The Rise of the Platform Marketer

Performance Marketing with Google, Facebook, and Twitter, Plus the Latest High-Growth Digital Advertising Platforms
Contents

Foreword     David Williams     vii
Preface      ix
Acknowledgments  xi

Chapter 1  The Age of the Customer  1
Chapter 2  The Ad Tech Ecosystem  21
  Special Contributor: Anudit Vikram
Chapter 3  Introducing the Platform Marketer  39
Chapter 4  Identity Management  51
  Special Contributor: Matthew Mobley
Chapter 5  Audience Management  63
  Special Contributor: Peter Vandre
Chapter 6  The Privacy Paradox  75
Special Contributor: Bennie Smith

Chapter 7  Media Optimization  99
Special Contributor: Megan Pagliuca

Chapter 8  Channel Optimization  117
Special Contributor: Zimm Zimmermann

Chapter 9  Experience Design and Creation  133
Special Contributors: Patrick Collins and Kevin Walsh

Chapter 10 Audience Platform Utilization  151
Special Contributor: Matthew Naeger

Chapter 11 Measurement and Attribution  163
Special Contributor: Peter Vandre

Chapter 12 Marketing Technology Stack  177
Special Contributor: Matthew Mobley

Chapter 13 Organizing for Success  191
Special Contributors: Leah van Zelm and Peter Kemp

About the Authors  215
About Merkle  217
Index  219
Foreword

In 25 years leading a growing, evolving customer relationship marketing company, I have witnessed a number of major industry shifts, propelled by advancements in technology, increased access to data, and improvements in analytic techniques. The digitization of just about everything in the lives of consumers has brought about the greatest shift of all—the ability for marketers to customize the brand experience to the individual customer. Through personalized interactions that take place via online and offline media and channels, across multiple screens and platforms, throughout the customer lifecycle, today’s marketer can truly optimize the value of the customer portfolio. The opportunity of addressability at scale far surpasses those of eras past.

My colleagues, Craig Dempster and John Lee, were among the forward-thinking leaders who recognized this opportunity early on. Together, we spent the first few years of this decade developing a customer relationship marketing (CRM) approach we call Connected CRM (cCRM)\textsuperscript{®}, which has
proven itself in activating customer-centric strategies for Merkle’s Fortune 1000 clients.

My 2014 book, Connected CRM: Implementing a Data-Driven, Customer-Centric Business Strategy, outlined a highly structured organizational framework for building customer strategy as a business strategy. The concept of the Platform Marketer was first introduced in that book as the persona that harnesses a new set of skills necessary to operate within the cCRM framework. And in the year since it was written, Craig and John have been closely involved with clients who are establishing and executing cCRM strategies.

With that experience, we have expanded our thinking. We have cultivated a deeper understanding of the addressable audience platforms and further honed the Platform Marketer skills, whose influence and complexity we didn’t fully realize when I wrote cCRM.

As the market’s movement toward digital accelerates, so does the movement of marketing spend, with brands investing in new technologies that enable addressability in all their customer interactions. These growing and constantly fragmenting digital audience platforms, such as Facebook, Google, and Twitter, are the new frontier of marketing. They open countless avenues for creating relevant engagements with consumers. The opportunity is so vast and multifaceted, we’ve come to realize that marketers must begin to retool themselves, at the most foundational level, in order to master the rapidly proliferating digital platform opportunity.

In writing The Rise of the Platform Marketer, the authors enlisted the support of a team of expert contributors, authorities in their own fields of study, to ensure that the content is comprehensive, accurate, and adaptable not only across industries but over time and through constant change. They have expertly outlined the competencies required to remain relevant in marketing today, producing results that include not only competitive advantage for your organization, but for the individual reader—the Platform Marketer. I hope marketers will read this book and absorb the valuable skills needed to stay up to speed on the digital audience platforms and capitalize on the opportunity of addressability at scale.

David Williams
Chairman and CEO, Merkle
For decades, the concept of customer relationship marketing (CRM) has attracted executives who believe in customer centricity and the idea that customer strategy should be the basis of the business strategy. In his book, *Connected CRM: Implementing a Data-Driven, Customer-Centric Business Strategy*, David Williams defines Connected CRM (cCRM) as the systematic practice in which marketers identify, acquire, and retain customers based upon their value. Through a framework that supports these orchestrated customer interactions, brands are able to improve financial results, create competitive advantage, and drive shareholder value.¹

As marketers, we’ve always known that the key to competitive advantage is to be the brand that better understands the needs and behaviors of individual consumers. That intelligence allows the brand to create greater value through more personalized, relevant experiences. Over the years,

advancements in data management, technology, and analytics have continuously enhanced our capacity to build vital customer intelligence.

More recently, the mass digitization of media and channels has allowed marketers to take that knowledge to another level, driving ever more personalized engagements with individual consumers, delivered across the complete range of media, channels, and devices. Today, the market refers to just about everything as media. As a marketer, you have countless avenues for addressing consumers, whether by reaching the audience through third-party sources, such as display or search (paid); building buzz through social communities, industry chatter, or even public relations (earned); or by making first-party connections via your own properties, such as website or mobile apps (owned).

Addressability at scale is the opportunity to create competitive advantage through the delivery of targeted, personalized experiences to consumers. Media and channels that are enabled by addressability at scale can be described as “addressable audience platforms.” An audience platform is a digital technology that enables those automated experiences to individuals (known and anonymous), at scale, utilizing first- and/or third-party data. Every interaction is an opportunity to collect and leverage data. But only now it has become possible to manage these disparate interactions at scale, as the digital audience platforms, such as Facebook, Google, and Twitter, continue to develop and grow. And our ability to build such wide-reaching connections across the addressable platforms has enabled us to foster relationships that span the customer life cycle and thus optimize the value of customers and segments.

To develop such relevant engagements with consumers through these platforms, brands are beginning to realize that they will have to cultivate an elevated set of capabilities, tools, metrics, and processes, along with a new set of skills to utilize them. This new breed of marketer—the Platform Marketer—has a deep understanding of traditional marketing and CRM principals, yet possesses the knowledge and innovative forethought to thrive in the ever-expanding digital audience platform environment. Due to the increased complexity involved in leveraging data, technology, and analytics in the digital era, platform marketing is not for the faint of heart or the complacent. Successful Platform Marketers will be steadfast innovators, dedicated to navigating undiscovered territory, wrought with twists, turns, and heavy lifting. But for those who can capitalize on addressability at scale, the spoils will include more profitable customer relationships and sustained competitive advantage.
Chapter 1  The Age of the Customer

Customer relationship marketing (CRM) isn’t merely about the implementation of a tactical marketing plan. A true customer-centric business strategy requires a fundamental shift in the organization’s framework—its leadership, its priorities, its processes, even its culture. These changes result in a new paradigm for the company’s goals, its customers’ expectations, and its trajectory for the future. The force behind this shift is the state of today’s consumer marketplace, which can be characterized as the age of the customer.

Think back to the brand revolution of the 1950s, when the advent of national television broadcasting created coast-to-coast demand and brand recognition. The companies that had the vision and resources to seize the opportunity and take their brands nationwide were the clear winners. Brands like Tide and Chevrolet became household names across the country, triumphing over smaller companies that faded away in their wake during the age of the brand.
The channel revolution was symbolic of the 1990s and early 2000s. It exploded when online marketers like Amazon and eBay changed the meaning of “going shopping” by making Internet purchasing commonplace. And GEICO, a proven insurance industry innovator, managed to shift the buying norm by introducing consumers to a whole new way to shop for insurance. Today, 13.1 percent of Americans are considered digital natives, having never known a time when the world was not at their fingertips. The result of this way of life is an unfathomable amount of data that can either overwhelm marketers or help them increase their customer knowledge and drive strong relationships.

During the age of the channel, marketers like Capital One and GEICO pioneered the use of individual-level data and analytics to target and personalize direct marketing efforts that drove new customer acquisition and strengthened customer relationships. The innovative application of analytics on valuable first-party data (owned customer information) and third-party data (acquired from data providers) within direct mail and telemarketing (the addressable media of the day) resulted in massive scale and efficiencies. These one-to-one trailblazers recognized the market opportunity of the moment, and like Tide and Chevrolet before them, they capitalized on it. They used a strategy of addressability at scale to gain enormous market share in highly competitive markets.

Today, we’re facing another moment-in-time opportunity to harness the power of addressability at scale. Simply defined, this refers to the application of data and analytics to drive highly efficient, individual-level targeting and personalized experiences to consumers—and doing it at massive scale. It is now the age of the customer, where consumers are empowered with the tools to make their own purchase decisions—and they know how to use them. The gateway to competitive dominance lies in the addressable audience platforms that are being created for the “always-on consumer,” who engages with brands through digital media and channels, across multiple screens and platforms, 24/7. Leading third-party providers are scaling their platforms to deliver the experiences consumers seek, while creating an addressable marketing stage for advertisers. Some of these are household names, such as AOL, Facebook, and Twitter, providing tools for advertisers to

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reach their logged-in users. Others, like Rubicon Project and AppNexus, are little known technology players that are leveraging their place in the ad delivery ecosystem to create addressable experiences across an open web of thousands of publishers. The competition for advertising dollars among the major platform players is driving increased targeting, tracking, and content capabilities that continually enhance the opportunity for the marketer to implement addressable consumer experiences.

The opportunity for efficiency and scale within the addressable audience platforms dwarfs that of the aforementioned offline direct marketing opportunity of the channel age. In our opinion, it is poised to generate many times the value for those companies willing to take first-mover advantage. Further, due to the increased complexity of leveraging data and analytics in today’s digital world, addressability at scale will create more enduring competitive power for those leaders.

**CREATING COMPETITIVE ADVANTAGE THROUGH THE DIGITAL AUDIENCE PLATFORMS**

The opportunity for brands to create competitive advantage rests squarely on their ability to achieve addressability at scale. Addressability at scale is enabled through the application of data and analytics to the digital audience platform marketplace that is now at massive scale. And CRM is all about using addressability to increase the targetability, relevance, and measurement of marketing impressions and experiences across the customer lifecycle, in all channels and media, both online and offline.

Consumers are changing every day in the ways they interact with brands—shifting their media consumption patterns and decision processes. We have observed three prominent macro trends emerging from these changing behaviors, which are driving the market toward more individualized interactions. The first is the scaling of digital media; the second is the proliferation and penetration of social media; and the third is the multiscreen, always-on mobile population. We will delve more deeply into these trends in Chapter 4, but it’s important to note that, as they continue to increase in scale, so will our capacity for addressability—and our commitment to customer centricity and individualized digital experiences across media and channels.
Over the time period of 2010 to 2014, we’ve seen a marked downward shift in the consumption of traditional media such as radio and print; at the same time, consumers have drastically increased the number of hours spent on digital media, social in particular, with an increase from about 52 minutes a day to nearly 90.\(^2\) In 2010 Google didn’t have a social media capability, and today, 540 million people have accounts on Google+.\(^3\) Pinterest is a 300-person company, and one in every four women in the United States is using it on a weekly basis . . . incredible.\(^4\)

Mobile is scaling, too. Today, we’ve hit an inflection point, where mobile Internet use is actually eclipsing desktop use.\(^5\) Who would have thought that would happen so fast? So the shift is on from traditional media to new media. And marketers are trying to leverage the use of data to figure out to whom—and how—they should offer individualized digital experiences. Advertisers in particular are shifting their dollars into this effort. In response to massive consumer migration to digital, brands are scaling their mobile and social media advertising budgets across formats such as native and video.

All of this digital interaction is creating a tremendous amount of data. Each day, 182 billion emails are sent.\(^6\) Each month, 70 billion pieces of content are shared on Facebook.\(^7\) As Google Executive Chairman Eric Schmidt observed, “There were five exabytes (5 million terabytes) of information created from the dawn of civilization to 2003, but that much information is now created every two days, and the pace is increasing.”

For one of our top clients, we manage a single database that contains over 8 billion page views and more than 24 terabytes of data for a single brand. The exhaust coming from all of this digital movement is data. Lots of it. And it’s scaling quickly.


\(^3\) Ken Yeung, “Two Years Later, Google+ Is Growing, with 540m Active Users Worldwide, 1.5b Photos Uploaded Each Week,” The Next Web, Inc. (blog), October 29, 2013.


\(^5\) Tom Standage, “In 2013 the Internet Will Become a Mostly Mobile Medium. Who Will Be the Winners and Losers?” The Economist, January 18, 2013.


To consider addressability in the context of this much data is overwhelming. It simply can’t be achieved through traditional methods. Not only is the overall digital media marketplace going to be $61 billion by 2017, but a significant portion of digital media today is, in fact, being bought programmatically, meaning through an automated approach that uses technology to select audiences based on data and analytic insights. Real-time bidding on media is actually going to reach $10.5 billion by 2017, growing more than 50 percent. And we estimate custom audiences, or “identified addressability,” to reach the $8 billion mark by that time. So the shift is toward digital but to the individual addressability opportunity within digital as well. As marketers, we’re trying to build strategies for first-party and third-party data to aggregate that information so that we can apply analytics to it and deploy on this abundance of digital platforms. Brands—and the marketers charged with driving their growth—cannot keep up with this pace without continually upskilling themselves to capitalize on the massive opportunity. You will make swift progress or you will fall by the wayside while other companies—and other marketing executives with them—pass you by.

The power of addressability to create competitive advantage, both for the organization and for the marketer, has been proven by history. To set up some context, it is meaningful to consider its roots, which are surprisingly deep. We observe, in general, two distinct eras of addressability at scale (see Figure 1.1). Each possesses three common criteria of scale and effectiveness to drive superior performance. The first is individual-level addressability, which goes beyond broad segments, demographics, or panel-level data to reach individuals directly. The second is that the addressable platforms must have massive reach. And third, you must be able to deliver via immersive formats; meaning media and channels that are accessible by the general population. We have found that marketers who tap into the opportunity presented by these three factors have outpaced market growth rates by two to three times and have enjoyed competitive advantage for a sustained period.

With “addressability at scale 1.0,” the individual-level addressability factors were limited mostly to name and address—and later phone number. The primary addressable platform at scale was the United States Postal

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9 Kate Maddox, “Real-time Bidding Pushes Display Advertising to Double-digit Growth,” AdAge BtoB, November 18, 2013.
Service (USPS), whose reach was basically 100 percent of the nation’s households. The direct mail format allowed for the use of imagery and long-form content in a manner that was highly immersive. There were many different engagement tools that could be delivered on the platform, from direct mail to catalogs. The USPS and third-party providers offered solutions and standards that helped us optimize on the platform, like National Change of Address (NCOA), Delivery Sequence File (DSF), and numerous proprietary tools. Companies figured out how to take both first- and third-party data, deploy analytics to that data, and leverage it using those tools. We became (or hired) experts who lived and breathed the nuances of the USPS platform. We used a framework to help brands create competitive differentiation. For all practical purposes, this was the start of addressability at scale. We helped our clients figure out how to segment their customers and create experiences for them using addressability. We helped them optimize the performance of their marketing programs through accurate measurement. We built technology structures to implement those programs. And effectively, we helped them organize their businesses around the opportunity of addressability at scale.
Companies like Capital One, GEICO, and DirecTV were actually executing addressable strategies, just with a different framework than today’s. The winners made marketing advancements like we had never seen before. Capital One, for example, had hundreds of people associated with its database marketing and addressability at scale functions. The company emerged as a clear market leader during the time period of 1995 to 2005 because of its strength in leveraging the USPS platform at scale.

If we look at the big picture, addressability at scale 2.0 has many parallels to 1.0, except they exist in an increasingly digital realm. We still have individual-level addressability; it has just expanded into new forms. Now we’re dealing not only with name, address, and phone, but with cookies, mobile device IDs, and social IDs. We have seen the digital audience platforms scale to massive reach with immersive formats in site, search, display, and social media, with new channels such as addressable TV emerging. They are providing us with countless different toolsets and targeting products that we can use to optimize on their platforms. Google alone has given us an integrated addressable platform, inclusive of its own ad network, exchange, server, and, of course, search platform, that delivers addressable experiences across devices and formats, such as YouTube. For Facebook, targeting products include the Facebook Exchange (FBX) and Custom Audiences, which can be optimized through a number of certified third-party partner toolsets. For Twitter, it’s products like tailored audiences, keyword targeting, and TV conversation targeting, in which audiences can be purchased directly or through third-party partner toolsets. Numerous unexpected players, including Amazon, eBay, and even Walmart, are following close behind with their own similar offerings. And these behemoth audience platforms have spawned a massive ecosystem of advertising technology, or “ad tech” companies to supply data, targeting, and measurement tools intended to support or enhance addressability. One need only glance at a LUMAscape\textsuperscript{10} infographic to imagine the number and complexity of these tools. There are literally thousands of companies that are developing technologies to help us optimize on these platforms.

So, the crucial question is: who is going to take advantage of addressability at scale in 2.0? The opportunity is there, but most of the market is constrained in its ability to scale its addressable spend to make a significant impact. Our belief is that there will be noteworthy winners and

\textsuperscript{10} \url{www.lumapartners.com/resource-center/}.
losers. Most marketers who are moving their brand spend into more direct, measurable media tools, such as programmatic, performance-based, and direct response, are still working through the traditional marketing funnel. That funnel is narrow, with awareness at the top and little to no addressability. They end up spending marketing resources to contact people they don’t know. And often, adverse selection is a problem, where people who don’t have a high value potential are the ones cascading down the funnel. This, in turn, presents a targeting dilemma: a small audience of people who can ultimately be converted, wasted remarketing dollars, and a generally less valuable client base. It’s only at the bottom of the funnel, after the restricted universe of converted customers comes out, that marketers can have insights about the outcomes of their marketing tactics. The result is a very inefficient funnel that’s simply not scalable—all because you started out with no addressability at the top.

Historically, even in the most direct-response-focused industries, budgets have been heavily concentrated on the upper and lower parts of the funnel. One insurance advertiser we know spends more than $700 million in media, with more than 70 percent of that budget going into top-of-funnel tactics, such as television, print, sponsorships, and guaranteed display. This advertiser also spends more than $200 million a year at the very bottom of the funnel on things like branded search, aggregators, ecommerce, and call center experience. All told, this advertiser spends less than 15 percent of its combined consumer budget in the mid-funnel, where consumers actually consider, engage with, and decide which products they will buy from which brand. We call this the “cinched belt” phenomenon. Spend is fat at the top and bottom but cinched tight in the middle. The reason for this has not been a lack of desire to spend more in this area. This insurance marketer would love to find a way to productively spend another $100 million in the mid-funnel.

Until recently, lack of addressability has been the primary constraint to spending in the mid-funnel. Once broad awareness and share of voice were established, little could be done to engage with individual consumers as they moved through consideration and into decision. Direct mail was used to target individuals whom we believed were in-market, but that medium is now in decline. Email and display were used to relentlessly and impersonally retarget with diminishing returns. Once these tactics were maxed out, marketers were out of ideas for how to stay engaged with
consumers through the buying process. So they saved their dollars to really unload on the consumer once they typed the brand name into Google or appeared on the site.

Enter the addressable consumer experience. Now the advertiser can take advantage of increased addressability to drive more targeted, timely interactions with the consumer through the key moments of the cycle. A single consumer can be engaged with an individually targeted message in the Facebook newsfeed, receive a personalized offer on the landing page, get remarquetted with a relevant search ad, and receive follow-up via an outbound call—all with a singular brand voice and highly engaging content throughout.

Essentially, we can widen the funnel and place addressability at scale at the top by using data and analytics to target and maximize spend against high-value customers and prospects from the outset. First- and third-party audience platforms are enabling not just targeting but delivery of immersive, highly branded content, such as native and video, across devices. This means the traditional separation between right-brain and left-brain thinking around brand versus performance falls away, leaving a more powerful, integrated approach. And there is a cascading effect all the way down the funnel.

Advertisers now have the opportunity to expand the boundaries of the mid-funnel. In effect, if one equates the mid-funnel with the space between mass media awareness and the ecommerce transaction, the marketer’s definition of the mid-funnel must expand dramatically, eating into the traditional boundaries of the upper and lower portions of the funnel.

At the upper end, fewer dollars will be allocated to untargeted messaging through things like national television, and more dollars will be allocated into addressable, programmatic tactics meant to drive consideration through relevance, such as addressable TV and programmatic video. At the bottom end, things like A/B testing and offer optimization will get pulled up into the mid-funnel as tactics integrated into the rest of the addressable experience. In essence, addressable and accountable spending has won most of the budget, which is what most advertisers have been seeking. That insurance marketer can now let that belt out several notches, and overall return on ad spend has increased.

This shift will drive greater returns but will require some fundamental changes to both organizations and external supply chains. The expansion of the mid-funnel boundaries requires re-organization of internal functions for most marketers. “Brand” functions that own domain over
certain media like display and social from direct marketing organizations no longer make sense. Organization around media (having separate owners for search, email and display) should be questioned.

Similarly, external marketing supply chains with disconnected components where multiple tech platforms and agencies attempt to deliver the integrated mid-funnel in silos will create complexity and insurmountable barriers to the addressable experience. Consolidating the supply chain to fewer, more vertically integrated suppliers and platforms will become the norm.

The knowledge and insights gained as the audience travels through the funnel extends down into the channel, creating a larger universe of people who can now be brought into the funnel and are more likely to convert (Figure 1.2). This ultimately reduces the targeting dilemma, and this is how we scale. The result is more productive customer marketing, characterized by greater conversion rates. More knowledge means more targeted remarketing efforts. More efficient targeting, greater conversion, and more effective remarketing; they all lead to a richer customer portfolio.

Our experience has proven this—in a big way—time and time again. Our clients have been able to increase their addressable impressions by more than 400 percent. In many cases, they have increased their addressable media spend by over 300 percent. Cost of leads and cost of conversions have decreased by as much as 30 and 40 percent, respectively. We have seen remarketing pools increase more than 500 percent. Average lifetime value of acquired customers has increased by more than 60 percent. And these results aren’t atypical. They are commonly seen among our clients who take this opportunity seriously. Imagine the competitive advantage over those brands that don’t.

THE MECHANICS OF ADDRESSABILITY AT SCALE

Digital Addressability

Digital addressability involves the use of customer data, whether it is anonymous or identified. Figure 1.3 depicts the addressability spectrum, in which anonymous individuals move to partially identified and identified status over time, as the customer relationship expands and data is being collected. And as both the level of knowledge and the level of identification increase, so does the value of the customer.
The New Addressable Marketing Funnel
Integrated, targeted management of addressable consumers throughout the funnel

Digital Targeting Optimization
Leverage data and analytics to target and maximize spend on high-value prospects in the addressable universe.

Differentiated Consumer Experience
Leverage addressability to create highly efficient and relevant remarketing experiences.

Channel Optimization
Extension of addressability into channel personalization to drive increased conversion.

Customer Remarketing
Effective utilization of addressability for re-engagement and maximization of existing customers.

FIGURE 1.2 The Evolving Marketing Funnel
The Marketing Funnel—The Old Way

**Awareness**
Adverse selection is a big problem in nonaddressable media—"People I don’t want are the ones I get to respond."

**Consideration**
Efficient lead generation but adverse selection from mass and digital media results in lack of scale in quality and, therefore conversion.

**Remarketing**
Lack of quality and scale of the remarketing pool is bad enough; made worse by an inability to use addressability to engage high-value leads in a relevant experience.

**Conversion**
As a result, marketers cannot scale budgets due to inefficiencies at the top of the funnel.

*FIGURE 1.2 (Continued)*
Ultimately, the objective is to drive as much content as possible to that most valuable quadrant, where you have as much information on an identified customer as possible. But even in the far right lower quadrant, you will see that, as long as you have individual-level data, you can still drive a lot of value from anonymous consumers.

THE DIGITAL AUDIENCE PLATFORMS

What is enabling that coveted addressability at scale opportunity at the top of the funnel and continuing throughout the funnel, is the growing number and variety of digital audience platforms, which impact the entire funnel. There is an ecosystem in play (Figure 1.4), in which all the members are contributors and benefactors. The consumer wants the speed, relevance, and convenience of digital delivery. The marketer wants high-value customers and prospects. The publisher wants to monetize its audiences. And the platforms themselves are what facilitate the addressability at scale.
Historically, marketing planning was focused on which publications would drive performance. As advertisers, the way we bought media was by studying syndicated research panels to determine our targeting demographics, then we went to media publishers to buy our spots, many weeks, even months, in advance. Today, because of digital addressability, our planning is audience based. Where we used to think of quarterly or even annual cycles, we’re now using new technologies that are connected to large-scale publishers to carry out individual-level targeting in real time. It’s less about the up-front plan and more about the ongoing optimization.

If we consider the marketplace and how addressability at scale has evolved from a media perspective, we might look back to the mid-1990s, when we had large audiences who either fit the broad demographics of our target audience, or they didn’t see our advertisements (Figure 1.5). Then, in the mid-2000s, we moved to a more contextual, or cohort-based, digital marketing approach, where brands were aggregating audiences of specific interests, and we decided whether those were the interests of our customers...
or not. A few short years ago, we began to realize there would be value in anonymous customer data. So ad exchanges were developed, and we had the opportunity through those exchanges to use anonymous, individual-level data for targeting.

Now, these audience platforms are creating the opportunity of individual-level targeting, whether anonymous, partially identified, or identified. We define an audience platform as a technology that enables automated, real-time delivery of targeted, personalized experiences to individuals (known and anonymous) at scale utilizing first-party data. One such platform is Facebook and Custom Audiences, where you can take an email address and send it to Facebook and match up to 170 million people in the United States. Another is Twitter, which has been moving forward from cookie-based toward addressable individual-level information as a connection point. Even Google is starting to move its search toward linking to advertisers’ first-party data environment to make search ads perform better.

There are many different methods of addressable targeting, such as direct name-and-address match, real-time bidding in the exchanges, intent-based targeting through search platforms, or segment-based targeting coming from other social media companies. Most of these didn’t even exist four
years ago. The change is happening fast. Most of the different types of digital audience platforms and addressable targeting opportunities didn’t exist at all, even four years ago.

And it’s happening across devices—PC, mobile, and tablet. It’s also happening in search. Many of our clients think of search and say, “Oh, we’ve been in that space for many years; our plan is working well there.” But there has been so much movement in search that they missed while their programs were on auto-pilot. It moved from traditional keyword targeting into different device-based search. And the format is diversifying to include features like video ads and click-to-call. It’s now moving into integrated media and targeting, where you can actually load the data that you’re collecting back into the platform and begin bidding on media that you would never have in the past, because you now have insights about those consumers.

New audience platforms have begun to arise from unexpected publishers (Figure 1.6). Amazon is now in the space, building a media business that has already reached the $1 billion mark.\textsuperscript{11} Even Walmart has recently entered the media business, debuting its own digital marketing platform. And this phenomenon will continue to expand as more and more companies gain these very valuable first-party data assets and look for ways to create new monetization streams. It’s just going to increase the opportunity for us all.

To illustrate how dramatically the marketplace is changing, we only need to think back a couple of years. Merkle works with many of the major addressable audience platforms, and we used to suggest that we take their user profile data and combine it with our clients’ first- and third-party personally identifiable information (PII). We knew the tremendous potential of analyzing the combined data to determine its value for more robust targeting. The idea met with great resistance from these publishers, who weren’t ready to loosen control on their profile data.

But here we are today, with rapid proliferation of addressability, and the use of first-party data on these platforms is the fastest-growing piece of their media business. We’re also seeing the rapid build-out of highly integrated tech stacks that enable a lot of this addressability within the publisher platforms. As excited as we were about the prospect of bringing this data together, nobody could have predicted how quickly it would evolve or how broadly it would proliferate.

FIGURE 1.6 The Audience Platforms
Whether you’re trying to take advantage of the opportunity from the advertising and sales perspective of a publisher or the targeting and reach perspective of an advertiser, it’s really hard to keep pace with what’s happening. A lot of people think that the targeting is isolated within the audience platforms, as if it’s just happening within Facebook or within Google or within Twitter, which have reached scale in and of themselves. But these publishers are all working to extend their ability to reach users off network, which will result in even more massive scale, the likes of which we would never have been able to comprehend before today. They have made some strategic acquisitions, for example: Facebook with Atlas’ ad server technology; Google with Dart, DoubleClick, and other tools that enable a single view of the consumer; LinkedIn with Bizo’s business audience marketing technology; AOL with marketing optimization platform Convertro; and Twitter with mobile exchange MoPub. These expansions allow the publishers to reach beyond their native environments and start leveraging first-party data to create audience extension networks that enable targeting across a wider landscape outside their platforms. It creates incredible opportunity for addressability at scale, not only for ad targeting but for delivery of rich, meaningful content across devices. The capabilities that the big publishers are creating for first-party data are great within their networks, but they create “walled gardens” that make cross-platform audience management very complex. The “Big 5” publishers—Facebook, Google, Twitter, AOL, and Yahoo!—know this and are adjusting their product and technology strategies accordingly (some more than others).

Today’s ever-expanding and highly dynamic digital audience platforms are enabling marketers to scale addressability to unprecedented levels and at record speed. The opportunity is massive, and it’s here now, creating a rare opening for brands to seize competitive advantage. It is rapidly changing the marketer’s ability to manage the marketing funnel more efficiently and effectively. Taking advantage of this will require a new set of skills, business processes, capabilities and operating models, giving rise to a new breed of marketer who has the competencies to master and implement the integrated data management, technological and execution capabilities, and establish the operating model needed to leverage addressability at scale. This marketer has a deep understanding of CRM principles yet has the knowledge and innovative forethought to thrive in the world of digital audience platforms. We call this new persona The Platform Marketer.
THE COMPETENCIES

The Platform Marketer embodies the collective competencies needed to successfully exploit addressability at scale. Those USPS-based competencies that worked in the past were very different from what’s required today. To take advantage of the opportunity, new competencies will be required. To succeed as a marketer (and as an organization), you must hone your skills in data, analytics, and audience experience to drive digital performance. You’ll need to be a marketing technologist and an expert on the new audience platforms. You’ll need to know how to create personalized individual consumer experiences across a multitude of customer touchpoints. You’ll have to deal with the privacy and compliance hurdles that we face as marketers today. And you must understand measurement and attribution in a much more sophisticated way than you have ever understood it. The brands that leverage these competencies on addressable audience platforms are going to have the greatest opportunity for competitive advantage.

Nine essential competencies lie at the core of platform marketing success: identity management; audience management; consumer privacy and compliance; media optimization; channel optimization; experience design and creation; platform utilization; measurement and attribution; and the technology stack. We have designated a chapter for each of these competencies, as well as the organizational requirements for planning and implementing them. But first, we’ll discuss the advent and evolution of the ad tech ecosystem and the digital trends that are driving this new persona.
The Revenue Growth Habit: The Simple Art of Growing Your Business by 15% in 15 Minutes a Day

Alex Goldfayn

Wiley
Contents

Acknowledgments ix

Introduction You Deserve More Revenue xi
Download Revenue Growth Forms and Templates xiii

PART ONE The Simple Revenue Growth Process

Chapter 1 Revenue Growth Is Fast, Simple, and Free 3

Chapter 2 Here’s What Your Growth Plan Will Look Like by the End of This Book 11

Chapter 3 Why Do You Work? 15

PART TWO The Growth Mindset—Change Your Thinking, Grow Your Business

Chapter 4 It’s Impossible to Outmarket Your Mindset 21

Chapter 5 “But I’m Already Really Busy!” 27

Chapter 6 The Difference between Knowing and Doing 31

Chapter 7 The Mind-Numbingly Simple Definition of Marketing 37

Chapter 8 The Only Meaningful Measure of Marketing 41

Chapter 9 It Really Is This Simple! 45
| Chapter 10 | Your Products and Services Are Much Better Than Your Marketing | 49 |
| Chapter 11 | “We Don’t Like to Brag” | 61 |
| Chapter 12 | Frequently Raised Resistance (FRR) | 65 |
| Chapter 13 | Your Customers Speak More Positively about You than You Speak about Yourself | 71 |
| Chapter 14 | Marinating in Positivity: The Magic of Proactive Customer Conversations | 75 |
| **PART THREE** | **22 Fast, Simple Techniques for Revenue Growth** | |
| Chapter 15 | What These 22 Revenue Growth Techniques Have in Common | 81 |
| Chapter 16 | Choreographing Your Revenue Growth Dance | 87 |
| Chapter 17 | Growth Technique #1: The Art and Science of Getting the Testimonial | 89 |
| Chapter 18 | Lessons from a Sample Customer Interview | 97 |
| Chapter 19 | Growth Technique #2: Don’t Be a Tree Falling in the Forest—Communicate Testimonials | 109 |
| Chapter 20 | Growth Technique #3: Create Short, Powerful Case Studies | 117 |
| Chapter 21 | Growth Technique #4: Communicate Case Studies to People Who Can Buy from You | 121 |
| Chapter 22 | Growth Technique #5: The Million-Dollar Question—This One Technique Can Grow Your Business by 10% Immediately | 125 |
| Chapter 23 | Growth Technique #6: How to Get Referrals | 133 |
| Chapter 24 | Growth Technique #7: The Power of Owner Calls | 139 |
Chapter 25  Growth Technique #8: The Seven-Figure Follow-Up Process  141
Chapter 26  Growth Technique #9: The Magic of the Handwritten Note  145
Chapter 27  Growth Technique #10: Communicate with Your High-Potential Small Customers (HPSCs)  149
Chapter 28  Growth Technique #11: Create Your Own Social Media—Relentlessly Grow Your Lists  155
Chapter 29  Growth Technique #12: Categorizing for Revenue Growth—How to Organize Your Lists  161
Chapter 30  Growth Technique #13: Send a Wildly Valuable Newsletter to Your List  165
Chapter 31  Growth Technique #14: Growth by White Papers  171
Chapter 32  Growth Technique #15: Turning Trade Shows into Revenue  173
Chapter 33  Growth Technique #16: Host an Unforgettable Event for Customers and Prospects  175
Chapter 34  Growth Technique #17: Speak(er) the Truth—You’re the Expert  179
Chapter 35  Growth Technique #18: Conduct Webinars That Bring New Business  183
Chapter 36  Growth Technique #19: How to Grow Your Business with Videos  185
Chapter 37  Growth Technique #20: Public Relationships—How to Leverage the Media for Revenue Growth  191
Chapter 38  Growth Technique #21: Price Increases Are a Growth Technique!  195
Chapter 39  Growth Technique #22: The Single Most Important Website Edit for Revenue Growth  199

Chapter 40  Growth Techniques by Job Title  203

PART FOUR  Executing the Plan

Chapter 41  Action Is Everything  209

Chapter 42  How Perfection and Procrastination Kill Revenue  211

Chapter 43  Why 15 Minutes? Because It’s Enough to Grow Your Business Dramatically  215

Chapter 44  Introducing the 15-Minute Marketing® Planner  217

Chapter 45  What Sets My Most Successful Clients Apart (Accountability)  223

Chapter 46  Grow Forth and Execute  227

Appendix  Workbook for Launching the Revenue Growth Habit  229

Index  235
Introduction

You Deserve More Revenue

You deserve more revenue.

Your products or services provide great value for your customers.

If you asked them, your customers would tell you that you make their lives easier. Working with you helps save your customers countless hours. You make your customers look good to their customers and also to their boss, if they have one. They consider you a partner, not a supplier or provider. They trust you. They value you. You help them.

As such, they deserve to buy more from you. (And they actually would buy more, if given the opportunity to know about your other products, lines, options, and services. More on this throughout the book.) Your existing customers deserve to benefit more from your value. And you deserve the top-line income that results from that.

Further, your prospects, the people who have not yet bought from you, deserve to benefit from your value as well. Why would you want to keep your tremendous value from them?

When you call on your customers and prospects, you’re not bothering them, you’re not imposing, you’re not wasting their time, and you’re not trying to get their business. You’re helping them. And if we’re in this world to help people, you owe your customers and prospects the opportunity to enjoy and benefit from your value. They deserve it. And you deserve the revenue that results.

You know who else deserves that you generate more revenue?
Your family. They deserve to enjoy the benefits of your hard work. Yes, they also deserve the things that money can buy—the nice home, the vacations, and the good schools (after all, most of us work to help take care of our families).

Your colleagues and your staff, who deserve to work for a thriving organization.

Your suppliers, who stand by you even when times are tough.

And, of course, you. You deserve more revenue. You work too hard, take too much risk, and provide too much value to your customers to not be making more money.

I’m doing fine, you say?

I think you can be doing better. You have low-hanging revenue fruit, and I’m going to help you pick it.

It’s not that simple, you think?

Revenue growth is quite simple: It’s fast, it’s easy, and it requires no financial investment. One of the dumbest widely accepted so-called truths in business is that it takes money to make money. People also like to say that revenue growth is a complicated pursuit requiring a lot of time. These beliefs are simply untrue. In this book, I will teach you how to grow your organization by 15% or more in 15 minutes or less a day without spending a penny of your money. To grow your revenue, we’ll need just a bit of your personal effort every day. Some days it’ll be 60 seconds, other days five minutes, but never more than 15 minutes a day.

You help your customers in great ways, and they deserve to buy more from you.

And you deserve to enjoy the revenue that results and all the experiences, improvements, and peace of mind that it can buy for you and your family.
Download Revenue Growth Forms and Templates

You can download clean copies of the templates and forms throughout this book, including the 15-Minute Marketing® Planner, at www.RevenueGrowthHabit.com.

If you’re a business owner, visit RevenueGrowthForum.com to discuss the concepts in this book with your peers and directly with me. It’s a private growth community for business owners focused on quickly and dramatically increasing sales. I’ll answer your questions personally there.

There is no cost.
PART ONE

The Simple Revenue Growth Process
1

Revenue Growth Is Fast, Simple, and Free

Today, I run a seven-ﬁgure revenue-growth consulting practice by myself, out of my home. It’s a very successful business, and there are few sole proprietorships with zero employees at this level.

But not that long ago, I would go to bed praying that I could feed my family, and when it comes to prayers, I don’t really know what I’m doing. I had just changed business models, and I was going through the process of learning how to consult. There were months when we were literally out of money. It was a painful, anxious, frightening time, seared into my brain. Frankly, it was my greatest fear coming true. I promised myself that if I got things turned around, I would never be in that position again.

And then I started developing and applying my Revenue Growth Habit—the mindset changes and quick behaviors that make up this book. The techniques laid out in these pages were designed for my clients. But, they also moved my business from the struggle to serious success.

The Revenue Growth Habit turned my business around quickly, and transformed it into the thriving consultancy I run today. I don’t think about running out of money anymore, because I know that when a need
for additional revenue arises, I can simply dial up the techniques in this book. They are like a rheostat, to be adjusted upwards and downwards, as needed.

These approaches have also grown the companies of dozens of clients by 10% to 20% in their first year with me. One client told me recently that his net profit is up by 100% as a result of our work together. Additionally, thousands of people in the audiences I speak to have successfully developed their own Revenue Growth Habit using just some of the techniques in this book.

I am sharing this with you not to be boastful. Rather, I want you to know that these are not just ideas. They are not merely concepts on the page, theories spoken from the stage. The mindset and behaviors I will teach you in this book have significantly grown thousands of businesses. Over the years, around the world, the Revenue Growth Habit has generated hundreds of millions of dollars of new revenue.

The best part? Growing your sales with my approaches is simple, free, and eminently doable. You can increase your revenue by 15% or more in 15 minutes a day, just like the subtitle of this book says, and the only investment that’s required is a bit of your effort. I will tell you what to do. If you can give me 15 minutes a day, maximum, I will teach you how to dramatically grow your company.

Who This Book Is For

Although my direct clients are almost always owners of closely held companies worth between $5 million and $2 billion, The Revenue Growth Habit is for anyone who’s interested in increasing sales: owners, CEOs, presidents, vice presidents, general managers, salespeople, marketers, and customer service professionals. Who can benefit from this book? Anyone who has a customer-facing job. Does your company have delivery drivers? They see customers, therefore, they can implement one or two of the techniques in this book to help grow your company. If you’re an owner, share these principles with your teams. If you interact with customers in any capacity whatsoever—in person, on the phone, or even only by email—you will find many powerful approaches here to significantly grow your company’s sales.
Your Today: Busy and Reactive to Customer Problems

I know you, and I understand you.

You’re a business owner, executive, manager, or frontline staff member in sales, or customer service, or marketing.

You’re extremely busy. You spend your days dealing with customers’ concerns and complaints.

“My order is late! Where is it?!”
“My order is late! Where is it?!”

“You screwed it up. Get it right!”

“Are you serious?! That price is way too high!”

Customers never call when they’re happy. Nobody ever calls to say, “Hey, great job, that was really well done, we really appreciate what you did there.” We only hear from people when something is wrong. They bring us their fires, place them upon our desks, and we must put them out immediately lest our eyebrows get singed. As soon as that fire is out, what happens? The next one comes along. “Here’s MY fire, don’t get burned!”

And so, you spend your days reacting to one such urgent concern after another. If you’re lucky you squeeze in lunch at your desk or in your car, but it’s probably overcooked by the day’s fires.

Your days are reactive, but revenue growth is proactive work.

We must make time for it.

The good news: Revenue growth does not require hours daily. Or even an hour.

You can grow your organization by 15% or more in 15 minutes or less a day.

Do you have 15 minutes?

I do. My clients, the owners of 7-, 8-, 9-, and 10-figure firms do.

Do you?

Your Tomorrow: Proactively Growing Your Sales in 15 Minutes or Less Daily

If you’ve made it to this section, I’m assuming you’ve decided you have 90 seconds, or 3 minutes, but no more than 15 minutes a day to commit to growing your organization.
We’ll use this time for the proactive work of communicating your company’s value to people who can buy it. (That’s my definition of marketing, by the way. Simple, right? More on this definition in Chapter 7.)

Each day, I’d like you to take one quick, proactive action that tells somebody something about how they’ll be improved after they buy from you.

You can select any of the 22 actions listed in Part Three of this book. Every one of these techniques is fast, because revenue growth does not require a lot of time.

These techniques are free, because revenue growth costs no money. They’re simple, because the simplest solution is almost always the right one, and the tools I’m going to arm you with are incredibly easy to execute.

These approaches require your personal effort, because personal communication is going the way of the BlackBerry. Personal communication helps you stand out.

These techniques are communications actions. They demand that you communicate your value to somebody who can buy it from you. For example: I will teach you how to request and collect testimonials. But more importantly, you will learn how to communicate these testimonials to grow your business. I will teach you how to write a powerful case study, but more importantly, I’ll arm you with the best ways to communicate that case study. I’ll also teach you how your customer service people, who take incoming calls all day, can inform your current customers about what else they can buy from you.

My approaches revolve around letting your customers tell your story. There is nothing you can say about your products and services that is more effective than what your paying customers say. So, in many of these revenue growth techniques, we quote your customers. We tell their stories, because as a part of this approach, they will have given us permission to do so. We will make clear how they have been improved since they’ve worked with you. And we will allow them to compare you to your competition. When we’re done, the prospect will be thinking, “I want that too! How can I get that kind of value?”

We will not use social media as a tool because social media does not grow revenue. Listen to me carefully on this, especially if you are in a business-to-business market: You can be on social media if you’d like to be, but understand that it will not grow your business. Any revenue you generate because of your activities on Facebook, Twitter, and probably even LinkedIn is an accident. Social media is not where decision makers go to decide about
making major—or even minor—business investments. Where do they go? To their peers. To their colleagues. To their industry trade shows and publications. This is the kind of communication we will place before these decision makers. We will bring the emotional endorsements of your customers—their peers—to them directly.

I don’t care which technique you use.

I don’t care what time of day you take your action.

I only care that every day you tell an existing customer about what else she can buy from you, and how she’ll improve as a result. Or maybe you will tell a prospect about the great ways you can help him. You can tell one person a day. Or 1,000 by email.

There’s no wrong way.

If only you do some of this work, if you execute, you can’t screw this up.

It All Begins with Your Mindset

In Part Two, we’ll talk about how to shift your mindset so you can grow revenue quickly.

It is impossible to outmarket and outsell your mindset. You must believe the right things about your business. That is, you must focus on how your customers are improved by what you sell rather than the products and services you sell. The latter is a commodity—people can buy your products and services from anyone. The former, however, is singular: Your value, your relationships, your trusted reputation—your customers can only obtain these from you. Your competition can’t touch this. It’s what sets you apart from everybody else. Talk about your products and services, and you’re just like everybody else: boring, unemotional, commoditized. Talk about your value (which is exactly what your customers talk about when, as a part of nearly every consulting project I do, I ask them what they like best about working with you) and you’ll stand miles apart from the crowd.

We can only communicate what we believe about ourselves. If we believe we sell products and services, that’s what we’ll talk about. If we believe we improve lives and companies—which is precisely what we do—we’ll talk about that. So, before we can grow revenue, before we can develop this habit that will increase our top line, we must shift our thinking
from what we sell and do to how our customers are improved by working with us.

Your staff and your colleagues are probably somewhat beaten down. Customers only call when they’re unhappy or when there’s a problem. As such, your colleagues and staff members probably spend their days dealing predominantly with negative feedback. But the truth is, if you only asked your customers, they’d tell you that they’re very happy doing business with you. That’s why they’ve been with you for years or decades. They have a lot of options, competition calls on them all the time, yet they stay with you. I will teach you how to draw out the positive thoughts and feelings of your customers. I will teach you how to use them internally to align your staff’s perception of your work with that of your customers. As a client recently told me, perhaps more than anything else, this is a positive endeavor.

**Ready?**

This work is simple, fast, and free. You can do everything laid out in this book yourself. You can implement the Revenue Growth Habit at your own firm, using this book as a guide. (And if you want to add outside expertise and accountability into your mix, I’m happy to create new revenue for you, with you.)

In revenue growth, ironically, quantity trumps quality. The more customers and prospects hear from you, the more they will buy. It doesn’t have to be amazing material, only helpful material. Helpful is more than good enough. Helpful is a rare commodity. The important thing is that people hear from you a lot, not perfectly.

Finally, don’t wait to communicate until it’s perfect, because it will never be. We must move our communication into the world when it’s good enough, not when it’s perfect. Perfection slows us down, makes us overthink, and ultimately, procrastinate. Quick, systematic, repetitive communication is what’s required to grow small and mid-sized businesses.

Commit to start, and the very day you’re done with this book, take one action from Part Three in 15 minutes or 90 seconds. If you are so inclined, feel free to take one action today. Action begets more action. Leverage physics. Develop your Revenue Growth Habit.

Ready?

Let’s go!
Chapter Summary

- This book is for owners, presidents, and leaders of small and mid-sized companies. It’s also for your salespeople, customer service people, and all other customer-facing staff.
- You likely spend your days reacting to customer problems today, addressing one urgent concern after the next.
- Revenue growth is proactive work. We must make time for it.
Contents

Introduction
Your Reading Road Map for *Chief Customer Officer 2.0*

1 Chief Customer Officer Role Clarity .................. 1
   Five Customer Leadership Competencies: *Drive Simplicity, Role Clarity, and Adoption.*
   Quick Audit: *Where are You Today on the Five Competencies?*

2 Unite Leadership to Achieve Customer-Driven Growth ................................. 25
   Pivotal Leadership Shift: *Focus on Customers as Assets. Remove Survey Score Addiction.*
   Know Your Power Core: *Identify What Helps or Hinders the Work.*
   Unite Leadership from Talk to Action: *Eliminate the “Baloney” Factor.*
   Tell the Story of Customers’ Lives: *Earn the Right to Growth.*
   Improve the Business Engine: *Focus, Priorities, and Accountability.*

3 Competency One: Honor and Manage Customers as Assets .......................... 71
   *Know the Growth or Loss of Customers and Care about the “WHY?”*

4 Competency Two: Align around Experience .......... 89
   *Give Leaders a Framework for Guiding the Work of the Organization.*
   *Unite Accountability as Customers Experience You. Not Down Your Silos.*
5 Competency Three: Build a Customer Listening Path .................................................. 111
Seek Input and Customer Understanding, Aligned to the Customer Journey.
Tell the Story of Customers’ Lives.

6 Competency Four: Proactive Experience Reliability & Innovation ............................ 137
Know Before Customers Tell You, Where Experiences Are Unreliable.
Deliver One-Company Consistent and Desired Experiences.

7 Competency Five: One-Company Leadership, Accountability, and Culture ..................159
Leadership Behaviors Required for Embedding the Five Competencies.
Enabling Employees to Deliver Value.

8 Staging the Work ................................................. 199
Transform by Breaking the Work into Attainable Segments.
Competency Maturity Map and Milestones.
Evolving Organizational Structures.

9 Establishing and Filling the Chief Customer Officer Role ........................................219
Assessing Organizational Readiness.
Leadership Considerations.
Chief Customer Officer Job Description and Role Definition.

Next Steps
Acknowledgments
About the Author
Index
I’ve been doing this work for so long, that sometimes while I’m waxing on, a Chief Customer Officer (CCO) client will ask, “Can you write that down?” I don’t often do that, because my goal in coaching CCOs and leadership teams is for them to find their own united voice. To help them emerge as customer leaders. We unite the CCO and executive team in focusing their organizations on customer-driven growth. On replacing reactivity and survey score addiction with embedded competencies that became part of the business engine. My job is behind the scenes to ensure they don’t fall into the same potholes others before them have, and to help them accelerate their transformation as swiftly as possible.

In the past ten 10 years, since writing and publishing Chief Customer Officer: Getting Past Lip Service to Passionate Action, it has been my privilege to be called upon by nearly every business vertical around the world—to coach their Chief Customer Officer and executive leadership teams in their transformation toward customer-driven growth. Insurance, technology, healthcare, retail, financial services, hospitality, manufacturing, telecommunications, Software-as-Service companies, service businesses, government agencies, and many other industry leaders have reached out for clarity and a road map on how to navigate these often-unwieldy waters. (Usually starting with a somewhat urgent call asking for help defining the work and the role. You are not alone!) Like you, they needed a way to break this work up and accomplish it in a realistic manner.
We have made great strides together. And we have stories to tell. These stories from both clients and customer leadership executives representing nearly every business vertical are peppered throughout this book in case studies entitled “My Rock, My Story.” This title is a nod to Sisyphus, who we all at times feel akin to, pushing the rock up the hill.

And that is why I have written this book for you. I wanted to provide this advanced toolkit as your success accelerator and road map. To that end, this is essentially a completely new book with specific tales of customization and implementation comprised from working with practitioners in multiple industries, organizations, and cultures.

Through working with leaders around the world, heightened specifics and tactics have emerged to increase success for this role and customer-centric business transformations. Through coaching, more tools have been established to provide greater clarity for CEOs and executive teams seeking to understand the value in this role and their personal commitment required to make it a success. Through coaching, five Customer Leadership Competencies have emerged that create an engine for reliably leading this work.

Around the world, the customer leadership executive role (chief customer officer, vice president of customer experience, etc.) has been embraced in both business-to-business and business-to-consumer organizations. Leaders in these roles have worked to figure out how they should organize, act, and make decisions to earn the right to business growth by embracing employees and customers and delivering an experience they want to have again and tell others about. There have been many versions of success, as you probably know well from living within the constraints of trying to do this work across a silo-driven organization. And many opportunities remain—through learning from each other and sharing our stories.

Helping you achieve success as CCO with your executive team and organization depends upon actions and behaviors that
have been developed, practiced, and matured through my many years as a practitioner and coach. I will share these with you.

- The common denominators to customer leadership executive success.
- Roadblocks for organizations that were stopped short.
- Five Customer Leadership Competencies of world-class companies.
- What changes when the five competencies become a part of the way you go to market, develop products, reward people, and conduct annual planning.

Many things have not changed since I wrote Chief Customer Officer: Getting Past Lip Service to Passionate Action. Organizations still rely primarily on areas of expertise or silos to run the business. Annual planning is still done (mostly) silo by silo. Lagging indicator surveys still often drive point-in-time action to try to improve results (not always the customer experience) and the customer is often still the only one experiencing the outcome of this disconnection.

What has changed is the power that social media has given customers to speak out about their experiences. I am supremely enthused about this forcing function! Lagging survey metrics can’t catch surges of happiness and unhappiness that customers express in social media to make an impact on customer growth and profitability. And the cherry-picked silo-based projects that emerge from these results are not solving the problems causing customers to depart or grow.

The monthly CEO report out still goes from silo vice president to silo vice president in C-Suite meetings. But there is growing angst that this dissected view is not the right one to make focused and impactful customer growth investments.

And with that, more companies are trying to figure out how to organize and unite to tackle experiences end to end. It’s a noble commitment… but still misunderstood. Now more than
ever with the rise of social media, big data, and the surge of focus on customer experience, CCOs are at risk of chasing the ‘shiny object’ of the moment than at embedding a set of behaviors that will transform their organizations.

So with all of that in mind, here is the inside of my new and improved clock on how to become what I call “the human duct tape” of the organization. *Chief Customer Officer 2.0* is for you, the …

- Customer leadership executives with the role today
- CEOs and boards considering the role for their organization
- Those moving to CCO from another role
- People aspiring to bring the role into their organization
- Executive Teams working with the CCO
- Recruiters placing customer leadership executive positions

Thanks for all the years of reaching out and trusting me to help you along the way. I wrote this for you, as always, to have my hand on the small of your back, encouraging and prodding you to push that rock up that hill. I am honored we get to spend this time together again. Supporting you is my life’s work. Thanks for taking the time to read this new and enriched material.

Jeanne Bliss
Los Angeles, California
February 2015
Your Reading Road Map for *Chief Customer Officer 2.0*

Having prescribed to all my clients that they need to give employees and customers a road map on the experience that they deliver, the following is your reading road map for Chief Customer Officer 2.0. This book is assembled to enable you to work with your leadership team to establish a one-company approach and understanding of what it means to focus on “customer experience.” It will provide you with a framework that can be customized to your organization so that you can earn the right to customer-driven growth. Through the “Action Lab” tools and “My Rock, My Story” case studies, it will challenge you to determine how your current efforts compare to others doing the same, it will provide encouragement in storytelling, and it will provide practical actions you can implement.
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chief Customer Officer Role Clarity</td>
<td>Summary of the CCO role based on the five-customer leadership competencies.</td>
</tr>
<tr>
<td>2. Unite Leadership to Ensure Role Adoption and Acceleration</td>
<td>How to lay the groundwork for a successful transformation.</td>
</tr>
<tr>
<td>3. Competency 1: Honor and Manage Customers as Assets</td>
<td>Information on each competency to customize and implement actions for your organization.</td>
</tr>
<tr>
<td>4. Competency 2: Align around Experience</td>
<td></td>
</tr>
<tr>
<td>5. Competency 3: Build a Customer Listening Path</td>
<td></td>
</tr>
<tr>
<td>6. Competency 4: Proactive Experience Reliability and Innovation</td>
<td></td>
</tr>
<tr>
<td>7. Competency 5: Leadership, Accountability, and Culture</td>
<td></td>
</tr>
<tr>
<td>8. Staging the Work</td>
<td>Maturity Map so you can stage the work and the evolution of the CCO role for your business.</td>
</tr>
<tr>
<td>9. Comprehensive Toolkit for Hiring or Interviewing a CCO.</td>
<td>Prepares you for the successful research and selection of a customer leadership executive for your organization.</td>
</tr>
<tr>
<td></td>
<td>There is valuable information here for</td>
</tr>
<tr>
<td></td>
<td>• CCO candidates</td>
</tr>
<tr>
<td></td>
<td>• Executives and Boards considering the role</td>
</tr>
<tr>
<td></td>
<td>• Headhunters recruiting for the role</td>
</tr>
</tbody>
</table>
A Chief Customer Officer is successful when he or she can simplify how the organization works together to achieve customer-driven growth, engage the leadership team, and connect the work to a return on investment. That’s what everyone wants to know about this role. What does the Chief Customer Officer do, how is the work staged and what is its impact? You’ll find the answers to these questions in this book.

What you will also find, which is equally important, is how to unite the leadership team and organization to ‘earn the right’ to growth by making decisions and orienting business operations to improve customers’ lives. This is the elusive and challenging element of this work that, when neglected, can turn it into a program or project rather than a transformation. Sustainable change will occur only when this work goes beyond project plans and status updates and is grounded in caring about customers’ lives. It’s the path to growth the five competencies outlined in this book provides.

What I know from over thirty years as a CCO practitioner and coach to customer leadership executives and their C-Suite,
is that we’ve got to take the reactive nature out of this work. Our work must be about embedding behaviors and competencies in the organization: Competencies that will transform how the business and operation are run, to achieve customer-driven growth.

If you became the customer “Velcro man” or “Velcro woman” where all customer issues were strewn in your path upon assuming this role, you know that establishing role clarity and executive alignment is paramount. Without it, you run the risk of being defined as the fix-it person. And that’s not who you want to be.

Customer-focused efforts are often highly reactive because they sync to the cycle of survey results. The results come out; the silos react independently, rinse and repeat. This reactive nature of waiting for the results and then taking actions that chase the score push the work to what I call “whack-a-mole” tactics. Fixing things. Project plans or work streams with red, yellow, and green dots.

And the role of the chief customer officer (CCO) is defined as the fix-it person for what currently ails customers, or the one nagging the silos to take action. Despite all this activity (giving a false positive of commitment measured by energy expended), we have not embedded new behaviors for how we understand customers’ lives, how we care about their lives, and how we improve their lives. Our work is defined by project plan movement rather than customer life improvement.

The purpose of our work is to galvanize the organization to deliver experiences that customers want to have again—to earn the right to customer-driven growth. But what we sometimes do in these roles is the opposite. Customer-focused actions are one-off reactions to survey results, or to an executive in the field getting direct customer feedback, or to a letter that lands on someone’s desk. Information is delivered, the silos react, and the cycle repeats.

As a result, the higher purpose of our work, which is to drive growth, is lost. These efforts then fall prey to being perceived
as costs without reward. CEOs and boards want to be customer focused, but without an explicit connection to growth, many consider the work to be:

- A leap of faith.
- Expensive.
- Deterrents to the “real” work.

The Five Customer Leadership Competencies

For customer experience efforts to become valued and considered critical to driving growth they must rise above the fray of being defined as problem solving or chasing survey scores. The work must be defined as building your customer-driven growth engine, with the CCO role as the architect of that engine.

From being a practitioner in the rinse and repeat cycle to coaching CCOs and the C-Suite, I knew I had to find a way to break that cycle. To create a system that shows a clear and simple connection to a return on investment, and gives the CEO that legacy that he or she wants to leave as their mark. That system is these five competencies that will, over time, build your customer-driven growth engine.

The 5 Customer Leadership Competencies connect to growth. They deliver constantly updated information to unite leaders on the most impactful customer priorities, and they shift attitudes from chasing survey scores to caring about and improving customer lives to earn the right to growth.

Here are the benefits of this five-competency business engine:

- They establish the connection to business growth. The five competencies elevate customer experience efforts from getting a score to ‘earning the right’ to growth.
• You build them *at your own pace*, with actions that are most potent for your culture, your leaders, and the company’s ability to take on the work within each competency.

• They build an engine analogous to the familiar process of product development, with distinguishable steps and metrics and performance requirements. These five competencies provide an equal discipline for focused customer experience development.

• They drive a one-company focus on customer experiences by uniting leaders in investing in the most impactful priorities. Competency five, for example, builds a monthly process (called a customer room) to step people into the shoes of the customer, uniting the company to focus on a few critical actions rather than having every silo choosing many tactics separately from one another.

• They specify actions that demystify the role of the customer leadership executive (CCO, CXO, etc.). The role becomes clear, as architect and facilitator of the engine, uniting leaders to make decisions that improve customers’ lives and lead to business growth.

I call these Customer Leadership Competencies because they define the behavior of world-class organizations focused on customers and employees. They impact how these organizations decide to grow, how they lead in unison, how they identify and resolve issues, and how they collectively build a one-company experience.

Below is an introduction of the five competencies that will comprise your customer-driven growth engine. Later in the book there is a full chapter on each competency, along with tools to help you to customize your version of these competencies for your organization. These are:

• **Action Lab**: Tools and templates to immediately put into use.

• **My Rock, My Story**: CCO stories on how they united leadership, worked through challenges, and achieved success.
Based on working as a practitioner, and with clients around the globe for over thirty years, here is the real-world approach for how to integrate the discipline and role of customer experience leadership into your operation. Here are the five competencies that define the Chief Customer Officer role and require engagement of the executive team and organization to make them a success.

1: HONOR AND MANAGE CUSTOMERS AS ASSETS.

"Experience" Accountability =

**Customers as Assets:**

Align leaders to make a defining performance metric – the growth or loss of your customer base. Shift to a simple understanding of customer-driven growth success.

- Growth of Customers
- Loss of Customers
- Business Growth

In Competency 1, the work is to align leaders to make a defining performance metric—the growth or loss of the customer base. The purpose is to shift to a simple understanding of the overall success achieved when a company earns customer-driven growth.

Customer Asset Management is to know what customers actually did to impact business growth or loss versus what they say they might do via survey results.

For example: how many new customers did you bring in this quarter, by volume and value (power of your acquisition engine); how many customers were lost this quarter, by volume and value (power of the experience and value perceived); how many increased their purchases; and how many reduced their level of engagement with you? The key here is to express these outcomes in whole numbers, not retention rates, so the full impact is understood—these numbers represent the lives of customers joining or leaving your company.

This connection can be explained and accepted by your board of directors. And it gives your executives a platform from
which they can personally talk about this work, take ownership of it, and connect it to business growth.

The role of the CCO is not to build and then ‘pitch’ these metrics to the C-Suite. It is to unite leaders in establishing customer asset metrics and customer growth behaviors that they will stand behind as a united leadership team. And it is to work to build the engine with them to enable the data so that this information is recurring and refreshed to drive business decisions.

What this means is to know and care about, at the executive level, the shifting behavior within your customer base that indicates if their bond with you is growing or shrinking. And, importantly, it’s about engaging your executives in caring about the “WHY?” Why did customers stay or leave, buy more or less, or actively use your products or services more or less?

With this book, you’ll be able to start the conversation with your leadership team and engage them in building your version of customer asset metrics. You will be able to engage them in building your company’s version of this simple metric, and translating and communicating it across your organization, in a manner that connects to your operation and resonates with your employees.

**Elevating Our Donors as Assets**

Martin Hand  
Chief Donor/Customer Officer  
St. Jude Children’s Research Hospital

*Martin Hand is Chief Donor/Customer Officer at St. Jude Children’s Research Hospital, where he is responsible for the overall donor experience, contact center operations, and donor account processing functions. Martin was previously Senior Vice President of Customer Experience at United Continental Holdings.*

It takes $2 million per day to operate St. Jude Children’s Research Hospital to help save children’s lives. Donors caring about these kids have contributed over 75 percent of those funds for more than 50 years. Without them we couldn’t have pushed the overall childhood cancer survival rate from 20 percent to 80 percent. Therefore we want to connect all of our employees to the importance of how their work impacts donors’ lives,
and to find effective and simple ways to measure and discuss the growth or shrinkage of our donor base. Our goal is to elevate this donor-centric philosophy across the organization and make the donor experience a key part of how we measure our success.

What we find is that it is most powerful to combine story telling when we deliver this information. We will tell the growth of donors and how many we did not keep, and then we will challenge the organization with the impact of losing donors. We tell this story in both the number of lost donors and also in the value of the donor we lost—to show the potential future revenue of a lost donor.

We show explicitly the incremental growth that we would have if we kept 5 or 10 or 20 percent more donors. And then we attach that information to examples of issues that drive donors away. Now people’s work is connected to growth and they have clarity about what they can do about it.

2: ALIGN AROUND EXPERIENCE.

_Give Leaders a Framework for Guiding the Work of the Organization._

_Unity Accountability as Customers Experience You. Not Down Your Silos._

“Experience” Accountability =

| Awareness & Research | Assess & Sample | Develop Solution | Partner & Contract | Service & Support | Strategic Partnership |

#2 Align Around Experience:

- Align the Operation Around Customer Experience Delivery & Innovation. “Earn the Right” to Customer Asset Growth.
  - Customer Journey
  - Focus on Priorities
  - Leadership Language

Competency 2 gives leaders a framework for guiding the work of the organization: requiring cross-silo accountability to deliver deliberate customer experiences. It unites the organization in building a framework for ‘earning the right’ to customer asset growth. The role of the CCO is to unite leaders and the organization in building a one-company version of their customer journey.

This means facilitating across the silos to unite them in the development, and understanding of the entire customer
journey, versus the silo-based processes that dictate the customer experience (such as the sales process, marketing acquisition process, etc.). It includes focusing the organization on priority one-company experiences. And on changing the conversations from silo-driven conversations to collaborative conversations about customers’ lives—their experiences across the journey they have with your organization. Over time, this will evolve leadership language to drive performance along the customer journey, driving accountability to journey stages, not only down silos.

As a result of competency two, questions about silo and project performance will shift to include accountability for customer life improvement. Your customer journey framework will provide a disciplined one-company diagnosis into the reasons behind customer asset growth or loss. And it will establish rigor in understanding and caring about priorities in customers’ lives (The real power in journey mapping.)

With this book, you will be able to assess how you currently use your customer journey map as the framework to consistently drive company focus, in your customer listening, experience improvement, and planning efforts. You will learn how other CCOs have avoided the “shiny object” syndrome that journey-mapping is at risk of being today. And you will learn how to move mapping from a one-off activity to the beginning of a competency that drives business behavior.

**How We Built Our Customer Eco-System**

Lesley Mottla

*Senior Vice President, Customer Experience at LAUNCH*

*Previously EVP, Global Product & Customer Experience, Zipcar*

Lesley Mottla was part of the management team that developed Zipcar’s award-winning customer experience and technologies. She just joined LAUNCH, a start-up devoted to reinventing multichannel consumer experiences.

To get started with customer experience, we built a very simple high-level customer journey on one page so everyone could understand it.
We call it our eco-system. Here’s what’s included: At the top are the activities and moments of truth customers go through, in the middle they are bucketed into high-level touchpoints, or stages as some call them. These are what we call “front of the house”—what customers see. Then below the stages are the “back of house” items—the things we have to unite on to deliver seamlessly to the front of the house. Presenting the visual on one page was very important for us in communications and creating understanding.

To build this map we started internally with our people, then we did a lot of observations with customers to build out the specific front-of-house components. When we started working on the micro-processes under these, we got more detailed. But starting here was important to build a one-company view of the Zipcar experience.

Then every year we would create a roadmap using the eco-system visual. Each year we would start with certain themes to focus on. Inside of each theme was the customer experience to be improved or heightened and why, the development, investment, and initiatives. This also included the financial impact and cost to the operation.

We used this singular format consistently every quarter and prior to planning to align and focus and make the work real and tangible.

3: BUILD A CUSTOMER LISTENING PATH.
Seek Input and Customer Understanding, Aligned to the Customer Journey.

“Experience” Accountability =

1. Awareness & Research
2. Assess & Sample
3. Develop Solution
4. Partner & Contract
5. Service & Support
6. Strategic Partnership

Build a Customer Listening Path:
Seek Input and Understanding at Critical Points Along the Customer Journey.

- Use Multiple Sources of Insight.
- Tell the Story of Customers’ Lives.
- Unite Decision-Making and Focus.

Competency 3 unites your organization to build a one-company listening system that is constantly refreshed to tell the story of your customers’ experience, guided by the customer journey framework. Feedback volunteered from customers as they interact with you, survey and social feedback, ethnography,
and other sources of gathered input are assembled into one complete picture, presenting customer perception and value, stage by stage. This alignment of multiple sources of feedback focuses and galvanizes the organization to focus on key areas of improvement connected to customer growth, driving greater results and greater understanding of this work.

The role of the CCO is to engage leaders and the organization to want to be a part of one-company storytelling to unite decision-making and drive cross-company focus and action. That’s why I call this competency as building a customer ‘listening path’.

With this book, you’ll be able to evaluate your current listening system to determine how to evolve to the comprehensive customer listening path of competency two. This will enable you to utilize multiple sources of information to move your company past survey-score addiction, to customer experience storytelling - prompting caring about customers’ lives, and improvements that earn the right to growth.

Aggregating Insights To Interest Even the CFO

Graham Atkinson
Chief Marketing and Customer Experience Officer
Walgreens

Graham Atkinson, is Chief Marketing and Customer Experience Officer at Walgreens, the largest drug-retailing chain in the United States, with responsibility for the full customer experience/relationship, including loyalty.

What I first encountered at Walgreens was that the stores were receiving a simplistic survey report with results by store. Often it gave them results from only 20 to 30 customers with only the survey score numeric. There was very little if any commentary behind the score. They might receive a few ad hoc comments. As you could guess, from these results, store managers could easily explain or rationalize bad results away.
Then, in our leadership meetings, we had a monthly report-out from sales and marketing. In this meeting there were just two lines of information reported on that applied to customers: the exit store survey results and the competitive results. One meeting’s discussion on these results elicited an almost cathartic conversation, which opened the door to change.

We didn’t really understand what this customer number meant or the impact. One of the first things we did to put meat on the bones of this information was to understand what we had in terms of tools and processes and start to build out a robust listening system with understanding and meaning behind the data we were gathering.

Within my first six months, we rebuilt our approach to give each store higher response rates with more credible feedback that was harder to refute, we built a program to identify how each store was performing to encourage a friendly horse-race among stores, and we did the heavy lifting for store managers to identify a few key things per store to focus on.

Over time, we created a central repository of multiple categories of listening feedback and turned it into a consistent scorecard on business performance. We also looked at behavioral loyalty so we could connect to improvements that would drive a return on investment. With analytics we were able to show how behaviors changed over time and how we needed to achieve different results to achieve customer-buying patterns that drive growth. Importantly, this was not just a rudimentary part of our leadership meetings—but presented as important as the report-out of financial results.

**4: PROACTIVE EXPERIENCE RELIABILITY & INNOVATION.**

*Know Before Customers Tell You, Where Experiences Are Unreliable.*

*Deliver Consistent and Desired Experiences.*

*Experience* Accountability =

**Proactive Experience Reliability & Innovation:**

Build the ability to predict performance, rebuild and innovate at key touchpoints. Make customer experience development as important as product development.
Competency 4 builds out your “Revenue Erosion Early-Warning Process.” We need leaders to care about operational performance in processes that impact priority moments in your customers’ journey with you. These are the intersection points that impact customer decisions to stay, leave, buy more, and recommend you to others.

This is where you build your discipline to know before customers tell you if your operation is reliable or unreliable in experience delivery in the moments that matter most. The role of the CCO is to drive executive appetite for wanting to know about these interruptions in customers’ lives, simplifying how they are delivered, and facilitating a one-company response to these key operational performance areas. It is to facilitate the competency of building a deliberate process for customer experience improvement that rivals the clarity and processes that most companies have for product development.

With this book, you will be able to evaluate how proactive your efforts are today in uniting leadership focus to identify and provide resources to improve priority customer experiences. You will receive information so that you can engage leaders in working with the silos to pull out the few critical metrics they should care about with as much rigor as they care about achieving sales goals. And you will gain a perspective from CCOs on how they built a path for embedding the competency of focus, capacity creation, and reward for one-company experience improvement.

Real Time Performance Visibility to Improve Customer Experience

Lambert Walsh
Vice President & General Manager, Global Services, Adobe

Lambert Walsh is Vice President and General Manager at Adobe, where he leads Adobe’s efforts to retain and grow long-term relationships with customers and partners across all segments and lines of business. He has led customer success at Adobe since 2007.
At Adobe, we now have performance indicators that leaders across Adobe are accountable to, that build a connection between core system performance and delivering exceptional customer experiences with our services. Typical Software as a Service (SaaS) operational metrics around availability and uptime remain important, but they are internal metrics about how we are doing. Additional quality of service indicators will measure how we are performing in relation to what customers need in real time. For example, we may see that a system is up and running but a subset of customers may be experiencing disruption in performance, impeding tasks they want to perform. When we look at only the traditional system performance we risk getting a false positive of our performance and the customers’ experience. With additional measures that reflect exactly what customers are seeing we can make adjustments in real time to ensure that we deliver the best experience possible.

5: LEADERSHIP, ACCOUNTABILITY & CULTURE

Leadership Behaviors Required for Embedding the Five Competencies. Enabling Employees to Deliver Value.

“Experience” Accountability =

One-Company Leadership, Accountability, Culture:

Decisions and Operational Actions That Steer the Company Toward Customer-Driven Growth. United Leadership Behavior to Connect the Silos and Enable People to Act.

This is your “prove it to me” competency. For this work to be transformative and stick, it must be more than a customer manifesto. Commitment to customer-driven growth is proven with actions and choices. To emulate culture, people need examples. They need proof.

Culture must be proven with decisions and operational actions that are deliberate in steering how a company will and will not treat customers and employees. Competency five puts into practice united leadership behaviors to enable and earn
sustainable customer asset growth. It focuses them on what *they will* and *will not* do to grow the business.

The role of the CCO is to work with the leadership team in building the consistent behaviors, decision-making, and company engagement that will prove to the organization that leaders are united in their commitment to earn the right to customer-driven growth.

You must move beyond the customer manifesto and translate the commitment to actions that people understand and can emulate. That’s what competency five helps you to accomplish for your organization. In this book you will receive specific examples of a set of leadership actions that are foundational for the success of a customer experience transformation. And you will be provided with examples from chief customer officers on how they united their company’s leadership in these critical actions. You will have the information to determine how to engage as a leadership team and where the critical roadblocks are that you must tackle.

**Building Trust to Scale the Business**

Tish Whitcraft

*Chief Customer Officer*  
*OpenX*

*Tish Whitcraft is Chief Customer Officer at OpenX, responsible for the partner experience and all revenue growth and retention. OpenX is a global leader in web and mobile advertising technology that optimizes the economic potential of digital media companies through advertising technology.*

In a lot of organizations we put too many rules, policies, and frameworks in place, thinking that these will make a scalable experience. But a scalable experience occurs when we begin giving people the ability to make the right decisions. At OpenX, for example, we learned that we had to give account managers permission to make decisions to grow and scale the business.
One of the things we did was to simply begin having regular weekly meetings with account managers to enforce and go through specific customer issues they were having. We’d have them recommend what they thought should be done—and then give them the authority to just do it. Simple, right? But somewhere along the way someone didn’t give them permission to make decisions. So they thought that was a rule they had to follow. And they stopped taking action and started asking first. And that got in the way of solving customer issues and creating value. It impeded growth and our ability to scale.

We also work deliberately to show customers that we have confidence in our own people and trust their decisions. We are always in meetings with customers—so we showcase their account manager as the one who owns the decisions on the account. If we make them get approval on everything—then the customer will see their account manager as a paper pusher they have to go around to get a decision.

The Five Competencies Build Your Customer-Driven Growth Engine

When these five competencies are embedded into the organization with committed leadership behavior, they are so clear that they become the work of the organization. There is no difference between the “customer” work and the “real” work. The five competencies connect to growth, and they shift attitudes to caring about and improving customer lives.

These five competencies unite the organization to identify and improve customer priorities with most impact. Today, surveys come out, and silos react to them. Research is done and they react. Products are developed with varying degrees of customer understanding. Everything is a distinct project without an overarching framework. Work streams begin without lines of sight to each other.

These competencies are designed with a clear connection to one another so that over time you have a repeatable and
deliberate customer-driven growth engine. And please keep this in mind: the goal is that you build this over time. The customer leadership executive’s role is to engage the organization to phase the build-out so that it sticks.

**Five Competencies = Engine for Growth**

1. **HONOR AND MANAGE CUSTOMERS AS ASSETS**
   *Know the Growth or Loss of Customers and Care About the ‘WHY?’*

2. **ALIGN AROUND EXPERIENCE**

3. **BUILD A CUSTOMER LISTENING PATH**
   *Seek Input and Customer Understanding, Aligned to the Customer Journey.*

4. **PROACTIVE EXPERIENCE RELIABILITY & INNOVATION**
   *Know Before Customers Tell You, Where Experiences Are Unreliable. Deliver Consistent and Desired Experiences.*

5. **LEADERSHIP, ACCOUNTABILITY & CULTURE**
   *Leadership Behaviors Required for Embedding the Five Competencies. Enabling Employees to Deliver Value.*

Over time, one of this engine’s most potent impacts is in prioritizing investments for customer-driven growth by shifting the annual planning process. Instead of starting with the silos, leaders start with the customers’ lives, identify priorities, and then determine collectively the investments to improve them to earn the right to growth. Without alignment among your executive team to regularly review the customer journey that this engine
affords, investments are not fully optimized. Tactical actions are budgeted and implemented by silo, but complete customer experiences that drive growth are not improved. Rinse and repeat.

State of the Customer Report

Claire Burns
Chief Customer Officer
MetLife

Claire Burns is Chief Customer Officer at MetLife. She drives the customer-centricity strategy and actions to build customer empathy and improve the experience of purchasing, maintaining, and enhancing customer coverage with MetLife. MetLife, Inc., is a global provider of insurance, annuities, and employee benefit programs.

As we go into our planning cycle we prepare the organization with a “State of the Customer” report. In this report we walk through what has improved and the lingering issues.

• We identify highlights and priorities by customer journeys specific to regions or countries.
• In the report we synthesize the customer experience for the past year, gathering insight from multiple sources: trended complaints, inbound feedback from the web and call centers, social media feedback, operational performance, and survey results.
• We identify “the top five-problems” list to be tackled by market area and the biggest success achieved in the current year.
• We also identify the two to three company-wide priorities we need to tackle.

Finally we provide a decision guideline—of what to do and what not to do to customers across the journey as they plan their actions.

If you’re in the fray of silo-based reactivity to customer issues, these five competencies will help to emancipate you from those fire drills. For the CCO currently in the role, they will help you accelerate this work with clarity and leadership alignment. And for leadership teams, boards and newly appointed customer leadership executives, these five competencies will help you to
begin the role and the work effectively, cutting years off your learning curve.

No matter which path you are on now, these five competencies will clarify and accelerate your work and elevate it to connect to business growth. The engine built from these five competencies gives you an organized and phased approach for investing in and building reliable experiences around the products and services you build. Within each of these five competencies are operational mechanics and cultural actions required to drive the transformation of doing this work for the right reasons, and with the impact of “earning the right” to customer growth.

The Five Competencies Connect to Tell the Story of Your Customers’ Lives

These five competencies connect to tell the story of your customers’ lives as they traverse your business. They begin with the outcome of the experience, which is how the customer asset grew or diminished (Competency 1). They organize listening, feedback, and organizational and experience reliability by stage of the experience, uniting actions to imagine and improve complete customer experiences, rather than independently driven silo-based actions (Competency 2 and 3). And they remove what I consider the Achilles’ heel of customer experience, the lack of regular accountability for experience and inconsistent leadership behaviors and actions (Competencies 4 and 5).

As you build out these five competencies, your role as the customer leadership executive is to connect them to be the storyteller. Tell stories that move customers off spreadsheets, engage people personally in customers’ lives, and compel prioritized and focused action. Tell the story of how your customer experience impacted customers’ lives and business growth. In chapter two, you’ll find more detail on how the five competencies connect
Meet Your Timing and Priorities

in storytelling to reveal emerging opportunities for customer experience improvement and innovation.

You Can Stage the Competencies to Meet Your Timing and Priorities

There is a term that I am sure you have heard. It is connected to a major reason for customer experience transformation failure. And that is ‘boiling the ocean’ by taking on too much too fast, with multiple parts of the organization translating and taking action independently. My suggestion is to learn and understand the five competencies. But then stair-step actions for embedding the five competencies. Don’t “boil the ocean” with an overwhelming implementation plan.

Here are the three methods we find to be most successful.

1. **Break the five competencies down into crawl-walk-run action steps.** For example, in Competency 1, Honoring and Managing Customers as Assets, don’t wait until you have all the data perfectly aligned and automated until you roll this out. Start with the data you have now, even if it means manually building spreadsheets.

2. **Improve priority experiences while developing the five competencies.** Unite leaders on the identification of the priority customer experience touchpoints. Learn how to work as one-company to solve and improve them.

3. **Prove out the process before expanding.** I had a client who wanted to embed the five competencies in three countries simultaneously. My recommendation was to rollout version 1 of the five competencies in one country first, working out the kinks and gaining experience and relevant examples. Instead, there was pressure to go broad and go fast. You can predict how that ended.
The Five Competencies Answer the Question “What Do You Do?”

When I worked in the role of CCO, it drove me crazy to receive the question, “What do you do?” Now, my clients receive it. These five competencies will answer that question and define the CCO role. Each of the five competencies, with their explicit outcomes, clarify what the CCO function does and what it enables the leaders and organization to do.

By engaging the organization in building the repeatable cycle of the five customer leadership competencies, the organization can unite, understand and care about customers’ lives, and pool resources to focus on what is most important. This repeatable cycle will drive growth. The chief customer officer, in short, is the architect of this customer-driven growth.

Throughout the course of this book, you will receive information, tools, sustenance and support to enable you and your leadership team to customize and build your version of a customer-driven growth engine.

How We’ve Elevated My Role and This Work

Pete Winemiller
Senior Vice President of Guest Relations
NBA’s Oklahoma City Thunder

Pete Winemiller is Senior Vice President of Guest Relations for the NBA’s Oklahoma City Thunder. He is charged with creating repeat customers in a business environment where you cannot control the level of success on the basketball court, but you can control what happens in the stands.

For the Thunder organization, the guest experience is a pillar of our business on equal footing with other departments, such as sales and marketing. And here’s why: The nature of our business is that we can’t control the level of success on the basketball court (the purchased product), but we can control what happens in the stands (the customer experience).
Even if the game outcome is not what we hope, the goal is that the overall guest experience will keep our fans coming back. That means our work is yoked to the other departments in driving the economics of our business.

We are fortunate to have a leadership group that values the guest experience in equal weight to the other economic drivers of our business. In other businesses, the customer-experience role does not always have a seat at the same leadership table as marketing or finance. In our organization, we all are committed to the idea that the guest experience is essential to meet our overall business goals.

Summary

The power of these five competencies is how they connect to drive clarity for customer experience transformation and the role of the CCO:

1. The five competencies establish an engine for driving customer growth.
2. The CCO facilitates the construct of the engine, engaging leaders and employees throughout the company.
3. The engine enables one-company customer growth behavior and actions.
4. Without this united engine, activities go back to being ruled by squeaky wheel issues, executive-driven one-off action items, and silo-by-silo priorities.

Below please find an audit I conduct with my clients at the beginning of each coaching engagement to determine how much work has been completed in each of the five competencies. I encourage you to use this audit as a tool to clarify the CCO role as guiding

(continued)
the company to build out these competencies, and to clarify what you can achieve by embedding the five competencies into how you operate your business.

If your results suggest that you are “early” in some activities within the competencies, you are in good company. The early stage is in many cases the outcome of silos working hard (even after many years of survey work or focus)—but working hard separately. That is why the five competencies are powerful … because they create an engine to unite leaders and your organization.

<table>
<thead>
<tr>
<th>Competency 1: Honor and Manage Customers as Assets</th>
<th>Current State Assessment</th>
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<tbody>
<tr>
<td><strong>Description</strong></td>
<td><strong>Where Are We Now?</strong></td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>EARLY</td>
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<tr>
<td>Do we stress and actively pursue how we are managing the asset of the Customer growth or loss? Do we highlight where we are in losing or gaining Customers as key talking points in meetings within the organization?</td>
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<td></td>
<td>MATURE</td>
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<td><strong>Data Enabling</strong></td>
<td>EARLY</td>
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<td>Have we identified all the data sources that need to connect to consistently and confidently measure and manage the growth or loss of the Customer asset across the organization?</td>
<td>ADVANCED</td>
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<td></td>
<td>MATURE</td>
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<tr>
<td><strong>Wanting to know WHY?</strong></td>
<td>EARLY</td>
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<tr>
<td>Are we actively anxious and passionate about why Customers are leaving—do we want to know what operationally we did to drive departure? Do we personally talk to Customers who have left—not as a research exercise but to know them, and as an operational call to action?</td>
<td>ADVANCED</td>
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<td>MATURE</td>
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### Competency 2: Align Around Experience

**Current State Assessment**

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<thead>
<tr>
<th>Description</th>
<th>Where Are We?</th>
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<tbody>
<tr>
<td><strong>Alignment Around Experience</strong>&lt;br&gt;Do we have consensus on how to define the experience we deliver to our Customers—holistically as they would describe it? Have we agreed on the number of journeys? Do we have consensus on the stages of the experience?</td>
<td>EARLY&lt;br&gt;ADVANCED&lt;br&gt;MATURE</td>
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<tr>
<td><strong>Move from Silo-based Actions to Customer Priorities</strong>&lt;br&gt;Have we mapped the touchpoints to know which are most critical to a) driving revenue, b) forming a relationship/bond, c) rescuing Customers at risk, and d) retaining and growing share of wallet?&lt;br&gt;Have we done the research and work to know what Customers value most, emotionally what drives them so that we can build differentiated actions? Are we focusing on the right things?</td>
<td>EARLY&lt;br&gt;ADVANCED&lt;br&gt;MATURE</td>
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### Competency 3: Build a Customer Listening Path

**Current State Assessment**

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<th>Description</th>
<th>Where Are We?</th>
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<tr>
<td><strong>Aided Listening</strong> <em>(we initiate request for feedback)</em>&lt;br&gt;Is the survey score the big focus? Do we put the right emphasis on understanding what is causing experience issues, or are we focused on the score? Do we bring in other insights to inform and drive action, or do we tend to react to survey scores in isolation?</td>
<td>EARLY&lt;br&gt;ADVANCED&lt;br&gt;MATURE</td>
</tr>
<tr>
<td><strong>Real-time Unaided Listening</strong> <em>(customers volunteer feedback)</em>&lt;br&gt;Have we identified high volume ‘listening pipes’ (complaints, social, etc.) to know real-time issues/opportunities? Are they organized into consistent categories so they roll up to a trend? Do we watch customer behaviors and use that information as a source of real-time information on customer experiences?</td>
<td>EARLY&lt;br&gt;ADVANCED&lt;br&gt;MATURE</td>
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<tr>
<td><strong>Telling the Story of Customers’ Lives</strong>&lt;br&gt;Are we aggregating multiple sources of insights to tell a balanced story of customer experience issues and innovative opportunities? Do we align customer insights to the stages of the customer journey? Do we practice ‘experiential’ listening, where people take actions we require customers to do, to understand customers’ lives?</td>
<td>EARLY&lt;br&gt;ADVANCED&lt;br&gt;MATURE</td>
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### Competency 4: Proactive Experience Reliability and Innovation

#### Current State Assessment

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<thead>
<tr>
<th>Description</th>
<th>Where Are We?</th>
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</thead>
<tbody>
<tr>
<td><strong>Rescuing High-Value Customers at Risk</strong>&lt;br&gt;Are we deliberate about knowing which Customers need follow-through and when? Do we have a system to do this follow-through?&lt;br&gt;Do we have skilled people? Are we reaching out to Customers, not just from call centers, but from throughout the organization?</td>
<td><strong>EARLY</strong>&lt;br&gt;<strong>ADVANCED</strong>&lt;br&gt;<strong>MATURE</strong></td>
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<tr>
<td><strong>One-Company Experience Improvement</strong>&lt;br&gt;Do we do a lot of “one offs” fixing issues one Customer at a time... or do we also fix the company? Do we focus on the key priorities or does every silo pick their own? Do we have an accountability process around the identification, cross-functional teaming, and metrics for solving this issues? Have we embedded a competency for customer experience improvement throughout the company?</td>
<td><strong>EARLY</strong>&lt;br&gt;<strong>ADVANCED</strong>&lt;br&gt;<strong>MATURE</strong></td>
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<tr>
<td><strong>Experience Innovation</strong>&lt;br&gt;Beyond resolving reliability issues, are we actively understanding evolving customer needs and values to inspire innovation? Have we built a customer experience development process and competency that rivals in its importance, the new product development process?</td>
<td><strong>EARLY</strong>&lt;br&gt;<strong>ADVANCED</strong>&lt;br&gt;<strong>MATURE</strong></td>
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### Competency 5: One-Company Leadership, Accountability, Culture

#### Current State Assessment

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<thead>
<tr>
<th>Description</th>
<th>Where Are We?</th>
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</thead>
<tbody>
<tr>
<td><strong>Leadership Communication, Action, Beliefs</strong>&lt;br&gt;Are leaders united in how they communicate about improving customers’ lives? Do they drive cross-company collaboration, accountability, and metrics, to enable reliable customer experiences? Do they make decisions that honor customers as assets?&lt;br&gt;Do leaders actively engage across the organization to listen and understand what is going on with Customers and employees charged with delivering an experience to them? Do they kill “stupid rules” getting in the way of honoring employees &amp; customers?</td>
<td><strong>EARLY</strong>&lt;br&gt;<strong>ADVANCED</strong>&lt;br&gt;<strong>MATURE</strong></td>
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<tr>
<td><strong>Enabling Employees to Deliver Value</strong>&lt;br&gt;Is clarity of purpose for serving Customers’ lives understood and translated to everyone’s work? Does that clarity guide hiring decisions? Does it guide investment in skills and competency development to enable our people to deliver value to customers?</td>
<td><strong>EARLY</strong>&lt;br&gt;<strong>ADVANCED</strong>&lt;br&gt;<strong>MATURE</strong></td>
</tr>
</tbody>
</table>
THE LEAN PRODUCT PLAYBOOK

How to Innovate with Minimum Viable Products and Rapid Customer Feedback

Dan Olsen
Introduction: Why Products Fail and How Lean Changes the Game xvii

PART I Core Concepts

Chapter 1 Achieving Product-Market Fit with the Lean Product Process 3
What Is Product-Market Fit? 3
The Product-Market Fit Pyramid 4
Quicken: from #47 to #1 7
The Lean Product Process 8

Chapter 2 Problem Space versus Solution Space 13
The Space Pen 13
Problems Define Markets 15
The What and the How 16
Outside-In Product Development 16
Should You Listen to Customers? 17
A Tale of Two Apple Features 18
Using the Solution Space to Discover the Problem Space 20

PART II The Lean Product Process

Chapter 3 Determine Your Target Customer (Step 1) 25
Fishing for Customers 25
How to Segment Your Target Market 26
Users versus Buyers 28
Technology Adoption Life Cycle 29
Personas 30
Chapter 4 Identify Underserved Customer Needs (Step 2) 37
A Customer Need by Any Other Name 37
Customer Needs Example: TurboTax 38
Customer Discovery Interviews 40
Customer Benefit Ladders 41
Hierarchies of Needs 43
The Importance versus Satisfaction Framework 45
Related Frameworks 56
Visualizing Customer Value 58
The Kano Model 63
Putting the Frameworks to Use 66

Chapter 5 Define Your Value Proposition (Step 3) 67
Strategy Means Saying “No” 68
Value Propositions for Search Engines 68
Not So Cuil 71
Building Your Product Value Proposition 72
Skating to Where the Puck Will Be 75
The Flip Video Camera 75
Predicting the Future with Value Propositions 75

Chapter 6 Specify Your Minimum Viable Product (MVP) Feature Set (Step 4) 77
User Stories: Features with Benefits 78
Breaking Features Down 79
Smaller Batch Sizes Are Better 79
Scoping with Story Points 80
Using Return on Investment to Prioritize 80
Deciding on Your MVP Candidate 85

Chapter 7 Create Your MVP Prototype (Step 5) 89
What Is (and Isn’t) an MVP? 89
MVP Tests 90
The Matrix of MVP Tests 92
Qualitative Marketing MVP Tests 93
Quantitative Marketing MVP Tests 94
Qualitative Product MVP Tests 99
Quantitative Product MVP Tests 108
# Contents

<table>
<thead>
<tr>
<th>Chapter 8</th>
<th>Apply the Principles of Great UX Design</th>
<th>111</th>
</tr>
</thead>
<tbody>
<tr>
<td>What Makes a Great UX?</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>The UX Design Iceberg</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Conceptual Design</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>Information Architecture</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Interaction Design</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>Visual Design</td>
<td>129</td>
<td></td>
</tr>
<tr>
<td>Design Principles</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>Copy Is Also Part of UX Design</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td>The A-Team</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td>UX Is in the Eye of the Beholder</td>
<td>141</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 9</th>
<th>Test Your MVP with Customers (Step 6)</th>
<th>143</th>
</tr>
</thead>
<tbody>
<tr>
<td>How Many Customers Should I Test With?</td>
<td>144</td>
<td></td>
</tr>
<tr>
<td>In-Person, Remote, and Unmoderated User Testing</td>
<td>145</td>
<td></td>
</tr>
<tr>
<td>How to Recruit Customers in Your Target Market</td>
<td>148</td>
<td></td>
</tr>
<tr>
<td>User Testing at Intuit</td>
<td>152</td>
<td></td>
</tr>
<tr>
<td>Ramen User Testing</td>
<td>153</td>
<td></td>
</tr>
<tr>
<td>How to Structure the User Test</td>
<td>155</td>
<td></td>
</tr>
<tr>
<td>How to Ask Good Questions</td>
<td>156</td>
<td></td>
</tr>
<tr>
<td>Ask Open versus Closed Questions</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td>I Feel Your Pain</td>
<td>159</td>
<td></td>
</tr>
<tr>
<td>Wrapping Up the User Test</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>How to Capture and Synthesize User Feedback</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Usability versus Product-Market Fit</td>
<td>163</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 10</th>
<th>Iterate and Pivot to Improve Product-Market Fit</th>
<th>167</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Build-Measure-Learn Loop</td>
<td>167</td>
<td></td>
</tr>
<tr>
<td>The Hypothesize-Design-Test-Learn Loop</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td>Iterative User Testing</td>
<td>170</td>
<td></td>
</tr>
<tr>
<td>Persevere or Pivot?</td>
<td>175</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 11</th>
<th>An End-to-End Lean Product Case Study</th>
<th>181</th>
</tr>
</thead>
<tbody>
<tr>
<td>MarketingReport.com</td>
<td>181</td>
<td></td>
</tr>
<tr>
<td>Step 1: Determine Your Target Customers</td>
<td>182</td>
<td></td>
</tr>
<tr>
<td>Step 2: Identify Underserved Needs</td>
<td>182</td>
<td></td>
</tr>
<tr>
<td>Step 3: Define Your Value Proposition</td>
<td>183</td>
<td></td>
</tr>
<tr>
<td>Step 4: Specify Your MVP Feature Set</td>
<td>185</td>
<td></td>
</tr>
</tbody>
</table>
PART III Building and Optimizing Your Product

Chapter 12 Build Your Product Using Agile Development

Agile Development
Scrum
Kanban
Picking the Right Agile Methodology
Succeeding with Agile
Quality Assurance
Test-Driven Development
Continuous Integration
Continuous Deployment

Chapter 13 Measure Your Key Metrics

Analytics versus Other Learning Methods
Oprah versus Spock
User Interviews
Usability Testing
Surveys
Analytics and A/B Testing
Analytics Frameworks
Identify the Metric That Matters Most
Retention Rate
The Equation of Your Business
Achieving Profitability

Chapter 14 Use Analytics to Optimize Your Product and Business

The Lean Product Analytics Process
A Lean Product Analytics Case Study: Friendster
Optimization with A/B Testing

Chapter 15 Conclusion
Building great products is hard. We’re all familiar with the sobering statistics about the high percentage of new products that fail. For every Apple, Google, Facebook, and other success story you hear, there are countless failed products causing companies to shutter their doors.

Think of all the products you’ve used in the last year. How many of those products do you love? How many do you hate? How many can you even remember? If you’re like most people, you actually love a very small number of the products you use.

If you’ve been on a team that has built a product that customers love, you know how great that feels. Passionate users can’t stop raving about your product. Your business metrics are growing up and to the right exponentially. You’re struggling to keep up with the high demand. Customers want and value your product.

But the unfortunate reality is that very few products are like that. Why is it so hard to build a product that customers love? Why do so many products fail?

WHY PRODUCTS FAIL

Throughout my career, I’ve worked on and studied many different products. When I analyze the root causes of why products fail, a common pattern emerges. The main reason products fail is because they don’t meet customer needs in a way that is better than other alternatives. This is the essence of product-market fit. Marc Andreessen of Netscape fame coined the term in 2007. In the same blog post he also contends, as I do, that startups “fail because they never get to product-market fit.”

The Lean Startup movement begun by Eric Ries has helped popularize the idea of product-market fit and the importance of achieving
it. One reason Lean Startup has such wide appeal is because people know how difficult it is to build successful products. I am a strong advocate of Lean Startup principles.

Many people get excited when they first hear Lean Startup ideas and are eager to try them out. However, I've spoken with many of these enthusiasts who struggle to figure out exactly what they should be doing. They understand the high-level concepts, but don't know how to apply them.

This reminds me of many people who decide they want to get in better physical shape. They are highly motivated to start working out more. They join a gym. They buy new workout clothes. They show up to the gym raring to go—but realize that they have no idea what to do when they get there. What exercises should I be doing? What equipment should I be using? What’s the right way to work out? They have plenty of motivation, but lack the specific knowledge about what exactly to do.

**WHY THIS BOOK?**

I wrote *The Lean Product Playbook* to fill the knowledge gaps faced by many people who want to create a product using Lean Startup principles. This book provides clear, step-by-step guidance to help you build successful products. In working with so many product teams, I have witnessed the various challenges they faced and seen numerous examples of what worked well and what didn’t. Over the course of this experience, I developed a framework and process for how to achieve product-market fit.

**The Product-Market Fit Pyramid**

The framework, which I call the Product-Market Fit Pyramid, breaks product-market fit down into five key components: your target customer, your customer’s underserved needs, your value proposition, your feature set, and your user experience (UX). Each of these is actually a testable hypothesis. There is a logical sequence to the five hypotheses based on how they relate to each other, resulting in the hierarchy shown in the pyramid (see Figure I.1).
The Lean Product Process

After developing the Product-Market Fit Pyramid, I designed a simple, iterative process to take advantage of it, called the Lean Product Process. This process guides you through each layer of the pyramid from the bottom up. It helps you articulate and test your key hypotheses for each of the five key components of product-market fit. The Lean Product Process consists of six steps:

1. Determine your target customers
2. Identify underserved customer needs
3. Define your value proposition
4. Specify your minimum viable product (MVP) feature set
5. Create your MVP prototype
6. Test your MVP with customers

This book describes each step of the process in detail with relevant real-world examples. I also devote a chapter to share an in-depth, end-to-end case study of the process being applied.
A Comprehensive Guide

I wrote this book as a comprehensive guide because you have to get so many things right to build a great product. I cover a range of important topics in addition to the Lean Product Process. The book walks you through detailed explanations of UX design and Agile development. It also provides in-depth coverage of analytics and how to use metrics to optimize your product.

The Lean Product Process and the rest of the advice in this book come from hands-on experience and lessons learned throughout my career of building high-tech products—both successes and failures.

About Me

My background is a mix of technical and business skills that I began to develop when my parents gave me my first computer at the age of 10. I started my first business a few years later. I studied electrical engineering at Northwestern University and then started my high-tech career designing nuclear-powered submarines. While working, I earned a Master's degree in industrial engineering from Virginia Tech at night, where I learned about the Lean manufacturing principles that inspired the Lean Startup movement.

I moved to Silicon Valley to attend Stanford Business School and then joined Intuit, which provided an incredible post-MBA training ground in product management, product development, customer research, user experience design, and marketing. I led and grew the Quicken product team to record sales and profit. As I learned more, I had a growing desire to take what I had learned and apply it at startups. Since leaving Intuit, I’ve spent a lot of time working at and with startups.

For years now, I have consulted to numerous companies, helping them apply Lean principles to create successful products. I take a hands-on approach in my consulting: I work closely with CEOs and their management teams and also get in the trenches with product managers, designers, and developers. I usually serve as interim VP of Product for my clients and am often the first product person on their team.

I’ve tested and refined the advice in this book while working with a wide range of companies. My client list includes Facebook, Box,
YouSendIt (now Hightail), Microsoft, Epocrates, Medallia, Chartboost, XING, Financial Engines, and One Medical Group. I’ve found these ideas applicable to all my clients, even though they vary in size from small early stage startups to large public companies and span a variety of vertical industries, target customers, product types, and business models.

I enjoy sharing and discussing my Lean Product ideas with as many people as I can. I regularly give talks and workshops and post my slides on SlideShare at http://slideshare.net/dan_o/presentations. I also host a monthly Lean Product meetup in Silicon Valley, which I invite you to check out at http://meetup.com/lean-product. The audiences in those forums have also helped me hone the guidance provided in this book with their questions, suggestions, and feedback.

WHO IS THIS BOOK FOR?

If you are interested in Lean Startup, Customer Development, Lean UX, Design Thinking, product management, user experience design, Agile development, or analytics, then this book is for you. It will equip you with the “how-to” manual you need, and provide a step-by-step process you can follow to ensure you’re building a product that customers will find valuable.

This book is for:

- Anyone trying to build a new product or service
- Anyone trying to improve their existing product or service
- Entrepreneurs
- Product managers, designers, and developers
- Marketers, analysts, and program managers
- CEOs and other executives
- People working in companies of any size
- Anyone who is passionate about building great products

The guidance in this book is most valuable for software products. However, it is also relevant to other product categories such as hardware and wearables, and even nontechnical products. The guidance in this book is also applicable to a wide range of business contexts, including business-to-consumer (B2C) and business-to-business (B2B).
HOW THIS BOOK IS ORGANIZED


Part II of this book, “The Lean Product Process,” describes each of the six steps of the process in detail, devoting a chapter to each step. Part II also includes chapters on:

- The principles of great UX design
- How to iteratively improve your product-market fit
- A detailed, end-to-end case study using the Lean Product Process

Part III, “Building and Optimizing Your Product,” provides guidance that applies after you have validated product-market fit with your MVP prototype. It includes a chapter on how to build your product using Agile development, which also covers testing, continuous integration, and continuous deployment. In addition, it contains two chapters on analytics, which describe a methodology for using metrics to optimize your product and include another in-depth, real-world case study.

Writing this book has given me the opportunity to share the ideas, lessons learned, and advice accumulated over my career with a broader audience. My experience has been informed and influenced by my mentors, colleagues, and many other people passionate about sharing ideas and comparing notes on the discipline of building great products. Our field continues to evolve, with new ideas emerging all the time. That’s why I’ll use the companion website for this book, http://leanproductplaybook.com, as a place to share and discuss those new ideas. I invite you to visit the website to read the latest information and contribute to the conversation.
Part I

Core Concepts
Chapter 1
Achieving Product-Market Fit with the Lean Product Process

*Product-market fit* is a wonderful term because it captures the essence of what it means to build a great product. The concept nicely encapsulates all the factors that are critical to achieving product success. Product-market fit is one of the most important Lean Startup ideas, and this playbook will show you how to achieve it.

Given the number of people who have written about product-market fit, you can find a range of interpretations. Real-world examples are a great way to help explain such concepts—throughout this book, I walk through many examples of products that did or didn’t achieve product-market fit. But let’s start out by clarifying what product-market fit means.

**WHAT IS PRODUCT-MARKET FIT?**

As I mention in the introduction, Marc Andreessen coined the term *product-market fit* in a well-known blog post titled “The only thing that matters.” In that post he writes, “Product-market fit means being in a good market with a product that can satisfy that market.” My definition of product-market fit—which is consistent with his—is that you have built a product that creates significant customer value. This means that your product meets real customer needs and does so in a way that is better than the alternatives.

Some people interpret product-market fit much more broadly, going beyond the core definition to also include having a validated revenue model—that is, that you can successfully monetize your product. For others, product-market fit also includes having a cost-effective customer acquisition model. Such definitions basically equate product-market fit with having a profitable business. I believe using “product-market fit” as another way of saying “profitable”
glosses over the essential aspects of the idea, which can stand on its own.

In this book, I use the core definition above. In business, there is a distinction between creating value and capturing value. In order to capture value, you must first create it. To be clear, topics such as business model, customer acquisition, marketing, and pricing are critical to a successful business. Each is also worthy of its own book. This book touches on those subjects, and you can use the qualitative and quantitative techniques in it to improve those aspects of your business. In fact, Chapters 13 and 14 discuss how to optimize your business metrics, but the majority of this book focuses on the core definition of product-market fit and gives you a playbook for how to achieve it.

THE PRODUCT-MARKET FIT PYRAMID

If you’re trying to achieve product-market fit, a definition alone doesn’t give you enough guidance. That’s why I created an actionable framework called the Product-Market Fit Pyramid, shown in Figure 1.1. This hierarchical model decomposes product-market
into its five key components, each a layer of the pyramid. Your product is the top section, consisting of three layers. The market is the bottom section of the pyramid, consisting of two layers. Within the product and market sections, each layer depends on the layer immediately beneath it. Product-market fit lies between the top and bottom sections of the pyramid.

The Market

Given the pyramid’s hierarchy, let’s start with the bottom section, which is the market. A market consists of all the existing and potential customers that share a particular customer need or set of related needs. For example, all the people in the United States who need to prepare their income taxes are in the U.S. tax preparation market. You can describe the size of a market by the total number of customers in the market or the total revenue generated by those customers. For either of those two measures, you can refer to the current size or the potential future size of the market.

Different customers within a market choose different solutions to meet their needs. For example, some customers in the tax preparation market may use a professional service such as H&R Block. Others may choose to prepare their taxes themselves, either by hand or by using software such as TurboTax.

Within a given market, you can analyze the market share of each competing product—that is, what percentage of the market each product has. For example, you could compare the smartphone market share of Apple versus Samsung. Or you could segment the smartphone market by operating system (iOS, Android, and so forth). Browsers are another example where the market shares of each different product are closely watched.

As you walk down the aisles of a supermarket, you see products in many different market categories: toothpaste, shampoo, laundry detergent, cereal, yogurt, and beer, to name a few. The life cycle stage of a market can vary. Many of the products you see—such as milk, eggs, and bread—are in relatively mature markets, with little innovation or change. That being said, new markets do emerge. For example, Febreze basically created its own market with a new product that eliminates odors from fabrics without washing them.
Prior to its launch, that market didn’t exist. You also see active competition in many markets, with companies trying to gain market share through product innovation.

The Product-Market Fit Pyramid separates the market into its two distinct components: the target customers and their needs. The needs layer is above the target customers layer in the model because it’s their needs that are relevant to achieving product-market fit.

As you try to create value for customers, you want to identify the specific needs that correspond to a good market opportunity. For example, you probably don’t want to enter a market where customers are extremely happy with how the existing solutions meet their needs. When you develop a new product or improve an existing product, you want to address customer needs that aren’t adequately met. That’s why I use “underserved needs” as the label for this layer. Customers are going to judge your product in relation to the alternatives. So the relative degree to which your product meets their needs depends on the competitive landscape. Let’s move now to the product section of the pyramid.

**Your Product**

A product is a specific offering intended to meet a set of customer needs. From this definition, it’s clear that the concept of product-market fit applies to services as well as products. The typical distinction between a product and service is that a product is a physical good while a service is intangible. However, with products delivered via the web and mobile devices, the distinction between product and service has been blurred, as indicated by the popular term *software as a service* (SaaS).

For software, the product itself is intangible code, often running on servers that the customer never sees. The real-world manifestation of software products that customers see and use is the user experience (UX), which is the top layer of the Product-Market Fit Pyramid. Beyond software, this is also true for any product with which the customer interacts. The UX is what brings a product’s functionality to life for the user.

The functionality that a product provides consists of multiple features, each built to meet a customer need. Taken together, they
form the product’s feature set, which is the layer just below the UX layer.

To decide which features to build, you need to identify the specific customer needs your product should address. In doing so, you want to determine how your product will be better than the others in the market. This is the essence of product strategy. The set of needs that you aspire to meet with your product forms your value proposition, which is the layer just below “feature set” in the Product-Market Fit Pyramid. Your value proposition is also the layer just above customer needs, and fundamentally determines how well the needs addressed by your product match up with the customer’s.

Taken together, the three layers of value proposition, feature set, and UX define your product. As shown in Figure 1.1, your product and the market are separate sections of the Product-Market Fit Pyramid. Your goal in creating customer value is to make them fit nicely together.

**Product-Market Fit**

Viewing product-market fit in light of this model, it is the measure of how well your product (the top three layers of the pyramid) satisfies the market (the bottom two layers of the pyramid). Your target customers determine how well your product fits their needs. Again, customers will judge your product’s fit in relation to the other products in the market. To achieve product-market fit, your product should meet underserved needs better than the competition. Let’s discuss a product that managed to do that.

**QUICKEN: FROM #47 TO #1**

A great example of a product that achieved product-market fit while entering an already crowded market is Intuit’s Quicken personal finance software. Scott Cook and Tom Proulx practiced Lean principles even though they founded Intuit years before Lean Startup ideas were put forth. When they launched Quicken, there were already 46 personal finance products in the market. However, after conducting customer research, the cofounders concluded that none of the existing products had achieved product-market fit.
The products didn’t meet customer needs and were difficult to use. The cofounders had a hypothesis that a checkbook-based design would do well, since everyone at the time was familiar with writing checks. Their hypothesis proved right: the UX they built using the checkbook conceptual design resonated with customers and Quicken rapidly became the leading personal finance software.

A large part of Quicken’s success was the fact that Intuit adopted principles that would be called Lean today. The company pioneered the use of customer research and user testing to inform software development. They routinely conducted usability testing of each version before launching it and organized public betas years before those ideas became mainstream. They invented the “follow me home” concept, where Intuit employees would go to retail stores, wait for customers to buy a copy of Quicken, and then ask to follow them home to see how they used the software. This helped immensely in understanding the customer’s initial impressions of the product.

Let’s assess Quicken using the Product-Market Fit Pyramid. There were many customers in its market, and the product definitely addressed real customer needs: People needed help balancing their checkbook, tracking their balances, and seeing where their money was going. Computer software was well suited to help on that front, but despite 46 products in the market, customer needs were still underserved. By talking with customers, the cofounders ensured Quicken’s feature set addressed those needs. Their design insights led to an innovative UX that customers found much easier to use. This dramatic improvement in ease of use was, in fact, the main differentiator in Quicken’s value proposition. By achieving product-market fit, Quicken succeeded in the face of stiff competition, which led the founders to joke about having “47th mover advantage.”

**THE LEAN PRODUCT PROCESS**

Now that we have a detailed model for product-market fit, how do we go about achieving it? Based on my experience using the Product-Market Fit Pyramid with many teams on numerous products, I designed a simple, iterative process for achieving product-market fit. The Lean Product Process, shown in Figure 1.2, guides you through each layer of the pyramid from the bottom up.
Achieving Product-Market Fit with the Lean Product Process

Product:  

1. Target Customer  
2. Underserved Needs  
3. Value Proposition  
4. Feature Set  
5. UX  
6. Test with Customers  

Market:  

Product-Market Fit

FIGURE 1.2 The Lean Product Process

It helps you articulate and test your key hypotheses for each of the five components of product-market fit.

I describe the six steps of the Lean Product Process in detail in Part II of this book, with a chapter devoted to each one:

1. Determine your target customers  
2. Identify underserved customer needs  
3. Define your value proposition  
4. Specify your minimum viable product (MVP) feature set  
5. Create your MVP prototype  
6. Test your MVP with customers

The last three steps reference the important Lean concept of a minimum viable product (MVP). I discuss MVP in detail in Chapters 6 and 7, but it’s basically the minimum amount of functionality that your target customer considers viable, that is, providing enough value. When you are building a new product, you want to avoid building more than is required to test your hypotheses with customers. The term MVP clearly applies when you’re building a completely
new version 1 product (v1 for short). In addition, the idea of an MVP makes sense if you are redesigning an existing product or building v2.

The Lean Product Process also applies when you are not building a whole product, such as when you add functionality to or improve an existing product. In those situations, you can think of the process steps applying to a “minimum viable feature” instead, if that’s clearer.

Step 5 also refers to your MVP prototype. I intentionally use this broad term to capture the wide range of product-related artifacts you can test with customers. While the first “prototype” you test could be your live product, you can gain faster learning with fewer resources by testing your hypotheses before you build your product.

Not all six steps are required for every product or feature. Certain steps are required only when you’re building a completely new product. Take, for example, determining your target customers, identifying underserved needs, and defining your value proposition. Once you’ve successfully completed those steps for your product, you may not need to revisit those areas for a while. But after launching your v1 product, you would continue to improve and add functionality by looping through the three remaining steps: specifying which features to pursue, creating the features, and testing the features with customers.

To increase your chances of achieving product-market fit, the process is designed to encourage a certain amount of rigor in product thinking. In a sense, the process is a checklist to help make sure you’ve thought about the key assumptions and decisions to be made when creating a product. If you are not making these assumptions or decisions explicitly, then you are making them implicitly. The Lean Product Process helps you articulate the assumptions and hypotheses in your head (which you can revise later as you iterate). If you skip these critical thinking steps, you leave important elements—such as target customer and product strategy—to chance.

A key concept in Lean manufacturing, which inspired Lean Startup, is the concept of rework: having to spend time fixing something that you did not build correctly the first time. Minimizing rework is a key tactic for eliminating waste. In addition to helping you achieve product-market fit, the Lean Product Process also enables you to do so more quickly by reducing rework.
To be clear, you will have some rework with the Lean Product Process. It is an iterative process that requires you to revise your hypotheses, designs, and product as you make progress—all of which could be considered rework. The goal of the process is to achieve product-market fit as quickly as possible. Quick but rigorous thinking that avoids or reduces rework helps achieve that goal.

You can think of the Lean Product Process like the drills that karate students learn and practice as they make progress earning higher and higher belts. After mastering the core techniques from their drills and becoming black belts, students are able to mix, match, and modify what they have learned to create their own custom style. Martial arts master Bruce Lee eloquently said, “Obey the principles without being bound by them.” He also said, “Adapt what is useful, reject what is useless, and add what is specifically your own.” I encourage you to heed his advice as you read and practice the ideas and guidance in this book.

Along those lines, I would enjoy hearing any questions or feedback you have, as well as your experiences applying the ideas in this book. Please feel free to share them at the companion website for this book: http://leanproductplaybook.com. There, you can also see the latest information related to the book and contribute to the conversation about how to build great products.

Before jumping to the first step of the Lean Product Process, I discuss in the next chapter the important concept of problem space versus solution space. Understanding this fundamental idea will help clarify our thinking as we work our way up the Product-Market Fit Pyramid.
Workplace Wellness that Works

10 Steps to Infuse Well-Being & Vitality into Any Organization
CONTENTS

Preface ix
Acknowledgments xi
Introduction An Overview of Workplace Wellness xv

Section I START IT (WORKPLACE WELLNESS THAT EXCITES) 1

Step 1 Shift Your Mind-Set from Expert to Agent of Change 3
(The Changemaker Imperative)

Step 2 Imagine What’s Possible 27
(The Imagination Imperative)

Step 3 Uncover the Hidden Factors 57
(The Culture Imperative)

Step 4 Start with What’s Right 85
(The Optimism Imperative)

Section II BUILD IT (WORKPLACE WELLNESS THAT GROWS) 103

Step 5 Take a da Vinci Approach to Change 105
(The Interdisciplinary Imperative)

Step 6 Go Stealth 133
(The “Sneakiness” Imperative)

Section III MAKE IT LAST (WORKPLACE WELLNESS THAT WORKS) 157

Step 7 Create Meaning 159
(The Engagement Imperative)
## CONTENTS

<table>
<thead>
<tr>
<th>Step</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 8</td>
<td>Design Nudges and Cues</td>
<td>191</td>
</tr>
<tr>
<td></td>
<td>(The “Make It Easy” and “Make It Normal” Imperative)</td>
<td></td>
</tr>
<tr>
<td>Step 9</td>
<td>Launch and Iterate</td>
<td>215</td>
</tr>
<tr>
<td></td>
<td>(The Experimentation Imperative)</td>
<td></td>
</tr>
<tr>
<td>Step 10</td>
<td>Go Global</td>
<td>245</td>
</tr>
<tr>
<td></td>
<td>(The International Imperative)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pull It All Together</td>
<td>269</td>
</tr>
<tr>
<td></td>
<td>About the Author</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>277</td>
</tr>
<tr>
<td></td>
<td>Index</td>
<td>299</td>
</tr>
</tbody>
</table>
INTRODUCTION
AN OVERVIEW OF WORKPLACE WELLNESS

People are designed to move. As hunters and gatherers, we moved up to 20 miles a day. We had to move to survive. We’re also designed to eat food—real food, not processed food. We’re designed to perform under pressure and then renew. We’re designed to love and be socially connected. And we’re designed to find happiness and meaning in life. These essentials are at the root of what we’ve been seeking through the ages, told through the voices of philosophers like Aristotle and Viktor Frankl to poets like Pablo Neruda to pop singers like Lady Gaga. Today, more than ever, we’re talking about these ageless questions, but grasping to find the answers.

Wellness, at its core, is about getting back to doing what we naturally do. Increasingly, however, we’re being culturally asked to do things that we’re not biologically designed to do. We’re born to move, but we’re culturally mandated to sit. We’re biologically programmed to eat whole foods, but our busy schedules and toxic environments prompt us to eat processed foods that are immediately gratifying, but never satisfying. We’re hardwired to alternate stress with relaxation, but the society we live in idolizes being busy and always on the go. We’re born to be with others, but many of us are feeling isolated in a sea of hard-driving competition, despite our ever expanding virtual social networks on Facebook and LinkedIn. We live in a world that exerts pressure to be available 24/7 and dishes up professional demands that are ever more unrelenting, with less time to rest and replenish. It’s no wonder that so many of us are feeling depleted and worn out.

In this petri dish of biological-cultural mismatches, workplace wellness initiatives have been gaining both popularity and notoriety. Workplace wellness, one might say, is any kind of organized effort to support employees in being more human at work: moving more, eating more natural foods, finding balance, building meaningful connections,
and working toward a higher purpose. Done well, workplace wellness has the potential to offset the ill effects of the increasingly demanding and toxic environment and culture we live in. Done poorly, workplace wellness can feel like another top-down compliance initiative that has little to do with well-being and everything to do with checking boxes and taking tests.

Workplace wellness should not be complicated and controversial—and yet, it has become just that. In truth there are a number of really simple, inexpensive practices that any organization—and any person within the organization—can do to create an oasis at work that nurtures well-being and benefits the bottom line. Every organization already has the capacity and the resources right now to achieve Workplace Wellness That Works. This is exactly what this book is about.

Applying promising practices from workplace wellness, along with principles from related fields like education, learning and development, organizational development, psychology, and even a discipline called “design thinking” (think like a designer to devise creative solutions), we can make a difference in employees’ health and happiness, and we can promote an overall culture of well-being at work. We can create Workplace Wellness That Works, and we can help employees achieve their higher purpose.

A GUIDE TO USING THIS BOOK

This book is designed for anyone who is tasked with or is interested in workplace wellness. You could be the designated wellness liaison or a manager in human resources, a safety coordinator, a senior executive who wants to bring wellness to the entire organization, or even an external consultant or broker. The book assumes no prior background in the wellness field, but even wellness veterans may be interested in the chapters that highlight innovative thinking from other industries.

This book provides tips that can be applied to any stage of a wellness program, whether the program is just getting started or is long-standing—and it can be applied to organizations of any size. You will find that what I write about goes beyond standard wellness programs. Be prepared, because a lot of organizations and decision makers are not ready for this. For many organizations I work with, the first challenge is to move decision makers forward on how they
perceive wellness. In some cases, you will have to work around limited views of workplace wellness, or you may have an organization that is completely wellness-averse. In these cases, you might consider “going stealth”—sneaking wellness into non-wellness initiatives—being sure not to call it wellness.

In still other cases, you may enjoy the full support of senior leaders and managers who are ready to jump on board and a receptive group of employees who are waiting to join the wellness movement. Whatever the case, you’ll need to tune into what your organization is ready for—and this book will help you identify where your organization is right now and how to get started, given your current reality.

Let’s step back first, though, and take a look at the larger context.

**WE ARE FACING A TIDAL WAVE**

We are facing a tidal wave of obesity, chronic disease and conditions, lots of stress, and too many missed opportunities for each of us to reach our full potential. The statistics are overwhelming. By and large, this tidal wave stems from the massive biological-cultural mismatch that we have collectively created in the United States, and increasingly as a global community.

In the United States, more than a third of us are obese, and another third of us are overweight—double the rate in 1980. If trends continue, almost half of us will be obese by the year 2030. Nearly one in two Americans has at least one chronic disease or condition. Heart disease continues to be the number one killer. According to the Centers for Disease Control and Prevention, over 1 in 10 Americans has type 2 diabetes and more than a third of American adults are in the early stages of diabetes. If we continue on the same trajectory, a third of us will be diabetic by year 2050.

The cost of this tidal wave is enormous. It’s estimated that obesity alone costs over $300 billion annually in medical costs, disability costs, premature death, and lost productivity. About 75 percent of our national health care expenditure goes toward treating largely preventable diseases. Meanwhile, less than five percent goes toward prevention.

Our economy simply cannot sustain these skyrocketing expenditures. Almost 20 percent of our gross domestic product goes toward
health care costs, and we spend over two and a half times more than any other country in the world on health care. Sadly, we have little to show for it. In a controversial World Health Report released in 2000, the United States was ranked No. 37 in the world in terms of overall health performance—behind countries like Morocco, Dominica, and Costa Rica.9 According to a 2013 “Most Efficient Health Care” Bloomberg report, the United States ranked 46th in a group of 48 nations. The authors of this report noted, “Among advanced economies, the U.S. spends the most on health care on a relative cost basis with the worst outcome.”10 More important than money, though, is the human cost. This tidal wave is shortening our life spans, diminishing our quality of life, and limiting our potential.

Perhaps most devastating is the impact this tidal wave is having on our children. Nearly one in five children in the United States today is obese.11 It’s estimated that at least one in four children born after the year 2000 will acquire type 2 diabetes sometime in their lifetime. For some populations, it could be even higher—30 percent, 40 percent, even 50 percent.12 And, for the first time ever in history, there is evidence to suggest that our children will have shorter life expectancies than we do—unless we do something.13

So the natural question is, “What can I, as just one person, do to stand up to this colossal tidal wave?” The answer: I can make better choices. The fact is that the onset of most of the chronic diseases and conditions we face today—heart disease, stroke, type 2 diabetes, obesity, arthritis, and certain cancers—could be prevented, if only each one of us made better choices.14

Let’s break this down a little further. The American Heart Association has identified a list of seven criteria needed to support a healthy heart. Called the “Simple Seven,” the list includes eating a healthy diet, getting at least 150 minutes of moderate physical activity each week, being a nonsmoker for at least a year, along with maintaining a healthy weight, healthy blood pressure, healthy cholesterol levels, and healthy blood sugar levels.15 Seems straightforward enough. When I speak to groups about this, I then pose a follow-up question: “According to one large study, out of a pool of 17,820 adults between the ages of 45 and 98, how many do you think met the Simple Seven?” Usually, the guesses are in the percentages—ten percent, five percent, or, for those who are feeling more pessimistic, two percent. Then comes the
shocking answer: “two people.” We can do better than this. The question is: How?

**THE BILLION-DOLLAR DILEMMA**

According to David Katz, director of the Yale Prevention Research Institute, the tidal wave we’re facing can be boiled down to three simple words: “feet, forks, and fingers.” We need to get more active (feet), we need to change what we eat (forks), and we need to stop smoking (fingers). The need to make these healthier choices is made painfully obvious by the scary statistics, but what the scary statistics don’t tell us is how to motivate and empower ourselves to make these healthier choices.

With shockingly few exceptions, each of us *knows* what changes we should make, but very few of us are able to actually put these changes into practice. We know we need to eat more vegetables, avoid smoking, get more exercise, maintain a healthy weight, get a good night’s sleep, manage stress, and make time for our family and friends. But, very few of us are able to put this knowledge into practice. This is what I call the “knowing and doing gap.” Not only is this gap causing a huge level of unnecessary pain and suffering; it’s costing us a lot of money—in the billions of dollars every year.

We see examples of the knowing and doing gap all the time. For instance, every trained nurse is well aware of the health risks associated with obesity, yet surprisingly, some studies have found that the obesity rate for nurses is actually higher than the national average, 40 percent as compared to 35 percent. Another great example of the knowing and doing gap is the annual ritual of setting New Year’s resolutions. Every year, many of us resolve to lose weight, quit smoking, or perhaps join a gym in an effort to improve our well-being. Amazingly, statistics show that 88 percent of these resolutions fail.

The issue for most of us is not *what* to do, but *how* to do it. The explosion of books, blogs, and talks on behavior change and habit formation illustrates a growing demand for answers. When I was a Pilates instructor, for example, clients, friends, and even strangers would often ask, “How do I lose weight?” “Well,” I would say, “You need to eat healthier foods and get more exercise.” Invariably, their response was always, “Yeah, yeah—I know that!” I eventually realized, they weren’t asking, “*What* do I do?” They were asking, “*How* do I do it?”
CHANGE IS HARD

Making a change seems seductively simple—and yet, it is anything but. For starters, our brains are hardwired to resist change. Making a short-term change or participating in a one-time event is easy. But making a permanent change is difficult, as it requires ongoing motivation and self-regulation. Respondents to a recent survey conducted by the American Psychological Association reported that the number one barrier to making a lifestyle change was a lack of willpower. For so many of us, we know what we want to accomplish—say, losing weight or getting on a regular exercise program—but the willpower we’re counting on seems to dissipate when we need it most.

There’s a lot of research to suggest that our ability to stay motivated and exert willpower is actually a limited resource. The thinking and decision-making part of our brain, called the prefrontal cortex, is responsible for a variety of tasks: focusing, processing short-term memory, and solving abstract problems. The prefrontal cortex is also responsible for motivation and resisting temptations, and this is where we run into trouble.

When we overload our prefrontal cortex—which is par for the course in most knowledge-based jobs today—we simply don’t have much leftover prefrontal capacity for staying motivated in resisting temptations, despite our best efforts. This helps to explain why so few of us are able to keep a New Year’s resolution. In our busy, overloaded lives, our prefrontal cortex is simply maxed out and doesn’t have the remaining capacity to exercise restraint.

Roy Baumeister, social psychologist, called this phenomenon “willpower depletion.” In a seminal study, he demonstrated how willpower and high-level focus are linked. Two groups of participants were given two different sets of instructions when entering a room with warm, freshly baked cookies and a plate of cold radishes. Half of the participants were instructed to help themselves to the cookies and the other half were asked to refrain from eating the cookies, and stick to the radishes. Shortly afterward, each of the participants was given an unsolvable puzzle. The radish eaters—the ones who had to exert willpower to not eat the cookies—gave up within 8 minutes (on average), while the cookie eaters persisted and kept at it for an average of 19 minutes. Baumeister concluded that the willpower needed to resist the cookies depleted the brainpower needed to persist in solving the puzzle—and that the two therefore must come from the same source.
Professor Baba Shiv and a group of researchers at Stanford University followed up on Baumeister’s work. This time, however, the researchers issued the brain challenge first. Two different groups of students were given two different numbers to memorize. The first group was asked to memorize a seven-digit number, and the second group was asked to memorize only a two-digit number. Afterward, each group was given a choice: chocolate cake or a bowl of fruit. Net result? The group given the bigger prefrontal task (memorize the seven-digit number) was twice as likely to choose the chocolate cake. The conclusion from this study, consistent with Baumeister’s findings, is that a cognitive overload (such as memorizing a longer number) makes it more difficult to self-regulate or resist the unhealthy choice.23

A lot of the habit-formation solutions that have been put forward are effectively clever ways to outmaneuver our change-resistant brains. These include techniques like monitoring our behaviors and keeping track, arranging our environment to make the desired behavior the easy choice, using mindfulness to notice what’s happening internally every time we make a choice (good or bad), setting goals that focus on specific behaviors within a set time frame, linking new behaviors with old triggers to accelerate the automation of a desired habit, finding a friend so that we’re accountable to somebody else, treating ourselves to timely rewards, and decreasing the amount of motivation required through “tiny habits” that eventually result in big changes over time.24,25,26,27

Problematically, all of these techniques target the individual—and this is where I believe many wellness efforts have gone astray. Personal choice and willpower, while important, are small parts of a much larger equation. Widespread and sustainable change can only happen if we shift the focus away from the individual and toward the larger, surrounding forces, like environment and culture.

THE ISSUE IS BIGGER THAN THE INDIVIDUAL

For workplace wellness to truly work, we need to address the culture and the environment first, and then the individual. Collectively, for example, we have constructed an environment in which movement is abnormal and sitting is normal. Together, we have built environments that are more designed for driving than they are for walking. As John Ratey, author of Spark, characterizes it, “In today’s technology-driven plasma-screened-in world, it’s easy to forget that we are born movers—animals, in fact—because we’ve engineered movement right out of our lives.”28
In terms of our dietary habits, our societies have supported massive food infrastructures that are undeniably unhealthy. As highlighted in the recent documentary *Fed Up*, our policies—from farming subsidies started under the New Deal to pressure by the Bush administration to alter a 2003 World Health Organization report on the dangers of sugar consumption—have repeatedly supported the agricultural-industrial complex at the cost of our health.  

Here’s where workplace wellness steps into the picture. Up against brains that are hardwired to resist change, a massive disconnect between what we know we should do and what we actually do, and a larger environment and culture that is designed to diminish rather than amplify our health, just the *idea* of workplace wellness is an act of courage.

The workplace is where most adults spend the vast majority of their waking hours, so if there was ever a time that we needed effective workplace wellness programs, it’s now. Workplace wellness can provide an exit out of a collectively unhealthy lifestyle and an entrance into a collectively healthy lifestyle. Good idea, but how do we actually do it? Let’s start with taking a look at the prevailing tack we’ve been taking to promote well-being in the workplace.

**THE CLASSIC MODEL FOR WORKPLACE WELLNESS**

The 2013 RAND Workplace Wellness Programs Study report, the most comprehensive study to date on the impact of workplace wellness, outlined the customary protocol for standard workplace wellness programs: assessment, feedback, programs, and incentives (represented by the stars in the graphic) to motivate people to join and then stay in the game. This is what I call the “classic model.”

![The Classic Model Graphic]
The goals of the classic model are to (1) establish a baseline both for the individual as well as the organization; (2) stratify employees according to levels of health; (3) inform employees of their “risk factors,” or attributes and practices, that increase their likelihood of developing chronic disease; (4) encourage employees identified as either “healthy” or “at-risk” to participate in lifestyle management programs, or activities and resources that focus on prevention and health promotion; (5) guide employees who are already in a disease state toward disease management programs, or activities and programs that help to manage and slow down the progression of a chronic condition; (6) enable employees to achieve positive health outcomes; and (7) also benefit the organization.

A BREAKDOWN OF THE CLASSIC MODEL

ASSESSMENT PHASE

The assessment phase, which provides a benchmark, typically consists of the following: health risk assessments (HRAs) and biometric screenings. These are used to assess health status, health risks, behaviors, attitudes toward health, and readiness to change.

Many employers also conduct additional assessments:

- Needs and interests survey: What are employees’ needs and what types of wellness activities are they interested in?
- “Culture of health” audit: Does the culture and environment support health and wellness at work?

FEEDBACK PHASE

Typically, each participating employee receives a report with his/her individualized calculated risk score. Meanwhile, the aggregate results are reported back to the employer to help in the design of the wellness strategy. There are a number of ways
that this information is communicated back to the individual employees:

- **Health/wellness coach:** A coach delivers the results to the individual, face to face, telephonically or digitally.

- **Web portal:** The information is delivered through a Web portal, which creates a dashboard for each participating employee.

**Programs Phase**

There are two broad categories of programs: lifestyle management and disease management. Below are some common examples of each.

**Lifestyle management programs:**

- **Weight control programming:** Common programs include Weight Watchers, weight loss contests, and education on diet and nutrition.

- **Fitness:** Some organizations provide on-site facilities, classes, and training; others provide subsidies for outside memberships.

- **Wellness coaching:** Coaching can occur face to face, telephonically, even digitally. A coach (or virtual coach) supports individual employees in setting health-related goals and taking measures to meet these goals.

- **Lunch ‘n’ learns/on-site seminars:** These are information sessions on health-related topics, generally provided by experts, often outside consultants and trainers.

- **Tobacco cessation programming:** This is programming that provides support for smokers wanting to quit.

- **Wellness resources:** These are any kind of information sources, in forms of newsletters, e-mails, posters, or blogs, that are generally focused on raising awareness.
• **Online programs/engagement platforms:** Technology-based solutions that provide information to employees, enable employees to enroll in programs, encourage virtual interaction among employees, and provide tracking support.

• **Challenges:** Employees compete individually or as part of a team against one another. Common challenges include walking, weight loss, or weight maintenance.

• **Drug/alcohol abuse programming:** These services are often provided through Employee Assistance Programs.

• **Stress management programming:** Typical programs include building skills in areas such as mindfulness, compassion, gratitude, or yoga.

• **Prevention services:** Services include on-site vaccinations, exams, preventive screenings, or education on preventive care.

• **Healthy food options:** These options include availability of healthy choices in vending machines, food served during meetings, as well as healthy options in the cafeteria (if applicable), which are often subsidized.

• **Nurse line:** A 24-hour support line assists employees in making informed decisions regarding their care.

**Disease management programs:**

• **Health coaching:** A health coach serves as a support in helping an individual employee to better understand, manage, and slow down the progression of a chronic condition.

**Evaluation Phase**

Evaluation, which loops back to the assessment phase, is usually based on participation rates and employee feedback, along with changes in behaviors, risk factors, and health outcomes. In addition, employers sometimes measure organizational outcomes, such as medical costs, workers compensation costs, disability costs, absenteeism, productivity, and turnover.
Is the classic model working? In the case of a company like Johnson & Johnson, the answer is actually “yes.”

THE STORY OF AN EARLY PIONEER IN WORKPLACE WELLNESS

In 1979, James Burke, CEO of Johnson & Johnson, decided to do something radical. He decided that it was a good idea to invest in the health of his employees. It was the right thing to do, he thought, and healthy employees could amount to good business. This idea evolved into Johnson & Johnson’s “Live for Life” wellness program, a program that was one of the catalysts of what is now purported to be a $6 to $10 billion industry.30

The Johnson & Johnson wellness strategy has, by and large, followed the classic model: assessment, feedback, programs, follow-up evaluation, and incentives to encourage participation.

For over three decades, Johnson & Johnson has continued not only to provide wellness for employees, but also to measure the impact of wellness (which is actually very difficult to do). The company’s internal studies, corroborated by outside research teams, have demonstrated that participating employees have achieved health outcomes in terms of improved blood pressure, weight, physical activity, and tobacco use—and that the company has saved on costs. The savings generated come to $565 per employee, with a return on investment (ROI) up to $3.92 for every dollar invested into the program.31

The Johnson & Johnson story certainly gives credence to the classic model, but for most companies, the classic model is simply not working. Most organizations are not reaping the hoped-for benefits—especially when it comes to saving on health care costs. In fact, some workplace wellness programs are leading to additional costs related to unnecessary tests and needless care.32

To make matters worse, there are a growing number of stories about companies and wellness vendors overstating, misleading, and in some cases, making outright false claims. Safeway famously bragged about the health care costs it saved through a leading-edge wellness
incentives program. Unfortunately, it turns out that the savings in health care costs happened *before* the program actually launched.\(^\text{33}\)

It’s not surprising, therefore, that we’re seeing headlines like “Do Workplace Wellness Programs Work? Usually Not.”\(^\text{34}\)

**THE CLASSIC MODEL IS NOT WORKING WELL ENOUGH**

Wellness is top of mind for many organizations these days. In fact, more than half of employers with 50 or more employees now offer wellness programs and more are joining the wellness bandwagon, according to the RAND report. This translates to about 75 percent of employees in the United States having access to wellness at work. The RAND report also states that employers overwhelmingly believe that their programs are having a positive impact—despite the fact that these programs are rarely formally evaluated. In addition, the study found that workplace wellness programs have led to meaningful improvements in exercise, smoking habits, and even weight control—for those who are participating.\(^\text{35}\)

This is where the bad news starts. Employers are struggling to get people in the door, and they’re having an even harder time *keeping* them there. In the initial assessment phase, less than half of eligible employees are participating. Come time for the actual programs, most organizations are down to a participation rate of less than 20 percent.\(^\text{36}\)

“Program participation rates are considered a leading indicator of successful worksite health promotion (WHP) initiatives,” writes Jessica Grossmeier, CEO of Verity Analytics and vice president of research for the Health Enhancement Research Organization (HERO), in a recent article in *The American Journal of Health Promotion.* “Even the most effective programs will not be effective at a population level unless enough of the right people are attracted to participate. Unfortunately, most employers do not appear to be experiencing the participation rates needed to yield the expected health outcomes and health care cost savings that motivate employers to offer WHP programs.”\(^\text{37}\)

Indeed, what the workplace wellness industry has repeatedly learned is that the *Field of Dreams* “build it and they will come” mantra just doesn’t hold true. Rather, the industry has experienced *just the opposite*: If you build it (as in a workplace wellness program), they (employees) will *not* necessarily come. Just having a wellness program is not enough, and having an ill-conceived wellness program is often worse than not having one at all.
Vexingly, wellness programs, even well-designed ones, may not actually lead to a cost savings on health care spending. A celebrated and repeatedly cited Harvard meta-analysis reported that workplace wellness programs can generate a return on investment of $3.27 for every dollar invested in terms of medical costs and $2.73 for every dollar invested in terms of absenteeism costs. But subsequent studies have not supported these results.

The RAND study and another large study of PepsiCo’s celebrated wellness program demonstrated that there is not a significant difference in health cost savings between participants and nonparticipants in lifestyle management programs. However, according to the PepsiCo study, there does appear to be a significant difference in health spending as a result of the disease management programs, largely due to a reduced number of hospital visits.

The reality is that the potential medical savings incurred from lifestyle management programs (which are the kinds of activities we typically associate with workplace wellness) are likely too far off in the future to translate into any kind of meaningful savings for the employer. If an employer is interested in a broader value, on the other hand, then investing in workplace wellness is worthwhile. The RAND study, along with a multitude of studies, shows that workplace wellness done well can positively impact employee health, boost engagement and job satisfaction, enhance productivity, and help an organization to become an employer of choice. While these outcomes are harder to measure, they are certainly worthwhile.

THE FACTORS THAT MAKE THE DIFFERENCE

It goes without saying that all workplace wellness programs are not created equal; some are clearly better than others. While every organization has different needs and goals, below are some universal, key success factors to consider:

- **Leadership Engagement on All Levels:** Leadership is, perhaps, the most critical factor in determining the success of any workplace wellness initiative. All levels of leadership, from executives to middle management to informal leaders within the organization, need to be not only supporting—they need to be actively participating.
• **Alignment**: Workplace wellness strategies must be aligned with the organizational core mission and values, objectives, operations, and cultural norms.

• **Opportunities for Engagement**: Employees need to feel like there are opportunities to engage—in terms of time, accessibility and perceived sense of permission.

• **Leveraging Existing Resources**: I repeatedly see examples of underutilized resources, especially those available through an employer’s health plan. Organizations that have built effective wellness programs are good at leveraging both internal and external partners and resources.

• **Communication**: Communication and messaging is vital for the success of any workplace wellness program and needs to occur through multiple avenues. Done well, strong communication can even serve as a powerful motivator and can help to reduce an organization’s dependency on incentives to encourage participation.43

• **Continuous Evaluation**: Engaging in ongoing assessments in an effort to improve can lead to higher levels of success—even if the evaluations are informal. Simply gathering input and feedback from employees, managers, and leaders, for example, can provide valuable insights. Beyond evaluating, however, organizations need to apply these lessons learned.

• **Quality of Programming**: The programming itself needs to be excellent and something that people want to engage with—not something that they have to participate in. Too often, programming, which is the “doing” part of workplace wellness, gets the short end of the stick. Far more resources are going toward incentives rather than toward creating top-notch initiatives.

**WIDENING THE LENS**

Moving forward and ensuring that workplace wellness does work is really a matter of widening the lens. Workplace wellness is much broader than the classic model would suggest.
Below are some ideas on how to get started:

**Shift the Conversation.** Shift the conversation from a focus on just physical risk factors (like weight and blood pressure) and health behaviors (what we eat, how we move, and the quality of our sleep) to a more holistic sense of well-being and living with vitality. Ultimately, what matters—and what is more immediately meaningful to people—is quality of life. Creating a life that matters encompasses a range of elements, such as physical, emotional, financial, social, career, community, environmental, creative, and even spiritual dimensions.

**Elements of Well-Being**

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**Infuse Well-Being.** Make workplace wellness more than a single program. Instead, think about infusing well-being into every aspect of your organization. Incorporate wellness into business objectives and core values. Discuss wellness at meetings, from staff meetings to executive and annual planning meetings to team-based retreats. Make wellness a part of performance reviews. Build well-being into individual career planning and goal setting. In short, make wellness a regular part of your organization’s practices, policies, and norms, built into the culture, and intentionally designed into the environment. Your goal is that everyone in the organization is living and breathing wellness—from the administrative assistant to the CEO.

**Stretch the Boundaries.** Any organization, of any size, in any industry, in any part of the world, can benefit from
Workplace Wellness That Works. Whether your organization is a tech startup in San Francisco or a Fortune 500 company in Cincinnati or a manufacturing plant in South Africa or a small nonprofit in India, Workplace Wellness That Works is well worth the time and commitment. Generally speaking, smaller organizations have the disadvantage of having smaller budgets than larger organizations, but have the advantage of greater agility in creating new policies and shifting the culture. While there are differences, there are also universal factors that apply across all organizations.

The wellness challenges we face are immense. To overcome these hurdles, we need to continue evolving, innovating, and sharing best practices across organizations and even across national boundaries.

**Workplace Wellness That Works Is a Movement**

Addressing the billion-dollar dilemma—behavior change—calls for much more than a mundane series of behavior-change solutions. Another program is not going to solve this dilemma. It needs to be much bigger. Workplace Wellness That Works, in my view, needs to be a *movement* that captivates the hearts and minds of leaders, managers, and employees. Your job will be to start this movement, build this movement, and make this movement *last.*

To tackle this Herculean task, I’ve organized the book into 10 steps that are divided into three main sections. Keep in mind that putting these steps into practice will likely be more of a juggling act than a linear set of tasks. Don’t be surprised if you find yourself going back to some of the steps more than once. Getting leadership buy-in, for example, is not a one-time event. Engaging employees and creating the conditions in which they are more likely to be motivated and enabled to make sustainable change is also likely to be an ongoing process.

Steps 1, 2, 3, and 4 constitute Section I, the “Start It” section. In this first section, we’ll explore the key elements to starting Workplace Wellness That Works in an organization. Steps 5 and 6 constitute Section II, the “Build It” section. In this second section, we’ll explore the building blocks of effective workplace wellness programs. Steps 7, 8, 9, and 10 constitute Section III, the “Make It Last” section. In this final
section, we’ll examine what it takes to make wellness an integral and lasting part of a workplace.

Together, these steps will lay the groundwork for Workplace Wellness That Works, and maybe even, perhaps, enable the voices of Aristotle, Victor Frankl, Pablo Neruda, and Lady Gaga to sing in one of the most central parts of our lives—the workplace. Like these artists, however, I encourage you to be creative in how you apply these steps. They are a series of notes and rhythms that can be arranged and rearranged in order to create the best harmony for your particular audience.
SECTION I

START IT
(WORKPLACE WELLNESS THAT EXCITES)

Our first four steps focus on how to start a wellness movement in your organization.

Step 1: Shift Your Mind-Set from Expert to Agent of Change discusses how the movement starts with you. This step helps you explore new ways to expand your wellness leadership skills by becoming an agent of change. As an agent of change, you’ll have a better shot at influencing other leaders in the organization. But even if you’re “going solo,” you’ll have the tools to spark a bottom-up wellness movement in your organization.

Step 2: Imagine What’s Possible discusses how to leverage the power of Maslow, a psychologist who dared to imagine what could be. With this paradigm in place, you can transition the conversation from just physical health to one about well-being and living a life of vitality. This chapter will help you bring a powerful vision and sense of purpose
to your wellness movement, both critical elements to building effective workplace wellness.

Step 3: Uncover the Hidden Factors helps you better understand the organizational culture you’re working in. This chapter helps you identify the inherent strengths in the culture of your organization, as well as the elements that may undermine your efforts. With this knowledge, you’ll have the tools to implement a wellness movement that fits the culture, which research shows is an essential component of any long-term and sustainable workplace initiative.

Step 4: Start with What’s Right offers an overview on how to build wellness momentum with positive energy, empowering people to begin with an optimistic mind-set. We’ll discuss how you can apply a strengths-based approach, as opposed to a deficit-based approach. With optimism as the foundation, you’ll have a solid and far more successful platform for initiating your wellness movement.
STEP 1

Shift Your Mind-Set from Expert to Agent of Change

(The Changemaker Imperative)

What do Oprah Winfrey, Morgan Spurlock, and Michael Pollan have in common? All three are agents of change, and none of them is an expert on health. Without any special credentials in nutrition, exercise physiology, or even psychology, all of them have influenced the choices of millions of people in the area of health and well-being. All three have set movements in motion.

Oprah is one of the most influential people in America today. A talk show host, actress, and philanthropist, she has an uncanny ability to influence the choices of millions of people around the world, whether it’s what books to read, which diets to consider, or which leaders to believe in. In a 1998 PBS NewsHour broadcast, for example, Oprah spoke candidly about the risks of eating beef, exclaiming, “It has just stopped me cold from eating another burger!” This one interview, disgruntled cattlemen claimed, led to the lowest dip in cattle prices in a 10-year period.1

Morgan Spurlock, documentary filmmaker and activist, charmed and activated us in his irreverent 2004 documentary Super Size Me. Galvanized by a failed lawsuit against McDonald’s, Spurlock took action outside of the courtroom, waging his own campaign against the
megacorporation. In his film, Spurlock led viewers on his odyssey of a super-sized McDonald’s-only diet, a regimen of physical activity restricted to fewer than 5,000 steps a day, and visits with health professionals to measure the effects—all to illustrate the deleterious effects of fast food.

At the beginning of the film, doctors laughed at his idea. Within less than a month, however, Spurlock gained 24½ pounds; his cholesterol jumped to 230; and he developed the beginning stages of fatty liver condition. The same doctors who had laughed were now begging him to discontinue immediately or risk losing his liver.

Although it took Spurlock 14 months to lose the weight he had gained, his unhealthy stunt was an enormous success. The film won best documentary at the Sundance Film Festival, was nominated for an Academy Award, and six weeks after the debut of the film, McDonald’s removed super-sized items from their menu.

Michael Pollan, journalist and author of several books, including *The Omnivore’s Dilemma*, *In Defense of Food*, and *Cooked*, is another example of an unlikely leader of health and wellness. His simple, seven-word advice has gotten more play than perhaps any other nutritional advice out today: “Eat food, not too much, mostly plants.”

It’s not unusual to see experts like Dean Ornish, world-renowned cardiologist and founder of the Preventative Medicine Research Institute, quoting his line regularly in his talks, or to see scientists at the Centers for Disease Control and Prevention spilling into an overcrowded theater to hear Pollan himself recite these same seven words.

How are these nonexperts having more of an influence on our wellness choices than experts with their slew of scary statistics and depressing data? Each of these nonexperts is an agent of change, and we need more agents of change to turn the tide on our rising health care and well-being challenges. Without a doubt, we need experts, we need research to move the field forward, and we need to take an evidence-based approach toward health promotion. But we also need to augment this expertise with an activist-based approach to health promotion.

Experts speak to our brains and tend to overload us with facts—using scary statistics and depressing data. Agents of change, on the other hand, speak to our hearts—and they move us. In the words of Seth Godin, best-selling author and marketing expert, “It’s not about being the smart guy in the room; it’s about making things happen.” We need to speak to people’s hearts and move people to inspire widespread and sustainable change in wellness. This is why your first step in starting
your movement will be to shift your mind-set from just being the expert to becoming an agent of change.

In this chapter, we’ll discuss:

1. The key elements of being an agent of change,
2. Preparing for the challenges that you will face in getting your movement started,
3. How wellness movements can get started—top down and bottom up,
4. Obtaining leadership support—by devising a business case and an emotional case, and
5. Building bottom-up support.

**YOUR STEP 1 CHECKLIST**

- Build your story bank.
- Sharpen your changemaker edge.
- Form your core action team.
- Make the case—both logical and emotional—for your wellness movement.
- Issue an initial call to action—to leaders and employees.

**FROM EXPERT TO AGENT OF CHANGE**

In the opening of his most recent book *Eat Move Sleep*, best-selling author Tom Rath clarifies that he is *not* the expert. “Let me be clear, I am not a doctor. Nor am I an expert on nutrition, exercise physiology, or sleep disorders.” And yet he’s writing a book on eating, physical activity, and sleep—and loads of people are buying the book. Why? Because he’s an agent of change with a cause that people—lots of people—want to be part of. Beginning with his personal story of a life-threatening health challenge, Rath confides that he, like his readers, is a patient—and he’s on a quest to find the right answers on how to build a life of vitality, one small step at a time. He asks us (the readers) to join him in this movement.
In his book *Leading Minds: An Anatomy of Leadership*, Howard Gardner, educational psychologist at Harvard University, provides an academic perspective on this important notion of expert versus agent of change. By examining the traits of leaders such as Margaret Mead, Martin Luther King, Jr., and J. Robert Oppenheimer—he identifies each as either a domain-specific or a general leader. Very simply, a domain-specific leader embodies characteristics associated with an expert, a leader within their field, while a general leader manifests elements of being an agent of change, a leader who transcends their domain to reach a broader audience. Gardner describes how Margaret Mead, a leading anthropologist, shifted from being an expert known and respected within her field to becoming a household name. She made this transition by adopting characteristics of an agent of change.

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**YOUR NUMBER ONE JOB**

Regardless of what’s in your job description or the task that’s been assigned to you, whether you’re internal to the organization or external, your number one job will be to persuade and influence. In other words, you’ll need to be an agent of change.

Framing your efforts as a movement is a great way to win the hearts and minds of both decision makers and employees. Chesapeake Energy, an Oklahoma City-based energy company, is refreshing its wellness platform, moving from the classic model to a “Join the Movement” model, which emphasizes intrinsic motivation, focus on culture, and a more interdisciplinary and collaborative approach to wellness. When Amanda Parsons, employee health analyst, presented the new platform to the senior leaders, the response was supportive. She successfully accomplished getting buy-in from the top, in part by connecting wellness to a higher purpose in addition to business relevancy. These elements are both critical, as we will discuss shortly.

Starting a movement begins with you, meaning that you need to be thinking about what it takes to lead change within your organization. It’s no coincidence, therefore, that Leslie Ritter, head of the well-being initiative at Eileen Fisher, a New York City-based fashion company, has the title of “wellness leader.” Regardless of your title, your mind-set needs to shift to being a leader and an agent of change.
ELEMENTS OF BEING AN AGENT OF CHANGE

Let’s break down what’s actually involved in becoming a changemaker.

1. **Agents of change know their why.** Leaders who move us have a deep sense of purpose and a deep sense of conviction. *They know their why*. When they model this, they encourage others to do the same, and they create a ripple effect of change in their wake. The clearer you are about your personal why—why you do what you do and what moves you on the deepest level—the more people will want to follow you.

   Shane Valentine, chef and activist, models leadership that starts with his personal why. He’s leading Kids Cook with Heart, an American Heart Association program that’s teaching and inspiring kids and teens to cook healthy meals. Under his leadership, the program now reaches over 4,000 kids and teens. Valentine’s why is a startling statistic: So few kids in America are meeting the American Heart Association’s Simple Seven criteria for a healthy heart that the total number is statistically equivalent to zero. The breakdown? Unhealthy diet. When he shares his why, he inspires others to join him in his movement to “cook with heart” in a way that data alone never could.

2. **Agents of change speak to the heart.** Agents of change are emotional geniuses; they value emotional quotient (EQ) over intelligence quotient (IQ). And they’re right to do so. According to Daniel Goleman, author of *Emotional Intelligence*, “After analyzing 181 competence models from 121 organizations worldwide, we found that 67 percent of the abilities deemed essential for effective performance were emotional competencies. Compared to IQ and expertise, emotional competence mattered twice as much.”

   Any marketing and advertising professional knows that we buy with our hearts and later justify with our minds. Perhaps one of the greatest examples of how much an emotionally charged advertisement can shape our choices is the MasterCard “Priceless” commercial that first aired during the 1997 World Series. This campaign single-handedly catapulted MasterCard from a distant second to neck and neck with Visa.

   Jonathan Haidt, psychologist and author of *The Happiness Hypothesis*, originally proposed the metaphor of the “rider” and
the “elephant” to help illustrate the power of our emotional side over our thinking side. When making a change—or trying to influence others to make a change—we cannot speak only to the rider (our thinking side), and ignore the much larger elephant (our emotional side). Whether it's change on an individual level, a team level, or an organizational level, we need to get the elephant on board first. Only after the elephant is on board can we “direct the rider.” If we don’t have the elephant on board first, it’ll be an uphill battle from the start.

3. **Agents of change are great communicators.** Motivating the elephant—and gaining this emotional buy-in—starts with being a great communicator. Agents of change deliver compelling messages that we want to follow, and these messages are often short, exceedingly simple, and filled with metaphors. In his memorable “I Have a Dream” speech, Martin Luther King, Jr. moved his listeners through metaphors like “Let freedom ring” in lieu of statistics. Communicators also create powerful experiences for their followers, usually in the form of stories.

   This means that agents of change need to master the art of storytelling and, more important, value stories over statistics. “Stories are just data with a soul,” said Brené Brown, speaker and author. As leader of a wellness movement, you’re now in the business of persuasion, and storytelling is one of the most powerful ways to wield influence.

   Bill Baun, longtime leader in the field of workplace wellness and wellness officer at MD Anderson Cancer Center, a Houston-based medical center, always leads through storytelling. In delivering talks around the world and in moving people and organizations to embrace wellness, he shares stories, including his own as a cancer survivor. He understands that a movement starts with the heart.

   Researchers like Uri Hasson at Princeton University have studied the science behind what storytelling does to the listener’s brain. Hasson’s research has shown that when we hear compelling stories, parts of our brain actually light up in brain scans (that would not light up with statistics alone). This leads to what Hasson refers to as “brain to brain coupling” (between storyteller and listener). To get people on board with the wellness movement you’re starting, you’ll want to catalyze
brain to brain coupling. Good storytelling is the only way to make this happen.

**Action Item**

**Story Bank**

Build your story bank. I always encourage wellness leaders to recall stories, keep a tally of these stories, and use these to build a story bank. These stories—much more than the statistics—are what will move people.

4. **Agents of change embody their stories.** “It is important that a leader be a good storyteller but equally crucial that the leader embody that story in his or her life,” writes Gardner. This means that as the leader of a wellness movement, you’re going to need to take action in your own well-being. This is exactly what Arianna Huffington did. After collapsing in her office due to exhaustion, Huffington made a commitment to always get a good night’s sleep. Success, as she now defines it in her most recent book *Thrive*, is more than just money and power. Rather, the “third metric” of success encompasses well-being, wisdom, wonder, and giving back. Huffington’s sharing and embodiment of her story is what awakens and activates others to follow her movement.

5. **Agents of change do whatever it takes.** Chade-Meng Tan, Google employee turned Nobel Peace Prize nominee, anointed himself “Jolly Good Fellow” and volunteered himself as the official greeter at Google. U.S. Rep. Earl Blumenauer has been known to dress up in a chicken suit and deliver stand-up comedy. And, Oprah boldly danced onstage with Tina Turner for 5 minutes and 27 seconds. Becoming an agent of change requires great courage, and doing whatever it takes to move people to join your movement.

6. **Agents of change don’t wait for permission.** Agents of change do whatever it takes to make a difference, and they
don’t wait for permission. This is perhaps the most critical component to becoming an effective agent of change. The classic model for workplace wellness calls for obtaining senior leader support first, but as an agent of change, you can start a movement without waiting for permission. Spark a bottom-up movement that builds more organically (perhaps one team at a time), nurture it so that it gains momentum, and then bring senior leaders on board.

Malala Yousafzai, recent recipient of the Nobel Peace Prize, didn’t wait. She stood up to the Taliban and in doing so started a worldwide movement to support girls’ education. Vivienne Harr, founder of Make a Stand, also didn’t wait for permission, nor was she deterred by what most would see as a barrier: her age. At the tender age of nine, she started her own nonprofit—or “giveness” (as opposed to business)—with the goal to end child slavery. She set up a lemonade stand and asked people to give “what was in their hearts.” Within six months, she successfully raised over $100,000. In her view, being an effective agent of change requires “thinking like a kid.”

To follow in the footsteps of change agents like Oprah Winfrey, Morgan Spurlock, and Michael Pollan, you’ll need to do the following: (1) be very clear about your personal why, (2) hook people on an emotional level first, (3) communicate your message through metaphors and stories, (4) embody your message, (5) do whatever it takes, and (6) most importantly, don’t wait for permission.

**ACTION ITEM**

**8 ACTIVITIES TO SHARPEN YOUR CHANGEMAKER EDGE**

1. Ask yourself, “What is my why?” While words are good, often images are better. I suggest you use images or creative instruments like colored chalk or markers or even crayons. Try writing out your why on a chalkboard, and then ask a friend to take a picture.
GET READY FOR A CHALLENGE

Let’s be clear, leading a wellness movement is not for the faint of heart. You’ll have lots of hurdles to clear, and here are some that you can expect:

- **Buy-in from decision makers**: To have a broad impact, it’s vital that decision makers see the value of investing in employee
health and well-being. Your challenge will be to win their support.

- **Management engagement:** Leaders and middle managers may support wellness, but it’s best if they actually participate in the wellness programs. Your challenge will be to empower them to take part.

- **Employee engagement:** The more engaged the employees are, the more likely they are to participate. Your challenge will be to create the conditions in which employees are likely to motivate themselves, feel inspired, perceive value in well-being, and authentically commit to their own health and well-being—as well as the well-being of others.

- **Culture:** A healthy, vibrant culture will buoy your wellness movement. Your challenge will be to slowly build a culture that supports well-being and makes it “okay” to take part in wellness activities.

- **Environment:** The environment creates the opportunity—or lack thereof. Your challenge will be to help build an environment that makes it easy to invest in one’s health and well-being.

- **Accountability:** You’ll need the right mix of accountability (on both sides—organization and individuals). Your challenge will be to build this over time.

- **Changing behaviors:** Behavior change is what many consider to be the Holy Grail of workplace wellness. Your challenge will be to build a strategy and devise programs that actually move employees, managers, and leaders to form new well-being habits.

**ACTION ITEM**

**FORM YOUR CORE ACTION TEAM**

To help you to navigate these challenges, pull together your inner circle. Who are one or two others within your organization who can join with you to form a “core action team” to start the movement?
WELLNESS MOVEMENTS CAN START AT THE TOP

Yvon Chouinard, founder of Patagonia, issued a call to “Let My People Go Surfing,” stirring a movement within his organization, daring other companies to follow, while laying the foundation for an organization that is built on well-being and vitality.

The Cleveland Clinic’s best-in-class Total Care Wellness Program is the embodiment of another movement that started at the top. The program is based on an ethos of belief: belief that change is possible for every individual and that these changes can happen as a result of workplace wellness. To reinforce this ethos, every month in an address that goes out to all 43,000 employees, CEO Toby Cosgrove highlights stories of coworkers who have transformed their lives by taking part in the company’s wellness program.

These monthly talks are part of a larger strategy, primarily led by chief wellness officer Michael Roizen that emphasizes supportive culture and environment, quality programming, and incentives. Since 2008, over 3,000 employees have registered to participate in the on-site yoga classes, over 30,000 employees have enrolled in the online coaching program focused on healthy eating and weight maintenance, and an average of 30,000 visits are made every month to the on-site fitness center. In 2013, the company’s health care costs actually went down by 0.6 percent.13

Nintendo, a multinational consumer electronics company, is another example of an organization with a wellness movement that started at the top.

THE STORY OF NINTENDO

“All you need is at least one person who is willing to champion it,” Flip Morse, senior vice president of corporate resources of Nintendo, a leading electronic entertainment company, explains about his company’s wellness program.

(continued)
“It only takes one executive who is at a high enough level to influence policy. And you need to have an executive team that either supports it, as we have at Nintendo, or, at the very least, will not resist it.”

The key piece here is that Flip and his fellow Nintendo executives believe in wellness—and they recognize it as a value, as opposed to a transactional equation. “Not only is wellness the right thing to do—employees are happier, they’re more productive, they show up more regularly for work. But also from strictly a financial perspective, it’s crazy not to offer it,” he says. “You can pay a lot of money to consultants for teambuilding, or you can go to one of [our] events, where . . . employees are riding or running together, standing together in a tent talking about road conditions, having conversations you’d never have otherwise with coworkers in a work setting. You’re all the healthier for it, and the next time you see them at work, you have a new bond with them.”

Here are some of the ways that Nintendo’s commitment to wellness has paid off:

- 94 percent of its workforce declare themselves to be tobacco-free.
- Of the 6 percent that admitted to using tobacco, two-thirds of them elected to enroll in a tobacco cessation program.
- Of those that chose to enroll, about 25 percent were successful in quitting tobacco use.

Source: Flip Morse, interview with author, October 31, 2014.

For Nintendo, Patagonia, and the Cleveland Clinic, investing in wellness is more than just a program; it’s a movement. It’s more than numbers; it’s a belief system that encompasses a way of being at work and in the community.
Wellness Movements Don’t Always Start at the Top

While it certainly makes it a lot easier if the leader of the movement is a CEO, company founder, or member of the executive team, the truth is that anyone within an organization can spark a wellness movement.

Bill Baun, wellness officer at MD Anderson Cancer Center, describes a bottom-up movement he witnessed in one organization. A group of employees organized a pickup basketball game during lunchtime. This was their idea and they certainly hadn’t asked for permission. Over time, this lunchtime activity gained momentum—and eventually caught the attention of senior managers. Inspired by what they saw, the senior managers took the initiative to build a gym to encourage these employees to keep playing basketball and to support others in getting active during lunchtime.

At Schindler Elevator Corporation, a leading global manufacturer of elevators, escalators and moving walks, another bottom-up wellness movement is taking hold.

The Schindler Story

Julie Shipley, manager of general training at Schindler Elevator Corporation, hatched an innovative idea to incorporate well-being into a leadership-training workshop for the leading managers in the company. Naming it “Leadership Odyssey,” Julie wanted every participating manager to embark upon a personal journey of well-being and understand how this connects with what it means to be an effective leader.

To make it happen, she started a movement and then began building it. She got her immediate supervisor on board, Mike Yurchuk, director of organization development, along with the vice president of human resources. Then she asked our company, Motion Infusion, to help out. In a collaborative and participatory

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fashion, all of us worked together to build a two-day leadership-training workshop. The workshop combined personal well-being experiences, such as yoga, walking meetings, and well-being self-assessments with leadership development and culture change training.

This workshop single-handedly started a movement. Says Mike, “I never experienced something like this in any program or any type of work experience. I think my expectations were that people would gain another perspective, but I never expected that people would believe in it to the point where they would become agents of change.”

What Julie started was not just another program. Rather, it was a movement that continues to grow. Participants are sharing success stories on an ongoing basis, many are leading their teams in stretches or encouraging walking meetings, and some are now using standing desks. They’re encouraging team members to invest in rebuilding their energy, and they’re engaging in deeper conversations about emotional and social well-being. Most importantly, all of the managers now look at their team members through the lens of well-being—and this has shaped how they now lead their teams.

The vice president of health and safety at Schindler recently “got the bug” and requested the same workshop, but geared toward his team of safety area managers. Following the workshop, called “Safety Odyssey,” each of these managers, in turn, has gone on to build a movement within their respective teams. It’s even spreading internationally, with some global offices starting similar wellness movements. What we see here is a great example of the power of a bottom-up movement, sparked by one person’s idea, that is working its way up and infusing itself into the fabric of the organization.

Source: Julie Shipley and Mike Yurchuk, interview with author, December 12, 2014.
MAKING YOUR CASE

Whether your movement is top-down or bottom-up, at some point, you’re going to need to make a compelling case to leaders as to why the organization should invest in workplace wellness.

Let’s now look at the nuts and bolts of building your case. Below are some strategies you can employ that will help you to move leaders beyond the singular, cost-oriented return on investment (ROI) mindset to see the bigger picture and value of workplace wellness.

Strategy 1: Focus on the costs beneath the surface. Quantifying direct reductions in health care costs generated by wellness programs is notoriously difficult, especially when the program is in its infancy. It turns out, however, that there are much greater costs—and opportunities for savings—beneath the surface. The indirect costs related to poor health and diminished well-being include absenteeism, disability, and presenteeism—all resulting in a net loss in productivity.

One study showed that absenteeism due to disability and illness is costing the U.S. economy about $468 billion annually. The biggest cost, however, is what’s called “presenteeism,” which means showing up in body but not being fully present. There’s an abundance of evidence to suggest that the costs of presenteeism (due to distractions from illness or disability) are higher than the costs of absenteeism (due to illness or disability). In other words, it costs the company more money to have checked-out employees come to work than if they were to just stay at home.

According to a study conducted at Bank One, direct medical and pharmaceutical costs to a company only account for 24 percent of total costs associated with employee poor health. On the other hand, presenteeism costs account for a whopping 63 percent of total costs to the organization. A recent study found that almost a quarter of employees are reporting that they’re not fully present on the job due to chronic illness, adding up to 2.5 billion impaired days per year in the United States.

Your job will be to help senior leaders make the connection between employee well-being and productivity at work—and that direct health care costs are only the tip of the iceberg.
**Strategy 2: Focus on the value instead of return on investment.** Given the controversy of the ROI conversation, there is now a shift toward presenting the “value proposition” of wellness, or “value on investment” (VOI). The latter focuses more on the broader benefits—and doing something that’s good for employees. Wellness, particularly a more holistic *well-being* platform, can help to build a thriving, vibrant workplace that boosts morale, fosters engagement, enhances human performance, and attracts and retains top talent. An increasing number of workers, especially millennials, now *expect* potential employers to care about them—and this includes offering workplace wellness.

While these broader benefits are more difficult to measure, this value-based rationale for workplace wellness can help to create a better culture around the program itself. This enhanced culture, in turn, can increase the likelihood of employees’ authentic engagement with the wellness offerings. If an organization’s primary focus is on ROI (doing what’s good for shareholders), employees are likely to feel that any workplace wellness program is something that is being “done to” them.

Focusing more on the value of wellness, on the other hand, can make workplace wellness feel like something that is being “done for” employees. Generating this perception is absolutely critical for sustainability.

**Strategy 3: Build a business case based on specific organizational needs.** Every organization has different needs. Key to your success in winning over top management support is tailoring the message to fit the core objectives of your organization. Celina Pagani-Tousignant, president and founder of Normisur International, a global consulting firm that specializes in corporate social responsibility, and Asako Tsumagari, founder and CEO of MEvident, a wellness services provider, suggest applying a four-part “Value Creation Framework,” developed by McKinsey & Company and the Boston College Center for Corporate Citizenship, to build a case for workplace wellness based on organizational need.

### Value Creation Framework

<table>
<thead>
<tr>
<th>Marketing Creation</th>
<th>Efficiency in Operations</th>
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</thead>
<tbody>
<tr>
<td>(focus on innovation and launching new products)</td>
<td>(focus on efficiency and cost containment)</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Leadership Quality</td>
</tr>
<tr>
<td>(focus on safety)</td>
<td>(focus on leadership development and retention)</td>
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*Source:* Adapted from Value Creation Framework chart, created by Celina Pagani-Tousignant and Asako Tsumagari in “Designing an Effective Corporate Wellness Strategy.” Used with permission.

Companies, like Safeway, a national supermarket chain, that are operating at a relatively low profit margin, are most concerned about operational efficiency and cost containment. With this kind of company, you’ll need to focus on increased productivity (to enhance efficiency) and containing medical and workers compensation costs. Companies like Con Edison, a utility company based in New York, on the other hand, are largely focused on risk mitigation. With this kind of company, you’ll need to demonstrate the connection between wellness and safety. Companies like Google are generating a much higher profit margin per employee. Therefore, their focus is less on containing medical and workers compensation costs and more on innovation and launching new products. They’re looking to wellness as a way to help spark collaboration, creativity, and energy. Finally, companies like...
Cisco Systems, a multinational company specializing in networking equipment, are focused on developing leaders over the long term. In a case like Cisco, you’d be wise to focus on talent attraction and retention. In general, for companies that have a younger demographic and are in an industry where they are competing for talent, attraction and retention is a huge selling point to senior leaders.

**Strategy 4: Make the emotional case.** Up to this point, we’ve focused on cost-benefit analyses for gaining decision makers’ support for a wellness movement. Let’s not forget, however, that even CEOs and CFOs are moved by their hearts, not just by logic. In fact, I would argue that each is moved just as much, if not more, by the heart. That’s why it’s critical to make an effective business case and an effective emotional case. The best way to make the emotional case is through stories—particularly stories specific to the organization.

**TIP: HOW TO RALLY THE LEADERS**

You need to show leaders that workplace wellness is both the right thing to do (appeal to the heart) and the smart thing to do (appeal to the brain).

**Strategy 5: Connect wellness with a higher purpose.** A singular focus on ROI is only part of the picture and misses the larger point—namely, making a difference in people’s lives. Investing in workplace wellness is about doing the right thing. According to Dee Edington, longtime leader in the field and author of *Zero Trends*, “We [wellness providers] were forced into making the ROI proposition to get decision makers on board with health promotion in the workplace.” Fortunately, this is changing.

Robert Saifian, editor and managing director of *Fast Company*, writes about “a rising breed of business leaders who are animated not just by money but by the pursuit of a larger societal purpose.” Mission-driven companies like Patagonia are increasingly becoming the norm. You can ride this wave to lift your call for workplace wellness to a higher purpose.

Ultimately, workplace wellness is about people, not just costs, and an increasing number of leaders are catching on to this. For leaders like Jamie Dimon, throat cancer survivor and CEO of JPMorgan Chase,
workplace wellness comes from the heart and is about doing the right thing. In a recent memo, he reminded his employees, "As always, and especially since my diagnosis, I followed the advice I give to others—take care of your health first—nothing is more important."\textsuperscript{22}

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\textbf{CHECKLIST TO BUILD YOUR CASE} \\
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To help organize your thoughts, below are some prompts to get you started on building both the logical and emotional case for your movement. \\
\hline
Your personal why: \\
How this initiative builds on your why: \\
Your organization’s mission: \\
How this initiative supports the mission: \\
Your organization’s values: \\
How this initiative supports the organization’s values: \\
Your organization’s core business objectives: \\
How this initiative supports these core business objectives: \\
What people want: \\
How this initiative supports these wants: \\
What people need: \\
How this initiative supports these needs: \\
The \textit{logical} case for the initiative: \\
The \textit{emotional} case for the initiative: \\
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\textbf{SPARK “MINI-MOVEMENTS”}

Finally, you want to think about how you can generate a widespread movement, sparked by a series of “mini-movements.” One tool that has gotten a bad rap in workplace wellness is the good old-fashioned lunch ‘n’ learn. As a former teacher, I always bristle when I hear that education
doesn’t work when it comes to changing behaviors. The truth is that good education can work. Bad education, on the other hand, doesn’t work—and that’s what I’ve seen in most lunch ‘n’ learns. Below is a classic example of bad education in action.

THE STORY ON HEALTHY AGING FOR WOMEN

I was asked by a nonprofit organization that supports women entering and reentering the workforce to deliver a talk for their clients on the topic, “Healthy Aging for Women.” This was part of a yearlong “Love Your Body” campaign. A couple of weeks before the presentation, the organizer sent me a prepared slide deck on the topic. “Here’s a PowerPoint you can use for your talk,” she explained. The presentation was packed with all kinds of scary statistics: leading causes of death, number of older women living with a chronic condition, number of older women with skin disorders, number of older women who are depressed. The slides continued with an array of all kinds of terrible things to expect with aging: hardening arteries, creaky joints, saggy skin and lots of wrinkles, liver spots, shrinking bone structure, impaired memory. Ugh! The underlying message was, “Shoot me now!” Finally, at the very end, after a download of demoralizing data, the presentation issued a call to action: “Make the right choices.”

Just reading through the slides was enough to make me feel like I needed a drink. The presentation painted a bleak future; it certainly didn’t motivate me to “make the right choices.” This slide deck was not prepared by agents of change; it was prepared by agents of terror!

A lunch ‘n’ learn done well, on the other hand, can inspire change and pave the way for a mini-movement. In one case, I delivered a lunch ‘n’ learn for a large insurance company that was in the beginning stages of launching a wellness program. Before my talk, the wellness coordinator confessed that she was having difficulty recruiting employees to join the newly formed wellness committee. Only three had volunteered up to that point. During my ensuing talk, I issued a call to act: Join the wellness committee. One week later, the wellness coordinator called to tell me that 26 had committed to join!
Recently, I delivered a lunch ‘n’ learn called “Please, Don’t Have a Seat!” at the Kimpton Hotels & Restaurants headquarters. Following the presentation, an inspired participant, Whitney Smith, created her own makeshift standing workstation in the middle of the common area. When curious coworkers asked why, she shared, “I just learned about the benefits of sitting less, so I’m standing more and already feel a lot better!” Her bold mini-movement is now inspiring others to get out of their chairs and build their own standing workstations.

Your goal is to move people, and there’s nothing wrong with explicitly calling this out. In fact, I often start my lunch ‘n’ learns with the advice: “What I say doesn’t matter. All that matters is what you actually do when you walk out the door at the end of the session.” Inspire and give people the tools to engage with the movement once they walk out the door. This means delivering key calls to action, crafting a message, and delivering it in a way that’s emotionally compelling.

To reinforce this call to act, I usually end my lunch ‘n’ learns with a reminder that each of us can be an agent of change, and in fact, we already are. Every one of us is part of a social network, and within this network, every personal choice we make can spark a social contagion effect, or ripple effect. Our habits influence our friends, our friends’ friends, and even our friends’ friends’ friends!23

To bring meaning to this phenomenon, I often ask participants to recall Kennedy’s speech in which he urged us to “ask not what your country can do for you—ask what you can do for your country.” One of the very best things that each of us can do, I tell my listeners, for ourselves, our friends, our families, our coworkers, our communities, our country, and even for our world, is to begin with ourselves and simply make better choices. In issuing this reminder, I am asking each of the participants to join me in “being the change” to change the world, one mini-movement at a time.

### Simple Tips to Build a Better Lunch ‘n’ Learn:

1. **Create an emotional experience.** It’s always much more powerful to open with an emotional hook—a story, a video

   (continued)
clip, even a movement-based or interactive activity—that builds empathy and emotional engagement.

2. **Less is more.** Remember that your goal is to inspire people to take action. The point is not to deliver a boring health lesson, with lots of frightening facts and boring statistics. Don’t go overboard on data, or you will quickly lose your audience.

3. **Issue a call to act.** I’m always surprised at how long it often takes lunch ‘n’ learn speakers to get to the point. Many times, they wallow in information overload. Don’t make that mistake. Issue the call to act right away, frame it in language that inspires action, and repeat it throughout the lunch ‘n’ learn. Just like your goal is to be an agent of change, encourage participants to also feel empowered as agents of change.

4. **Encourage social activism.** It’s helpful to use titles like “Stand Up for Being the Change.” Remind participants that their personal choices are actually not so personal. For some people, investing in their health and well-being feels selfish. Remind them that it’s just the opposite. Behaviors spread like viruses through social networks, so every time we make a positive choice, we’re positively influencing the choices of friends, friends’ friends, and even friends’ friends’ friends.

5. **Give them something to do.** Less information means more time for interaction. If you want to increase the likelihood of generating change, you need to create more opportunities for participants to make sense of the material on their own terms. This means less lecturing and more doing. Provide time for participants to draw from their own experiences and their own knowledge base through small group work.

6. **Be a coach.** Step out of trying to be the expert and source of all information. Think more about *facilitating* a learning process. A great coach is someone who not only delivers information, but also creates emotional hooks to motivate and
inspire. This means asking more questions and encouraging participants to learn from one another and from themselves, not only from you.

**FINAL THOUGHTS**

Being an agent of change is not just about delivering information and demonstrating expertise; it’s about moving people and giving them the tools to transform themselves. While you certainly want to get up to speed on the latest research and best practices in the field of workplace wellness, you also want to think about how you can adopt the elements of a changemaker. Beginning with your personal why, your task is to courageously move forward with sparking a movement of well-being within your organization. Stories and emotional connections are what will lend persuasion to your call to action.