

Erich Joachimsthaler on his latest book Hidden In Plain Sight



Following the release of his book Hidden in plain sight Erich Joachimsthaler gives us an insight of the book's content.

Question # 1: Why are key opportunities for innovation and growth hidden in plain sight? Do companies even know about this?

Erich Joachimsthaler: In the book, I discuss **four reasons** why opportunities are hidden in plain sight. **First**, is the fact that growing a company requires establishing processes, systems, and procedures. Growth requires that work is divided into divisions or business units which fragments a company's view of the customer. **Second**, are strategic considerations. Company often follow mantra's like: stick to the knitting and therefore continue to invest into a direction that has proven to be right in the past. **Third**, and this is the most important reason is that American companies today live comfortably in the world of either the product perspective or the customer perspective. That is, there is either a mentality of looking at the world from the product perspective or the customer perspective. Both of the perspectives have one central tenet that underlies them. It is the need-fulfilment paradigm. Find a need and fill it. The problem is that this model is not only obsolete, it is generic and geriatric – time to retire it and send it to Florida. We are facing a dilemma in mammoth proportion in America. Companies need to learn and accept that we are in a world of product proliferation where we already have served nearly every need several times over, where there are over 50 varieties of bottled water, over 78 different Lay's chip varieties, over 29 varieties of Pop Tarts and over 20 different milk types – no longer the company is in charge, but the customer. **Fourth**, success begets success. Success also infuses a company with an inside-out perspective. Often times, companies not only don't see the opportunities, they often don't know about them in the first place.

Question # 2: "We are differentiating our products from competitors' offerings, segmenting the marketplace to identify new customers or consumers, growing through mergers and acquisitions, developing brand new products and extending brands, and actively listening to customers or consumers. We have everything in place to be successful." **Is this a fallacy?**

Erich Joachimsthaler: Yes, this is exactly and precisely the problem. These practices are the practices that have worked in the past – they have worked during the years where consumers were in search of products and services, where consumers found the station breaks on TV a form of entertainment. Companies are wrong in thinking that listening to consumers is equal to understanding. The problem of huge proportions that American businesses are facing is the fact that our fundamental paradigm of business, the very essence and foundation of what creates the success for business until today is now in question. You have to abandon the simplistic notion of the need-fulfilment paradigm. The complexities of today's consumers can no longer be measured in terms of a set of attributes, product or brand attributes, that need to be fulfilled or exceeded and that ensures commercial success. You follow this paradigm and you are more likely competing based on features in commodity hell than building a profitable growth business. We have got to retire the outdated notions that the need-fulfilment paradigm serves any useful purpose today in

the day and age where over 95 percent of all new products fail within the first year. You have also got to retire the basic notion that consumers can tell you what they want. I am of the opinion that consumers can not know what they have not experienced. It is important that we are not consumer-led, not marketing-led and not product or technology led – we have got to find a new approach to growth which is described in my book.

Question # 3: One of the successful companies you mention in your book is BMW. A part of their success seems to be the creation of sustainable Customer Advantage. Can you tell us more about it? What could BMW do differently?

Erich Joachimsthaler: The BMW story in the book describes how this company has understood their demand landscape and how it has developed a portfolio of cars ranging from the BMW brand, the MINI brand to the Rolls Royce brand – a premium car manufacturer that sells over a million automobiles! The chapter in the book describes how the company has developed a **strategic blueprint for action**, that captures a relevant part of the ecosystem of demand. In this example, the component of the blueprint described is the company's world-class brand management system. You will learn how the company adopted an entire new model of branding for the MINI than the success model it used for the BMW brand. And hence, they have drawn in different consumers for the MINI brand than for the BMW brands. The chapter illustrates how the DIG model opens up strategic options for building profitable growth that one would not otherwise see from a traditional business as usual perspective. At BMW, the innovation, the breakthrough was not another technology, but the innovation was about the brand management approach and how it created a deeper affiliation and hence customer advantage.

BMW has done a lot of things right and what they can do differently now is never ever forget and be mindful that innovation – even at BMW where innovation has such a strong technology core – goes far beyond its habitual technology domain and into brand management, design, and new business models.