly infinite demands, one thing is crystal clear to me: everyone wants their life to be simplified. In almost every speech I've given, there is one particular interactive moment that perfectly demonstrates this point. I ask the audience, whether it's 100 or 1000 people, to raise their hand if they agree with the statement that follows. This statement is: 'I want my life to be more complicated'. Can I tell you, not one person, ever, in any audience, anywhere round the world, has ever raised their hand to say they agree. If you were to gather a roomful of your very best customers, and ask them the same question, I predict to you that not one would raise their hand. In this day and age, your

mantra should be: *keep it simple*. Do not, ever again, in your entire career, introduce a customer service proposition that will complicate the life of even one single customer. Innovation is not about complexity, it is about giving your customers exactly what they want: a life less complicated.

If simplicity is at the top of the list of what customers want, right behind it is speed. Customers want your products or your services, not at the speed of *light*, but at the speed of *life*, their life, taking into account what they want as individuals. Think of it this way: if you are reading this book, you probably belong to a generation which can remember what it was like to use the very first

computers. Casting your mind back, you probably remember what it was like to sit patiently while the disc, or even tape, which carried one basic

*Who would come
to your corporate
funeral?*

programme, took hours to load onto your machine. Fast forward a few years, you can probably remember your first internet connection. You would wait several minutes for the dial-up connection to load, and then several more minutes each time you wanted to navigate between pages. Today, in a broadband, Wi-Fi world, information zips around at the speed of light, we live in a time where everything online is instantaneous. Modern life is getting faster and faster and faster. Like you, your customers want products and services that give them what they want *now*.

The identification of Unique Value is your quest: pinpointing where it is, growing it, nurturing it, protecting it, sustaining it, helping everyone who works with you and for you to focus on it. Building the Common Purpose of your organisation around it, with service and products based on simplicity, speed, agility, transparency, honesty. Brand value based on under-promising and over-delivering. Brand value based on small kindnesses. Relationships which are not one-night-stands, which instead grow richer over time, where trust is built, earned and maintained, which provide Unique Value – Value for Life.

Let's take as an example a company which has created and sustained Unique Value through relationships perhaps better than any other in the current era: Apple. Right from the start, Apple has done something truly remarkable: it has made everyone who owned an Apple computer feel special and different, just that bit better. It's made them feel that they, wherever they are in the world, whoever they are, have a direct and powerful relationship with the company and the brand. Apple competes partly on products: it innovates enormously, takes risks and produces the most beautiful, desirable and user-friendly versions of key technological innovations. Apple never competes on price. It knows that it has established a place in the market where it sets the market price for each new product. Its competitors can take the lead from this, follow it or undercut it. The beauty of Apple is that it doesn't care. Apple's relationship with its customers allows

it to operate in the market in this way. Beautiful, avant garde objects confer status and excitement on their owners. They also make life better, simpler and faster. People now trust Apple implicitly to do this. In 2008, *Fortune* magazine named Apple the most admired company in the United States, and in 2009 it became the most admired company in the world. Apple reputedly has the highest brand and re-purchase loyalty in the entire computing industry. This admiration, this customer devotion, is Apple's Unique Value.

Every year, at the Moscone Center in San Francisco, California, thousands of bloggers, journalists and tech geeks gather to hear Steve Jobs' latest announcement. With bated breath, these people hang on Jobs' every word; they are desperate to know what Apple has to say. Journalists all over the world eagerly hold front pages in anticipation of the launch of any new product, an event which is invariably shrouded in secrecy. Apple's product launches are meticulously planned: the product is in perfect working order, the stock is often already shipped to outlets across the world, and the sense of theatre is dramatic, especially when Jobs utters the magic words 'And just one more thing...', a moment which commentators have come to characterise fondly as the 'Steve-note'. People flock to these events partly because they feel that Apple's new products will guide the future of the tech world for many years to come. Yet it's more than that. They feel that by being there, by seeing Steve Jobs garbed in his black turtle neck and jeans, clutching the latest must-have product, they

are establishing and reinvesting in their unique and special relationship with the company.

Of course, Apple's history as a company which creates Unique Value goes far back to the days of the launch of the Macintosh, and the infamous '1984' advert in the middle of the Superbowl, the yearly football extravaganza in America. Apple has always seen itself, and created its customer relationships, on the basis that it is groundbreaking and astonishing. Famously, Apple computers attract a different kind of user: educated, elite, creative. Apples have long been the chosen computers of designers and people who love not just what computers can do, but also how they look. Users of Apple

Everyone wants their life to be simplified computers are perfectionists; they want the best. As a company, Apple has been extraordinarily adept at creating and reinforcing this virtuous cycle of

Unique Value through its customer relationships.

Most recently, however, Apple's flair for creating, building and maintaining Unique Value through relationships is perhaps best demonstrated by the launch and unparalleled success of Apple Stores across the world. Like the product launches, Apple Store openings are so highly anticipated that for the company's most dedicated users attending them can have the air of a pilgrimage. When New York City's Fifth Avenue 'Cube' Apple Store opened, the line stretched back half a mile. At Tokyo's Ginza store opening, thousands

of people queued round eight blocks. This is the kind of customer relationship which almost every other business in the world could only dream of.

When Apple launched its stores, however, it was a much derided commercial decision. Retail was generally assumed to be in decline, the internet was booming and the heyday of the high street was thought to be a thing of the past. So what made Apple buck the trend? Quite simply, the fact that the entire store as an experience was constructed around the Unique Value which the Apple brand has to offer, and using the stores as a physical space to build relationships with the customer. Most computer stores are grey, dull places. They are places where most consumers take a deep breath, get what they came for and leave as soon as possible. Apple's stores are dramatically different. Bright, white and welcoming, they feel like a benevolent science fiction vision of the future. Every product is on display and can be touched and played with for hours on end. Perhaps Apple's greatest stroke of genius has been the 'Genius Bars' themselves. In each store, experts help users with technical problems. They do this without charge, and without overtly trying to sell anything in the process. It may seem counterintuitive to give so much away. Yet Apple has understood brilliantly that, by doing this, they establish and reinforce the relationship of trust, of friendship, of helpfulness, quite simply of Unique Value, which makes being an Apple user feel like something

special and desirable, something which makes life better and simpler.

Apple's understanding of Value for Life goes far beyond just computer products. What made the iPod so extraordinarily successful was the fact that it gave customers exactly what they wanted before they even knew they wanted it. Of course, there were other MP3 players on the market, and many more being developed, before Apple launched the iPod. What made the iPod different, and so desirable, was that existing MP3s tended to be black, clunky-looking and off-putting to all but the most dedicated music fans and tech enthusiasts. Focus groups didn't necessarily say that people wanted the advantages of MP3s – all their music collection, portable and instant – in a beautiful, user-friendly package. What Apple did was to give people this before they even knew they wanted it. To boot, the iPod arrived on the market at a point in time when people were confused about how to access music online legally. By developing the iTunes store, Apple was able to capitalise on this. iTunes offered real 'Value for Life' by making the product easier to use, faster, simpler, and less complex. Not only could you carry all your music around with you for the first time ever. Not only did doing this make you look cool and design-conscious. Now, you could get any music, new or old, perfectly compatible for the iPod, in a matter of seconds. This is genuine 'Value for Life'. iPods, and later iPhones, are expensive items for most consumers. But that's never been the point. Their value isn't defined by

their price, but by the value they offer, their beauty, their iconic packaging, and the coolness they convey on their users, and the relationship that Apple sustains through image and service. Apple understands implicitly that Unique Value is a moving target and that the value it creates through its one-to-one relationships takes much hard work to sustain. What it has done, and done very well indeed, is create and redefine Value for Life for an entire new generation.

Let's briefly return to the concept of Unique Value as defined by simplicity and speed. In the past decade, one company has uniquely altered our perceptions of both these aspects of consumer life, and that company is, of course, Google. Remarkably, you don't even pay for Google – not directly at least – but its value to users in almost every part of the world is so great because it gives them that most precious thing: any information they want, when they want it, in a simple format and with great speed. This is priceless.

A generation ago, it would have been unthinkable that you could have put down this book, typed a word or two into your computer, and then found out, in less than a second or two, exactly what you needed to know about almost any topic under the sun. Now try to imagine, however, what would happen if Google ceased to exist. Of course, there are other search engines out there, but you probably don't feel as strongly about them as you do about Google; they seem less trustworthy, simple, fast and reliable. If you're reading this book in Europe, there's a 90% chance that you use Google

for almost all your online searches. Without Google, how would you do your job? How would you book your next holiday? How would you find out if there are any good restaurants in the area? How would your kids study and do their homework? The world without Google almost certainly seems like a much more confusing, less navigable place.

Google defines its Unique Value very simply as ‘search’. This strong sense of definition is what allows Google to expand endlessly and with such great ease, whilst maintaining its billions of unique, one-to-one relationships with customers on every continent. Ironically, Google’s genius insight came from understanding relationships better than any of its competitors. Not relationships with its customers (at this stage at least), but relationships between websites, using these as a more reliable way of ranking pages in a search than the existing model of just ranking pages according to the number of times a search term appeared on each page. That is a true Relationship Revolution. What the first group of Google users liked, and what drew others to it through word-of-mouth recommendation, was exactly its simplicity – whilst other search engine pages bombarded you with everything from the weather to celebrity gossip, Google was (and still can be) just a clean white page with a box on it, into which you can type your question, and wait a few milliseconds until another clean page appears, ranking your answers; speed and simplicity at their best. This is Unique Value. This is Value for Life.

As Google has expanded the range of services and products it offers, by keeping that simple idea of search at the heart of everything, it has been able to maintain and expand customer relationships. Google Earth has mapped out more or less the entire planet, but this is defined through searchability. Similarly, what makes Gmail so appealing to its many users is its searchability and manageability. Google Page View aims to make the printed word as simple and searchable as it made the web. The reason for Google's success is that every single one of these things makes your life, as Google's customer, a little bit easier to organise. You may feel that the world is too complex, that there's too much choice and information. Google cuts out all that and usually takes you to exactly what you want to find. In an interview with the UK edition of *WIRED* magazine in 2009, Eric Schmidt, the company's CEO makes this very clear:

Can you provide a clear, defiant and ambitious definition of the Unique Value of your business?

'The first question is, do you think search is a solved problem? And we do not. We think there are many, many things that can be done to improve search. Would you like to be able to say to Google "What should I do tomorrow?" or "Where are my car keys?" We're just at the beginning of answering the really hard questions... These are very, very hard problems, and search is the way to access these.'

This is an enviable understanding of the company's Unique Value, and the possibilities which this Unique Value provides for its customers.

Your searches, of course, don't provide Google directly with its income stream, 99% of which comes from advertising. And yet, for advertisers too, Google does exactly the same thing. With so many consumers out there and so much advertising spend wasted, Google lets advertisers target their products at people who've already said they're interested. At both ends of the value chain, then, Google has reached its unparalleled level of web dominance by providing the same kind of Unique Value.

Interestingly, both these companies, Apple and Google, have very similar origins, albeit several decades apart. Both companies were started by enthusiasts with limited resources. Steve Jobs at Apple, and Larry Page and Sergey Brin at Google, started out with limited resources, building their products as much if not more because they wanted to as for commercial gain. Because they wanted these products so badly, they understood why their customers would want them, they could see with great clarity where their Unique Value lay and took enormous leaps of faith to provide this. Of course, it's not just that simple. If Apple and Google hadn't been able to sustain such Unique Value over years, even decades; if they hadn't surrounded themselves with like-minded people who could see and believe in their Unique Value like

they did, they would be light years away from the lauded companies they are now.

Could you provide as clear, as defiant, as ambitious a definition of your Unique Value as Eric Schmidt did in the above quote about Google? Do you and the people who work with you and for you really understand the Unique Value in your company in such fantastic, provocative terms? Do you really understand how to deliver on that Unique Value? How to protect it? How to nourish it? How to maintain it? Relationships are very fragile things. They are not a commodity. They are unique. To your business, they are uniquely valuable.

Today, more than ever before, failure to understand the Unique Value that you create through relationships is perilous in the extreme. In the post-recession era, customers are demanding value with every single transaction. Picasso once said, 'Bad artists copy, and great artists steal.' I openly invite you to steal ideas from this book and share them with all of your colleagues, to help focus your entire enterprise on building customer relationships to last a lifetime, together creating Unique Value – Value for Life.

