

Competitive Frame

When I started Henry Rak Consulting Partners ten years ago, I felt that many companies had lost their way in terms of how to grow their businesses organically. IRI and Nielsen numbers, showing that 95 percent of new products fail, underscored this.

At a lot of companies, the approach to growing the business is through acquisitions instead of organic growth. Profit growth is basically generated by overhead reduction.

I came from the old General Foods school of thought, where I had been for nearly 30 years. I believed that volume-driven earnings growth needed to be the objective. I had also experienced different approaches to creating a systematic way of growing one's business.

I thought there was a way of putting together different constructs and ideas that could be the kernel of a way of doing things quite differently than the way I saw them being done in most companies.

The big idea was to identify a strategic way to approach organic growth. The ultimate goal was to get to volume-driven earnings growth. To accomplish that, I thought one of the most critical constructs was the notion of "competitive frame."

A lot of people were guessing at their competitive frame, or not dealing with the issue directly. They were just implicitly thinking about it. Or, they were using the segments that Nielsen and IRI had built into their

syndicated data and assuming that those were correct.

My belief was that the competitive frame was central to growing the business. You had to know exactly who to take business from, and who should be viewed as complementary to your business. That's not to ignore the strategic use of attitudinal, benefit and need-states information and so forth, but I felt we needed to answer the question of *why* after we address the question of *what*.

The first question we address is, what are

consumers doing? In other words, we focus on behavior first, because behavior aligns with volume. If you know what consumers are doing, and if you increase the share of their requirements met by your brand or get more household penetration, that will drive volume growth. Segmentation studies and identifying need-states are important, but they need to be looked at within the context of consumer behavior.

Beyond that, I felt there were ways of identifying what the growth strategy was worth by linking the recommendation to volume and profit goals. Our basic notion was that we

were in business not to give people interesting ideas, thoughts or insights, but rather to motivate them to activate our strategic recommendation.

For V-8, a Campbell's Soup brand, we used our understanding of the broad behavioral landscape of the beverage world. We combined an understanding of how juices and drinks competed with attitudinal and need-state work. We identified a very powerful positioning for V-8, which you can now see on air.

V-8 is fundamentally about vegetable juice and that's an important component of people's health. It's a nutritious beverage that people should be having



every day. We showed V-8 exactly where they competed and identified a strategy to improve their competitive leverage within the market.

We also identified the basic positioning and strategy behind V-8 V-Fusion and some ways to reignite the Splash business, which is tied to V-8. The taste profile of V-8 is driven by tomato juice and there are people who don't like that. So we said, why not give them vegetable juice that has some fruit in it? V-8 V-Fusion is about another way to get V8's vegetable nutrition benefit with a thinner texture and a variety of flavors.

And lastly, on Splash, we wanted the brand to go back to its original positioning which was a juice drink that had the nutritional value of V-8. Campbell's is now enjoying long-term growth with the brand. These businesses have grown dramatically and very profitably over the last five or six years.

We created a set of values before we started the company. There were basically five of us who started the practice, and we're all old friends. Most of us had worked at General Foods. The values reflected what we thought was going to be important for the company to be successful. We now have 40 people.

A lot of it had to do with putting in the time and effort to do whatever it took to deliver an exceptional end result. It was also about recognizing that all our work had to be collaborative, that none of us individually could do what needed to be done.

It was clear to me that we would need a multi-functional team, and not just research and analytics people. To be successful, marketing and sales people were going to have to be part of the team and we had to work together as a multi-functional team.

So, we have marketing and sales people working closely with research people and analytics people to get the job done. You need all of those skills to get to breakthrough ways of growing the business.

We all have different perspectives and experiences and the idea was to work together to come up with pragmatic—but breakthrough—ideas. We also said that we were going to apply absolutely the best techniques, methodologies and approaches from a professional standpoint.

We would not be trapped in one particular approach or another. And we had enough experience to know and defend what we were doing as best-in-class. We

committed ourselves to advising our clients in a very objective way, to give them the benefit of our best thinking, and to do so even if the client didn't want to hear it.

Clients not only appreciate that, but they also value that. They can count on us to say what needs to be said and say it in a very action-oriented way.

From the beginning, we were a virtual company and we continue to be a virtual company. Our people work out of their houses. There are a lot of good reasons for that, and also some potential pitfalls, but so far we've been able to make it work. We want to continue to work this way.

We just had a leadership meeting and we feel that we have the potential to grow exponentially. We think that there is tremendous growth opportunity both in terms of new verticals, and the consumer packaged-goods space.

Internationally, we haven't even scratched the surface. We have developed best-in-class approaches to pricing, as well as promotion strategy and how to use strategic planning. We help our clients be more effective with their customers, through things like shelving and assortment. So, we're very bullish about our future.

Over the years, we've also developed internal work processes that are much better than the ones that we had at the outset. So, we've learned how to be a better company. We've learned how to build out and communicate an idea in a much more compelling way.

People now understand the importance of competitive frame, which is number one. Number two is they believe that an understanding of the competitive frame can help them grow their business organically, make better decisions and be more profitable.

You need to establish the competitive frame and understand consumer behavior to identify innovation opportunities as well as a strategic positioning that can grow the business organically.

We can make a material difference to a business. We have the best methods and approaches, and what we deliver is pragmatic and yet breakthrough. This gives our clients confidence that they can grow their businesses profitably. ■

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