

## PAUL HIGHAM, RECENTLY RETIRED CHIEF MARKETING OFFICER, WAL-MART STORES, INC. ADDRESSES INWARD STRATEGIC CONSULTING FALL BREAKFAST FORUM

**WEDNESDAY, NOV. 12TH, 2003**

Paul Higham, recently retired CMO of Wal-Mart Stores, addressed an audience at Inward Strategic Consulting's Fall Breakfast Forum. The audience was comprised of senior executives from some of the most respected Fortune 100 New England-area companies.

Mr. Higham's talk focused on "Selling-In or Selling-Out? – How selling inside your company can unlock greater marketing power." He shared his insights from his years at Wal-Mart about the importance of inward marketing and building internal momentum and buy-in to achieve sales success.

Mr. Higham spoke of the importance of selling from within your organization to achieve external sales success. He emphasized on how doing a great job of selling within your company can change the corporate culture. Selling from within directly correlates to external marketing efforts and the in-store experience. Mr. Higham explained to the audience why the most important part of selling-out, is in fact selling-in.

### Getting To Know Your Customers Through the Eyes of Your Employees

Mr. Higham spoke at length about how senior management within Wal-Mart made an effort to reach employees on a local scale, at a very granular level.

- "Selling inside of your organization can be equal to or better than the results of creating an external advertising campaign--It can be responsible for the growth of your business--that much."
- Conduct casual meetings—Sam Walton was well known for conducting such meetings. Literally traveling to stores in Oklahoma, gathering employees and sitting around in a circle on the floor and listening to them and communicating corporate messages were common



practice for executive leadership. He encouraged store managers to have "10-Minute Meetings" daily to communicate well with employees.

- Mr. Higham remarked, "Redundancy is the queen of learning." If you know what the drivers of choice are for your organization, you have to let your employees know them. "What is the purpose of our efforts?" Everyone at Wal-Mart knew it was sustaining profitable market share.
- Use the "50 to 1 rule"—It makes more sense to say one thing 50 times rather than 50 things one time. However, remember one of the key principles of redundancy is to be redundant without being boring.

### Identify The Drivers of Choice

Mr. Higham emphasized that as marketers, you must know the drivers of choice and have the responsibility of communicating them to your employees. "Do you know whether or not all your

employees in your organization have a clear and articulate understanding of the driver's of choice?"

- "Ask yourself, "Have we covered the most important elements to communicate? If we know where true north is, we never make gross mistakes" – We need to understand the simple basics of our business.
- Do you have the knowledge of what the drivers of choice are? "This is really serious because when you know what the drivers of choice are, the process of doing business and competing is almost like cheating." You have the sure knowledge of not only your own perspective, but also your customer's knowledge and how they use it to make choices.

### Conduct Simple, Clear Research

Mr. Higham highlighted that management has the responsibility of doing a good amount of research. "If you expect to be chosen, you must know how customers choose."

- "What are the criteria for people to choose products?" Most research studies are predicated around what retailers already know about their business—not what you need to know.
- Wal-Mart had an annual study of customer attitudes—"We were very smart for one month and stupid for the rest of the year." Results need to be real-time!
- Remember, keep it simple! A lot of research is too complicated! Keep research simple, real, and down to earth, helping to identify customers' behaviors and choices.
- Keep in mind how you are doing against your customers' criteria. Know what your competitors' behaviors towards their customers are. "When you know how your customers choose, what their drivers of choice are, the process of doing business feels almost like cheating. You have the sure knowledge of the customers who are actually doing the choosing."

- There are four powerful elements about research to be successful:

- **First**, research and capture criteria of what people choose—you have to view this from the outside.
- **Second**, the research has to be basic and practical not based on theory so that people can get things done.
- **Third**, you have to have the ability to gauge other competitor's effectiveness and your efforts on your own business. "I knew much more about Target when I worked at Wal-Mart than I ever did while working initially at Target." Research cannot be arrogant.
- **Fourth** is timeliness--You have to be quick and responsive with messages and tactics before your competitors do.

### Obstacles and Challenges

Towards the middle of the Forum, Mr. Higham spoke of the fascination with basics and simplicity.

- "In business school, they talk about capturing the practice of past businesses and turning them into formulas—and in turn if we follow them, we will be successful. We fall into the temptation of making things complicated."
- Coming up with simplicity and making marketing easy: Easy/Hard logic—"You have to make hard things look easy. Wal-Mart made marketing look easy. It takes more energy to keep things simple than it does to allow them to become complicated."
- "Remember that customers don't care if you have the most terabytes of computer space—they want to know if you have their products." It is important to identify how your customer perceives your company from the outside of the circle.

### Marketing Through Employees—Internal and External Alignment

- Wal-Mart had several "experiments" to have employees understand and identify with customers. "We used greeters—senior citizens who would greet

customers on their way into the stores. We quickly found, however, that greeters turned into avoiders. The solution was to create an advertising campaign around the greeters and by doing so, our employees began to behave in the right way—as greeters, not avoiders.”

- “Companies need to remember to put their employees at the center of the marketing bulls eye—not the customer.” Wal-Mart would always only buy media time when their associates would be watching TV. “The message that inspires your customers to shop at your store is the same message that inspires your employees to work harder and better.”
- A lot of the time, people have their egos tied up in their work. “Employees feel better when they know they have contributed to the success of a company. Advertising makes them much more motivated as they embrace the purpose of your company and helps aid in the process of being chosen.”
- Highlight your employee’s performance—let each employee say to him/herself, “I know I contributed to the process.” In an organization where morale has peaked, your employee retention will in return be higher.
- Make your employees a part of the process of why customers should choose you, “Oh, by the way your customer’s think the reason’s why you are successful is because of your employees.”
- The same things that motivate your customers are usually the same things that motivate your employees. “If your employees have a clear understanding of how your customers choose, the potential for them to be better employees is astronomically higher. When you get your employees wanting to contribute to the process, of your customer’s choosing your organization, or your products or services, you end up being a much more powerful organization.”

## Integrated Marketing Plans

- Wal-Mart has written several thousand marketing

plans—most built around its employees. “We found there were things missing in the primary marketing plan—no instore component and associate selling plan. Every marketing plan had an inside component to associate selling so that they understood their responsibility.” Obtain the support buy-in and actively soliciting the support of the associates.

- Mr. Higham remarked, “The best place to learn how to write a marketing plan was the US Army—writing operations orders. Soldiers work as a team to win battles, and great companies also use the same formula.
- Focus Inside First – “At Wal-Mart, marketing plans were always based around employee associates knowing what the issues were and what the customers’ drivers were. Selling within the organization created a natural process, which resulted in selling outside of the organization—to the customers.”
- All the models of persuasion operate out of three basic elements: Ethos, Logos, and Pathos:
  - Ethics: Standing in the community in respect to individuals.
  - Logos: The logic of the process.
  - Pathos: The passion—the manner in which we communicate

## Three Principles of Inward Selling

Mr. Higham highlighted the three basic principles of inward selling. They are function, purpose and outcome. Every employee needs to understand why the company is in business. For example, “Wal-Mart is in the business of buying selling merchandise at a profit—Wal-Mart’s basic function. Function requires purpose. Our purpose is to be chosen.” Outcome results in market share, which translates into profitability.

- Function is the word that describes a company. “Wal-Mart is in the business of buying and selling merchandise at a profit.” Make sure everyone in your organization understands that.

- Purpose—your purpose is to be chosen, more than your competition. “You need to know what your customers’ drivers are for choice in order to achieve purpose.”
- Outcome—Sales and numbers measure outcome. “Outcome directly correlates to profit—the most important responsibility to employees.”

### Three Simple Thoughts on Business Process

Towards the conclusion of his remarks, Mr. Higham emphasized three simple thoughts on improving business processes.

- “Selling-in can super-charge your business identifying what your employees feel and want is often closely aligned to what your customers are looking for. The same tools you use to external marketers and advertising are the same you should use for employees. “
- “Do your research around your customer’s attitudes. Don’t commission research based on what you already know.”
- Selling In works! Mr. Higham concluded by saying, “Letting your employees know what the key messages are will lead to sales success.”

### Questions from Forum Attendees

- Forum attendees asked questions on the roles of Inward Marketing within marketing departments and human resources departments. Mr. Higham responded by saying at Wal-Mart, marketing departments often learned a lot from HR. Allan Steinmetz of Inward Strategic Consulting added, “Human Resource groups are driving a lot of the marketing redesign plans at our current clients.”
- A senior marketing executive asked Mr. Higham how relationships between Wal-Mart and its suppliers were handled and whether they should be included with employees. Mr. Higham remarked, “Explaining your business philosophy to vendors and suppliers is also very important. Communicating that Wal-Mart is customer centric

was very integral to the overall strategy.”

- A CEO of a locally based company asked how important marketing are brands to Wal-Mart. Mr. Higham responded by saying the brands are critical part to marketing success. Making sure your employees know the brands and are well educated in communicating the brands to customers is also very important.

### About Paul Higham

For 13 years, until his recent retirement, Mr. Higham was the Chief Marketing Officer of Wal-Mart Stores, Inc. Mr. Higham was responsible for advertising, research, marketing and other functions for all divisions and in all 10 countries that Wal-Mart operated in. During Higham’s tenure Wal-Mart grew from \$19 billion in sales to \$219 billion making Wal-Mart the largest company in the world. Prior to joining Wal-Mart he was Vice President of Advertising for Target Stores.

Mr. Higham, was inducted into the Retail Advertising Hall of Fame in 2000. He is the recipient of many awards and honors while at Wal-Mart including the first Ad Age Marketer of the Year award, the Pro Bono Publico award, recognition from the Environmental Programme of the United Nations, The President’s Awards from the International Mass Retailer Association and the Science Award from The Gallup Organization. He has been frequently featured in Ad Age’s Top 50 and Top 100 Marketers and has also been cited as the Television Advertising Bureau’s Marketer of the Year.

### About Inward Strategic Consulting

Inward Strategic Consulting specializes in change management and branding initiatives from the inside out. The firm’s expertise and approach bridges the gap between strategic consulting firms and traditional advertising/communications companies. Inward has four offerings that incorporate facilitated methods for leadership alignment, change management communications, internal & external branding and market research. Inward is headquartered in Boston MA, with service offices in San Francisco, Chicago, and Minneapolis/St. Paul.

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