

Chairman's Corner: Prearranging Your Funeral Is a Thoughtful Thing To Do

by Jonathan W. Hensinger, CPCU, ARM, AIS



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At the CPCU Society's Annual Meeting and Seminars in Atlanta, the Total Quality Section Committee produced an educational seminar called "Maximize the Value of Generational Differences in Your Workforce." Our committee had spent the last year developing this seminar. One idea that we had pursued to help promote our seminar

was to give away fortune cookies at the Annual Meeting. These would be no ordinary fortune cookies. Our fortunes would include a catchy "quality"-related quote, and then provide the title, date, and time of our seminar. Our seminar was scheduled for the final day of the Annual Meeting, so we would have three days to give away the promotional cookies in the New Designee Open House and at the Society Expo. It was a clever plan.

We ordered our fortune cookies well in advance of the Annual Meeting, and arranged for them to be delivered to the hotel in Atlanta, where we would pick them up when we arrived. When we finally received our shipment of cookies, it was clear that something had gone wrong at the cookie factory. The cookies we received did not include the fortune message that we requested. As we opened more of the cookies, a theme

emerged. Here are the fortunes that were in our cookies:

- "Preplanning just makes sense."
- "Make it easier for those you love."
- "A carefully planned funeral service can be the most comforting to your family."
- "Prearranging your funeral is a thoughtful thing to do."

Apparently we had received the cookie order intended for a mortician. With no other options, all we could do was laugh. Fortune cookies do not really taste good, so no one wanted to eat them. We realized we were stuck with a box of about 150 fortune cookies that were useless to us. The technical term for this would be "scrap"—a work output that is not used by anyone.

Continued on page 2

What's In This Issue

Chairman's Corner: Prearranging Your Funeral Is a Thoughtful Thing To Do	1
TQ Section Thanks Founding Member Philip B. Weymouth Jr., CPCU	2
Case Study: Continuous Improvement	4
Valuing Generational Differences in the Workplace	6
Marketing and Sales Strategy: Seven Ways to Differentiate Your Product or Company That Make a Difference—To the Customer	10
Quality Web Sites	12

Chairman's Corner

Continued from page 1

We discovered our problem on Saturday. Our seminar was on Tuesday. Getting a replacement order of promotional fortune cookies was not going to be possible. Fortunately, the cookies were not a critical part of our plan. And our show could go on without them. While tragic for our promotional efforts, this story is a wonderful example of how a single flawed step in a long process can completely sabotage efforts to satisfy a customer.

Had the cookie factory had a better process in place for verifying that orders were going to the correct customers, this customer service disaster could have been avoided. Instead, the result is an unhappy customer, the loss of a sale (we're getting our money back), and damage to the manufacturer's reputation (next time we order fortune cookies, we know who **not** to call).

What processes in your operation could cause a customer disaster like this one? You no doubt focus significant professional energy developing yourself and your business. Are you doing enough to make sure your processes are working for you, rather than against you? Check out the rest of this issue for information you can use to help prevent these types of service problems from occurring for your customers. Whether you work in underwriting, claims, or an agency, there is always room for improving your business results. ■

TQ Section Thanks Founding Member Philip B. Weymouth Jr., CPCU

by James R. Jones, CPCU, AIC, ARM, AIS



■ Philip B. Weymouth Jr., CPCU

Editor's Note: Total Quality Section Committee member Jim Jones interviewed Phil Weymouth at the Society's Annual Meeting and Seminars in Atlanta on October 25, 2005.

Philip B. Weymouth Jr., CPCU, one of the founding members of the Total Quality Section, recently left the section committee after his nine-year term limit expired. Phil has been a tremendous supporter of the section and the total quality programs, generously contributing time, money, and influence. Phil personally financed numerous Total Quality Section events, including this year's presentation at the Annual Meeting and Seminars in Atlanta "Maximize the Value of Generational Differences in Your Workforce." The Total Quality Section would not be the success that it has been without Phil's support.

I wanted to share with you Phil's interesting personal history, because it is one that typifies the type of people

from what has been called "the Greatest Generation." People like Phil helped to build the CPCU Society to make it the organization it is today. It is important that we always remember and acknowledge that our own successes have come because we have stood on the shoulders of people like Phil.

Phil Weymouth is principal of Weymouth & Smith Insurance Inc., an independent insurance agency in Wilmington, Delaware. The agency is mainly personal lines but also does aviation insurance, which reflects Phil's interest in planes. He is a licensed pilot and owns his own plane that he flies all over the world. His agency has 11 employees and does \$8 million in premiums annually. Phil is the second generation of insurance producers. His father ran the agency before him beginning in 1933.

Interestingly, Phil did not initially follow in his father's footsteps. He graduated from Yale (like his grandfather, many uncles, brothers, cousins, and son!) with a degree in mechanical engineering. His father was a Harvard graduate. Phil began working for his father in 1952 as an appraiser. Later, after he graduated from Yale, he complained to his father that he wasn't being paid a competitive salary given his academic accomplishments, to which his father responded, "Sorry, but that's all you are worth to me right now." Phil joined the Navy for a four-year stint on destroyers in lieu of the meager wage!

Phil quickly proved his value to his father and embraced the insurance industry through education. He went through an intensive 12-week program at INA. He took CPCU classes from Wharton's program from some of the industry icons such as Clyde Kahler, Bud Criddle, and Adrian Teaf. Phil said he learned as much from the other students in the class as he did from the instructors, and he kept in contact with his fellow students to help him with his business needs.

Phil got his CPCU in 1964. He did admit to failing his second exam. During the exam he became so jittery that he couldn't concentrate, he looked down to discover that he had a heaping pile of cigarette butts, and realized what had happened—he had smoked so many cigarettes he had become completely wired.

■ ***Phil quickly proved his value to his father and embraced the insurance industry through education.***

Today, Phil is still an avid supporter of education. He tells his employees that he will provide them with “all the education they want.” He believes that education is not only a value to his agency but it is the most valuable, portable benefit that an employee can acquire.

Phil came to the Total Quality Section Committee to join the section's founding chairman John G. Pryor, CPCU, a Total Quality devotee. Phil became interested in total quality after he took AIS-25, the Insurance Institute of America's course on quality. The course resonated with him because it addressed some of the problems that he saw in the industry. Problems such as:

- too little planning and too much firefighting
- the importance of customer orientation as opposed to task and technology orientation
- the importance of trust and relationships as well as efficiency
- too much finger-pointing and too many turf battles
- the lack of recognition of the value of each employee and the importance of his or her role in the organization.

The following is a story about Phil that illustrates his commitment to the principles of quality and employee empowerment. Back in 2000, Phil and I drove to Chubb's offices in Warren, New Jersey to meet with the RIMS Committee

looking at quality in the insurance industry. This was following the RIMS scorecard that was based on research by the Katie School, showing significant quality problems in the industry. During the meeting, one of the RIMS Committee members emphasized how important the receptionist is to an agency or company, as she or he was really the voice of the firm that customers knew and trusted. Following that meeting, Phil went back to the office and gave his receptionist a substantial raise.

Phil sees that some of the problems in the industry are:

- a lack of talented professionals who are true students of the industry
- a narrow focus on technology's role in reducing expenses even to the detriment of increasing effectiveness of service
- too much of a short-run focus over long-run results
- over-specialization, which has led to silos that keep people from understanding the big picture and how everything fits together

He sees the role of the CPCU Society as one that knocks down silos, addressing big industry issues, and providing for relevant, flexible education and information to its members.

Now at 70, Phil is still an energetic and enthusiastic contributor to the CPCU Society. He is a new member on the Society's Personal Lines Section Committee. We wish Phil success with his new endeavors, and thank him for his many years of service to our committee. ■

Case Study: Continuous Improvement

by Sherry Parker, CPCU, CLU, AIS



■ **Sherry Parker, CPCU, CLU, AIS,** is a commercial underwriting section manager for State Farm Insurance in Bakersfield, CA. Her insurance background includes auto/fire claims and personal lines fire. Her most recent responsibilities include acting as a process manager for fire operations in California with the responsibility of assisting the zone with efforts to embrace and build capacity around continuous improvement. She has done extensive reading in this area, is a member of ASQ, GOAL/QPC, and APQC.

Six sigma, LEAN, total quality management (TQM), process design, process redesign—these are just some of the words used to describe the process a company might go through to review its structure and processes.

The term that pulls these concepts under a common umbrella is continuous improvement. The theory being that you are never done, that it needs focused effort, and that whatever might be changed or considered to change must have an improvement in the structure or process leading to an improved customer experience. It includes operational environment issues, end-to-end process reviews, and engagement of employees at all levels.

In the past couple of years, like many organizations, we have undergone consolidation of locations, lost key employee knowledge, and experienced increased business growth. We must also contend with technology that does not always keep pace with our changing environment and a need to reduce the bottom-line cost to our customers.

Our ongoing solution is to create an environment with employees at all levels that thrive on change, and look for ways to do things differently. A simple quote from Henry Ford puts it bluntly: “Everything can always be done better than it is being done.”

Key components of our continuous improvement work are:

Compelling Business Case: Initial action comes from perceived need. Urgency comes from a compelling business case. Lack of urgency occurs from not first developing and being able to explain to employees at all levels the “why” behind the efforts that will be added to their already full schedules. The compelling business case can affect the urgency needed to move quickly and have sustainable progress. Finally, the compelling business case is necessary to obtain the needed employee resources to develop the solution.

Customer Focus: Without a focus on improving the customer experience, any process review or continuous improvement effort will be ineffective. One way to maintain this focus is a series of three simple questions when exploring specific portions of any process or structure.

1. Does this step add value?
2. Does this step move the process forward?
3. Would our customer be willing to pay for this?

If you are able to answer “yes” to all three questions, this step should likely remain in the process. If you answer “no” to two or certainly all three questions, it is likely this step could and should be removed from the process with no negative impact on the customer experience.

Employee Engagement: As we did our work, we quickly learned an important truth. Success is dependent on employee engagement in the work. Management does not have the real-life knowledge needed to determine the best way to do the work. In any quickly changing environment, those closest to the actual work are the most knowledgeable about what the current process is and how to “fix” it. In fact, once you are able to convince this critical group their ideas will be acted upon and that they do have the ability to influence the outcomes, the possibilities are endless. One consequence of not involving those closest to the work process is the lack of support for the final initiatives.

Education: Education of the person sponsoring the work, management at various levels, and employees in the department is very important. Education on common terms and concepts such as “systems thinking,” “end-to-end process,” and “process improvement” are important for building a common language. In addition, training on the various tools—Visio, Excel, and PowerPoint to name just a few available for this type of work—are



beneficial if your goal is to move toward perpetual continuous improvement concepts. In our department, our goal is that we will no longer need a second-line manager whose sole efforts are focused on the work. Rather, we are evolving to employees responsible for processes and their review at various levels in our department.

Resources for this type of education are plentiful: American Society for Quality (ASQ), American Productivity & Quality Center (APQC), and In2In Thinking are just a few of the resources in this area.

Ideas: For work to begin, you must first have ideas of where to begin. As we began our work in our commercial fire underwriting area, we used a process we called “opportunity mining.” This process involved a brief educational session followed by a management-facilitated “brainstorming” process. First, small groups brainstormed about all the things that were making it difficult to get their job done and what could be “fixed” in our area. But, it didn’t stop there. Instead, we followed a template that considered:

1. What can we do to improve in this area?
2. What would it look like?

3. How do you know this is needed and would make a difference?
4. What factors must occur for this improvement idea to be successful?
5. Who are the “stakeholders” in this idea?
6. How are the “stakeholders” affected or needed?
7. What is the anticipated impact?
8. How did you determine the impact?
9. How will we measure to determine success?

As we have progressed in our efforts, we now use a web-based process to gather new ideas. This format walks the employee through the same type of questions.

Willingness to take it all apart: Of course, before a department can even begin to contemplate embarking on a continuous improvement effort, it is essential there is a true willingness to take it all apart and put it back together in a new and better way. If there is no stomach for challenging the status quo, then you must reconsider your approach. On the surface, this sounds like a concept everyone would agree is essential for success in business. However, to use an

old cliché, this is “easier said than done.” Until you have pushed to the edge, you will not know where the work will take you. The key is this: you and the area you are working with must be ready and willing to go where the work takes you. A common statement for me to make in either brainstorming sessions, end-to-end review sessions, or in conversations with idea generators is “we won’t know what will happen until we try. But, if we don’t try—imagine the opportunity we might be missing.”

Metrics: It is a challenge to determine what to measure. Moreover, for each organization, the metrics used might be different to measure the overall success. Some metrics to consider include:

- Cost per transaction: measured by how long the transaction takes and the average salary of the person performing the transaction.
- Percentage of defects: measured by the number of errors (defects) per a set number of transactions.
- Productivity: increases or decreases are measured by the number of transactions completed in a period of time by a given group of employees.

Once you have defined which metrics to track, you should determine benchmarks and the improvement target. Knowing the two ends of the continuum allows the group to observe the impact of various process reviews and changes on results.

Tips to Remember

For the past two years, one of my key responsibilities has been continuous improvement efforts. Recently, I moved back to more operational responsibilities with the continuous improvement efforts shifting to more of a sponsorship and coaching role. Along the way, I had the opportunity to learn many lessons. Three, for me, are crucial.

- Build your knowledge about process work in general.

Continued on page 6

Case Study: Continuous Improvement

Continued from page 5

- Learn how to use and teach the tools to others.
- Share the information often, taking advantage of moments for learning.
- Have conversations with leadership of the particular area early and often.
 - Obtain agreements on the scope of your work and the resources allocated for the work.
 - Share what is being worked on—successes and failures.
- Remember that success takes time.
 - Some of the work we began two years ago is just now showing benefits.
 - Structure changes do not show positive results in six months—these type of changes take anywhere from 18 to 24 months to show improvement.
 - It takes time for people to be comfortable with change and these ideas.

So—Why bother? This is hard work—with a long wait for business results.

There are a few key reasons why it is important to do this work. Some of them (for example, enhancing our customers' experience), are obvious. The less obvious are those I suggest are the most critical reasons to consider moving forward.

- Engaging employees at all levels in this type of work is one step in evolving your culture to one of perpetual renewal and improvement.
- It is not as difficult as you might think to do process work. As I have been known to say in process sessions, "we are not building rockets into space."
- It is fun! Continuous improvement efforts and process design are energizing. I have never done any type of work that is at the same time exhausting and exhilarating. So, go for it! ■

Valuing Generational Differences in the Workplace

by Kimberly A. Sterling, CPCU, CLU

Industry professionals who gathered at the CPCU Society's Annual Meeting and Seminars in Atlanta had the opportunity to attend a unique seminar developed by the Total Quality Section. The seminar was opened with the following statement: "The greatest challenge facing industry professionals today is not the unpredictability of natural disasters or the changes in technology and regulations, but rather the changing demographics of the workforce with respect to the diversity of generations within the workplace." **James R. Jones, CPCU, AIC, ARM, AIS**, director of the Katie School of Insurance and Financial Services at Illinois State University, was referring to the growing number of baby boomers (born between 1946 and 1964) working alongside Generation Xers (born between 1965 and 1989) in today's companies.

In 2006, the first baby boomers will turn 60. This group currently represents a population of 61.5 million people or 42 percent of our workforce. As they begin to transition out of the workplace, the industry will be charged with replacing their lost skills, knowledge, and relationships they have developed over decades. Jones noted, "I think we

are about ready to get smacked by the realization of that old cliché that 'our people are our most valuable assets.' Those assets leave the building each evening under no legal obligation to return those assets the next day."

Over the next few years, companies will be hiring, developing, and promoting the next generation to fill the baby boomers' spots. Some already have. But companies are finding out that they will need to be more flexible and creative in attracting and retaining this new generation. Generation Xers represent a population of 75 million people (51 percent of the workforce) and their motivations are vastly different from those of baby boomers.

So as this multi-generational culture quickly develops in our workplace, what kinds of dynamics will this create for companies? To help us answer this question, we asked **Linda Wingate**, founder of Wingate Consulting, and **Chris DiDomizio**, assistant vice president of recruiting and staffing of the ACE Group, to share with us their insights on understanding these generational differences. Through their experience and research, they helped us identify



Table 1

Baby Boomers		
Employer Myths	Facts	Tips to Overcome Myths
<p>1. You are a workaholic! You invented the 60-hour work week.</p> <ul style="list-style-type: none"> • Create your own rules • Stressed and overburdened • Are loyal but complain • Pursued own gratification at colleagues' expense 	<p>You are hard working!</p> <ul style="list-style-type: none"> • Optimistic and collaborative • Concerned about bringing heart and humanity to office • Paid your dues and climbed the ladder under old rules • Pride yourself on ability to survive "sink or swim" management 	<ul style="list-style-type: none"> • Use well-honed political and rapport skills to help make organization change happen for common good. • Build a work/life balance for yourself and encourage others to do the same. • Recognize the different motivations the new generations find important.
<p>2. You are digging in your heels and resisting changes in the world of work.</p> <ul style="list-style-type: none"> • Stuck in the "protest" and "causes" mindset • Question the abilities and values of new generations entering workforce • Have difficulty reporting to someone younger 	<p>You are not resisting change!</p> <ul style="list-style-type: none"> • Most are adjusting to the requirements of flexibility, technoliteracy, and entrepreneurial thinking • You are the original "change agents" • Have caught on to the "free-agent" mindset • Will make life hell if you are being mismanaged 	<ul style="list-style-type: none"> • Take on the change agent challenge—"I am going to work to make a difference." • Build relationships with younger workers to learn about their motivations. • Think like a free agent—"I must fend for myself as there is no such thing as job security anymore."
<p>3. You think you are the star of the show.</p> <ul style="list-style-type: none"> • Self-indulgent and arrogant • Need work that makes you look good • Very political • Extremely idealistic and over-indulgent in fairness • Have a hard time practicing management style you profess 	<p>You are not the stars, but the facilitators of learning!</p> <ul style="list-style-type: none"> • Genuinely passionate and concerned about spirit and participation in workplace • Jump at the chance to achieve important results • Have searched your souls • Have always been cool! 	<ul style="list-style-type: none"> • Display an ability to connect experience to training others. • Become a mentor/coach to younger workers. • Demonstrate you enjoy working on teams. • Find projects where you can excel and set in motion your legacy/track record.

the characteristics of each generation, and they dispelled some of the myths surrounding these generations and provided tips on how to overcome these myths in the workplace. Here is what they shared with us.

Baby Boomers— Who Are You?

Baby boomers entered the markets decades ago, and have watched it become unstable in recent years due to globalization and the impact of China. They were raised primarily in single-income families and have dual income

marriages today. Most have suffered the loss of heroes such as John F. Kennedy and Martin Luther King, and they are known for igniting the civil rights movement. Baby boomers are noted for having a "change the world attitude," and their generation represents "causes." In the workplace, they are looking for security and respect, and they want others to know they are making a difference. As they grow older, they want to do something meaningful before they retire, so flexible time and health care options are extremely important to them.

Continued on page 8



Valuing Generational Differences in the Workplace

Continued from page 7

Table 1 shows some common myths about baby boomers and the facts that dispel them.

Generation Xers— Who Are You?

Generation Xers are noted for celebrating diversity, and they are optimistic about their ability to succeed. They are inventive, think of processes differently, and embrace technology. In addition, Xers are known to have a “killer” lifestyle—embracing extreme sports. In addition to valuing their family,



Table 2

Generation Xers		
Employer Myths	Facts	Tips to Overcome Myths
<p>1. You are slackers, lacking career drive and ambition.</p> <ul style="list-style-type: none"> • Can be cynical • Can be elitist • Can job hop • Overvalue impressions of colleagues only one to two years older • Overly demanding about training, time off, free time 	<p>You are NOT slackers!</p> <ul style="list-style-type: none"> • You expect no guarantees from your employers • Will change jobs to expand your skill base • Motivated by money • Highly self-sufficient and outcome-based • Are among the most successful entrepreneurs 	<ul style="list-style-type: none"> • Assess corporate realities of where you are. • Understand and embrace the different motivations. • Respect professional mentors. • Look for role to provide strategic/production value. • Understand a career is a marathon—not a sprint.
<p>2. You are poorly suited to face today's career realities.</p> <ul style="list-style-type: none"> • Comprised of silver spoons • Lived on parents' finances • Cynical about management's abilities • Don't value membership • Can't deliver because of selfishness 	<p>You are not poorly suited!</p> <ul style="list-style-type: none"> • Possess a high degree of technical knowledge • Can multi-task • Can embrace change • Highly emotionally suited to pace of today's world • Seek to balance work, friends, and family 	<ul style="list-style-type: none"> • Work like you need money • Seek to understand your role in company's broader business context • Build a personal board of directors • Embrace work/life as a balance, not a competition
<p>3. You have little influence in the workplace</p> <ul style="list-style-type: none"> • Demand substantial education and training • Need “cool” and “compelling” work • Have short attention spans • Intolerant of management 	<p>You have a lot of influence!</p> <ul style="list-style-type: none"> • Are highly educated • Have real-world exposure and experience • Seek knowledge • Receive information in “sound bytes” • Appreciate mentorship over management 	<ul style="list-style-type: none"> • Display ability to connect education and training with company priorities. • Look for the value of learning in all assignments. • Do a “deep dive” on compelling information. • Form multiple mentor relationships at work/home.

friends are as equally important to Xers. In the workplace, they are looking for immediate and ongoing feedback. It is not enough for managers to meet with these employees once a year on their performance. Xers are constantly building their skill sets and looking for a team to work on. They have the ability to provide process improvement ideas, and they embrace activities outside of work. Similar to baby boomers, they want a sense of belonging. Table 2 shows some common myths around generation Xers and the facts that dispel them.

Building Intergenerational Teams

Having this knowledge can help companies navigate through the multi-generational cultures arising within their organizations. But Wingate and DiDomizio caution us:

None of the requirements for today's workforce are driven by the needs and expectations of one generation. Instead, they are driven by the realities of the new economy, which is fast-paced, unpredictable, high-tech, global, and fiercely competitive. That is the environment in which people of all generations must work together. Making that clear to every person of every age is the critical first step toward a workplace where age diversity is a strength instead of a potential weakness.

And the key to all of this continues to be effective communication. Every member of the team must know the mission, goals, and business priorities, as well as their specific roles in contributing to those goals. In addition, each team member needs to be committed and to feel a sense of ownership. Once you have this mix, generations will work side by side in a productive environment pushing their companies toward success. ■

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Marketing and Sales Strategy: Seven Ways to Differentiate Your Product or Company That Make a Difference—To the Customer

by John R. Graham

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Differentiation has long been a marketing strategy used to separate one particular company from its competition. Unfortunately, there has been far more interest than action.

Line up 10 of almost any type of business, and one looks just about like the other. Whether they are cars or canned goods, restaurants or reality TV shows, they all seem to become a blur.

There are exceptions, of course. George Foreman Grills and Ben & Jerry's Ice Cream are just two examples. Yet, whether it's Lexus, Infinity, Mercedes, or Jaguar, the appeal is based more on what one's friends or associates drive or the dealership location.

Differentiation works if it's based on what appeals to the customer. At one point, when a half-dozen minivans all seemed to look alike, Chrysler held an edge because of its commitment to cup holders.

So, what should you be doing to differentiate your company from the competition?

1. Get inside the customer's head.

The Pontiac Vibe was the vehicle nearest the entrance to the showroom of a Syracuse, NY, Pontiac-GMC dealership. The windshield was covered with assorted stickers and posters. To anyone coming into the showroom, it was just another vehicle on display.

It was also a lost opportunity. With gas prices driving consumers to more fuel-efficient vehicles, there was the Vibe, an all-wheel drive, near-SUV vehicle getting 26 MPG in the city and 31 MPG on the highway. Why wasn't the dealer dramatizing the Vibe's performance for customers?

With the windshield cleaned off and large signs calling attention to the vehicle's promise of high mileage, the Vibe sold in two days—after having been on the floor for weeks.

The difference that differentiates is inside the customer's head. Your job is to find it. In the case of the auto dealer, why not ask, "Is great mileage important to you?" If it is, head for the Vibe.

Greg Brenneman, who flipped Burger King from troubled to successful in short order, states the task clearly, "Focus on giving customers what they want, not what others think they should have." (*Wall Street Journal*, 4/26/05)

2. Create a sense of excitement.

Why do hard-working people with modest incomes and senior citizens with limited financial resources flock to fancy hotels in Las Vegas or gargantuan casinos? Is it the shows? The gambling? Perhaps. But chances are it's really the excitement.

At the opening of the 2,700-room Wynn Las Vegas, the owner said, "This is a level of luxury that has never been reached." Situated on 117 acres, it comes complete with a man-made mountain that includes a breath-taking waterfall, an 18-hole golf course, 22 restaurants, a shopping mall, as well as Maserati and Ferrari dealerships. It's thrilling and exciting, even for a few days. It's not just seeing the Taj Mahal. It's being part of it.

This is the appeal of "reality" TV shows. The sports industry has discovered that excitement of the teams isn't nearly enough to draw high-paying crowds. As admission prices go up, so does the entertainment. That's why it's easy for millions of spectators to drop a couple of hundred bucks or more at a single game.

3. Eliminate doubt.

Doubt is the major hurdle to making a buying decision. If it's purchasing a home, "Will our friends and relatives like it?" If it's a car, "What will our friends say?" If it's a diamond, "Will she think it's big enough?"

Hyundai, the South Korean automaker, overcame serious doubts about its vehicle quality by making enormous improvements in the product and then tacking on a 10-year, 100,000 mile warranty.

Rather than either ignoring or debating the issue, Hyundai took action and stepped up and sent a powerful, unequivocal message to car buyers. Wouldn't it be well if General Motors and Ford took a similar path? If they believe in the quality of their vehicles, why not offer the same warranty as Hyundai and Kia?

4. Create buyer satisfaction. “Did I look long enough?” “Will the color printer solve the problem of getting presentations out fast enough?” “Was this really a good investment?” After-the-fact worries eat away at customer satisfaction and undermine the possibility of getting referrals, just as doubt delays buying decisions.

Too many companies act as if their name, size, or years in business are ringing endorsements. Whether it’s clothing, a cell phone, a car, or a vacation, the key is staying in contact with the customer after the sale. Far too often, this is when the customer feels abandoned and alone. Dissatisfaction translates into complaints over minor matters.

Close, continued contact not only reinforces the wisdom of the buying decision, it helps to create a bond that can minimize possible problems.

5. Give it a name. In other words, make it **yours**. One regional dry cleaner personalizes its off-season clothing care service by calling it Anton’s **Closet**.

It isn’t just an MP3 player, it’s an **iPod**, and it left formidable Sony in the dust. Almost instantly, the name became generic, such as Life Savers, Kleenex, and Blackberry.

No one wants low-priced iced coffee, but premium-priced lattes sell! The name evokes a feeling of something special, a minor luxury. And so we spend \$3.95 to pamper ourselves at two in the afternoon. In the same way, it’s not just a watch; it’s a Rolex.

Names transform the ordinary—the generic—into the extraordinary. Wedding planners report that iPods are one of the most popular gifts for members of a wedding party. Again, not just any MP3 player, but an **iPod**—nothing else will do. The name makes the difference. Give it a name and get the business.

6. Breathe life into the company. How do you give life to Europe’s biggest bank in the United States? Not an easy task, even with enormous resources. Yet, this is exactly what has happened with UBS. A *BusinessWeek* survey revealed that the “You and Us: UBS” campaign rocketed UBS into 45th place of the top 100 brands worldwide. As someone noted, “It came out of nowhere.”

While few people may really know much, if anything, about UBS, the “You and Us: UBS” campaign has created a positive and personal feeling. It has brought the company to life and separated it from the competition.

In the same way, whoever heard of AFLAC before the adorable duck? What’s more valuable than having a warm, positive feeling about an insurance company? That’s differentiation at its best.

7. Practice creative destruction. New York’s famed landmark hostelry, The Plaza Hotel, was on life support for years. The cost of delivering legendary service to the rich and famous became too costly. So the Plaza is transformed into condos for the rich and famous. It’s called creative destruction and it’s driven by market forces. Rather than lamenting the loss of a great old hotel, the customers applaud the new possibilities.

With telecommunications deregulation came the breakup of century-old AT&T and the spawning of a string of Baby Bells. Now, one of the energetic offspring has acquired the parent. It’s creative destruction at work.

Salespeople talk about how “hungry” they are, but studies show most spend little time actually selling or developing new business. Most reach an income comfort level and simply “maintain accounts.” Performance indicates that new accounts are often a low priority.

Salespeople are not alone. Creative destruction applies to people, too.

Business survival, however, demands different values and different performance standards in every area of business.

Creative destruction—whether it be personal performance or the way companies do business—demonstrates a daring, innovating quality that sets companies apart from the competition and attracts customers.

In a word, what’s dangerous is staying the same.

It isn’t just smaller companies that need to learn these seven strategies for differentiation that makes a difference to the **customer**. They apply to Fortune 100 firms, too. GM stayed on course building gas-guzzling SUVs even when gasoline prices skyrocketed, blinded perhaps by their even bigger profit margins on these vehicles. What made Ford think its “new” Ford 500 sedan was anything special? What made Buick think the “new” LaCrosse would attract crowds of new buyers? Customers have cast their ballots by ignoring the car. Why not? It may be quiet inside but it **looks** dull.

What applies to cars, applies to clothing, kitchens, and vacations. If we don’t bring to the party something that sets us apart from all the other parties the customer is invited to, the party is over. ■

Quality Web Sites



The following is a list of some interesting web sites that touch upon the many issues many of us observe in our day-to-day operations.

■ **ISO 10011-1 and Quality Audits**

<http://www.connect.ab.ca/%7Epraxiom/10011-1.htm>

■ **Fast Company's Five Point Guide to Office Politics**

<http://www.fastcompany.com/online/14/politics.html>

■ **50 Problem Solving Strategies with Solutions and Examples**

<http://www.une.edu.au/psychology/staff/malouff/problem.htm>

■ **Terrific Site for Recommendations on How to Hold Effective Meetings**

<http://www.effectivemeetings.com>

■ **A Review of the Communication Process**

<http://www.ais.msstate.edu/AEE/3203/ppslides/Comm&Email>

■ **Social Dilemmas and Ethical Behavior**

<http://www.spectacle.org/496/moral3.html>

■ **Self-Managing Work Teams**

<http://www.arl.org/arl/proceedings/128/manz.html>

■ **Managing Team Conflict**

<http://www.chumans.com/skills3.htm>

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