

“We Have Met the Enemy and He Is Us”

by George F. Brown, Jr.

CoAuthor of *CoDestiny: Overcome Your Growth Challenges by Helping Your Customers Overcome Theirs* (Austin, TX: Greenleaf Book Group Press, © 2010)

In 1970, Walt Kelly had his famous comic strip character Pogo use the phrase “We Have Met the Enemy and He Is Us” in an Earth Day poster. Since then, we’ve seen it applied in diverse settings – from discussions of information overload to the road system to our nation’s challenges in Afghanistan. It is one of the universally applicable truths, and it applies to the most difficult leadership challenges faced in many companies.

Every year, the Conference Board surveys CEOs to rank their most important challenges. In 2010 – and in many earlier years – the challenge on the top of the list was “sustained and steady top-line growth”.

We believe Pogo’s message provides an insight relative to this challenge. “We” aren’t going to provide the answer, at least not the whole answer. The firms that try to address their growth challenges on their own aren’t going to be successful. The firms and leaders that look outside of their walls for solutions are the ones that we will read about in a few years in articles about companies that “get it” and are rewarding their shareholders.

We recently published a book on growth strategy with a simple and explicit message: overcome your growth strategy by helping your customers overcome theirs. The title of the book, *CoDestiny*, reflects that message. And we’ve seen it in practice over and over. Over the years, we’ve interviewed thousands of executives about their suppliers and in the process, asked them to tell us a “success story” involving a supplier. Almost every one of them had a success story ready to share – and most of them had many. None of these success stories involved suppliers that cut their prices by a nickel or figured out how to quit showing up late with deliveries. What they involved were suppliers that helped them to grow their own business – how to reach new customers, how to deliver a superior product, how to move up the “Good-Better-Best” spectrum, how to get to a critical competitive price point by taking costs out of manufacturing or logistics or warranty or some other costly process.

In other words, the success stories involved suppliers that helped their customers grow. They created value – and in the process captured some of it for themselves. The solution is with “them”, not just with “us”.

At a recent off-site meeting with one of our clients, we provided their executive team a short quiz. We gave them the following descriptions of “supplier success stories” by three customers of a supplier in a different industry and asked them to characterize the supplier about which these customers were speaking:

As you know, we’re in an industry defined by short product life cycles. And if the customer looks at our catalog and doesn’t see anything new, it motivates them to look to see if our competitors have leapfrogged us. This supplier came to us with an idea that would allow us to update the product as often as we wanted, reducing to next to nothing the typical time required by our suppliers to adjust to a new release. We are always cited in the surveys for new product innovation and our engineers now can implement a modest upgrade without the organization having to go through hoops to implement it. At this point, [Supplier] gets all of our business.

We all had a lot at stake with this new product and were surprised when a performance issue surfaced. We had two suppliers at this point, and expected [Competing Supplier] to say “What can we do to help?” Instead they said “We recommend you go back to the drawing boards.” This was communicated at upper management levels first, which really caused havoc with our technical team. Money was on the table and careers were at stake – they just didn’t understand the seriousness of what we needed to have done. One of our engineers talked to [Supplier]. It turned out that they had faced a very similar problem with one of their customers in Europe, and they flew in two engineers who spent a month with us and got the problem resolved.

They provided us with one of the great surprises of the year. One day, they brought a team into a meeting, demonstrated a new approach, and showed us how we could eliminate a significant amount of materials – which we were buying from them, by the way – and eliminate two steps in the manufacturing process. It has saved us a lot of money and put them in a great competitive position in terms of costs.

The executive team members at this meeting concluded that the supplier being described was a high technology firm, probably supplying the cell phone or computer market. Their descriptions of this supplier brought forward images of laboratories, teams of scientists and engineers, and a very busy team of patent lawyers.

In fact, the company being described was a packaging supplier, one whose products were, by the company's own description, "pretty darn basic" and their unit costs were measured in cents and fractions of cents. While this packaging firm did own a few patents, by and large, their business would be characterized by most observers as a commodity business. Nonetheless, this company's customers considered this firm to be one that could bring substantial value into their relationships.

There are three approaches to value creation that can form the basis for success in business markets – and it is a firm's customers that can provide the details on these routes to success. First are innovations that make a contribution to merchandising and marketing for the supplier's customer, ones that enable them to gain market share or command premium prices or both. Often, the end customers in such markets are always looking for innovation, "something new," a step-out offering from the manufacturers and their suppliers.

The first success story in the case study fell within this category. The packaging innovation brought by this supplier to its direct customer was a significant contributor to the merchandising strategy for the products involved, helping the firm to establish its position as an innovator, constantly bringing enhancements to their product line. The packaging firm's contributions eliminated one of the firm's barriers to fast product introduction, enabling a near-instant ability to evolve the packaging in concert with the products' evolution.

The second example in case study involved an initiative that helped the supplier's customer resolve "technical" challenges. In every industry, there are important technical challenges facing each supplier's customers. Often, end customer purchase decisions depend upon the manufacturer's success in meeting these technical challenges, which will be among the ways in which the manufacturer differentiates itself from its competition. Technical challenges can involve virtually any dimension – product safety, performance, reliability, shelf life, etc. – that matters to the end customers.

The problem faced by the supplier's customer in the case study was one of leakage, with a host of "bad implications" – significant returns and wastage, end customer dissatisfaction, etc. While the cause of this problem involved a change in the chemistry of the product from its previous generation to the new one, the solution involved a modest change in the packaging materials and filling process that were used. The solution enabled the firm to launch its new product on time and, after a few minor process changes, at the price point that had been targeted.

The third example in the case study involved the concept of "taking costs out of the system" or otherwise improving the processes and competitiveness of the supplier's customers. Often, these types of value contributions are invisible further along the customer chain, only involving process changes, material substitution, or shifts in the roles and boundaries between the supplier and its direct customer. The supplier in this case study, understanding how their customer used its packaging to protect their own product, reengineered their offering to achieve the same level of protection with a simpler packaging solution.

While it's not critical to see your own company and employees as the enemy, it is critical to see your customers as your friends. They are the ones that will define the route to success, by telling your firm what challenges need to be overcome in order to become the subject of success stories. Get your firm to

focus on *CoDestiny* relationships, solving your customers' growth challenges. In the process, you'll find the solutions to your own growth challenges.

George F. Brown, Jr., is CEO and co-founder of Blue Canyon Partners, where his practice allows him to contribute to solving clients' business-to-business growth challenges. Prior to Blue Canyon, Brown held senior leadership roles in a number of organizations, including DRI/McGraw-Hill and ICF Kaiser International, Inc., and served as the Theodore Roosevelt Professor of Economics at the U.S. Naval War College. He has published extensively in academic and business journals and testified frequently before Congress. Brown received his M.S. in Industrial Administration and his Ph.D. in Economics from Carnegie-Mellon University.

Brown's book, *CoDestiny*, is available for purchase at [Amazon.com](https://www.amazon.com), [Barnes and Noble](https://www.barnesandnoble.com) and [Borders](https://www.borders.com) as well other online booksellers.

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