

Alfred-Joachim Hermann

Business Guide for Strategic Management

50 Tools for Business Success

 Springer

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Preface

Dear reader!

Entrepreneurship means in particular to identify opportunities in the market¹ to achieve economic success and to preserve or create jobs.

This book is aimed at self-employed people and business leaders (decision-makers and multipliers) who want to strengthen a market position or realign business strategies. Benefit from the current success factors, applied methods and strategies that are summarized in 50 chapters. These aspects receive particular attention in management circles and in the media. And, very importantly, think and act sustainably and responsibly in view of scarce resources. Develop products and services that benefit society and thus the common good.

Thank you for purchasing this book—the first edition achieved over 1.2 million downloads. For the second edition, numerous passages were revised, some chapters were merged, current case studies were integrated, up-to-date data material was accessed and essential chapters were added. At the end of each chapter you will find valuable “Tips for You”. I have tested all the advice myself. And I can give you my word of honor: They work great!

Yours sincerely

Your

Prof. Dr. Alfred-Joachim Hermann

PS: For the sake of better readability, it is not intended to list both the male and other forms in the absence of a gender-neutral formulation. The male formulations chosen below therefore apply without restriction to the other genders.

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About the Author

Alfred-Joachim Hermann In addition to his work as a professor of media development and management at SRH Fernhochschule—The Distance Learning University, he advises entrepreneurs, self-employed people and start-ups.

Other professional positions include: Head of Press and Public Relations of the Presidency of the German Red Cross, Head of the Media Policy Department of the CDU Federal Party Headquarters, Chief Editor at PRO7, Producer & Consultant at Holtzbrinck Publishing Group and freelance film producer (e.g. TATORT, international production of image films).



In addition to his professional work, Mr. Hermann is also active as a communication coach for customer acquisition and is a member of various media and film policy committees (e.g. CSU Film Commission and State Media and Media Policy Committee of the CDU Baden-Württemberg). He is also a popular speaker, lecturer and one of the most important personalities in the media industry (e.g. according to Kressköpfe 2014/2015).

The book deals with 50 highly topical management topics, treats more than 100 national and international case studies from practice and conveys more than 250 tips for professional everyday life. A focus is on management, communication, sales and marketing topics, because they determine the success or failure of a company.

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Footnotes

¹ The term “markets” contains several meanings from a business perspective (e.g., labor market, product markets, capital markets, factor markets, or partial markets that are relevant to companies (e.g., because only there their products can be offered)).

1. Alliances

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We could do a lot if we stood together
Schiller, F. von (1877).

Those who hold this opinion feel confirmed. Alliances have been concluded between states (international law), organizations/institutions (strategically) or persons since time immemorial in order to pursue predetermined goals together. It does not help to make them universally valid and thus interpretable. Agree with the participating companies on a precise target content (for example, a certain standardization for productivity enhancement), the extent and the standards of the project (e.g. in numbers, in order to be able to make a clear measurement) and the period for the planned achievement of the target.

Who can contribute to business success? Ultimately, alliances always make sense when the partners benefit more from it than when they operate individually. Here are some examples: In the *German Hanse* various associations of merchants (mostly Baltic and North Sea traders) associated between the middle of the 12th and the middle of the 17th century. Their agreement was to coordinate the security measures of the sea crossing and the representation of common economic interests (especially abroad). In the *Second Gulf War* (2 August 1990 to 5 March 1991) the states of Kuwait, Saudi Arabia, USA, Great Britain and other allies allied against Iraq to liberate Kuwait. Without the Friendship Treaty concluded in 1794 between the poets Johann Wolfgang von Goethe and Friedrich Schiller, the joint creative period *Weimar Classicism* would

never have come about, which lasted until Schiller's death (1805). In 1997, the *Star Alliance* was founded, now the largest airline alliance in the world, including Lufthansa. The airlines cooperate with each other, e.g. to use flight rights and flight terminals at airports together in order to reduce operating costs.

What do these alliances tell us? Everyone needs expert advice, solidarity support and reliable partnerships. You know, there will always be strong and weak players of different sizes in the pond that is called economy. The challenge is to find a safe place among all the piranhas. That is why companies (especially small and start-ups) should network in order to demonstrate strength in the alliance and to reduce their costs (e.g. through joint marketing and sales measures). Sometimes an alliance partner is indispensable because projects exceed a certain size that one cannot cope with on one's own. But in such a constellation one must also be prepared to share concepts and finances with each other.

Do it! An Alliance-thought should just be probed under the aspect, in how far external organizations can contribute to a business success. In this respect, companies orient themselves at a sales market (e.g. retail, wholesale, competition) and a procurement market (e.g. suppliers, banks/lenders, offices). In addition, there is a social-communicative environment (among other things media, parties, unions, organizations), which claims a "right to participate" on certain topics (e.g. location choice, personnel and environmental policy, corporate communication).

In order to exert influence on different areas of current events, we are surrounded by associations in the private as well as professional world, which act openly or secretly. There is no doubt that agreements are made in order to exchange knowledge, reduce economic risks, limit competition or to jointly resources and rights purchase and evaluate. And as in politics, one finally fights for leadership, majorities, markets, votes and customers.¹

To defy economic storms is one of the most common motives for an alliance. Here is an example: When in the 80s medium-sized,² owner-managed kitchen stores were threatened in their existence by powerful, capital-strong furniture stores, specialized stores joined together to form a purchasing and marketing association. Since then, they benefit, inter alia, from the favorable purchase conditions through the association (*MHK Group*) and were able to stop the displacement process.

It is not long ago that car companies stood opposite each other as steadfast opponents. Meanwhile, some of them are joining forces and founding a purchasing partnership like *BMW* and *Daimler* in order to reduce expenses. The

two manufacturers not only jointly purchase components in the high double-digit million range, but also develop cooperatively one or the other car part (e.g. metal structures of seats). Practical, isn't it?

Another substantial argument can be that, by means of an alliance, a strong competitor can be kept in check. Especially when there is a stubborn, almost chronic rivalry between two market leaders. *Coca-Cola* and *Pepsi* sought and found allies in the 1990s in order to arm themselves: *McDonald's* was primarily on the side of *Coca-Cola*, while *Pizza Hut* and *Kentucky Fried Chicken* were allies of *Pepsi*. And, from my current perspective, I would like to add that the mobilization paid off, because the sales of the cola giants have undeniably increased.

Alliances are increasingly being forged in the form of partnerships between a franchisor, who owns a lucrative business idea, and a franchisee, who uses the business idea in exchange for regular payments. The franchise system is often registered as the brainchild of *Ray Kroc* (1902-1984), who achieved great success with it at *McDonald's*. But this is not correct: *Martha Matilda Harper* (1857-1950), a pioneer of hair care, opened the first Harper Shop in Rochester in northwestern New York State in 1888. The money for this came from the formula of a hair tonic (shampoo) that was produced and distributed in a factory on an assembly line. In the following years, she won customers who did free referral marketing for Harper Shops, designed chairs and sinks with a neck trough for the shops, and founded beauty schools. With her concession system, which consisted of economically independent branches with extended cosmetic and hair care offerings, Harper was extremely successful. By 1921, the distribution model included 450 salons worldwide, with the cooperation involving four legally binding agreements: a franchise contract, a manual with instructions, training, and the purchase and use of cosmetics and hair care products from *Harper Method Shop*.

What is remarkable about alliances in the age of digital transformation is that, from former competitive thinking, strategic partnerships can emerge, even though these are usually limited to one market segment. In Silicon Valley and other start-up regions, associations of technology companies are not uncommon within a manageable timeframe.

Assume that an exchange of know-how and experiences (e.g. industry knowledge, marketing strategies) or a solidarity networking has often proven to be a significant factor for the economic progress of companies. For those who are not supporters of the alliance theory, it should be said that, for example, behind *Amazon* a sales community of thousands of other companies is using the technology platform. An example that, in my opinion, is sustainable and more

than convincing.

Not to be underestimated is an alliance with suppliers who can ensure quality assurance and thereby improve the image of a foreign company. Example: A renowned delicatessen manufacturer supplies delicatessens and gourmet shops with fresh, exquisite specialties that please consumers and thus boost sales. Conversely, suppliers can be supported by stabilizing a business relationship in the medium and long term and thus receive a higher prestige.

Become an alliance partner to understand external perspectives, to find new approaches and to learn from the mistakes of others. Nevertheless, nothing lasts forever, which is why an alliance is a voluntary cooperation that can be terminated. For example, if, as part of a cooperation, the legal or economic independence of a business is endangered.

You can be sure that your performance will be strengthened by the interplay of different forces. Therefore, act in your own interest like *Goethe's* Mephisto: "I am not omniscient; but much is clear to me."³

Tips for You

- Consider who your business is mainly running through and to what extent there are points of contact that are suitable for a strategic alliance.
- Choose allies who are not in direct competition with your economic activity, but ideally complement it. If you sell vacuum cleaners, a partnership with carpet dealers makes sense. Or if you offer hardware, then together with someone who offers suitable software. There is nothing wrong with being a member of the same professional association or the same industry organization.
- Preferably cooperate with colleagues and organizations/institutions where your topic is on the agenda and where you can openly talk about business vision, hopes and worries.
- Test potential cooperation partners in advance of an Alliance by asking for assessments of current products or services that play a role in your market. Based on the feedback, you will find out whether both sides are on the same wavelength (form of assessment, respectful treatment of each other, similar attitudes, etc.). Likewise, one finds out whether the potential partner is looking for a one-sided advantage or a mutual benefit.
- Make concrete proposals to partners, e.g. how to become each other's preferred supplier. The alliance concept also includes joint procurement of raw materials and materials. Of course, a collective cost reduction and innovation potential is also essential.

- Seriously consider whether logistics processes can be planned uniformly with alliance partners. Instead of operating independently of each other in the freight industry, for example, transport journeys could be combined. In this way, empty journeys would be eliminated and the costs for personnel and vehicles could be reduced.
- Operate mutual Allianzpartnern Empfehlungsmarketing with potential customers to strengthen reputation (see Chap. 14). In theory, all participants should benefit each time orders are placed through partners.
- Alliance partners should always have access to a common database. This ensures that all parties have the same current information.

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Footnotes

¹ Alliances are legally allowed as long as there are no violations of antitrust law—that is, to restrict, distort or prevent competition (for example, by price agreements or division of markets).

² The term “medium-sized companies” includes companies with less than 500 employees or € 50 million in sales per year.

³ By Goethe (1582).

2. Best Practice Solutions

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You know certainly the saying that the cherries in the neighbor's garden are supposed to taste better than one's own. Such an idea is tempting because you have not tasted the cherries so far and apparently are not able to produce them in an extremely good quality. In order to get to the bottom of the irresistible secret, one finally conducts external cause research.

Do exactly that. Whoever is still under the illusion that companies do not also look around in the neighbor's garden (at foreign model operations), let him be taught better. Almost all successful companies use best practice. So: Study the successful method, the optimal business process or the best procedure that has proven to be suitable in practice. These include proven and cost-effective configurations, procedures, processes and techniques that guarantee higher efficiency than other evaluation models.

The term *best practice* stands for optimal methods, practices or measures for the implementation or realization of business processes. It is meant: Everything can always be done better. If something unusual happens in your industry, you should find out why it happens and what is different. These can be, for example, unusual or contradictory processes in a market that can lead to groundbreaking trends later. So if someone quickly recognizes immature signals and draws the right conclusions from them, he can record a competitive advantage. In any case, you will receive suggestions and learn.

This is how it happened, for example, with the founders of *Instagram*, who initially started with an app called Burb, with which the users check in at special

locations, forge points for meetings with friends and plans for future check-ins. But after the app was not particularly successful, the developers carried out analyses and thereby found that with this the users almost exclusively post and share photos: “They started by studying all the popular photo apps and quickly found two main competitors. Hipstamatic was cool and had great filters, but it was difficult to share their photos. Facebook was the king of social networks, but its iPhone app didn’t have a great photo sharing feature. Mike and Kevin saw an opportunity to switch between Hipstamatic and Facebook by developing a user-friendly app that made sharing photos in social networks easier.”¹

A best practice example from the healthcare sector comes from *Philips Healthcare*. On the open, cloud-based HealthSuite platform, clinical and other data from various devices and sources are collected, merged and analyzed. Using the digital platform, employees of healthcare facilities, clinical staff and private individuals can access personal health data and information on the health status of individual patients or larger patient groups. This access allows for more individualized care and a more active role for patients in their own health care and care. This creates a real advantage for doctors, in particular, because they can exchange information with colleagues about therapies and the best instruments and devices for operations and treatments.

The best practice in online retail comes from *Amazon*. As the market leader in online trading, it investigates the buying behavior of customers live, for example, and encourages them to make further purchases through recommendations on the results page, e.g. : “Inspired by your shopping trends”, “Related products to this item” or “Often bought together”. With such advertising messages, purchase impulses are set and Amazon’s sales could be increased significantly.

The development of a successful method is provided by the Swabian chocolate manufacturer *Ritter Sport* as an excellence example. In two ways, it favors its Central American suppliers: On the one hand, the small farmers receive a higher purchase price for their cocoa beans than on the world market. On the other hand, they receive seed and credit to grow their cocoa crop in remote corners of Nicaragua, as well as help in combating plant diseases. Fairtrade pays off for both sides: The supplier feels connected to the buyer with a solid income and, in turn, the latter relies on a reliable supplier. Another, significant effect is that Ritter Sport no longer has to submit to the speculative price fluctuations of the cocoa market.

Best Practice Solutions introduce a kind of standardization, although they only make a non-binding recommendation of how to proceed in a particular case. Relevant solutions are often in this context in connection with the term

Benchmarking mentioned: “The continuous search for solutions based on the best methods and procedures in the industry, the best practices, which lead a company to top performance”.²

Benchmarks represent orientation or target variables in the business sector that allow an evaluation of the company’s own performance in comparison to other market participants. In competitive analysis, over a period of time to be specified, own services, products or processes are compared with those of other companies in order to identify discrepancies and to concretize improvement possibilities. Mostly one draws parallels to the “class leaders” of an industry (see also Chap. 29).³ For example, one compares the logistics goods receipt concept of *Edeka* with that of *Aldi*. Or the electronic customer billing system of *OBI* with that of *Hornbach*. More and more often, one also draws a company from outside one’s own, perhaps crisis-ridden industry for comparison. The combination of ideal methods makes it possible to determine company-specific, strategic goals. However, comparability is complicated if, for example, identical conditions do not apply to two companies/sites or if different influencing factors act in comparisons.

However, the approach of deriving imitable solutions is quite simple: Acquire knowledge from other market participants and adapt their methods to one’s own business processes. Companies intend to increase their competitiveness in this way by using tried and tested methods to achieve a top position in their market.

Historically, *Rank Xerox* in was the first pioneer in the 1970s to use best practice solutions. Xerox was suffering on its market segment of office printers and copiers from the strong pressure of Japanese competitors. These offered office machines of equivalent quality at lower prices than the American manufacturer. In order to be able to assert itself, Xerox carried out a competitive analysis and found the mail order company *L.L. Bean* to be an exemplary company that offered itself for comparison.

What should Xerox improve in all cases? According to internal company surveys, the biggest deficits were in the logistics chain, i.e. from goods receipt to shipping. By means of a data match and based on key figures (including for order processing, work steps and number of pieces per man-day), it became apparent that L.L. Bean effectively controlled processes through the predominant automation of processes and thus shortened outsourcing routes. In a further step towards economic feasibility, Xerox acquired Japanese copiers, dismantled them into individual parts and thereby discovered that the Asian components are cheaper to produce than assumed. So it is no surprise that Xerox, by eliminating

internal sources of error, by quality improvements in the of the *material management*⁴ and by targeted motivational measures for the workforce, found the connection to the world elite.

You notice: eliminating sources of error is easier than some think. Another example: The *Deutsche Post* has adapted the method of American banks for its package logistics system, how checks are settled overnight. All checks are sent by the banks to a central processing center and from there to the responsible house bank. The Post has set up 33 package centers (main distribution centers) in Germany using the same principle. The packages are delivered from the regional offices of the Post or via direct transport from the customer to the main distribution centers or picked up from there by delivery vehicles. The packages are transported between the main distribution centers by direct truck shuttle services.

Back to the present: How often do you think about introducing best-practice solutions in your area of influence? Convince yourself below how to develop and implement successful methods.

Tips for You

- Analyze commercial businesses that do not belong to your industry but excel in processes or functions that are beneficial to your economic activity. Compare methods and components (less the financial statements, company and market data and financial key figures), in order to assess your own strengths and weaknesses in an exemplary manner.
- Orient yourself to Best Practice solutions of the “best of the best” in an industry, identify their top performance and find your own solutions to gain competitive advantages. Let’s say you work in the construction industry and are aiming for a long-term customer relationship. How about an all-round service where your employees are in constant dialogue with the clientele? The world-renowned equipment manufacturer *Hilti* from the Principality of Liechtenstein, well-known for its powerful drilling machines, therefore provides more customer service and performance than its competitors: Hilti offers an unbeatable range of equipment, repair and tool support, from a claim for an equivalent loaner during downtime to a lifetime equipment maintenance to insurance protection of the tools.
- Set future-oriented impulses for your company or your self-employment through best practice solutions. However, the prospects for this are low if similar methods are used as in the banking sector: Traditional financial institutions reduced the number of branches, dismissed employees and

founded online banks to be more competitive. The opposite was the case, however, because the impersonal banking business on the Internet or at the ATM made the service of a financial institution interchangeable. To get to the bottom of the matter, the *Bank of America* pulled the emergency brake and “humanized” the service again: Customers can at least talk to a call center employee via video conference at one ATM. However, it would be wiser if every smartphone owner could reach his or her personal banker via app.

- Some solutions can be so simple: Let’s say maintenance and repair costs for a machine park explode because different plants pose different problems. Some industry leaders show how savings can be achieved: If only one type of plant is used, maintenance becomes highly efficient and profitable.
- Do you often face serious complications when workers are suddenly absent? Toyota and the Marriott hotel chain *Marriott* know a way out: Train two to three workers in each unit who can be used as substitutes in other units. At Toyota, the substitutes are usually team and group leaders.
- The optimal approach to combining a sustainability concept with a shopping experience is to be found in the North German Hanseatic city of Bremen. In the *ecofair* department store, sustainable, fair and regional products are sold as well as local cultural events and art exhibitions. In the concept store, a space with a high quality of stay and a variety of offerings is created every day, ranging from plants, food and natural cosmetics, to second-hand clothing and accessories, to an integrated café.

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Footnotes

¹ Cf. Sawyer (2013).

2 Camp ([1989](#)).

3 Cf. Horváth ([2011](#)).

4 In essence, material management ensures the supply of a production with the necessary materials and designs the relevant distribution processes.

3. Brand

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A friend of mine makes high-quality polo shirts. His shirts are made from the same material in the same factories as *Tommy Hilfiger* and *Polo Ralph Lauren* in the Asian region. But his goods go completely unnoticed in terms of product range and end up more or less on the bargain table in department stores. Why? He simply failed to build and cultivate a strong brand from the beginning in order to secure a top position for it among polo shirts.

Are you a *FC Bayern* fan and your wife swears by *Dolce & Gabbana*? Your best friend is a sworn *Beck's* beer connoisseur, while the neighbor has been preferring a *Volkswagen* since time immemorial? The fact is: there are brands like sand on the seashore.¹ But why are some brands in demand and others unpopular? It is striking that German citizens mainly prefer domestic brands (with the exception of well-known trade brands from the electronics and fashion industry) as well as non-German brands with tradition. On the German popularity scale, *adidas* holds first place ahead of *Nike* and *Apple*. Obviously, the sports goods manufacturer represents the values of sportiness, quality and youthfulness with its products. *BMW* is the most popular German car brand and seems to evoke the motto “Joy of Driving” among buyers. *Nivea*, a trademark without an eye-catching design, simple and unadorned, has been extremely popular in this country for decades due to its long-lasting quality and stability (place 8).²

Young Professionals with an academic education prefer the brands of the

German automotive industry as employers. Newcomers chose BMW, Porsche and Audi among the top three, although for different reasons: *BMW* stands for attractive tasks, *Audi* and *Porsche* are considered to be particularly innovative.³ The aforementioned brands made an outstanding performance for their products and/or as employers and thus achieved a perfect brand image. That Bosch, Deutsche Bahn and Amazon are also listed among the ten most popular brands can also be easily understood.

It would be too short-sighted if one could determine a brand popularity on the basis of one or two criteria. Rather, factors such as unique selling proposition, consumer-oriented product, convincing quality, comprehensible price, appealing design and impressive, intense advertising give the decisive advantage for a preference. Certainly, listed customers of mine such as Deutsche Post, Lufthansa or Siemens are constantly working on emotional brand reinforcement in order to differentiate themselves from comparable offers of other providers and to stand out. Because their trademark, so to speak the Holy Grail from the Arthurian legend, is the most important asset for profiling on the trading floors. In addition to top performance in an industry, the mentioned brands stand for German values and international reputation. The decisive factor is: If a customer has to choose from thousands of offers, he will choose a product/service of that trading brand that evokes positive associations, if not even desires.

Another argument for image building is added: If you have your own, positively charged *umbrella brand*, your company is at an advantage, especially against a cheaper competition. Under an umbrella brand, different target groups are served with individual brands and differing offers, properties, prices, etc. Global players such as Volkswagen or BASF have a large number of strong individual brands, some of which come from acquisitions or mergers.

There is no room for compromise here. Your brand should be on a par with the competitors in the industry. That's exactly your job: Examine these characteristics in detail, check for conceivable optimization potential and realign characteristics if necessary (see Tips for You). Baking small breads? In the future, others should do that, but not you.

Some heads are of the opinion that a mediocre brand can look optimistically into the future. This assumption is, with a few exceptions, wrong. What I want to express with this: Products run profitably either as a *premium* or as a *discounter brand*. A middle price segment is rarely in demand because the conventional consumer either chooses the luxury thing or the simple thing, thus the expensive or the inexpensive version. In this respect, you buy either the Porsche or the Seat from the Volkswagen Group, spend your holidays in Kampen or Westerland on

Sylt, and prefer to buy your food from Tengelmann or Aldi.

Make it clear to yourself: Building up a highly valued trademark requires, in addition to a coherent business concept and a qualitatively valuable offer, intensive, creative thinking work as well as considerable financial resources until the brand is cemented in the consciousness of consumers. That explains why every global corporation like *Coca Cola* must be professionally set up in all organizational areas. The world's sixth most valuable brand⁴ (Apple is in first place, Amazon in second, Microsoft in third, Google in fourth and Samsung in fifth) became an internationally recognized cultural asset through consistent product quality and image care in exemplary form. The characteristic is: High-quality brands fulfill the concerns of consumers, employees and investors, prove to be responsive to changing market situations, scout out consumers (e.g. what role a product plays in their lives) and compete with extravagant advertising.

Advertising from self-interest. A similar fate could await you. Because from the time of management or self-employment, every CEO or owner embodies the *Ich brand*. Advertising experts speak in this context of a *Corporate Identity* (CI). CI characterizes the appearance of a company or person in the context of its public relations work and is visible to the outside in different ways. The overarching goal of all CI measures is to build, communicate and maintain a uniform image. When developing and later implementing this corporate identity, which controls all communication policy goals and strategies, four components must be considered:

- “*Corporate Design*” (distinctive appearance, visualization of identity)
- “*Corporate Communication*” (identical internal and external communication of corporate values and messages to all target groups)
- “*Corporate Behavior*” (authentic corporate behavior and business conduct as well as corresponding language culture towards stakeholders)
- “*Corporate Culture*” (common corporate philosophy, beliefs and values of employees).

Ideally, the *Ich brand* (for a person) automatically corresponds to personal basic settings, manufactured products or services offered. To meet this wish, it requires an inner and outer, consistent uniqueness.

We know the term *uniqueness* from art. Every work is a unique and therefore unmistakable. And it achieves the highest prices if it is desired. In this sense, the top management of an organization should also enjoy a lively demand for its experiences and perspectives in a transferred sense. *Lee Iacocca*⁵ (1924–2019) told us on the occasion of the triumph of his individual brand that he had spent half of his way to the entrepreneurial personality with the building of his own

success and the other half with its marketing. Purely from calculation.

Yes, it is paradoxical, but occasionally a brand name is more important than the product or service itself. Take for example the pop business and the fashion industry. CDs or accessories are blindly purchased by fans because a certain label or name is behind it, which is up to date. Or because one seeks social recognition by wearing fashionable insignia (e.g. famous watch brands). In this respect, you don't have to feel guilty if you act a little egoistically in your own company's interest in order to increase awareness of the company. In my opinion, it is difficult to establish oneself on a market that offers similar goods and services without a certain self-staging in order to increase the company's visibility. So deliver what your target groups are looking for: exceptional appearances, role models, idols, profiled brand personalities—whatever you want to call them. With all the consequences, determination and recognizability.

What I'm getting at is that an entrepreneurial personality corresponds to the authenticity of self-presentation. Similar to how soap opera actors work on television or how experts mantra-like advocate for a certain program. Your recipe: Repeat your brand presentation until enough target persons are convinced of it. And then cement the positive result: People orient themselves to the success of others, want to participate in it. They are fleeting beings if you don't give them orientation.

Become emulated. Whether one likes you as a person or not, one should deal with you. Not once, but permanently. For this purpose, stories about your person are best suited (cf. Chap. 38). Investment advisers or advertisers also earn their bread with stories and legends. Both deal with air numbers in the form of papers or messages, the real value of which is only recognized later. Or act in the manner of an artist who matures into a sought-after personality. Those people who seek extremes in their work or actions, find their own expression and constantly build themselves up as a brand are largely successful.

Get your message out there. Become the top expert in your field. For example, position yourself as an expert through your own audio podcast (your radio show). The advantage of podcasting is that the recording can be listened to at any time and any place using a media player. No direct internet connection is required while listening.⁶

You are thinking about what topic might fit you? Quite simply: talk about your profession or your business idea as well as your specific skills, experiences and visions. Trust that everyone shares their specific field of activity with tens of thousands. Other people who have a similar profession as you or are interested in the trade/industry will want to hear your views.

Is all of this Strategy in self-staging? Of course! What do you think? In times

of fickleness and ideological U-turns in politics and society, people are in demand with their services and products that are exemplary or suggest. Therefore, offer as a top manager orientation in a market whose offers are often unenforceable and interchangeable.

As already shown elsewhere, a brand image can also be massively damaged if customers can no longer identify with the trademark. Even renowned brands have already fallen into disrepute: *Nike* (through child labor), *Shell* (through the sinking of an oil platform) and *McDonalds* (through miserable working conditions).⁷ Through different deficiencies, the brands became more susceptible to criticism and lost some of their positive attraction, in which great efforts and financial resources had been invested. Sales losses are one of the most natural consequences. In addition, a trademark that is badly damaged can not be repaired in the short or medium term. What should you do with a name whose luster is badly damaged or faded? So it becomes clear why traditional companies like *AEG* or *Grundig* were buried on the scrap heap of corporate bankruptcies. Do not let it come to that and fight the beginnings. Capable managers consider the protection of their Achilles heel “brand image” as a matter for the CEO.

Tips for You

- First of all: A brand must be positioned and communicated uniformly. This starts with the company logo, continues with the letterhead and includes all marketing and sales activities.
- Ask yourself what your trademark should express and achieve. How should it be perceived by employees, suppliers and customers? What makes the brand unique?
- Consider what additional qualifications your company still needs to be a credible and authentic trademark. Or which values and positions does your person embody to have a brand-building effect?
- Characterize the ideal state of the market value of your offer: For which products/services is your business currently known? And with which offers could it shine in the future?
- Let a sympathetic and at the same time coherent *slogan* to of your brand come to mind. The tour operator *TUI* has, for example, decided on “Let’s make people smile” and *Amazon* for “What is normal, we do better.” Maybe you make a funny movie for the motto and maybe it will then achieve cult status like Toyota’s advertising “Nothing is impossible.”
- But beware: A slogan should always be appropriate and in line with its value (e.g. meaning, national reputation, sales). In my opinion, it is

arrogant when an American company (*General Electric*) announces in television advertising that it is the “GE” in Germany.⁸

- Use your network of professional contacts to build and spread your brand.
- Make it clear what you are known for as a person towards customers, suppliers or business partners. If your level of awareness is not sufficient to match a respectable market value, learn additional skills or emphasize your unique talent that sets you apart from the masses of your competitors. And then update your resume with the impressive brand “I-story”.
- It has been proven that the overall package “brand me” must be consistent, because the expectation is high. For comparison: If you visit a reputable restaurant, you also expect a combination of tasteful ambience, friendly-competent service and high-quality food.

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Footnotes

¹ To manage brands was something that the consumer goods company *Procter & Gamble* came up with.

² In 2018, Forsa conducted a representative survey on the subject of “brands” on behalf of Brandmeyer Markenberatung: mentions of around 3000 Germans over 14 years old, Hamburg 2018.

³ Trendence Institut (2021).

⁴ Cf. interbrand (2021). Coca Cola has always been at the top since the first interbrand survey in 2000 and was overtaken by Apple and Google for the first time in 2013. Two German companies are among the first 25 places: BMW (12) and SAP (20).

⁵ Iacocca, former CEO in the US automotive industry (first Ford, later Chrysler).

6 Podcast listeners are on average 30–40 years old, predominantly well-educated (at least A-levels) and employed. Many are self-employed and want to continue their education.

7 Cf. inter alia Lüdemann and Ohlemacher (2002).

8 The behavior is, seen from the paper form alone, one single fraud. GE has neglected the German market for years and has mostly drawn the shorter straw against offers from the strong competitor Siemens. Anyway, GE is strongly dependent on the US economic development, after almost every second dollar is turned over in the USA.

4. Business Idea

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Cold water. At the beginning of a path to the desired success, you stand like a swimmer in competition on the starting block and jump into a huge pool in order to bring home the Olympic gold as much as possible at the end. Theoretically quite simple.

If you look at the usual procedure for strategic corporate planning, two methods are available:¹

- The *Outside-In-Perspective* (market-based view). Here a company is oriented towards the sales market and the needs of target groups, whereby first structural characteristics of the market are to be analyzed before strategies are adopted with regard to products, prices, etc., which should ultimately guarantee a desired profit or market share.
- The *Inside-Out-Perspective* (resource-based view). In this perspective, the quality of the resources of a company is examined in order to gain sustainable competitive advantages through core competencies.

Another aspect comes into play: Can you estimate a promising business idea? I don't mean the average degree when a side transaction succeeds, but "Make Great Things Happen"! A coup that appears to be more than lucrative for a company, ensures high utilization and becomes a self-runner. Until you've made it to the top in the industry.

Ideally, you have a nose like Ray Kroc, who in 1961 acquired a concept from the *McDonald* brothers. I need not emphasize that the burger chain is now more

than profitable and daily supplies around 70 million customers in 119 countries with hamburger fast food. Or you come up with a business idea that can completely change the status quo of an economic sector. Or you construct like the company *Kiva Systems* for the logistics industry an automation technology with mobile robots, which commission customer orders in huge warehouses faster and cheaper than humans. For this one has to know that the personnel in the area of the warehouse logistics spends up to 70% of its working time to correctly and timely assemble the ordered goods between the shelf systems for shipping. What a saving of manpower, if the technology works properly!

But one thing at a time. To design and specify a business idea is similar to a puzzle game. The task is to put the individual components together according to certain rules. These include, for example: a founding concept for your product / your service, demonstrating your professional qualifications, industry experience and commercial knowledge, submitting a market assessment, deciding on a location, describing future prospects based on the competitive situation and much more (see Chap. 6).

“Always remember that this whole thing was started with a dream and a mouse.”² What does *Walt Disney* (1901–1966), the brilliant mind behind the Mickey Mouse figures, films and theme parks, want to tell us with this? The most important thing about a concept are not the sober numbers and data about the competition at first. No, it is rather about the actual basic idea with its strengths and weaknesses. You should focus on your own imagination in your head.

Strain your grey cells. Perhaps you are one of those who figuratively hear the grass grow? And as one of the few, you know what would be good for humanity? Or are you looking for a product or service that you can produce or provide on a market in vain? If this is the case, focus on a project that is likely to work, and not on futile art. Weigh the corresponding risks and opportunities in advance. Do not rub yourself with projects that have little chance of success from the outset. The same applies: If you ride a dead horse (enterprise), you should get out of the saddle quickly. Always question to what extent it makes sense that you use your energy and your money on the possibility you have identified. And above all, occupy a niche.

End of idyll. Do you know what an ideal approach is to “dig up” a business idea? Firstly, you have to think about which demanded services or products appear to be incomplete or overpriced in unsaturated markets. And secondly, then seriously examine the offers to see if they can be undercut or improved in some other way. The possibilities seem endless.

Sounds simple. But it's not. Because you have to be creative and original.

Not ordinary and banal. You want an example? Gladly. An electrical store wanted to investigate the consumption behavior of buyers (in terms of customer satisfaction, service quality, customer loyalty, improvement potential). A market research institute was to be commissioned for this task, but did not receive the contract because its offer appeared to be too expensive and expensive.

An alternative approach was required. Can I offer market research more cheaply and thus build up an economic existence?, One of my clients asked himself and became an entrepreneur. He focused on the actual function of a survey (data capture and processing) and constructed with little effort a wireless terminal that provides information about customer satisfaction. Quite pragmatic. The computer-like user terminal is easy to use and consists of an input station (keyboard) with four smiley faces on it (from broad approval smile to annoyed rejection grin) and a screen on which the questions are displayed. That was clever. Every user works through the questionnaires intuitively in a few minutes, which can be updated at any time. Meanwhile, the terminal of my client has become a hit: You can rent it cheaply (200 € per week) or buy it (650 €) and conduct your own market research. The captured data can be evaluated immediately. The device is quickly operational and can be used in sales outlets, doctor's offices, airports and discount stores. My client has done his thing and the success speaks for itself.

What does this mean: To be commercially desirable, ideally you need your own product or an independent service that is significantly different from others. And if the offer radiates a magical attraction to customers, it is profitable and you get the maximum out of a value chain. The most successful brands in the world work like this and reap the benefits. Focus on what you can do uniquely is crucial. Under this aspect, *Richard Hengstenberg* bought into an Esslingen vinegar factory in 1876 and made cabbage heads into an outstanding sauerkraut that is sold all over the world.

Or fill a market gap that was previously neglected. Like *Wolfgang Boesner*, who with his company for professional artist supplies (now 35 branches) closed the gap between demand and supply. Boesner came up with the idea as an artist in 1981 because the goods he needed were overpriced in painting businesses or craft shops.

Musk, who studied physics and economics and can write software programs, is referred to by politics and media as the most exciting entrepreneur of the present. As the founder and financier of *Zip2*, *Paypal*, *SolarCity* and *SpaceX* as well as investor and CEO of *Tesla*, he always acted according to the all-or-nothing principle and paid particular attention to an accurate timing of the processes to achieve the company's goals. After this strict principle of his action,

he also erected the TESLA-Gigafactory in the Brandenburg Grünheide (southeast of Berlin) in less than two years on a 304-hectare site. There, a complete car is to be assembled in about ten hours.

Enough of the role models. Let's come to the *economic principle* of an business idea, which demands "to act in such a way that the best possible ratio between consumption of goods (input) and creation of goods (output) is achieved."³ In other words, the prices should enable the producers to sell the resources used for production with the greatest possible benefit (profit). Therefore, it is a deadly sin if you locate your business concept in the middle of comparable, competing offers. Why? Because there are already enough similar companies with similar offers, similar prices and similar service. This market segment is overcrowded and therefore assigned. A dead end with a predictable end.

A positive result also depends significantly on the *product life cycle* from, that is, the process between the market introduction of an offer and its removal from the market. In the relevant literature, the product life cycle is spoken of in five phases: introduction, growth, maturity/saturation and stagnation/decline.⁴ The longer a product or service survives or is in demand, the higher the chances of profit. Nevertheless, a marketable good is in a constant process of renewal.

The clothing industry has always provided us with examples of this fast-paced process: What is still in vogue in one season is already considered obsolete in the next.⁵ In view of the inevitable circumstances, *Zara* in contrast to the competition pursues alternative strategies in order to generate the greatest possible profits: On the one hand, the clothing chain produces pieces with small margins (in order to avoid overproduction) and delivers them within 15 days to its shops in over 80 countries. On the other hand, *Zara* offers customers a wide variety of new creations (far more than the competition), some of which could be from a Milan or Paris fashion house in terms of style. The customers are aware of these advantages and therefore visit the *Zara* sales outlets regularly, where new pieces are delivered twice a week (far more often than is common in the industry). The Spanish textile manufacturer can rely on customer loyalty and the positive result is confirmed by *Zara*.

Well, what is the next step in implementing a business? If you want to catch a great idea, you have to soak up all the available information about a business like a sponge. Because: What most people overlook can become your bestseller. Five factors are decisive for economic success:

1. *Keep it simple and stupid.*

A simple business idea that everyone can immediately understand and that many people need offers the greatest potential for profit. The perfect is always uncomplicated and self-evident.

2.

Modelling, not only Copying.

You change a lucrative, foreign concept that works in one market, revise it with your own ideas, and thus create something that is further developed (see Chapter 4).

3.

Change an old model for a new one.

Paradoxically, market leaders emerge from historical inventions, products, or patents that have been languishing in the basement of companies when their time has come. One example of many: 50 years ago, who would have thought that you could “send” paper through telephone lines? And yet it is possible, and we all call this invention “fax machine”; its predecessor was a copying telegraph.⁶

4.

Learning for Business.

Learn from the best in the industry and benefit from groundbreaking actions. Who can claim to know everything about their business area (see Chapter 3)?

5.

Take a long breath.

Show tenacity, have a long breath, be able to withstand defeats and turn them into victories. Those who cannot cope with setbacks should keep their hands off their own business.

Something else is added: In the much-noticed US bestseller “Start with why” *Simon Sinek* points out that only a few people and companies can clearly formulate *WHY* they do what they do business-wise: “Why means, what is the goal, the motivation, the belief? Why does your company exist? Why do you get up every morning? And why should anyone be interested in that?”⁷

The recipe for success of *Apple*, one of the most innovative companies in the world with cult status, comes closest to the highest expectations by internalizing the question of why: “We want to leave the world a better place than we found it. We all do that in our own way—with a lot of passion for what we do best and what is important to us.”⁸ In doing so, Apple questions the status quo, designs its products to be visually appealing and user-friendly, and believes that one has to think and act differently today. It can be verified that Apple can deal with partnerships and common interests and is extremely innovative. Just like many

companies want to be—progressive and creative in hardware, software and service offerings. Apple leaders are expected to have sound expertise, dive into the details of their functions, and participate in a shared debate.⁹

It is revealing that many companies carry the why as a gene in the start-up phase, because the people still work closely with the committed founder hand in hand and internalize his corporate identity in the process. However, the more an organization grows, the more often the complete agreement is lost, because topics such as growth, marketing or profitability overshadow the original cohesion and identical approach. So beware: If the why disappears, the entrepreneurial community spirit is lost and the company turns into an ordinary, interchangeable company.

As can be seen, different success factors must be taken into account to establish a business idea. And if the following solutions are used to refine it, I am confident. The following seven points also serve as first aid in classifying existing planning gaps.

Tips for You

- Summarize the business field and purpose within a market segment so comprehensively that future needs of your target group can also be met. Consistent customer orientation leads to innovative products and services.
- Is the business concept immediately understandable? Are its characteristics immediately traceable and generally understandable? If not, simplify complex matters. Support the concept with research in databases (e.g. business press, Genios, Federal Statistical Office, marketing) or with detailed competitive analysis (e.g. by management consultants).
- What is the benefit of the business idea (for a submarket)? In other words, why should someone order the product or buy the service?
- Can the business concept be described as innovative? If not, how can it be designed to be progressive and future-oriented so that it is effective?
- Does the business idea solve any problem or satisfy a demand in a submarket? In other words, is there a serious, already articulated customer interest?
- What are the strengths and weaknesses of your business concept? If there are more weaknesses, they must be rectified as soon as possible. Are there any seasonal or regional peculiarities to be considered?
- Analyze in good time which of your products/services can generate the highest profit and which are rarely or never in demand. Focus on the most profitable offers and get rid of unprofitable ones that only involve effort.

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Footnotes

¹ Cf. u. a. to Knyphausen (1995).

² Cf. Disney (15.03.2014).

³ Schumann and Hess (2002).

⁴ Cf. u. a. Porter (1992).

⁵ Approximately 90% of the clothing purchased in Germany is imported. The main countries of origin for clothing imports into Germany were China, Turkey and Bangladesh in 2014. China was the most important source country with an import value of 10.05 billion euros. (see Statista, (2015): *Main countries of origin for textile and clothing imports into Germany by import value in 2014*, www.statista.de).

6 Publicly accessible facsimile machines (telefax machines) were first used in Germany in the 1970s. The Scottish watchmaker Alexander Bain (1811–1877) is considered the designer of the first copying telegraph (1843).

7 Sinek ([2011](#)).

8 Apple ([o. J.](#)).

9 Vgl. Podolny et al. (Nov.–Dez. [2020](#)).

5. Business Modeling

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*“Most of my ideas originally belonged to other people who did not
bother to develop them further.”*

*Edison, Thomas Alva (1847–1931), inventor of over 2000 patents
(including the light bulb)*

Have you ever thought that something similar could happen to you?

By definition, *business modeling* means “systematically reworking a foreign business model that works in a market and thereby developing something further.”¹ When modeling, it is about perfecting products or services in many ways (cf. Fig. 5.1).

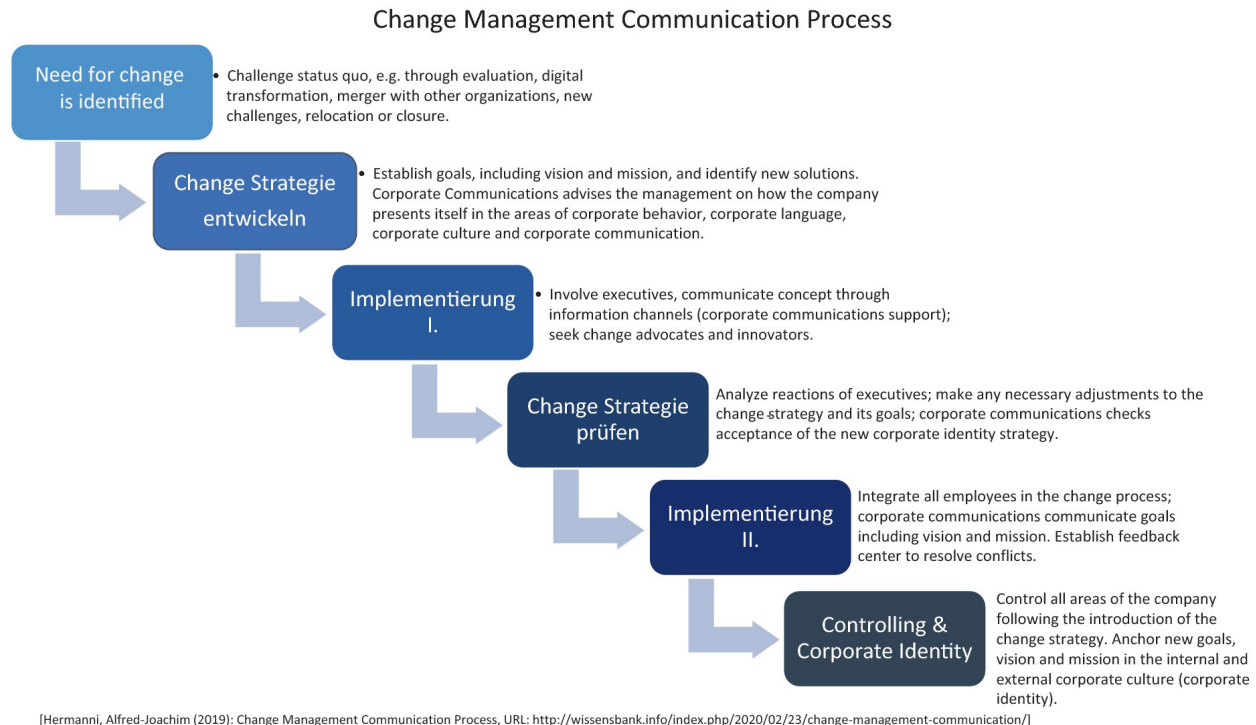


Fig. 5.1 Development process of business modeling.

Of course, under business modeling one does not understand the brazen copying of goods or even tolerate it. *China*, for example, is a master of copying, even cloning entire economic sectors such as the automotive, solar or textile industry. The reform and opening policy introduced by Deng Xiaoping in 1978, among other things, brought state capitalism and prosperity to the People's Republic of China through the reproduction and counterfeiting of foreign products.

Illegal copying is not a misdemeanor, but a serious crime. Nevertheless, it would be naive to assume that one could prevent global trade from plagiarizing products. Especially in low-wage countries, this illegal source of income provides millions of people with jobs. Today, illegal trade is still being carried out in China, Bangladesh or Vietnam, tomorrow already in Egypt, Ethiopia, Indonesia or Cambodia. Let's face reality: When salaries rise, companies move away. And the caravan of product pirates continues and blatantly violates protective and copyright laws.

This is not the case with modeling, where something existing is further explored so that meaningful optimizations and/or additional functions result. Indeed, new and improved offers can arise from more or less minor corrections. The modeling method is used worldwide. There has always been an approach to known, well-established brands as a springboard for new companies:

- *McDonald's* was founded in 1940, *Burger King* in 1954. Who probably copied from whom and still reaps the benefits of imitation?
- *Yahoo!* saw the light of day in 1995; *Google* was born three years later (1998). With the motto “Learn from the mistakes of others”, became the world’s largest search engine.
- In modeling, one uses the know-how of others, as the example *Kindle* shows.² *Amazon* has revised the previously failed pilot models of *Softbook* or *Sony*, to produce electronic books in a market-oriented manner, avoiding the childhood diseases of the pioneers and driving a dynamic marketing strategy.
- *Red Bull*, the energy drink, is based on Thai concepts for stimulants. The valuable Asian experiences were adapted, the childhood diseases of the pioneers were avoided and a dynamic marketing strategy was driven.

Whatever you decide, it is economically harmful if you ignore advanced developments and pay little or no attention to emerging symptoms. The best example of this is when established companies like *TomTom* or *Garmin* registered the emergence of rival technologies and the rise of free navigation apps on smartphones (e.g. Google Maps) too late. The same applies to other providers in the music sector or in the field of voice and video telephony. Product life cycles that are mostly based on digital platforms can go up in smoke faster than the smoke of a cigar.

One could argue that countless innovations arise behind closed doors because smart software programmers and product developers experiment on publicly accessible technology platforms. True, but at some point the entrepreneurs come out into the open and need investors who buy in before going public, as well as advertising partners. And that’s the latest point at which established companies have to defend themselves if their market segment is threatened. Under pressure, you then have to either use and further develop the innovative technologies yourself or buy out the young competitor before he matures into a serious competitor. Reacting differently costs pain money. Inevitable.

I am sure that today’s competitors can quickly and inventively reproduce foreign offers. In reverse, this means that any market advantage can only be held for a short time. So forget your noble reserve and make it clear what you can take over from the competition in modified form.

In many cases it can pay off economically to examine products or services of the competition in detail. Let us remember in this context, for example, *Steve Jobs* (1955–2011), co-founder of *Apple*. His strength did not lie in always being the first to have a creative thought, but in making usable and possibly

revolutionary fictions of other ideologues a reality and making them marketable. This resulted in devices with top technical performance such as Macintosh, iPod, iPhone and iPad.

You don't have to be a genius to imagine a similar concept with inspiration. The perhaps best example of business modelling is the bargain price concept from 1962. Who invented it remains a mystery: The department store chain *Walmart* in Rogers, Arkansas or *Kmart* in Garden City, Michigan. But since then, consumers have seen how more and more discounters hand over the door handle with cheap offers and low prices. However, the founder *Sam Walton* (1918–1992) of Walmart confessed to borrowing several business ideas from *Sol Price* (1916–2009), the founder of *FedMart* in San Diego, California in the 1950s. Walton took the borrowing lightly and did not consider it to be unfair competition against good manners.

Tips for You

- Look beyond your own horizon and evaluate successful business models of your competition. Find a consistent pattern and put innovative approaches into the emperor's old clothes. Let the competition report losses because you act clever and progressive.
- Visit the sales rooms of strong competitors and observe their business operations and customers there: according to which sales-promoting criteria are the shops set up (e.g. manageable room layout/space utilization, placement of standard goods and special offers, arrangement of the customer guidance system, window display, lighting atmosphere, sales psychological shopfitting, color design)? Which product range is particularly in demand? And to which target group do the customers belong mainly?
- Get sales literature from your sharpest opponents. With which arguments is there advertised? Find sharp arguments for your offer to outdo the competition.
- Evaluate autobiographies of economic greats who founded or successfully led a top company. In this way you will get answers to key issues. One recommendation is the story of Howard Schultz, the founder and CEO³ of the coffee house chain *Starbucks*, which implemented the idea of offering only the best goods (i.e. specialty coffee beans and high-quality coffee machines) in coffee shops.⁴ Another story is the rise and fall of *Carly Fiorina*, who was at the top of Hewlett Packard from 1999 to 2005 and previously worked as a top manager for AT&T.⁵ And another story is the

crazy world of the adventurer and tough magnate *Richard Branson*, who invests in over 100 companies and makes billions in the process.⁶

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Footnotes

¹ Hermanni (2013).

² The eBook reader *Kindle* from Amazon is increasingly replacing the printed book and other printed products (such as newspapers and magazines). Content can be downloaded and accessed on Kindle.

³ Chief Executive Officer = Managing Director, Chairman of the Board of Directors of a company.

⁴ Schultz and Yang (1999).

⁵ Fiorina (2006).

⁶ Branson (1999).

6. Business Networks

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Business Networks are gaining increasing importance. An indication of this is that more and more companies are encouraging their employees to build and maintain stable relationships with business partners, potential customers and competitors through social networks. Online, comprehensive information is to be collected and then evaluated and used in a systematic way within the company (cf. Chaps. 36 or 44).

It would be an understatement to say that brands, products and services are not exchanged at business networking events. But how can a company ensure that suggestions and ideas that all kinds of people bring to leaders are recorded and systematically evaluated? *Indra Nooyi* (*1955), CEO of *Pepsi* from 2006 to 2018, received a lot of input from outsiders during her professional career. But unlike many other executives, she took the suggestions of her conversation partners seriously and checked them for their statement power. The most important thing for her was to keep both ears open, because you never know if a piece of an idea can actually lead to a great success. She catalogued all the criticism she received and then sent it to her employees with the note: “Hey, I listened to this group of people talking about our products and this is what I heard. Is there anything interesting for us here? Should we do something about it?”¹

The quality of the contacts is decisive for a career network. In addition, a company or a person can improve their internet presence and find new contacts

and customers. *LinkedIn* with over 790 million members worldwide, including 17 million in the DACH region, serves to maintain existing business contacts and to make new business connections. Ideally, you can reach the managing director of an organization directly here and increase your reputation. Numerous users search the platform for companies that fit their own career, especially since around two thirds of all employees in Germany are open to a job change. Other users also use business networks as a current address book, which they can access on occasion, as thousands of contacts can be stored here. In return, headhunters, personnel officers and clients search for suitable candidates and contact them if necessary. What few are aware of is that LinkedIn is available in 24 languages and offers over 16,000 online courses through a subsidiary (LinkedIn Learning). These include courses to develop skills in business, technology and creative areas, such as training in common software programs and in an ideal sales conversation.

What you can't expect from business networks for sure are fast results and it takes time to maintain your profile and contacts regularly. Many users find it suspicious that you don't know part of the contacts at all. Whenever you are faced with networking requests, you always have the choice: to reject or to accept? I would reject questionable candidates who are unknown to you or not working in your professional field or who do not have the knowledge and skills that could be valuable to you in the future. Otherwise, as a busy manager, you maintain contacts that serve only for entertainment. However, I would allow former colleagues, as you can still be valuable to each other on your further professional path.

When comparing the two networks XING and LinkedIn, many freelancers and small businesses are represented on XING, while the network is also suitable for job search in the German-speaking world. On the other hand, LinkedIn is strong with employees as well as executives in large companies and with international job search. It is a pity that LinkedIn does not offer events, as networking and jobs gain importance in personal encounters, in contrast to XING.

Yes, the chances for a flourishing knowledge transfer and achievable business deals are good if you follow the self-presentation of *XING*,² the largest German business network in terms of numbers. XING promises the advertising industry a high purchasing power of the approximately 19 million members in the German-speaking world (mainly from Germany, Austria and Switzerland), as these are mostly executives, owners or shareholders/partners of companies or freelancers.

Contacts that are to be continued. At XING the following industries are

represented to a high degree (according to their own information): media, IT sector, banks & insurance, consulting, services, trade, medicine & pharma as well as automotive. It is striking that only one in eight members in the German-speaking world has a premium membership and can thus use all important functions (e.g. search for people, topics and areas of interest). What may be the motives of the free members with the limited possibilities? The main thing is to participate? Hope for professional requests? Or for fun at networking?

Users hold events of different orientation on XING, from purely recreational events to business-oriented networking. In my experience, participants can be divided into three main categories:

1. People who want to sell something during an event by unpacking their “sample case” with product samples.
2. People who only pursue leisure interests and often look for a life partner.
3. People who exchange information with other members under professional circumstances in order to perhaps build business contacts in the medium or long term.

The latter group seems to me to be in the right place in a network for profession, business and career. I have legitimate doubts about the others. This brings us to the core of a social community. In XING or other professional networks, nothing should be sold immediately, especially since giving information that can be spent can be more fruitful in the long term than one-sided, selfish taking. “Gain trust first, instead of selling” is the motto of social networks. In order to achieve this goal, the brain of the recipient must first give its consent, which is certainly not easy in view of the daily, thousandfold advertising messages. If you want to be successful as a sender, you follow this characteristic: the information is up-to-date (preferably future-oriented), extraordinary (even sensational), substantial for the work of the reader/target group (possibly indispensable) and trustworthy (thus credible). From this perspective, cultivate your contacts and offer assistance and advice on problem solving. In this way you create values that may one day lead to a wonderful coincidence in a business relationship. So: Never leave the impression on people in social networks that they receive less from you than they give. At least “Quid pro quo”, each equivalent, as Latinists express it, should be made available.

Let's come to another important point. Some people collect thousands of contacts like other stamps. But what good are links in bright flocks to you if they

are not maintained and remain in card file paralysis? I know what I'm talking about because I'm a moderator of a XING group with over 5,000 members. Only a few hundred of them are active, which is why you should choose the partners of your network primarily according to criteria that appear advantageous and profitable:

- Is the person a multiplier? For example, is she the moderator of a XING group or involved in economic associations or institutions that you want to build contacts with?
- Could the person be a business partner, for example because similar goals exist or because joint advertising campaigns are to be carried out?
- Is the person suitable for regular exchange of information and experience (e.g. similar professional background) or does she have first-class company information?

But above all: Beware of charlatans and self-proclaimed experts who waste your time with free advertising training or web seminars. Do not listen to promises like the following: "Now it is the customers who actively and continuously come to you! Lots of solvent, solid customers who ask you to take on an order or buy your products from you."

Is that serious? Only fools believe that after attending such a "training" or after buying the expensive seminar materials (selling them is the actual goal), the "order books are full to bursting for months". I assume that you will first examine the curriculum vitae of a speaker before considering attending a training at all.

Let's focus on the essentials when setting up a XING profile, where experience shows that first impressions count. Within a maximum of 5s, every visitor decides to what extent they find a profile interesting. Interesting in the sense of the question "What benefit do I have if I come into contact with this person?" In the end, what counts in order to generate the greatest attention and curiosity, you will find out here:

- Make your profile optically and content-wise different from the general public. On my profile page, for example, I use a Flash animation, describe myself as a "communication coach for customer acquisition", offer links, among other things, to publications as well as entries about me on Wikipedia, Amazon, Kress Report and universities. I also advertise at several points in the text with specific offers.
- When writing your profile descriptions, keep in mind that an interested visitor is not looking for self-evident things, but solutions. In the "I offer" section,

make qualified offers and use keywords that should be found in the XING search.

- An extraordinary presentation stays in the memory of many visitors. Write a smart slogan about your professional activity, for example: “Telephone expert for new customer acquisition”, “Mrs. Elevatorpitch—presentation at the highest level” or “Florian Pintus—Mainstream Visionary”.
- Your professionally taken, hopefully trustworthy profile photo is the “door opener” to the person. Ask yourself what impressions the photo should convey (e.g. sympathy, competence, trendsetting). When taking the photo, make sure that your eyes are in direct eye contact with the viewer.
- In the “About me” view, you should definitely place the address of your homepage or other important contact details—in addition to an exciting visual opener. If, for example, your XING profile is called up externally via a search engine, visitors can view the relevant profile, but without any contact details.

Tips for You

- Build contacts with people who have a magnetic effect on other people (e.g. because of their high level of awareness due to regular events). Therefore, primarily send contact requests to moderators who lead XING groups and fit your industry.
- You can most easily acquire a new contact through an existing contact. Referral marketing is the optimal way to find sympathizers and potential customers.
- Regularly give away samples of your services: For example, let the contact benefit from your special knowledge, send them a video or PDF with valuable sales tips, or invite them to a high-caliber event.
- Thank each new contact with a lucrative present, for example with a flashback to Steve Jobs’ much-noticed motivational speech to students at Stanford University on June 12, 2005 (<http://atnw.de/steve-jobs-rede-stanford-deutsch>).
- Ignore waste products that are of no real use, such as links to webinars without added value or free e-books that belong in the trash.
- Do not overload a contact with amateurish requests and persistent invitations to XING groups, Twitter, Facebook etc. You don’t want to become a stalker of your contacts, do you?
- You can specifically search for people according to criteria such as “Company”, “Industry” or “Person seeks” under the search masks “My Network”> “Find Members”> “Advanced Search”.

- Become a member of important groups in your industry (not in those that waste your valuable time). You will find an overview of all groups under different categories under the search masks “Groups”> “Find Groups”.

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Rubenstein, D. M. (2020). *How to lead. Wisdom from the world’s greatest CEOs, founders, and game changers*. Simon & Schuster.

Footnotes

¹ Cf. Rubenstein (2020), p. 184.

² The online platform OpenBusinessClub (BC), founded in 2003, became XING in July 2007. The platform primarily defines itself as a business network for business contacts. It is suitable for direct contacts (avoidance of hierarchy) as well as for online information exchange in expert groups, job postings and job searches. It is financed by membership fees and advertising.

7. Business Plan

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*... Call yourself to order, and when you have awakened and realize that
dream images are tormenting you, then, newly awakened, regard reality
as you regarded those dream images.*

Aurel, Marc (121–180 AD), Roman emperor and philosopher.

If one didn't know any better, one could assume that Marc Aurel is philosophizing about the necessity of a business plan in his ordnungspolitischen Ausführungen. The prerequisite for a profitable enterprise is a viable business model and a real innovation on a market. *Jeff Bezos*, the initiator of the online retailer *Amazon*, observed the development of computer networks in 1994 and analyzed the markets that are suitable for online sales, and substantiated the business concept with business data: I came across the fact that the World Wide Web is growing by about 2300 percent per year. Anything that experiences rapid growth will be big. Then I created a list of products that I could sell online. Finally, I ranked them according to a ranking and prioritized books. Books are unusual in one respect, namely that there are more items available in this category than in other industries. There are always three million different, printed books in the world. So the founding idea of Amazon was to offer a universal selection of books. The largest bookstores deposit no more than 150,000 titles. So I assembled a small team and we developed the software required for online sales.¹

The fact is that a business plan pursues three goals: First, this plan is

supposed to convince state funding agencies, private investors, credit institutions, and cooperation partners of the success of a company. Second, the explanation process helps to close conceptual gaps in the business idea and thus to optimize the business concept. And third, the plan serves the entrepreneur as a control and orientation tool for the course of his economic activity.

From this perspective, a business plan consists of actual data (inventory) and plan data (goals). Which aspects are to be considered is known from sources that are generally accessible (chambers of industry and commerce, chambers of craftsmen, etc.):

- *Executive Summary*

The summary of the business idea requires great care because it outlines everything essential in a condensed form. Write the Executive Summary only at the end, when all components of the business plan have been elaborated. Investors often judge solely on the basis of a summary to what extent a company offers sufficient potential for financial involvement. Length of a summary: maximum 10 minutes reading time.

- *Business idea* (concept, USP, benefit)

Of course it is not enough to merely have a rough idea of an intended, economic activity. The founding concept must meet the requirements of a market, which is why the characteristics, prices, quality and services of your product/your service have to be substantiated. Above all: How does the concept differ from the competition offers and how is this to be implemented (cf. Chap. 16) ? And clearly explain what customer benefit your unique selling proposition offers (cf. Chap. 1).

- *Founder profile* (professional/personal qualifications and industry experience)

The know-how of a founder embodies the success potential of a company. In this respect, you describe your professional career in a comprehensible way and show your motives for becoming self-employed and which personal and professional reasons speak in favor of this. Do you have any relevant industry experience, commercial qualifications, contacts with the target groups, references from potential cooperation partners?

- *Market assessment* (market volume, target group, sales and sales strategy)

Research the relevant market as accurately as possible so that its volume (sales of a product type or industry) and development can be used to assess your offer. It is essential what *market potential* is theoretically available, that is, the maximum achievable sales volume or the achievable turnover. Make sure that the desired market share (in percentage terms) is within the range of what is achievable. In the worst case, saturation of the market may have

already occurred, so that demand is absolutely covered. So: What do the economic prospects look like in terms of market share, increased earnings and brand awareness?

Which *target groups* do you want to address: small or large customers, private or business customers? Define the target groups in the same way according to sociodemographic criteria such as age, gender or income characteristics, social environment or household size. Furthermore, according to psychographic criteria such as attitudes towards a product and according to life, buying and consumption habits. Also show which *marketing measures* are to be used to position the offer in the market and what costs are to be incurred for this.

Is your business idea carried by its own corporate philosophy? For example, by corporate values and principles that shape the workforce and contribute to a positive external image? If so, inform your target group about it with conviction.

And how does the goods get to the customer? Specify your *sales and distribution strategies* with regard to product policy (including naming, customer service), pricing policy (e.g. discounts, delivery times), distribution policy (including sales form, sales channels) and communication policy (e.g. advertising, trade fair appearance).

- *Competitive situation* (strengths/weaknesses of competitors, market trend forecast)

Your assessment of the competitive situation should provide more than a rough orientation. For example, document whether the competitors are more or less major.

Compare the offer of the significant competitors with your project, especially in terms of demand-strong products/services, sales and number of employees, corporate image and value chain. Express your opinion on the strengths and weaknesses of the competition (without resentment) and give a trend forecast for the development of the market situation (supported by statistical data and numbers).

In all of this, *environmental and competitive factors* have a huge impact on entrepreneurial decision-making. Economic components (e.g. money-capital market, economic situation), technological (e.g. state of information technology), legal-political (e.g. economic order, commercial policy), sociocultural (norms, value systems) and physical (infrastructure, climatic conditions) weigh in. It would be negligent to underestimate these framework conditions.²

- *Site selection* (requirements for an ideal location)

A site selection should primarily depend on which factors support the company concept. For example, the proximity to customers or suppliers, local employees or the transport connections and infrastructure. The decision by *Jeff Bezos* (*1964) to choose Seattle as the headquarters for Amazon was based on two reasons: At that time, the world's largest book warehouse was located in Roseburg/Oregon (near Seattle). And in addition, the recruitment pool of Microsoft, headquartered in Redmond in the Seattle area, was still within reach.³

Explain how important the question of site selection is for your company or industry. For your type of company, visualize an ideal location and its requirements in terms of customer needs and buying habits, location and environment, proximity to suppliers and competitors, object size and condition, rental price level, advertising effectiveness and image questions, infrastructure (connection to transportation, parking), environmental protection and pollution (by your own business), space requirements and growth potential.

It is known that large companies demand *state subsidies* when searching for a location. For example, in 2011, the car manufacturer *Bosch* appealed to the federal government and the states to provide public subsidies for the establishment of a battery factory. The justification was that without subsidies, a competitive disadvantage would arise: State funds in the billions are contributed by the USA, France and Japan to set up the production facilities for batteries for the cars of the future in the country. No wonder: Batteries are after all the most important component of an electric vehicle.

In principle, a subsidy policy is then on the way as soon as it comes to growth industries. In particular, if new jobs are beckoning and the establishment is classified as a public benefit, numerous funding opportunities arise (cf. Chap. Financing).

In contrast, newcomers have to expect obstacles from present market players who defend their property or their terrain like alpha males.

- *Corporate organization and personnel management* (choice of legal form, task and process organization, personnel structure)

Indicate in which legal form your company is to be operated and why you have chosen this. If shares are to be issued, show the form of participation and mention the decision-making powers of future co-shareholders. If state approvals are required for approval, list them.

Based on an organizational chart, map the functional areas within the organization. Comment on the personnel structure: number of employees and in which employment relationship they stand (permanent employees,

freelance employees, temporary employees).

For task distribution: The skills of the employees should be optimally adapted to the organizational processes and the key positions should be filled by industry-experienced employees as far as possible.

- *Risk analysis* (possible serious problems and conceivable solutions)

At this point it is time to look into the future of the business and explain the hotspots, e.g. loss of customers, strengthening of competitors, appearance of imitators, shortage of staff, default of receivables. Here you should reveal dependencies on suppliers and partners and report to what extent the company is independent of third parties. Do you already have a contingency plan with solutions? If early detection systems for possible failures are installed or risk insurances are concluded, these should be mentioned.

As part of the risk analysis, you also take a look at research and development activities as well as the introduction of additional products/services and thus provide perspectives for the company.

- *Financial planning* (Capital requirements planning, sales and profitability forecast, liquidity plan).

Present your financial planning for the next three years. Bear in mind that numerous start-ups fail due to insufficient capitalization. Therefore, do not underestimate your need for operating capital and include start-up costs and investments (e.g. for buildings, machines, shares, licenses or training) in your calculations. Furthermore, describe how the business is refinanced and what equity is available. In addition to equity, also goods necessary for business operations can be contributed.

Capital requirements planning: Create a list of the absolutely necessary investments without overburdening your company financially. Note the expenses for offices, warehouses, machines, vehicles, training costs, consulting costs, etc. All fixed costs are to be listed, regardless of whether sales are generated. Also the variable costs, which are related to the development of the business, are to be indicated.

Sales and profitability forecast: In the sales forecast you list your expected net sales (without value added tax). In the profitability forecast you compare the costs with the forecasted sales. If this results in a negative balance, cut unnecessary expenses. Speaking of expenses: It is incomprehensible that some entrepreneurs have the fixed costs in their commercial sights, but neglect the variable costs to a large extent. Therefore, I would like to point out that variable costs are dependent on changes in cost influencing factors and can sustainably affect an enterprise in achieving monetary goals.

Liquidity plan. The listed in the profitability forecast is listed here in

months in which they are actually expected or due for payment. Here is a fateful hint: In Germany it takes an average of three months to pay invoices.

Your head is smoking from all the facts and figures? Then follow the following recommendations to organize the procedure.

Tips for You

- First, collect any information that fits your business idea, and mark the central passages. In this phase, also be inspired by marketing measures of your competitors. Do not forget the relevant source references when doing the research work, which are part of a serious business plan. A systematic evaluation and structure of the results only takes place in the second step, when the external phase of information acquisition is completed.
- Talk to experts about your concept without revealing too many details (in particular with regard to unique selling points, additional benefits for customers). In general, you have to expect that your information will be leaked to the public by chance and that the competition will be informed prematurely. For information, for example, contact chambers, organizations, associations and business consultants who have already successfully managed companies, for a fresh view from outside.
- Plan as detailed as possible when which entrepreneurial milestones are to occur. Starting with the creation of the business plan, the opening of the company up to a three-year market introduction and stabilization phase.
- Assume that the person who checks a business plan has to be convinced that the project is profitable. Therefore: Sell it as a promising, economic activity.
- The scope of a business plan does not say anything about its substantial properties and is on average 20 DIN-A4—pages. Capture the essential facts and figures and prepare them in a way that is easy to understand: structure the content, choose uniform formatting, set headings for central information, use high-quality graphics and illustrations, and have the plan printed in perfect quality with a presentation cover.
- In particular, courageous business ideas should be supported by statistics, studies, recognized market assessments or other research sources. This increases the chances of success with funding agencies and investors.
- Avoid too optimistic or only cost-oriented financial representations and include budget reserves in the budget. Involve experienced experts (management consultants, tax consultants, businessmen with industry knowledge) in the calculation of the financial plan to make the figures

realistic.

- Determine key figures from the business evaluation of a successful company in your industry to weigh your figures, e.g.: number, sales and value added per employee. Chambers of Industry and Commerce or trade associations have financial operating comparisons of various industries.
- In what way do you want to research a market gap? For example, have you ever checked on Amazon which goods are particularly popular in a category that you can serve and offer a competitive product?

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Rubenstein, D. M. (2020). *How to lead. Wisdom from the world's greatest CEOs, founders, and game changers*. Simon & Schuster.

Footnotes

¹ Cf. Rubenstein (2020), p. 10.

² Cf. Kubicek and Thom (1976).

³ Cf. Rubenstein (2020), p. 10.

8. Change Management

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“Change Management”, whisper worriedly countless employees when change processes are pending and their heart sinks into their pants from fright. They fear, rightly or wrongly, that heads will roll and theirs will be one of them.

In doing so, Change Management merely states that company strategies and structures are adapted to changed conditions. Often, out of excitement, employees overlook that this is no longer an exceptional situation, but a regular sequence, because competition and survival instinct require progressive strategies, systems, processes or behavior from organizations—mainly because certain indicators provide information about the economic development or the economic situation of a company, which does not appear to be promising: Revenues shrink, patents expire, market share is lost, new competitors appear. How and by which individual measures a change is to be carried out remains open at first, but it always refers to comprehensive, cross-departmental and thus far-reaching changes.

In this sense, it is plausible that management is identified in the literature with the implementation of decision-making processes and the solution of business problems.¹ In this sense: Delaying or avoiding decisions does not fall under the job description of a manager. Rather, the maxims of functional action are will formation and assertiveness.

Adaptations to the times advantageously influence the growth of a company. But not only when “securing” to changed market conditions is the only way out,

but before any changes are required. In this respect, management tries to identify an impending change early on and to take the options associated with it. Very simplified, it is about testing with advanced products, processes or services how the company can renew and continue. It is pointed out in other parts of the publication that deep-rooted changes within organizations have become more and more normal (cf. Fig. 8.1).

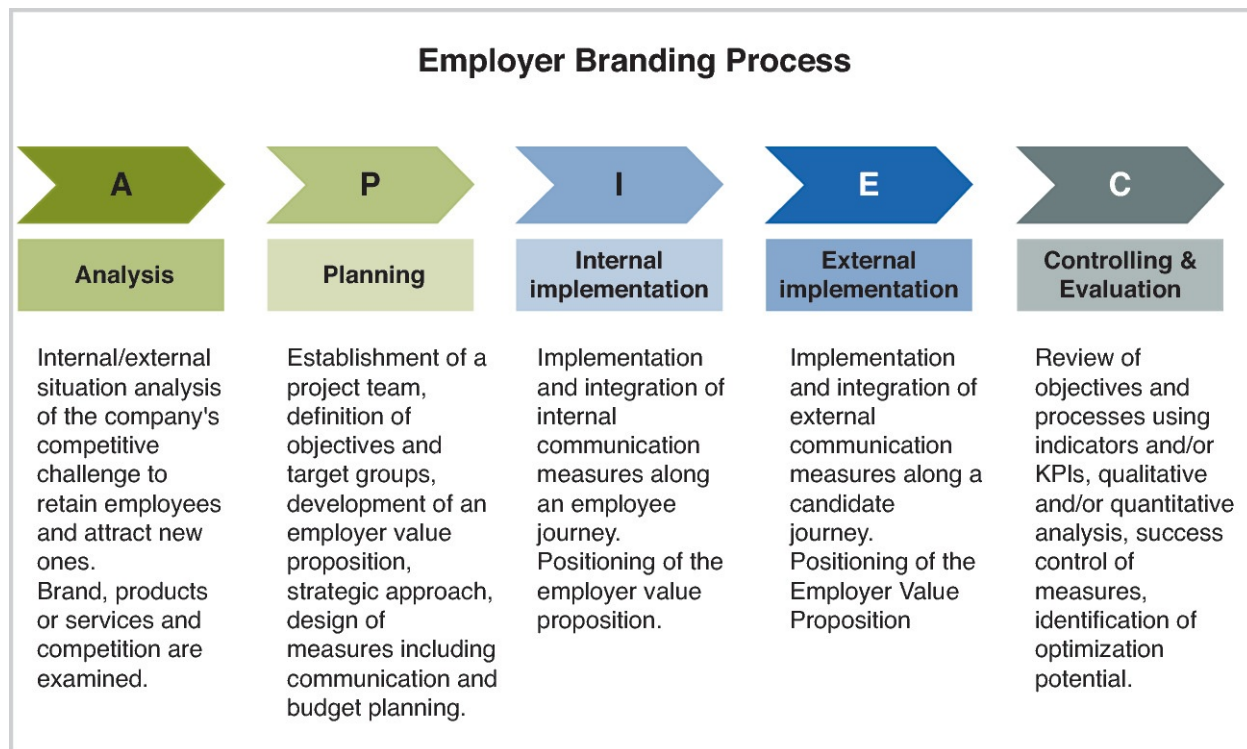


Fig. 8.1 Change Management Communication Process.
(Source: Own illustration)

When you look at the corporate goals that can lead to success in a change management process, four overarching system approaches come up: economic goals (e.g. increasing profitability), technological goals (e.g. reducing cycle times, better utilization of capacities), ecological goals (e.g. energy saving measures, sustainability) or social goals (e.g. introduction of flexible working hours, material and immaterial employee participation programs).

In today's world of work, change management is part of everyday life. The term refers to the systematic planning and control of changes within an organization, primarily taking into account the psychological aspects of the people affected by the change process. The aim is to overcome possible resistance to change and to win over the participants for the project. It is already to be taken into account in the conceptual phase that a majority of the staff rates

change events as negative. The main reasons given for this are: strain on the working atmosphere, a threatened loss of job security and an excessive workload.

How high is your pain threshold? Instead of recognizing that negative feelings and even existential fears automatically arise in organizational changes in a company, we often spend too much time analyzing and coping with associated behaviors. The sooner we adjust to the changed situation, the more we can strengthen our own position in the labor market (e.g. through qualification programs or measures to promote occupational mobility) and take account of the change.

It is all the more important to enthuse the staff in good time for a common goal with a future vision. Otherwise, the more or less harmonious cohesion of a team with its values and behaviors is endangered. In any case, it is not advisable to carry out radical changes *in one step* during a change management process (except when a company needs to be fundamentally restructured). It is particularly noticeable that such a change—regardless of internal resistance of the persons concerned—also includes a process of development and learning. Among other things, future-oriented findings are gained and the willingness to change of the employees is documented on all organizational levels.

The fact is, the days of the conservatively and traditionally oriented seal keepers are numbered. *Change management processes* are running everywhere, involving employees at every level. On the one hand, to evaluate their company-specific knowledge widely, and on the other hand, to involve them in change management before there is uncertainty or even inner resignation. A passive resistance of the workforce leads, before one knows it, to the worst-case scenario of a planned change (more than 40% of change management processes fail)² and can contribute to the closure of a business. To preserve individual assets, employees should be involved in change processes. Already a single person who feels left out can, depending on position and influence, block or even prevent a useful change.

Kurt Lewin (1890–1947) developed a three-phase model for change management, which is still considered the classic basic concept today: stabilizing structures and processes thaw in preparation (phase 1), changes are made (phase 2) and re-stabilization of the system (phase 3).³ In general, a planned change is about the controlled and controlled construction, reconstruction or dismantling of an organization. As has been shown in practice, stagnation in times of great uncertainty and fundamental change is particularly dangerous: “Whoever does not move makes few mistakes, but he remains in the

middle of the road, especially in a time when strong impulses and brave innovations and people who want to move are needed.”⁴

It can be argued well whether generally known change processes at companies run successfully or lead to failures. A fundamental renewal can only be carried out in steps, however, which require plenty of time to report satisfactory results. In this context, Kotter shows phases of a change process which must be observed under all circumstances:

- Create awareness of the seriousness of the situation, identify crises and communicate opportunities
- Build a coalition of powerful reformers (leadership coalition)
- Vision and Strategies for the change process
- Communicate vision and strategies broadly across the company
- Remove obstacles, change structures and systems, encourage employees to take action (according to the vision)
- Make short-term successes visible, award committed employees
- Drive the change process, expand successes, install new projects and topics
- Fix changes in (corporate) culture, force leadership development.⁵

At this point it becomes visible that the key points of strategic philosophies have just shifted during Change Management processes. In many companies, a shift has been made from a shareholder value weighting to a stakeholder value approach.⁶ Furthermore, competitive advantages are given equal priority to corporate values. Similar things happen during strategic decision-making processes, where internal and external network recommendations are heard and taken into account in advance.

As a rule, changes occur when a CEO is replaced and the new head outlines the urgency of a business situation. Every management should involve further executives, expert specialists and key customers in a process of renewal. After all, a sharply outlined vision, plans and programmes, internal communication measures, future-oriented requirements for the workplace, alternative approaches, etc. have to be designed and managed. After all, it is about the strengths of a company and the liquidation of weaknesses.

Tips for You

- Communicate a well-defined Change Management vision and its progress to motivate employees to take action.
- Encourage and support employees who identify with the vision and make a significant contribution to its success. Shared values should underpin the

transformation.

- Pessimism at work, for example in change management processes, leads to defensive strategies and bad decisions in the long run.
- When you hire employees, hire those who complement your skills. Regardless of the age of the people, their gender and culture.
- Remove obstacles that jeopardize a change process and do not allow it to be delayed or even blocked. Keep in mind that no quick results will be achieved; measurable results usually only occur years after a transformation.
- A lucrative suggestion to corporate leaders is to give up or sell all business areas that are not highly profitable and do not bring the company into a leading market position (at least the first three places in an industry). This explains why *Bertelsmann* separated from weak business segments and has been on the growth path again since 2013. Or why *Kaufhof* gave up the entertainment electronics department in its houses and equipped the free spaces with textiles and accessories to attract customers.
- Study successful business models and focus on the question: What works with this business model and what does not work? Or viewed differently: Could my company do something better? Let's take *Gillette*, the world market leader for shaving accessories, as an example. Gillette has an excellent reputation as a manufacturer, but advertises its shaving systems with the slogan "Irresistibly cheap". Is that true? No, because the blades are clearly overpriced. Those who want to save money and not stand in the bathroom with a blunt blade in the morning bypass drugstores and order quality blades (up to 50% cheaper than the market leader) free of shipping costs via the Internet: That's the idea!

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Footnotes

1 Cf., inter alia, Hahn ([1996](#)), p. 38.

2 Cf. Bundeswehr University and Mutaree ([2012](#)).

3 Cf. Greif et al. ([2004](#)).

4 Cap Gemini ([2012](#)), p. 59.

5 Cf. Kotter ([2006](#)).

6 Stakeholders are divided into “internal” and “external”: Internal stakeholders include the supervisory and management boards as well as all employees. External stakeholders include shareholders, customers, suppliers, external capital providers, competitors, but also social organizations that have a relationship with a company (e.g. unions, authorities, public).

9. Competition

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The economic profit of a company always triggers loss risks for other market participants.¹ Products and services compete with each other, which is why topics such as market assessment, competitor analysis (including self-evaluation of strengths and weaknesses) and location choice are of extraordinary importance.

Now follows a very important lesson: Thousands of people (including my son) can prepare better hamburgers than *McDonald's*. For this, McDonald's is far superior to the other grill masters in three competitive aspects:

- They continuously develop the business model at a rapid pace
- They market an average citizen better than the rest of the world, especially for the target groups families and children
- They understand more about perfect locations and a lucrative real estate marketing concept than any other business person.

The thing is: The location can be more important in competition than the quality of an offer. McDonald's owns or manages (via franchisees) more real estate than the Catholic Church worldwide, namely on major highways with access roads, highly frequented street corners, within pedestrian zones of cities and along highways. McDonald's currently operates around 39,200 locations in 120 countries,² making it primarily a real estate company. The fact that franchisees (over 80% of McDonald's operators) pay sales-related rents to

McDonald's speaks in favor of this thesis as well.

What could possibly go wrong with this franchise model? But here too, caution is advised. Because in a market you can't rely on anything or rest on your laurels. So always be on the lookout for unpleasant surprises. You know what I'm talking about when we look at the example of corner stores. When self-service stores opened up everywhere after the Second World War, at first the small retailers believed that only price-conscious customers would visit the supermarkets. Later, the corner stores had to enter the supermarket business in order to be able to assert themselves or capitulate. Similar negative experiences are made, *inter alia*, by shoe stores, boutiques and bookstores with online trading. In view of the high inner-city rents and the migration of customers to the Internet, numerous independent shopkeepers have to give up.

With regard to the competitive positioning, it has to be examined how high the market share for an additional offer within a *market volume* could amount to. If I may be honest: Many companies tend to underestimate the saturation of the market rather than assess it realistically. That is reckless. In order to avoid wrong assessments, statistics, *inter alia*, of the Chambers of Crafts and Commerce provide an insight into the competitive situation and the demand (need) within a sub-market. When making a market assessment of your business idea, you should show what potential it has:

- The potential of a dairy cow that consistently produces high yields and requires no investment for the foreseeable future?
- Or that of poor dogs that only have a low market share and can barely survive?

If it is a dairy cow, you will of course take care of it wisely so that it can be milked vigorously. The Poor Dogs (poor dogs) you should drive away, because except for the costs you will have little pleasure in them.

The *competitor analysis* is considered to be the king's discipline, which requires your full attention and never ends. First of all, determine to what extent the competitors are rather a few large or many small companies. Examine the competitive situation in all its facets and determine the strengths and weaknesses of the competitors. In addition, you take into account trend forecasts by research institutes for the future of your industry in order to gain a certain degree of planning security.

Let's move on to the strategic orientation in the competition. *Henry J. Heinz* has, in my opinion, really created something tasty for the palate: the spicy tomato ketchup. But only a few people know that Heinz produces thousands of other food products and is one of the world's market leaders. In one of their

annual reports, I read that the company is conquering the world markets with a comparatively simple *AAA competition strategy*:

- The first A stands for “Applicability”, which means that a product must fit a local market and the local food culture. Put simply, it must taste good to consumers. As far as this is concerned, it may result in soy sauces being offered in Indonesia instead of ketchup, for example.
- The second A deals with “Availability”, whereby it must be ensured that a product actually reaches all target groups on a previously defined market. Here it may be necessary to open up new distribution channels, because in a country there are no supermarkets, but mainly small grocery stores. In this respect, Heinz also buys domestic companies in order to use their know-how and distribution channels.
- And the third A represents “Affordability”, i.e. that a product is and remains affordable. Such an effect can be triggered by price reductions, reduced quantities or changed recipes. It is business savvy that Heinz maintains social networks in distribution countries in order to get continuous feedback from the local population on offers and prices.

You will certainly recognize from this example that the competition has its pitfalls. Markets occasionally stagnate, for example, because the development potential is exhausted, competitors are gaining strength, legal frameworks are changing, logistics or personnel costs are rising, or margins are falling. No industry or company can constantly protect itself from downturns (recessions). If you experience something similar, you must defend your territory on the one hand and adapt or restructure your business model to the current conditions on the other.

How does that work? In order to bring about an economic turnaround and prosper again, alternative distribution strategies usually have to be used. If, for example, business in online retail stalls, the goods must also be advertised in other ways. Perhaps even in the tried and tested way in traditional retail. Retailers like Amazon or Zalando could rent stores in shopping malls to offer advice and take orders on site. Not a bad idea at all if you want to reach computer-inexperienced and advice-seeking clientele and want to build customer loyalty. Long live the competition of free ideas.

One last, important note: Nowadays, Corporate Communication is seen as a value-creating factor, as intangible values such as trust, preferences for a brand or reputation are becoming increasingly important for business success. A systematic control of communication processes can support the sale of products or services if the attitudes and behavior of reference groups are influenced in line

with company goals. However, the Internet, with its almost limitless information and communication possibilities, presents companies with new challenges every day. Since, especially in social networks, every user can post their own content, exchange information with other users and, for example, publish criticism of brands, products or services, the requirements for Corporate Communication are changing. As a study among the top 500 companies in Germany shows, the implementation and expansion of online communication is therefore a top priority: “The more media offers compete for the attention of stakeholders, the more important new structures and processes in communication management and a consistent focus on attractive, convincing content become.”³

In the course of a market assessment, the *location choice* is important and can have far-reaching consequences. A location choice shows clear parallels to a sport like football, where victory or defeat is also at stake. If you play in an environment that is not basic for your business (i.e. in the wrong club with a bad coach), the successes will not materialize. But if you play in the right environment, positive results will occur. After the decision for a location, a later change often seems almost impossible or associated with high costs and far-reaching consequences. Therefore, check carefully before making a decision:

- How important is the location choice for my company/my industry?
- What requirements should an ideal location have? For example, in terms of customer/supplier proximity, transport links, rental price level, object size and condition.

In a strict sense, for example, it does not help if you are dependent on a constant walk-in trade but cannot afford an optimal city location. Or if you do not offer parking spaces for your customers for cost reasons, but your clientele uses private means of transport to a large extent. Or if you need larger, representative premises, but the rent cannot be covered by yourself. What solution is there if there is a lack of financial means for the object rent?

I am thinking primarily of two different “*Shop in Shop*” scenarios (also works as an office in office scenario): First, a concept in which sales areas are sublet by a landlord (e.g. department store or supermarket). The old, listed *Ludwig Beck-Kaufhaus der Sinne* in Munich, for example, rents space to brand manufacturers who manage the areas themselves (from the range to the shop design). In the second scenario, various retailers share the rental costs of a large-scale retail area, enter into partnerships with each other (to acquire customers together, recommend each other), use a common reception and ancillary rooms and present themselves to the outside world with an overall marketing concept (e.g. stores that complement each other). In the course of this, the shop operators

coordinate their selection of goods and shop design with each other in order to emphasize a common corporate image.

The results in both concepts show: Through the diversity and coordination of the non-immediately competing offer, a higher customer flow can be recorded than if the stores were to settle down individually at different locations with small sales shops.

Let's move on to the strategic orientation in competition. *Henry J. Heinz* really created something delicious for the palate in my opinion: the spicy tomato ketchup. But only a few know that Heinz produces thousands of other food products and is one of the world's market leaders. In one of their annual reports, I read that the company conquered world markets with a similarly simple *AAA-competition strategy*:

- The first A stands for “Applicability” (applicability), which means that a product must fit a local market and the local food culture. Simply put, it must taste good to consumers. As far as that is concerned, it can have the consequence in Indonesia, for example, that soy sauce is offered more often than ketchup.
- The second A deals with “Availability” (availability), which means that it must be ensured that a product actually reaches all target groups on a previously defined market. Here it may be necessary to open up new distribution channels because, for example, in a country there are no supermarkets, but mostly small food stores. In this respect, Heinz also buys up domestic companies in order to use their know-how and distribution channels.
- And the third A represents “Affordability” (affordability), i.e. that a product is and remains affordable. Such an effect can be caused by price reduction, reduced tax rates or changed recipes. It is business-savvy that Heinz maintains social networks in distribution countries in order to get local feedback on offers and prices.

You will certainly recognize from this example that competition certainly has its pitfalls. From time to time, markets stagnate because, for example, the development potential has been exhausted, the competitors are gaining in strength, legal framework conditions have been changed, logistics or personnel costs have increased or the margins have decreased. No industry and no company can constantly protect themselves from downturns (recessions). If you experience something similar, you have to defend the terrain on the one hand and adapt or restructuring the business model to the current conditions on the other hand.

How does that work? In order to bring about an economic turnaround and

prosper again, in most cases alternative distribution strategies have to be used. If, for example, business stalls with online trading, the goods also have to be advertised elsewhere. Perhaps even in the tried and tested way in the traditional retail trade. Retailers such as Amazon or Zalando could rent shop space in shopping malls to offer advice and order placement on site. Not a bad idea at all if you want to address computer-inexperienced and advice-seeking clientele and build customer loyalty. Long live the competition of free ideas.

One final, important note: Today, Corporate Communication is perceived as a value-added factor, especially since intangible values such as trust, brand preferences or reputation are becoming increasingly important for corporate success. A systematic control of communication processes can support the sale of products or services if the attitudes and behaviour of reference groups are influenced in the sense of the company's objectives. Nevertheless, the Internet with its almost limitless information and communication possibilities poses new challenges for companies every day. After all, every user can post their own content, exchange with other users and, for example, publish criticism of brands, products or services in social networks, the requirements placed on Corporate Communication are changing. As a study among the top 500 companies in Germany shows, the implementation and expansion of online communication have therefore top priority, among other things: "The more media offerings compete for the attention of stakeholders, the more important new structures and processes in communication management and a consistent focus on attractive, convincing content have become."⁴

Tips for You

- Estimate growth opportunities, potential and restrictions in the market realistically. Which difficulties and barriers are to be expected in the implementation of your business idea?
- Financially weak companies should cooperate with other companies to share opportunities and risks together. This makes economic activity less vulnerable if adjustments (e.g. in response to fluctuations in demand) or capital raising are required.
- What are the weaknesses of your competitors from the customer's point of view? Make them powerful arguments in favor of your business model (strengths).
- Offer a targeted additional benefit that makes your offer unbeatable. Or various options for services that will please a customer's heart.
- What every customer appreciates is efficiency. Your goal should therefore

be to meet the needs of the buyer as quickly as possible with the least possible effort. Above all, standard products must be brought to market quickly and deliveries must be made on time. In order to keep up with the rapid pace of innovation, management should have IT-based real-time information available so that adjustments can be made within a short period of time.

- Check to what extent your company can act more environmentally conscious in competition. Perhaps fuel-efficient service vehicles can be introduced and thus fuel consumption and CO₂ emissions can be reduced? Score points with sustainable action against your target groups.
- Change suppliers, energy providers, IT service providers, telecommunications companies and advertising agencies at regular intervals to negotiate better conditions or to obtain fresh inputs.
- Do you know enough talents in the company to drive innovation? If not, hold a talent competition on the future topics that are important to you.

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Footnotes

¹ Intermediate remark: In communist countries, competition is still regulated by the state despite reform programs. For example, China operates state capitalism, sets economic goals by means of a planned economy and identifies key industries (such as the solar industry), which are supported vigorously. Foreign companies are allowed to invest in China, but have to enter into joint ventures with Chinese companies and share profits. Whoever has the longer lever, as is well known, has the say.

² Graefe (25.10.2021).

³ See Mast, C. and Spachmann, K. (University of Hohenheim) (June 2020).

4 Cf. Mast, C. and Spachmann, K. (University of Hohenheim) (June [2020](#)).

10. Continuity

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Thick boards must be drilled for a long time, because businesses naturally run in waves, in ups and downs.

So don't be immediately unsettled if a strong wind blows. Even apparently well-established companies occasionally lose their own momentum and stability, often through their own fault. So it is puzzling to me how carelessly *Burberry* gave up its exclusivity in early 2000 and advertised with an unmanageable potpourri of products for customers. The former core business of the Burberry trenchcoat and rainwear had been largely withdrawn, which ultimately only led to a small growth. Finally, in 2006, the British fashion brand finally remembered its traditional range of coats and jackets under new management and concentrated on it from then on. Thanks to the revived continuity of the bread-and-butter business, operating profit could be significantly increased.

Continuity in the sense of a uniform course of something in contrast to a gradual or radical change has always been the subject of research: "For example, the change in capitalist societies was seen by Marx¹ as inherent in the nature of this economic system. The tensions inherent in the structural class opposition of capital and labor, according to his theory, lead deterministically to a multi-stage change in the social order, which finally finds its end state in the overcoming of class society. Luhmann looks at the change of economy and society quite differently:² For him, the change is not a natural tendency. Instead, the various social subsystems tend rather towards persistence and continuity."³

Continuous developments at companies mean largely stable conditions, which are not to be regarded as stagnation. On the contrary, orderly conditions are usually present, which, thanks to the consistent progress and optimization of machines, processes or the technological infrastructure, offer security of employment and the organization itself.

In contrast, sudden change can be triggered by single or unpredictable events and cause major problems for companies. Popular brands such as *PanAm*, *Swissair*, *Borgward* or *Nixdorf* have ultimately gone bankrupt as a result of insolvency or over-indebtedness. Even global players such as IBM or Hewlett Packard(HP) can fill whole history books with their economic ups and downs and lost constancy. *IBM* had to redefine itself time and time again since its foundation in 1911 and, despite a balanced balance sheet, cut thousands of jobs. *HP*, after all one of the world's most valuable computer manufacturers,⁴ fought between 2013 and 2017 with billion problems because the sale of computers declined and the group had completely missed the development of smartphones and tablet computers.

The most obvious diagnosis in the absence of continuity: The whole work, that is growth and existence of a company, was lost from sight. And that, although certainly previously warning signs have occurred. Let's take the mobile phone manufacturer *Blackberry* as an example, whose devices were popular with business customers. But the Canadian manufacturer missed the technical connection to the competitor products. How desperate this company must be, which is fighting for the trust of its customers, partners and fans with full-page ads: "You can still count on us—We have extensive financial reserves and are debt-free."⁵ It is incomprehensible what has happened at *Blackberry*. The homework has been ignored, which I would like to illustrate with a simple example: If a notebook causes technical problems, what do you do? Of course, you will immediately check the status, as well as hardware and software for error sources and eliminate defects. Agreed. But can you please explain to me why some managers do not investigate their faulty business with the same effort after disturbances occur there in the form of stability defects?

You can't explain this mess either? That's worrying. Could it be that some high potentials can't estimate what a business success or failure is based on? With such ignorance, one should ask oneself some questions that I recommend in content-related reference to *Jay Abraham* (*1949):

- What motivated me to start my business and why has this motivation declined?
- What does the core of my business philosophy look like and what has

remained of it?

- Why did customers originally buy from me and why not today?
- With which sales or marketing methods did I win customers in the past and why did I change these successful methods?
- Which products or services initially convinced a lot of customers and why do they not trust them at present?⁶

What I'm getting at should hopefully be clear. At some point, the proven continuity of a company declines. As a result, mistakes creep in, the quality of products or services declines, new competition appears. When these alarm bells ring, you should quickly find out what is right or wrong in your company:

- Continuity is a success factor and extremely important for brand management. Because production facilities, logistics systems, services etc. are interchangeable—a well-established brand is not.
- In family businesses, corporate management often stands for stability. Companies like Bosch, Dr. Oetker, Haribo, Stihl or Underberg employed only a few CEOs in their history. As a result, long-term strategies can be implemented. Many CEOs know the business from the ground up.
- In numerous corporations, board members move to the supervisory board to secure continuity as a controller (e.g. Deutsche Bank, Lufthansa, Siemens).
- Employee surveys have shown that staff welcome continuity at the top of the company. This creates values such as high identification, trust and reliability in dealing with the employer.

Personal question: How does your tenacity look in the face of a professional hurricane? Do you have the endurance and the will to masterfully accomplish the daily business in difficult times? Anyone who assumes that seasoned leaders let themselves be completely thrown off course by economic headwinds, sluggish demand or unexpected setbacks is wrong. On the contrary, they are largely unimpressed and aim for long-term goals instead of short-term results. No retreat. No zigzag course. No backward role.

Are you a fan of *Philipp Reis*, who invented the telephone 13 years before Graham Bell? Or of *Johannes Gutenberg*, the developer of book printing? Or of *Conrad Röntgen*, who discovered a medical X-ray diagnosis for the benefit of humanity? These are all personalities who have held on to something they were one hundred percent convinced of. Many commercial businesses owe their later business success to the tenacity of their visionaries and the maintenance of master plans. If you don't have a forward-looking, far-sighted sense yet, it's time! Your constant task is to figure out which internal processes and methods

can be optimized to maintain the required continuity and keep the whole company on course. Durable, with the specification that everything will be more effective, including people and machines. Do you know a more convincing motive?

Finally, here is a valuable piece of advice from the Swiss-French architect, city planner and furniture designer *Le Corbusier* (1887–1965): “To be modern is not a fashion, it is a state. You have to understand history, and whoever understands history knows how to find continuity between what was, what is, and what will be.”⁷

Tips for You

- As the term continuity expresses, it is a constant, ongoing process. Therefore, compare your business regularly with the best in the industry (see Chap. 2) from the perspective of an advancing state of development and change.
- Do not constantly change your entrepreneurial goals and thus leadership, planning and organizational tasks. Avoid abrupt changes of course, even if shareholders or creditors demand them.
- Pursue a progressive improvement process that does not upset customers, suppliers or employees. As long as key influencing factors remain constant, there is increased predictability and thus security, especially with regard to business processes.
- Involve high potentials in the further development of strategic planning goals and decision-making. In this way, continuity will be ensured in basic questions (such as production factors or financing forms) as well as a smooth transition in the adaptation of personnel to change management processes.
- Do not forget that every traditional brand has a pulling power. Check how the associated quality promise can be renewed so that the goods or services are still perceived as attractive.
- For many consumers, known names have a prestige factor. Consider cultivating this reputation and relaunching with a positive and trustworthy image.

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Footnotes

1 Cf. Marx & Engels (2014) [1848].

2 Cf. Luhmann (1987).

3 Hoose et al. (2017).

4 Since 2013, the Chinese Lenovo Group has been the world's largest manufacturer of computers for private consumption.

5 Appeared in October 2013 in national newspapers, including: “Washington Post”, “Frankfurter Allgemeine Zeitung” and “Süddeutsche Zeitung”.

6 Cf. Abraham (2000).

7 Le Corbusier (o. J.).

11. Controlling

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Controlling? How uncool is that!

Wait a minute, an economic activity is not a pastime or a charitable event, but a serious business to be controlled in order to make a profit. Since the reign of Isabella of Portugal (1397–1471) at the latest, we know that women, like men, master the core tasks of classical controlling. As the unofficial finance minister of Burgundy, she checked the income and expenditure policy of the duchy, uncovered irregularities and fought against fraud and corruption. Efficiency is the focus of every company, with completely different goals being pursued:

- monetary or formal goals such as cost reduction, sales growth, liquidity
- technical goals such as optimization of the logistics infrastructure and modernization of infrastructure facilities
- material goals such as the introduction of improved quality standards and the positioning of new brands
- ecological goals such as the development of environmentally conscious savings potentials and the reduction of waste
- social goals such as the introduction of a cafeteria system to balance the interests of employees and employers or occupational pension provision.

According to tradition, the term controlling dates back to the time of the industrial revolution in the USA, when, as a result of increasing capital concentration and operating costs (from 1880), auditors were given the financial control and auditing of companies. For orientation: The *accounting* of a

company records, controls and monitors all money and performance flows. Accounting can be divided into the areas of “cost and performance accounting” and “controlling”. The former includes all methods and procedures for the capture, evaluation and billing of costs and revenues as well as their control based on plan, target and actual data. These data serve the short-term, operational planning. The situation is different with controlling, which mainly serves the planning, control and monitoring of processes in a company. If all these aspects are taken into account, a distinction is made between *operational* and *strategic controlling*:

- Operative Controlling relies on internal sources of information (primarily on internal accounting) to achieve short-term goals such as profitability and economic efficiency.
- In contrast, strategic controlling is future-oriented and supports corporate management in planning and achieving long-term goals such as existence security and success potential. In addition to internal developments, external developments in the company’s environment are also used as information sources.

As is well known, success has many fathers; controlling is one of them. Today, controlling takes on additional planning, coordination and control tasks and provides the entire management with central information. For this purpose, actual values are systematically compared with the predetermined target values of the strategic planning (target values) in order to determine to what extent the specifications have been met. If there are deviations, a cause determination is carried out in order to determine inefficiencies and to eliminate them in the future. The reasons for uneconomic action can be manifold and range from weak sales to unforeseeable market developments to hopeless goals.

It will not surprise you that strengths and weaknesses of a company become apparent in controlling processes that have an effect in competition. When measuring one’s own strength ratios, it may turn out, for example, that the negotiating strength of the suppliers has increased, replacement products threaten the market, competitors are gaining in format or that a trade is well positioned in the medium term with its products.

Controllers are by no means only bean counters or even practice-alien, but rather act cross-functionally and efficiently. What is decisive is that the controlling can be used—see above—for both operative and strategic tasks. The *Operative Controlling* deals with the current financial year and the following one. In contrast, it is the task of the *strategic controlling*, to assist corporate management in the development and implementation of medium- and long-term

strategies, in other words: to give support in the control of operational processes, which also includes the detection of success potentials.

Let us recap at this point that a business performance creation process is carried out in three stages:

- Procurement: Provision of production resources, materials and labor
- Production: The process of targeted combination of production factors and their transformation into products or services
- Sales: The transfer of the created goods or services to other market participants for a fee by means of sale, rental or lease.

Controlling should always include a process of holding and thinking in order to avoid hasty conclusions and actions. Therefore, it is of immense importance that in each phase of a process for creating a performance or producing a product, the plan or target data is compared with the actual data. For example, the efficiency of business facilities or process flows can be determined by daily or weekly profit and loss calculations¹, with the resulting income or expenses being set against each other. Another possibility is to compare a defined benefit (market price) with the actual expenditure (capital and personnel expenditure, materials, energy costs, administrative costs). Based on the data comparison, management can, if necessary, take corrective measures and thus act in a future-oriented manner. This is precisely one of the strengths of controlling: the readjustment.

When production processes need to be optimized or newly installed, they always have to be carried out and evaluated again and again until you agree with every detail and thus find the ideal instructions for a smooth course. The South Korean economic leader *Lee Kun Hee* (1942–2020) once illustrated to his executives of the *Samsung* conglomerate from a non-industry-specific example why these repetitions are absolutely necessary: “Watching the same movie ten times, you think that’s not possible,” asked the eccentric CEO of the technology giant and largest producer of smartphones, TVs and memory chips. “I think that’s interesting. When you watch the movie for the first time, you know the story and the main actor, maybe the main actress. The second time you notice the extras or supporting actors, maybe three or five roles. Then you see it for the third time and discover the decorations, the cars on the streets, the buildings in the background, other angles.”²

With this fundamental approach, the South Korean entrepreneur was not alone. The world’s most famous coffeehouse chain has perfected every detail specific to the profession and industry because the company constantly reflects all measures: This includes the selection and roasting of coffee beans as well as

the design of the coffee store interior and the social responsibility programs. When *Howard Schulz* (*1953) was still CEO of Starbucks (1987–2000 and 2008–2017), he placed particular emphasis on the fact that everything fits together to build an emotional bond with customers.

Experience shows that the *purchase* of materials and raw materials swallows up the largest part of the costs incurred in a production facility. It pays to check at regular intervals to what extent core suppliers contribute to cost reduction, especially since prices in some industries tumbling like dominoes. In this respect, it is self-evident that, when evaluating the data, the previous purchasing strategy is to be reconsidered and adapted to the current requirements and market conditions. For this, the suppliers must be informed of the services and products that will be needed in the future, who coordinates the procurement measures internally and which voluntary services are expected from the suppliers (e.g. accommodation in the discount, granting of medium-term payment terms, initiatives for cost savings).

This presents some managers with an unfamiliar task when the purchasing needs have so far been strictly in accordance with one of the three classic methods: deterministic method (plan-oriented, for example, based on customer orders or production plans), stochastic method (consumption-oriented, for example, based on consumption figures in the past or forecasts/trends) and estimation method (if required planning information is missing).

How do you get a cross-procedural method? For this, the following are some suggestions. As part of the purchasing policy, check which goods and services (or components and articles thereof) can be obtained without intermediate stations from secondary but high-quality suppliers and which must be delivered clearly by core suppliers (first level). We are therefore talking about raw materials, auxiliary materials, semi-finished and finished products, operating materials and commercial goods. By circumventing core suppliers, the overall flexibility of an economic or industrial enterprise increases, often saving potential and innovative new features are faster perceived.

Do negotiations with core suppliers on the economic viability of cooperation pay off? Yes. The South Korean conglomerate *LG Electronics* is exemplary for many other companies. In 2009, LG searched for improvement and savings potentials with hundreds of suppliers and found them. This resulted in more powerful chips, products were standardized and user interface technology was driven forward.

Successful top managers set their own control points (outside company-internal mechanisms) and think about course corrections if desired results are missing. They see themselves as a cog in a machine that should run smoothly.

High expectations are placed on their own performance, which culminates in the regular question: What do I contribute to the prosperity of the company?

In this way, you justify and document significant operational decisions from your personal point of view at regular intervals. At the latest after one year, you should compare the decisions with the actual situation—that is, the current company data. Through this strengths-weaknesses feedback, you will find out to what extent your earlier decisions and the associated forecasts were realistic and competent. So: Is the business area you are responsible for working and what would you do differently today?

In a similar way, after the completion of production or a service, the central data and information on the economic activity must be collected and evaluated in order to draw the right conclusions from it for future orders. Perhaps work steps were carried out twice or additional costs were incurred due to incorrect scheduling. I recommend the following checklist for business newcomers for internal inventory and result control (does not replace professional controlling).

Tips for You

- Overall order: Were the customer requirements satisfactorily met, e.g. were the time schedules adhered to and the production specifications met? If not, why not?
- Know-how: Did our company have the necessary, competition-determining core competencies for the order?
- Unique selling proposition: Where is the current risk potential (e.g. competitors, critics at the client) and how can it be limited or defended?
- Functionality: Which management-oriented workflows can be optimized (procedurally, personnel, structurally)?
- Financial planning: Were financial positions undershot or exceeded, and why?
- Liquidity: Were the offers settled by the market participants as scheduled? Have customers complied with their financial payment obligations on time? Did our company need interim loans for financing an order or to increase equity?
- Human resources: Are there any personnel failures, i.e. employees who have not been able to meet their obligations? Or have employees recommended themselves for more demanding tasks through reputation, e.g. core competence and commitment?
- Legal questions: Do internal contract patterns need to be updated or legal questions clarified?³

- Warranty: Do individual failures have to be corrected vis-à-vis customers or sub-contractors subsequently?
- Development of demand: Why does the customer buy products or services from our company? In what way can a customer contact be intensified in order to receive follow-up orders?
- Perspectives: What opportunities arise from the ongoing cooperation? Can the product or service be presented to other customers as a model for new business? If so, what marketing measures need to be taken?

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Footnotes

¹ A P&L account reflects the income and expenses (profits and losses) of a company over a certain period of time (usually annually per calendar year or financial year).

² Cain (2020), S. 79.

³ A note on this: No contract can ever be perfect and thus watertight, because, inter alia, legislation and jurisprudence are progressing, never all details can be regulated and it is impossible to cover all exclusion criteria. If you should ever stand in front of a court and present a comprehensive contract there, but you have not regulated a detail, then God help you. That is why my advice: Keep the contract short and concentrate the agreements on the essentials.

12. Corporate Culture

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Corporate Culture definiert die gemeinsame Kommunikation und das Verhalten innerhalb eines Unternehmens, die durch Erfahrung und Insiderwissen sowie auf einem System von Werten, Normen und Überzeugungen basieren. Oftmals spiegeln der Charakter und der Stil einer Unternehmenskultur die Ursprünge des Unternehmens und seiner Gründer wider.

Eine Unternehmenskultur beeinflusst das Verhalten der Mitarbeiter auf allen Ebenen der Hierarchie. Idealerweise entwickelt sich eine Unternehmenskultur in einem evolutionären Prozess und passt sich neuen Umweltbedingungen und Herausforderungen an. In diesem Zusammenhang sollten allgemeine Überzeugungen und Werte, charakteristische Denk- und Verhaltensweisen, Standards und Richtlinien aktiv und nachhaltig von der Führung entworfen werden.

Die kulturelle Unternehmenshülle sorgt für interne Kontinuität und gestaltet primär die Handlungen der Organisationsmitglieder, z. B.:

- Charakteristische Denk- und Verhaltensweisen, wie zum Beispiel die Art und Weise, wie Probleme gelöst werden
- Vorstellungen über die Persönlichkeit eines Mitarbeiters
- Umgang mit Kollegen, Vorgesetzten und Dritten
- Festlegung von Normen, Regeln und Standards für die Umsetzung von Arbeitsprozessen
- Entrepreneurial Visionen.

Die Theorie geht davon aus, dass „weiche“ Faktoren eines Unternehmens an Fahrt gewinnen und

become increasingly important for the economic Erfolg of an organization. And practice has been confirming this assumption for years to an increasing extent: Two thirds of graduates would reject a fantastic job offer if the corporate culture of the employer did not fit them.¹ Employers know the dilemma that employees do not feel enough belonging to their place of work. According to a job satisfaction study by Gallup in 2020, 83% of employed people have no or only low emotional attachment to their own organization. The willingness of employees to change has increased and only 60% of employees intend to be with their current company in a year without ifs and buts.²

Before more and more employees make a service according to the increased time and performance pressure or drift into inner resignation, employers should take care of a solidary employee binding primarily. In essence, it has been found in investigations that the causes for low emotional binding are largely due to deficiencies in personnel management are. So motivated colleagues become refusals when their professional and social contractual expectations are almost ignored at the workplace. Especially with older employees, dissatisfaction seems to be particularly pronounced—one simply feels neglected and excluded.

Such an assessment speaks for introducing a corporate culture that expresses an excellent appreciation of employees and creates a reference framework that gives identity. In a few words: a meaningful, lived corporate identity that regulates a corporate togetherness and is based on moral and social norms. Through concrete, written fixed rules of conduct (values, goals, norms and activities), the internal cohesion should be facilitated and collective convictions should be maintained. In the end, it is about answering the question of what the employees have in common. Thus, it is clear to introduce a corporate culture that provides essential answers and, in the best case, positively shapes the personality of managers and employees.³

Studies show that especially young, upcoming managers benefit from a teamwork idea. They internalize collegial principles that have been decided in harmony, which is reflected in their work ethic in the future. By the way, it is not enough today to simply hire young people of the generation Y (born after 1980) according to common job descriptions and compensation packages. No, young people expect a lot of additional services in addition to a well-paid job and are looking for a deeper meaning in their future work. As it turns out, they want to work flexibly and largely self-determined in “learning” organizations. They also claim social “self-evidences” in their professional environment, which are important, such as daycare, gym, work-life center and sabbatical.

In contrast, companies pursue very different approaches to enforcing

expectations and values, characteristic modes of thinking and behavior, and standards and guidelines. In some companies, hierarchy still plays a significant role, while in others, social utility is in the foreground. In this respect, the range of corporate offerings extends from separate elevators and parking spaces for the board and staff to a casino for all salary levels (including food subsidy) to company-owned holiday resorts (in which high potentials can vacation with families at super conditions). Apart from the generally well-known standard benefits such as staff discount, rent subsidy and benefits for births and weddings.

You can certainly hold a different opinion about how the success of *Netflix* came about. *Reed Hastings* (*1960), one of the founders of the streaming service and CEO since 1998, attributes the success of the audience to the company culture in which there are no rules: “Our culture was [since 2000—note. the editor] geared towards achieving top performance with a high density of talent and not controlling and steering the employees, but providing them with a context in which they could orient themselves in order to make independent decisions.”⁴ What is particularly astonishing for business economists and controllers is that Netflix classifies the employees’ ability to judge as a solution to almost every complex problem and not the company’s processes.⁵ On the way to what is known as a “culture of freedom and responsibility”, Netflix has nevertheless adopted four guidelines:

- “An outstanding workplace consists of great colleagues
- Expressing what you really think with a positive attitude
- Abolishing vacation rules
- Abolishing the approval process for travel expenses and expenses.”⁶

In order to better understand the specialties of this open culture, here is an explanation of the company policy: First, the Netflix Board of Directors assumes that talented people make each other better and that great colleagues work together exceptionally creatively and energetically. Secondly, the company does not tolerate “attempts to give feedback in order to vent one’s own frustration, deliberately hurt others, or pursue one’s own political agenda.”⁷ Third, Reed Hastings came to the logical conclusion that the value of creative work should not be measured by time, which is why employees at Netflix decide for themselves when they work and when they take a break. As long as employees act responsibly and meet the target specifications, no one has to account for their working hours.⁸ Fourth, “act in the best interest of Netflix,” is the central expenditure guideline of the streaming service, but there are conditions in place to make wise decisions. In addition, the finance department checks 10 percent of

all expenses and if an employee abuses the freedom, he is fired.

Why is *Corporate Culture* indispensable in business operations? Because without cultural guidelines, the interpersonal “glue” is missing that binds employees together, maintains internal continuity in personnel changes, and proclaims common beliefs (tenets) and ways of thinking to the customer. Establishing a corporate culture can act like a ritual cleansing. Radically and completely. After people are rational, they will adopt convincing and practical innovations and apply them with energy and enthusiasm.

Is that possible? As emerged from a study among German employers, more new jobs are created in companies with mutual respectful behavior, including values and norms (serving as guiding principles) that are lived out, than in comparable companies.⁹ Change the course of a company’s history with the Corporate Culture instrument and tie together a brilliant overall package between employer and employee that consists primarily of the components of freedom of decision and responsibility in shaping the workplace, development opportunities and social benefits. It is understandable that the “panem et circenses” procedure¹⁰ strengthens corporate processes.¹¹ However, this does not mean making promises and false hopes that are not kept later. So: Do not act towards the workforce at all like bad sales trainers who promise a lot and deliver little. Otherwise, a hurricane-like headwind will blow back at you and cause the painstakingly erected facade of inner cohesion to crumble. Here is a prominent example: Contrary to a popular myth, the corporate culture at *Apple* is not as portrayed in advertising messages: the well-known slogan “Think different” in the sense of idealism and vision mocks its own workforce. Apple, the world’s most valuable brand (measured by market capitalization), pays its employees poorly and makes them work under unfavorable conditions (at least in the Asian region).¹² Surely they can’t be serious?

So resist the temptation to make higher profits at the expense of legal or socially acceptable working conditions. Because with each individual it is literally a matter of life and death. Do everything you can to motivate employees and not disappoint them—without immediately resorting to monetary incentives, because generous wage and salary regulations, subsidized additional services, success and capital participation have a downside: Demotivated employees do not automatically create high productivity through material incentives. The motivation must find other triggers, so to speak the desire to participate in something or the impression of doing something meaningful. Give employees the certainty through non-monetary incentives that their work has value and that their commitment is needed. These include different forms of recognition such

as status symbols, upscale work environment, liberal workplace design, leadership and co-determination rights. Get to know them.

In order to understand each other better, more and more companies are introducing a so-called *cafeteria system* to balance employee and employer interests. Here, employees have the choice of exchangeable benefits (monetary and non-monetary incentives). In return, the cafeteria system wakes up the cost consciousness on the employee side. In general, it turned out that through a higher attractiveness of the work situation an increasing identification with the company's goals arises. I hope we can agree on that. Wouldn't it be stimulating for the workforce, for example, if your company introduced a "flex day" once a month? If there are plenty of overtime hours, the employee can take a day off and get additional vacation days. This way you do your employees a big favor.

My special tip: Incentive systems offer a favorable constellation to refer to the principle of reciprocity. This principle provides that both sides (employer and employee) meet each other's expectations and deliver agreed services reliably. One is challenged and promoted in the same way. Otherwise, any effects of a regulated cooperation will fizzle out.

Which brings us to the key performers and the division of staff into A, B and C employees.¹³ You have certainly heard that some companies (like the food company *Unilever*) classify the performance of their employees: A employees ("High Potentials") are those who deliver 100% performance and automatically recommend themselves for higher tasks. B employees ("Middle Performers") do their job in accordance with regulations and behave inconspicuously. C employees ("Low Performers") do not meet the agreements and cause difficulties.

What can you achieve with B and C employees? Leaders have different rule-based instruments for employee management, ranging from mentoring conversations to training to the existential criticism conversation, which can lead to consequences such as warnings and termination. The more I think it is appropriate in the context of fairness to take into account both self- and other-perception (superiors, suppliers, customers) in the assessment of people. In the event that an offer for collegial coaching is rejected, you have to put the underperformers in front of the facts. And if all the lessons don't work, change one or more horses as a driver to pull the cart forward.

A corporate culture is supposed to make an organization unique and offer both cohesion and orientation for a shared, successful future. For example, the technology and service company *Bosch* has created a framework under the title "House of Orientation" for all employees that clearly shows what goals are pursued, how cooperation works, and what the company stands for: "Our vision

‘Create values—Live values’ stands for our business goal. With innovative and useful products, we want to create values. They should ensure us sustainable success, so that we can remain entrepreneurial and financially independent. This way we can live values and assume social and ecological responsibility. Our corporate philosophy helps us achieve our vision. We need top performance and must constantly improve to be successful in the long term. The title of our corporate philosophy ‘BeQIK’ summarizes what is important: Quality (Q), Innovation (I), Customer orientation (K) and speed. So that our vision becomes reality, we need our values as well as our core competencies. In addition, we use instruments that ensure that we can improve and change quickly. Our management systems do just that.”¹⁴

No large or medium-sized workplace can exist without a corporate philosophy that ideologically binds a workforce. However, to what extent this guiding principle must equate competing businesses from other countries with enemies seems completely inexplicable and inadequate to the author. *Lee Kun Hee*, the legendary and extremely ambitious CEO of *Samsung*, generally regarded competitors as hostile forces and went to war to defeat them: “If you know your enemy, you can win every battle yourself.” This aggressive basic attitude is reflected in many statements of the South Korean entrepreneur.¹⁵ How the Samsung philosophy still looked at the beginning of the 2000s is described by *Geoffrey Gain* in the work “Samsung Rising, The Inside Story of the South Korean Giant that set out to beat Apple and Conquer Tech”:

1. A healthy paranoia and contempt for complacency to survive in a cold, cruel, Darwinian technology industry.
2. A sense of constant crisis and the need to find opportunities in adversity.
3. The importance of quality control and the reduction of waste.
4. Human Resources, Talent and Training as pillars of a strong workforce.
5. The urgency to build a flexible, long-term and globally oriented corporate culture instead of an inward-looking, short-term and bureaucratic one.¹⁶

Tips for You

- A corporate culture should normatively include the company’s history and

the current significance of the organization. Furthermore, the procedure for developing the mission statement should be listed, which is ideally based on a value-based partnership with employees, suppliers and customers.

- Those who strive for social sustainability do not only select their employees according to professional qualification criteria, but also according to whether they fit into the company's social structure (see also Chap. 45). With people who can be easily integrated, it is also easier to make agreements based on work.
- Exemplary employers transfer a high degree of responsibility to employees and promote their further development. The feeling of being intensively involved in work processes activates numerous employees to increase performance. Take the word "division of labor" literally. Free yourself from unnecessary office work, don't waste capacity on routine meetings or on activities with little chance of success. Delegate tasks that have no major impact on the company's overall result, and you will be amazed that this does not affect it at all.
- Germany's best employers set an example of humanity and fairness. They are geared towards the interests of individual employees, for example by relieving employees of private requirements (e.g. through flexible working hours, company-owned day-care centers or age-appropriate task design) and putting customer interests behind them in case of family emergencies.
- It would be conceivable to introduce a value catalogue that regulates the behaviour and initiatives of employees in order to comply with company objectives. If the results are positive, there are appreciations such as awards, promotions, financial bonuses, free tickets for theatre or opera events, temporary transfer to a foreign branch to broaden horizons or benefits such as your own office or company car.
- Market-oriented innovations and commercial thinking on the part of employees should be rewarded. Introduce employee participation models as performance incentives, e.g. virtual success participation without say, direct participation (shares or shares in the company that are granted in addition to the agreed salary/wage), profit and revenue perspectives when selling the company.
- Celebrate successes with employees to motivate the team for further tasks. Make sure to involve top salespeople, average performers and weaker salespeople consciously, so that everyone feels like one unit and supports each other. "We are the champions" can work wonders as a universal remedy and as a performance incentive.
- Benefits can be temporarily reduced or eliminated during a difficult

economic situation (as security for the preservation of jobs). It is recommended to provide for an adjustment of the income from work within the corporate identity in line with economic fluctuations and the company's growth targets.

- Do not sweep workplace conflicts under the rug despite or precisely because of the corporate culture, but discuss and resolve them. Otherwise, conflicts will continue to smolder and jeopardize morale. Unproductive and superfluous.
- In principle, a corporate identity requires a considerable amount of assertiveness. This means: Employees who show poor performance and thus endanger the community unit are to be warned or even dismissed. Leadership is not for wimps.
- Or you dare as a leader to go bravely into the breach with a good example. "Let's rumble" is an invitation to the participants in a conversation to enter into a verbal exchange with an open heart and an unbiased mind, which does not serve our ego, but the work in a company. The empathy of brave leadership, however, requires us to be vulnerable, to remain curious and generous when approaching discussions or meetings, to be fearless in taking a share of the conversation and, as the psychologist *Harriet Lerner* teaches, to listen with the same passion as we want to be heard.¹⁷

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Footnotes

1 Cf. Trendence Graduate Barometer (2020).

2 Gallup (March 2021, p. 5 and 9).

3 As a contact exchange for managers and job search, for example, <https://de.linkedin.com> and www.xing.de are recommended.

4 Hastings and Meyer (2020, p. 9).

5 Hastings and Meyer (2020, p. 21).

6 Hastings and Meyer (2020, p. 25).

7 Hastings and Meyer (2020, p. 64).

8 Richard Branson also abolished vacation rules at Virgin and relied on trust-based working hours; Glassdoor, LinkedIn, and other US companies followed Netflix's example.

9 Cf. Great Place to Work 2021. Among the 100 "Germany's Best Employers 2021" are companies such as Adobe Systems, Grohe, Hilti and Salesforce.

10 Juvenalis, D. I. (1st and 2nd centuries), Roman satirical poet.

11 Apple is confronted with accusations of poor working conditions and inadequate disposal of industrial waste in China. Cf. inter alia: Greenpeace (05.05.2011), www.greenpeace-magazin.de and Der Standard (05.09.2014), www.derstandard.at.

12 Apple is confronted with accusations of poor working conditions and inadequate disposal of industrial waste in China. Cf. inter alia: Greenpeace (05.05.2011), www.greenpeace-magazin.de and Der Standard

(05.09.2014), www.derstandard.at.

13 Cf. Knoblauch and Kurz (2009).

14 Source: http://your.bosch-career.com/de/web/de/de/bosch_arbeitgeber/unternehmenskultur
(24.02.2014).

15 Cf. Cain (2020).

16 Cf. Cain (2020, p. 89).

17 Cf. Brown (2018, pp. 10–11).

13. Creativity

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Creativity is the fuel for developing all businesses!

Everything that has to do with imagination and inventiveness is a valuable asset and an essential part of the creation and survival process of a business. A simple example of how one can achieve something with a little creativity comes from the service industry. I was told that a cleaning company was about to go bankrupt when its owner sought my advice. He had exhausted his marketing efforts, I was told, made industry-standard offers, but had found no new customers.

Some business people are too quick to believe that the potential for sales ideas has been exhausted. This is wrong. Some don't even feel the pulse of the market, especially because they lack the imagination to hatch additional offers. So be imaginative in your own best interest. In this case, put yourself in the position of a potential customer whose business premises are being cleaned by your company. Of course, the rooms are cleaned and the waste baskets are emptied as standard. But is that all that can be cleaned?

No: For example, there are still the dirty cars that a top manager would probably only reluctantly drive to a car wash, especially since he would have to clean the interior himself. Let's say a cleaning company recognizes this opportunity to distinguish itself from the competition and offers, for example, to wash the vehicles of senior executives inside and out every Friday. Such a company gets the contract because this service is rarely offered, except by larger companies that maintain their own fleet of vehicles with drivers. Just think: With

a simple idea you can increase your volume of orders.

What inspires you every day? I instinctively look for memorable inspirations and brilliant ideas. Some I get at trade fairs or when visiting a shopping center. In shopping centers you will find countless examples of sales campaigns that also work in other industries: special offers, loyalty bonuses, vouchers, clearance items, test offers, buy-one-get-one-free offers, one-time offers, while stocks last. You have doubts? What speaks against, for example, also offering a “payment after participation in a seminar” or an “early booking discount on insurance contracts” for services?

It is surprising how many companies are looking for a lasting success with a one-way street policy in the style of “We’ve always done it that way, it will work out”. This attitude cannot succeed. Even with everyday products such as food or office supplies, we experience innovations time and again, even if only in the design of a packaging. Without creative impulses, the business world cannot do without because people long for inventiveness, originality, variety and daring. Everything else is yesterday’s news.

You have to be honest. The most important raw material in marketing a Business idea is our Creativity and the talent to implement it successfully. I would like to illustrate my thesis with three examples:

- The strategy of underwear manufacturer *Bruno Banini* is to put as much emphasis on the profiling of the product as on the product itself. To stand out, he showed, for example, half-naked Chancellor in lavender underwear on posters. This was not only brave, but highly calculated. Banini knew: unconventional advertising is more in demand than ever.
- Think of a work of art like *Apple*. The sales secret of Apple’s iPhone is notoriously not the functional components of a mini-computer, but above all the aesthetic products in combination with technical components. Steve Jobs placed extraordinary value on everything looking as aesthetic as possible. But above all, he relied on a creative concept and not primarily on the technology of a product. As a result, the buyer is given the feeling of being able to participate in something special when purchasing an Apple product. Apple entered the market with the promise of a new lifestyle and has been successful from the start.
- Richard Branson is always on the trail of the hidden. Tirelessly, he scours with his company *Virgin Group* for future-oriented fields across all industries. It all started in 1971 with the record label “Virgin Records” (now belongs to the EMI group), which also operated its own record stores. Today, the adventurer is at the head of a company empire that manages 300 of its own companies,

including the airline “Virgin Atlantic”, the drink brand “Virgin Cola”, a British mortgage bank, the financial sector “Virgin Money” and the initiative “Carbon War Room”, which develops and implements new concepts for climate protection. Crucially: Branson is a gifted publicist, whose media-effective marketing strategies are beneficial to his group of companies.

Have you ever thought that you could achieve your own “Aha” experiences? Then overcome hindering thought barriers in your head, even at the risk of producing a lot of idea garbage (see Tips for You). Visionaries let themselves be inspired by their inner source, follow the flow of their thoughts and intuitions unlimitedly, beyond the rational. Understand creativity as an exercise, as a process of stimulation and problem solving. Musicians like Beethoven developed their tone rows in this way, poets like Goethe their classics, gifted all-rounders like Da Vinci their works.

Creative ideas don’t always find immediate acceptance. Only when concrete results are available (e.g. for introducing an innovation) is it time to use common sense to check what is feasible. *Walt Disney* formed a team of dreamers, realists, and critics to gain inspiration and to question ideas. In this way, he received different perspectives on his ideas.

Why is creativity important? The creative force is and remains a significant resource, perhaps the most important one in the 21st century. If you don’t believe that, I recommend that you read an IBM study from 2010 in which 1541 CEOs and leaders from 60 countries assure that creativity is the key potential to navigate in an increasingly complex world.¹ In 2022, IBM will also nominate strategy, creativity, and technology for unique digital experiences. The same goes for Microsoft, who sees creativity as a secret weapon in the competition and refers to the “Young Presidents” organization with 25,000 members (leaders of tomorrow) who see inventiveness as an excellent investment: 76% of leaders believe that creativity has now replaced productivity.²

An ingenious input does not necessarily have to come from the company’s own sources of manufacturers. Suppliers are also creative and imaginative. Reliable *suppliers* provide—figuratively speaking—the salt to the soup, the charging cable to the phone or the spare tire to the car. Without suppliers, most businesses would go under like primroses.³ Probably also because more and more manufacturers expect their suppliers to provide integrated systems of components. In this way, manufacturers hope for a reduction in costs and shorter development times.

Nevertheless, the supplier mix must be consistent. For this I tell you a true story. It is not long ago that large companies almost exclusively cooperated with

large suppliers. They had gotten used to each other, the clients appreciated the amount of discounts granted and so one entered into a cooperation with “strategic suppliers”. But suddenly, a problem arose for many large companies. A colossal problem. Because they had completely overlooked that small and medium-sized businesses are particularly creative and innovative. However, after these businesses were categorically excluded as cooperation partners, the small and medium-sized businesses allied with other similar companies, and over time this developed into a serious competition for the large ones. No wonder that the term “strategic supplier” was stricken from the vocabulary again. Finally, after a phase of disillusionment, the large companies also allowed small and medium-sized businesses to be creative contractors again. Note: Specialists often provide sound evaluations and implementation solutions through their expertise.

Tips for You

- Start by asking yourself some critical, reflective questions, e.g.: Does my target group see my current offering as a creative achievement? What is the deeper meaning of my entrepreneurial actions?
- When thinking creatively, formulate an overarching goal in your mind (e.g. to increase the awareness of a brand). Then write down your ideas spontaneously. Then put together a hit list of which ideas are likely to generate attention and sales. Then compare your list over a *medium* period of time (approximately three months) with the headlines of major newspapers and the titles of books on the bestseller lists. If your topic is still free, promote it as an expert (e.g. in articles or lectures).
- Establish a group of unconventional, enthusiastic, but loyal pioneers of the next generation in your company who are capable of flying to unusual heights. For this, look for young women and men from different cultural backgrounds and different areas of work. You can expect much more Innovation and business perspectives from this group than from a collection of die-hard routiniers and naysayers.
- Use your network productively. Often, all it takes is a smart question in a forum to get a lot of suggestions for a project, a service, or a topic. The “why” is completely unimportant—people like to share impulsively and voluntarily.
- Confront suppliers who offer competitive prices with the idea that cost reductions must be made during the contract period. In return, your company agrees to enter into a medium-term business relationship, to support the supplier in its development and to share the profits generated

by cost reductions. Such an agreement offers advantages for both parties: they can plan together, lay out the costs, solve problems cooperatively and benefit from the desired profits.

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Footnotes

¹ Cf. IBM Deutschland (2012).

² Microsoft (o. J.-a, -b).

³ Samsung Electronics is one of the few giants that can do without suppliers. Around 95% of products are manufactured in own factories. This allows Samsung to react much faster than the competition to demand and trends. Curiously, Samsung supplies, among other things, memory chips to its powerful competitor Apple.

14. Customers

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It is quite easy to bring to a common denominator what customers basically want: low prices, fast and reliable delivery routes as well as the largest possible selection of products or services. I know several consultants who claim that you can breed customers like obedient sheep. But in my opinion, breeding only works with three variants:

1. Customers are looking forward to a product/service (e.g. the iPad from Apple).
2. A unique, extraordinary service is offered (e.g. 12-h repair service).
3. The seller is convincing and offers much more than the competition, which is why you want to accept this offer.

In any case—the challenge lies in perfectly addressing a potential customer in order to trigger purchase signals. It should be noted that customers can be divided into four categories:

- A) Direct customers (e.g. existing customers)
- B) Indirect customers (e.g. from the Internet)

C) Multipliers (e.g. sales contacts such as suppliers)

D)

Prospects (e.g. from a network of social or private relationships).

It goes without saying that each of these four customer groups is motivated by different marketing measures (see Chap. 30). So a loyal customer might be able to convince himself based on a sample of the goods. With a sales contact, a personal recommendation can be quite helpful. And with indirect contacts, cross-media campaigns might be unavoidable that reach the potential buyer on different channels and platforms. It is also conceivable that neuromarketing (brain research) will provide further insights into customer behavior in the future. However, it is currently to be noted that no reliable findings are available.

Regardless of this, researchers investigate the behavior of consumers/customers when purchasing goods. This specifically means identifying all influences that come into play before and during a decision-making process. Classically, four types of purchase behavior are distinguished:

- *True (extensive) purchase decisions*, where the need for information is high because it is usually about high-quality, durable consumer goods. As a rule, the buyer will inform himself in advance about various brands and products, test reports, prices and dealers.
- *Impulsive purchase decisions* that are made spontaneously at the point of sale.
- *Limited purchase decisions*, i.e. here only a manageable selection of products is available or the consumer knows that they can be compared with each other without any favoritism. However, alternatives are consciously used for comparison.
- *Habitual purchase decisions* can be referred to as habitual purchases. The customer trusts his products/his brand (mainly of daily needs) and is not very risk-averse.

Next point: Is a customer, in your interpretation, a consumer or client who only purchases a product or uses a service, or is it a person who is under your individual supervision, advised and, ideally, favored? If the latter is the case and a demanding customer feels this special care, then he will be grateful and well-disposed to you. Already *Peter F. Drucker* (1909–2005), pioneer of modern management theory, pointed out in 1954 in his work “The Practice of Management” that the purpose of a company is to create satisfied customers.¹ But that only works if a company can generally identify its customers. What I’m getting at is that some companies haven’t carefully analyzed the ideal target

group for buying their products or services: “The first step in finding out what our business is, is the question: Who is the customer?—the actual customer and the potential customer? Where is he? How does he buy? How can he be reached?”² In addition, such an investigation must not neglect the next question: What does the customer buy? “The Cadillac people say they make a car and their company is the Cadillac Motor Division of General Motors. But does the man who spends four thousand dollars on a new Cadillac buy a means of transport or does he primarily buy prestige? Does the Cadillac, in other words, compete with the Chevrolet and the Ford, or does it compete—to take an extreme example—with diamonds and mink coats?”³

The best thing you can do as a high potential is not just offer a solution, but offer personal support, create value and act as a partner who defines problems in good time before solutions are sought. It is mainly companies in change that break up entrenched structures and are open to new insights.

But that’s not all: Potential contractors must also bring consulting competence in the areas of question techniques, hypotheses, process reflection and contract clarification in addition to the mentioned properties.⁴ My support as a coach goes so far that I regularly contact former clients, inquire about their well-being and connect them with promising customers and multipliers.

Your unavoidable task: Define the term “customer” and adhere to the following maxim: Not your view of things is decisive in a contract approach and—award, but the customer’s! I know customers are a difficult clientele and mostly hesitant when it comes to contracts. Depending on the disposition, they appear as blockers, makers, teachers, talkmasters, allies or pessimists. And basically customers are only interested in themselves. Nevertheless, there are always buyers and sellers on markets. This will never change. What is decisive is that the development of your business depends on the crucial question of whether you or your competitor sells something to a customer!

So: Can you inspire customers and offer more than satisfactory services? If this should be the case, customers will willingly highlight the special features of their business relationship and mention them to third parties. But if customers are only “satisfied”, then you have serious problems. Because whoever does not offer something outside the usual services from time to time as a contractor will lose customers over the short or long term. Surprise business partners with free additional services or good deeds that make them happy like ice cream (which, by the way, has been proven). It’s worth it. Neuroscientists have researched that people forget what someone told them, but people never forget how someone made them feel good (by offering them something special).

How many business contact points are there with the customer? And then do you or your employees take the opportunity to catch it by doing far more than expected? Ideally, cooperation with customers creates a win-win situation. For example like this: The sender formulates a problem, the receiver submits solution approaches (weighted by potential and prices), and both parties agree on basic ideas for implementation and implement them together. This procedure takes place in the sense of *Karl Popper*, one of the most influential thinkers of this century: “All life is problem solving.”⁵

Another approach is to gain new customers through recommendation marketing (see also Chap. 39). Recommendation marketing means that existing customers recommend products or services to other companies or individuals (e.g. via social media channels). However, a recommendation is only made if customer expectations are exceeded and the offer is already advertised. The public relations effect of recommendation marketing is based on the “small world phenomenon” of *Milgram*⁶ according to which every person (social actor) in the world is connected to every other person via a surprisingly short chain of acquaintances. On average, every person can be reached by six other people. According to this principle, the business network *XING* contacts between the members: Direct contacts > contacts of contacts > contacts 3rd grade.

A further variant of recommendation marketing is behind the concept *hitchhiking advertising*. This is referred to as advertising that runs with another campaign. An example: You receive current offers from Deutsche Lufthansa (where you are a Miles & More member) and attached a voucher for special conditions from Sixt car rental. The decisive advantage of cooperative advertising is that the recipient knows the hitchhiking sender and is therefore open to the offer of the hitchhiking partner.

You need to know: If it is really important, you listen to recommendations (e.g. for a competent consultant, a trendy restaurant, a specialized bookshop). What may be the reason for this? First of all, it is probably because, on average, up to 3,000 advertising messages bombard every German every day and people are simply overwhelmed by the sheer volume of them. The limited capacity of a human being can be illustrated by the so-called “bottleneck model of perception”: In information units (bits), an estimated one billion bits flow into a human organism per minute, of which only around 100 bits are consciously passed on to the inside (of the bottle) due to the limited processing capacity (narrow bottleneck).⁷ In order to stand out from the advertising overload, customers need to be motivated to consider something to be important. And the best way to do this is with recommendation marketing to influence purchase

decisions.

I am often asked how I established my own coaching business and which strategies have contributed to success. I will tell you: Customers simply want it to be easy and goal-oriented at the same time. Act both uncomplicated and consistent and apply the three-part *FBS sales process* to:

- “F” for *Questions*: To help a potential customer get started on the first contact (needs analysis), ask open questions, e.g. : What prompted you to seek external support? How can the requirements be described in detail? What conditions should the service be provided under?

After a sound result, you should definitely ask a confirmation question that can be answered with a simple yes or no to avoid misunderstandings.

Summarize the conversation, e.g. : If I understand you correctly, you wish ...

- “B” for *Significance*: Customers want to be put in the center. They have a value that is the focus of all attention. During the sales consultation process, recommend a maximum of three offers (so that it remains manageable for the customer) and emphasize that they fit perfectly with his ideas.
- “S” for *Service*: To finally conclude the business, you should also offer free additional services, such as: an excellent warranty service, a toll-free hotline or free delivery. What the customer does not cost anything, facilitates the sales conversation.

Customer loyalty is an ideal basis for a business. However, it is negligent to assume that the customer cannot purchase a product or service from another company at a good price-performance ratio. Or that satisfied customers are automatically loyal to providers.

In addition, the average customer changes providers after a few years, either because a counteroffer appears more attractive, new customers benefit from advantages, customer service deteriorates, they are influenced by brand ambassadors from their friends and acquaintances or they simply want to make new dealer experiences.

One thing is certain, however: Loyal customers who feel connected to brands and organizations are much more powerful and therefore more profitable than new customers. But instead of making them the focus of marketing activities for companies, loyal customers often receive worse conditions than new customers. These injuries are rightly perceived by regular customers as an affront and often decide that loyalty to such a provider is not worth it.

But what can companies offer to keep the loyalty of their regular customers? So that the relationship management fits for both sides, here are some recommendations:

- Research customer needs by taking feedback on products and services seriously, creating a respectful climate, and ensuring individual care. Understanding the needs of women perfectly shaped the personality of *Coco Chanel* (1883–1971), the French fashion designer and entrepreneur. She gave her contemporaries a wardrobe that was free of superfluous and constrictive elements, and in doing so criticized the previously popular style of dress.
- Offer experience innovations, such as VIP tours of production facilities, product-related training for members of the online community (for example, Nike offers various training apps to help members and app users achieve their training goals), or emotionally processed impressions at customer touchpoints.
- Set up a loyalty rewards program that is not only based on graduated discounts according to sales volume and/or customer duration, but above all on shared values, additional services, and future condition improvements without additional charge.
- Introduce flexible service offerings that range from free software updates to courtesies (for example, considerate handling of complaints) to personal social customer service.
- Become a purpose-driven company that gives something back to society. For example, by donating a meal to needy people for each online review of a restaurant (for example, through distribution points of “Tafeln” [food banks]) or a regional slaughterhouse supporting animal welfare projects.

However, the best idea or invention is of no use to anyone if there is not a sufficiently large target group? It therefore seems all the more important to take care of regular customers and to focus particularly on referral marketing.

The special tip for information on successful customer retention: Find out about the rewards at a *Starbucks* location, test *Amazon Prime* benefits, and find out about the free membership at *Nike*, which includes partnerships with Apple, the fitness platform Classpass, and the meditation app Headspace.

You will be amazed at how incredibly easy it is to sell things if they are offered in a businesslike manner (in terms of content, organization and financial transparency) and with a focus on customer service. At the same time, I must not withhold one of the most unpleasant truths from you: Every customer who is won over will be lost again at some point. Often this is a gradual process in which routine on the part of the contractor and insufficient support for the client play a decisive role. Because the ability to re-examine established positions and fulfill duties of care declines sharply as routine sets in on the part of the contractor.

Tips for You

- Define your desired customer as specifically as possible in order to keep this customer in focus. Is it an established large company or an up-and-coming business that you want to sell tailor-made solutions to?
- Mutual respect is the foundation of the business world. Give your customers your full attention, proactive insights into business needs, and support them as much as possible in the procurement process.
- Assign customers to a specific employee (e.g. alphabetically by customer name) until the order or issue is resolved. Use test customers to assess customer service.
- Convey to customers the impression that there are also rational reasons for an “emotional” purchase. For example, because your company has a strong unique selling proposition. Or emphasize that this offer is only for selected regular customers. Customers feel more comfortable when there are also rational arguments in favor of a purchase.
- The communication behavior and reaction times of employees to customer inquiries are decisive in business development. Don’t get comfortable at work. Comfort is expressed in laziness, carelessness and passivity and leads to losses: deterioration of business reputation, loss of market share, financial damage and absence of customers.
- Frequently, consultants proclaim that acquiring at trade shows is no longer worthwhile because no decision-makers can be found there. That may be true, but salespeople are on site who maintain connections to decision-makers. Introduce yourself to the salespeople as a supplier and ask them for their purchasing manager or marketing manager. And then call the decision-maker the next day and refer to your contact with the salespeople. The trick always works and in all industries.
- Carry out recommendation marketing. Ask your regular customers for conceivable interested parties for your offers and act as a “door opener”. The customers will be grateful to you and reciprocate. Guaranteed. So ask regular customers for a recommendation of your person at lucrative companies that you have previously searched for, for example, via XING, via the contacts of the regular customers. When contacting the interested parties, always refer to the regular customer and make an appointment. In the end, thank the regular customer for his mediation.
- Systematize the needs of the customers and question how these are implemented in your company. Send your top managers at regular intervals to the telephone hotline so that they can experience the customer concerns

firsthand. Put up a big sign in the conference room as a reminder that says: “We offer the customer the best offer and the greatest possible service because they decide on our business future.”

- Stay in regular contact with regular customers so that your company can also benefit from tenders. Congratulate them, for example, on their birthday, on an impressive business transaction or on a successful advertising campaign. Regular contact (approximately once per quarter) reinforces the connection and provides support for marketing to third parties. Also go through former customer lists. For one or the other former business partner, it probably makes sense to reactivate the connection.

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Footnotes

¹ Cf. Drucker (1954).

² Drucker (1954), p. 52.

³ Drucker (1954), p. 53.

⁴ Theses should always be underpinned by studies, methods and sources.

⁵ Popper (1996).

6 Cf. Milgram ([1967](#)).

7 Cf. Kanning et al. ([2004](#)).

15. Digitalization & Big Data

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The race for digital supremacy is characterized by a high rate of change. In particular, American and Asian companies are on the fast track and are pushing competitors out of the markets worldwide. They also buy up smaller companies (competitors) that offer innovative products and services. On the other hand, start-ups from the Internet are attacking established companies and fighting for technologies of tomorrow.

What is digitalization all about? The symptoms are clear that *smart, digitally connected products* are far superior to traditional ones. In terms of functionality, they are more qualified and trainable: Complex systems link components such as hardware, software, microprocessors, data storage and sensors in countless combinations. New arrangements and data analysis, which are mainly created in the cloud, drive the performance of the functions forward. This is about the monitoring, optimization, control and automation of computer-based tasks. There are three ways to digitally connect products:

- One-to-one—from a single product to a user or manufacturer. For example, a vehicle could report to a workshop that new parts are needed for a repair. Or data from a jogger, which is recorded by a wearable computer system, is available to the jogger for evaluation.
- One-to-many—a connection from a central system that exchanges data with other products. These could be, for example, data for maintenance forecasting of a device that is sent to several parts suppliers or information that is posted

on the intranet and discussed by many users.

- Many-to-many—numerous products are in communication with many other products or data sources. In this way, for example, data on the use of several machines can be exchanged in order to increase their efficiency and to coordinate the system. For example, in a large kitchen, different sized food portions for various customers could be calculated, filled and packed at several stations by service robots, while at the same time the supply of food from suppliers is ensured.

Above all, attempts are being made worldwide to set standards so that competitors are left behind. Because only when the IT systems in the machines communicate in the same language can they be networked with each other.

- Companies want to establish as large platforms (without expensive sales structures) as possible to sell products and services there.
- The platforms should be financed mainly by advertising financing.
- In order to keep the digital competition small, it is “threatened” with a similar offer or acquired (Facebook acquired WhatsApp and Instagram, for example; Google acquired YouTube, for example).
- The goal of the digital economy: People should spend a large part of their time in the virtual world (for example, Mark Zuckerberg wants to “connect the whole human race”). Facebook would be, measured by the number of members, the largest country in the world.

What can we expect in the near future? At the top of the digital agenda is the *equipping of products with technical intelligence* (in particular sensors) and the resulting evaluation of the data collected. Unlike analog signals, digital signals can be transmitted and read without errors. Similarly, digitally processed content can be reproduced an unlimited number of times (for example, via social media platforms) and information displayed on websites can be transmitted to an immeasurably large number of recipients.

As you can easily imagine, the digital development potential is gigantic when an infinite number of objects can interact with each other via sensors, for example, wearable computer systems, coffee machines, light bulbs, refrigerators, washing machines, household energy meters, vehicles. The *industrial internet* will be particularly profitable for companies that want to cooperate with each other. In the course of value creation, industries and communities will work together and construct new business models together. In addition to tablet computers, smartphones and PCs, the *internet of things*, smart TVs and wearables (wearable computer system) will go online in a few years.

Smart machines can trigger new, improved service concepts to meet rapidly changing requirements. In line with the Internet of Things, companies are increasingly entering into long-term service contracts with business customers rather than simply selling them machines. Using analysis and optimization tools (for simulations and table calculations), customers are advised how they can use their machines economically and ecologically resources sparingly. On the basis of increased efficiency, the service provider benefits from the reduction in operating costs (savings) and the sale of parts and accessories as well as repairs. Digital service providers include, among others, the US company *General Electric*, whose customers expect added value and therefore conclude results-oriented contracts. Added value could, for example, be the exclusion of unplanned downtime of machines and the perfection of plant facilities.

Intelligent devices learn to “think” and organize their own way to the goal. As practice shows, neither in the private nor in the business customer area will we be able to do without electronic sensors: Where sensors already tell a driver today that the tire pressure is not correct, tomorrow the error sources will be transmitted simultaneously to cloud-based software platforms. Next, electrical systems or heating temperature, water consumption and light sources are controlled by smartphone or multifunction device and the data is sent to the utility companies to make customer-specific adjustments.

Who’s in charge? US companies—predominantly located in Silicon Valley—set the tone on the Internet (e.g. Google, Meta and Amazon), Korean and American giants dominate the mobile and notebook industry (e.g. Samsung, Apple and Hewlett Packard), in the software industry American giants dominate the field (e.g. IBM, Microsoft and Oracle) and in the telecommunications industry American and Asian companies overshadow the competition (e.g. NTT, AT&T and China Mobile).

Critics of American and Asian dominance complain that European companies cannot compete with competitors without common standards and transnational markets. For better illustration: In the United States, 5 network operators share a market of approximately 330 million people, in China 4–5 network operators operate on a market of approximately 1.4 billion people and in Europe 200 network operators compete in 27 member states for approximately 450 million people. You see, American and Asian providers have much more scope for design and can therefore acquire significantly more customers directly.

Europe has put the brakes on itself in the digital markets: The member states act in many places with different regulations, data protection regulations and technical regulations in the telecommunications sector, copyright law,

competition law, data protection and the allocation of radio frequencies. This specifically means that there are no uniform rules and regulations when, for example, a telecommunications provider wants to set up a pan-European high-speed network. Instead, different national regulations have to be observed, which cost time and money. Also, mergers of European companies that want to cooperate in the field of digitization have so far been prohibited or subject to drastic conditions by the EU.

Are we Europeans therefore fighting a windmill battle against powerful global players from the USA and Asia? There is undoubtedly a certain danger here, although the European Union is gradually beginning to understand that European companies can only assert themselves against their competitors through a common digital strategy and a deregulation of EU regulations and directives. The federal state wants to conjure up a continental spirit and promote the digital transformation in economy and society. Programs for research and development promotion are being launched under the keyword “Industry 4.0”; the expansion of broadband is also to be subsidized for the delay-free transport of data. The EU also wants to force the cooperation of European companies in the digital sector and support the cooperation of EU companies in order to limit the dominance of US companies.

The *German federalism* is certainly not a speed driver, but is assessed as more sustainable than the international competition. In Germany, companies and legislators work more thoroughly (occasionally also too orderly), because they are less risk-taking than many other nations. However, there is the danger that foreign companies implement the ideas developed in Germany more quickly. In contrast, the quality—Made in Germany—still serves as a perfect sales argument and USP.

The German economy is slowly catching up with digitalization “Industry 4.0” on the one hand, but is also extremely progressive. The medium-sized companies are aware of the need to catch up, while the corporations have recognized the potential, e.g.:

- The engineering industry designs and produces intelligent machines that use innovative semiconductor and software technologies.
- The big car companies (BMW, Daimler and VW/Audi) are playing an active role in the new digital services in the driver’s cockpit and in the self-driving vehicles.
- Telekom provides, for example, “digitalization packages” for the Mittelstand, with which companies can test the networking of their machines.
- Siemens is the world market leader in factory automation and industrial

software.

- Thyssen-Krupp builds elevators that, among other things, analyze the driving behavior of guests, adjust the energy consumption and report inventory work in good time.
- Bosch is developing a new generation of robots “automatic production assistants” (Apas).

There are several reasons why the German Mittelstand is still largely reserved in its reaction to the digital revolution. The main reason is the fear of sharing information with providers of platforms or products from the cloud. Companies often isolate themselves in order to protect themselves from access and see difficulties (e.g. data protection) instead of positive possibilities at first. US companies, on the other hand, are much more open to new technologies and networking in a cloud.

This has nothing to do with the fact that the German Mittelstand is valued worldwide because it offers its products in a technically sound way. Sectors such as electrical engineering or mechanical engineering are considered innovative (e.g. in the field of production and automation technologies) and technologically well-positioned. What the Mittelstand often lacks, however, is the ability to economically analyze valuable data and develop pioneering business models or services from it. The potential associated with Industry 4.0 and the Internet of things is shown in Table 15.1. Alone in the six selected industries, growth opportunities (especially for small and medium-sized enterprises) arise by 2025 by 23% (around 78.77 billion euros).

Table 15.1 Industry 4.0 in Germany—Growth opportunities of selected industries by 2025 (in billion euros) (Source: Bitkom, Fraunhofer IAO, Industry 4.0—Economic Potential for Germany, p. 38)

Economic sectors	Gross value added [Billion €]		Potential through Industry 4.0 (%)	Annual increase	Increase [Billion €]
	2013	2025 ^a	2013–2025	2013–2025	2013–2025
Chemical Industry	40.08	52.10	+30	2.21%	12.02
Motor vehicles and parts	74.00	88.80	+20	1.53%	14.80
Machine and plant engineering	76,79	99,83	+30	2,21%	23,04
Electrical equipment	40,27	52,35	+30	2,21%	12,08
Agriculture and forestry	18.55	21.33	+15	1.17%	2.78
Information and communication technology	93.65	107.70	+15	1.17%	14.05

Potential of the 6 selected industries	343.34	422.11	+23	1.74%	78.77
Exemplary calculation of gross value added in Germany	2326.61	2593.06 ^b	+ 11.5 ^b	1.27%	267.45 ^b

a) The 2025 projections do not include economic growth. The effects of the Corona pandemic were also excluded

b) Projection of the remaining industries under the assumption that a potential of 50% of that for the selected industries applies

Back to start: It is completely illusory to believe that digitization does not affect all companies and cross industry boundaries. Certainly, the Internet of Things (consumer goods sector) or in the form of an industrial Internet (production sector) existing structures and old business models are being dissolved. The visible consequence: Established providers feel threatened in their market positions by the progressing networking.

Are we facing a changed relationship of market appearance and market conditions? The most valuable companies in the world include Internet / technology companies such as Apple or Alphabet, because they are already considered the most innovative brands in the world: Apple (1), Microsoft (3), Alphabet (5), Facebook (6) and Tencent (7).¹ Internet giants, but also many small companies are continuously searching and finding new business fields in different industries.

Data is most likely to be the most valuable property in the 21st century, more important than real estate, energy and water. In this respect, strict legal regulations are necessary to protect the privacy of each individual. In addition, we humans should learn not to carelessly disclose our data on the Internet, which are then sold to the highest bidder or inadequately protected. In order for personal data to be adequately protected as much as possible, the European Commission has adopted “The EU Data Protection Reform and Big Data”, which, according to the EU itself, “prescribes the highest data protection standards in the world”.² However, the reality is sobering when we think, for example, of the data scandal in 2018 involving the company *Cambridge Analytica*, which was able to access the personal data of up to 87 million people via Facebook interfaces.

On the one hand, *Big Data information* offers great gains in knowledge, for example for the healthcare sector. Diseases can be diagnosed early and treated optimally on the basis of numerous comparison cases. Big Data also offers a great opportunity to drive innovations in areas such as medicine, road traffic or

science. On the other hand, the large technology companies have so far failed to explain the benefits of algorithms, Big Data, machine learning and artificial intelligence to humanity. Instead, the assumption prevails everywhere that the technological change is heading towards a “Big Brother is watching you”, permanent surveillance and networking of private data. *Sundar Pichai* (*1972), CEO of *Google*, emphasizes that everyone can benefit from the possibilities of digital technology and is committed to artificial intelligence and the world of work collaborating across borders and disciplines: “For me it is important that we drive technology as an equalizing force, as a helper for everyone in the world.”³

And, very important, the *volume of data* generated worldwide will amount to 175 zettabytes by 2025 (a zettabyte corresponds to a trillion bytes), of which only about a third is used by companies.⁴ Above all, the fixed-line Internet, streaming of movies in high resolution, online computer games as well as the Internet of Things and the associated increasing spread of radio technologies, intelligent products and software-based business models contribute to the rapid growth of data volumes.

Digital communication does not work without data exchange. However, compared to other industrialized nations, the WiFi networks in public spaces are insufficiently developed. Germany has a huge need for *broadband expansion*, not only in uneconomical areas, especially since the amount of data transported daily is continuously increasing. According to data from the Organization for Economic Cooperation and Development (OECD), only 5.4% of all stationary broadband connections in Germany were connected to fiber optic cables in December 2020. South Korea (84.4%) is world leader, followed by Sweden (75%) and Spain (73.2%). Fiber optic connections enable high-speed Internet and the use of many new telecommunications and entertainment services (even streaming videos in 4K resolution). But the investments in fiber optic network expansion are considerably more expensive than the “modernization” of conventional copper lines with transitional technologies.

For those who are not yet aware of the superiority and speed of *machine learning*, I recommend as an example the self-taught computer program *AlphaZero* by *Google*, which revolutionized complex board games. Within four hours, AlphaZero learned millions of game rules and victory conditions for chess and, in December 2017, defeated the strongest chess computer to date, *Stockfish*, in a duel of over 100 games without a single loss.

How quickly we have become accustomed to *algorithms* is demonstrated by the Internet search engine *Google*. Instead of primarily aligning ourselves with

the content and design concepts of people in the conception of websites, we concentrate on the relevance of search terms in the PageRank algorithm. Given that in the 21st century personnel decisions are increasingly made by algorithms, *Yuval Harari* (*1976) rightly points to moral obligations: “We cannot assume that the machine will set the appropriate moral standards—that will still have to be done by people.”⁵ We sometimes forget that algorithms are not automatically error-free, for example because of insufficient data or simply because they were programmed defectively.

Tips for You

- Develop a viable business model that takes into account digital systems around the cloud and smart grids. Countless opportunities arise from the cloud, for example, to build new supplier-customer relationships across networks or to coordinate maintenance investments and replacement deliveries across borders. But don't offer features that don't add value to the customer because there's nothing to be gained from it.
- Ensure that all software activities in the company are centralized (in a business unit). In this context, a higher level of security should be set up after smart products exchange with foreign manufacturers and users. Trust is good, but control is better when it comes to cloud networks.
- Think about a smartphone app that connects your company with target groups to keep them loyal. Maybe you can even charge a commission or consulting fee for your services?
- Check a digital concept that differentiates between a basic offer and a premium offer. The basic offer should be free, while paid content (e.g. background information, selected documents or statistics, quality products) should only be accessible to paying customers.
- For your company, set up a social network group (e.g. on Facebook) to test your products and use the Internet as an additional sales channel. Most likely, you will receive suggestions for improvements and new products from testers and group members. But don't overestimate the internal capacities in the company that are required for data maintenance, analysis and evaluation.
- When networking digitally with other companies, check which new data can be generated and which advanced components can be accessed. And calculate which sales opportunities arise from the value creation.
- If you offer customers results-oriented contracts, consider your own entrepreneurial and financial risks. If necessary, you should agree on

company loans or default insurance with banks and insurers.

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Footnotes

¹ Cf. PwC study “Global Top 100 companies by market capitalization” (May, [2021](#)).

² Cf. European Commission (January, [2016](#)).

³ Bhanver ([2016](#)), p. 7.

⁴ Cf. Seagate (15.07.[2020](#)).

⁵ Harari ([2020](#)), p. 111.

16. Employer Branding

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The demographic change has not only initiated a rethink in economy, industry and society in Germany. A decline in the population of working age and an increase in the number of seniors are also changing the conditions for the development of quality of life and prosperity: “The declining number of people in younger age and the simultaneously increasing number of older people are shifting the demographic framework in a way that has not been seen before.”¹

In the search for solutions and for value creation in the individual economic sectors, the employer brand is at the center of all activities for employee retention and recruitment. In order to secure the skilled workers of a company and to attract new employees, a “war for talents” has developed, with more and more companies trying to position themselves as credible and strong employer brand (employer brand) in order to appear as attractive as possible to job seekers. At the same time, the employed and motivated skilled workers should be bound to the company in the long term.

The employer brand should signal to employees and applicants what the company stands for as an employer and what makes it unique. Nevertheless, platitudes are still being spread in campaigns instead of highlighting the special features. It is clear that employees can no longer be won over with the same methods and values as was customary in earlier times. Therefore, both the up-to-date systematic approach in an employer branding process and current methods for employee retention and recruitment, for controlling and for evaluating the

required communication measures shall be explained. In view of the challenges in national and international competition, it is obvious that recruiters invest additional financial resources in employer branding, even before personal marketing and technology. They would like to expand and strengthen it,² so that the “Made in Germany” brand still exists.

SAP is the only IT company in Germany that can keep up with the global players. But what makes SAP better or different in terms of personnel recruitment than other companies and can it win over many clever pioneers of digital innovation time and time again? *Cawa Younosi* (*1974), Head of HR Germany SAP SE, comments as follows: “Putting people at the center of what we do has always been key to sustainable success: It has been 40 years ago, it is today and will remain in the future.”³ To put it bluntly: Putting people at the center of entrepreneurial activity has always been the key to sustainable success. In this way, SAP secures the skilled workers of the future, with the principle of “Mindfulness Flat” playing a positive role. The company offers, among other things, to train mindfulness as an internal training at the 50 largest locations worldwide. But change also requires more flexibility from employees and, if necessary, personnel consequences.

An employer branding process requires a systematic approach to solve existing problems in a planned, structured, coordinated and consistent manner. A unique, differentiated from the competition image is targeted. There is agreement among researchers that corresponding solutions require a company-wide networking through digitalization.

Why is a distinction made between an internal and an external employer branding process? Simply put: because on the one hand the employees bound to the company (internal orientation) and on the other hand new employees are to be won (external orientation). In the literature there are different models for an employer branding process, whereby four processes are recommended: analysis → planning → implementation → evaluation.⁴ In these steps, four questions appear to be useful:

- Is there a need to increase employee loyalty and/or to win new employees (analysis)?
- How should the identified problems be solved (planning)?
- In what way should the measures be implemented (implementation)?
- How can success be measured (evaluation)?

When considering the literature on employer branding processes, it becomes apparent that many authors place an internal implementation of the measures in

front of an external implementation. The main argument for this is that first the employees of the company have to be won over and convinced before external target groups can be addressed. It can therefore be concluded that an employer branding process consists of five steps: analysis → planning → internal implementation → external implementation → evaluation (see Fig. 16.1).

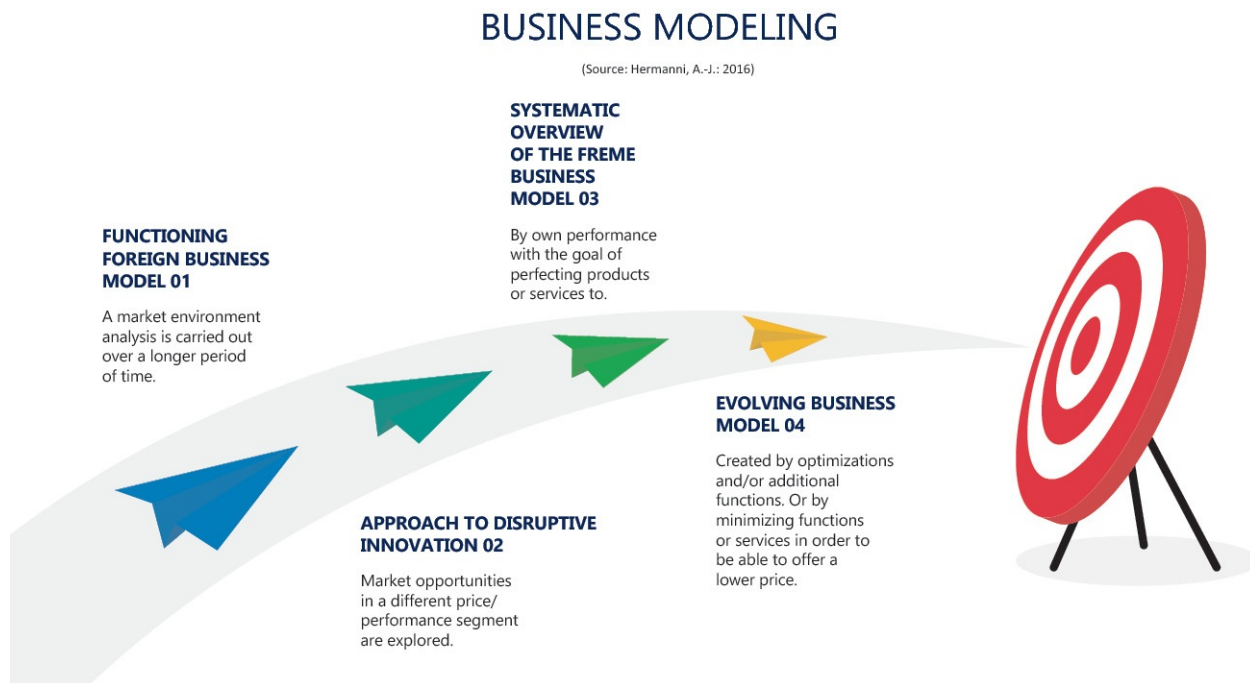


Fig. 16.1 Employer Branding Process APIEC. (Source: Hermanni, 2021)

The essential contents of the process are explained in more detail below:

1. **Analysis:** Internal and external situational analysis of the challenges for the company in competition, to bind employees and to win new employees. This includes the examination of brand, products or services and competition. The trigger and thus the initiator of the analysis is in most cases the management of a company. The aim is to classify the positions of the competitors and to identify which competitive advantages the company can obtain or generate, for example through cost leadership, differentiation or focus concentration. The qualitative and/or quantitative research is to be considered as a preparation phase of the employer branding process.
2. **Planning:** This includes the establishment of a project team, the definition of goals and target groups, the development of an employer value proposition, a strategic approach and the design of measures, including communication

and budget planning.

In general, the management of a company decides which company areas should be represented in a project team, how large the team should be, how often to report to the management and when the implementations should be completed. It is important to involve relevant stakeholders in the team. It should be clarified early on at which level the project team is located in the organizational chart and to which persons and areas the team is subordinate.

The main tasks of the project team are to determine a strategy for positioning the employer brand, to formulate the employer value proposition as well as to define goals and target groups, KPIs, messages and communication channels for the employer brand. The employer value proposition refers to the company's competitive advantages or strengths (brand, products or services).

3. Internal implementation: This includes the implementation and integration of internal measures along an employee journey, the positioning of the employer value proposition, the information of employees about the values and goals of the company and the active realization of the values.

4. External implementation: It refers to the implementation and integration of external measures along a Candidate Journey and the positioning of the Employer Value Proposition.

The Candidate Journey (sometimes also called Experience) shows the path of an applicant including his experiences over all touch points during the contact and application phase, from the perception of the employer to the onboarding. This includes, for example, touchpoints such as the company's own website, mobile recruitment apps and job interviews. From the candidate's point of view, it is very important that companies make the importance and status of a job clear already in the job advertisement.

5. Employer Brand Controlling & Evaluation: This is about a continuous review of goals, measures and processes based on indicators, the measurement of meaningful key figures (KPIs), the identification of optimization potentials and, if necessary, the adaptation of measures in modified form. Therefore, it seems appropriate to make early concrete agreements with the controlling regarding the control and steering functions exercised by the management.

- Communicate in what way or through which strengths the company / employer brand differs from the competition (e.g. by a USP and by sustainability measures).
- In job advertisements, formulate which attractive employee benefits an interested party can expect (e.g. work-life balance, health management or other benefits).
- Each target group obtains information in different ways. Do not simply place job advertisements, but first analyze on which channels or digital platforms your target group can be found and use the appropriate approach there (e.g. LinkedIn is communicated and formulated differently than Facebook or in job advertisements from daily newspapers).
- The career page should be just as easy to find on the user-friendly website of the company as on business and social media sites.
- Cooperate with universities and present the company at trade fairs in order to be able to address potential interested parties directly.
- Grant audiovisual insights into the future workplace and let motivated employees or a team have their say (e.g. in the form of a video on Instagram).
- Make satisfied employees brand ambassadors who advertise in the world of work for skilled workers (e.g. through positive reviews on Glassdoor or Kununu).

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Footnotes

¹ Federal Statistical Office ([2021](#)).

² Cf. Weitzel et al. ([2020](#)), p. 14.

³ Younosi ([2019](#)).

⁴ Cf. Kanning ([2017](#)), p. 160–165; Hesse & Mattmüller ([2019](#)), p. 29–34; Fournier et al. ([2019](#)), p. 29.

17. Event Marketing

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My clients are active in the event industry, which—with the exception of the Corona transition years—is booming. In 2019, 423 million participants visited around 2.89 million events (congresses, conferences and events) in Germany.¹ In 2020, the number of virtual and hybrid events (physical events with virtual extensions) increased significantly.

The demand for physical events organized by companies, associations or science is generally high. Why? In view of the oversupply of electronic communication and impersonal advertising messages, individual, direct exchange with target groups is neglected. To make up for this deficit “by the power of personal communication”, companies stage commercial events of different types for a target group-specific public, for retailers or in the customer base. In doing so, they hope to attract attention to products and services and to convince. In addition, companies meet decision-makers in person at events who are difficult to reach online or by telephone. In a face-to-face conversation, more secrets are revealed, for example the future plans of the organization, one’s own position and the decision-making framework in the company, industry-internal news or the evaluation of the event.

In particular, small and medium-sized enterprises and large companies favor events as part of their communications policy in order to maintain their business relationships and to establish new ones. Events also offer first-class opportunities for retail to assert itself against online providers and to contact non-commercial

customers directly. With target groups, emotions should be aroused, preferences for a brand, for a company, a product or a service should be built up and synergy effects should be exploited. The range of event formats in the business context is wide, e.g.:

- Kick-off events: as part of the introduction of new products or services (often for retailers and multipliers)
- Anniversaries and ceremonial acts: to honor entrepreneurial achievements
- Congresses, conferences and seminars: to create a positive atmosphere among participants for upcoming tasks and cooperation
- Trade fairs: as part of special events for the target group present
- Roadshows and traveling exhibitions: presentations on site in different regions or cities
- Social media events: direct dialogue with target groups, suitable for exchanging professional contacts and as a forum for knowledge transfer.

The demands of the buyer's market are increasing, making many events seem like reheated coffee. Because of their conformity and similar design, some even act counterproductively. They follow uniform, interchangeable concepts and offer little or no informative value for the organizer. In contrast, experience-oriented or extraordinary communication activities are gaining in importance because more and more people want to get to know other people and company services on neutral ground before making a business decision. What business people want are trend-setting, unique events with 100% added value. So to speak, real bonus material.

How can one meet the requirements? An important condition is to plan events from the perspective of the participants/visitors. In the course of this, the goals, strategies, measures and control options must be specified on the basis of a situational analysis.² It should be noted in passing that event organization also comprises other framework conditions such as schedule, budget planning, catering, entertainment program (artists or celebrities), handouts, press invitations, logistics, speakers (or moderators), transmission technology, event location, contract design, advertising gifts (give-aways) and advertising includes.

All considerations serve, for example, to increase the corporate image, to profile oneself in competition, to introduce new products, to increase the awareness of brands or to acquire customers. It is certain: target groups need a positive experience in order to disseminate intended messages, trigger effects, influence attitudes and intensify contacts.

But let's not forget: The decisive factor in the planning phase is the creation of an innovative concept that favors or even guarantees the achievement of

strategic goals. In this respect, the project should differ from common events and communicative inscriptions. At first there may only be a vague idea that one wants to attract attention to oneself. But after careful consideration and through the application of creativity and analysis techniques³ a communication strategy can be developed. That's what my professional experience teaches me.

As far as I am concerned, as a consultant I pursue five sub-goals through event marketing:

- The consultant's image should be conveyed authentically and positively.
- The consultant's own brand should gain value through competence.
- The credibility (acceptance) of the consultant should be increased.
- The trust building between the target group and the consultant should be intensified.
- The messages sent by the consultant should reach the target group.

So that you understand what I'm talking about and how I position myself, I'll list some events that I've designed to win customers from top managers and self-employed people:

- Format "Business talk instead of small talk". This reinforces networking for entrepreneurs within the framework of industry and topic-related events. With well-known figures from film/television, marketing/media consulting, music, Public Relations and print, we discussed, for example, the topic of "Online versus Offline—Challenges and Solutions for Acquiring New Customers" in front of more than 100 participants.
- Formats such as "Rationalized in the company—and what do I do then?" or "Business ideas need different perspectives" have attracted countless founders and young entrepreneurs over the years to talk about taking the step into self-employment or optimizing their business idea in front of a suitable forum.
- Format "Entrepreneur's Day for Medium-Sized Companies". In series of events, it is not politicians, organizations or associations that inform about business topics, but experienced CEOs who also mastered crisis situations in their business lives. On the one hand, the speakers show in economically difficult times why the economy and financial world must realign and what opportunities there are for innovative services and niche products. On the other hand, they give start-ups and entrepreneurs hints on possible management mistakes. For this series of events, I always look for powerful premium partners who support me in event organization and public relations, such as *Deutsche Vermögensberatung* (DVAG) or *Deutsche Post AG*.

Through the mediation of real experience and information values, I have

been able to stay in the long-term memory of people in some cases. Some event participants later became my client or recommended me as a consultant.

What could you arrange? No event list should be without a *charity event*. This is a fantastic opportunity to do public relations for a humanitarian cause and for your own benefit. It is also relatively easy to organize such an event: find a motto, rent a room, find donors, book artists, invite important personalities and charge an admission fee that covers the financial expenses (if you do not want to donate this amount). Whether you are campaigning for the homeless or Canadian seal pups, you are doing good and leaving a favorable impression.

It would also be conceivable to award prizes for outstanding achievements in life as part of an event. After all, who doesn't want to be honored, even if no prize money is paid out? Media Control from Baden-Baden, for example, created the *German Media Prize* in 1992 in order to honor personalities every year who have shaped society or politics in a significant way. And now hold on. Among those honored who personally received their award were: the Dalai Lama, Bill Clinton, Nelson Mandela, Boris Yeltsin, Yasser Arafat, King Hussein of Jordan and François Mitterrand. Can you imagine the press coverage and public attention at an event organized by you?

Tips for you

- Hold regular events (monthly or quarterly) so that your offers are continuously perceived. Use events for presentations, conveying information, supporting sales opportunities or image-building measures.
- Apply creativity and analysis techniques to develop an innovative event marketing concept. Creativity techniques include brainstorming and mind mapping, while analysis techniques include questionnaires and matrix methods.
- Make a list of the names of the most important multipliers who can recommend your product/service. Put the multipliers on your news distribution list and involve one or the other in your events (e.g. as a speaker or co-organizer).
- Offer added value, e.g. live chats with the speakers of an event, free downloads (technical articles, lectures) or links to important information sources.
- Occasionally organize an awards ceremony that can be presented as part of one of your events. Even if it's "just" an award for mentors who support start-ups for free. Or present a certificate to participants who have performed particularly well in an internal training.

- Occasionally organize a telephone conference or webinar for your most important customers. Under your moderation, they can then exchange ideas on burning industry issues. But make sure to choose a popular topic that is popular and brings your customers forward.
- Send personal recommendations for top events to important decision-makers and try to arrange a meeting in advance.
- Document all conversations with potential customers afterwards. The collected data may be of importance at a later time.
- After an event, remind your company of the participants with a post-event report. Send photos, press articles, films, lectures and statements.

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Footnotes

¹ See EWC, GCB, DZT & EITW (May [2021](#)), p. 7.

² Cf. Bruhn ([2013](#)).

³ Creativity techniques include, among others, brainstorming, brainwriting and mind-mapping; the analysis techniques include questionnaires and matrix methods.

18. Failure

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Failure is not the problem. The permanent idea of not having achieved a desired goal is the problem!

Exactly. Whoever sticks their head in the sand will grind their teeth for a long time. As a leader, you have to be able to deal with defeats sportingly. It's certainly not pleasant. And yet: Do you know a boxer who stayed on the ring floor after a knockout?

I ask you: How often have we been tested in life (in high school, in driving school, in job applications) and had to take one or the other failure? And aren't we all anyway at least once over a detour or a late realization arrived at the goal?

You have to take that into account, because if someone never fails, they lack the informative signals for orientation—just like traffic signs on the road. Just imagine if we drove without road signs. What would be the consequence? Countless dead, injured, millions of damage and total chaos. To avoid permanent damage, road signs are part of the norm. There is no doubt that you are in bad shape when lighthouse projects and substantial goals fail and a company is thrown off track without prior notice. Nevertheless, as a top manager you must not lose your nerve and keep your concentration high in order to be able to start again with new drive. It is about much more than just damage limitation.

Failure is part of human existence, just like birth and death. At regular intervals we experience bitter, deep disappointments and painful setbacks in our careers. However, the decisive question is how we deal with frustration and apparent setback. Ideally, we look at the situation rationally and pragmatically

and thus leave the emotions outside. The levels of perception with the senses (e.g. seeing or hearing something), interpretation (interpretation of statements) and feeling (e.g. disappointment, joy, anger) are separated from each other. It is important to learn from the lesson and not to get into a similar situation again.

An example of how giving up too soon can prevent a project from succeeding is provided by *Eliza Lucas Pinckney* (1722–1793), an American planter from South Carolina. Pinckney conducted numerous botanical experiments on the large-scale cultivation of ginger, cotton, alfalfa, and the indigo plant from which deep blue dyestuff for uniforms could be extracted. The first attempts with the indigo plant failed, partly because of severe frost that destroyed the crop, and partly because of sabotage by a dyestuff manufacturer who wanted to prevent success. Despite all this, the planter did not give up, and in September 1744 she harvested and processed indigo for the first time, which proved to be an important source of income and export to England. In *Ray Kroc*, the actual initiator of the *McDonald's* success story, we can read that he was repeatedly faced with major financial problems before he finally achieved economic breakthrough at the end of the 1960s. Under no circumstances did he allow himself to be controlled by the difficulties and he did not allow himself to worry about more than one thing at a time.¹

What many people in an industry consider impossible is by no means a fixed law. Think, for example, of the history of transport, in which, since the Roman Empire (27 BC to 476 AD), carriage transport of people and goods proved to be the most important form of transport until the railway began transporting goods and people on rails from 1825. At that time, experts from the Paris “Académie des sciences”, among others, warned that travelling by train could cause brain disease in people (so-called “delirium furiosum”) as soon as the speed of the railway exceeded 30 km/h. And what happened? The rail vehicles still exist, with the fastest trains in the world reaching speeds of over 500 km/h.

And let us also ask the question of whether globally known entrepreneur personalities would have been as successful if they had not inspired themselves and other people with words and deeds. Again and again they fought against obstacles, overcame hurdles, endured setbacks and finally achieved their goals strengthened. On these mostly demanding paths, they set signs for their and future generations and often summarized their central maxims in one sentence:

- “All dreams can come true if we have the courage to follow them.” (*Walt Disney*)
- “People who are crazy enough to think they can change the world are the ones who do.” (*Steve Jobs*)

- “If you are born without wings, do not prevent them from growing.” (*Coco Chanel*).
- “Obstacles are these terrifying things you see when you lose sight of your goal.” (*Henry Ford*).

Do you notice anything in the statements? Of course: Whoever brakes himself loses. The legends are about endurance, determination and motivation to persistently pursue one’s own visions, however arduous the far-reaching, risky journey may be. Giving up was never an option for these strong personalities. They relied on their own performance and motivated other people to consistently engage based on shared values.

Why is failure not part of the open corporate culture? Is this a decisive reason why only few people dare to try something new? But examples of failure encourage—and they preserve aspiring founders from making the same mistakes. You can fail in business in different ways: e.g. because you miscalculate yourself or reflect on a business model; because you underestimate the market and its customers or because you do not give a commercial project the full attention, performance and determination. In addition, there are other management errors that top executives make: early warning signs are overlooked or suppressed, regulatory requirements and legal requirements are underestimated or the changeable market behavior of target groups is not adequately observed and evaluated.

Worse still, around the world, numerous CEOs promise their shareholders rising stock prices and growth through the acquisition of other companies. But not a few have failed because the acquisition of the company was not associated with any groundbreaking new end products or because they only had a small market share or because they lacked a contemporary goodwill (intangible assets such as the value of the brand and customer relationships). This is what happened, for example, to *Microsoft* with the failed purchase of *Nokia*, *Hewlett Packard* with the software company *Autonomy*, *Adidas* with the US traditional brand *Reebok* or the *Bayern LB* with the *Hypo Group Alpe Adria*.

What conclusions can be drawn? Although one suffers shipwreck, one is not a failure by any means, which is why the Abba song title “The winner takes it all. The loser has to fall” should not be taken literally. Only when one does not learn anything from the event and does not admit any failures does one become a stumble. Projects cannot always be successful. Economic tides are constantly changing and sometimes bring in higher, sometimes lower sales. An economic up and down is as certain for most high potentials as the tide after the ebb. Anyone who claims the opposite has no idea what reality is like.

Let's review a common scenario: Someone started a promising project, the team was full of enthusiasm and everyone immediately started implementing it, until finally the project failed unexpectedly. A nightmare scenario. But why, in the devil's name, did no one carefully examine the project's chances of success from the beginning and constantly assess them? Did you not choose a monitor who—if necessary—raises his finger and points out contradictions or inconsistencies? Yes, that was clearly a consequential omission.

You wish your failure was only a dream? Then let's talk about prominent failures so you don't feel alone:

- Germany's men's national football team failed at European Championship or World Cup tournaments at a first-class level since 1996, before finally, after many unsuccessful attempts, Germany became world champion for the fourth time in July 2014. Before that, the women's football team celebrated one international triumph after the other (since 1996 twice world champion, five-time European champion). A fascination.
- Traditional houses like *Quelle* and *Neckermann* missed the chance to set the course for online trading in time. *Quelle* clung to his catalog and to the unprofitable *Quelle* department stores like a non-swimmer to a lifebuoy. And he did not realize that the consumption behavior of the target groups had changed. *Neckermann* was facing an investment bottleneck and his management, which had changed several times, lacked concepts to conquer the Internet. They have virtually left the market to eCommerce mail-order companies like Amazon, OTTO, Zalando, Westwing and Flaconi uncontested.
- The large bank *WestLB* was broken up after high losses because, among other things, it had traded in scrap paper. Speculations gone wrong on the stock market, triggered by the purchase of worthless US mortgage papers, scandals and troubles with public guarantees and financial injections led to the end of *WestLB* in the German banking landscape.

Since the *Lehman Brothers* bankruptcy (2008)² the world financial system hangs over our heads like a Damocles sword. This is not to be taken lightly, especially since the list of market participants who have filed for bankruptcy extends across all sectors, including: *Pacific Gas and Electric* (utility provider), *Arcandor* (trade and tourism), *Royal Bank of Scotland* (banks), *Praktiker* (DIY store chain), *Thornburg* (real estate financing), *Schlecker* (drugstore chain), *Sanlu* (food), *Wirecard* (financial services), *Qimonda* (chip manufacturer) and *Air Berlin* (aviation).

The causes of failure are often not taken into account in company bankruptcies, which, if correctly interpreted, could warn of a repetition before it

occurs. It is indeed more than enlightening to deal with the different triggers in more detail, e.g.: slump in the DIY market due to a long, snowy winter and tight liquidity situation (Praktiker), overloaded management (Arcandor), incorrect calculations on large orders and losses due to high scrap rates on current vehicle models (suppliers to the automotive industry such as Karmann), damaged image and relentless competition (Schlecker), price decline and foreign competition (Q-Cells as an example of the solar industry).

In spite of all the expertise, failure is a snapshot, although with longer-term effects. Even if a company is no longer worth saving at the end, do not consider a business failure to be a century-old fate. Recognize that failure is a learning process because it makes you smarter and more businesslike. This makes it almost impossible for you to make the same mistake twice. As far as this is concerned, you gain valuable insights, can better assess and overview future projects and their processes, and more easily identify insidious hurdles. Failure is an opportunity to do something great if there is a desire for change:

“Resolution in misfortune is always half the way to salvation.”³

Complaining does not help. Control the negative event. Damage limitation is the order of the day. You know that a business can only develop in two directions: forward or backward. I will give you the most common founding and management errors that lead to failure:

1.

Entrepreneurial Factor

The person of the company owner is the dominant component of an organization. In this respect, qualifications, individuality and character play an important role in decision-making processes, e.g.: professional training, commercial thinking and acting, mobility, people skills.

2.

Accounting/Controlling

Some CEOs perfectly master their craft and know the industry, but neglect commercial and business processes within a company (see Chap. 11).

Start-ups in particular often underestimate the cost screw and profit potential. And they don't set any decisive milestones or key figures that are necessary for success measurement.

3.

Low equity

Only the fewest young companies write black numbers in the first two to three years. Consequently, the equity cushion must be sufficient to survive a longer financial dry spell.

4.

Wrong corporate policy

Frequent reasons for a misguided development of an economic activity are too high fixed costs (e.g. salaries, rental or interest expenses), unjustified private withdrawals by a shareholder and a product range that is no longer competitive.

5.

Payment terms of customers

Invoices are rarely made in Germany. As a rule, invoices are only paid after 30 days, which creates a negative payment cycle that has led many businesses into insolvency (see Chap. Financial planning).

6.

Outdated products

In order to be able to act in a market-oriented manner, the product range or the services of a company should be up to date. For this purpose, it is necessary to observe the market permanently, to recognize trends and to sell outdated products quickly (if necessary at a “bargain price”).

7.

Deficiencies in personnel management

Insufficient qualification, inadequate training and lack of motivation of employees, high wage and social costs as well as frequent employee turnover lead to sales losses.

8.

Insufficient marketing concept

Many top executives are content with the first advertising successes and neglect the development of medium and long-term marketing strategies. Even more: they fail to advertise products or services in a countercyclical manner in critical times.

9.

Dependence on customers

Make sure that your company does not become dependent on a few large customers. It is much wiser to distribute the sources of income to many clients.

10.

Planning

Many companies do not set up any or only short-term action plans on how they want to carry out pending tasks (e.g. for marketing or sales). As a result, they react more than they act proactively.

When faced with an apparently hopeless situation, it can be helpful for the

affected person to conjure up a now-more-than-ever mentality. I like people like Joachim Gauck, who after a defeat rise again and, strengthened like Phoenix from the ashes, face the same challenge once more. Or personalities who, during a severe crisis, show a tenacity that no one would have thought them capable of. Rudy Giuliani, for example, the mayor of New York after the 9/11 terrorist attacks. The way he gave the citizens hope after September 11, 2001, and fought for the restoration of the destroyed infrastructure was exemplary.

Tips for You

- Failure is a matter of perception. Therefore, you should get out of the victim role as quickly as possible and regain control. Pity is the worst advisor because negative attitudes demotivate and pull people into a mental downward spiral. Cross the line of cowardice and return to optimistic patterns of thought.
- Taking responsibility when you have delivered poor performance is what makes a leader. It is impossible to avoid mistakes, but learn from them.
- Plastically visualize how you have already coped with other negative events in the past that initially seemed irreparable. Such a flashback gives you confidence to process the event.
- Specify the circumstances of the failure as precisely as possible in order to locate and stop error sources, e.g.: absence of customers, lack of qualified personnel, default of receivables, insufficient financial reserves, strengthening of competition, appearance of imitators.
- Slow down the process of rash actions and take the tempo out first. Whoever loses their composure makes further mistakes. Think carefully about your business future. And if you take a step back, don't fall back any further than to the point at which the failure occurred.
- Limit the damage that has been done and take responsibility for it towards the victims (creditors). If you do not take responsibility, valuable contacts will be broken for sure. Note: In order to show leniency, a victim must first understand the debtor's situation.
- Check to what extent the value is added to the customers, especially by the acquisition of other companies.
- Calculate setbacks and conflicts of interest as a normal state from time to time.
- Tolerate constructive criticism of the failure process from your professional environment and ask for business advice for the future. At the same time, create a catalog of measures of how it should continue and set the

expectations lower.

- Conduct sales talks with customers about current services/products of your company in comparison to the competition in order not to lose the connection to future orders. In this context, also evaluate complaints so that the renewal process can continue. Strive to regain customers through discounts, upgrades and recovery teams.
- In the future, pay attention to warning signs and avoid unnecessary risks: Did you perhaps overlook relevant hints from the professional environment before your failure? Did you start your project too early or too late? Did you possibly underestimate the market or the competition? If an implementation makes no or little sense, draw a line under a business.
- Reward yourself with something special (e.g. short break) because you have made learning progress as part of the preparation process. You now know which circumstances led to the failure and have an advantage over competitors who have not analyzed their failures.
- For the next project, definitely determine a monitor in advance who is responsible for critical hints and control of the measures. The person concerned assumes a high responsibility and must pay attention to sensitive aspects. In your place, I would choose a different, well-respected manager as a monitor for each project so that the same person does not always play the role of the scapegoat.

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Footnotes

¹ Kroc ([2020](#)), p. 84.

² US investment bank headquartered in New York. As a result of the insolvency of Lehmann Brothers, a global financial crisis arose from a real estate bubble. Worldwide, hardly any loans were granted between banks due to growing mistrust between banks until 2012.

³ Pestalozzi, Johann Heinrich (1746–1827), Swiss pedagogue: 1927.

19. Financial Economics

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If something is constantly preached in business circles like the Amen in church, then it is the topic of corporate finance. Nobody—no entrepreneur, top manager or self-employed person—is safe from this recurring agenda. Financial management includes all business processes for the provision and repayment of financial resources that are required for investment planning. This also includes the organization of payment, co-determination, information, control and security aspects between borrowers and lenders.

It would be conceivable that an organization needs a favorable loan to maintain liquidity and to get room for further investments and market offensive? Or you are dependent on fresh capital for research, product development and marketing? Or you want to make investments in energy efficiency and energy saving in the company and claim subsidies for this?

Be that as it may: The capital seekers have numerous ways of raising funds, which have to be weighed against each other in the event of an internal or external financing. In the case of an *internal financing*, possibilities of self-financing from reallocation and refinancing as well as financing from provisioning and depreciation are considered. In contrast, in the case of an *external financing*, options of self-financing, external financing (e.g. via venture capital companies in the form of private equity, venture capital) and special forms such as factoring, leasing, mezzanine capital and asset-backed securities arise.

In order to implement a project, financial resources in the form of equity and

/ or debt capital are required. The following situation is typical of a first approach: “Can I get subsidies?”, Ask capital seekers every day their advisors. “The subsidy is free!”

I am inconsolable, but a subsidy usually has to be repaid. Unless part of it is subsidized, which can be the case with state programs. The federal subsidy programs include, inter alia, start-ups, small and medium-sized enterprises (SMEs). Topics such as consulting, environmental and occupational safety, quality management, introduction of modern IT solutions are supported. For example, you can claim up to 50% subsidy for external consulting services with a value of up to 97,000 € (see Tips for You).

Pay attention! Small and medium-sized companies use state grants less often than large companies. So take advantage of them if there is a need and an alternative or supplement to traditional bank financing is sought. However, you are well advised if equity forms the basis for a solid operating financing. This should make up at least 15% of the financing to be applied for.

What is often left unmentioned in conversations with the house bank: The current interest rates of the institutions can be significantly reduced by the use of KfW-grants.¹ For example, a KfW start-up loan provides *liability relief* of up to 90% (for financing investments and operating resources).

Of course, I am aware that the legal requirements under *Basel III and IV* do not simplify financing for medium-sized companies. The financial market crisis has led to stricter regulations for the equity of credit institutions. The aim of Basel III and IV is that banks should hold more equity in order to be able to cope with possible losses from lending more easily.

According to Basel IV, the requirements for the equity formation of credit institutions are considerable (for core capital), which makes lending considerably more difficult. Even more: The high requirements initially raise the question of to what extent some banks can even provide loans from a certain amount, and if so, at what, for a borrower acceptable interest rates. It is all the more important for companies to prepare a possible loan application thoroughly, including a systematic evaluation of the self-rating. This is to be improved by showing, above all, internal controlling systems to the lenders in order to achieve a lasting stability of the company.

What about small loans for the self-employed? The creditworthiness of the lender and a clean *Schufa* statement (Schufa = Credit Protection Association) are decisive. So there must be no negative entries in the Schufa regarding the non-contractual processing of businesses or to a natural person. You know that banks attach great importance to securities, including life insurance, shares or real estate.

But it's no longer just about whether the insurance and numbers are correct. In credit negotiations with banks, I am always told that in addition to a solid business plan and an equity stake (or other security), three other criteria are decisive for granting a loan:

- creative potential and unique selling point of the business idea
- enthusiasm of the applicant for the concept
- tenacity with at least a medium-term perspective.

Notes on the above-mentioned criteria can be found in Chaps. 7 and 4.

What few applicants know: There are also funding programs without the *house banking system*. The programs differ from each other by highly different parameters; for example, there are subsidies for the creation of permanent jobs or for market innovations, subsidies for expenses in the energy and environmental sector, programs with partial subordinated loans, silent participations to strengthen the equity base or topic-specific funding (for example for research or in the high-tech sector).

And something else: subsidies and subsidy policy are subject to an automatism when a company with many new jobs beckons. For example, did you know that *Zalando* (the fashion online shop) and *Otto* (the universal shipper) are among the largest recipients of subsidies in German retail? Both companies availed themselves of state funds for economic development with double-digit million amounts.² So don't hold back when investments are required.

Where to start, where to stop? Use Tips for You to find out to what extent state financing assistance such as loans, grants, equity, guarantees or bank financing or private capital raising appear to be suitable for the intended use. If you find the maze of around 10,000 programs, including application procedures, too confusing and complex, seek advice from a competent business consultant (e.g. via www.coach-professor.de).

Tips for You

- subsidies of the federal government, the states and the EU: www.foerderdatenbank.de
- The KfW supports innovative companies with loan amounts between 25,000 and 25 million euros: www.kfw.de/inlandsfoerderung/Unternehmen/Innovation/
- The Federal Ministry of Economics and Technology promotes the digitalization of the Mittelstand: www.bmwi.de/Redaktion/DE/Dossier/digital-jetzt.html

- Grants for *founder coaching* as well as information on funding programs via KfW-Bankengruppe (public law institution): www.kfw.de/inlandsfoerderung/Unternehmen/Gründen-Nachfolgen/
- Consulting- and Training Funding via Federal Office of Economics and Export Control (BAFA): www.bafa.de
- Universal Funding Bank for e.g. Lower Saxony (www.nbank.de) or Bavaria (www.lfa.de/Förderbank).
- *Venture capital funds or companies*³ support prefer scientists with marketable developments and young, non-listed, technology-oriented companies. Some funds are already set up at universities, e.g. at the Technical University of Munich: <https://www.htgf.de/de/>
- *Private equity funds*⁴ bring venture capital to get a company into the black as quickly as possible and then sell it profitably. In return for an investment, the funds secure a right to participate in management (information e.g. from the Chamber of Industry and Commerce)
- Partner programs for loans finance business ideas, with the loans coming alternatively from banks or from private individuals: www.smava.de
- Another financing alternative lies in *crowdfunding*. founders present their concept online on a platform on the internet (products, projects, business ideas) and look for micro-investors, who participate with minimal amounts (usually from 250 €) (mostly silent participation). In return, the financiers receive, for example, rights, in-kind services or money. If a mature concept with clear unique selling points is available and people are enthusiastic about it, the start-up capital can be raised within a short time (the funding amount is usually between 50,000 and 250,000 €). The market entry should be imminent or have already taken place. Attention: A project that one wants to finance through “swarm financing” should have a public benefit. Important crowdfunding platforms: www.startnext.de, www.seedmatch.de, www.companisto.de, www.indiegogo.com
- *Business Angels*—usually wealthy private individuals – invest money, time, contacts and know-how preferably in start-ups, in order to profit from it financially at a later stage. For example: www.business-angels.de
- Finally, the *microfinancing* model offers an alternative financing form for new founders and entrepreneurs who do not receive loans from their house banks. Operational measures in the credit framework between 1000 and 20,000 € are financed. Microfinance institutions usually demand security (guarantees) from the private and business environment of the borrower: www.bmas.de (search for “microcredit”)

- Development of sustainable fund concepts: <https://www.gls-fonds.de/>

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Footnotes

¹ KfW has around 250 regional partners nationwide (including Chambers of Industry and Commerce and Chambers of Crafts), which provide advisory services.

² According to research by the WirtschaftsWoche and the ZDF magazine “Frontal21”, the federal government and the states alone approved subsidies for Zalando in the amount of a total of 35 million euros. (cf. www.wiwo.de (24.08.2014), subsidy for online shop).

³ Venture capital = private capital that a venture company provides to an enterprise considered to be risky.

⁴ Equity capital provided by private investors.

20. Financial Management

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Every child can learn to count. Homo sapiens invented finger counting about 200,000 years ago in Africa, when people first began to trade and probably exchanged meat for furs.

It is incomprehensible why today's educated nations such as Japan, Greece and Italy cannot deal with numbers or why bad loans are sleeping in European money houses or the state treasury is empty: "Markets of all kinds become dancing play balls: gold, silver, copper, foreign exchange, bank certificates, industrial shares—even bonds."¹

It is all the more important for every entrepreneur to present a reasonable financial planning, because we cannot print money with a printing press like the *European Central Bank* (ECB) so that the payment instrument Euro is actually in circulation.² CEOs usually handle payment instruments responsibly and present a sound financial planning, inter alia, as part of a business plan (cf. Chap. 7).

A financial concept consists primarily of a capital requirements and liquidity planning. In determining the expected *capital requirements* it is to be distinguished whether the capital is needed long-term (e.g. for fixed assets such as land, buildings and machinery) or short-term for business purposes (e.g. for current costs including living expenses).

With regard to the *liquidity planning* it is crucial that payment obligations can be met at any time in full. My related hint: Understand money as a tool that is used constructively, functionally and responsibly (cf. Chap. 11). For this you

don't have to study national economics or finance.

Before you consider equity or financing, make sure that the desired sales actually cover the operating costs. But do not put yourself under too much pressure to generate profits. I know of some bosses who have operated with exaggerated expectations of profits in their sales and profitability forecast and were then dismissed when they failed to reach the set financial targets.

Many signs (sustainability, environmental aspects, community spirit, financial limitations, consumerism, economic crises) point to the assumption that sharing goods is opportune, that is, appropriate and recommended, especially since you can also make money from it. A *Share Economy* does not only appeal to a trendy clientele, but especially to smaller companies and population groups who want or need to save money (from students to young families to pensioners). The possible uses of sharing are diverse: commercial premises, holiday apartments, train tickets, books, technical equipment, means of transport, etc. The big winners of the barter economy include companies such as *Airbnb*, which mediates private accommodation for travel, or *Uber*, which mediates rides to hobby taxi drivers.

It is certainly no secret that start-ups lack equity and/or security. Studies show that many founders underestimate their financial needs in the first year of business and that the need on average is twice as high as planned. This causes the founders to open a bottomless pit, because undercapitalization at the start of the business increases the risk of failure.

For founders, it is mainly about the essentials, which is why seed financing is usually required to secure the liquidity plan (see Tips for You). Unfortunately, Germany is generally not a country of investors who invest in high-risk companies, even though the general mood for capital investment in start-ups has improved. In the USA, on the other hand, risks are willingly taken and a brave entrepreneurial spirit is encouraged. Let's take the online retailer *Zalando* as an example, which after its foundation in 2008 only recorded a slight profit after 6 years. Apparently, a lot went wrong in the early years, with the official explanation for the losses being: financing of expansion plans into other countries, unfavorable weather conditions led to high price discounts in the fashion sector, expansion of logistics capacity as well as the high return rate for shoes and clothing, which were tried on but not always bought. Note: Not everything that shines outwardly as a company is profitable.

It remains the same: In all transactions, the flow of money—*Cashflow*—(including investor capital) secures the financing system of a company. If the Cashflow stalls or even dries up, it will become critical. Do you recognize the situation? Countless companies have failed because the customer has paid late or

not at all, and as a bitter consequence had to file for bankruptcy. The same applies if advance payments are not refinanced. May I show you how to protect yourself from risks or failed payments?

1. In the contracts with customers, agree on down payments, a reasonable deposit or installment payments for larger amounts! In industries such as retail or internet and mail order businesses, such a procedure is a matter of course.
2. The percentage for the individual installments should be fixed under the aspect that there can never be any liquidity problems and that at least a large part of the expenses is covered in case of rework. I recommend three installments of one third of the contract sum each: upon contract conclusion, at the beginning of the contract execution (e.g. partial delivery or partial performance) and after acceptance of the contract (execution of all services).
3. Stop an order if the customer does not pay within a reasonable period of time despite reminders (maximum three). In doubt, it is your money that will be spent from now on and never taken in again.

Before we paint the devil on the wall, let's deal with the topic of . Anyone who denies this capitalist goal as a company owner is a charlatan and should be deprived of their power. But that's just a side note. I want to get to something else. If you are setting up a business, at some point you will be faced with the question of what to do with the first year's profit. Several alternatives come to mind spontaneously: A) Take it to the bank and use it as a financial cushion. B) Invest in new acquisitions (e.g. office equipment or vehicle). C) Take a private vacation or something else expensive. D) Sell the company.

My recommendation: Do not make beginner mistakes (e.g. wasting money) and do not rest on your laurels from yesterday. Invest your profit in marketing measures and in the internal development of the company. Furthermore, heed the advice of a large industrialist: "For a momentary profit, I do not sell the future."³ Right attitude!

In order to significantly increase the profit within a balance sheet⁴, companies often merge with each other or there are direct company acquisitions. How brilliant is that? Not at all—a typical Pyrrhic victory, often for a result too expensively bought, which temporarily refreshes the balance sheet and improves the mood on the stock market. Instead, I would rather show you two laws of how a positive result is primarily achieved.

The first law is called: *High standards instead of cheap offers*. It is senseless to compete over the price because there will always be someone who offers a product or service cheaper. With price dumping you rarely get a green branch (except the company only operates with minimum standards and low production costs). Find significant properties to position the brand promisingly, ideally unique selling points. Do things better than your competitors: progressive. Sustainable. Unique. These can be outstanding innovations, exclusive products or incomparable customer orientation. Everything is allowed, but do not save on quality to lower the price.

Secondly: *Revenue growth instead of cost reduction*. As far as the method is concerned, to implement this intention, there are two classic ways: through the sale of goods in large quantities or through high prices that require justification. But before you can even boost demand and reap top results, considerable financial resources must be invested: in development and research, in the improvement of existing quality, in the analysis of customer behavior and in the determination of the demand situation of the target groups. You earn your economic ascent, for example, through extended functions of a product, through optimized service, through a wide range of products or through an environmentally friendly saving of raw materials. And if you do everything right, the result is not surprising: Strong brands can charge high prices. Believe me, this connection is quite intended and comprehensible.

And while we're talking about profit—here's an incredible anecdote that contains a lesson. If your business is prospering, you will experience situations in which people want to receive services from you but cannot afford to pay for them; instead, they offer you company shares. Consider such an offer carefully, but don't immediately reject it like *Frank Howser*, who was supposed to design a screen for two young founders named Steve and Steven. At that time, their "insignificant" business was already operating under the name *AppleComputer*.

Incidentally, traditional gender roles can still contribute to the fact that women and men assign different importance to financial matters. Regardless of the fact that there have always been female bankers who are just as committed and competent as male executives in their careers. For example: *Christine Lagarde* (*1956), former director of the International Monetary Fund, and since November 2019 President of the European Central Bank or *Ruth Porat* (*1957), Chief Financial Officer of Alphabet Inc., the parent company of Google. Or *Karoline Kaulla* (1739-1809), who was once considered the richest woman in Germany, founded her own banking house "Württembergische Hofbank" and, among other things, was appointed court factor to Prince zu Fürstenberg.

Tips for You

- Don't prettify a company's sales and profit targets. An too optimistic forecast often leads to liquidity bottlenecks, which can result in, for example, third-party claims not being able to be met. A short-term inability to pay can quickly lead to insolvency. If necessary, negotiate payment terms or a settlement with creditors.
- As a thrifty housekeeper, you do not approve of medium- and long-term budget overruns. Build up equity, for example in the form of customer down payments or by selling shares.
- Apply for public financing (however, there is no entitlement; see Chap. 19). This gives a boost to research or investment.
- Agree with suppliers payment terms at the latest possible time or in the form of a short-term credit (i.e. 30 days). This gives you financial leeway.
- What many employers still do not dare: to honor the salary and a possible promotion depending on the respective performance of an employee. Although this will drive every works council crazy, it is beneficial for the company.
- In order to reduce expenses, ask your business partners to what extent they are financially involved in advertising campaigns. And / or share office space, company cars, technical equipment, train tickets or professional literature with other companies. Whoever can save is clearly at an advantage.
- Every decent financial planning provides instruments for permanent monitoring of economic risks. As far as this is concerned, it is advisable to implement an early detection system in order to avert damage from the company. Consequently, all employees are called upon to immediately report and eliminate any risks in their area of responsibility. Regardless of this, the internal risk management evaluates possible risks and the expected potential damage to the company. In addition, status queries are carried out within the organizational units at regular intervals in order to assess the probability of risks.

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Footnotes

1 Wolfe (1988).

2 In September 2012, the ECB acted in a similar way to the US central bank Federal Reserve (Fed) in September 2008 after the bankruptcy of the investment bank Lehman Brothers. Under all circumstances, one wants to avoid bankruptcies of states (whose treasury is empty), as well as of financial institutions, stock market crashes or even a world recession. Therefore, the central banks bought scrap papers (in particular government bonds) from banks, insurance companies, investors or lent money at zero interest rates.

3 Siemens, Werner von (1816-1892), inventor and founder of Siemens AG.

4 A balance sheet lists the assets (assets) and equity and liabilities (liabilities) of a company at a certain point in time, including reserves, provisions and liabilities. This provides information about the company's financial situation.

21. Health Management

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Present studies show that every fifth employee finds his workplace very stressful and every tenth is absent due to depression or anxiety disorders. Worldwide, some 280 million people suffer from depression.¹ In Germany, one in five employees has already been diagnosed with depression.² According to the WHO Regional Office for Europe, the common disease costs around 170 billion euros per year in Europe alone.³

The message for society is: Take good care of employees at the workplace and make sufficient financial resources available for their recovery, because the economic consequences alone are devastating (on average, an employee is absent for 36 days during a depression).

The restless I-am-always-ready, accompanied by permanent overloads up to the point of no return, neglecting one's own needs, demands its toll. As we know today, people in big cities are mostly affected by the rat race, are members of an exhausted society, whose diseases are usually registered too late. Soul and body complain about the constant performance expectations that are called up at ever shorter intervals, and about the permanent pressure to be always available. The constant stress leads to powerlessness and exhaustion over time—excessive pressure is counterproductive!

A vicious circle. If you can't or don't want to get out, you have to seek help early, discover and condition yourself to be prepared. You have to accept that. Health means above all to respect one's own physical and mental limitations

and, if necessary, to treat a negative condition. People are not machines, and yet they have screws that can be adjusted differently. It is important to find a way between power profiling and personal strategy in order to reduce the pressure of work and private life.

It doesn't help at all to neglect one's own needs. People simply have ambitions and wishes that can be divided into three categories: *existence needs* (including food, clothing and a home); *basic needs* (surpass the existence needs; e.g. travel, education, car) and *luxury needs* (considered dispensable; e.g. expensive jewelry, second purchases, expensive painting collections).

According to the *Maslow theory*⁴ we are talking about self-realization and fulfillment, recognition and appreciation (status, prestige), social needs (contacts, belonging, love), security and protection (fearlessness, precaution) as well as basic and existential needs (physical like thirst, hunger, respiration, sleep) at this point. In relation to the professional activity of a person, security concerns as well as the desire for appreciation and self-realization are of decisive relevance. The desire for protection, recognition and success as well as the desire to be able to develop one's own abilities at work must not be underestimated. Otherwise, unpleasant psychological disorders, if not even profound mental illness, occur.

Mindfulness, authenticity, empathy and resilience are of particular importance in this context and have a lot in common: These are competencies and characteristics that require conscious perception and action. Therefore, primarily in order to have an inner attitude, to appreciate oneself and others, so that the regulated coexistence in society and the world of work is facilitated. We can be ourselves, unadulterated and thus an original with certain, if not even exclusive, specialties.

But what makes the *soul* sick are not only stress and lack of sleep, but also anxiety disorders and depression, for example, due to hurtful experiences at work: Mental illnesses are the second most common cause of sick leave at work and the most common reason for early retirement.⁵ The stress level has to do, among other things, with the fact that people judge themselves much more negatively than others. *Bruck* et al. show in studies that it is useful in challenging situations to regard the adversities as inevitable and to face the difficulties. The openness to show one's own vulnerability and to talk about it has a positive effect on the quality of our health and work performance.⁶

What needs to change in order to gain energy and find joy in work again? "One way is the cultivation of mindfulness, [...] by taking a break, exchanging with others or starting meetings with a few moments of meditation or

reflection,” recommend Alyson Meister and Amanda Sinclair, professors of leadership at IMD Business School in Lausanne (Switzerland) or at Melbourne Business School (Australia).⁷ Trust is quickly lost when there is no appreciative connection between people and thus no *empathy* either. In the course of the “Me too” movement, the question arose again how to distinguish between empathy and sympathy: Empathy is to feel the mental attitude of other people emotionally and thus to promote interpersonal connection. Sympathy means to show little or great connectedness to someone due to a certain similarity, but it can feel like pity to the other person.

Resilience is a synonym for the ability to assert oneself in difficult and stressful life situations without lasting impairment, for example by actively solving one’s own problems. According to psychiatrists and psychotherapists, resilience can be trained like a muscle to strengthen resilience. So as leaders, in order to practice self-care, we could build up more mental resistance and energy reserves, for example by simply running shorter hours. This sounds good in theory, but it doesn’t work in practice with an extra-tariff employment contract. Because more than 50-hour weeks are tacitly accepted in many companies and employees are rarely advised by a superior to be careful with their own person. My thesis: As long as the work-life balance is not anchored in the employment contracts of organizations with binding guidelines, health management and care at the workplace remain an illusion.

Fulfillment of life is also an essential part of personal well-being. This enables us to cope better with stressful situations, we are physically and mentally healthier. Viktor Frankl (1905–1997), psychiatrist and founder of logotherapy, held the view that it was part of the human being to find a meaning for his existence. Otherwise one would become ill with suffering and could break down. The thesis that a life with meaning promotes health is confirmed by studies in the 2000s, according to which men and women had almost twice the risk of death if they lacked a purpose in life.⁸

The central message is: Human willpower is limited because there is no infinite storage of it. The more you are confronted with expectations, problems and decisions, the faster your energy consumption decreases. With frequent extreme loads, body and mind are overexerted, at worst completely exhausted. A weakening, among other things, leads to uncritical actions and lack of judgment, which affects work and private life. As a result, we long for rest and recreation to recharge like a battery. In this context, Baumeister and Tierney speak of an *ego depletion* and compare the energy reserves to a muscle that gets tired with too much strain.⁹

Apart from that, willpower cannot be divided between the strenuous office life, a more or less demanding partnership and leisure interests. Yes, you read that right: We use the same performance for all upcoming tasks. Therefore, every person has to decide for themselves when and for what they use their valuable reservoir.

This presents some people with an insoluble task, especially if they are already in a negative situation. If you are at a low point, the situation should be changed quickly. Here, in a first step, techniques of self-management can be helpful. Proven are, for example, the reframing of negative thoughts, relaxation techniques and solution-oriented conversations in professional and private life (cf. Tips for You). In any case, medical advice is required if the indicated approaches do not work.

Conflicts often arise at the workplace. The reasons for this can lie in different backgrounds, e.g.: under-/over-challenging, imprecise competence regulations, mobbing, structural changes within an organization, workaholism, conflict-laden dealings with colleagues and superiors, as well as physical stress caused by temperature, light and noise influences. As you can imagine, everyone experiences a burden differently and therefore deals with it differently. Nevertheless, it is rarely noticed in time when one's own health status becomes critical. If you want it as an employer, lead company-internal health management and regular breaks for the following goals:

- Satisfaction with the work situation and more open communication style with colleagues
- Increase in performance potential and thus better career prospects
- Long-term preservation of working capacity and balanced work-life balance
- Reduction of absenteeism due to illness-related failures.

In order to prevent an overload, for example in the form of a burnout, we speak for understandable reasons of preventive measures. So how do I manage my health? Smart managers build on a three-pillar program before they no longer run on all cylinders: a balanced diet, mental training and physical fitness. But which specific measures are taken specifically by successful companies? Would you have thought, for example, that a confectionery manufacturer would behave health-consciously? *Mars*, well-known through its chocolate bars, takes care of the physical well-being of its 70,000 employees. Information events are offered periodically in cooperation with the health insurance companies on different health topics. The range extends from preventive examinations (e.g. early detection of cancer and heart attack/stroke) to fitness tests to comprehensive nutrition and movement advice (e.g. for field employees who

have to make longer car journeys). Through health counseling, employee satisfaction is increased and the awareness of self-responsibility is enforced.

A one-time thing? Hardly. Actually, one would smile because it seems too abstruse that of all companies, it is precisely a cigarette manufacturer that is banning its employees from smoking in offices and company buildings. And yet this ban has gone into effect at the American company *Reynolds*, which markets the “Camel” brand. Well, miracles still happen—even in health management. Pay attention to yourself and your personal balance. You can get information about the three pillars from nutrition experts, anti-burnout trainers, mental coaches, physicians, health insurance companies, and maybe even at your workplace. And remember: Whoever neglects his health in order to increase his capital will ultimately lose both. How true.

Tips for You

- Be mindful of yourself and as much of yourself as possible. You don’t have to adapt your individuality to other people and subordinate yourself emotionally, otherwise you’ll implode over the short or long term.
- Look for the link between work and private life. Maybe it’s the only way to find out if the current arrangement is harmonious.
- Articulate what you think. But don’t hurt anyone, either through words or through body language, just present your arguments objectively.
- Be decent to your colleagues and meet them with empathy, respect and fairness.
- In stressful situations, ask yourself the children’s question: Why is this happening, what is happening here? And then motivate yourself with answers to the question: What do I enjoy?
- Do yourself a favor and take regular professional breaks. Leave work early or stay away from the office all day. Or turn your cell phone off from time to time.
- Don’t let third parties control your private and professional life through their activities. You don’t have to be reachable by phone around the clock. The same goes for emails outside of work hours, which don’t have to be read or answered.
- Do not bend to unnecessary time pressure. People need protected areas and retreats. Use the time to reflect on possible problems and develop visions (for example, to drive economic activity forward).
- Make one decision at a time (not several at once) so that your willpower lasts as long as possible. If you want to implement various resolutions for

business change processes (e.g. investor search, new sales network), make a list of priorities. And then finish one thing completely before you take on the next topic.

- Do not take your professional problems to bed with you (mediation, an evening walk or self-hypnosis can contribute to relaxation).
- Find out which daily rituals or processes waste your time and turn them off.
- What do you see as the deeper meaning of your professional life? Think about it and keep it in your memory.
- Train mental resilience to achieve a balance between performance and health.
- Find a personal value proposition for the meaning of your existence and as protection against mental states of exception.

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1 Cf. World Health Organization (13.11.2021).

2 Deutsche Depressionshilfe (09.11.2021).

3 Cf. World Health Organization Regional Office for Europe (o. J.).

4 Cf. Maslow (1943).

5 Cf. SPIEGEL Wissen (Nov. 2021).

6 Bruk et al. (2018), pp. 192-205.

7 Meister & Sinclair (09.04.2021).

8 Cf. Boyle et al. (2009) & Alimujiang et al. (2019).

9 Cf. Baumeister and Tierney (2012).

22. Humility

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When mountaineering I often think of the words of Johann Wolfgang von Goethe: “All ways open up before me, because I am humble.”¹

Yes, I pay tribute to living beings and nature because I believe it to be right. In contrast to some managers who only know one way: violently forward. Especially when it comes to their own career planning and rule-based, correct behavior (compliance), principles, values and norms are often left out. Fortunately, media coverage of the business, finance and political world often shows that such behavior is uncovered and the offense is punished.

Believe me, just when I’m climbing, I feel with every meter how the air gets thinner and the paths up become rougher and steeper. And when I walk through the Wolf Gorge to the Blauberger in Wildbad Kreuth at Tegernsee, I sometimes get queasy because danger is lurking on the tour. On a demanding route of 17 km and 1400 meters in height, often over rubble and stone, partly on all fours, often at the narrow abyss, one’s own fall in front of one’s eyes if one makes a mistake.

Indeed, I am not a mountain addict, rather a lover of the Alpine landscape. I walk in humility of the way, despite obstacles and slight panic attacks, burning soles and painful palms from climbing on rock walls. And when I finally stand at the summit cross after a four-hour, strenuous climb and enjoy the magnificent view into the distance, I am extremely grateful because I have achieved my goal and it has gone well again.

Why am I telling you this story? Firstly, because a humble person from a

religious standpoint accepts with his inner attitude that something higher exists (the omnipotence of God). Secondly, because in the psychological context, an objective, reasonable attitude contributes to overcoming one's own narcissism² and therefore appears to be appropriate in some phases of a business life. However, this does not mean that humility is based on an approach that is to be equated with subordination or even submission. On the contrary, you can be sure that humility is a sign of strength, because such an attitude of mind takes place in the awareness that a human being cannot and does not have to achieve everything.

If you follow *Jim Collins*, who has analyzed management principles for sustainable business success over a longer period of time,³ then those companies that are particularly successful are those whose managers embody a mixture of personal modesty, professional willpower and profit-oriented foresight. And quite rightly so. The companies surveyed were those from the Fortune 500 list that after mediocre stock performance suddenly achieved above-average performance and exceeded all expectations.

Interestingly, *Alexander Dibelius*, former head of Goldman Sachs in Germany, called on the entire financial industry to “collective humility”: Looking back, “some things in our industry look greedy, self-centered and out of touch with reality, as if society didn’t care about them at all. And I admit: We have not been able to deal with the expectations that this society has of us—as an individual, as an institution, as an industry.”⁴

Enough of the tranquility. In addition to leadership skills such as decisiveness and motivation, today’s manager must also demonstrate social competence and moral values. Humility is one of them and protects us from overestimation and arrogance and has a positive effect on the organization. And creates recognition and closeness by respecting the value of another person (an employee). Do not distance yourself from others, especially if you are successful, have talents or wealth.

Franziska Frank comes to a sobering conclusion after conducting a dozen interviews on the implementation of humility in companies with German executives and examining examples from business, history and military history: “Humble behavior is sometimes negatively connoted and only honored by professional investors and the press on second glance. However, not only the employees clearly wish for humility in their leaders, but the present time with its upheavals, crises and opportunities practically demands it. The data show that humility has so far only been lived by a few leaders in Germany—there is a lot of room for improvement.”⁵

In this context, it seems that a change of mindset is taking place within the leadership hierarchies, which are to introduce the aforementioned virtues as a condition sine qua non (unconditional condition). Moral obligation becomes the litmus test and shows effect. And that is reason enough why one or the other manager or politician shows humility and responsibility towards the position that was entrusted to him for a certain period of time (especially after major wrong decisions). Otherwise he is more part of the problem than the solution.

Why is such an attitude correct and important? A frequently occurring error among alpha animals is that they sit in the proverbial ivory tower and dismiss social competence as a secondary matter. They often behave as if their instructions were some kind of law book that leaves no room for individual initiative. They see themselves as “heroes” and are convinced that they alone know the only right solutions for the company. They rarely see a need for change processes. Alpha animals usually do not want to convince employees by arguments, but to assert themselves hierarchically. So it cannot be claimed that they act with due diligence. Not to mention qualities such as interactivity, openness to collegial dialogue and appropriateness in implementing decisions.

We know the ethical basic attitude of not wanting to harm any person knowingly from *Hippocrates* (460–370 BC), the most famous doctor of antiquity and founder of medicine as a science. Personal integrity in the sense of uprightness and decency should also be self-evident to stakeholders and the company. There is no doubt that the job description of a manager also includes the term humility. Not literally, but in the sense of a respectful appearance and behaviour towards clients, employees, suppliers and competitors.

Dietrich von der Oelsnitz summarises the most important leadership qualities for managers in a simple formula: Integral organisations are made by integral people. Because when large companies are damaged or even destroyed by the actions of their top managers, employees lose their jobs (or even their health), shareholders lose their capital and capitalism its credibility. His plea: Pride should become humility, self-love modesty and dominance solidarity with others.⁶

Tips for You

- Stand in front of a mirror and ask yourself: Who is this person who is looking back at me? Am I taking myself too seriously and excluding other people who seem “insignificant” to me? And when you have found the answers, take them on with all your limitations.
- As a leader, weigh the opportunities and risks of decisions carefully;

consider what you are getting yourself into. Reflect regularly on your entrepreneurial behavior and get feedback from trusted, experienced people in the industry. The ability to be self-critical and to use flexible thinking is important.

- Be grateful for positive events that bring relief to your business and your management activities. Draw strength from the luck factor for difficult tasks.
- Show courage to stand by your weaknesses in order to draw logical consequences from them (for example, delegating a difficult task to an employee). The perfectionist urge to do everything oneself destroys much. Every person is unique in their own way and therefore also capable of a part.
- Recognize that not everything can be achieved through personal will. At the latest when economic markets show limits, we have to accept them. Do not lose your footing, employers are also only a part of the whole. Anyone who wants to form a unit must also be able to integrate into an organization.
- Show respect for competitors and recognize their achievements. As you call into the forest, so it echoes back.

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Footnotes

¹ Goethe (1787).

² Cf. Fromm ([1956](#)).

³ Cf. Collins ([2001](#)).

⁴ Dibelius (03.05.[2009](#)).

⁵ Frank ([2021](#)), p. 7.

⁶ Cf. Oelsnitz ([2022](#)).

23. Innovation

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Our economic history is full of examples of companies that failed to adapt to a changing world in time and thus buried themselves on the vast cemetery of extinct companies by setting their own tombstone.
Wriston (1981).

You can't put it more drastic: "If you're not innovative, you die."¹ This is the wake-up call from *Robert Iger* (*1951), long-time CIO of *Walt Disney*, who often posed serious questions to his employees: Can we find the technology we need to stay at the top of the change? Do we have the courage to cannibalize our own still profitable business to start building a new model? Can we destroy ourselves, and will Wall Street tolerate the losses we will inevitably suffer when we try to really modernize and reshape the company? The answer to all questions was YES! Iger and his team completely redesigned the entertainment company with the traditional image of Mickey Mouse and Donald Duck and enlarged it through numerous acquisitions such as the Pixar animation studio and future-oriented offers such as the Disney+ streaming service.

History shows that great innovations lead to long economic waves. Let us remember in this context such innovations as the steam engine (1712), the railway (1804), electricity (1864), the automobile (1886), television (1928), aviation (1903 or 1942) or information and communication technologies (beginning of the 1980s).

Let us ask ourselves: Where would we be today if there had been no research

and development in the past three centuries? Certainly without groundbreaking findings. We would still be moving around with horse-drawn carriages, lighting candles as a light source, using no life-saving vaccines, reading only newspapers as information sources, and having to do hard, physical work in the factories. In short, we would neither have experienced nor benefited from an industrial or information society.

Far too few managers take manageable risks or courageously propose bold ideas to meet the need for innovation. They are much more afraid of saying something problematic and being wrong with the proposal. Nevertheless, there is no room for compromise here, because the number of innovations and change processes doubles every two years. Of course, it takes courage to raise critical issues, to be vulnerable and to feel that you are weak in a difficult conversation. Accordingly, it hurts when a superior person brusquely rejects well-meaning hints and leaves disappointed expectations. As a result, superiors should not be surprised that differentiated views and individual statements are lacking. And that, although one or the other proposal could probably prove to be worth considering and developable.

Careless, isn't it? Perfectionism and the fear of making mistakes keep many managers from learning from failed plans and unsuccessful attempts. *Brené Brown*, bestselling author and professor of social work at the University of Houston, warns leaders not to equate perfectionism with the pursuit of perfection and to mechanically view it as a key to success. In her opinion, perfectionism is a defensive move, a shield to protect oneself and hinders performance.²

And what is a good alternative? There is none! *Theodore Roosevelt* (1858–1919), 26th President of the United States, honored the commitment of those who, with great daring, take a stand for a worthy cause in 1910: “It is not the criticism that counts, not the man who points out how the strong stumble or where the actor could have done better. The credit goes to the man [...], who bravely tries, who errs, who falls short again and again, because without mistakes and shortcomings there is no effort.”³

Another example: How often do we hear at events that business leaders complain about high prices from suppliers and that is why their products are so expensive for end customers. But instead of solving the problem themselves and producing the required parts and components without outside help, many wait for solutions from the suppliers. Therefore, it is no coincidence that one or the other industry is to blame for its own failures.

Do you recognize the guideline? Great changes do not occur because a researcher or programmer happens to make a discovery, but because a leader like

Satya Nadella, CEO of *Microsoft*, questions why a company exists at all and at the same time clearly positions the direction: “Our industry [IT—note by the author] has no respect for tradition. Only innovation demands our respect. It is the challenge of us all to make sure that Microsoft thrives in a ‘Mobile first’ and ‘Cloud first’ world.”⁴

Using scientific methods in combination with technologies helps humanity to make substantial innovations and useful improvements. Let’s take a closer look and consider the forms of innovation. In general, there is a distinction between original, quasi-new and me-too products. *Original* products are those that did not exist before their invention (e.g. smartphone, washing machine), *quasi-new* products are those that build on existing products and further develop them (e.g. color printer, electric bicycle), and *me-too* products are imitated products that only differ from the original in design and price to a more or less extent (e.g. own brands of drugstores or discounters, generics).

The enemy of the entrepreneur is not competition, but the stagnation of his own activities. Often, businessmen stare at an imaginary snake like a rabbit when demand for services or products is absent. I’m afraid they’ve overlooked certain things or missed developments before. And now they’re almost eagerly waiting for something to start up again and trigger orders. Until someone motivates them to restart their sluggish business under changed conditions.

What’s this supposed to be? If we’re honest, we know that value chains, technical facilities, products of any kind—everything—is of limited survival. Experts expressly state that every organizational structure for controlling and shaping business systems is subject to constant change processes if it wants to exist in the medium and long term. In industries such as the automotive industry, energy supply or telecommunications, the guiding principle for improvement is on the agenda every day.

Managers who are aware of future-proofing plead for change and innovation in good time. Above all, they understand their companies as constant research and development facilities. And that’s the crucial point. Research is being done, developed and tested. Some of it works and some of it doesn’t. But you should definitely try it out—just like *Mercedes*. At the 2013 Frankfurt International Motor Show, a prototype of a self-driving car of the S-Class was presented. Other car manufacturers had previously failed in this costly challenge.

Let’s take a look at the brilliant approach of *Elon Musk* (*1971). Everything that seems difficult or complex to him in his projects, he reduces to the core problem, without thinking in analogies (developing and improving existing products or processes linearly in the form and continuously). Instead, he proceeds according to the “First Principal Thinking” approach, breaks everything

down to its basic components and reassembles them anew (with a different solution in the function). Already *Aristotle* researched “first principles or origins”, from which a thing is known.⁵ By understanding the basics, you understand the details and can thus significantly change the direction of optimization.

It is obvious that the innovation process never ends if you want to give a company a future. Why? Because in competition someone always patents a groundbreaking invention, designs progressive software or creates an advanced molecule. And so on ... and so on ... and so on ...

When we talk about innovations, the area of *Research & Development* (R&D = research & development) is affected at the forefront, which is to respond to the constantly growing challenges of the market. But what potential does R&D usually have and which companies are particularly committed to making sustainable growth possible?

Booz & Company, one of the world’s leading strategy consulting firms, has been analyzing the world’s 1000 largest companies since 2005 to see how much money is being spent on research (research) & development (development) and what results come out at the end of the production and utilization chain. The really surprising thing about the studies of recent years is that the level of investment does not guarantee economic success, but that the interplay with other resources (such as personnel skills) and the internal structures and decision-making processes are decisive.

In 2020, the European Commission examined the global investments of major economies and came to a result that is encouraging for the EU:

- In several key sectors, EU companies have a high share of global research and development (R&D). In the automotive and health sectors, the EU contributes 45% and 20%, respectively, to total R&D. The EU accounts for 40% of air and space and defense, 25% of R&D in the industrial sector, 24% of R&D in the chemical sector and 18% of R&D in a group of sectors that include resource-intensive service and other resource-intensive sectors.
- EU companies are present in a large number of locations around the world and have a greater number of subsidiaries than their global competitors.
- The analysis shows that about 20% of R&D financed by EU companies is carried out abroad.
- Among the major economies, the EU ranks second with a 9.5% share of green patents, behind South Korea.
- The USA accounts for the majority of companies in R&D investment, followed by China, the EU and Japan.⁶

Back to the topic of innovation. Companies from all sectors are looking for answers in the form of solutions because the pressure of the markets is growing and a radical paradigm shift is taking place: product life cycles are hardly predictable at a rapid pace of innovation. Where in the past one still planned in years and disposed of long-term value creation processes, today we are talking in some industries about a few months of short-lived products. Nevertheless, many CEOs are playing for time and no longer understand the world. After all, they have done everything to satisfy the target groups and thus save their company. But is that really the case?

Only those who constantly reinvent themselves can win! Although, according to a Prognos study, small and medium-sized enterprises cooperate in their innovation work with research institutions and regional partners, strategic innovation activities are neglected in favor of short-term R&D projects. Above all, there is a lack of willingness to open up to external partners and thus to gain complementary know-how in “open innovation” processes.⁷

This raises the question of what can be done to improve a business situation at all. For this purpose, five action recommendations:

1. By reorienting relevant data that govern processes and responsibilities (see Chap. 2). Break rules to drive a progressive business concept forward in the face of resistance.
2. By changing one’s perspective on economic relationships, combined with a keen sense for customer needs (see Chap. 13).
3. By differentiating one’s view of the market to discover previously untapped resources and interfaces (see Chap. 37).
4. By thinking outside the box and by asking questions that deviate from the norm to creatively fertilize the company’s corporate culture (see Chap. 27, 12 and 50).
5. By an exact target formulation, which serves as the basis for the innovation process, and by providing the required resources (see Chap. 37 and 44).

Now you could object: We have already tried these recommendations and they are not enough. Yes, undoubtedly your company is still facing a second challenge: *Disruptive Innovation*.

In a world that is constantly changing and evolving through digitization, more or less successful business models are constantly being called into

question, copied or even reinvented. The markets are acting faster and faster because people are constantly looking for cheaper products, easier to use devices or better models. Let us remember at this point that a market by definition is a meeting of supply and demand, as a result of which prices are formed.

The significant decline in sales and results of many formerly profitable companies shows that jobs are becoming insecure if they do not face the challenges of the markets early on. It is foreseeable that employees who are employed by stagnant market participants will have to change employers several times during their working lives.

But how should companies meet the high expectations of consumers (customers, target groups) and the competitive pressure? In order to be able to survive in the market in the long term, the “Disruptive Innovation” model offers from the USA. A Disruptive Innovation changes the rules in a market and interrupts an existing product, an existing service or an existing technology in order to create a new market and an advanced value chain.⁸ It is probably known that Apple produces new products through disruptive innovation and imposes self-created norms and rules on the markets.

In order to be able to Innovationen to bring about appears to be particularly suitable for carrying out an attack on one’s own front line of defense (i.e. your company). The following six measures must be considered:

1. The “training of dissent”. You argue from a pro or con perspective that has been completely foreign to you until now. Through such exercises, weaknesses in outdated or unfinished thought constructions (business models) become visible. Example: You argue against a brand product that you have introduced and that has long been established.
2. The “questioning of the basic order of business, including social norms”, e.g.: hierarchical organizational structure, corporate culture, working hours, group norm, communication process.
3. The “re-regulation of ecological, economic and social sustainability”. Unternehmen are called upon to operate in a future-oriented manner. In this respect, environmental aspects are to be treated equally with social and economic aspects. Consumers are paying more attention than ever to which Nachhaltigkeitsstrategie a company uses.
4. The “dual orientation”: In addition to its analog business model, each company should establish a digital platform that competes internally for

Innovationen, cultural change and customers. Studies have shown that more and more businesses are being conducted and business contacts are being made via the Internet and that there is no other way to achieve goals and save costs than to exploit the data of consumers and interested parties.

5. The “learning of programming languages”: In companies, every tenth employee (every management employee) should be trained in the common programming languages. Programming languages work as interfaces to machines and form the networks of the future. Those who cannot do anything with C++ (a programming language standardized by ISO) do not understand the relationships between the world of algorithms and the analog world.
6. The “Design Thinking” method, where people from different disciplines come together to approach a problem from completely different perspectives. Design Thinking components consist, in addition to the multi-layered view of a topic, of a structured process (takes place in iterative loops), clearly defined values of the brainstorming phase (such as visual work or promotion of crazy ideas) and mobile space concepts that should facilitate creative thinking.⁹ Another factor is that the creative process is completely designed.

For companies, it is essential to trigger a “disruptive innovation” before they become a restructuring or insolvency case. The following examples from different industries make it clear how decisive an early realignment can be:

- Mail order catalogs (e.g. Neckermann Versand Frankfurt, Quelle Fürth, Schuhhandel) have been replaced by online mail order (e.g. Amazon, Zalando).
- Digital photography has destroyed the color slide film (e.g. Kodak).
- Telecommunications companies have been endangered by free phone calls and free SMS messaging (e.g. Skype, WhatsApp).
- Traditional car manufacturers are afraid of self-driving cars (e.g. Google-Cars or Tesla).
- Banks have to close branches (e.g. Deutsche Bank and Sparkassen) because online banking is gaining popularity.
- Hotels in large cities are losing guests and are afraid of online offers (e.g. Airbnb).
- The stationary book trade complains of sales losses (e.g. Filialhandel Weltbild) and of the online trade (e.g. Thalia).

- The future of German department stores is uncertain and the traditional names Kaufhof and Karstadt are history. Because branches are getting old, online orders are booming (e.g. at Otto-Versand) and competition is intensified by shopping malls and specialized retailers.

My diagnosis is therefore clear: Do not let your company get unwanted opponents and risk failures in the development phase. *Thomas Alva Edison* carried out around 10,000 experiments before his light bulb worked in 1879 and went into production. But Edison knew after the trial-and-error method which experiments failed. Or take *Carl Benz*, who invented the car in 1886 after countless failures (including insolvency) as a bankrupt industrialist. So you can also take failures to win in the long run. Biologists call the process by which solutions arise through natural selection an evolution.

Your personal path to success is characterized by innovation. When relaunching your company, you change everything that is possible within the framework, set other business priorities, reorganize organizational structures, bring forward-looking product promises or fresh marketing ideas. Think of global players like my customer *DHL*, which was only able to establish itself after a radical realignment in 2003. Or Google or Facebook, which have been on the market for less than 15 years and continue to surprise with progressive ideas.

Courage to experiment: To create something progressive, you have to violate established norms. Maybe you act like *Daniel Düsentrrieb* from Duckburg and construct “useful” things like a bread spreader, a back scratcher or a telephone with an integrated iron. But seriously, fearless tinkerers usually follow this principle: You take a commonly used technique—e.g. a coffee machine, an alarm clock, a shaver—and develop this device completely differently. *James Dyson*, by profession a nonconformist, revolutionized the vacuum cleaner market in the 1980s in the described way. He designed a vacuum cleaner that does without dust bags and made a billion-dollar fortune with it. Before his product was mature, he tinkered with 5126 vacuum cleaner prototypes for four years until finally No. 5127 worked. Giving up was not an option for him. He sensed that one is often closer to success than one suspects oneself.

Tips for You

- To deliver “WOW!” innovations, everyday products or services are not enough. Forget about average offers! Look for extraordinary approaches that defy conventions and are classified as “crazy” (what is considered crazy today is often in vogue tomorrow).
- Decide which type of innovation will contribute to the success of the

company. Then write an internal innovation competition and develop a criteria catalog for evaluating incoming proposals. Even if experiments go in the wrong direction here, the gained insights are valuable.

- Be inspired by wonderful people—exotics, freaks, individualists. Boring people who only follow beaten paths do not produce WOW effects.
- Hire applicants according to the requirement of how they can fulfill the current key task of the department they will be responsible for in the future.
- WOW innovations surprise customers, are unique and do not necessarily have to be produced in large quantities. Think different and little: Even niche markets can be revolutionized by a spectacular invention.
- Innovations change something sustainably and represent top entrepreneurial performance, e.g.: extraordinary solutions, perfect design, creative vision.
- Experienced top managers form independent units for controversial or innovative projects so that the teams can work independently of the overall organization. Independence protects against disapproving influence. For example, in the automotive industry, two competing objectives, “internal combustion engine” and “electromobility”, could compete and should operate separately.
- Investing money in just one start-up is a high risk. It is wiser to participate in several young, innovative companies with growth potential in different markets to diversify the investment.

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Footnotes

1 Iger (2019), p. 189.

2 Cf. Brown (2018), pp. 79–80.

3 Roosevelt (23.04.1910).

4 Nadella (2017), p. 76.

5 Cf. Aristotle (1999), 1013a 14–15.

6 See European Commission (2020).

7 Prognos & Zentrum für Europäische Wirtschaftsforschung (2016), p. 13.

8 Cf. Christensen (2011).

9 Cf. University of Stanford (28.07.2015).

24. Intercultural Communication

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Intercultural communication has been gaining increasing importance for some time now due to economic globalisation, the internationalisation of companies and cross-border cooperation. The interesting thing about it is: In intercultural communication, various actors from different cultural circles act who cultivate different behaviours, traditions and values. Consequently, it is to be understood as an exchange and interaction process of thoughts, meanings and feelings by means of symbolic signs or actions (verbal or non-verbal) between individuals, groups or organisations with different cultural backgrounds.

Even more: In the sense of the Charter of *Diversity* (variety), mutual appreciation brings together individuals from various nations in societies that exist under certain political, economic and social conditions. Prejudice-free developments in the field of intercultural corporate culture turn out to be a gain for humanity, e.g. in the world of work:

- It is easier to hire staff from abroad and integrate them into the workforce.
- The various expertises hold valuable potential that can be used constructively.
- Employee motivation and thus also performance increase.
- With the help of the multicultural experiences, new target groups and foreign markets can be addressed more effectively, especially since individual groups of employees share common values and norms.

Employees not only represent communities, but also cultures from all over the world, which can be of great benefit to the company. However, *Warren*

Buffett considers it to be wrong to transfer a culture from one culture to another: “Accordingly, the task of management is to make the specific culture of the respective country usable if people are to be effectively integrated into a common organisation.”¹

Since diversity management, among other things, increases creativity, innovation and customer orientation and brings added value into the professional environment and society, the fields of cultural studies (cultural and mental characteristics of societies), linguistics (linguistic communication forms between different cultures), business administration (corporate cultures or international management), psychology (culturally determined behaviours of individuals) and sociology (interaction of social systems such as institutions, communities or societies) deal with intercultural communication.

The goal of internationally operating companies is to acquire intercultural competence in personnel development. But what is meant by intercultural competence? According to *Barmeyer*, three phases and characteristics are to be distinguished here:

1. The affective component. This affects the level of feeling and thus contains social competence properties (e.g. openness, empathy, willingness to learn, tolerance, ethnorelativism).
2. At the cognitive level, it is about knowledge and awareness of cultural dimensions and cultural standards. Basic knowledge also includes the cultural practices of the target country (e.g. country-specific knowledge, knowledge of cultural dimensions and cultural systems).
3. The behavior-related component of intercultural competence is about the ability to successfully apply this knowledge in real situations (e.g. implementation of attitudes and knowledge, communication readiness, foreign language skills).²

As with any development, intercultural communication also has *advantages and disadvantages*. This makes it all the more difficult when business, legal and organizational complications lead to communication disruptions. Frequently occurring misunderstandings and disruptions arise from an inappropriate communication style, lack of communication behavior or lack of intercultural competence. Or if the views and attitudes towards decisions, communication, conflict and trust diverge or actions and behavior are misinterpreted.

The basic conditions of cooperative interaction can be reduced to the most

important thing in process design, difference management and relationship management according to *Juch.*³ For the respective situations in cooperative interaction, there are the following recommendations for action on an intercultural communicative level in order to successfully implement cooperations:

Process design Cooperations go through various phases until the cooperation goal and must therefore be viewed processually.

- Proximity in time: Cooperation problems should be solved as soon as possible and specific to the situation.
- Deceleration: A deliberately slowed approach in certain phases of the cooperation interaction is recommended.
- Long-term: Cooperation plans should be planned as long-term relationships.
- Development will: Development potentials should be recognized and developed early.
- Cooperation life cycle: Cooperation processes must be flexibly adapted to the respective phase.
- Integration of human factors: Success of cooperation depends heavily on human factors.

Coping with differences Differences should be dealt with constructively, therefore it is also first of all to recognize differences in intercultural cooperation.

- Perspective taking: Increased mutual understanding arises through a regular perspective taking.
- Willingness to compromise: Different views should be integrated into a joint solution.
- Acceptance of cultural relativity: Cultural diversity should be met with appreciation.
- Belief in similarity: Similarities should be emphasized in communication.
- Respect: Communication on an equal footing and the willingness to meet the communication partner in his or her native language.
- Willingness to learn: Important experiences for future cooperation situations are gathered through intercultural cooperation.

Relationship management The establishment of a viable relationship is very important in intercultural cooperation. Good relationship management is characterized by the following criteria:

- **Transparency:** Provision of information and an open and honest communication style are seen as basic conditions for successful cooperation.
- **Demonstration of commitment:** Repeated demonstration of commitment prevents insecurity and creates trust.
- **Consideration of situational specificity:** Situations are shaped by multiple influencing factors, therefore a one-sided view of the situation is often unrealistic.
- **Benefit balance:** Cooperation is successful when the power is balanced. Trust in advance: Trust is the basis for any relationship. Cooperation is then successful when they trust in the positive effects of the relationship. Thus, a shared trust also stimulates a communicative understanding.
- **Relationship reason:** Although the design of a personal relationship with the cooperation partner is important, it should also be seen as a rational and profitable business relationship.

Tips for You

Manners which, for example, appear to be commonplace and unobjectionable in Germany can cause displeasure and irritation in people from other countries. The following tips are more general in nature, as each culture values different things. Therefore, before the meeting, consult with an expert in intercultural communication about the most important customs and traditions of the country your conversation partner is from.

- Openly addressing cultural differences makes dialogue easier and promotes understanding of any problems that may arise.
- Generally speaking, treating other cultures with respect acts as a gatekeeper. Before the meeting, consult with an expert about taboo topics that should be avoided during business meetings.
- Avoid using colloquialisms or dialects so that you can be easily understood.
- Do not ask negative questions on a first contact in order to build a trusting relationship.
- Speak slowly so that your conversation partner can process what you are saying.
- It is advisable to introduce formal feedback mechanisms, especially in cultures that communicate less directly.
- When using nonverbal communication, try to use body language (gestures, facial expressions, eye contact, and posture) sparingly, as the effect can vary with the person you are talking to. Also maintain an interpersonal distance.

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Footnotes

¹ Arnold (2020), p. 54.

² Barmeyer (2000), p. 273.

³ Cf. Juch (2013).

25. Internet & Search Engines

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An Internet presence is the business card of the 21st century. Period!

It is logical that almost all companies have their own homepage in order to present themselves and to push marketing forward. But who benefits from the cleverest Internet presence if there is little or no traffic there? Even an outstanding design, the best technology and sophisticated offers are no guarantee of sales, especially if the number of visitors is modest. That is why traffic is needed, especially if a company depends on successful online marketing. Potential customers want to be courted, sufficiently informed and carefully looked after.

In order to be found in a privileged position on the net, you can of course get advice from search engine optimization agencies. Or you take matters into your own hands and increase the traffic on your website. In my opinion, when it comes to *internet marketing* there are five general actions to recommend:

1. Make your customers curious about the offer through the website. Impress them immediately with thematic or product-related headlines, for example: “Why almost 90% of households followed our water saving tips and saved money”. At least one keyword (e.g. “Water saving”) should appear in the first 50 characters of a subject line so that the offer can be captured and found again by the search engines. When designing the offer, also orient yourself to the tried and tested appearances of successful companies such as

Amazon, Telekom or Zalando and follow my Tips for You.

2. Build a business relationship with customers online by offering free information (“Things for free”) in exchange for an email address. Email addresses are valuable advantages and the currency of the Internet. If, for example, you sell solar cells, a newsletter on the subject of “Everything you absolutely need to know about renewable energies” (or the like) could be useful.
3. Get in touch with customers when progress has been made on a product or service. Encourage target groups to take action, ideally to purchase a product. Ideally, automate part of your customer acquisition. Advertise through process-controlled *e-mail marketing* for your offers—as often and whenever you want! Note: The average Internet user wants to see an offer from an unknown website several times before making a decision.¹ And the more e-mail addresses there are, the higher the probability that your income will increase.
4. Come to the sales conclusion. If there is a business relationship with (potential) customers and they have already been given valuable “things for free”, then the prospects for a conclusion are favorable. If necessary, reinforce the motivation to buy by, for example, limiting an offer in time or only offering it at a particularly favorable price during the introductory phase. This improves the conversion rate (order rate).
5. It can be careless to regard the Internet as a purely sales channel. Because that is not true because the Internet offers a wide range of opportunities and risks for services and products. Your task as a marketing or sales manager is to have a sales-promoting dialogue with customers, to meet their wishes, to trigger requested optimizations and to increase sales.

What is new on the Internet are so-called *brand communities*, which build and maintain trust-building relationships between a company and its target group. In fan clubs (e.g. at *Red Bull* or at the *BMW Group* customers exchange information about their lifestyle, with the actual main characters (products or services) remaining in the background. The purpose is clear: group experiences are to be created, which in turn are coordinated by the companies. In the end, it is all about building and preserving emotions for brands, because bonds are extremely valuable. The reason: a bond cannot be replaced by interchangeable products or services all of a sudden (cf. Chap. 5).

However, before a club feeling can arise at all, the participation of company employees must be ensured. Thus, it is necessary to establish an inner cohesion and demonstrate it to the outside as well as articulate one's own emotions for the brand in customer dialogue (cf. Chap. 47). This correlation can be put in a nutshell: only real fans attract more fans!

Of course, you can object: I am familiar with it, but it does not help me much as a self-employed person or small business owner. With all due respect: you are wrong. I know enough companies with few employees and one-man shows that do not hesitate to support their regular customers via a "fan club" (e.g. via XING group or newsletter) on the Internet. And they try to make leads potential customers (in marketing speak *leads*) buyers of a certain product or service. Be it by regularly providing them with free newsletters, making free white papers or recommended links available to them, or inviting them to free webinars. Nevertheless, it takes patience to apply, because we initially know little about a lead's budget and current needs.

To qualify leads, refers IBM rightfully to the *BANT*-criteria:

- Budget, to finance a business
- Authority (authority), to conclude business
- Need (need), to make a purchase
- Timeline (timing, that meets customer expectations).

No reason to throw in the towel right away. Automated analysis tools support qualification processes and provide insights into business developments at a company.² Nevertheless, it is essential to woo prospects over a longer period of time and to remind them again and again of offers made on the Internet. After all, "The persistent win the battles," proclaimed the French Emperor Napoleon I. (Bonaparte, 1769–1821).

What can be done against the *abuse of data*? As with any development, digitization also has advantages and disadvantages. Machines collect mass messages on the Internet with the help of cloud computing and big data³. In gigantic computer memory, information is gathered, evaluated and used for commercial purposes, with a user not knowing what is happening with his personal data or messages. This is mainly due to the fact that the technology that connects the websites together is based on one-way links. With two-way links, the information could be traced.

We are ultimately in a legal dilemma: On the one hand, the right to personality should be protected; on the other hand, data protection should not block everything that is necessary for proper business operation and thus for economic interests. The European Data Protection Regulation came into force on

May 25, 2018 and forms the data protection framework within the European Union. But beware! The Internet of Things continues to capture personal data that should remain confidential and exclusive. Internet networks, online retailers and search engines collect data about people, their preferences and behaviors, as well as their current location. Nevertheless, who would want any Internet organization to have a complete picture of a human life?

In my professional sphere, I often hear the sentence: For customer acquisition no business and freelancer can get around the quick findability in *search engines*.

How does that come about? This is primarily due to the fact that trade is increasingly shifting to electronic commerce and is therefore dependent on being found online by its clientele. That is precisely why it is alarming that a single search engine -*Google*—virtually controls the entire market for automated search of websites.⁴ Statistics show that Google has a market share of around 80% in the search engines. In essence, there is no substantial competition among the search engines. Google thus operates a monopoly and exerts a gigantic influence on the world economy, in particular on companies and self-employed persons who are dependent on first-class placement in the Google search engine.⁵ Those who do not get an entry there on the first pages do not exist, so to speak, because the users do not bother to scroll through an endless number of search results.

What does it look like in practice? Google, founded in September 1998, constantly accompanies Internet users through the “search query” function, evaluates results including location reports and makes suggestions. The search engine is financed by Internet advertising, for example by placing ads on Google AdWords. In order to complement the empire and secure it against competition, Google is constantly founding subsidiary companies or investing in emerging companies (the expansion is far from over):

- *Google AdWords*: Here you can place ads on Google and in the Google advertising network. For each campaign, the customer specifies keywords under which the ad is to be found. You determine the amount of the budget. A fee is charged for each click on an ad.
- *Google Maps*: This tool can be used to search for places, hotels and other objects (e.g. companies) and display them on maps or images.
- *Google Earth*: Fly around the world and view satellite images, maps, terrain formations and 3D buildings.
- What else is there to Google? Google Mail, Google News, Google Translator, Google Images, Google Chrome, Google Street View, Google Glass, Google

Play, Google Books, Google Scholar, Android, Boston Dynamics, Deep Mind, Nest, YouTube, Uber, etc.

One naturally asks oneself the question: What is the intention behind these oversized activities? The answer is simple: Google is fighting for digital supremacy just as the Romans or Genghis Khan once fought for the earth! Google leaves no doubt about this and states it clearly: “Google’s mission is to organize the world’s information and make it universally accessible and useful” (mission statement 2013).

The mere fact that every research and data collection has threatening consequences in databases. What is once listed on Google or another search engine, will almost always be traceable, because the “right to be forgotten” is only granted in rare cases.⁶ This applies to positive as well as negative reports. As a result, entrepreneurs try to present themselves and their business in the best possible way on Google and to place them on the first pages in the Page-Ranking. A professional *search engine optimization* (Search Engine Optimization) increases the popularity of websites—for example, by linking to other documents and by entries in forums and blogs.⁷ Search engines base their assessment of sites on, among other things, the link popularity of a website (measured by the PageRank algorithm), completely independent of the social relevance of a site or the quality of the offer. This is something that users need to understand.

Nobody has anything to give away, which is why the web competition takes persistent measures to “EntGoogle”. The hardest competitor is *Apple*, which offers more than a million apps and games for download in its App Store. In addition, the Internet giant Google has to deal with cartel disputes in the USA and before the European Court of Justice, because the company abuses its dominance to suppress competition in an illegal manner, for example in the search engine and online advertising business. Despite all the criticism of the monopolist Google, it must not be overlooked that the search engine directs visitors to the websites of companies and thus stimulates business transactions.

No matter what your opinion is, there is a serious danger that using search engines will increasingly replace our memory. Scientists warn against outsourcing brain-controlled functions of our consciousness because information can be found again via search engines. This reduces our ability to remember the actual information, which, to put it mildly, makes us “dumber”. In addition, part of our identity is manipulated because search algorithms provide information that does not automatically match our selection criteria.⁸ In addition, it is beyond doubt that the search engines are manipulated by external optimizations in the

selection of hits. So my good advice: Use search engines as an extension and not as a replacement method.

If that's clear with the search engines and the official website of the Internet, then you should be aware of something else: The *dark side of the Internet* exists and is a virtual marketplace for everything that is forbidden: stolen passports and credit cards, drugs, weapons, etc. are delivered to your door. In the official search engines (Firefox, Explorer or Safari) the *Darknet* is not findable. Only via a so-called "Tor" browser can you access the largely criminal addresses with cryptic names. Senders (buyers) and recipients (sellers) are completely encrypted in the Darknet, which is why illegal trade flourishes. According to expert estimates, the criminal global data network is three times as large as the officially accessible Internet. The payment is made on the dark side of the Internet via the digital currency "Bitcoin". Via an encrypted network, the path of the substitute currency is hardly traceable because the legal financial world is not involved in the transfers. The Bitcoins can be bought or sold for other currencies, for example, via online exchanges or Bitcoin ATMs in cities.

One last point to consider. Unlike what we learned in childhood, we are increasingly losing the ability to have a direct face-to-face conversation through the Internet hype and communication tools such as smartphones, although such a conversation forms the foundation for a relationship of trust. Instead, we type, mail, text and chat with each other: "People want to be together, but at the same time also somewhere else, in places that they can visit and leave at will [...] We get used to being together alone."⁹

I ask you: Do we really want that?! The best deals hardly come about without a personal conversation.

Tips for You

- The website must bring a clear benefit to the target audience. So ask yourself: What added value does my homepage offer compared to those of my competitors?
- The purpose of a business website should be obvious. In this respect, texts that are clearly formulated and explanatory pictures are used. In addition, the most important, further information about navigation is immediately available with one click of the mouse.
- Find out what kind of information most visitors to your website are interested in (e.g. information about your services, order forms, opening times), and place this on the first page.
- Images should be used sparingly but effectively (royalty-free stock media

can be obtained, for example, from <https://stock.adobe.com> or www.istockphoto.com).

- Visitors should be able to contact the website operator (company) immediately and easily (by phone, mail or via a contact form that captures the most important information). Registration as a customer or registration for a service must be intuitive and quick.
- Maintain your homepage, keep it up to date (possibly by event information, book tips, audio files) to generate continuous traffic.
- Create a *landing page* that is linked to your website. The purpose of a landing page is to provide clear, well-structured, unambiguous information on one page in accordance with the search query of a user. With the help of the landing page, trust is immediately established with the user and names and e-mail addresses are captured by an automated contact form. With each click on the landing page, the user lands on the website of the company, where, for example, he can order products or services.
- Offer yourself as a guest author on highly frequented *Internet blogs*¹⁰. In every article, you launch your name and the link to your own online presence. This optimizes your ranking in the search engines.
- You achieve the highest acceptance with an organic search result.¹¹
- In Google ranking, the homepage of some competitors may be placed before your own. Carefully examine the texts and keywords of the best-placed competitors and correct your own words and/or combinations of several words, numbers or characters to optimize the ranking.
- Combine your domain with Google Places (via Google My Business) and enter your company address there for free. This makes it easier to find the entry on Google.com and in Google Maps.
- With Google AdWords, you can place paid ads, including links, so you can rent an online advertising space. During the campaign, design your ad text several times if you are not satisfied with the clicks on your homepage. Also try different keywords (the more specific the keywords are, the higher the probability that your homepage will be called up). Product and brand names can also be used as keywords.
- Place a company or product video on *You Tube*.¹² You Tube can't believe how many no-names became stars and products became bestsellers because they caused a stir with professionally produced videos, regularly offered new clips with unusual ideas, remained true to themselves in self-presentation and kept in touch with fans (subscribers). If You Tube is not for you, I recommend the video portal Vimeo (www.vimeo.com). Here you

will find technical class instead of quantitative mass.

- Press releases bring you far forward in the Google ranking. Therefore, you always have to take care of current news (e.g. by means of announcements in free press distributors; see Chap. 36).
- Be smarter than other people and don't just use search engines for your research. For example, ask colleagues, research in science libraries (e.g. www.wissensbank.info) and read books and newspapers regularly to get information.

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Footnotes

1 Autoresponders automatically take on reminder tasks and are also available for other tasks, such as: Delivery of information, for example to visitors of the landing page, sending newsletters, contact generation with Facebook fan pages, follow-up mails, list building, maintenance of interested parties lists.

2 For example, SAP has been recognized as a leading provider of business intelligence, analytics and performance management. Or you might test something like InsideView (www.insideview.com).

3 Big data refers to large or complex data sets that cannot be evaluated using traditional data processing methods.

4 How long Google has a monopoly depends of course on the users, because they could also use other search engines like Mozilla Firefox, Qwant or DuckDuckGo.

5 Other important search engines: www.wolframalpha.com (tries to understand questions and provides appropriate answers); www.bing.de (by Microsoft with direct Outlook access) or www.yahoo.com.

6 After the ruling of the European Court of Justice (ECJ) on the “right to be forgotten” from 13.05.2014, Google made a form available online, with which the user can request the removal of search results. Google individually weighs between the data protection rights of the individual and the public’s right to information and dissemination of information.

7 Here, a distinction is made between “OnPage optimization” and “OffPage optimization”. In the “OnPage optimization”, the quality of the content, the formatting, the headlines and the technical aspects (tags, headers and internal link structure) are checked and adapted to modern standards. Furthermore, suitable search terms (keywords) are selected, so that the search queries land as far as possible on the respective website. In an “OffPage optimization”, the relevance of the incoming links (backlinks) on a website is to be increased. For this purpose, qualitative and quantitative link partnerships are concluded with other websites in order to position themselves thematically. In addition, measures are initiated to generate as many “social signals” (shares, likes, comments, Google + 1, etc.) as possible.

8 Cf. Chalmers (2010) & Sparrow (2011).

9 Turkle (2012).

10 A blog is a diary or journal that is kept on a website. It provides information (also about one’s own life), comments or discusses topics, like a newspaper. Users can subscribe to the content in a feed reader (RSS feed) and have it displayed. There are significantly more than 500 million blogs worldwide. Blog communities are, for example, blogger.com (Google), wordpress.com, tumblr.com or myspace.com.

11 Search engine results that are not marked as sponsor links (ads) are referred to as organic results.

12 YouTube alone has more than two billion users worldwide every month. The world’s second largest search engine is part of the Google Group and offers users videos of all kinds as well as advertisers a platform on which they can place clips in different formats.

26. Knowledge Management

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*An investment in knowledge still pays the best interest.
Franklin, Benjamin (1706–1790), one of the Founding Fathers of the
United States of America.*

Let's not beat around the bush: Lifelong learning is a matter of course for reputable employers because it also makes up the market value of a company. Through a constant transfer of know-how, employees are brought to a higher level of knowledge, which contributes to the renewal and improvement of an organization. High potentials are constantly being trained, promoting corporate knowledge capital,¹ so that they can participate and make decisions in the competitive struggle. As a high potential, it is anyway a duty to exchange regularly with colleagues from all organizational levels, in order to identify business risks at an early stage, for example, or to seek consensus solutions.

However, some people do not find the right access to further education and wait until they are forced to do so by superiors or market requirements. Experts like *Virginia Rometty* recommend deepening or expanding the existing professional education on a regular basis in order to actively shape one's own future in the world of work: "I always represented the view that every situation is a learning opportunity. It is this curiosity. When we [at *IBM*—note by the author] hire, we look for a tendency to learn, not just what the applicants know at the moment because it is so limited in time. " ²

Knowledge management plays a key role and includes the acquisition, development, transfer, storage and application of knowledge. It is easy to overlook that knowledge management is much more than just collecting information. In addition to data collection, existing information is linked to new knowledge and conclusions are drawn for actions, methods and processes. The range of topics is almost unlimited and ranges from laws of markets to future-oriented requirements of the world of work to the implementation of technological innovations in business practice.

The overarching intention of any professional education measures should, as already described, not be the mere imparting of knowledge, but the conscious handling of the resource “intangible capital” and its targeted use in the operational environment. Moreover, it is essential that assets such as corporate experience and factual knowledge be passed on to subsequent generations. Anything else would be counterproductive from the perspective of an organization.

In view of the importance of knowledge as a production and competition factor, a far-sighted employer will be keen to train his employees continuously, because by innovative ability the standards are increased, which affects all levels of activity. Here is a simple rule of thumb: Excellent trained employees are known to cost more than the average. But they can turn mediocre products into perfect ones, while the average is stuck. It is characteristic that by means of training, consistent application of rules and uncompromising striving for perfection a company can become a leading company in an industry. Knowledge management is self-management, whereby the transmission of information, data and signs for the development of knowledge can take place in three ways:

1. On the job: System-related learning during the work process, for example in a workshop, a project work or an overseas assignment.
2. Along the job: Developing occupational perspectives as part of personnel development, for example by means of a consistent career planning or by means of a potential analysis.
3. Off the job: Self-study (e.g. as eLearning) or training which is carried out outside working hours as external learning events or as recognized educational leave.

So far, so good. But if you want to trust relevant statistics, then there is a decline in Germany in measures to transmit knowledge. In the field of

continuing education (intensity, participation rate), the Federal Republic of Germany only occupies a middle position in comparison to other European countries and is behind most Scandinavian and Western European countries, as well as behind some Eastern European countries, in various indicators. A clear warning: Domestic companies invest significantly less in educational measures than assumed.³ This negative finding may also be due to the fact that large parts of the population only take up part-time courses when these are required in their work environment or when they drive their careers. *Jack Welch* (1935–2020), who became a legend as CEO of *General Electric* (1981–2001), basically relied on excellent training of young people and also abolished unnecessary bureaucracy and hierarchies.

Two examples show how successful in-company training and further education can be: The Globus hypermarket chain prepares its approximately 30,000 employees for the company culture already in their apprenticeship years. Under the motto “Ethically successful business”, the staff learns to treat each other with respect, to communicate at eye level and to act on their own responsibility. The competences granted and the values lived should lead to continuous improvements. Sometimes it is an arduous, costly march to reach a long-term goal, but experience shows that the result pays off.

IBM is focusing on continuous employee training and 170 new partnerships and programme expansions in more than 30 countries in the Americas, Asia-Pacific, Europe, the Middle East and Africa. The company is committed to re-skilling 30 million people of all ages worldwide by 2030. For the jobs of tomorrow, IBM’s existing programmes and career platforms will be used to expand access to digital skills and employment opportunities. In collaboration with universities, government agencies and job centres, students and job seekers benefit from access to fundamental knowledge on topics such as cybersecurity, artificial intelligence (AI) and cloud computing, as well as professional skills such as design thinking and agility.⁴

Janina Kugel (*1970), Labour Director at Siemens from 2015 to 2020, who implemented a cultural change in the company, calls not only for more diversity, but above all for lifelong learning in order to meet a different set of requirements if necessary: “Those who do not face the challenge of this change in their own job will have a problem. We all need to develop and learn, regardless of what job we do.”⁵

The clear tenor of in-company training: In internal transfer processes, the “human” factor cannot be rated highly enough as a decision maker. In this respect, training measures must be effective in order to qualify and motivate

employees for future tasks. In the opposite case, there is a risk of personal frustration among the staff, even refusal to work. This is the tip of the iceberg.

The fact that companies have to adapt to the demands of the globalised economic world through training measures is illustrated by the example of a conversation held at management level at Netflix in October 2017: “We have the great growth potential abroad, and there is a lot to learn about these markets. We don’t know if the Saudis watch more or less TV during Ramadan. We don’t know if Italians prefer documentaries or comedies. We don’t know if Indonesians are more likely to watch films alone in their bedrooms or with their families. If we want to succeed, we have to become an international learning machine.”⁶

Please note: Knowledge management to support competitiveness requires prudent action and early clarification of essential characteristics of operational knowledge transfer:

- Which knowledge goals or skills are being pursued to what extent?
- Should only a certain group of employees be trained or are the trainings open to everyone?
- Which regulatory requirements should the training offer meet (e.g. target agreements, content, methods, learning forms, duration of training measures)?
- What experience should the teaching staff bring with them? For example, practical knowledge and/or training certificates? Will internal or external trainers conduct the courses?
- What expectations are placed on the general terms and conditions of an education provider—e.g. examination regulations, cancellation and withdrawal rights, costs, payment terms?
- What equipment (including technical) should the training rooms have?
- What certified qualification should be achieved at the end of the training measures? For example, an authorization certificate, an examination certificate or a meaningful certificate of participation?
- Do employees receive recognition for achieving prescribed knowledge goals, and if so, in what form?
- How can the learned knowledge be stored and made accessible to high potentials?

Undoubtedly a neat catalog of evaluation units. And what if you also use social media recipes for internal knowledge management? Perhaps you have already heard that some companies set up their own *wikis* for training purposes. There, all employees can access information on framework conditions, operating instructions and regulations, protocols of ongoing projects and contracts with

suppliers; they can create new articles and edit those of colleagues. Apart from a few confidential documents (including personnel records), there is total transparency and a wide range of design options. Sounds promising, doesn't it?

There is no doubt a decent catalogue of evaluation units. And what if you also use social media recipes for internal knowledge management? You may have already heard that individual companies set up their own *wikis* for training purposes. There, all employees can have access to framework conditions, operating instructions and regulations, protocols of ongoing projects and contracts with suppliers; they can create new articles and edit those of their colleagues. Apart from a few confidential documents (including personnel records), total transparency and diverse design options prevail. Sounds promising, doesn't it?

Tips for You

- Regulate which professional educational goals should be pursued in your company—for example, the introduction of new quality standards, adaptation of IT guidelines, expansion of competence.
- Support employees outside of everyday business in their personal development through educational measures (the provision of advanced knowledge and contemporary skills). This makes employees feel valued and committed to the company.
- Check (or have checked) to what extent the professional qualifications of the workforce meet the increased, company-specific requirements or those of the industry, e.g. personal qualifications, training, experience and skills. Based on the results, decide which employees should be given training courses. Communicate openly with employees about which qualifications are available and which still need to be acquired.
- When qualifying, the orientation should be on the requirements of the customers and the market and not on the interests of the employees. Nevertheless, check to what extent exceptional talents of employees can be useful for internal seminar offerings. If exemplary talents arise, use them in training.
- Manufacturers who support their suppliers in the further education of their employees later benefit from optimized value chains and lower prices.
- Introduce a continuous transfer of knowledge across hierarchical boundaries. If you want to establish your own company wiki, commission a small team to constantly set relevant work basics, act as moderator and tipster, report innovative suggestions from authors to management and

monitor the quality of the contributions. In addition, an argumentation database is set up to which the staff can access at any time.

- Show initiative and ask educational institutions for high-quality qualification programs based on proven/certified framework conditions and standards. For recommendations in this regard, please contact chambers, professional associations, universities.
- Inquire about state funding opportunities for professional training and further education measures (see Chapter Financial Economics).

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Footnotes

¹ Knowledge capital includes, for example, work experience, relationships with customers, suppliers and partners, management tools and processes, reputation and qualifications (human capital).

² Cf. Rubenstein (2020, p. 179).

³ Schönfeld and Behringer (2012).

⁴ Vgl. IBM (2021).

5 Kugel ([2021](#)), S. 20.

6 Hastings & Meyer ([2020](#)), S. 319.

27. Lateral Thinking

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The research assumes that scientific revolutions (paradigm shifts) are necessary to move from error to truth.¹

This in turn implies: What is assumption and what is reality? When questioning, world views are called into question, natural laws are turned upside down, conventions are broken, possible errors are corrected and new connections are established.

As early as before Christ, Greek and Roman philosophers in particular² through their systematic thinking outside the box with fundamental questions of humanity, e.g.: What shapes the divine order? What can man hope for? What is X and how is it? It is worth taking a closer look, going to the bottom of assumptions and examining puzzling connections. Thus, for example, *Nikolaus Kopernikus* showed that the earth rotates on its own axis and moves like other planets around the sun.³ Or *Isaac Newton* laid the foundation for classical mechanics with his law of gravitation.⁴ Or *Albert Einstein* found that space and time are not absolutely fixed quantities.⁵

How could it be otherwise? Mental paradigm shifts are indispensable when thinking outside the box in order to question incomplete theories and make progress. *Heiner Geißler*, General Secretary of the CDU from 1977 to 1989, was my former boss and teacher in the 1980s in the field of “thinking outside the box”. When I was 30 years old, I held the position of head of the media policy department in the CDU party headquarters, I learned from him in four-eye

conversations to question matters from other perspectives than the majority, free from conventions and their accompaniments, traditional views and entrenched paths. Geißler is still considered the most prominent thinker outside the box of the CDU, who sharply advocates for a more just economic system.⁶

High Potentials bring a good portion of contemporary leadership competence with. But can the majority of top managers also assess disputed issues from alternative, non-routine perspectives? Lateral thinkers are certainly not speech machines that hedge themselves on all sides before expressing their opinion. On the contrary, they cut through uncomfortable issues to wake people up from their lethargy and to animate them to participate. Bumping into things is also part of their strategy to explore topics and boundaries.

How about you? Do you sometimes think laterally? Maybe you will be convinced by the following argumentation: Who would claim that electricity will still come from a socket tomorrow? And what was spherical yesterday does not have to be spherical in the future either? Will we soon be driving cars ourselves or will computers take over like in air traffic?

What does your head say? One thing is for sure: that questioning the context contributes significantly to the clarification of facts. And if only because the person being questioned weighs and assesses his position again. Or, as *Martin Heidegger* intended, because by questioning one uncovers what would have been forgotten without it.⁷

Another approach to the matter: Lateral thinkers ask radically, intervene, sharpen to uncover the core of statements. Through a positive feedback between questioner and person being questioned, supportive, value-creating processes arise. It quickly becomes clear: Whoever wants to please everyone and asks superficial questions will get trivial answers. And whoever does not delve deeply into a company during an interrogation will never find out the secrets of a business success.

I know what you can do: Break through lateral thinking rules when things are going around in circles and stagnating at work: “Exceptions are not always confirmation of the old rule. They can also be the forerunners of a new rule.”⁸

In short: Whoever sets rules can also change them again. I find this thesis to be worthy of consideration, especially since the human brain, based on sensory perception, increasingly requires and develops change processes. Most people would probably agree with Locke, the British forerunner of the Enlightenment, that “nothing is in the mind that was not in the senses before”⁹ In the end, a human brain processes an inexhaustible number of unordered sensory impressions (thus thinking laterally) before it matures into the midwife of more

or less progressive ideas.

To avoid misunderstandings: Only the Pope can afford a belief in infallibility because, through official channels, he “ex cathedra” asks God for advice, thus protecting himself from error. Everyone else—that is, the rest of the world—has to rely on their own thinking and unorthodox ideas to make progress in good times and bad. As a little extra, I would like to add: Market participants should have the courage to change the course of a ship that has gone off course before they sink with it out of false pride or stubbornness.

Wallpaper change: Not too long ago I had the pleasure of meeting Kell Ryan, the founder of *Ryanair*, in person. There I learned from him how, in a saturated market, one can *break the rules* the hard way and still come out ahead. Here is a brief summary of what high-potentials can learn from Ryanair:

- Behind the vision that everyone wants to fly is the low-cost flight concept of “lowest prices/no extras”. The flight costs are significantly lower than the cheapest special rate of the competition and far below the normal rate. When it comes to pricing, Ryanair orientates itself to the pure operating costs and not to the market prices of the competition. Ryanair finances itself, inter alia, through commissions from hotel and car rental bookings.
- The fact that a low-cost airline is profitable is due to the fact that Ryanair constantly subjects its route network and fleet to economic control and, in the event of suspected cost savings, immediately makes course corrections.
- Ryanair focuses its route network on poorly utilized provincial airports. From these, Ryanair demands extensive subsidies for inclusion in the route network.
- The Ryanair business model also provides that passengers have only few consumer rights and are transported more or less like freight (e.g. no additional services in the event of delays or flight cancellations).
- Ryanair pursues a rigorous marketing concept that polarizes customers and competitors alike. In doing so, Ryanair does not shy away from unfair advertising and attacking the competition. For example, once Ryanair had its planes carry the slogans “Goodbye Lufthansa” and “Arrivederci Alitalia” and let this message fly all over Europe.

To what extent one welcomes or rejects Ryanair’s performance and profitability planning is another matter. Nevertheless, it is certain that this concept, of ignoring functioning business models of the civil aviation, pays off. Around 70 million passengers fly with Ryanair every year. Without any fatal consequences.

Why can unusual projects succeed? There are just top managers who take more risks than others, leave conventional tracks and don’t adhere to any fixed

set of rules. Take as an example the Funship concept of *AIDA—Das Clubschiff*. Following the American model of Carnival Cruise Lines, an unconventional project started in 1996: Sporty active people, young professionals, but also families with children discovered the club ship and appreciated, inter alia, the professional sports and entertainment program, the short cruise times and the casual interaction between crew and guests. That was clever.

Breaking the rules can be a recipe for success, I recommended to the publisher of a city magazine. In totum, it was about the question of which measures are necessary to increase the chances of success of the magazine. Based on my industry knowledge, I gave specific recommendations: Instead of appearing every three months, let the magazine appear every two months, but reduce the number of pages by about 20%, which the consumer will not notice or disapprove of. However, you stick to the single issue price and offer generous discounts to long-term advertising customers for multiple bookings, which some will accept. Through the conversions you save production costs per issue, can sell more advertising, make the magazine better known (stronger reader-magazine binding) and gain additional readers through the bi-monthly appearance. Just like that.

Even traditions come to an end through Rulebreaking. Just think of the little neighborhood Italian around the corner, where Mama prepares homemade pasta in the kitchen and her southern clan takes care of the guest. The probability that this lovely original version would ever get strong competition tended towards zero. And then *Vapiano* appeared on the scene in 2003 and changed the rules: large-scale premises, fast service and moderate prices.

Yes, some developments are simply unimaginable and yet prevail. Do you, for example, think it is possible to produce beer without a brew house and it does not come out of the tap? You mean that is complete nonsense? Well, by dissolving *GranMalt* granules in water, a drinkable beer is created. Cheers, especially in the countries where there is no brewery in sight for miles around. The unconventional beer concept was even awarded the German Founder and Environmental Prize. Who says you can't do a miracle?

Can thinking outside the box also be used for a business realignment? Without hesitation. However, countless people prefer the one-dimensional view from a fixed point of view that is known and familiar to them. But if they change their perspective once, inspiring perspectives open up to them that would otherwise remain hidden. *Ray Dalio* (*1949), US billionaire and manager of the world's largest hedge fund *Bridgewater Associates*, looks at the financial world market from an alternative perspective: "Whatever Ray learned, he arranged them into models and not only understood the obvious relationships, but also

those that people would only recognize after a while.”¹⁰

First of all, question all the features and conditions that you have so far associated with your business idea. Then turn your perspective in your mind by 90, then 180 and finally 360 degrees. Or slowly move from one line of thinking (perspective) to the opposite position. In doing so, you ask future-oriented “how” questions, such as: How can I market my business progressively? With some practice and good will, you may find that a contemporary perspective appears more opportune than a previous one. Ergo: Submitting to a restriction criterion when thinking outside the box is tantamount to mental death.

Tips for You

- Where others blindly follow the rules and uniform thinking, you cross boundaries when the corporate tanker becomes too sluggish and deviates from the course. Drive a reset strategy in your mind and put the business model back in its original state. To do this, create a ranking list with the best ideas for a relaunch.

Perhaps you can land a similar coup as *Yello Strom* with a new motivational boost and a changed perspective and convince humanity that electricity is yellow?

- Leave your mental comfort zone and question the basis of your biggest competitor’s success. Do not be satisfied with the obvious in your search. For example, discover unnecessary work steps in production or too high material costs. Your entrepreneurial goal should be to become not just equal, but stronger.
- If you need an additional perspective on entrepreneurial decisions in advance, put yourself in the shoes of a successful business person (who is probably familiar to you or whose memoirs you have studied) and ask yourself: What would this person do in my situation (in my place)?
- Act opportunistically to achieve breakthroughs. Check people, ideas, inspiration and processes to see if a viable concept can be derived from them. Outside your usual sphere of influence, an unlimited number of opportunities are waiting to be reclassified and realigned. These can be system breakthroughs, marketing breakthroughs, logistics breakthroughs or research breakthroughs, etc.
- Seed cells serve reproduction. Willingness of employees to carry company-relevant decisions that are made hierarchically or majority in committees is required. Regardless, it is recommended to give employees with divergent (out-of-the-box), but promising concepts the opportunity to further develop

their designs (within a time and financially reasonable framework).

- Set up a think tank, design uniqueness and a myth around your offers.¹¹ Marketing experts refer to a close customer relationship with a company/brand as *Brand Loyalty*.

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[[Crossref](#)]

Footnotes

¹ Cf. Kuhn ([1967](#)).

² Pythagoras (6th century BC) is probably the first known philosophical forerunner. He introduced a mathematical order and, inter alia, the ancient coinage system and shaped the ancient science through numerical ratios.

³ German scientist (1473–1543): 1543.

⁴ English natural scientist (1642–1762): 1687.

⁵ German physicist (1879–1955): 1916.

⁶ Cf. Geißler ([2012](#)).

⁷ German philosopher (1889–1976).

8 By Ebner-Eschenbach, Marie (1830–1916), Austrian writer.

9 Locke ([1690](#)).

10 Anderson ([2019](#)), pp. 36–37.

11 Typical example: In 1966, the Italian fashion brand Missoni introduced knitwear with colorful striped, wavy and zigzag patterns and turned it into a cult to the surprise of the industry.

28. Leadership

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No matter where you set up your professional tents: “Man is an imitative creature, and whoever is in the lead leads the herd.”¹

This can be assumed. It should also be noted that management is responsible for the planning, organization and control of company-related processes in order to offer goods or services on markets. In a functional sense, it is responsible for procurement, production and sales tasks. In order to find out what expectations exist on the part of market participants, managers are well advised to involve internal and external advice. This makes it possible to define and prescribe economic goals using the field service on the basis of key customers (external feedback), across the hierarchy levels of an economic unit (feedback with employees) or according to the current constellation (quality standards, product life cycle, economic development).

In the German-speaking world, the St. Galler Management-Konzept is considered a guideline for executives. This model distinguishes between three levels, which must be coordinated with each other on a horizontal and vertical integration level:

- Normative management: sets the highest goals of a company, including mission statement, principles and norms. Here, corporate policy and values are regulated.
- Strategic management: is based on the given corporate values, steers and modifies an organization in order to exploit potential for success. For this

purpose, structures and management systems are adapted and problems are solved in order to gain competitive advantages.

- Operational management: implements the normative and strategic directives in communication, performance and financial processes. On the operational level, orders are carried out with the overriding goal of achieving monetary results.

But how far does a manager's scope of design extend and which decisions may he make independently? International standards provide guidelines for this, whereby three management levels are distinguished:

- Top Management (owners and management), responsible for strategic decisions
- Middle management (head of department and divisional managers) with predominantly ordering functions
- Lower management (department heads to master) with executive tasks.

In German companies, comparable divisions can be found which require systematic management, thus inevitably leading us to speak of classical management approaches. These include, among others, those of *Max Weber* (1864–1920), who distinguished between four styles: *patriarchal* (a single leadership shapes, controls and represents an economic unit in a “fatherly” way, which is managed in an authoritarian manner), *autocratic* (a sole rulership with almost unlimited power, which places great value on hierarchies and absolute obedience), *charismatic* (an outstanding personality leads the employees through their charisma, who follow the instructions uncritically) and *bureaucratic* (great value is placed here on bureaucratic institutions and rules, without a dominant leadership person existing).²

If, on the other hand, one follows *Henri Fayol* (1841–1925), the founder of (French) management and administrative science, then a leadership has five tasks to fulfill: planning, organization, instruction, coordination and control of tasks.³ *Kurt Lewin* (1890–1947) pleaded in contrast to Weber and Fayol for three classical leadership styles: *authoritarian* (superiors give instructions which subordinates have to accept without objection), *cooperative* (also called democratic leadership, in which employees are involved in decision-making processes) and *Laissez-faire* (employees make decisions independently and thus have a high degree of freedom of action with many freedoms).⁴

Nowadays, the boundaries between the scientific disciplines are blurred because the leadership style depends on the respective situation and task. According to the theory of “situational leadership”, depending on the current

framework conditions under which superiors and employees operate, a more task-related or more person-related leadership behavior is practiced by the superiors. Factors such as personal relationships between leaders and followers, difficulty of tasks and position of the superior are of high relevance for a corresponding decision-making process.⁵ As a result, no exclusively patriarchal or charismatic style survives, but rather a combination of various leadership methods. That is exactly why every corporate leader develops his own, individual leadership style, which should be characterized by ethical and moral behavior, appreciation and authenticity.

Speaking of leadership style: A widespread mistake among alpha animals is that they always put their own self-image in the foreground and consider themselves more important than the actual thing. *Ray Delio* (*1949) from *Hedge Fund Bridgewater Associates* only surrounded himself with people who were able to put their ego aside. He knew from his own experience how much damage emotions and egos can do, and therefore only hired employees who approached things pragmatically.⁶ For this reason alone, *Reinhold Würth* (*1935) considers it his great task to keep arrogance away from the company, which is why he sometimes has a one-on-one conversation with a manager to bring them back to the level of humanity.⁷ The very low fluctuation in his company proves his social action to be right, because less than 5% of employees leave the conglomerate each year.

The term “leadership” stands and falls with the respective personality and their inherent or learned ability to fulfill tasks, exercise rights and obligations, set the direction in an organization and moderate complex relationships. In the end, a leader decides which participation, co-decision and information rights individual employees receive, which superordinate and subordinate relationships including instructions are agreed and in what amount the individual budgets for a financial year are.

When listing entrepreneurial personalities of the 20th and 21st century, names such as *Max Grundig* (electronics company), *Fritz Henkel* (detergent), *Dietmar Hopp* (SAP), *Peter Klöckner* (engine and plant manufacturer Klöckner-Humboldt-Deutz), *August Thyssen* and *Friedrich Alfred Krupp* (blast furnaces, steel and rolling mills), *Heinz Nixdorf* (in the 1970s the fourth largest computer manufacturer in the world), *Ernst Werner Siemens* (electronics) and *Reinhold Würth* (screws) stand out. What is noticeable on closer inspection of these people is that they used similar properties despite different conditions: pioneer spirit, creativity, integrity, risk-taking, self-confidence, discipline and willingness to perform. Through their entrepreneurial activities, the Big Leaders made a

significant contribution to the fact that *Made in Germany* was associated with definitions such as reputation, quality, stability, reliability and prosperity.

Value work A successful entrepreneur is characterized by the fact that he permanently assumes responsibility for his “lifework”. Accordingly, he remains true to his business idea, trusts his master plan and by no means easily gives up a course that has been set. Nevertheless, he proves to be flexible in the face of changed market conditions, acts promptly and takes the freedom to make mistakes on the way to economic breakthroughs, which are corrected afterwards.

Staying true to oneself Whoever wants to make it to the top ignores above all the “doesn’t work!” and regards his commitment as a beneficial and goal-oriented function:

- The professional task of corporate management is to serve customers, employees, investors and society and to reconcile their conflicting interests.
- Corporate management must serve the customer. It must meet the needs of customers as best as possible.⁸

Serving is a real gift. What else does one expect from modern leadership? For this, *IBM* has gained insights from more than 3000 CEOs in *Institute for Business Value* evaluated and identified five key qualifications:

1. The role of corporate leaders has become even more complex, both at the top and at all lower levels.
2. Financial business acumen must be paired with human contact skills.
3. Communication skills have been adapted and extended.
4. The corporate mission, its objectives, social action and awareness of the community are of paramount importance.
5. Wider, flatter structures with fluid decision-making processes and a stronger dependence on technology for every part of the company affect training, promotion and talent management in all areas.⁹

Creative leaders who are able to quickly exploit opportunities and challenges in different ways in a global environment are sought. They must set directions

and be able to motivate an increasingly distributed workforce. Creativity was ranked as the most important leadership trait within the next years. Flexible properties and skills are required to meet the requirements of a changing market and a turbulent environment as quickly as possible. Quick ways to simplify running processes, for example, to elasticize frame costs or to quickly hire talents. Furthermore, the use of collective intelligence. The teams have to work even more effectively, the existing knowledge has to be institutionalized, developed and maintained. Finally, new ways have to be found to connect people inside and outside an organization for information exchange.

If you take all these aspects into account, leadership requires a considerable amount of *self-management* voraus. Ideally, this includes:

- Independent planning and organization of one's own development, largely independent of personal and professional influences
- Motivation of one's own person with the goal of leading a fulfilled and satisfied life
- Prudence and perspective action in stressful situations
- Learning ability, intellectual willingness to perform (intelligence) paired with individual qualities such as endurance, diligence, curiosity and will
- Success control through feedback from the personal and professional environment.

Everything is possible if you motivate others and, like *Larry Page* (*1973), former CEO of *Alphabet* and one of the founders of Google, who sets the course for the technology company, that his goal is to lead, not to follow.¹⁰ Some employers spread a positive self-dynamics as a matter of course, can release forces in employees, make welcome as well as unwelcome decisions, draw conclusions to their completion and are prepared to pay out profits to investors. In contrast, there is another way of thinking that does not pay out profits as a matter of course, but, for example, invests them in climate neutrality and digitalization in order to make the company even bigger and more powerful.

How can I measure a leadership success?, I am often asked by my clients (managers). My standard answer is: by customer satisfaction, financial profit and employee satisfaction. With regard to corporate success, first of all the customers must be absolutely satisfied with the products or services offered, secondly the profit must exceed the planning targets and thirdly the employees must be able to identify with the corporate goals and communicate these internally and externally in an engaged way.

Jana Lucas has portrayed extraordinary pioneers who have shaped our economic world sustainably in a publication. In doing so, she has summarized

twelve success criteria of the managers:

- Courage and willingness to take risks
- Quality: convincing product or message
- different business areas
- clearly defined organizational structure and processes
- Willingness to put oneself in the center
- constructive dissatisfaction
- a strong network
- Discipline and perseverance
- Visionary view and big goals
- leaving established paths
- being the first
- Taking responsibility and acting.¹¹

Upon closer inspection, it becomes apparent that these criteria can also be applied to the success foundations of male managers.

Tips for You

- Leadership personalities should have a clear goal in mind and an agenda with few but precise task assignments that need to be corrected or newly introduced. And if you really want to achieve something, other people should be involved in the project because they can make an important contribution to changing something in the company at the end. However, you need the trust of the involved actors.
- As a founder/young entrepreneur carry out the entrepreneur test developed by me (see table of contents) and orient yourself to common, company-relevant criteria.
- Leadership requires dealing with financial knowledge and basic contract law. Especially a top manager must be able to read and assess balance sheets and profit and loss statements. The same applies to the assessment of other people's and the draft of one's own contracts. Tasks of a top manager include that he recognizes critical issues in agreements and specifies business positions that should flow into contracts.
- High potentials are expected to understand their submarket and to be able to assess supply and demand. In doing so, above all, the strengths and weaknesses of one's own and other offers must be mastered and future-oriented strategies for corporate planning must be designed.
- A leader breaks up rigid structures, shows an edge for an issue or vision,

possibly polarizes in order to find solutions. He must inspire, carry away the staff and thus prove leadership qualities. If necessary, also do unpleasant things and make weighty decisions.

- It is required for every top manager to list a list of main performers and followers at regular intervals. Anyone who wants to implement future-oriented changes should promote main performers in the interests of the company and mobilize or dismiss followers before it is too late.
- Offer yourself as a speaker at events of industry and commerce to talk about developments in the industry. If you make a brilliant appearance, targeted requests for networking or even cooperation will follow.
- *Warren Buffett* (*1930), CEO of *Berkshire Hathaway* and confessed philanthropist, recommends that aspiring leaders look for a job for life when they don't need a job. And above all, to find an employment relationship that motivates you with passion: You will probably only live once and don't want to exist in a sleepwalking state. Whether you earn X or 120% of X is not so important in most cases, but whether you marry the right person and also find something [professional—note by the author] that you would do if you were not dependent on the money. I've had this job for fifty or more years and was lucky enough to find early on what got me started.¹²

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Footnotes

1 Schiller ([1877a, b](#)).

2 Cf. Weber ([1922](#)).

3 Cf. Fayol ([1929](#)).

4 Cf. Lewin ([1963](#)).

5 Cf. Fiedler ([1967](#)); Hersey et al. ([1982](#)).

6 Anderson ([2019](#)), pp. 90–91.

7 Osterholt (23.07.2021).

8 Cf. European Management Forum ([1973](#)).

9 Cf. IBM Corporation (Feb. [2021](#)), p. 48.

10 Vgl. Sanford (23.07.2014).

11 Lucas ([2021](#)), pp. 286–290.

12 Cf. Rubenstein ([2020](#)), p. 82.

29. Management Tools

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Given the case, you would be an architect and would have to renovate a building complex to ensure its continued existence. You would use different tools for the structural and technical restoration or modernization: for example, different ones for the roof truss than for a building envelope or energy-efficient renovation.

Similarly, one can maintain and adapt a business to contemporary requirements in order to ensure the pursuit of profit. Depending on the requirements of management and taking into account the economic substance (things, rights and other values), various management instruments are used. After all, economic enterprises are in constant competition with other companies, which is why they use both strategic and structural diverse instruments for the leadership and control of organizations. But that does not automatically mean that certain instruments are particularly suitable for achieving competitive advantages and others are not. As far as this is concerned, the saying goes here too that practice makes perfect, especially since there are divergent views on the relevance of management instruments. Let's take a look at a selection of instruments that can be used to achieve competitive advantages and avoid failures.

1. *Target agreements*

Without a fixed goals, no results-oriented action will take place. That is why it is important to make binding agreements on the use of the management

instrument in advance of a project, in order to avoid, inter alia, incorrect interpretations and duplicate work. Important points are, for example:

- Fixation of desired results (measurable quality of work)
- Agreement on a time frame
- Description of the leadership and control functions of a project team
- Arrangement of the personnel and economic resource deployment
- Defined reporting of the project team within the framework of controlling.

2.

Balanced Scorecard

The Balanced Scorecard (Performance measurement system) is used in companies as a universal controlling instrument for implementing strategic and operational goals (see also Chap. 11). Using monetary and other indicators, management can monitor specific target agreements with organizational units at any time and, if necessary, initiate corrective measures. In general, an economic activity is considered from four perspectives: finances (including profitability, growth and cash flow), internal processes (including product and service lead times), development potential (including human resources and innovation), and customers (including image factors and customer loyalty).

3.

Benchmarking

In Benchmarking, performance comparisons are made between companies in order to increase the company's own potential through external learning effects (see also Chap. 2). For this purpose, information and data from competing, but also from non-industry companies are evaluated in order to optimize own structures and processes, to implement quality improvements or to initiate cost reduction measures.

Benchmarking provides positive competition effects and contributes to the targeted improvement of the performance level. However, it is necessary to record the comparison of production processes, management practices, as well as products and services in a structured manner in order to reveal deficits (e.g. as follows):

- Which objects should be compared in which time period (e.g. an operation or areas thereof)?
- Is it a special method, product or process (e.g. for value creation) or a logistics chain?
- What do the verifiable measurement variables for data acquisition look like

(e.g. cost and performance comparisons by juxtaposing business reports or an analysis of status data of logistics objects)?

- Which company is suitable as a benchmarking partner (e.g. suppliers or cooperation companies) or should own business areas be used for comparison?
- What do the concrete, internal target specifications look like (e.g. increase in sales, reduction in production costs, reduction in employee fluctuation)?

4.

Best Practice Solutions

By getting to know known model companies, “best practice” solutions are created that contribute to the success of the company when used correctly (see also Chap. 2). As a rule, the management instrument refers to methods, technical procedures or business processes that have proven themselves in model companies and, for example, led to savings or quality improvements there. In short: These are non-binding, alternative recommendations on how to proceed differently from standards.

5.

Change Management

In today’s working world, Change Management (change management) is part of everyday life. The term refers to the systematic planning and control of changes within an organization, primarily taking into account the psychological aspects of the persons affected by the change process (cf. Chap. 8).

6.

Diversity Management

In a global world, an open corporate culture without prejudices against nationality and ethnic origin, age, gender, religion and worldview, disability and sexual identity should be a matter of course. Because this is often not the case, more and more companies are introducing a diversity strategy in order to establish an open and respectful attitude towards people of different origin.

And, very importantly, many employers also understand diversity management as a favorable constellation that can effectively utilize the existing diversity of a multicultural workforce in order to better serve the diverse customer base. In this way, individual potentials and abilities are also promoted to increase competitiveness. For orientation: In the Federal Republic of Germany, the principle of equal opportunity and social non-discrimination of minorities has been propagated since the 1990s.

7.

Lean Production and Lean Management

If one considers the strategic orientation and development of organizational structures in financial planning, for example, there was a concerted effort to clean up among German conglomerates in order to increase shareholder value in the years 2008 to 2010. Companies such as adidas, Bayer, Daimler, Deutsche Lufthansa, Deutsche Post and Siemens introduced lean structures (based on Lean Production and Lean Management) in order to achieve higher value creation along with a *consistent reduction in costs*. In the annual reports, phrases such as “programs for a leaner and more efficient organization”, “create lean processes”, “simplify organization of the group” or “introduction of a new management and organizational structure” appeared. This means that all operational activities ultimately served profitability goals.

8.

Project Management

In German companies, project work has become a matter of course. Depending on the requirements, project teams of specialists are formed in changing constellations. The composition of the teams takes place independently of hierarchies and structures and mainly affects the areas of research and development, sales, marketing/PR and IT. For the sake of order, it should be mentioned that project management is defined according to DIN 69901 as the totality of management tasks, -means, -organization and -techniques for the implementation of a project. In addition, the DIN standard defines basic principles, processes, process model, methods, data, data model and terms of project management.

The causes for the initiation of projects result predominantly from registered deficiencies and planning that has been put off, as well as from the search for innovative concepts. Tasks of strategic relevance are to be coped with primarily, for example the implementation of advanced processes, planning and development of new or optimized services/products, introduction of current products/services and solution-oriented recommendations for coping with management conflicts. On closer inspection it becomes apparent that the procedure for project work by companies is largely the same:

- one-time and time-limited character (usually no more than 12 months)
- purpose-oriented orientation
- personal and financial resources.

In total, it shows that numerous projects fail because goals are insufficiently defined, the time budget is too narrow, central decisions are not made, implementations remain uncontrolled and project planning is unrealistic. This may not immediately mean a fiasco for an internal project, although intended competitive advantages are lost. However, the waves are high when, in the case of customer-operated product development, the time frame is expressly specified by the client and the contractor does not meet it. In this case, experience shows that the customer sees his market chances diminish and the contractor his income.

What can you offer? From practice it is known that experience values of companies with regard to a time frame at projects do not give a guarantee for a reliable prediction. Therefore more and more companies develop own models for the prediction and reduction of development times. In order to prognosticate a development time relatively reliable, you consider factors which can lead to delays: time drivers (including customer, market, technology, process design, employees of the project team) and influencing factors (including knowledge and experience of the employees, complexity of the technology, administrative procedures, later customer changes).

9.

Quality management

Globalization, associated with the technological change, as well as the increasing requirements of the customers present top managers with great task settings: With resources to a lesser extent (in personnel and financial terms) better results have to be delivered in ever shorter time intervals. In order to master this enormous challenge, a quality management monitors, inter alia, target agreements, efficiency of the work organization, modernization of processes and training of the employees.

In all this, not only products and services are analyzed according to the Total Quality Management (TQM) method, but at the same time all integrated employees, customers, processes and results. Through this holistic procedure, all processes from production to delivery of a product or provision of a service, including customer service (feedback system), are included.

10.

Risk management

Without doubt, there would be fewer company bankruptcies if a systematic risk management were set in motion in good time. To identify and evaluate risks, to take necessary countermeasures and to adapt these to an ongoing project

planning prevents problems (before they occur) or minimizes damage.

As you can imagine, risks of different types occur: strategic, operational, technological, commercial and financial, and personnel. At least as important is the strengths-weaknesses-opportunities-threats analysis (SWAT = Analysis of strengths, weakness, opportunities and threats) of the own activities compared to the competition.

Risk management is understood as a leadership task and requires a systematic and controlled approach in order to not endanger manufacturing processes as well as the economic and personnel constellation of an economic activity. The experience of the employees should be included in the evaluation of risks and the elimination or prevention thereof.

11.

Scientific Management

The management concept of *Frederick Winslow Taylor* (1856–1915) is based on the assumption that social problems in companies can be solved by planned standardization as well as sound division of labor and organization.¹ Critics, however, accuse Taylor (who is considered the founder of industrial engineering) of considering work as a purely effective task to be performed (striving for productivity based on performance and efficiency criteria) and thus creating a “mechanistic” image of man (the human being would thus function like a machine).

Taylor’s impulses were taken up and modified again and again in the 20th and 21st centuries (among others by Henry Ford, the founder of the Ford Motor Company), in order to, for example, rationalize and effectively execute processes in the factories (e.g. work division into optimized steps). Even today, Taylor’s Scientific Management Concept (umbrella term for productivity-enhancing techniques) is applied in companies when, for example, it comes to improving work processes, securing competitiveness and the cooperation of management and employees as an interest group.

12.

Knowledge Management

A first-class success component of a company is the existing knowledge of its employees, which needs to be stored, promoted and further developed (see also Chap. 26). In other words: the intangible assets from intellectual property represent the most important basis for competitive advantages.

To this end, the knowledge of the employees is collected and systematically recorded in databases and/or other document systems and maintained. In order to

continuously and sustainably improve the internal provision of knowledge, external sources are also accessed and the information made available as required. Of course, one arranges all this in order to increase the productivity of the employees and to achieve business optimization and quality improvement.

Let's sum it up: What has always been really essential for a company to survive is directly related to the quality of its products/services and the customer satisfaction resulting from them. How a management solves this quite difficult mission with which management instruments is ultimately left to them.

It will be difficult to gain sustainable competitive advantages if management development continues and more and more companies use comparable strategies einsetzen. In addition, some terms are used inflationarily and management strategies and instruments can be copied and implemented quickly. Sometimes one has the feeling that methods of the competition or fashionable management tools are adopted uncritically, without seriously thinking about their purpose and purpose for one's own company. All the more important it seems to arrange things differently or to develop core competencies that bring significant advantages.

Tips for You

- Act predominantly proactively (i.e. take the initiative) and not reactively (waiting) in your business. For example, ask customers to suggest new products or design suggestions for articles that can be implemented later if there is sufficient demand.²
- When using management instruments, managers are actively involved in the respective project, explaining the desired processes and organizational structures. Managers act as intermediaries and multipliers between management and employees and are essential for the success of a far-reaching project.
- Resistance to the use of management instruments can be reduced by early communication measures such as informational events and discussion forums. Critics here have the opportunity to express their concerns and receive the chance to actively participate and submit suitable alternatives.
- Promote the innovative power of employees through targeted measures, for example by involving them in the design of work processes or the development of a future corporate image (see Chap. 12).
- In the context of change management, you particularly appreciate the human potential, that is, the positive attitudes and skills of employees as well as their customer relationships. Such recognition leads to increased

efficiency and increased employee motivation.

- In future change processes, show future performance in terms of alliances, brands and partnerships as well as competitive advantages including innovation potential.
- Declare your willingness to change: What have your established competitors specialized in? To what extent do they use automated processes, standardized processes, mobile technologies, software-based analysis tools and interactive databases to grow their business model? What specialization, tools and management instruments could drive your planned innovations?
- When using management instruments, the following applies to management instruments: Projects that have no prospect of success should be ended consistently and at an early stage. It is also to be avoided that different project teams deal with the same topic.

References

Taylor, F. W. (2006). *The principles of scientific management*. Cosimo. (Nachdruck der Ausgabe: London: Harper & Brothers, 1911).

Footnotes

1 Cf. Taylor (2006).

2 Based on this concept, for example, an up-and-coming online shop for fashionable bras and swimwear with large cup sizes (www.sugarshape.de).

30. Marketing & Advertising

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Surprisingly, many people ask me about the meaning of “marketing” because they cannot distinguish it from “advertising”. Obviously there is a need for clarification here.

The *marketing* designs an economic strategy for products, services or brands that a company wants to introduce and/or establish on a market. The composition of the overall concept, which is oriented towards the market, customer needs and competition, is influenced by areas such as advertising, corporate communication, sales/distribution, administration/finance and production. A marketing strategy to increase brand value, for example, can pursue different objectives (see Fig. [30.1](#)).

Type A: Fast seller	Type B: Business Contacts	Type C: Event Hopper	Type D: Partner surfer
Type description: - People in direct sales who would also sell "Vorwerk vacuum cleaners" at the front door or "Solingen knife cases". - Self-interest and benefit calculation are strongly pronounced. They want easy, immediate business deals and profits. - It happens in many cases that the fast seller keeps changing industries or runs several belly stores at the same time. - Fears about the future and few opportunities for advancement determine everyday life. Demographic classification: - Small self-employed and freelancers, high proportion with lower secondary school leaving certificate and intermediate secondary school leaving certificate - Low/small income (below €2,000 net). - Core age group: 25-54	Type description: - Efficiency-oriented people with a sense of status and a claim to leadership. - They are intellectually driven, professionally and socially established, and looking for new solutions. - They also act responsibly, which is why they do not push their social contacts into frivolous and immediate transactions. Demographic classification: - Predominantly medium to higher educational qualifications, managerial and qualified employees, qualified self-employed and freelancers with medium incomes (over €2,000 net). - Core age group: 25-54 years.	Type description: - Leisure-oriented social media users looking for extra-occupational, sometimes ambitious pastimes and fun-oriented entertainment. Demographic classification: - All social classes can be found, from simple employees to civil servants and pensioners. Managing directors and entrepreneurs of medium-sized companies, fully-academic people and people with high incomes are rarely engaged here. - You engage in a business platform to maintain private contacts with other people and to establish new contacts. - High proportion of singles and single people with medium incomes (over 2,000 net). - Core age group: 30-50 years.	Type description: - Singles who seek partnerships or friendships and independently of the singles exchanges. - Often they do not want to be classified directly as single or seeking, which is why they also choose the detour via a business portal. Demographic classification: - Singles with predominantly basic to intermediate education. - Often low/small to medium income (under €2,000 net). - Core age group: 25 - 50 years.

Fig. 30.1 Marketing strategy to increase brand value

When the marketing strategy is in place, *advertising* becomes an important marketing tool for influencing potential target groups. In contrast, *corporate communication* ("corporate communication") is designed to perfect the general communication with target and reference groups, to make organizational goals transparent and to contribute to the increase in corporate image including value creation. Actually a truism, but only few people know that under the term "corporate communication" four large task areas fall:

- Press work/public relations (public relations)
- Employee communication (human relations)
- Marketing communication (cooperation partners, customers, media, suppliers)
- Investor relations (communication with investors, shareholders, analysts).

Corporate Communication controls the entire communicative appearance of a company and includes the areas of internal and external communication including market and financial communication. In doing so, products and services are positioned on the market, the norms and values of the company are

conveyed and relationships with target groups are built up in order to achieve social acceptance. The strategic use of all communication media towards the stakeholders (e.g. employees, media, customers and investors) is characterized by a uniform and consciously perceived presence. Through an identical communication process, it should be ensured that different target groups receive a “perfect” corporate image. In addition, coordinated measures should improve the company’s reputation in the market, achieve a high recognition value, create competitive advantages, sharpen the company’s profile and its brands.

So far, so good. Before the development of a marketing strategy, the needs and wishes of the target groups for the respective market are examined. This includes the identification of a possible need for products/services, the size of a target group and a marketable price taking into account the competitive situation. Based on market research results, exemplary offers can be developed for which there are theoretically good sales prospects. But what can you do concretely? On the way to business success, four positioning decisions must be made and implemented:¹

1. *Product policy:* The first step is to create an offer that satisfies the buyer in terms of quality.

In this respect, the manufacturer should be aware of the type of service/product offered, how it is produced and designed (including technical quality, design, packaging), what brand name or sales title it receives, and how customer service is to be carried out. In this context, it is necessary to define which product policy objectives are to be pursued, e.g.: building the company brand, emphasising brand competence, sales growth, winning market share. The art of product policy is to create or successfully model existing trends (see Chap. 5).

2. *Pricing policy:* A manufacturer/service provider sets a price for its offering. The monetary value should be attractive to its target group, preferably lower than that of its competitors and generate demand. In order to achieve this ideal state, an optimal pricing strategy is designed.

As part of the price formation, financing models for the production of the product, discounts, delivery conditions and payment terms for the customers are to be determined. By the way: brands with a harmonious price-performance ratio encourage the competition to take advertising countermeasures and price reactions.

- 3.

Distribution policy: The overarching goal is to achieve the highest possible reach within the target group with an offer at optimal contact frequency.

In general, it can be seen that sales markets are changing more and more rapidly because buyers think and act more and more globally. In addition, the Internet promotes universal and flexible ordering. Based on this, a manufacturer should produce faster than the competition and take short sales and distribution channels before delivery bottlenecks occur. In this respect, the decisive question arises: Which distribution channels should be used and how should the products/services be distributed—e.g.: direct sales, branch, sales representative? Especially in markets where there is fierce competition, the distribution process—i.e. the organizational processing with delivery times concerning storage, packaging, transport—can be decisive for the purpose of making a profit.

4.

Communication policy: The Communication policy plans and controls the transmission of information between an organization and its target groups.

Understandably, there may be different intentions here: image building, brand awareness, personnel recruitment, product PR, growth, sales support, central messages, new buyers/consumers. For this purpose, depending on the concept, different means are available, such as sales-promoting measures, advertising, sponsoring/product placement, human relations ads, trade fair appearances, public relations.

If you look at the political directives, it is clear that any positioning takes place in a competitive triangle between companies, customers and competitors and thus inevitably leads to a conflict of interests. The claim to do something better than the competition leads of its own accord to the next question: Does a company benefit more from being an outstanding marketing company or an excellent business? *Phil Knight* (*1938), founder and former chairman of *Nike*, gives a clear answer to this: “We are a marketing company and the product is our most important marketing tool.”²

Let’s continue. Make sure that marketing measures, including advertising, are embedded in an annual plan. In this, the individual measures are coordinated with each other and built up step by step. If, for example, a company produces smartphones, then the following *Step to Step-Strategy*:

- Step 1: Sell more smartphones.
- Step 2: Produce and sell higher quality smartphones.
- Step 3: Mobilize consumers for brand loyalty.

- Step 4: Establish the company as a specialist for smartphones.
- Step 5: Build an intense relationship with consumers so that end users only purchase smartphones in company-owned shops.
- Step 6: etc.

In short: Your marketing concept should show concrete results, that is, increase the measurable customer response (contacts). This requires that you clearly define your target group (see Chap. 46) and test different messages and advertising media until an optimal combination is achieved. Here are some options for the Communication policy of companies (see also cross-references in the book):

1. Media advertising, e.g. display advertising, poster and display advertising, TV, radio and cinema spots
2. Direct marketing, e.g. in the form of mailings (advertising letters), newsletters, telemarketing, flyers, customer clubs
3. Public relations (PR), e.g. press conference, business reports, employee and customer newspapers, image brochures, image films
4. Event marketing, e.g. kick-off events, sponsoring, anniversaries and ceremonial events, congresses, testimonials, trade fair appearances, road shows
5. Sales promotion, e.g. product promotions, customer campaigns
6. Internet and intranet, e.g. company website, social media networking (friends, followers), presence in business portals, search engine advertising
7. Incentives, e.g. competitions for retailers, field sales, employees.

To achieve a significant level of awareness, business owners usually have three options: first, use a high marketing budget, second, play a leading role as a speaker at countless events, and third, conspicuously, adventurous or ludicrously staged in public. *Richard Branson* (*1950) chooses the last option because he gets journalistic attention and coverage for free. For example, he caused a stir when he surfed the sea with a naked model on his back with a kite, with his space travel company *Virgin Galactic* flew to the edge of space and crossed the Pacific with a hot air balloon. He always follows the plan to make headlines with

his person and his company Virgin: “The goal of making Virgin known worldwide is achieved. I don’t have to make a monkey out of myself to advertise my new companies.”³

You can see that the wealth of possibilities can overwhelm a company. To prevent this, you design a manageable marketing concept that forms the starting point for all advertising measures. Let’s take the American mail-order company *Sharper Image* (founded in 1977), which offers modernly designed high-tech articles at high prices, as an example. The mail-order company has convinced its customers (women and men) with the following marketing concept:

- The president of Sharper Image personally tests each product before it goes on sale. This way he gives a personal quality guarantee with his name.
- Every prospective buyer can test Sharper products for one month without having to purchase them beforehand.
- If a buyer gets the product offered cheaper within one year, Sharper Image pays the difference to the old selling price to the buyer.

Nobody can stop you from setting up a similar marketing concept. With the guarantee conditions for services, you can even go one step further and relieve the customer of financial uncertainties, e.g.: no cost overruns for changes and repairs, refund of the purchase price in the event of faulty commissioning of a technical installation or in the event of non-compliance with agreed conditions. However, such concessions are a double-edged sword.

How one turns a conventional wine trade into a world-renowned brand is demonstrated by the bold and at the same time strategic approach of *Barbe-Nicole Clicquot Ponsardin* (1777–1866), better known under the name Veuve Clicquot. The French Champagne producer first built up an international distribution network with local companies in the 1820s, which were granted an exclusive import right for the respective country in order to offer the quality sparkling wine to wine merchants, hotels, restaurants and wholesalers. The sales of the distribution partners with the Clicquot brand were reviewed annually and in the event of poor sales figures, the import rights were terminated and the concession was awarded to another importer. In order to expand worldwide and to fuel the awareness of the brand, the widow, who lost her husband at the age of 27, always made courageous decisions, even though she sometimes struggled with liquidity problems: In 1814, Madame Clicquot was determined to be the first Champagne producer on the Russian market and had 11,000 bottles shipped without papers to Königsberg. She took a high risk that the shipment could be confiscated and destroyed. But in the end everything went well. Part of the shipment was sold for a lot of money in Königsberg, another in St. Petersburg.

Another example: During the California Gold Rush (1848–1854), not only daredevils sought their fortune as gold miners in the western United States, but also Madame Clicquot, who exported her champagne there. In retrospect, the widow's actions turned out to be excellent.

Just as convinced of the way in which the brand *Red Bull* gained worldwide fame. The company founder *Dietrich Mateschitz* (*1944) wanted to go as far as possible with his business idea and offer the market leaders such as Coca-Cola or Pepsi competition with his energy drink. Mateschitz caused Red Bull to cause considerable attention through aggressive marketing with limited resources. He gave the brand wings, so to speak, by focusing mainly on extreme sports with its own teams and reporting on it: In 2010, for example, the Red Bull Racing Formula 1 team became world champion for the first time and in 2012 Felix Baumgartner jumped as a Red Bull testimonial from space towards Earth.

If you don't have any competitive advantages at all, I recommend polarizing offers. Polarizing is a thousand times more effective in marketing than catering to the mainstream. You know that the taste of the masses is sufficiently supplied by the market. Divide opinions and minds so that people will take notice of your products/services. Otherwise you will rightly be accused of doing the same as others. Your offer does not have to please everyone; some people find it excellent (and your company can exist from those), the others terrible. The main thing is that your target group is aware of the offer, understands and accepts it. Message received?

If you want to put a dollar into your business, you have to have another one ready to make it known.⁴

A perfect advice if one can afford this expensive undertaking. Advertising in media with a large reach (e.g. television, radio, newspapers that are published nationwide) is unaffordable for many commercial businesses. Cheap campaigns (e.g. in selected advertising newspapers, individual cinemas) are mostly a laborious undertaking and often do not promise a sufficiently large target group. Instead, you should try online advertising, because thanks to *targeting* target group-oriented display of advertising on websites or in apps is possible, whereby new interaction possibilities arise. The decisive factor is to use at least 20% of sales for advertising measures. Less harms the business.

Advertising is part of a company's communications policy and a short-term measure to awaken needs for a new product or current service. In the end, potential customers should be encouraged to take an action from an economic point of view. Usually, the advertising message⁵ refers to a time-limited, specific

offer that is made to a selected target group, e.g.: If you return as a corporate customer by December 31, you will receive a voucher worth €100. Similarly, messages are placed in order to increase sales and market share of certain offers, to influence customer taste and to respond to competing ads. Overall, one wants to generate attention, achieve sympathy values, be recommended, increase the willingness to buy and to conclude.

However, critics find that there is often enough of a healthy measure of advertisers, which is why we are increasingly encountering the disapproving “advertising is deleted!” It is striking that some advertisers shamelessly write to their target groups on a low level and thus embarrassingly court them. The receipt of the consumers is correspondingly merciless:

- 88% of respondents trust recommendations from people they know the most.⁶
- Classic advertising is increasingly being replaced by a mix of branding (brand), recommendations, experiences, opinions, or guerilla-marketing.

The biggest mistake advertisers make is that they overlook that target groups are not passive customers, but well-informed, active media users who compare and evaluate advertising offers. In addition, many customers are not at all open to standard advertising. Therefore, I recommend submitting individual, consumer-oriented offers via direct marketing. For example, Mercedes could offer a regular customer a discount price for an upcoming car inspection. Or Lufthansa gives a frequent flyer a special price for USA flights because this person flies to America frequently. In other words: Through the ongoing optimization of search engines, companies are informed about what a potential customer is currently looking for. Analysis websites run unobtrusively in the background when accessing the Internet, collecting data on user behavior in real time and evaluating their paths through the network.⁷ After that, the data is auctioned off to the most bidding companies and the users’ IP addresses are forwarded. Online retailers such as *Amazon*, *Otto* or *Conrad* have long been using the tools for individualized, which also makes consumer search quite easy. Based on analyses of the search and purchase behavior of consumers, product recommendations are made automatically. For example, if you order a book from Amazon, you will immediately receive further information: “Recommendations for you” or “Customers who bought this item also bought ...”.

What also always manages to attract attention are *recommendation marketing* (see Chap. 14) or attention-grabbing *staging* in advertising (e.g. through surprise moments, emotional stories, dominant noises, brightness and color contrasts, originality). In particular, car, cosmetics and fashion producers design their commercials in an eye-catching and emotional way. The spots show

few product features, but they convey a lifestyle that arouses desires. Who doesn't know the female "scream of joy" when the package delivery man rings the doorbell and delivers a Zalando package? Or does the man stay emotionally cold when Charlize Theron tears off her sinfully expensive evening dress and whispers that she worships Dior? And who would look away if a car (model "Sonic") rolled out of an airplane over the Arizona desert, as in the TV spot for the US car manufacturer Chevrolet? One thing is clear: unconventional, refreshingly provocative spots captivate the target groups. That's why I ask you: Do you want to stand out or just make ordinary advertising? Standing out, being different from mass advertising, is definitely the right decision.

A widely spread problem of many advertisers is the increase of competitors who offer a comparable range of services. What can you do when more and more competition is pushing into stagnating markets, the supply of the retailers exceeds the demand by far and thus the prospects of earnings diminish? Well, you can either manage a marketing budget sparingly or invest in *expansion advertising* in a future-oriented way. A prominent example of expansive action was provided by the outdoor equipment manufacturer *Schöffel*, which invested a high million amount in TV spots that were broadcast between 2012 and 2015. Through the campaign, the company founded in 1804 was able to make its brand better known, achieve an effect, build up reach and enter the royal class dominated by the companies adidas, The North Face and Jack Wolfskin. The main target group of the commercials were stressed office workers and workaholics.

You shouldn't expect miracles for a pittance anyway. You can relatively quickly and free of charge interest users of social networks in something special. However, winning them over as paying customers is usually cumbersome (see Chap. 42).

Do you want to hear a tip as a service provider in which not a single cent has to be invested in its implementation? Optimize your customer acquisition system within the framework of events that are offered via business portals (see chapter Events). I have at least discovered that such engagement pays off outside of the classic advertising opportunities.

And what do we learn from the examples? Whatever advertising messages are used, they have to generate attention! Nothing is worse than when no one talks about your business. Immediately, within a few seconds, a potential customer must feel addressed by your advertising message. So: Put out bait when fishing, but please do not make any unwanted offers that are irrelevant to the target groups.⁸ Otherwise, your own advertising could come back to bite you

in an online review.⁹ Unsolicited offers have serious consequences.

Tips for You

- Evaluate the strengths and weaknesses of your economic activity within the market and determine to what extent there is still potential for your products or services, e.g. : lower prices, higher quality, expansion of the distribution network. For this purpose, carry out surveys among your target group in order to find out the needs and wishes of the customers.
- Set achievable marketing goals that appear realistic, e.g. increasing sales/profit by 10% within six months. Or gaining a 5% market share within one year. It is important that the set goals are achievable and therefore controllable later.
- Set a marketing budget for sales promotion, advertising and other communication measures. In my experience, the budget should be at least 20% of the company's sales.
- Imagine a specific dream customer as a target group (e.g. Rolex, Google) that is to be addressed by your marketing activities. Specify which activities the dream customer might like and fit his brand.
- Marketing strategies must be developed quickly and implemented promptly due to the quick-moving competition. And be different. Therefore, check your marketing goals regularly so that they can be corrected if necessary. If there are obstacles to achieving the goals, conduct root cause analysis—e.g.: Why has the planned increase in sales or acceptance not occurred?
- Enter marketing-relevant information into databases. For example, customer inquiries are also immediately entered into an address database from which personalized emails (e.g. newsletters or reminders) are automatically sent.
- When conducting marketing campaigns (e.g. mass mailings, sending newsletters), it is generally recommended to test content, appearance and technical functions (deliverability with different email providers, correct function of links, visual representation) at first in a limited group of participants. The effectiveness of the advertising can be checked and the document can be optimized if necessary as part of the test mailing. Or you test different designs against each other before a mass mailing.
- If you allocate a budget for the promotion of your company website, you should evaluate incoming information on customer interest. You can learn more about this via campaign management or the lead scoring¹⁰ of an online advertising platform, e.g.: Which pages are visited frequently or

rarely? Which links are clicked on the most/least? Which white papers or other documents are downloaded or requested? Which keywords seem to work (this can be inferred from the multiple visits to a page)?

- Evaluate the advertising appearances of the most successful competitors according to the following criteria in order to obtain orientation assistance for the conception and design of your own advertising materials: What type of advertising is it? What does the customer benefit look like? Which purchase arguments are particularly serious and could damage your own offers? How is the USP of the competitor emphasized?
- Animate target groups with the help of a coupon or a button on the Internet to respond directly, e.g. like this: “Yes, send me more information” or “The first 50 sender will receive a free present”. With this action you automatically collect customer addresses for mailings.¹¹
- In printed matter, lure your target group with a sustainable headline with substantial statement (no more than 70 lines long, e.g.: “Five ways you can double your sales in just 3 months”). Or with a free offer: “FREE Report: Used Car Purchase—the best tips to save money”. Make sure that the customer definitely wants to know why this thing is so valuable to him in particular through appropriate word choice.
- A company-relevant video portrait, uploaded to You Tube, must be there in order to climb up the Google ranking. If you don’t know it yet, You Tube is a subsidiary of Google, and the search engine rewards this connection.
- Keep your advertising confident and courageous if the promised quality promise is fulfilled. For example,: “Tillman’s—The Schnitzel Company.” I have no idea how Tillman’s meat from Saxony-Anhalt tastes, but with this announcement the schnitzel should be perfect, fresh, tasty and juicy all around.
- Offer your customers quantity discounts. If you sell wine, for example, pack three bottles together. Although you grant a discount, you ultimately make more profit than if only one bottle is sold.
- Sell selected offers within a period of time or at a certain time to emphasize their “uniqueness”. Furniture stores, for example, are happy to grant discounts on selected (weak) Saturdays.
- Recommend memberships and subscriptions with automatic payment for your services or products. This works exceptionally well—not only for associations, insurance companies, fitness studios and newspapers.
- To generate new customers and their addresses, a simple bait often helps on the homepage: “Welcome to our design store. As a thank you, we offer you an extra 15% discount on your first purchase. Please leave your email

address here so you can receive our promotion code.”

- Mailbox advertising (direct mail, brochures and flyer advertising) is permitted. According to the case law of the Federal Court of Justice, a recipient can recognize that it is advertising, so that the associated annoyance is limited. There is also no immoral behavior if the wish expressed on a mailbox “No advertising” is ignored in individual cases. The insertion of newspapers, magazines and advertising sheets is permitted because editorial notes are also included.

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¹ Hermanni (2007).

² Cf. Rubenstein (2020), p. 87.

³ Friese (22.01.2007).

⁴ Ford, Henry (1863–1947), Amer. industrialist and founder of the Ford Motor Company.

⁵ People in industrial countries are exposed to 2000–3000 advertising messages every day, of which only 20–30 remain in short-term memory and only 2–3 in long-term memory.

6 Nielsen (2021).

7 Tracking cookies record visitors to a website with their IP addresses.

8 Caution, trap! Unsolicited advertising by e-mail or fax is legally prohibited and can lead to an expensive warning (according to § 7 of the Unfair Competition Act). A violation is already given if one of the three omissions exists: The consent of the addressee for sending is missing The sender conceals or hides his identity The e-mail/fax does not give a valid address under which a recipient can prohibit or unsubscribe from future advertising. [Exceptions see Appendix “Unsolicited Advertising”].

9 For example, on recommendation portals such as www.yelp.de or www.tripadvisor.de.

10 Analytical process that assigns a purchase probability (scoring) to customer inquiries (leads).

11 If there is an objection to advertising letters/mailings, you comply with the recipient’s wish not to receive any further shipments in the future. Otherwise, there is a violation of property and possession rights as well as general personality rights.

31. Mission

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Imagine that no one in your company can quickly report what the organization's basic task is. If you ask me, this incompetence is tantamount to a major disaster, because employees and customers are completely unsure why products are manufactured or services are offered. That's what happened to *Todd Pendleton* (*1975), who was responsible for the "Next Big Thing" campaign at *Samsung* as CMO and thus had a hand in making Samsung the world's leading smartphone provider for a time. Pendleton asked around 50 employees at the US headquarters who Samsung is and what the company stands for. To his horror, he got 50 different answers, to which he replied: "If we can't answer this as employees, consumers don't know who we are." So after a long and controversial discussion, he wrote on a whiteboard: "Samsung = relentless innovation." And that's because the company always wants to have the best hardware first.¹

A key distinction between mission and vision is that the former documents the social benefit, that is, why the company exists and in what way the whole of humanity can benefit from it. In this respect, the mission is the organization's solid, intellectual foundation on which a vision is set. Ideally, the mission should define the company's purpose for the organization briefly, clearly and comprehensibly, so that every stakeholder understands, internalizes and implements the commissioned task. The positioning requires above all an answer to which core competence the company offers and what is the meaning of its

business activity. In other words, no explanations, details or even a documentation of its own interests, but an elaboration of the benefits as much as possible, ideally including the organization's unique selling point. It is very important to consistently orient and commission owners, employees, suppliers, customers and partners—that is, those who are in contact with the organization and connect it to each other.

A mission can be formulated very simply and consist of only a few words, as long as the benefit or the goal is clearly shown, as with *LinkedIn*: “To connect the world’s professionals to make them more productive and successful.”² Or the corporate purpose is designed for a longer period of time, but not for eternity, which is quite common. For example, the current business mission of *Microsoft* differs significantly from the version from 1975, when the technology company was founded and the sales-promoting task was to put a computer on every desk and in every home. In 2021, Microsoft is committed to using technology to build platforms and resources that contribute to a sustainable positive impact: “Our mission is to empower every person and every organization on the planet to achieve more.”³

The online retailer *Amazon* puts the customer benefit at the center of its mission, primarily to enable companies and content creators to maximise their success: “We aim to be Earth’s most customer centric company. Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, and empower businesses and content creators to maximise their success.”⁴

Google has decided to help all users of the Internet find those information they need: “To organize the world’s information and make it universally accessible and useful.”⁵ But because the mission of the world’s largest search engine is broad, Google explains the pillars of Internet search under the topics “relevant and reliable information”, “unrestricted access”, “optimal presentation of content”, “protection of privacy”, “sale of advertisements” and “success online”.

When we compare the examples with each other, it becomes apparent that the claims are universal, unlimited and by no means moderate. But even German-based global players are setting excessive goals. *E.ON*, for example, wants to master the current social and global challenges: “We want to preserve a livable future for many future generations.”⁶ Literally “master the current social and global challenges”, which of course include topics such as unemployment, healthcare and climate change, right up to economic growth, personal security and income equality. More precision in the choice of words is not possible in this

example.

More realistic is the mission of *Lufthansa*, to remain a leading name in the world of air travel: “Lufthansa’s mission is to become a leading name in the world of air travel by being the top preference of customers and shareholders all over the world. It aims to continue playing a significant role in shaping the global aviation market as it has been doing for the past decades.”⁷

Tips for You

- Think, speak and act in values that characterize the company, and the employees will communicate the principles further.
- Does the current mission correspond to the future challenges the company is facing? If you formulate the determination too narrowly, the company’s scope of action may soon be restricted.
- Draft the business mission as broadly as possible, but also as narrowly as necessary, so that it still covers a comprehensible topic area and appears realistic.
- What essential purpose and justification does the company pursue as part of the overall economy? For example, does it offer the best and available selection of products at low prices in a sub-market?
- Is the mission focused on the well-founded needs of the target group?
- Does the task derived from the mission make a positive contribution to society?

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Footnotes

1 Cain (2020), p. 180.

2 LinkedIn (o. J.).

3 Microsoft (o. J.-a, b).

4 Amazon (o. J.).

5 Google (o. J.).

6 E.ON (o. J.).

7 Lufthansa Group (o. J.).

32. Negotiation Strategy

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Hear, hear! The beginnings of negotiations to conduct lie in antiquity, where Plato once advocated controversial views in fictional dialogues.¹

What has always counted in the end are the results of a negotiation! This should always be taken into account, because a single customer conversation can be decisive for achieving a positive quarter. That is exactly why you should present a scheduled strategy in order to pursue and achieve your actual goals. It is of great strength if the other side is unaware of your procedure, because this leaves considerable room for negotiation. Therefore, one does not always have to take a position on divergent views, but should choose an appropriate time for this. However, one should be aware of which type of negotiation strategy is used:

- A) *A strategy of small steps*, in which partial results are targeted, because, for example, the other side is not ready for large agreements or is considered a difficult negotiating partner. The whole thing resembles a game of poker, because neither side wants to reveal their cards prematurely.
- B) *An offensive strategy*, because it is a matter of everything or nothing, or the other side is classified as a supposedly weak opponent and one wants to implement additional negotiation results (for example through price limits or threatening gestures).

- C) A *defensive strategy*, because losses should be limited in priority and one is dependent on the other side's willingness to compromise. Here, the power position lies with the other side, which usually makes demands and expects corresponding concessions.
- D) A *problem-solving strategy*, before all if it is a common thing and compromises have to be made for further cooperation. Here both parties stand for clear responsibilities, which is why the negotiations mainly run along evaluated data and possible solutions.
- E) Last but not least the *Harvard concept*,² which recommends the negotiating parties to find a solution to the problem together without automatically giving up their own positions. Instead, suitable communication techniques are used to achieve peaceful agreements despite differences and different opinions. The quintessence should be to create a lasting win-win situation for both sides on a sustainable basis of cooperation.

Certainly: In the end, negotiations are not about the art of arguing that one is right, as *Arthur Schopenhauer* expressed it in his philosophical considerations. Consequently, one should not search almost desperately for any tricks, if necessary only apparently, in contradiction to something.³ This means: It takes a lot more than just being right, because an objective truth can be received and interpreted differently by two parties. Contrary to a widely held conviction, positions cannot simply be classified into categories: either—or, black or white, good or bad. Rather, there is also a with- instead of an against-each-other, a cooperation instead of a confrontation. Therefore: Do not bite into the person with whom you want to conclude business and avoid any personal confrontation.

No tunnel vision. Instead, put yourself in the position of the conversation partner and prove yourself to be flexible and considerate with your communicative toolkit. By questioning things, suggesting solutions and showing ways, conversations can always be influenced. uncompromising word fights and hot hair-splitting are not in demand, even if it is a difficult opponent who comes up with unfair tactics. Convince through sovereignty and keep the dialogue alive: “It is nonsense to slam doors if you can leave them ajar.”⁴

The short version is: As a hopeful contractor, you can only lose in the fight for *interpretive sovereignty*! And that's a lot. However, what you can (and should) influence in negotiations is the *agenda*. Who controls this, basically determines what is discussed and what remains unmentioned. Therefore, take the

initiative early and arrange with your conversation partner the selection of topics and time frame in order to achieve the results you have in mind. The simple rule of thumb is: Which topics do we discuss in which time?

If that is so far regulated, we come to the content-related preparation of the negotiations. Consider early on which substantial goals are to be achieved and which arguments are to be presented. In this context, it is advantageous to obtain background information about the negotiation partner (about his concerns, strengths and weaknesses) in order to learn possible counterarguments at an early stage. It pays to look behind the scenes.

Another consideration: Despite common sense, an incredible number of top managers underestimate the importance of negotiations. They simply assume that an agreement is automatically reached at a meeting. But how does it actually look? One who has achieved a lot in his professional life is *Warren Buffett* (*1930), the great investor and CEO of *Berkshire Hathaway*. Before making business decisions, he takes his time to weigh the risks of the offers and to separate the wheat from the chaff. In this respect, he does not rely on risky experiments and does not make quick decisions, but often enough says “No” to investments.

Can a cautious approach be recommended in the advisory board of a company? *Alfred Pritchard Sloan junior* (1875–1966), president of *General Motors* from 1923 to 1937, answered this question with a yes. Sloan was displeased that the board of directors of the automobile company made decisions too quickly, without previously discussing all the important arguments. In this respect, he deliberately caused dissent before decisions were made in order to reach a consensus that includes different points of view with plausible justification. Decisions are often made too quickly and under emotional experiences with people and situations, the successful entrepreneur *Ray Dalio* claims in the same way. For this reason, he suggests proceeding calmly and with composure:

Step 1: Before you make any decisions, take a step back and assess everything with a critical eye.

Step 2: Many people have difficulty suppressing their emotions when making decisions and ultimately take a biased view of things.

Step 3: Prepare a list of solutions. It doesn't matter if you initially consider some of them absurd. When the list is finished, reduce it to effective measures that are useful for the company.⁵

Practical, right? Especially since people act irrationally in complex negotiations and in conflict situations. In the opinion of *Mary Parker Follett*

(1868–1933), you often quickly seek a compromise instead of solving the conflict inventively by creating value.⁶ For this to happen, Follett proposes a integration method conceived by her, because otherwise the unfulfilled wishes will later have an impact on the process. Even more: she breaks the problem down into sub-questions, goes into the importance of the right language, interprets the role of the leader and makes clear which obstacles make integration more difficult.

Be prepared for the fact that negotiations may take longer or be unsuccessful. People often fail to realize that they first need to gain the trust and goodwill of a conversation partner, even if that person has previously (for example, during a phone call) signaled a general interest in a personal meeting. At least as important in negotiations are the authenticity of people and their nonverbal communication. In my understanding, these include body language (facial expressions and gestures), the sound of a voice including pitch (especially in critical phases of a conversation), and the credibility of a person. Verbal communication and nonverbal representation must match the request. They are decisive for the outcome of negotiations. Accordingly, keep in mind: A conversation partner evaluates both elements of the package to measure the degree of authenticity (genuineness, reliability, credibility). The greater the deviations, the more incredible the offer. A imposing colleague of mine, an internationally renowned sales trainer, knows the main weaknesses of presenters: Nervousness instead of inner calm, stressed voice when faced with critical questions, uncontrolled breathing, avoidance of eye contact and thus sending out false signals. These are clear reasons to trust little or not at all.

Tips for You

- Before the negotiations, weigh up how the interests of the other party look and what options there are (from conclusion to termination). Emotionally tune in to the conversation so as not to make any unpleasant experiences. For example, ask yourself: What could throw me off or make me despair?
- For difficult negotiations, prepare a pro and con list of arguments that you present and discuss pragmatically. In this way, commonalities, but also different views can be specified.
- Always discuss the matter at hand and result-oriented before there are verbal disputes and unnecessary friction losses. Present the best negotiating argument only at the end, in order to then deliver the decisive blow.
- Always address your conversation partner in the sense of mutual respect so that he feels respected. And give him the impression that you are

negotiating on an equal footing (mutual recognition).

- For emotional relaxation, take a firm, friendly look at your counterpart and hold it. Avoid any unrest in your body language, hectic actions and the spreading of extensive written documents that interrupt the flow of conversation.
- Please use technical aids selectively and only if required. A negotiating partner wants to be involved in a mental decision-making process and not taught pedagogically.
- Avoid physical proximity so that there is a safety distance between you and the conversation partner. According to scientific studies, this should be at least 70 cm (an outstretched arm's length) so that a personal space is maintained.
- In negotiations, sales talks, etc., please only put your conversation partner under time pressure in an emergency. Give him the feeling that he can discuss and check all arguments, views and things (such as samples or documents) in peace.
- Summarize the outcome of the negotiations objectively in a protocol so that there are no misunderstandings later.
- Personal ambition should not lead to premature decisions. It is important to always wait for the right opportunity and work persistently on a project or goal.
- Show respect in negotiations and leadership style. Most agreements, but also controversies, arise on a personal level.

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¹ Cf. Plato (428 BC–347 BC), Greek philosopher.

² Fisher et al. (1981).

3 Cf. Schopenhauer (1788–1860), German philosopher.

4 Fulbright, James William (1905–1995), Amer. politician.

5 Anderson ([2019](#), pp. 143–144).

6 Cf. Follett ([1930](#), p. 157).

33. Networking

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The unambiguous marching orders of industry and commerce are: Acceleration immediately, and with all forces!

Okay, and with what intention? Well, the race for new customers, products or services requires an unlimited increase in speed, as sales conditions and prices change short-term, sometimes even daily. From the order to force, all company areas are affected: Human Resources (personnel and social affairs), Sales & Marketing (sales & marketing), Production (production), Development (research & development) and Finance (finance and business administration). Especially in dynamic industries such as the automotive industry, mechanical engineering, medical technology or in the information and telecommunications sector, reorganizations are inevitable in order to be able to survive in the fast-paced competition.

In other words: Everything and everyone has to subordinate to the overarching goal of acceleration—especially in terms of a consistent increase in productivity. The three relevant “M” are affected: people, materials, machines. What is decisive in all of this is that the company organization is restructured again and again within the framework of ongoing processes until all parts of the whole provide the desired performance increase. If necessary, even a radical change in strategy is prescribed.

The management consultancy *Roland Berger* calls for a radical rethink of the current business culture, because otherwise Europe and Germany would not be able to build up a counterweight to the Silicon Valley and would fall further

behind in the triad comparison with Asia.¹ You could also say: less timidity, more willingness to take risks and, among companies, size, speed and unique service promises. A lot is at stake, with established economic sectors changing and virgin, promising industries coming along. Which may initially surprise even some inexperienced market observers. In any case, be prepared that—as with most things—attractive, customer-oriented, credible, high-performance and affordable demand offers will prevail. What you need for a realignment is fortune and a focus on three aspects, so that your expectations and those of the market are exceeded: *personal networking*, *networking of internal data* and *sharing*.

1.

personal networking

What is important in personal networking is to promote inner- and interpersonal communication in order to bind employees to the company and to win new, future high performers.

And that's exactly what happens by dissolving unstable organizational structures and redesigning communication processes of a business model. You are open to predictable experiments and unconventional methods. As a result, employees are no longer exclusively led hierarchically, but are integrated into project-related teams that work without superiors with a lot of decision-making power for the time being. This decentralization is to generate innovations, discover and promote talents and, despite a decreasing number of employees (caused by demographic developments), to gain qualified specialists and managers.

Of course, such an extreme step requires courage. Not least because preservers and modernizers face each other. In the end, traditions are broken, rigid control structures are loosened and management instruments are largely generously interpreted. It is surprising with what enthusiasm an open corporate culture is propagated in some places, in which a managing director slips into the role of a head coach. The head coach gives his team directives (basic principles and design spaces), assigns the players according to their abilities, but leaves them the actual game (including operational processes and situational free spaces). After the game, however, the head coach is again required to analyze the results and evaluate the players.

Crosswise through the republic, “openness” is spoken here, which is supposed to promote the creativity of the employees, and that one wants to establish future-oriented values (cf. Chap. 12). But probably the most spectacular thing about this *Change Management Process* is that profiled

employees negotiate on an equal footing with employers, mainly because the shortage of skilled workers determines the demand market.

What is also happening is the encouragement by the management to the workforce to network with each other in order to increase the innovation power and to ensure company knowledge. In large companies, many employees do not know each other or there is one-sided, hierarchical communication. However, qualified specialists need the collegial exchange of information with like-minded people. It is no secret that the knowledge of the employees is the most strategically important resource of a market participant (cf. Chap. 37).

A clear signal. In order to score points in the global competition, employees are encouraged to communicate via social networks. In this way, stable relationships or regular contact should be maintained with business partners, potential customers and competitors. Within this framework, one wants to collect comprehensive information, evaluate it systematically and use it. You can't really forbid professional opinion exchange between each other because employees are dealing with job and business issues on the web anyway. Accordingly, it is understandable that the business activities extend to both offline business and social business.

Set impulses. Through constant interactions between employees and external partners, the participants should learn from each other and explore options for profitable cooperation. It is open how it turns out in each case, but in general, an overall company benefits from a high network density and expert relationships. However, whether an uncontrolled is sufficient for a business success is another matter.

2.

Networking of internal company data

As is well known, in some companies business data is entered several times, namely in separate IT systems. This carelessly throws away paid working time and technical infrastructure out the window. Instead of capturing everything centrally at a glance, organizational units cook their own soup for selfish motives. I can't really see that.

It is just as senseless to present a procurement chain in an opaque way. How are, for example, core suppliers supposed to plan an elaborate production if they don't even know early enough which requirements are made in terms of system, standard, specification, quantity, etc.? Or do customers expect their suppliers to have prophetic abilities and to stock up on huge stocks? Such an overestimation must lead to production obstacles and thus to sales losses of all participating organizations. If there is no central IT system, for example, customer changes

come too late at the end of the procurement chain. Just imagine the confusion if you order a car and later want to change the color and equipment and the car manufacturer has to refuse because of its own incompetence because it does not include all suppliers in the information flow at the same time. No doubt this puts off the customer.

Some more on unqualified data processing. The example of *Karstadt* shows what negative effects outdated technology can have. The department store chain was still using systems that were long outdated in 2013 and only slowly reported that certain items were in high demand. It's no wonder that customers couldn't be served immediately and the company lost considerable revenue. We all know the chain's crisis chronicle.

Where is the way out? Many people see the networking of internal data through *Cloud Computing*, what meaning "data processing in the cloud", as providing relief. This refers to IT services (operating systems, computing power, individual applications or storage space) being outsourced to the Internet, which can then be accessed from anywhere via the network.² Individual employees or teams can store, edit, and share files with each other and with customers online directly in the cloud. Of course, cloud service offerings will prevail due to savings potential in software and hardware, especially among small and medium-sized enterprises. Apart from the fact that data can be evaluated and used profitably more quickly via cloud computing (because it is captured centrally), as you know, when it comes to networking, it is essentially about reaction speed, which is of paramount importance for the success of any economic activity.

And what about the risks of cloud computing? Anyone who uses internet-based systems should generally be concerned about the security of data and processes. There is always the danger that stored information will be used to intervene in the everyday work and life of users when there is a change in technology. For example, it is not unimportant that the search results of users are filtered and compared with behaviour profiles by search engines. For example, Google+ admits that photos are evaluated in order to improve the results of the search results. A safe exchange of data can be doubted. Imagine, for example, that everyday objects are equipped with internet-enabled devices that in turn capture data on movement and user needs and make specific offers via the cloud. For example, your IP-enabled car or kitchen worktop reports that you have just searched for special medication, and promptly individual offers from nearby locations arrive in real time.

Therefore, a healthy skepticism is not unfounded when large providers such

as Amazon, Google, IBM, Microsoft or Telekom submit their own cloud offers.³ In other words, are the sensitive data of the companies or authorities only processed and stored in the server farms or secretly evaluated and used for third-party purposes? And how safe are the data from loss, cyber espionage or abuse? Individual people can indeed lose legal certainty and, in the worst case, lose control of their data. For this reason, the *EU Agency for Internet Security* (Enisa) classifies the high concentration of user data in the financial, healthcare and insurance industries as “worrying”.

Another source of danger arises when information is processed in other countries. For example, EU citizens cannot enforce their right to data protection and control of their own information in the USA (the US “Foreign Intelligence Surveillance Amendment Act” in connection with the “Patriot Act” allows the mass surveillance of Europeans). Against this background, US intelligence services monitor all electronic communication channels of non-Americans and evaluate the user data, including e-mail and telephone traffic, photos, text and video chats. And the EU is so far looking on helplessly. A scandal of enormous political explosiveness.

In spite of all these adversities, new devices and services are to be sold en masse as part of the technological change, which—to put it bluntly—currently hardly offer more than a conventional PC. For this purpose, the devices equipped with IP addresses register the needs of the glass customer from now on. With all due respect, these online machines are in some respects superior to the human salesperson: they react quickly to changing requirements and can remember customers and their wishes. Let’s not fool ourselves.

3.

Sharing

It is already today that networking leads to more or less voluntary sharing of knowledge and things in the long run. In this respect, it is by no means surprising that *Sharing* is gaining importance. The idea itself was popularized by platforms such as *Wikipedia* and *Facebook* and has thus also changed economic patterns of thought.

In knowledge sharing, several people share digital content, that is, information in written or audio-visual form, and benefit from each other; people and companies support each other and release parts of their knowledge base. If the content is self-created, the sender automatically declares to other people that he has knowledge capital and is an expert. This is what matters.

For example, it is advantageous that the *Chamber of Industry and Commerce* (IHK) promotes both the vertical transfer between science and economy as well

as the horizontal exchange between companies. Thus, for example, an informal exchange takes place, common research projects and interdisciplinary events, fairs and events are carried out and innovations are promoted. The overall goal is to transfer future-oriented ideas and technologies usefully into business practice and to exchange knowledge.

In addition, more and more companies are registering that sharing enriches their business models. In theory, sharing pays off with high-priced products and services that one customer cannot or does not want to afford (the latter perhaps because he rejects long-term ownership and possession relations). In this respect, for example, in car sharing cars are used by different renters who do not own their own vehicle or company car. Obviously, the car sharing business is profitable enough when even car manufacturers get involved, although they are competing with each other (or keeping the competition at bay). *BMW* and *Mercedes*, certainly not natural allies, have recently entered into a strategic partnership for car sharing, parking space search by app, charging stations for electric cars, ordering taxis or organizing entire travel chains. Because whoever only builds cars has no great chances of survival.

The future of sharing looks promising if one may follow existing studies. In a Bitkom study, for example, 79% said that sharing is an environmentally friendly alternative to existing offers and that sharing saves money (73%).⁴ Many people share for pragmatic reasons because acquisition costs are eliminated and their own mobility and flexibility are not restricted. Others want to maintain social relationships or make the world more ecological and sustainable through sharing. Nevertheless, the German sharing concepts also offer a wide range of services, e.g.: sharing of energy plants, luxury items and offices, cloud computing or project financing on a Crowdfunding platform. Therefore: Be also open for sharing experiments and occupy promising growth markets at the first cockcrow.

“Working together more innovatively and successfully” has become the guiding principle of strongly networked companies since the 1990s, which usually generate more growth through close cooperation. This is not only about networking technologies, but also about communication, interaction and transaction, as well as the possibility of creating new growth areas. The structure report of the *Information Service of the German Trade Association* (iwd) already showed in 2015 that the better the networking of individual industries or entire economies, the higher the economic growth. And the more important than what is produced is the way it is produced.⁵

Tips for You

- Check to what extent tasks for subcontractors (including data and deadlines) can already be recorded in a central system in a conceptual phase. This way, all participants have the information they need for planning at an early stage and can react immediately to changes in the plan. This can lead to orders being carried out more quickly and coordination costs being saved.
- If retailers are given access to central ordering systems, they can better plan the timeframes of a supply chain, resulting in, among other things, reduced inventory levels.
- Use online services to optimise working time and save on travel and commuting costs. Replace on-site appointments with video or audio conferences. Record the meetings with the participants' consent for "result minutes". Stay in touch with your customers, suppliers and employees using mobile apps.
- Make it easier for customers to ask questions about orders by setting up an FAQ forum⁶ on the company website and hotlines. This saves customers and employees unnecessary hierarchical routes via superior offices, sales representatives or branches.
- Loosen hierarchical organizational structures and replace them with more flexible regulations and constellations. This is a step in the right direction to promote employee initiative and creativity and to establish a successful innovation culture.
- Encourage employees to network in social networks in order to benefit from knowledge transfer and to meet future-oriented requirements and processes.
- Does your company produce a rare or desired product that is worth sharing? If so, find a partner company that distributes your product and majority-participates your company in the proceeds.
- When choosing business partners, in addition to price and performance, trust, reliability and IT security should play a decisive role.

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Footnotes

¹ Cf. Roland Berger & Internet Economy Foundation (14.04.2016, p. 55).

² Cloud services are offered free of charge with up to 15 GB of storage space (including Apple iCloud, Dropbox, Google Drive, MagentaCloud and Microsoft OneDrive).

³ The world's largest public cloud providers are Amazon Web Services, Microsoft, Alibaba, Google and Huawei.

⁴ Bitcom research (03.03.2021).

⁵ iwd (19.11.2015).

⁶ Frequently Asked Questions (FAQ) = source for frequently asked questions.

34. New Work

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The world of work is going to change dramatically. Companies and organizations have to continuously reinvent themselves, rethink processes, open up new markets and relaunch business models. In addition, the activities that can potentially be taken over by computers and computer-controlled machines have increased in recent years. It is easily understandable that the role of the human being will change through robotics, artificial intelligence and machine learning. Connected production environments, human machine interfaces, will optimize and automate processes to a large extent.

So let's talk purely theoretically about unlimited possibilities in human-machine cooperation? Yes, one can come to this conclusion if one thinks, for example, of computer-supported user interfaces in industrial environments or of digital voice assistants such as Alexa (Amazon), Siri (Apple) or Google Now (Google). Artificial intelligences will be more effective than any human being in tracking down information on the Internet, analyzing complex relationships, communicating and being more productive in an industrial environment where machines and plants are operated and monitored. This in turn means: The human being must not lose control in a connected world of work while machines are synchronized with the Internet, computers and other devices. Large parts of industry want to introduce machine learning processes as quickly and as quickly as possible so that employees have more time for creative activities at work. *Del Toro Barba* from *Google* has a clear position on this: "Successful machine learning projects are characterized, among other things, by the fact that

employees with different professional backgrounds are brought together efficiently by means of appropriate tools.”¹

This means in concrete terms that we leave to the machines what can be automated and concentrate on what only human beings have: creativity, risk-taking, mental development and further education, personal and professional *skills*, social competence and emotional intelligence. In this context, it is important that young and old employees who have to deal with digitalized and automated work processes are taught precise specialist knowledge for solving problems and for developing innovative effects of technological progress.

What makes a New Work working world valuable? Often, when work concepts change, it is not taken into account that, in particular, happy employees win over happy customers, if not even guarantee them. *Herb Kelleher* (1931–2019), founder and long-time CEO of *Southwest Airlines*, a low-cost airline, saw it as a maxim of entrepreneurs to take care of their employees first and foremost.² With an eccentric success recipe of loving employees and customers alike, having fun, working extremely efficiently and making money at the same time, Kelleher became a pioneer and role model. He treated employees with dignity and respect and showed them how much he valued and admired them. For him, the team and its culture were more important than the individual. Kelleher wanted to set an example and establish progressive values and convictions. The remarkable thing about this progressive basic attitude was that he encouraged people at Southwest to also question the status quo and challenge deeply rooted assumptions. It is no coincidence that the world’s largest low-cost airline has been profitable since 1973 and has been awarded several times for the most productive employees and the best customer service ratings in the aviation industry.

The concept of “leadership by context” at *Netflix* can also be considered groundbreaking, which gives employees comprehensive responsibility: “You give team members as much information as possible so that they can make good decisions and do their work without being supervised or having to adhere to fixed procedures.”³ But this can only work if you have previously faced the key question of whether you want to avoid mistakes or are interested in innovation. Controlling is still the best decision to avoid mistakes. If you are looking for fresh approaches, however, I would advise you not to patronize your employees and give them plenty of freedom in decision-making.

The approach of *Richard Branson* deserves just as much attention. He relies on team-capable employees who lead a company in the right direction: “Surround yourself with great people. Learn to delegate early and not try to do

everything yourself. Make sure you have the kind of people who praise the team around them and don't criticize. And who are willing to be really innovative, brave and create something that everyone who works for the company can be really proud of.”⁴ My impression is that appreciation also in the form of mutual trust is a very important criterion in a fulfilling working life. *Satya Nadella* (*1967) has transformed the basic need for respect, empathy and commitment to a company into a mathematical formula:⁵

$$E + GW + SZ = V/z$$

(Empathy + shared values + security&reliability = trust, divided by time) .

Taking all of the aforementioned aspects into consideration, it can be argued that team-oriented employees who work efficiently, make independent decisions, and have a healthy ego that is balanced and authentic are welcome at a New Work workplace. In return, you will receive job security, recognition, and the trust of the company.

What do the New Work requirements of the digital work world look like? People will soon be working around the clock from anywhere, and more or less be their own boss. That carries weight, which is why the Bosch Group places great value on respectful cooperation between its 367,000 employees who are connected to each other via Bosch Connect. With contemporary methods such as “Working Out Loud” or “Design Thinking,” they control internal communication, for example. However, anyone who wants to advance their career should always show a *high level* of motivation, as *Katharina Krentz* from *Robert Bosch GmbH* confirms: “Work anytime and anywhere. Use any device, focused on outputs and create your own ladder.”⁶ This means: Those who focus on delivering a *constant* high level of performance *are shaping their own career ladder*.

The topic of digitalization has arrived throughout society and the workplace. Nevertheless, not a few people fundamentally reject digitalization and put forward false arguments in support thereof, e.g.: Data protection does not allow it, customers do not want it or our industry is not yet affected. Once again: The survival of the economy depends on digital change. Neither the companies nor their employees can escape digital transformation. This step into the future is unavoidable due to economic and social requirements and irreversible. The change is progressing quickly due to the high speed of development of the technologies. It is time to adapt in order to meet the customer needs and expectations of the market. But in order to successfully implement digital change in Germany, people with the appropriate qualifications are needed. In this

respect, the further education of the low-skilled should be improved in a timely manner, because it is precisely this group of people who can lose contact with the world of work in the course of digitalization. It can be said without a doubt in this context that the digital education revolution has already started on the continuing education market: “Learning is moving more and more into the network, interest in the presence seminars of the traditional providers is declining, and their sales are collapsing. In some companies, the online-first principle already applies: the digital offer is the rule, anyone who still wants to attend a traditional training must justify this extra.”⁷ Digitally trained employees are a key competitive factor for organizations, companies and administrations. Lifelong learning will be the key to successfully coping with structural change, even if parts of the population still look to the future with pessimism (see Chap. 26).

The problem is that the companies and the employees themselves are responsible for further qualification. What happens to the employees for whom further qualification is no longer an option? Because they are too old, too well paid or can thus be replaced by younger people. Or because companies use digital transformation to cut jobs? Or employees simply reject further training? All of this in turn means: “Our social task is to further train those people who will lose their jobs through digitalization.”⁸

Tips for You

- Offer understandable concepts of how the cooperation between people and machines can look like in practice, with the human being in the leading role.
- Treat employees and customers equally with dignity and respect so that an atmosphere of trust and satisfaction prevails.
- Do without unnecessary control functions if you want innovations at the workplace and grant employees creative leeway.
- Place value on team-capable employees who work efficiently and have a healthy ego.
- Train employees in the field of digitalization so that they do not lose their jobs.

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Footnotes

1 Del Toro Barba (2019).

2 Cf. Freiberg & Freiberg (1998).

3 Hastings & Meyer (2020), p. 298.

4 Rubenstein (2020), p. 43.

5 Nadella (2017), p. 183.

6 Krentz (2019).

7 Dräger & Müller-Eiselt (2017), p. 157.

8 Hermanni (2019).

35. Pricing

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What costs nothing, has no value!?

Yes, in a market has everything its price or “the value of the commodity, expressed in money.”¹ Prices are those conditions under which households and firms are willing to exchange certain goods or services. A reasonable market price ensures the producer a profit-oriented compensation for the resources used during a service delivery. In view of this, production at the self-cost price becomes a loss-making business without any economic sense and understanding.

Existence comes first. Economically, three actors determine a price discovery process:

- Companies/producers who produce goods or services.
- Consumers/households who purchase and consume the goods or services (in advertising-financed media, another actor is added: the advertising industry).
- The state, which sets the framework conditions, for example by a tax policy, and monitors compliance with these conditions.

There is no doubt that “one of the most important entrepreneurial decisions is how and to what extent revenues should be generated to finance the business.”² Pricing can be based on production costs, demand, competitor behavior, and/or interdependencies within product lines. This leads us to the entrepreneurial task, which method of price discovery should serve:

A. Cost-oriented pricing

- B. Demand-oriented pricing
- C. Competition-oriented pricing.³

A *cost-oriented pricing* is primarily composed of the costs for the production of a product, where the price floor should at least cover the production costs. My advice: Make sure to take into account the internal costs as well. Because costs and revenues are always the central figures that a businessman has to pay attention to. Suppose you are the owner of an advertising agency and calculate the production costs for the conception and design of a poster including printing costs and rental of advertising space etc. on a net basis of 25,000 €. In order to be businesslike, the above-mentioned services should still be provided with a surcharge for the internal costs (action costs such as personnel costs, rent, administrative costs, transport) as well as with a profit. After agencies set an average surcharge of 15%, we come to a net amount of 28,750 €, which is invoiced to a advertising client.

In contrast to cost orientation, a *demand-oriented pricing* is primarily based on the relationship between supply and demand. The higher the demand is, the higher the price of the offer can be. A note: If you explain to the buyers of high-priced goods why they are offered at such high prices (for example, because they are rare raw materials or exclusive quality), you can often enforce the prices. Conversely, it is rather rare that a price is reduced as a result of a declining demand. It is more likely that a product will be taken off the market or recommended with additional services or monetary benefits.

An example: A car manufacturer that is experiencing sales declines offers customers financing for a new vehicle through the company's own house bank at a very favorable interest rate or gives away gasoline vouchers when buying a car. In other words, a smart CEO will try to increase his product capacity when prices are rising, because this decision leads to increased supply, which in turn leads to higher profits. When prices are falling, he will stop production if the costs are below the price required to cover the costs. This situation is known, for example, from the automotive industry: Depending on the demand, the manufacturers drive additional shifts, reduce them or discontinue production of certain vehicle types.

In *competitive pricing*, the of comparable products of the competitors is taken into account. The principle here is: The more interested target groups are

in a particular product or service, the higher the price can be set. With regard to the advertising industry, for example, the ideal case would be that a TV show is extremely popular and, in terms of format, exclusive, so that the broadcaster can charge high placement fees for the broadcast of commercials (e.g. in the context of high-profile sporting events or popular series). If, on the other hand, a comparable product is offered by several competitors, price wars often break out for the target groups (examples: special offers on airfares or in supermarkets).

In times of economic crisis, which are often the result of bad management, an additional form of *deflationary pricing* is added. In the fight for the favor of the customer, it is loudly advertised in the course of discount wars that the money value of products/services has been increased, although these are offered cheaply, allegedly “unbeatably cheap”. You can be sure: A pure “down with the prices” philosophy is too short-sighted in most cases. Even if successful advertising campaigns like “stinginess is cool” brought high awareness to the electronics chain Saturn and a “we can only be cheap” mania can be found in many industries. I see it differently. In the end, consumers have the desire for quality at a balanced price/performance ratio, including impeccable service. *Media Markt* is a deterrent example of what can happen if you mainly orient yourself towards the price. For many years, Europe’s largest electronics retail chain recorded sparkling sales with the motto “dirt cheap and much more”, until price comparison engines on the Internet beckoned with free price overviews, tests and sources of products and services. Since then, things have been going wrong at Media Markt.

A sales concept can also be successful if something very valuable, unique is produced and its number is limited. *Ferrari* for example—the brand of the superlatives—builds fewer vehicles in principle than it can sell, in order to preserve exclusivity and brand strength. The car manufacturer from the Italian town of Maranello relies on irresistible desire and a high sales price.

However, pricing does not work according to fixed rules that have general validity. In fact, it is above all necessary to weigh up carefully between market demand, quality criteria and conceivable monetary value. As has been emphasized several times: the price is an indicator of the appreciation of an offer. In any case, the customer gives notice of his willingness to purchase the product at the latest when paying. In the run-up to a price determination, market research predominantly contributes to maximising product prices.

Can you imagine achieving the highest possible price in an alternative way? The Internet auction house *Ebay* generates its sales by auctioning goods on its platform as in an auction. Auctions of works by well-known authors or artists are also common in other areas such as the book or art industry. So why shouldn’t

your product (or a patent, license, etc.) be worth an auction? The prerequisite for a lucrative business here is, however, that a reasonable number of potential buyers participate in an auction and make an acceptable minimum bid.

Let's take a look at the Price Information Ordinance prophylactically so that you can avoid trouble. Experience has shown that offences against the *Price Information Ordinance* are at the top of all competition offences. In order to avoid legal disputes and possible fines, please state the final price including value added tax and other price components when stating the price.

So-called “from prices” are allowed, e.g. “fitted kitchens from 1500 €”. If you use a photo in the advertising, the object depicted must correspond to the lowest price group. Comparative prices of former and current prices are also permissible (e.g. “vacuum cleaners previously 120 €, now 79 €.”). Price comparisons of former and current prices are also permissible (e.g. “vacuum cleaners previously 120 €, now 79 €.”).

Caution is always advised when it could create the impression that a customer is being lured in an exaggerated way. In this respect, for example, advertising campaigns such as “bargain market” or seasonal offers for non-seasonal goods are prohibited (e.g. summer prices for dishwashers or MP3 players). Or a special price advertisement for “outlet models”, if they are not outlet models. Always provide clear justification for special offers, such as damage or perishable goods (e.g. food). Do this especially if you have deliberately set an old price too high (“moonlight advertising”), in order to be able to reduce it later.

In principle, the following applies: *special sales* may only take place as part of approved special events (e.g. clearance sales or anniversaries)⁴. However, this should not prevent you from, for example, granting discounts to holders of customer cards or special offers for individual items—“individual items reduced” (however, it is not allowed to discount the entire range).

Tips for you

- Professionals always first calculate the production costs including marketing and distribution costs before setting a price that also includes a profit.
- Depending on the business situation, determine how the local, regional and national competition behaves in price formation: In which price segment is your offer (low, medium or high level)? Is your price expectation consistent with a cost-oriented, demand-oriented or competition-oriented price formation? If not, check the classification.

- Try to reach the ideal target group through innovative formats such as social selling (trust building), video advertising (online video advertising) and content marketing (informative, advisory and entertaining content) who appreciate your services and are also willing to pay the desired price.
- What price/performance ratio does a customer expect for your product/service? To do this, for example, carry out a survey in your circle of acquaintances, obtain market data from publicly available studies (e.g. Chambers of Industry and Commerce, Chambers of Crafts, GfK, Stiftung Warentest) or commission a market research institute.
- When setting prices, it must be checked to what extent cost advantages arise if production processes are designed to be particularly efficient, for example by means of automated order processing including production.
- Could psychological aspects be decisive in price setting? For example, by avoiding a 0.00 € price threshold (instead, for example, 0.99 € or 9.99 €), by means of an attractive introductory price or by means of a luxury price for a target group that always wants to stand out?
- Do you want to offer different prices for the same offer? Depending on the purchasing power of a region, target group or demand?
- Decide how to deal with the competitor who only sells at the price. Can you, for example, offer quantity discounts or early payment discounts for regular customers?
- Assess over time to what extent the price can be increased or even lowered through the brand/image.
- Avoid any direct or indirect reference to the name of the competitor or to the brand of a competitor's product in order to avoid infringements of the Price Information Ordinance or discrimination of the competition.
- If customers request discounts from the crafts, the crafts report on the effort, time and material to be calculated. And if discounts are still required, then expect the customer to provide something in return, e.g. longer delivery times, purchase of a demonstration model or faster payment terms (e.g. 3 days net). Make it just as clear in other industries that there is no accommodation without consideration.

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¹ Samuelson & Nordhaus (1995).

² Zerdick et al. (2001).

³ Cf. e.g. Meffert (2000); Kotler & Bliemel (2001); Breyer-Mayländer (2003).

⁴ Anniversary sales are generally only permitted as special events if 25 years have passed since the foundation or an anniversary number is divisible by 25.

36. Public Relations

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Even the heavenly father has his own PR representative: the church. It spreads the word and the scripture of God to all corners of the world in order to create trust-building measures.

Welcome to the world of public relations. Everything that contributes to the establishment of systematic relationships and their maintenance between an organization/company (and their brands) and the public is public relations. Public relations is an important part of the communications policy (see Chap. 30), but does not promote any specific products or services. It differs from the current press work¹ *inter alia*. in that it improves the general communication with target and reference groups in the medium and long term, represents the organizational goals transparently and contributes to the increase in corporate image including value creation.

What is public relations specifically about? In most cases, companies or institutions try to increase their visibility and build trust and relationships with opinion leaders, decision-makers or investors through public relations in order to gain sympathy. On the way there, one deals with changing social areas:

- Business life: business partners, customers, suppliers, competitors, business press
- Financial world: banks, investors, traders, consultants, financial press
- Politics and administration: authorities, politicians, municipalities, countries and federal government

- Public opinion and opinion leaders: media, interest groups, associations, consumer organizations, multipliers such as social institutions and churches.

Up to 70% of all articles published in newspapers and magazines are placed by PR experts. In German and American studies you can read that journalists more often take over the messages of companies and institutions than research themselves (which is partly due to the “death of journalists” in the print sector, caused by declining advertising and circulation revenues, for example). A highly significant finding. And controversial because business leaders mainly read newspapers and base their decisions on news about the stock market, markets, finance and companies.²

Of course, you have to invest time and effort in people before PR success occurs. You have a variety of public relations tools available immediately (see Tips for You and Hermanni, A.-J. (2019). *Press and public relations for adult education institutions. Implementing communication internally and externally*. Bielefeld: wbv).

Corporate communication is oriented towards the developments in new media and one product is particularly in focus: the *blog* or also called weblog (word combination of World Wide Web and log for logbook). A blog is an online diary or journal that is maintained by organizations (corporate blog) or by private individuals and is generally publicly accessible. The authors and publishers of a blog are referred to as bloggers who act as editors on the Internet, so to speak. The contributions are published in the form of texts, pictures, quotes or video and audio files in chronological order on online platforms.

As is well known, bloggers are increasingly taking on the role of journalists and reporting on events that have a current news character. When blogging, it is, inter alia, important that new content is published regularly in order to bind the readers. Regular publications create trust and signal the readers the content-related priorities or the professional competence of a blog. Industry experts estimate that approximately 35% of German organizations maintain a corporate blog to provide reports and information to customers and partners. Blogging is becoming the center of online communication for more and more companies, with their own content being promoted and shared via social networks. When publishing a Corporate Blog, the wishes of the topics should be queried and fulfilled, e.g.:

- Exclusive, free value for the reader (e.g. new research findings and current trends for a particular industry)
- Instructions and explanations for products or services
- Exchange of experiences with customers and guest bloggers

- Information on company development and company history
- Insights into the working day and company culture
- Blog series on current industry topics with practical tips for implementation.

Bloggers are in direct contact with their readers and exchange with them on an equal footing. So if a company wants to publish a successful blog, sincerity, transparency, data and facts must be guaranteed to get a lot of approval. After Blogs are also used as a source of product and service information, the verifiable facts should be presented correctly. When a corporate blog, which can be used to connect to social networks, offers various possibilities of use:

- An organization can use a corporate blog to open itself up to target groups and gain better insights into the thoughts of visitors and customers (e.g., by soliciting opinions on specific topics).
- The comment function of the blog can be used to hold dialogues with users, e.g. to turn visitors into customers.
- A corporate blog can be used as a monitoring tool to capture and evaluate activities on the site. This includes, for example, how many visitors access the website, where they come from, and what they look at. This allows you to optimize your appearance and make it more attractive to visitors.
- Custom information (e.g. about visitor groups) provides insights for marketing campaigns and thus strengthens the effect of corporate advertising.
- For reviews of individual products or services (via customer feedback) as part of market research.
- To search for suppliers, employees, investors or sponsors.
- To create product transparency.
- For branding/brand building.
- To optimize customer and supplier support.
- By subscribing to an email alert, readers can be involved in the company's daily activities.

The area of *Investor Relations (IR)* is also gaining increasing importance for companies based on capital, where public relations here pursue both communication policy and financial objectives with the “Financial Community”. Through trust-building PR measures, systematic image building of the company, and increasing the visibility of brand names, contacts with shareholders, investors, analysts and financial media should be sustainably maintained and equity financing as well as stabilization of the share price be positively influenced.

One thing is certain: Public Relations has many facets, including *brand and*

product PR. As the name suggests, brand and product PR is designed to increase the visibility of certain products, services or brands through journalistic reporting. Critically viewed, the news value of such press information is only present in exceptional cases, and it is not surprising that sales-oriented messages are suspected of being covert advertising if there are no substantial information offers for the general public.

What can I recommend to self-employed and small businesses if they want to improve the image of their activities? I like to emphasize what I mention in several places in the book: Make a name for yourself with public relations. And this is how it can work: Recently, I worked for a travel agency that wanted to increase its visibility through extraordinary PR campaigns. Since my client had only a small budget available for this, I suggested cooperation with other companies that were also looking for new customers. This resulted in a PR program that combines different topics with various event locations and special actions of the travel agency:

- January: A book reading about the island of Mallorca. Event location: wine dealer, with tasting of Spanish wines. Special offer of the travel agency: early booking discount for Spain travel.
- April: Photo exhibition on the theme “Romance trips Venice”. Event location: boutique, with invitation to the Italian fashion show. Special offer of the travel agency: raffle of a train trip to Venice.
- July: Outdoor fitness training under the guidance of a sports studio. Event location: leisure park with wellness offers. Special offer of the travel agency: bus trip to an outdoor event in the Alpine world Karwendel.
- October: Multivision show—variety of Greek islands. Event location: Greek restaurant. Special offer of the travel agency: personal consultation for spring trips to Greece.

In this sense: If not now, when will you launch your PR campaign? But please do not hold back. A one-time PR action immediately fizzles out. Become the benchmark against which other competitors can be measured. Only those who are permanently represented in the public debate or in the expert discussion will be recognized by the market.

Tips for you

- What does your company offer the public? The best hook for *PR articles* is always when a current, problematic issue is addressed, for which you provide expert recommendations or controversial thoughts. Get content

ideas from the headlines of the daily press or the TV news.

- Supply your local/regional *newspaper editor* with regular suggestions on your specific topic (preferably accompanied by original quotes, statistics or other data). And call the editor afterwards to set up a contact. After the second or third phone call, he will remember that you are an expert on a specific topic.
- Or share something exclusive with the editor, such as the introduction of rare services, relocation or expansion of the production site, showing future prospects for the region. Or write letters to the editor of the regional newspapers at regular intervals until your special knowledge spreads like wildfire.
- Clever CEOs use *online press portals* (e.g. newsmax, prtrend, openPR) to free up the spread of company-owned news. Online press releases are rarely printed (because the public interest in the content is considered too low), but they still generate reach and trigger a high ranking in Search engines. Don't forget the keywords in the article, as they ensure optimal findability in the search engines. And place links as a direct connection to your company website.
- *Web-blogging* (e.g. via Twitter)³ or run your own Corporate Blog: create experiences for the public through micro-blogs with short messages.
- What makes you special as a business person? Give *lectures* on your professional favorite topic and inform the partners about industry-suspected news.
- Arouse emotions through *social engagement!* For example, your company is committed to youth work or organizes charity events.
- Write a *book*, which is ideally available via eCommerce and at the bookshop. Design a catchy title that generates enough attention to be invited to talk shows, TV and radio programs. This can create a powerful sales.
- *Video or audio podcasts*,⁴ e.g. emphasize the skills of experts.
- Contact local *radio and television stations* and offer your services as a free guest commentator on your specialty.
- Attend regular *business meetings* (e.g. BNI, BDS, Junior Chamber of Commerce) to make yourself and your products/services better known. Use *referral marketing* about memberships in organizations and associations.
- Become a member of *business networks* (e.g. LinkedIn,⁵ XING) as well as *social networks* (e.g. Facebook, Ning, twitter) and use business search engines (e.g. Google Search Appliance) to find interest groups.

- Publish company-owned *video podcasts* for free on sharing platforms (e.g. on YouTube, MyVideo, Clipfish or Vimeo). As a company, you can set up a company channel here. And get advertising partners on board for the company homepage, where podcasts are offered free of charge (basic), for example. Premium podcasting should be ad-free for subscribers, however. This is where different experts have their say or valuable tips are offered (monthly subscription fee max. € 5.00). Just have a look around (e.g. at www.podcharts.de or www.apple.com/de/itunes/podcasts/).

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1 The active press work acts through information media (e.g. press release, photos, press kit, newsletter) and dialogical means (e.g. press conference, editorial visit, journalist conversation).

2 Cf. Handelsblatt (31.10.2012). International renowned economic newspapers are still the US Wall Street Journal and the British Financial Times.

3 Twitter was founded in March 2006. Its usefulness as a widely used source of information is often overlooked because trivialities are also exchanged. Twitter announced in 2021 that it maintains around 320 million accounts with active users (people, organizations, companies and mass media). Twitter is financed by investors, stock sales and advertising tweets.

4 You can become the mouthpiece of your field. A podcast can be subscribed to as an RSS feed (or with iTunes) or saved as an MP3 file.

5 LinkedIn has around 770 million users in 2021 and is the world's largest network for careers and business, especially for personal recruiting (see <https://about.linkedin.com/de-de?lr=1>).

37. Resources

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Do you know Singapore, the smallest country in Southeast Asia in terms of area—between Malaysia in the north and Indonesia in the south—without any significant resources or reserves, and yet wealthy?

And are you aware of how the so-called Tiger State has achieved its prosperity? Primarily through the resource of openness: for services, for investments, for technology, for trade, and as an international financial center.

What applies to Singapore does not necessarily apply to other nations. Major economic nations have resources of different kinds: China has metal and rare earths, the United States is rich in minerals and fertile soils, India can primarily rely on coal and iron ore, Russia on oil and gas, and Germany on coal and timber.

However, the time of affordable resources seems to be over in the foreseeable future and no adequate replacement is in sight. At worst, no more rare earths for mobile phones, no phosphate for cheap fertilizer, and no oil to transport people and drive machines. You will notice: In view of limited resources, humanity must deal with survival questions that provide answers to future needs:

- Where does a need for survival arise (in which country or region)?
- Who can produce what (which country, which companies)?
- Where do the required resources come from (from which sources)?
- How should it be produced (according to which process) and when (right

time)?

In all these cases, the critical points include financial questions, which gives the topic *material management* relevance. Material management is a high-cost factor and, depending on the economic sector, accounts for between 35 and 60% of the material consumption of the gross value of production. Against this background, it remains exciting how countries deal with their naturally available stocks. For example, will China, the world's largest producer of rare earths (95%), continue to satisfy foreign demand? Or will exports be massively restricted, which would mean that products such as magnets, batteries, flat screens, computers, electric cars or wind turbines would be unusable without these chemical elements?

This is one interpretation. Another, as invoked by the "*Club of Rome*," is that soon more energy will have to be invested in the promotion of oil and gas than we will get out. An investment in energy production is no longer profitable.¹ Help—what happens if the forecast comes true? Are there no other resources available to companies in order to continue to exist and operate on the market despite the general scarcity of natural resources?

You guessed it: the success of a company depends on the type of means it can rely on and how to use them. The company's resources include:

- *Material goods* such as tools, financial resources, energy, technologies and raw materials.
- *Intangible assets* wie trademarks, copyrights, patents—so-called property rights.
- *Quality standards*, die a company maintains. Through the implementation and monitoring of standards, a constant quality exists that benefits customers and represents a value.
- The *professional competence* of people whose know-how cannot be transferred. Therefore, caution is advised when terminating older employees who have decades of possibly indispensable professional knowledge!
Compare the following image: No reasonable person would lightly come up with the idea of deleting historically important data from the hard drive of a computer.
- The *brand image* of the company and thus the external effect of a brand and its products or services on consumers or customers.
- *Media usage rights*, also personal intellectual works of art, literature and science that are protected by copyright. To exploit, the author transfers his rights to a company (e.g. by means of a usage contract).

Does this all sound familiar to you? Business resources characterize core competencies in a market, through which a company is superior to other competitors. This includes human factors such as the skills and know-how of employees, real capital (material factors of fixed and current assets, capitalization), rights (patents, brand names), technical production facilities or an electronic information system. Simply put: What others can do is not a core competence.

What does it look like in practice? Today we know us, *Sony* for example had a core competence, the ability to miniaturize technical devices. Classic examples from the product range were the Walkman, which was designed in pocket format, or the camcorder as light luggage. Further examples from the present time: *Oglio* provides light technology with timeless design, highest quality requirements and intuitive light control. *Montblanc* uses a special synthetic resin called Duroplast for the fillers, which is characterized by high scratch resistance and a velvety, long-lasting grip feeling. *Duden* is the spelling dictionary of the German language and has the core competence in questions of spelling rules. *Lufthansa* is perceived as the flag carrier of Germany and *BILD* as the newspaper with the highest circulation and the largest, regional expertise in the field of Boulevard reporting.

In many cases, employees also use their expertise from companies to later establish their own business model with core competencies. In this sense, five former IBM employees started the company *SAP* and created software programs that allow payroll and accounting using mainframe computers. These programs form the foundation for the now fourth largest software manufacturer in the world. *SAP* software can handle all business processes using a common system, making multiple data storage and separate data maintenance unnecessary. The business idea is convincing, especially since *SAP* now only charges for the functions used by customers via its cloud programs.

What resource-based competitive advantages does your company have? Do not be at all surprised if it is not individual product features, but a basic equipment of stocks and reserves. These need to be bundled in a way that the services of a company differ from the potential of other market participants. However, during the bundling process, you may find that the resources your company has do not fully meet the requirements of a market. This makes it all the more important to acquire unique resources from other companies in order to gain competitive advantages. Against this background, companies often buy innovative competitors to achieve a largely monopolistic position. For example, you can link your own know-how with technical innovations, a powerful network of suppliers or with external service competencies. It should be noted

that a monopolist can determine prices, slow down technological innovations and neglect service.

Survival rule No. 1: Do not lose resources to competitors! Instead, beat the competition with your own weapons.

Tips for You

- Define the core competencies of your business model, which should preferably be unique skills. For example: The fact that a phone manufacturer today produces smartphones is not a core competence, but a basic skill. If, on the other hand, the phone manufacturer uses long-lasting batteries that can be charged wirelessly, this is a core competence.
- In a second step, check to what extent a direct link from the available resources to advanced market requirements is given. If necessary, you should create this link by developing or acquiring additional resources to close competence gaps.
- Alternatively, examine to what extent the company's existing core competencies can be used to open up other or new markets. Take the example of the energy suppliers who have switched from "nuclear power" to "renewable energy".²
- Research which non-renewable raw materials can be replaced by renewable raw materials.
- Increase the recycling rate of products in the company, for example by refurbishing and marketing used machines or equipment.
- Give electronic waste such as mobile phones and tablets, which contain rare metals, to recycling companies that specialize in refurbishing.³
- Make sure that human capital resources are used according to their individual strengths, skills and work preferences. Ensure that employees are located in a positive work environment (to bind them to the company) and work according to plan (e.g. in the IT sector by means of an implementation process) so that no bottlenecks occur in the workflow. Consider that people are less resilient than machines.
- Consider that small projects can require just as much personal energy and entrepreneurial resources as large ones.

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Footnotes

1 Bardi ([2013](#)).

2 In the past, the companies E.ON, EnBW, RWE and Vattenfall lived happily ever after until the German government decided abruptly after Fukushima to shut down nuclear power plants as quickly as possible.

3 Quality-assured overhaul and repair of products for the purpose of reuse and resale.

38. Rhetoric

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*I have a dream that one day the sons of former slaves and the sons of
former slave owners will sit together at the table of brotherhood on the
red hills of Georgia.*

*Martin Luther King, civil rights activist (28.08.1963).
Today is the day when the people of Berlin raise their voices.
Ernst Reuter, Mayor of Berlin (09.09.1948).*

And what is your speech about? Basically, the rhetorical debate is closely related to public opinion formation and democratic public. Already in ancient Greece there were separate teachings for a pictorial, symbolic and non-everyday expression. The father of classical rhetoric was *Aristotle* (384–322 BC), who placed great value on a catchy thought process: “Rhetoric therefore represents the ability to recognize the plausible in every object. Because no other skill can do this.”¹ *Cicero* (106–43 BC) and *Quintilian* (ca. 35–ca. 100 AD) have reflected Aristotle’s findings and further developed them.²

Whatever is on your mind as a top manager, unpack it and place it in your speech when presenting the company’s policy to the outside as well as in internal communication. Because hopefully you know that the art of speech cannot be overestimated in its importance for a professional career. That explains why the economic and financial newspaper *Handelsblatt* analyzes the appearances of CEOs at annual general meetings and conducts a rhetoric ranking.³

And it is not surprising that companies send their high potentials to training in breathing, speech, conversation and rhetoric techniques so that the acquired skills can be used productively. It is certain that every speech moves something: It can enlighten, change, start negotiations, but unfortunately also demotivate, destabilize and cause annoyance. Therefore, stay with your battens, especially since competence is the foundation of a successful speech.

What is a effective design of the spoken word about? First and foremost, it is about the opportunity to have a fair debate, whereby the listeners are first adequately informed so that they can participate and decide qualified in something. It is also important to awaken feelings and imagination in a speech and to convey understanding for the concerns and needs of the listeners. But precisely here, many speakers fail. As studies show, most speakers (over 90%) focus exclusively on the content when presenting. This means that they think intensively about the “What do I want to say?”, But neglect the “How do I convey it?” Strongly.

A classic misunderstanding. In practice—in a sales conversation, a lecture or in a negotiation—ultimately the “how do I convey it?” Decides the success or failure of a presentation. Get used to the fact that personal charisma, eloquence, sensitivity, language skills and idealism distinguish an average speaker from a successful person. Of course, your expertise also plays a significant role, but this expertise is automatically assumed when you listen to it.

A credible presentation of positions lives especially from the effective design and logical structure of the speech and the use of arguments. In this approach, five steps are recommended:

1. Topics are collected and evidence is found based on generally accepted points of view (topoi and inventio). The goal: to educate the listeners, win their affection and move their minds, also with humor.
2. The material is clearly structured (dispositio) according to the following aspects:
 - a) Introduction (exordium)
 - b) Development of content (narratio) with evidence (confirmatio) to justify the stated
 - c) Reasons of the opponents are refuted (refutatio)

- d) The conclusion (peroratio) should result from the presented in a comprehensible way.
- 3. The speech is designed linguistically according to stylistic rules (elocutio).
- 4. The speech is learned by heart (memoria).
- 5. The presentation is rehearsed with nonverbal communication means (pronuntiatio).⁴

And now comes the most important message: You can achieve an effect with a speech everywhere! The question is, however, whether you trigger a positive, neutral or negative reaction in the audience. It is worth seriously thinking about it and, for example, imagining yourself as a lawyer: I may not have the perfect figure of Erin Brockovich, but as a lawyer I am just as committed to the rights of my clients.⁵ On the other hand, it is negligent to make such a miserable performance as *Nokia* CEO Stephen Elop did at the 2012 Internationale Funkausstellung in Berlin. When presenting the Nokia flagship Lumia 920, he forgot to mention crucial details: when and where the smartphones will be available, how high the selling price will be and why Nokia is showing customers an allegedly innovative film technology that is faked. Promptly followed a severe rebuke by the customers: The competition, especially Apple and Samsung Electronic, pulled away with their smartphones and the Nokia share price collapsed dramatically.

It is undisputed that an *engagingly told story* or vision more easily wins the attention and curiosity of the audience than a factual speech. For example, in his first candidacy for US President in January 2008, Barack Obama reports on his political goals and whether justice, prosperity and world peace can be achieved. And when Obama then answers himself: “Yes, we can!”, He shows hopeful perspectives for all Americans who have to cope with a difficult life.

Again: a perfect presentation should not leave any room for doubt and should evoke emotions, ideally even storms of enthusiasm. It is of little use to prepare a speech carefully if, during the performance, personal means of expression such as gestures, facial expressions and voice disappoint. In the end, you don’t need a shower of confetti, but the applause of the crowd. Listen to the advice of experts in body language and rhetoric to get sympathy values (see below for some tips). And remember: “You learn to speak by speaking.”⁶

Tips for You

- Design the lecture like a *special event*. Let the listeners feel that they are important and taken seriously.
- Enchant the *listeners* without preaching. Provocations are just as much a part of it as bold statements. You can occasionally fall into a conversational tone, but never lose sight of the substance of your statements.
- As an *introduction*, choose a personal, current or historical hook to directly involve the audience.
- Reduce your presentation to *essentials*. Focus the speech on one topic and divide it into a maximum of five logical building blocks. Otherwise, the listener will lose overview and transparency of the statements.
- The basic structure of a speech should preferably come from the *listeners' world* (e.g. from a certain industry, a place of residence, a cultural background) so that you reach the audience as a hearing and thinking community.
- Dress messages in short stories to make the lecture entertaining. Experienced speakers let *fables or anecdotes* flow into their speeches, bring wit and statistics, express insights in a punchline and provide a firework of rhetoric.
- If you use *quotations*, please only from reputable personalities. When using *statistics*, these must be verifiable. Specific data and facts fit into any presentation.
- From time to time, ask *rhetorical questions* to involve the audience and encourage them to think.
- Your *sentences* should be of different lengths. Equal length sentences impair the concentration of the listeners.
- Act in front of a large audience as if you were leading a *dialogue* with a single person, even if several hundred people are sitting in the room.
- Banish *negative thoughts* from your mind and replace them with positive ones. It is well known that you can read the type of thoughts in faces.
- Cross out *weakening words* such as “possibly, maybe, possibly” from your vocabulary. As a leader, you submit recommendations and solutions.
- Use *positive formulations* (e.g. “good” instead of “not bad”), because a negative expression weakens the wording of your statements and thus relativizes them. Nobody wants to cooperate with people who constantly present objections and doubts.
- In presentations with few participants, take *eye contact* with all people. Everyone wants to be registered and accepted.

- If you have to announce *bad, surprising news* about an impending insolvency, for example, compare it with a tragic fate, such as the sinking of the “Titanic”. Many passengers only realized the extent of the disaster when the luxury liner sank on April 15, 1912. Make it clear to your audience with the example that the company can survive if it acts quickly.
- Professional speakers *mostly speak freely*, don’t read their speech from the sheet and certainly not what’s on a PowerPoint slide.⁷ A no-go! Slide texts are supplemented by your own words. With gifted speakers, sometimes only one sentence is on a slide or only one image is displayed, which the speaker explains in detail.

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Footnotes

¹ Aristotle (no date). Book 1, Chapter 2. 1355b 26–35.

² Cf. Cicero, M.T. (1858), pp. 1–13.

³ Cf. Obmann, C. (12.08.2021).

⁴ These five steps are explained in detail by Ueding. Cf. Ueding (2000).

⁵ Julia Roberts played the eponymous lawyer and environmental activist in the 2000 film “Erin

Brockovich”.

6 Cicero, Marcus Tullius (55 BC), Roman philosopher, politician and writer.

7 For example, you can find slides as an information offer, for exchange and archiving at www.SlideShare.net.

39. Sales Strategy

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Are you tired of cold-calling, knocking on doors and accepting dumping orders?

I can understand that. Most high potentials fall into a state of powerlessness anyway when they hear the word “acquisition”. Nevertheless, statistically speaking, you need a long breath when it comes to winning customers and orders.

Why is that? Only 3% of all potential buyers decide directly to purchase a product, 6–7% are open (but not ready to make a purchase), 30% are considering it, another 30% say they are not interested, and another 30% are really not interested.¹ It is hard to imagine, but in my opinion the figures are largely accurate.

How do you deal with such a situation? Whether you run a large company or a one-man business, without sales strategies you will not get your offer in order. This starts with the question of which way a product reaches the target group most sensibly:

- Do your customers want to buy directly (via online shop, in store or from the factory)?
- Or do your customers prefer to buy through a distributor (e.g. sales representative, wholesaler or retailer)?

When choosing a sales strategy you are as free as a bird. You are probably aware that *Hewlett Packard* (HP) did not make brilliant profits in the 1980s and 1990s by selling printers, but by selling the corresponding toner cartridges. HP

offered the printers at a bargain price, while the cartridges were completely overpriced. Consistently thought, companies like Hoover, Miele or Vorwerk could have produced vacuum cleaners without bags. Nevertheless, they showed no interest in such an innovation, because with accessories (here replacement bags) splendid sales were made. This is a fundamental starting point for many companies.

You should note down such a promising sales strategy “inexpensive or free introductory offer with expensive follow-up costs” on a notecard and carry out corresponding actions. For example, car manufacturers offer a free “winter inspection”, well aware that expensive repairs will arise from this inspection. Or if the Telekom makes you a free test offer to conclude a De-Mail account “6 months without a basic fee, no setup fee”, then you can safely assume that the telecommunications provider will make a lot of money after the test phase.

Other method: The fierce price competition or the economic crisis in large parts of Europe leads in some industries to two-track sales strategies of a competing offer. *Telekom*, for example, offers on the one hand high-priced technical communication services under the roof brand and on the other hand inexpensive mobile phone and Internet tariffs under the brand *Congstar* as well as affordable websites for everyone under *Strato*. Automobile companies such as Renault or Volkswagen not only rely on the parent company, but also on the company’s own discount brands such as *Dacia*, *Seat* and *Skoda*. And the market leader among car rental companies, Europcar, secures itself with the subsidiary *InterRent* in order to protect the core business and to absorb the losses in the business travel segment. Of course, as a consumer, you should not expect extraordinary service or impressive extras from discount subsidiaries. *Nomen est omen*—the name is program.

You can see that countless companies, including book clubs, wine merchants or opticians, lure interested parties with relatively cheap offers in order to conquer target groups that pay close attention to costs. And with certainty this apparent bargain calculation will pay off for the provider in the medium term: Why else would brands like Alamo, Best Western, H&M, Otto or Zalando offer new customers a voucher or discount codes? I am well aware that in some industries it is difficult to “give away” a “gift premium”, especially when dealing with established B2B heavyweights. Here you have to proceed differently if you want to conclude. From my sales experience, I recommend that you deal with the following sales strategy question at the beginning: Who is the ideal person—that is to say: the decision-maker—within a company for the desired conclusion? Is it a managing director, department head or secretary? Does the relevant person work in purchasing, in a specialist department or from the management?

In daily practice it turns out that this exploration is not to be underestimated. Because everything has to fit. If you contact the wrong person and start negotiations, the cooperation may already be over before it even comes about. In the worst case, you will be hindered by someone who feels bypassed. Therefore, find out through research (e.g. on the company website) and through intelligent questioning techniques with the customer who makes the important decisions for you within the organizational structure and manages the relevant budget. And if you don't get through to the gatekeeper, find a sponsor who can help you conclude a business. Ideally, the sponsor will provide you with internal company information that other providers do not have.

What you should also consider strategically is the right attitude and preparation for the actual sales process. Otherwise all is lost. My customers, for whom I have produced films worldwide, represent prestigious names such as Boehringer Ingelheim, Deutsche Lufthansa Cargo, DHL, E.ON, Siemens and Telekom. None of my contacts allowed themselves to be pulled over the table with flimsy sales or marketing arguments. They expected much more attraction:

- Sales staff are knowledgeable, know their own and other offers (those of the competition) and can show their advantages and disadvantages (based on product-related and technical details).
- Sales staff meet customer expectations and recommend specific solutions.
- Sales staff see themselves as service providers and, as part of a consultation, may suggest alternative solutions.
- Sales staff are enthusiastic about the company's own offer and identify with their employer (cf. Chap. 43).

All this is demanded of a modern salesperson by a potential customer. You shouldn't even start with less attitude.

What I additionally suggest to you sounds crazy, but actually makes sense. Let's say you urgently need regular customers, but you're a bad salesperson. However, you know a sales specialist who would work for you, but not for a ten- or twenty-percent commission. No problem. Give him 100% of the profit from the first business deals and then 25! You think I'm crazy? No, the sales specialist will knock on doors to get customers for you because he has never experienced such preferential treatment before. Of course, you'll grit your teeth at the first commission payment, but then you'll really rake it in from your customers. And that will be exciting.

Another point: To be permanently competitive, you absolutely must also develop sales outlets that have not been used for your business so far, but which ensure a high flow of visitors. I have no idea what industry you are in, but I'll

give you some original examples: Concert and theater tickets could be sold in waiting rooms, bicycles in train stations and smartphones and tablet PCs in Internet cafés. Creative points of sale will sprout up like mushrooms. As far as that is concerned, it is a necessity that companies position themselves promisingly with progressive sales outlets. You really shouldn't miss this innovation.

And please keep in mind again and again: The biggest hurdle for a clever sales strategy is lack of imagination. Only recently, I came across the businesslike offer of a moving company that advertises with a profit sharing: "For introducing you to your new tenant, we'll provide you with 10 moving boxes for free. If this results in an order for us, we'll reward you with a commission of 3% of the order value." I was also impressed by the justification of the increased costs of a competitor that "well-trained staff is important for the smooth running of a move" and "the bitter memory of a bad move lasts much longer than the joy of a low price."

I look for such things in retail that customer loyalty is rewarded: "With your next purchase you will receive a loyalty discount of 10% when you present this original invoice." Even at my pharmacy I already get a discount as a regular customer. You see, competition for customers is inventive. Sometimes as a sales strategy you just have to take more risks than the competition and be brave for products or services. I assume that you are not making gold out of manure, but that you are completely convinced by your offer. Therefore you can afford to advertise it with mysterious, sensational headlines, like this: "The five challenges that all retailers fail! " Or: "The biggest mystery to sales growth of an online shop". And then you praise your offer as if it were the best since the invention of the coffee machine. You can handle it.

I do not want to deny that I am a friend of *recommendation marketing* as a sales variant, as long as they are trustworthy suggestions. Something recommended personally (business contacts, good acquaintances, friends or relatives) is well received. That is an old wives' tale. Recommendation marketing (also called multilevel marketing) is based on the maintenance of interpersonal relationships, which are networked. In this case, the contacts are not simply sold something directly, but rather products that one knows and has tried are more or less recommended. And with every product order that a contact makes, a sales commission is paid to the network initiator and his immediate contacts (levels above the buyer). So far, so good.

In contrast, however, I get severe stomach pains with a widely used variant if people are deceived under false pretenses and with missionary zeal. So if you pretend to advise others to something excellent, but you only want to make

money with this recommendation and it remains unnoticed whether the advertised product really meets the expectations and is worth its price. So it is not surprising that critics accuse some companies of an illegal snowball or pyramid system. US companies such as *Lifeplus*, which distribute dietary supplements, or *Amway*, which trade in consumer goods (from the areas of body care, cosmetics and accessories), earn billions with the model of recommendation marketing. The business has been booming for decades, and allegedly more than 100 million people are actively involved. Whether the advertised products are really worth it and justify the sales price is another matter. Because first and foremost, this form of recommendation marketing is a business model from which all networkers want to profit financially.

Tips for You

- Draw up a sales plan that describes medium and long-term measures, e.g. exhibitions, direct marketing, customer meetings, trade fair dates, networking, newsletters, telephone acquisition, lectures. Consistently carry out these measures before orders and sales stagnate.
- Test your product/service first on a manageable test market, in order to identify error sources in good time. And when these have been eliminated, do not build a sales network in an onion-ring-like manner, but let it grow from the center of your own company in a manageable radius.
- Keep an interested party card so that after each conversation with a potential customer the contact can be deepened. Develop a procedure for professional follow-up actions, e.g.: a) Inquire by telephone within 3 days after an initial contact to what extent there are still questions open. b) Provide the interested party with additional, useful information after one week. c) Submit a concrete solution proposal after two weeks and ask for another appointment.
- Carry out informal, creatively staged events or sales actions for a selected group of customers (e.g. for regular customers) in order to maintain contact with your target group.
- Use current market data or a forecast to justify your offer in a sales presentation. This makes it easier for potential customers to understand.
- Confirm the extraordinary (usually USP) of your offer that makes your company unique in the competition. Differentiation attracts increased attention from market participants.
- Emphasize that your offer solves the customer's existing problem. And who wouldn't welcome that if you're able to do it?

- Bet that a sales topic always has the highest priority for companies: How can we save on operating and administrative costs? If you have convincing recipes here, the customer will not be able to hold back.
- As a sales manager or manager responsible for this, use at least 25% of your daily time exclusively for new business. Only if you follow this advice does your company have an option to flourish economically.
- Every press article that praises your entrepreneurial personality, your product or your service in a positive way should be submitted to important customers and multipliers. Add the reports to your advertising publications, mail them to customers, publish them on your homepage, hand them over to the sales staff, etc. The same principle applies if a significant order is acquired or completed.
- Simplify contact points and processes. In particular, service companies in the energy or communications sector should urgently reduce the number of so-called touchpoints (contact points) between them and the customers. It is detrimental to customer satisfaction if a client is passed back and forth between different stations and then receives separate notifications from these. Those who overstrain the patience of customers through multiple inquiries, long waiting loops and repeated questions about customer data (because the latter has already been queried by the telephone computer) should not be surprised about their dissatisfaction and attrition rates.

Footnotes

- 1 Banal, but true: Never take a NO in business personally. It does not concern your person, but the matter!

40. Selling

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Buying is always easier than selling.¹ Try selling a used car at the price you set. You will experience your blue miracle, which potential buyers argue to reduce the amount.

Is selling an innate ability? Can be, does not have to be. After all, not every merchant is born a Fugger or a Medici.² The whole world needs screws, recognized *Reinhold Würth* (*1935) and continued the small screw wholesaler of his deceased father in 1954. Today, the world group *Würth Group* employs around 80,000 employees with a turnover of over 14 billion euros. In his biography, it can be read in several places that the success of the company is also due to the brilliant salespeople. In the early years, Würth personally trained his field sales representatives and gave them useful recommendations: “Nobody falls with the screw into the door and with the door into the house. The informal communication about everything possible, but not about the actual reason for the visit, is a) a matter of courtesy, b) a relaxation exercise and c) a screening procedure for the subsequent sales conversation. The classic, because eternal small talk topics are the weather, the women and the taxes, but also about football [...]” one could talk.³

However, great salespeople are always excellent orators and, in addition to diligence, physical fitness and tenacity (endurance), bring three qualities: above-average empathy, impeccable trustworthiness and stable self-confidence. Let’s take a closer look, they can be assigned to one of five characters: workhorse,

challenger, lone wolf, networker or problem solver.⁴

Selling is a science, a confrontation of different philosophies, where methods can change rapidly depending on industry and intention. What counts as a sales argument today may be considered poor tomorrow because the proof and approach are licked like a candy. Times are changing—parameters are changing: trust-oriented appreciation replaces classical consulting, service-oriented offers follow the expectations of customers in real time, and improved products or services arise from Internet feedback.

As an account manager or sales representative, do you feel the pack of competitors on your back? With the Internet, consumer buying behavior has been revolutionized, which is particularly evident in the BtoC sector (Business to Customer), mainly retail:

- Customers have become more competent and act more individually, seeking direct contact with experts (not with the “standard salesperson” in the store). The classic salesperson type is increasingly disappearing; new consumer patterns are emerging.
- Customers use the Internet for preliminary information on an intended purchase (e.g. for product and price comparisons). The worst nightmare of every retailer: Consumers scan the barcodes of products in stores with smartphones and then order more favorable offers from the competition.
- One in three customers is a self-decider. More and more companies are adjusting to this and saving on sales staff. Is this just the tip of the iceberg?
- Do you want to hear a forecast for modern purchasing behavior? *Mobile Sales* was almost the “word of the year” in 2014. Why? In all places where it makes sense, Internet tools including IP numbers will be integrated into objects in the future, which will lead to point of sales, e.g.: iKitchen, iRestaurant, iTable, iTaxi, iWindow or iTrain. Sales locations are shifting.

In contrast, personal advice is indispensable in the B2B sector (business to business), even though both sides are becoming increasingly informed. In preparation for business meetings, for example, company homepages and corporate presentations (e.g. on YouTube) are evaluated. This creates first impressions, possibly even preconceived opinions, which cannot replace individual discussion. Reinhold Würth is also an expert in the field of needs assessment and relationship building. Looking back, he reports on advice he has given to his field sales staff: “It should be said that there is always a need, even if the customer is of a different opinion. In that case, he just doesn’t know it yet. Therefore, good question technique is the be-all and end-all for preparing the presentation. Closed questions that can only be answered with yes or no are bad.

Good questions are open questions: Where does it hurt, what products are in the pipeline, how is the economy? [...] Has he actually realized how many screws he will need then? A good salesperson is a good analyst, a very good salesperson is a prophet, and a genius salesperson is one who only wants to help. Namely everyone. The customer, the boss and himself. And when the moment finally comes that Humphrey Bogart called: 'The moment when bullshit walks and money talks'—when that moment comes, it has been traditional since time immemorial that the salesperson wants to sell as much and as expensively as possible and that the customer wants to order as needs-based and cheaply as possible. And you meet in the middle.”⁵

Speaking of relationship building: Do yourself a favor and prevent your business partners from discovering unnecessary weaknesses in you. The most common mistake I see in salespeople is that they put their personality in the foreground of negotiations. In doing so, they overlook that it is primarily about a service/a product and only secondly about who sells this service. Actually a matter of course.

Even experienced employees make the second-biggest mistake despite years of sales training: They overlook or misinterpret crucial signals from customers. For example, customers signal a contract conclusion without the announcement being registered by the employee. Instead, this person is obsessed with his presentation, even delivers half-baked arguments blindly and endangers a tangible conclusion. Don't do that.

The third-biggest mistake is made when submitting a written offer after the first personal conversation with the customer. In the cover letter, many phrase-like, little confidence-inspiring texts are written in the style of: “The offer is enclosed. We are looking forward to the cooperation. The prices are only valid for the next four weeks. We strive to meet all expectations.” What empty, unsavory chatter. With standard phrases, half-hearted promises and negative formulations, you bore or alienate potential customers. Offers are written differently, especially since the signature is still missing for the order. The trick is to bring the customer to a personal level. So please remember the following recommendations:

- Introduce the letter to the actual offer with something personal that has remained in your memory from the conversation with the potential customer, e.g.: “What you have experienced with your outsourcing project is incomprehensible to me. A friend of mine has made similar experiences with contracting partners; I would be happy to report on this at the next meeting.”
- Or make the customer an honest compliment, for example like this: “I am still

impressed how you modernized the tried and tested logistics center within a very short time.”

- After a polite introduction, emphasize the advantages that your service/your product guarantees, e.g.: “With our certified operating system, you can now control production planning more economically and smoothly, and reduce production costs per piece significantly.”
- Ideally, close the letter with a thank you, a personal note and a business perspective, e.g.: “Once again, thank you very much for making me familiar with your special requirements in an open and comprehensive manner. Of course, I will submit further proposals shortly on how to optimize the computer-controlled capacity monitoring.”

Selling is mainly about learning in real time. Learning what my customer wants and what tasks need to be solved. In other words, we talk about listening, building trust, research work and presenting solutions. And how do you proceed in a targeted manner? If you work in the tourism industry, for example, it could be investigated which type of tourist is best suited to your business in order to ensure a target group-oriented support and perfect advice. A client of mine (owner of a travel agency) has listened to her customers in order to maintain a appreciative communication on the one hand and to bind travelers by a service orientation on the other hand. Here is an excerpt from the survey:

- Describe your favorite vacation scenario: What specific expectations do you associate with a vacation?
- Do you prefer to be close to the mountains, the sea, or a city on vacation?
- Which leisure interests do you want to pursue on vacation?
- Do you prefer to travel alone or in what composition (as a couple, family, group)?
- Which weather conditions and temperatures are most comfortable for you?
- Do you prefer certain destinations, travel periods and hotel categories?

It follows: The customer requirements catalog creates personalized offers that save a lot of time and unnecessary search work when finding a vacation, especially. A path that has been successfully tested to meet customer satisfaction and expectations and to question buying habits.

When I started selling services 20 years ago, I wondered how I could get an appointment with busy managers and how I could effectively use it. The fact is that business appointments usually last about an hour and incredibly many representatives simply spin their standard repertoire. What if we changed the habits?

I quickly realized that no one has the right to steal another person's time, especially not through incompetence. That's why I suggested a first, fifteen-minute meeting to potential business partners. After this warm-up, they could decide to what extent further talks are worthwhile. Is it any wonder that I got almost all appointments? Some of them perhaps only because they wanted to find out if I kept my promise. You know: Fifteen minutes of their time can many managers do without, but an hour can disrupt an entire workday.

Let's now change the focus and concentrate on end consumers. When it comes to selling in retail, customers can be easily bound to a store by *Benefits*.⁶ For example, if you run a delicatessen, you occasionally give the customer a free espresso or hand him a free bottle of oil from your own production after a high-turnover purchase. The customer will thank you for the favor with loyalty, even if the goods in your delicatessen are a little more expensive than those in a supermarket. The main thing is to recommend oneself by an impressive service to the customer and not by the exercise of a sales pressure. This is the solution across all industries.

People are mainly impressed by free products and do follow an advertisement if it offers them false product comparisons. A relatively young offshoot of economics, *behavioral economics*, shows that under certain conditions any rational decision-making ceases. The resulting disadvantages are then not even perceived anymore because one is already fixed on an interpretation. All this means: people are by no means always cool calculators, but consist of different versions, with a rational self not being the only one.⁷

Who *Consumer Benefit*, that is, the added value of a product or service, has hatched, will probably never be clarified. Maybe it was *William Wrigley Jr.* who, in 1891 in Chicago, promoted his soap production with an unusual sales strategy. At first he added a free gift in the form of baking powder to each soap as an additional incentive to buy. However, since the baking powder became more popular than the soap, Wrigley produced baking powder and added two packs of gum to each pack as a benefit. Surprisingly, this free gift came across better than the actual product again, so Wrigley focused on the gum business from then on. And with great success. You see, sometimes the addition is the best.⁸

You are not offered comparable expansion possibilities on the wings of the wind. But an old wisdom still applies: If you have just successfully completed a business, it is the ideal time to approach an additional one. Because the customer is satisfied with the result and therefore open to sensible additions. Therefore, aim for the overall package. It works similarly to cooking: Choose additional ingredients to refine or round off a recipe. Give the customer direct

recommendations that perfect a purchase, e.g.:

- Additional services or products that upgrade a purchase, for example a special photo editing program for the digital camera.
- Generous warranty or scope options. Possibly by extending the warranty period to the bodywork protection when buying a new car.⁹
- Diverse combination offers. If the customer flies with a certain airline, he receives a discount from cooperating hotels, retailers, restaurants.
- Discrete preferential conditions when purchasing several items or acquiring various services.

In any case: Make sure you develop a feel for unarticulated wishes. Easier said than done? You are by no means the only manager who is looking for the master key to breakthrough. What contributes significantly to a bestseller, but is often neglected, are regular feedback from buyers and standardized responses to customer inquiries. Through the evaluated feedback, managers gain insight into the opinion world and the perspective of their target groups on the products or services offered. And through a given answer catalog, criticism and suggestions are limited and the customer is satisfied to the best of his ability. Especially your sales staff or customer service benefit from the given answers to every possible or at least often occurring business situation. Major corporations like Google or Microsoft have long since given their employees a wealth of answers to possible customer inquiries, so as not to be surprised and appear incompetent. Success and customer satisfaction are twins. You can't separate them, but you always have to look at them as a unit.

As a side note: High-quality products or services are easier to sell than average or poor quality. In this respect, it makes sense to pursue uncompromising quality in order to occupy a first-class position and name in an industry. *Lee Kun Hee* (1942–2020), who made *Samsung Electronics* one of the most revenue-generating companies in the technology industry, knew how to motivate his approximately 200 top managers for the restart of the company. Class instead of mass was what Lee, who had previously registered too little quality awareness at Samsung, strived for with the new management principles. And so, in June 1993 in Frankfurt am Main—during a three-day speech with evening breaks—he addressed his audience with dramatic words: “We are standing on the edge of a cliff and facing a life-or-death situation. Many people at Samsung do not realize how cold and cruel this technological warfare can be. At Samsung, we have to adhere to three credos: Faulty products are our enemy, faulty products are the root of all evil, and if we produce a faulty product three times, we have to write it on our flags. Change everything, except your wife and

your children.”¹⁰

Let's come to the main goal—to hold a sales conversation that is tailored to the individual needs of the business partner and arouses his interest in cooperation. How can you get an advantage after every customer wants to be treated differently? While, for example, a loss-averse person attaches great importance to extensive advice and wants to be convinced that an offer is cheap and fair, a bargain hunter should be confirmed that he is negotiating strongly and making a particularly good deal. In order to achieve more than satisfactory results, I recommend five techniques as tips that can be implemented immediately.

Tips for You

- *The problem technique*

Customers primarily want to solve their internal problems. Therefore, they always concentrate on the customer benefit of an offer and show understanding for the handicap that hinders the achievement of a business goal. At the same time, they ask known W-questions, such as: How long has the problem existed and how did it arise? What measures have been taken so far and why were they ineffective? When should the task be completed?

- *The reference technique*

Mention experiences with other customers who faced similar difficulties and who now achieve optimal results using your products or services. For example, communicate that your company offers a more comprehensive service than the competition, that the product is unique, or that a long warranty period is granted.

- *The dialog technique*

Who asks, wins. A partnership business relationship can only arise if both parties intensively exchange information. For this reason, I prepare proactive questions, among other things, to find out the preferences and dislikes of the conversation partner with regard to competition, product life cycles, cost savings, etc.

- *The assignment technique*

Customers want to test products or services first if possible. As a result, something is left to the customer for testing or a test period is granted (e.g. a technical office device or a trial membership in a club).

- *The continuation technique*

Go on the assumption that no contract will be concluded at the first

meeting. It is all the more important to suggest further work steps to the conversation partner and to make an appointment for a follow-up meeting. Perhaps you want to submit alternative proposals or demonstrate an application to the customer.

- Robert Iger has given entrepreneurs the wise advice never to start with a negative basic attitude or with a small business. Certainly, whoever sets in motion a insignificant business appears petty and hardly convincing.

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Footnotes

¹ The sale of goods is the central task of marketing. In this context, marketing is responsible for the distribution of goods (logistics), field sales and the maintenance of relationships with trade and direct sales (customers).

² The Fuggers are a Swabian merchant family who settled in Augsburg in 1367 and gained world fame with the weaver's guild and cotton trade by the 16th century. The Medici family from Florence amassed great wealth through the textile trade and embodied one of the most influential Italian dynasties of the 15th and 16th centuries.

³ Timmerberg (2021, p. 31).

⁴ Cf. Adamson and Dixon (2011).

⁵ Timmerberg (2021, pp. 32–33).

6 Benefits are gifts that customers receive for free from the retailer.

7 Cf. Ariely (2008).

8 Wrigley Company has been the world's largest manufacturer of chewing gum since the early 19th century.

9 Clients occasionally ask to what extent the legally prescribed warranty period of 24 months for purchase items (§ 438 BGB) must be adhered to. This applies without restriction, so that the customer can assert his rights when delivering a defective item for two years. Only with used goods can the warranty for rectification be reduced to 12 months by general terms and conditions (GTC) or by purchase contract. If you want to offer a more extensive warranty as a businessman, this promise is voluntary, but the warranty must still be observed.

10 Cain (2020, pp. 85–86).

41. Social Conscience

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*Socrates*¹ refers to the conscience as “Daimonion”, as an inner voice of divine state, which in decisive moments warns and prevents the execution of a dangerous intention.² Around a thousand years later, *Martin Luther*³ also dealt with this personal guardian spirit and emphasized that there is a higher authority that knows the moral value of one’s own action. Even more: The noblest entrepreneurial drive, the “social conscience”, is altruistic in nature and characterized by unselfish action, selflessness and consideration for other ways of thinking and behaving. Unlike what we have learned in business education, no immediate benefit or value is sought here. A procedure that is foreign to most merchants and therefore receives high reputation, equated with a good reputation.

Fabulous strategy or stupidity? Imagine someone giving you a valuable piece of advice or even making a business deal. Wouldn’t you then praise this benefactor in public and be grateful to him?

The following example of a social conscience changes the view of one’s own professional life. What is more remarkable at first is that leaders like *Robert Iger*, Chief Executive Officer of the *Disney* corporation from 2005–2020, conduct a strategic campaign to get a desired CEO position. In his biography, he shows the former challenge: “How can I convince the Disney Board that I was the change they were looking for without criticizing Michael⁴ in the process?”⁵ You see, Iger showed professional empathy in his career planning and did not want to “go

over dead bodies.” As a consultant, he brought in *Scott Miller*, a well-known political consultant, who wrote him a ten-page script for the fight for the votes of the members of the board of directors. Miller saw the fight as a struggle for the soul of the brand as well as how to increase and protect its value. The solution to the campaign was to focus on the future without criticizing his predecessor *Michael Eisner* (*1942). And so Iger argued to the Disney Board: “I can’t do anything about the past. We can talk about lessons learned and make sure we apply them in the future. But we’re not going to get any improvements.”⁶

I discovered my social conscience in my younger years as a press officer for the presidency of the *German Red Cross*. When I was deployed to disaster areas abroad, I regularly came face to face with people in need or even death: leprosy patients and tropical diseases in Uganda, highly malnourished people in Indian slums or in Somali desert areas, Cambodian war victims in Thai refugee camps, marauding Tanzanians, earthquake victims in Italy, etc. Under the impression of these stressful exceptional situations, I felt my social conscience intensely. After returning from the disaster relief operations, I campaigned with nationwide press campaigns to raise millions of dollars in donations that went to help those in need. What I want to express with this example is that each of us has already gained impressions of human need and misery and should not react to them passively. We are all in the same boat, which is why social engagement becomes a duty.

Many a leader has learned from *Seneca*⁷ why the rich and the poor are subjected to the same tests and torments and how, by empathizing with the suffering of others, one can be in harmony with oneself. Successful businessmen partly attribute their success to the fact that they do good to their fellow human beings. Benefactors include, inter alia, *Warren Buffett* (the persistent investment guru) and *Bill Gates* (the progressive Microsoft founder), who have fulfilled the promise (The Giving Pledge) to use the majority of their fortune for charitable purposes.⁸ You see: Even billionaires or stock market magnates can be extremely charitable, whether with sums of money for humanitarian organizations and charitable purposes or with free advice by passing on knowledge and experience (not trade secrets).

My recommendation: Share your professional commitment courageously like Moses once parted the Red Sea: into a business transaction and into social conscience projects. Advocate, in particular, for disadvantaged people, for minorities or for a fair coexistence in the world of work. After all, a sense of justice is innate in us humans. So if we don’t classify ourselves as *simia* (apes), then we should take action for the common good.

Weaklings sell products or services. The clever sell promises or feelings.⁹ One of the greatest discoveries of the 21st century is that business deals are increasingly being concluded through the exchange of emotions. *Empathy*—the willingness and ability to empathize with the perspective of others—supports any conceivable negotiation situation. Without this empathy (a necessary prerequisite for understanding people), hardly anyone will get a leadership position, let alone be recommended as a role model.

As a conductor who leads an orchestra with a fine sense of touch, you can empathize with the feelings and thoughts of other people and skillfully control the course of a conversation. Psychologists speak of this in the context of a change of perspective. A sensitive concern can trigger a promising reaction in conflict and stress situations and perhaps lead to a consensus “that can go beyond the initial discrepancy of different views.”¹⁰

I can affirm that I have already brought many negotiating partners to my position through attentive listening and by empathizing with their concerns. The feeling of being understood by fellow human beings lowers atmospheric tension and releases unexpected forces to break through in critical situations. In research, there is a broad consensus that active listening is signaled by certain behaviors:

- Complete concentration on the conversation partner
- Encouragement for an open and honest discussion
- Information search through targeted questions
- Repetition of essential content in substance (paraphrasing)
- Feedback of emotional knowledge and perception
- Presentation of own thoughts and feelings.¹¹

Once an empathy basis is in place, both sides can also express what they mean and mean what they say. This is especially important within companies when managers take criticism as well as give it. Without a trust-building communication foundation, disastrous controversies can arise between the parties involved, decisions can be delayed, the productivity of organizational units can be reduced, and business relationships can be damaged.

Have you ever wondered why Asians only negotiate concretely about business transactions after they have been able to assess all the participants? Well, Asians want to get to know a business partner over a long period of time, build up a harmonious relationship with him, show and receive respect. Empathy plays a central, essential role in this process.

To illustrate how decisive empathy can be in sales negotiations, for example,

I use an example. Let's assume that an advice-seeking, undecided customer wants to buy a hi-fi surround system. In store X he is offered a system at a special price of 800 €, but the customer has to take the system immediately. In store Y they recommend a hi-fi system for 1000 €, but at the same time suggest that the system should be tested at home for a month before deciding. At the same time, a free service technician is offered to help with the set-up of the system and to explain the operating instructions. What do you think is the more attractive offer? Right, the second offer, because empathy came to the fore and the financial factor was pushed into the background. An offer that a customer will find it difficult to refuse if he is not price-sensitive from the outset.

Fine and good, you might say, but can this social competence, i.e. empathy, be learned at all? Or is it not a character trait that is innate? I have some good news for you. You can teach yourself this soft skill if you follow my Tips for You.

When considering a social conscience, a clear idea of ideal values is also important. If someone approaches you at an event and asks you about your personal values, what would you answer spontaneously? Have you ever thought about the values that have a major impact on your life, or do you philosophize about them in long sentences when asked?

A list of values can be very extensive and include terms such as job security, ambition, honesty, success, fairness, family, friendship, peace, community, justice, health, career, courage, optimism, patriotism, respect, travel, security, teamwork, trust, independence, truth, wisdom, knowledge, satisfaction and reliability. At the top of my business list are fairness, creativity and appreciation. What three values are particularly important to you in your professional life?

Tips for You

- Engage in the community. Put back a certain amount of your monthly company profit to be made available for social projects. Ask your employees for suggestions for a specific purpose.
- Many employers recognize the importance of Corporate Social Responsibility (CSR) in order to also benefit from it. Through social engagement, the relationships between employees and business partners deepen, for example, the reputation of the organization increases (see Chap. 41).
- Reach out to other bosses voluntarily, clear their way, mediate orders, etc. You make yourself happy, you pour out blissful endorphins and you also take the word of God quite seriously: "For the love of money is a root of all

kinds of evil.”¹²

- Found a fund or regularly hold charity events e.g. for children from disadvantaged families. Leave future generations more than just your name.
- Take enough time for important conversation partners and do not allow any external interruptions.
- Signal to the conversation partner through total concentration that he is in the center of attention and can express himself freely. Show willingness to an individual dialogue by friendly eye contact, a body language facing him and by a binding mimic (e.g. by nodding affirmatively).
- Repeat the statements of the conversation partner with your own formulations to build a basis of trust (e.g. “If I understand you correctly, then ...” or “You want that ...”). But under no circumstances ask probing questions. If something should be unclear, of course, questions of understanding can follow.
- Do not interrupt your conversation partner too early, before he has completed his explanations. Willingly give him the opportunity to dictate content and pace of the conversation.
- Support your conversation partner in organizing his thoughts by placing his core statement in the foreground of the conversation (e.g. “It is especially important to you that ...”) or by asking specific questions. This will structure and focus the dialogue.
- Approach the conversation partner through expressions such as “Yes”, “Certainly” or “Please continue”. This shows respect without necessarily sharing positions.
- Reveal the facts behind the emotions of the conversation partner in a conciliatory way. Often he is not even aware that he is primarily transmitting emotions instead of presenting facts.

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Footnotes

- 1 Socrates (469 BC–399 BC), Greek philosopher.
- 2 Cf. Plato (428 BC–347 BC), Greek philosopher and student of Socrates.
- 3 Luther, Martin (1483–1546), German author and teacher of the Reformation.
- 4 Michael Eisner, CEO of Disney, 1984–2005.
- 5 Iger (2019, p. 98).
- 6 Iger (2019, p. 99).
- 7 Seneca (4 BC–65 AD), Roman Stoic.
- 8 Cf. The Giving Pledge, www.givingpledge.org. Accessed 23 Jan 2022.
- 9 Hermanni (2012).
- 10 Klafki (1993).
- 11 Cf. Schwäbisch and Siems (1992, pp. 113–115).
- 12 The Bible, 1 Timothy 6:10 (Luther translation).

42. Social Media

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Are social networks on the Internet, consisting of professional and private relationships, the last word of wisdom?

Yes, Social Media is for the future, claim the one. The networking of people and their communication via the Internet is overestimated, say the other and show themselves undecided. No, I don't need the participatory web, the rest declares rigorously.

It is certain: billions of people worldwide use social media, conduct business over it, exchange information and opinions, collect knowledge, communicate with so-called friends, tag pictures, share movies, like music clips and let followers know where they are currently located. "The feeds of social media are full of information and opinions shared by ordinary people, advertisers, and activist groups, politicians, and news media that a user follows."¹ Previous studies by Reuters Institute and the University of Oxford have shown that social media is now considered more important than print media in the United States, Ireland, Brazil, Italy, France, Spain, and Australia.²

Nevertheless, from a business perspective, the spirits separate on the effectiveness of the platforms. Supporters see in Social Media various possibilities for cooperation with actors who pursue the same interests, and a perfect marketing tool for customer acquisition, especially since a large part of the consumers trust their circle of friends more than the advertising. Critics, on the other hand, doubt a business value, disapprove of the unprotected forwarding

of data and consider networking to be an expensive and time-consuming personnel employment machine without measurable results.

The fact is that social media costs the German economy around 30 billion euros in losses every year. It can be assumed that during working hours, the average employee spends at least 15 minutes a day on the Internet on social platforms, without focusing on professional effects. The national economic calculation: 33.69 million employees subject to social insurance³ × 4.85 €⁴ (quarter-hourly wage) = 163.40 million € per working day. Calculated over one calendar year (based on 200 working days), this amounts to 32.68 billion €. This corresponds to an annual loss of 242,500 € for a medium-sized company with 250 employees if social media is used privately by employees during working hours.

The consequence: Companies need media and communications managers who analyze the flow of information in companies and develop concepts that promote the implementation of business-promoting social media applications. There are certainly no patent solutions here to, inter alia, limit the financial losses, because a paradigm shift depends on the company culture and industry concerned. However, the following recommendations can help to influence the social media communication flow within a company:

- The chances and challenges of regulating social media usage within an organization, involving the stakeholders in development and change processes, and increasing internal communication speeds in the digital age.
- Adapting corporate guidelines/corporate culture to a changed communication strategy (particularly the use of the Internet during working hours) on the basis of “effectiveness, networking and sharing of knowledge”, and introducing social media guidelines.
- Convincing management of the benefits of regulated intranet and Internet communication (awareness, e.g. through “beacon projects”) and involving them in Web 2.0 responsibility (e.g. through “think tanks”).
- Involving employees in an Enterprise 2.0 dialogue and establishing company-internal knowledge networks with a “feedback culture” (e.g. through “wikis” or business applications such as “Yammer” or “Chatter”).
- Centralizing and analyzing external expertise that employees have acquired through internet-based information retrieval (particularly in exchange with colleagues from other companies) as an innovation potential (e.g. via SharePoint, intranet blog).
- You can find exemplary company policies for social media usage on the Internet.⁵

However, there is a widely held view that social media is not a fad. Today, it represents the strongest activity on the net! According to the following:

1. In 2021, almost 67 million people in Germany will use the Internet—100% of those under 50 years of age.
2. Social media in general have become more important for about one in four people.
3. Online video offerings, online articles and messenger services are gaining importance.
4. Instagram, TikTok and Snapchat play an important role for those under 30 years of age.
5. Social networks are a relevant communication platform across all age and theme boundaries.
6. The world of social media offerings is becoming increasingly heterogeneous, and the large and established providers have to assert themselves against new and still young networks.⁶

Since the term social media is broadly defined, the following classification is recommended in order to distinguish the fields of action:

- Social Networks (e.g. Facebook, Instagram)
- Business Networks (e.g. LinkedIn, XING)
- Messaging services (e.g. WhatsApp, Snapchat)
- Video portals (e.g. TikTok, YouTube)
- Nonprofit Networks (e.g. Wikipedia)
- Blogs & Microblogs (e.g. WordPress, twitter, Tumblr)
- Generated Content (e.g. digg, idealo, ciao)
- Document-sharing (e.g. slideshare, Scribd, dropbox)
- Video & photo sharing (e.g. YouTube, instagram, myspace, flickr)
- Virtual World (e.g. www.secondlife.com, www.there.com, www.habbo.de).⁷

Who communicates with whom on XING and other *business platforms*?⁸

- On social platforms—as far as they are business portals—four characters are predominantly found: Fast Seller, Business Contact, Event Hopper and Partner Surfer.

- The corresponding personalities are characterized by acquired or inherited properties that they express in their actions and their expressions when making contact with other social media users.
- In most cases, the pronounced character traits become apparent relatively quickly after the process of mutual introduction (for example, at an event or as part of a request for a XING contact/invitation to a personal network on LinkedIn) is completed and the individual nature is revealed.
- The characters connect predominantly lifestyles and lifestyles, but also demographic properties such as income, marital status or education.
- In many cases it is the case that people can be assigned to two groups: on the one hand the professional grouping (fast seller, business contact) and on the other hand a private grouping (event participant and partner surfer), whereby they usually separate their roles depending on the type of event (professional or private event).
- It turned out that the professional grouping—in contrast to the private grouping—is represented in both XING and LinkedIn in many cases.
- The different characters are usually not in a conflict-free relationship with each other: For example, a large number of business contacts reject the fast sellers as “unreliable business partners”. Likewise, fast sellers and business contacts avoid exclusive event participants and partner surfers at business events that hinder a formal, commercial dialogue.
- Based on the findings, it can be generally concluded that fast sellers and business contacts are better networked online and offline than event participants and partner surfers.

Figure 42.1 shows an overview of the so-called social media characters.

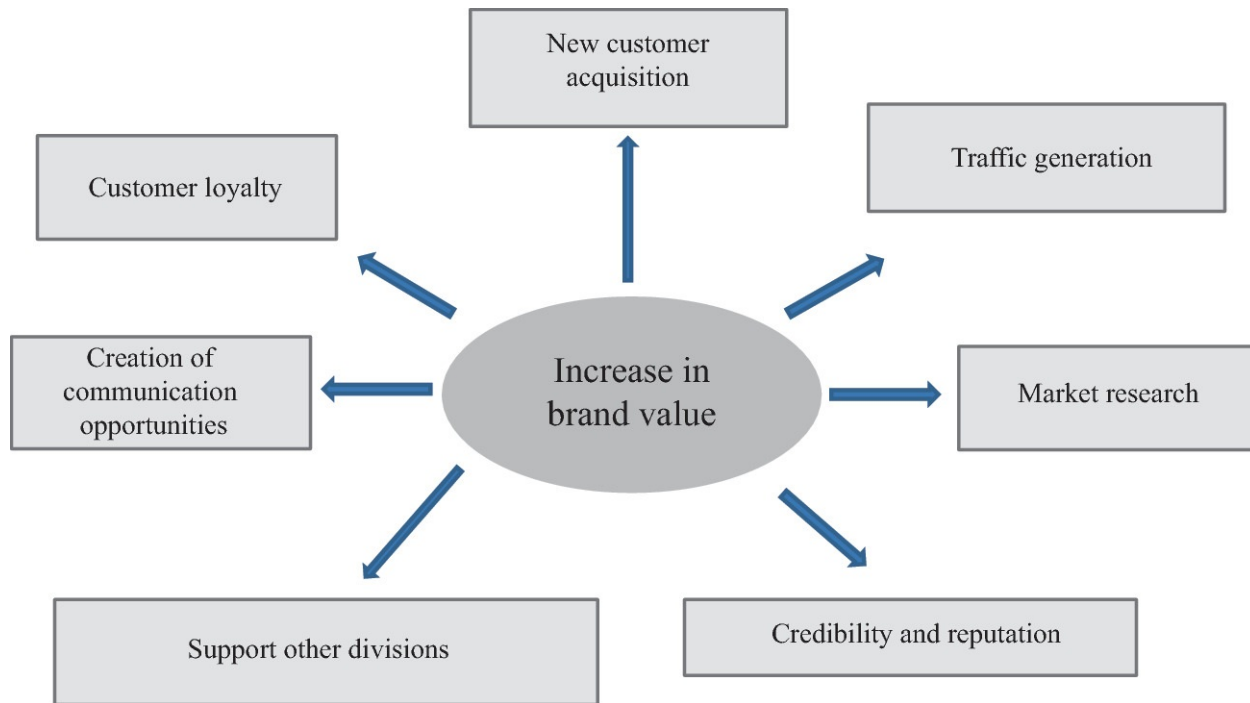


Fig. 42.1 Social Media Characters.
(Source: Hermann, 2016)

In addition to many advantages, an engagement on Internet platforms also has disadvantages. In particular, the transparency and openness provided by a website offer a wide range of opportunities for companies. They must be able to deal with criticism and provide staff to maintain the company's appearance. Participation in social networks also leads to painful emotions and a "spiral of envy" for about one third of users. Comparing the profiles of "successful friends" with one's own profile often leads to negative feelings such as frustration. The dissatisfaction affects inner peace, as researchers from TU Darmstadt and Humboldt University Berlin have researched.⁹ Amazing, isn't it? Social media is changing people's attitudes and communication habits massively:

- Anyone can get involved and set content (content), including negative statements and copyright violations. No one has a communication monopoly.
- Users learn from each other as part of a knowledge transfer and make new social connections.
- Companies that are not proactively involved in Web 2.0 are considered "irrelevant".
- Social media users are often better informed about products/services than offliners. An exchange of information takes place at the speed of light and

forces companies to react quickly.

- The power of customers/consumers is constantly increasing. For example, by shitstorm reports¹⁰ Products/services can be criticized publicly, which is detrimental to business.

So: Not everything that entrepreneurs and freelancers encounter on the net is satisfactory. Nevertheless, in addition to the mentioned influence possibilities on the part of the consumers or interested parties, the social platforms also have a number of positive, commercial effects:

1. Companies understand social media as a marketing potential for image building and for increasing brand awareness. On a professionally created website, corporate information is shared and recommended. Customers can become real fans if there is an identification (an emotional bond) with the company or with the brands.
2. Social media can promote the sale of goods and the acquisition of services. Every second product order now comes from the World Wide Web.
3. Companies learn to address their target groups in dialogue, thus avoiding wastage and sparing their advertising budgets. Through open communication and interaction, target groups can be strategically involved in corporate communication and brand building.
4. Social media replaces parts of traditional market research. Corporations learn why goods/services are purchased or not. In the web, opinion leaders give their evaluations critically and mercilessly.

Apart from that, we also experience contradictions in the social media corporate world. Thus, while most companies have accounts with Facebook or Twitter, the contact numbers vary greatly. From the information one can conclude that some companies only want to participate for the time being and are therefore only engaged with half power. Or the brands are not positively charged enough to radiate image and value in abundance. Or the brands are not positioned in a targeted manner in order to be enthusiastic about social networks. But let's not draw any hasty conclusions from the information, because some market participants have long since benefited from viral marketing. Here are some examples:

- *Burberry* ran an advertising campaign on Facebook, and more than 10 million

people liked it. The concept of using network effects and creating word of mouth worked.

- *Hornbach* gives tradesmen tips for projects around the house and garden on Facebook and over 700,000 followers like it.
- *DM Germany* has the most followers among the companies represented on Instagram. Among other things, this has to do with the fact that the products are photographed in a high-quality manner and sometimes marketed in an amusing way.
- *Grohe* has found thousands of “shower ambassadors” via Facebook who tested a new shower head. In amusing photos and videos, the fans showed what they experienced while showering, shared their impressions with other users and activated the fan growth.
- Wine merchants organise tastings via Twitter and Facebook and have the participants comment on them live. This gives them valuable insights into the acceptance of their products.

What do you think of *company advertising self-employed* on Facebook? One of my Friends offers rare teas there and invites friends to test the products for free. As a thank you, the product testers can win tea packages. The advertising method is very popular, as there are now over 4500 people on the friends list. A friend from Munich does audio-visual mourning work, and meanwhile nearly 2500 people subscribe to her podcasts. As you quite rightly point out, self-employed people are using Facebook as a direct sales channel to market their services. And the more cleverly they present seemingly free offers, the greater the response. Other services, on the other hand, where prices appear immediately and obligations have to be entered into, are hardly used.

The different practical examples make it clear: Social media can neither be used as an ideal solution for customer acquisition nor is it irrelevant. At the same time, studies show that more and more companies are installing their own fan pages or blogs on the web in the hope of gaining new customers or strengthening the bond with existing clients. However, the decisive breakthrough in “socialising” only succeeds if one proceeds strategically and adapts to the needs and expectations of the users:

- Define the target groups precisely that are to be reached through the social media.
- Determine strategic marketing goals, such as: customer communication, branding, introduction of new products, sales promotion, personnel recruiting.¹¹
- Work out an editorial programme for the planning and publication of

postings¹² and implement it consistently.

- Use a monitoring tool, e.g.: to observe the competition, to evaluate/resonance of the company's own postings, to identify target groups.
- Name employees who are specifically responsible for the company's own social media activities and make sure that conflicts of interest and the disclosure of confidential information are prevented.

At least as important is not to regard social networks as a reference work from the telephone book and the press list. That would be careless and would block the view of the whole. What is right is to pay attention to what is in every good business guide: Social Media is based on give and take. It is not a one-way street, but a roundabout with entrances and exits and changing participants. For this reason: What are the dos and don'ts in dealing with social media users?

Tips for You

- As a newcomer, focus on a few portals (e.g. XING, Google+, Facebook) at first, so as not to lose overview right away. Do so with a strategy that consists of the building blocks customer benefit, authenticity, empathy and appreciation.
- At the beginning, companies should listen on the platforms, then offer advice, and only then recommend their products or services in a subtle way. Leave the impression that you understand your target group.
- Open yourself up to dialogue and act intuitively. Build trust and offer a clear added value for a communication partner, e.g.: free downloads like case studies or white papers, live chats with experts or links to specialist articles from the press. Ask fans for comments on your offer or for like-ratings.
- On the platforms, behave like a party organizer or content provider (not like a traditional advertising agency). Offer your readers useful knowledge or varied entertainment, five times a week: sometimes post texts (no standard press releases and no longer than 150 characters), sometimes photos (not of conventional office buildings), and in between sometimes videos. And always ask yourself the question: What does the target group expect from my company?
- Advertising messages should under no circumstances be transferred 1:1 to the social network. You don't have to be an expert to understand that most users categorically reject direct advertising because they are looking for connections to people in the network and not to a company. Exceptions are,

- for example, restaurants or retailers who offer their audience daily offers.
- On the platforms, announce your own, extraordinary events that are linked to your company homepage. Further information about the events (e.g. statistical studies, CV of the speakers, detailed program, testimonials) is only available via the company homepage (see Chap. 12).
 - Via online mailings (or newsletters, RSS feeds), inform customers, business partners and suppliers about the presence of your company on selected platforms. Ask your contacts to network and, if necessary, support your campaign with print advertising materials (e.g. flyers, letters) in order to reach the largest possible target group.
 - Set a time limit for how long you or your employees spend on the internet each day to maintain social contacts. My rule of thumb is to invest no more than one hour per day (unless you are in charge of social media for the company; see Chap. 49).
 - Top fairness rule: Let social media partners share in the profits, for example with customer recommendations that bring money into the company coffers. In my experience, a handshake as a gesture of gratitude is not enough among business partners. I think 10% of the first sale of the recommended customer is a fair commission rate (of course after billing by business partners).

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Footnotes

- 1 Reuters Institute for the Study of Journalism & University of Oxford (2021).
- 2 See Reuters Institute for the Study of Journalism. Digital News Report 2015 (01.11.2015).
- 3 In December 2020, the Federal Employment Agency recorded a total of 33.69 million employees subject to social insurance.
- 4 The Federal Statistical Office already calculated an average hourly wage of 19.38 € gross for full- and part-time employees (without marginal employees) in Germany in 2020.
- 5 For example, under <https://www.bitkom.org/sites/default/files/file/import/BITKOM-SocialMediaGuidelines.pdf>.
- 6 Cf. Beisch and Koch (2021).
- 7 A virtual space is entered via the computer and the internet. In “social worlds” with a game character, the users interact with each other using an avatar in high-resolution, three-dimensional environments.
- 8 Cf. Hermanni (2016).
- 9 Cf. Krasnova et al. (2013).
- 10 Under shitstorm (“storm of indignation”) one understands the deliberate and massive action of users who express in the Internet partly insulting criticism of products, services, companies or persons.
- 11 HR managers of companies and personnel consultants are increasingly approaching candidates for management positions in social networks. For candidate selection, they receive online free access to job profiles in the form of qualifications and work references, which greatly facilitate recruitment and pre-sorting of possible aspirants. Personnel marketing is shifting from traditional advertising to business platforms such as XING, LinkedIn or freelancer exchanges.

12 Contributions, for example, in web forums, as blogs, on virtual pinboards and status updates of the user profile.

43. Storytelling

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There are over a million ways to engage in dialogue with people. Nevertheless, communication always starts with stories. For example, because someone asks a question: “In which industry do you work?” or “Why are you looking for new business contacts?” Or because someone wants to share something about themselves.

This tangible knowledge is no surprise, because interpersonal communication is dependent on stories. Nevertheless, the influence of personal stories on the mindset and reaction of a conversation partner (which of course also includes business partners) is completely underestimated. A capital mistake.

Above all, images remain in memory. Storytelling is a proven method to stimulate the imagination of the listener, because our brain cannot easily grasp or assign pure information or naked numbers, let alone quickly understand and thus understand them. Our mind needs metaphors, short stories, pictorial transfers, from which conclusions can be drawn. Otherwise, our mind behaves like a plant that cannot distinguish between manure and manure.

Why is storytelling of immense importance to your company? Quite simply: because an original story ideally remains in memory for a long time, motivates listeners, connects people with each other, encourages them to cooperate, shows perspectives and can even be used as a method for problem solving. You can extend this list according to your needs: open up thinking processes, transport factual information, initiate behavioral changes, etc.

You can use Storytelling in front of individuals or a large audience

(especially within your company) to highlight relevance or to create identity. Clever top managers tell traditional stories to employees to show them a corporate culture, to convey norms and values, and to offer them security and perspective in speech (see also Chap. 33). As already hinted at, it is your destiny to mainly draw potential customers and business partners into your spell and thus to advertise for orders or to win cooperation. Suggestion is a strategically important task to allow the listener to participate in your thoughts and visions.

But how can you visualize information? By, for example, setting a pictorial comparison within the story in order to illustrate a meaning connection. If *Jesus* tells the parable of the workers in the vineyard, then in the symbolic transfer, we understand that he encourages his listeners to be kind and not to give up despite setbacks in life: “So the last will be the first and the first will be the last. For many are called, but few are chosen.”¹

As a stylistic device, a short saying can also be helpful in clarifying an issue, for example:

- Independence means roller coaster ride (professionally it goes up and down).
- Teamwork is like herding sheep (colleagues leave the workplace constantly and you have to catch them again).

Do you notice anything here? Yes, both comparisons are negatively connoted and lead a listener instinctively to a negative reaction. Wouldn't it be wiser to formulate confidently in order to create affirmative, affirmative images?

Depending on the linguistic expression, there are manifold interpretations:

- Entrepreneurship means pioneer work (one is a trailblazer, takes on a role model and responsibility).
- Teamwork is a team sport (one competes together, with game play and tactics deciding victory or defeat).

You will notice: Metaphor in the right proportion leave a positive impression. Incorrectly used, negative metaphors, on the other hand, cause unfavorable impressions and interpretations. It is easy to overlook that a negative example comes back to the sender like a boomerang.

Next faux pas: Some top trainers remind their audience of their youth in modest circumstances and their ascent over all hurdles while telling stories. These so-called “American Way of Life” stories are now hanging around the necks of most listeners because such biographies are overused (not to mention the truthfulness). However, if, for example, an anti-burnout trainer tells his audience that he was burned out in his previous position as an investment banker before he turned his life upside down, people listen attentively. Or when the

descendants of the *Dassler brothers* report that the brothers made sneakers in their mother's laundry room in the early 1920s, which were adapted to the foot of the respective athlete, it becomes worth listening to. And that from this business idea eventually the companies *adidas* and *Puma* emerged, makes it really exciting and reflects successful corporate history.

In any case, be prepared that your story will be required. If I am asked about my consultant profile, I answer with the help of a visual image in about one minute: "My name is Alfred-Joachim Hermanni. I am a communication coach with a PhD and I love my job, which consists in shaping the business world of my clients like a landscape architect. I studied media management and politics. Furthermore, I am a trained editor and PR consultant and have basic psychological knowledge. I have been self-employed for 18 years and have been advising companies from around 30 industries since then. Previously, I was chief editor at one of the large private television stations and at two newspapers, press officer of the Presidium of the German Red Cross, department head for media policy in the CDU party headquarters, and worked freelance as an ARD radio editor and as a correspondent for the German Press Agency. To this day, I have written 10 non-fiction books and given over 500 lectures at universities. My clients call me innovative, motivating, socially competent."

So now it's your turn to design a self-presentation and leave a perfect impression. Maybe you can be motivated by Caesar's words: "Veni, vidi, vici" (I came, I saw, I conquered).²

Let's come to the strategic question: Is it advisable to spread stories in a planned and thus purposeful manner? Yes, certainly. Let's assume you want to be known above average in your industry, especially at your local location. As far as that is concerned, you should bundle compressed information packages in the form of individual stories. You deliver these packages to business partners and customers at regular intervals via different channels (people in your network). It is important that there is a continuous flow of current news and exciting background reports about your business activities so that they remain in everyone's mind. Indeed, a constant stream of stories is much more effective in its effect than individual highlights that are dismissed by recipients as exceptions.

Tips for You

- A story should be told in a few minutes, fit your own personality, and trigger images in the minds of the audience.
- Collect ideas for stories in your professional environment, e.g.: "Which

business transaction went exceptionally well?” or “Whose biography impressed you the most?”

- Who or what is the focus of the story? Can the listener identify with the people or content? Does this create an emotional bond between the storyteller and the listener?
- Include a unique selling proposition in the story that emphasizes why you operate your business differently (more advantageously) than the competition.
- Consciously choose positive images to describe your professional development, your entrepreneurial goal, etc.
- A story that highlights your competence works perfectly, for example because you have found a solution to an important problem.
- Encourage participants in your story to draw a lesson from it and reflect on their own experiences as much as possible.
- First, tell your story to people you trust so that you can assess its effectiveness and perfect the story.

Footnotes

¹ The Bible, Matthew 20, 16 (Luther translation).

² Caesar, Gaius Julius (100–44 BC), Roman statesman and general.

44. Strategy

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The world belongs to those who think strategically. But how? It is no great secret that numerous corporate leaders derive their strategies from significant military commanders such as the King of Macedonia *Alexander the Great*,¹ the French general and emperor *Napoleon Bonaparte*,² the Chinese general and military strategist *Sunzi*³ and the Prussian general and military theorist *Carl von Clausewitz*⁴.

Reinhold Würth does not form an exception here when he defined individual priorities in the competition for market leadership in the screw industry in the early 1960s: “In competition as in war, one chooses between different strategies to achieve one’s goal. Every company, every army has only limited resources, so that one must set certain priorities to achieve the optimal return on investment. I probably went about it in an unorthodox way when I did not concentrate our forces on a specific point—according to the maxim: find a gap, break through and roll up the front from behind. That’s how we Germans proceeded in the tank battles of the Second World War. Such a strategy may seem relatively fast, but it is also risky [...] I have set other priorities by not first opening up the German market and then going abroad, but vice versa [...] My strategy can be summarized in the following image: Instead of concentrating the pressure on a specific point of the front to force a breakthrough here, I have distributed the pressure over the entire front, maintained it over several years and finally pressed the front in its entirety. It was like a fatigue fracture. But in this way we

have not only become market leaders in Germany, but also worldwide.”⁵

When success is mentioned, this term is often used in connection with of an *implementation of strategy*. This means that the leader develops guidelines, goals, calculations and procedures that lead to concrete, operational instructions. These instructions enable efficient work, but require a universal sense of responsibility—in the external relationship to customers, subcontractors/suppliers and freelance workers, in the internal relationship to shareholders/investors and permanent employees. It is by no means just a legend that organizations develop the big picture with content-related projects, design options and relevant objectives, plan and implement them. In particular, strategic management develops various sales, personnel, production, growth and competition plans to achieve economic goals.

To design a strategy that is sustainable and value-stable, whose time horizons generally include two to five years, it is recommended to divide the procedure into an ideal type, e.g. like this:

- A) Process for superior goal setting (defining future corporate policy, introducing or updating an enterprise culture including sustainability guidelines)
- B) Enterprise and environmental analysis (internal consideration including financial planning, resources, innovation needs as well as market/competition consideration, trends, forecasts)
- C) Selection of qualitative and quantitative goals (e.g. consolidation, long-term profitability, quality assurance, risk minimization, employee motivation) as well as fixation of procedure
- D) Implementation of strategies (implementation process, installation of selected management instruments, supported by an interactive management process)
- E) Monitoring of the master plan (according to phases and timeframes including process-accompanying controllings).

We all know enough Chief Executive Officers who did not achieve their strategic goal because they lost sight of it at some point or because they encountered internal resistance through exaggerated ambition and restless activism. Therefore, we do not delude ourselves: measures to strengthen long-term success should be implemented step by step in order to pave the way for

stability. If you do not focus, the number of open construction sites increases steadily, which you are then likely to fail. But it shouldn't come to that at all. On the contrary: *Jack Welch*, the former CEO of General Electric, refers to five questions for successful strategy development:

1. What does the competitive landscape look like?
2. What has the competition produced lately?
3. What have we ourselves done lately?
4. What future events or possible developments keep us awake at night?
5. And if we put all this together, what move do we need to make now to stay ahead of the competition?

The above-mentioned process model can be supplemented by questions about why some companies are successful in an industry and others are not. For example:: What core competencies do the strongest competitors have? In which business areas does the competition generate the highest sales? What long-term goals does the competition pursue?

The most important lesson: Of decisive importance for the success of a strategy is that you as CEO mobilize the troops! How are you supposed to do that? From the Greeks we know that the term “strategy” was understood to mean the art of generalship, to achieve military objectives (victories) through longer-term planning taking into account the available resources and possibilities. So it is generally about leading people—in our case employees of companies—to success. Namely, in a leading way. Probably you think that this can not be difficult in principle. Wrong, because a corporate strategy can not be planned in detail so easily, let alone foresee, as our diverse range of topics shows. Some examples:

- In which direction do the markets develop? Should the company concentrate better on the core business or be broadly positioned?
- Are there any noticeable advantages from investments? And if so, should the company focus on fast, probably risky or slow, hopefully healthy growth?
- What opportunities arise from the introduction of sustainability standards or from cost-cutting measures through drastic staff cuts?
- How do customer requirements look in the long term: flexible production or

rigid production processes?

- Which strategy appears more promising in the face of emerging competitors: focus on numbers (revenue growth and profit) or on expanding market share?

It is an illusion to believe that one can control all these and other aspects permanently. However, you agree with me that owners and management must find answers to questions that lie in the future when they align their strategy. This also includes the question of which time frame is more advantageous for a business model: Should one set up a five-year plan or look at the quarterly figures? If a three-month rhythm is set because the quarterly figures have to be right, one can hardly speak of a qualitative and forward-looking strategic planning. On the other hand, a cycle of five years is much too long for many industries. For example, companies in the technology segment are subject to a sudden change; Also, economic conditions and financial magnitudes change permanently. As you can see, managers can not control everything—and especially not the future.

What if you first focused on a higher-level strategy? For example: Differentiation strategy, Cost leadership or focus on core competencies. To give an example from the airline industry: *Lufthansa* chose the differentiation strategy, *Germanwings* as a “low-cost airline” cost leadership and *Sylt Air* focus on core competencies (the airline flies between Hamburg and Sylt). Anything is possible. A perfect balance between different strategies is achieved by *Singapore Airlines*, repeatedly voted the best airline in the world. Singapore Airlines simultaneously implements central and decentralised innovations, is technologically equally a pioneer (constantly focuses on a young fleet, resulting in fewer repairs and maintenance work, for example) and a laggard (booking and administrative work was outsourced to low-cost providers abroad), while at the same time tightening the internal cost screw (for example, for personnel costs, offices, accommodation for flight crew), while offering passengers an excellent, high-quality service. The balancing act between the strategic opposites is successful above all because the Asian airline is seen as an attractive employer, trains its staff for longer than the industry average and also grants bonus schemes for lucrative cost-saving proposals. Motivation is good. In addition, Singapore Airlines generates higher profits than the average for the airline industry.

Viginia Rometty, CEO of *IBM* from 2012 to January 2020, was once asked how she would measure the success of the IT and consulting company, for example by share price or revenue growth. But Rometty was pursuing a completely different, strategic goal with commercial neglect of short-term profits or losses: What the Board and I are focused on most is transforming IBM for the

next cognitive era.⁶

In his plans for the future of the Disney Corporation, *Robert Iger* stated three strategic priorities in his application for the position of CEO in 2005: (1) We must invest most of our time and capital in creating high-quality branded content. (2) We must fully utilize technology by first producing products of higher quality in order to reach more consumers in modern and decisive ways. (3) We must become a truly global company. We have a wide reach and are active in numerous markets around the world, but we need to penetrate certain markets better, especially the world's most populous countries like China and India.⁷

The bottom line is that CEOs need a clear plan for developing their strategy, taking into account all possible factors in advance for their impact. Under the given conditions, requirements emerge that can become decisive, essential aspects for future projects. *Steve Ballmer* (*1956), CEO of *Microsoft* from 2000 to 2014, was able to confirm with three simple Ks what the technology company in Redmond needs to be profitable:

1. Concepts—that is, fascinating ideas for a product,
2. Skills—engineers and designers who perfectly implement the product idea,
3. Culture—a corporate culture that is open to new concepts and smart partnerships.⁸

The fact is: at the end of a strategic planning process, an improvement in results should be the goal. To achieve this, you ideally rely on three proven principles: flexibility in business development tasks, swift changes in production processes or services, and ongoing target adjustments. At the same time, please observe future-oriented trends for your business and draw inspiring conclusions from them. Namely, omnipresent.

If that is so far clarified, you best act according to the intention that a production follows the market and not the other way around (which, according to experience, rarely leads to a positive result, unless you have something really unique to offer that tops everything existing). You want to know how to align a company to a market demand? Gladly. When, for example, the publishers of the highly respected reference work *Encyclopaedia Britannica* recognized that this would not be promising for the future as a print product, they renewed the nearly 250-year-old product and digitized it. In doing so, they introduced, among other

things, affordable teaching materials, based on state curriculum, as well as future-oriented sales channels. However, one maxim was never shaken during the modernization measures: the editorial quality of the Encyclopaedia. Indeed, the strong growth confirms the course set. And the business model achieved continuity through fundamental change.

And how quickly can a business strategy bear financial fruit? The question is well-known and cannot be answered categorically. The success recipe depends on many components: the innovative power of the business concept, the motivation of the employees, the financial resources, creative marketing plans and technical resources. Accordingly, the numerous possibilities and real challenges are pronounced. One could also say: the outcome is open. Most of the time it goes faster when you use the fabulous strategy of involving other people in a business concept to further develop it and to trigger a chain reaction. Companies like *McAfee* or *Apple* excel in this. They form Internet communities and animate external persons, programmers or technically inclined fans to develop and market progressive computer programs (Apple via App Store) or customer questions in forums (McAfee). And all of this for free! A clever approach to involve target groups and to reach new ones. Furthermore, such community projects have a lot in common: the companies save internal costs for personnel, research and development and promote a sense of belonging within the platforms. But caution is advised: As CEO, you have to carefully consider how much insight and access to strategic areas and security processes should be granted to external forces, otherwise you can quickly lose control of your own store.

Tips for You

- Create a strategic master plan specifying which direction your organization should take over a fixed period of time, with specific task assignments and deadlines that are to be adhered to and monitored. You set the guidelines for operational procedures and monitor the execution of the overall strategy and its implementation steps.
- For your company, determine how long the interval should be for an official success measurement. Only you as the company leader decide when the right time is to determine success or failure.
- Work through the strategic planning stages one after the other, prioritizing those you give priority to, and do not prefer those that give you pleasure. Based on the company strategy, determine which revenue targets and efficiency improvements each business unit should achieve.

- Experience shows that it is appropriate to stabilize a strategic position (business idea) rather than expanding it disproportionately. Your main focus should be on achieving a sustainable competitive advantage and bringing the revenue models into the black.
- Focus on customer satisfaction and market share rather than a financial statement as a target. It is crucial to continuously revise products or services and offer new ones with groundbreaking potential.
- If only occasionally it is considered that the company might be active on the wrong market, stay with your core business. Here is an example: If, as a result of a change in strategy, you include mainstream brands in a product range that has previously been specialized in unusual scene products, customers will notice this immediately. This can cost the business credibility and endanger its existence.
- Market participants should not change strategy too often. It is advisable to take a clear position before uncontrolled actionism breaks out, which unsettles target groups and weakens the competitive position.
- In view of the common mission, you equip the employees with the necessary technical resources, financial means, materials and other aids. Otherwise, little will succeed.

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Footnotes

¹ Alexander the Great (356–323 BC) conquered, influenced by strategic instinct, during his campaigns the Persians, Egyptians and Indians.

2 Bonaparte (1769–1821) is considered a military genius and is said to have fought more battles than Charlemagne, Hannibal and Caesar combined.

3 Sunzi (c. 544 BC–496 BC) philosophized “On War”.

4 Clausewitz (1780–1831) dealt with the theory “On War”.

5 Timmenberg ([2021](#), pp. 49–50).

6 Cf. Rubenstein ([2020](#), p. 178).

7 Cf. Iger ([2019](#), p. 101–102).

8 Cf. Nadella ([2021](#), p. 128).

45. Sustainability

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Human rights in the supply chain, plastic in the world's oceans, climate crisis, balance sheet and tax scandals. Since the beginning of the 1970s, the topic of *sustainability* has moved humanity.¹ Some people understand this to mean merely ecological sustainability, not to commit wanton destruction of nature and to use natural resources only to the extent that they regenerate. Win-win solutions are to be created that benefit consumers, businesses and the natural environment. Alternatives are created and provided, e.g.: regionally grown organic food, hybrid cars, wind turbines, recycling-friendly products or use of renewable, natural materials.

Nevertheless, sustainability means much more than environmental protection: according to the experts, sustainability is a broad and positively connoted term when it comes to preserving values for a safe, fairer, greener and cleaner world.² And in this social task we should all contribute so that today's economy does not have a negative effect on tomorrow's generations.

Less waste and more responsibility sound honorable and trustworthy in theory. On the other hand, economic growth is automatically coupled with increased energy and resource consumption, for example in information technology, a gigantic energy eater. Of course, one cannot speculate on unlimited growth, since the majority of raw materials are subject to a limited stock cycle. No one knows a generally satisfactory solution for the procurement of future resources or even has a master plan. This knowledge should cause us

considerable concern.

Is the economy meeting an ever-increasing social responsibility? At the international level, three types of goals are pursued in the sustainability debate: ecological, economic and social. Let us consider the responsibility of companies in sustainability management:³

Ecological objectives

- No consumption of natural resources beyond natural growth or the production of substitutes.
- Release of emissions into the environment only in quantities that can be absorbed and processed by the ecosystem.
- No activities that can impair ecosystem processes. Ideally, less energy consumption with unchanged output and declining pollutant consumption.

Economic objectives

- Maximizing economic yield while maintaining the required input resources.⁴

Social objectives

- Benefit the society within which the companies operate by contributing to the improvement of living conditions in that society through social activities. Consumers prefer the provider with the same quality and price that drives social issues.
- Present social activities in such a way that all stakeholders can understand the underlying objectives and identify with the company's value system. So intergenerational justice in social security systems (keyword poverty in old age), expansion of employee rights (e.g. in terms of working time design and equal opportunities) and fair distribution of prosperity. In addition, there is a social and political task to resolve conflicts in a civilized and peaceful way.

New requirements have been added, which are also addressed at EU level: Sustainable Finance, Sustainable Corporate Governance, political responsibility in the field of lobbying and responsible dealing with the consequences of the pandemic. It is no secret that Germany has introduced a sustainability code, although it is doubtful that the criteria will be taken into account in the majority of cases when it comes to the remuneration of top managers.⁵ Factors such as customer and employee satisfaction as well as innovation still have the highest priority in remuneration systems. If, on the other hand, the German Sustainability Code were used as a yardstick, the following factors would be indispensable for a consensus:

- Diversity: Appreciation of the socio-demographic diversity of employees, including the use of significant skills of all employee groups

- Resource-saving economy: Environmentally conscious action with regard to energy efficiency, reduction of emissions and ecologically effective use of materials
- Customer satisfaction: with regard to products/services of a company, service quality, price/performance ratio
- Employee satisfaction: with respect to internal company corporate culture, working conditions, pay, collegial environment
- Innovation success: in terms of increased product quality, technology, reputation.

In a sustainable solution, the entire value chain and the durability of products must be considered: production, use, recycling, disposal. The less the products burden our environment, the better. Is all of this even possible? *Rewe, BMW and Deutsche Telekom* lead the list of large companies in Germany that best report on the social and environmental impacts of their business activities in 2018.⁶ Industry-related, above all, car manufacturers, banks, chemical and pharmaceutical companies present their commitment to sustainability. However, there is cause for criticism when part of the large companies indeed account for their corporate responsibility, but only in the sense of minimum requirements. With regard to depth and consistency of information, there are still no details, although they are legally obliged to do so.

A matter of course: Every business, no matter what size, can develop and implement its own sustainability plan. That also goes for you, dear reader. At *IKEA* there is something like a sustainability code since 2011 as a guideline for long-term corporate orientation. The current IKEA sustainability strategy “People & Planet Positive” until 2030 includes three focus areas:

1. Live healthily and sustainably. We inspire more than one billion people to do so and enable them to live a better life within the limits of our planet.
2. Circular & climate positive. We want to become climate positive and use renewable resources while expanding the IKEA business.
3. Fair & equal. We create positive social change for everyone throughout the IKEA value chain.

In practice, this looks, for example, like this: With a buy-back and resale service, IKEA gives used furniture a “second chance”. The company, which is now registered in the Netherlands, has 935,000 photovoltaic modules at its locations, over 500 wind turbines and a 49% stake in two large solar parks in

North America. IKEA is aiming to use 100% renewable energy throughout the IKEA value chain.⁷

Where do the calls for sustainability lead us? It can be assumed that more and more companies will deal with the topic in one way or another. Among them are also voices that call for fair trade. For example, *Hennes & Mauritz* (H&M) is campaigning for businesses in the textile industry that take into account fair wages, environmental standards and social aspects in production to be allowed to carry a Fair Trade label on their clothing. With this quality mark, the consumer can then decide whether to support a conscientious manufacturer or a irresponsible cheap provider. As a side note: H&M recycles used clothing like some other textile manufacturers and wants to produce CO₂-neutral in the next few years.

Sustainable economic activity is also anchored in the British department store chain *Marks & Spencer*, which is represented in 42 countries around the world with its own branches. In January 2007, M&S launched its far-reaching commitment with the advertising campaign “Plan A because there is no plan B”. M&S committed itself together with its suppliers and customers to fight climate change, reduce waste (M&S has set up collection boxes for used clothing in its shops, which are then recycled), remove dangerous chemicals from the entire supply chain and product range, and trade according to ethical guidelines. Where’s the catch? Foreign production, especially Asian production, can only become more human if local politics and manufacturers fight for fair tariffs and generally accepted working conditions.

Back to more examples. *Nike*, the sportswear manufacturer, wants to make its products 100% recyclable. I was thrilled when Nike already equipped national teams for the 2010 World Cup in South Africa with jerseys made from recycled polyester. As the manufacturer announced, 13 million plastic bottles from Japanese and Taiwanese landfill sites were melted down to produce yarn and processed into textiles for the jerseys. This prevented Nike from creating a mountain of polyester waste weighing almost 254,000 kg. Also recommended for imitation is the commitment of the *BMW Group*. The Bavarian brand has been awarded the title of most sustainable automotive manufacturer in the world several times in a row because BMW focuses on the development of fuel-saving and alternative vehicle concepts and on environmentally friendly production processes right up to environmentally friendly recycling processes. This also applies to the *Deutsche Bahn*, which runs its long-distance trains on green electricity; freight and local transport increasingly run on conventional electricity.

It is striking that sustainability often has to do with “doing something different”. *LG Electronics*, for example, uses none of the six most harmful substances (including lead, cadmium, nickel, mercury, specified by the EU) for its products. Likewise, many components are designed to be recyclable and the energy efficiency is continuously improved, for example in washing machines or mobile phones. As it currently appears, companies that are very aware of their market position and value system are entering into a campaign for sustainable engagement.

You can see that there is no way around charitable resolutions for the future of our planet. However, it is important that in this challenge, in the sense of social goals, economic risks are also fairly shared and willingness to perform is rewarded. Those who demand fairness, social justice and higher quality of life must also assume responsibility for their own existence risks and within company-internal communities. Even more: employers and employees bear a collective responsibility to current and future generations. Entrepreneurship is under an obligation to deal seriously with issues such as “distribution and equality of opportunity” and “reduction of environmental risks”. You decide for yourself which coming out contribution your company makes to ecological, economic and social justice. This finding raises the question of how “personal sustainability” is doing. Because human existence is usually only dealt with theoretically in sustainability issues, as if the human being as an individual with his claims and peculiarities would play a subordinate role in the implementation of the sustainability goals of the United Nations. In order to generate a broad interest in the UN sustainability goals among the majority population, it is necessary to include the needs of the largest social population groups in the agenda and to participate in the Sustainable Development Goals. In an essential way, I deal with the new dimension “Personal Sustainable” and the associated opportunities and challenges.⁸

Tips for You

- What are the most important criteria for you when making a purchase or leasing decision? Is it price, function, durability, environmental friendliness or health aspects?
- Sustainable action can strengthen the economic basis of companies, for example through energy efficiency. This starts with the use of standby energy-saving lamps in office and sales rooms, continues with the heating of geothermal plants and ends with the energy-saving supply of company-internal supply chains (e.g. through CO₂ savings).

- To minimize waste from cardboard packaging, old packaging from delivered goods can be reused, so that the purchase of packaging materials is rarely necessary. Also deliver products (e.g. furniture) without packaging and request from your suppliers the use of environmentally friendly packaging and fillers.
- When buying new technical equipment or other old products that contain, for example, stainless steel, cast iron or copper, commercial businesses properly dispose of the old items for customers. This saves raw materials.
- Employers motivate employees as part of their corporate social responsibility by sustainably designing the workplace (e.g. through ergonomic, durable furniture) and introducing family-friendly work time models.
- Include in supplier contracts, for example, that child labor is prohibited, that occupational safety must be guaranteed and that production takes place in environmentally friendly production facilities.
- Even companies with few employees can contribute to ecological sustainability, for example: Propagate and support car-sharing among employees. Bring your office waste (newspapers, papers, etc.) to the dumpster in a basket or in bags made of fabric or synthetic fiber (these bags can be used at least 30 times; paper bags have no ecological advantages). Rinse the office dishes in the dishwasher. Comparative studies have shown that even the most economical hand washers cannot keep up with the dishwasher in terms of energy and water consumption. Use environmentally friendly cleaning products. Buy drinks in PET bottles. These are refilled about 15 times and are very light, which in turn saves energy during transport. For longer distances on a business trip, take the train. The train is in the lead when it comes to the lowest CO₂ emissions, followed by buses, the private car and last but not least the airplane.
- Sustainability can lead to a unique selling proposition, if a company is without equal in its industry. *Frosta*, supplier of ready meals, became a memorable brand because in production⁹ among other things, artificial and natural flavors, colorants and other additives are dispensed with.
- Inform yourself at the *Federal Association for Sustainability* which conditions must be met in order for your company to apply for a sustainability certificate.

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Footnotes

¹ The first, global sustainability forum was the 1972 UN Stockholm Conference on Human Environment.

² Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (2012).

³ Cf. Hannig et al. (2011).

⁴ Leymann (o. J.).

⁵ Cf. inter alia: German Sustainability Code, Stock Corporation Act, Act on the Appropriateness of Executive Board Remuneration for Listed Companies.

⁶ Cf. Institute for Ecological Economic Research (2019).

⁷ Cf. IKEA (o. J.).

⁸ Hermanni, A.-J. (2022). Personal sustainability. A petition for individual needs of the present. <https://link>.

[springer.com/book/10.1007/978-3-658-37989-6](https://www.springer.com/book/10.1007/978-3-658-37989-6) Accessed on 15.07.2022.

9 It is well known that in production, goods and/or services are used which are to be purchased by target groups.

46. Target Group

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Everyone who has seen the movie Wall Street remembers the scene where Gordon Gekko (played by Michael Douglas) reveals: “I can’t stand losses, buddy. Nothing ruins my day more than losses.”

That is precisely the driving force behind why you should define your company’s target group as precisely as possible. So that you can generate profits and avoid losses. Scientifically speaking, we live in an age of de-bordering, which offers unprecedented opportunities for some milieus, while overwhelming and destabilizing others. For the strategic marketing and communication work of companies and institutions, it is therefore becoming increasingly important to understand and distinguish their target groups correctly.

But what is a target group? Simply put: a defined group of market participants (existing or potential consumers) who are to be reached by marketing measures with as little loss of dispersion¹ as possible through marketing measures. You want to know more? In relevant advertising circles, there is a broad consensus that target groups can be divided into five categories and according to factors:

1. socio-demographic factors, e.g. gender, age, family status, level of education, household income, occupation, place of residence.
2. consumer and ownership factors, e.g. buying behaviour, price sensitivity,

status consciousness.

3. psychological factors, e.g. attitudes, aesthetic sensibilities, preferences, values, desires.
4. geographical factors, e.g. inhabitants of a city or district, Europe, Germany, federal state, major city, Nielsen area.²
5. media-relevant data, e.g. target groups are addressed via occupation-specific magazines or special interest titles.

The SinusMileus offers considerably more possibilities for target group classification - for example, the Sinus Model is a powerful and practical planning instrument for product development, strategy, positioning, communication, media planning and CRM. This template enables a precise classification of target groups beyond the conventional socio-demographic characteristics, which does justice to the value orientations and lifestyles of consumers.³

Mast et al. point out that in public relations work not only the partners in the sales market of a company (e.g. customers, suppliers, dealers) are to be regarded as target groups, but also a whole range of other segments of public relations (e.g. financiers, employees, authorities) in which the company is trying to achieve a good image.⁴

However, it must not be overlooked that customers articulate completely different needs, which is why different offers and various customer services are indispensable. For example, one person insists on expert advice, while another wants to decide alone. Some customers are price-conscious, others are less interested in the purchase price. You see, that doesn't make it easy to make the right selection with a suitable range. In many cases, target groups are too broadly defined in order to achieve good results. On the other hand, a target group should be large enough that a profit-oriented profitability appears probable. That is undisputed and a significant reason why target groups (especially in the B2B market) are also grouped according to different criteria:

- Economic data: sales figures, liquidity, market share/potential, USP, DAX companies, resources.
- Organizational data: company size, company location.
- Purchasing policy: supplier loyalty, payment terms, process organization.
- Corporate culture: willingness to innovate, sustainability, quality management.

You don't have to think long about it: The more selection criteria are used, the greater the chances of an exact target group definition. Regardless of this, groups can also be addressed that are formed situationally, e.g. trade fair visitors, rail or air passengers. After society is constantly evolving, structural, organizational and communication-related adjustments or changes are necessary in order to remain state of the art as a company. That is why it is also understandable that successful product planning and interpersonal communication require a differentiated approach to target groups. From this perspective, for example, the conglomerate *Siemens* focuses on interaction with the target groups as part of corporate communications. For example, the Siemens customer magazine offers a value-added service that binds target groups to the brand: "Creating brand awareness and routing potential customers into the funnel⁵. The first goal is generally directed at the entire interested population (with a focus on customers, researchers, experts, opinion leaders, C-level), the second goal is mainly directed at customers and potential customers or those who can influence their decisions (e.g. SCM responsible, quality manager, R&D department, etc.)."⁶

What happens, however, if you too strongly limit or classify a target group as unsuitable? The Hollywood dream factory would have almost disappeared from the face of the earth in the 1940s because its top managers completely misjudged the industry and too narrowly defined the business area. They believed that they were only active in the cinema industry, which is why they stubbornly refused to do business with television. They were very wrong. The filmmakers did not realize for a long time that they made their money in the entertainment sector and could therefore supply the target group television with audiovisual works.

Let's look to the future. With a little practice, it is possible to describe and define a target group precisely. Does that sound so easy? No, it requires a thorough analysis of the market participants, which can be assigned to a clear profile. Here's an example: The core target group for mobile projectors for professional use (up to 500 €) are—gender-neutral—owners of small businesses, restaurants (two to three stars), standard and comfort hotels as well as freelancers, field managers, speakers, continuing education providers. The age of the market participants is predominantly between 35 and 50 years. The monthly net income of the target group is between approximately 2500 and 3500 €. The target group values a reliable projector with high display quality and low weight, which is suitable for presentations in front of a larger audience and, if necessary, does not require a notebook (thanks to the integrated PC card slot).

Another example: You want to open a fitness studio for overweight people

for healthy, sustainable weight reduction. How do you describe your ideal target group? Here are some criteria that could be relevant:

- With the specific need to give up wrong eating habits, to lose weight significantly in the medium term and to pay attention to the figure in the long term
- With the goal of increasing personal quality of life (e.g. mothers who want to reward themselves with physical well-being after raising their children)
- With the desire to be physically active in order to feel vital
- Open to balanced nutrition and recipes made from fresh ingredients that can be prepared by oneself
- In an age group from the mid-30s to the mid-50s (women and men) with above-average household income (€2500 and more); the persons are domiciled in the postal code area of the business location.

But what if companies want to address various target groups? In order to be able to survive on the market permanently, the targeted creation of content for different target group segments is then necessary. For this reason, *The Walt Disney Company*, for example, attracted both millennials and older generations who liked the original *Star Wars* film with the “*Star Wars*” revival. The cinema hit “*Frozen*” spoke to a much younger generation that was not necessarily interested in “*Star Wars*”. Since many *Frozen* fans do not have an Instagram account, Disney contacted this target group with alternative goods—toys and consumer goods.⁷

At *McDonald's*, 22.9% of customers were between 20 and 29 years old in 2021, making them the largest group of consumers.⁸ But the target groups 30 to 39 years (20.7%) and 40 to 49 years (16.7%) were also well represented. Therefore, *McDonald's* must reach all consumers and does so based on four values that need to be considered when communicating with target groups:

- Quality is non-negotiable for us—from the field to the table.
- We are committed to sustainability at a global and local level.
- We stand up for a strong community.
- Everyone is welcome with us, in front of and behind the counter.⁹

However, *McDonald's* runs its own campaigns for special target groups. In order to compete with the flood of burger restaurants, for example, *McDonald's* turned to disloyal teenagers in Austria who did not believe in brand loyalty in order to win them back. With *myM*, a mobile app was created that, thanks to target group-relevant additional value, proximity and an emotional consumer

experience, made a record turnover possible in fast food restaurants.¹⁰

Tips for You

- Based on the five mentioned categories, define a target group first. Describe the ideal customer as precisely as possible, including biography and daily routine.
- Visualize the ideal customer to make it easier to identify. For this you can use, for example, photos (e.g. from magazines) or drawings. In communication and design professions, so-called moodboards are also used as working or presentation tools to give an idea of a customer and to implement this conceptually.
- Alternatively, you can define a target group that has a current concern or an urgent problem for which your business can offer a solution.
- Probe how reliable contact data from companies (addresses with contacts) or from individuals can be obtained for market development (e.g. from Deutsche Post-Direkt Marketing Center). The rule of thumb for your entrepreneurial income is: The lower the scattering losses, the higher the chances of success.
- Use market-media studies from large publishers to obtain detailed information about the target group's way of life, e.g. consumer analysis (Bauer Media Group and Axel Springer), outfit (Spiegel) or typology of wishes (Hubert Burda Media).
- Before you, as a founder or young entrepreneur, endlessly think about a product for a wide range of markets, it is better to create a product for a limited market and market this with full power. Your chances are much better with this approach to find recognition among the target groups and to gain a foothold financially.
- Conduct an online search (keyword research) for the name of your products/services in advance of your market participation (see Chap. Internet & Search Engines). If you receive insufficient, misleading or even false results for your offer during the search, choose a name that is more common in the industry.
- Then check with the help of a simple, locally limited market survey to what extent the intended target group is willing and has sufficient financial resources to honor your offer (before you waste energy, time and money needlessly).

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Footnotes

¹ Dispersion loss means that people or organizations are unnecessarily addressed who do not belong to the actual target group.

² Nielsen, one of the world's largest market research institutes, has divided Germany into 7 Nielsen areas across the federal states, through which regular structural analyses are collected to control marketing measures.

³ Vgl. Sinus-Institut (2021).

⁴ Vgl. Mast (2019), S. 14.

⁵ Funnel (funnel) = The funnel is structured like a marketing process, with the potential customer going through several touchpoints here until he finally purchases a product.

⁶ Interview with Siemens Corporate Communications (08.05.2020).

7 Polizzi (02.02.[2017](#)).

8 Statista ([2022](#)).

9 McDonald'S ([o. J.](#)).

10 Cf. Effie ([2018](#)).

47. Teamwork

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If you want to build a ship, don't drum up the men to gather wood, divide the work and give orders. Instead, teach them to yearn for the vast and endless sea!

Source: It is unclear, but is attributed to Antoine de Saint-Exupéry (1900–1944).

This insight is based on the philosophy of inspiring people to work together by arousing in them a desire that is conducive to a common goal. If the chemistry is right in a team, above-average results are achieved and problems are solved within a short time, communication is more effective and customer satisfaction is higher. Top teams are characterized by the fact that they are constantly striving for an improvement of the standards and an increase of the quality standards.

Belonging. If employees develop and cultivate a team spirit, a dynamics emerges that works beyond rigid personnel structures: Uniques are brought together in units, eccentrics are impartially integrated and ambitious managers as well as high flyers are integrated into the team game. Why is that important? The “we-feeling” regulates the willingness to perform, the innovative power and the effectiveness of a team. A common spirit accepts and cultivates social values such as acceptance, loyalty and responsibility. The team spirit is perceived as a positive, social property and is welcomed as a measure to build trust. Unbiased, one sticks together in order to carry out activities in the best possible way, but also to master future changes together. With mostly great results.

Furthermore, the success of a working group is decisive that clear tasks are assigned and responsibilities are binding. It has also been proven that teams should be made up of experienced employees and trainees. For this reason, the Liechtenstein *Hilti*-Group allows important personnel changes to be coped with cooperatively by the old and new manager on a temporary basis. With this approach, personnel changes can be made largely seamless and soundless. What also surprises are the unusual self-commitments of the staff. It is hard to believe that the team members bindingly commit to comply with the directives decided at company seminars.

When it comes to human relationships within organizations, the name *Mary Parker Follett* (1868–1933) is always mentioned. The US pioneer in the field of personnel management already showed in her book “Creative Experience” in 1930 that an economic success is closely linked to the performance of the employees.¹ Her ideas about working relationships, for example, to take a responsible, reflective attitude towards changed situations and conditions, had a lasting influence on the practice of business administration.

The modern corporate mindset is one of collective action (individualistic “I” attitudes are rejected). It is noteworthy that this takes into account the effects of one’s own behavior on others at an early stage. Transparency in communication and sincere cooperation with each other is made much easier if the team work is carried by a collective understanding and team-oriented goals. A positive consequence of this is that a company qualifies as a sought-after employer.

You can be sure: a “we” workforce generally identifies with the tasks at hand and is motivated to the tips of their toes, which ultimately makes cooperation more effective and strengthens competitiveness. Intact work communities dare to do something extraordinary and accomplish professional peak performances. On the other hand, as a leader you have to expect that in a familiar, personnel-based play, internal company hierarchies will be circumvented in order to shorten procedures and achieve quick results. There is no doubt that it has advantages to be part of a team player and to be recognized by the community. Hypothetically, this would also include a performance-oriented remuneration, depending on the end result. Consequently, the salary of each individual employee could be based on the profit and loss participation of a unit (department or business unit)—comparable to a commission of a commercial agent.

As far as internal communication is concerned, it is mainly about the form of communication with each other and less about its content. This sounds insightful, but it is not a daily thought for example for the *Deutsche Bahn*, which is why it has set itself the goal of improving internal communication and, by 2020, to be one of the most popular employers in Germany. Above all, the

strengths of each employee are to be used for the benefit of the entire organization, because only a satisfied workforce can work constructively in the long run. In the course of company-wide, anonymous survey campaigns, the 300,000 employees should first of all, inter alia, inform what is working properly in terms of working conditions and dealing with each other and what is not. After the results are available and evaluated, the processes and the climate in the group are to be optimized in 7500 workshops.²

This example makes it clear that the concepts of personnel management are advanced. Ideal conditions exist when, in addition to classical personnel planning, employee-oriented planning is set. The *classical personnel planning* deals with the immediate work field and the organizational unit of the employee and initially neglects the interests of the employee, in particular his further development. With this approach, it is exclusively about the fact that an organizational unit works. Modern, *employee-oriented standards* take into account the needs and professional development of the employee and establish incentive systems to retain the employee for the organization.

And yet, the team-oriented interaction continues in the design of working conditions. The way people communicate and work together has changed considerably. Flexibility and mobility are mandatory, both in terms of space and time. A workplace is by no means fixed for managers, but increasingly variable. This can be maintained as a home office, be located at different locations within a company, consist of an office suitcase or be carried out at constantly changing locations. There can also be no talk of a classical division into fixed periods of time in many professions and positions. The tasks in connection with an employment are then to be carried out when there is a need. Flexible working hours also have advantages for the employee when team needs and personal wishes are brought into line with each other.

When considering community work, it consists of three phases of working life:

1. In the starter phase, younger people and those new to the workforce are reliant on relationships with those in employment. This can, for example, be older people who engage as mentors and introduce others to potential employers. Or those who spot talent in young people and recommend further training (e.g. an academic education).
2. During the successful phase of working life, employers are reliant on experienced employees because they are motivated and reliable, and adapt

to new developments and working processes. They provide the desired performance, contribute to the success of the company and should therefore be kept as bound to the company as possible.

3.

In the saturation phase, employers are more or less satisfied with the performance of older employees. They are convinced that these will not increase with older employment, especially since they are less open to drastic changes at the workplace and fast-paced work processes. Therefore, employers are already looking for suitable successors for older employees who are more cost-effective and resilient.³

Teamwork is nowadays much more than just group work. It is a necessity and community task at the same time within an overall organisation in order to master complex challenges. Once again, it is proven: When the economy is doing well, society is doing well (and vice versa). In this respect, these two components depend on each other in a social market economy.

Tips for You

- Avoid micromanagement and do not interfere with work instructions in all routine matters. Constant pressure as well as directives and control lead to employees' inner resignation and to perfunctory work.
- In a qualitative assessment of personnel requirements, in addition to mental abilities (e.g. analytical ability and creative intelligence), specialist knowledge (e.g. academic and professional qualifications, foreign language skills) and physical skills (especially physical aptitude and current condition), you should also assess employees according to their social competence and their ability to be integrated into an existing team.
- Give employees the organizational opportunities and financial resources to develop productively in their workplace and act in a results-oriented manner. In this way, you motivate people to believe in their potential and to achieve something beneficial for the whole.
- Involve employees in a company-specific future model and allow them to suggest improvements. Employees who define their individual field of activity and a collective goal together will also transfer their satisfaction to the customers over.
- When work units aim for self-organization, rules for mutual coordination, including individual task definitions, should be established and a profit and loss account introduced. The employees will quickly realize that self-organization leads on the one hand to more initiative and competence, but

on the other hand also to a high degree of responsibility and commitment towards the team members and the management.

- Investigate how long employees are on average employed by your company. Try to increase the employment periods of deserving employees taking into account the shortage of skilled workers. Bind respected employees to the company because they usually require shorter training times during conversions (change management processes, promotions) than external accesses and thus generate lower costs.
- Convey to ambitious employees the awareness that their activities have a positive effect. Recognition is a proven motivator. The posting of positive key figures (growth figures, turnover per customer) of individual business areas can serve as motivation for the workforce. In some companies, the announcement of an employee who has been particularly customer-friendly or an employee who has been exceptionally successful beyond the scope of the target agreement measures has also proven to be successful (in both cases in connection with a bonus).
- No matter which incentive systems are used, outstanding performance should be recognized in different ways. This corresponds to the full range of activities, allowing employees from different areas to qualify. It is always important to clearly define the selection criteria so that recognition remains comprehensible.
- No decision maker is indispensable. That is why it is wise to hand over the steering wheel of the profession at the right time and support management in regulating succession according to the required requirements and conditions.

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Footnotes

¹ Follett (1930).

² Cf. Süddeutsche Zeitung: Der Weichensteller, München 5./6.01.2013.

3 It should be noted that not every description is transferable to all employees.

48. Time Management

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*It is not a little time that we have, but it is a lot of time that we do not use.
Seneca, Lucius Annaeus (1–65 AD), Roman philosopher, playwright,
naturalist, statesman.*

The reason for this is simple, but difficult to understand: Nobody teaches us in schools or universities how to organize our days, hours and minutes in a quality-conscious way, which are of course not renewable. Strictly speaking, time management means nothing more than planning and coordinating oneself. But why is the coordination process so difficult?

The main reason for the poor organization of working time is that we have to process more and more information in shorter and shorter periods of time and are therefore under a chronic time pressure. In addition to the everyday professional requirements, the information society with its “free flow of information” and the World Wide Web claim our personal time frame. Almost everyone becomes a prosumer, writes content and makes it available on the Internet. We receive enormous amounts of messages around the clock via business networks, SMS, e-mails, telephone, Twitter, Facebook, etc.

For *Virginia Rometty* (1957), CEO and President of IBM from 2012 to 2020, the dilemma of time management is to get things done “As soon as possible”: “That’s my own frustration—how to realize things faster and faster. And that’s the world we live in.”¹

Time has always been subject to a limitation and seems to be getting more

and more limited today, which is why it seems wise to deal with this value in a loving and expensive way. If high potentials want to be successful, they have to use their valuable hours effectively, but also find enough time to think about basic things and refuel mentally. This insight is overdue, because in the end they are only measured by results, business reports and sales figures, and not by how they time their workload. The more time in professional life, a daily sequence of minutes or hours, is to be regarded as an economic good corresponding to a real monetary value.

However, it becomes precarious when the pressure to perform leads to extraordinary stress and fear that the work can no longer be managed in terms of time. To maintain your own mental health, it is advisable to take a thoughtful approach:

- Focus on completing one task at a time. Working on several topics at the same time damages concentration because unfinished tasks occupy the human brain simultaneously.
- Set priorities by giving priority to urgent work. For lower-ranking tasks, you should consider to what extent they can be delegated to co-workers.
- Try to reserve one or two blocks of time in the daily schedule so that important to-dos can be completed without disruptions.

Ergo, I ask: How can you allocate a time quota advantageously? Correct, through effectiveness, i.e. through a precise division of a working day into individual sections including result-oriented activities. Experienced CEOs, for example, set a strict agenda in advance of meetings, keep appointments on time and, if possible, do not exceed them, get to the point quickly in discussions, are well organised in their daily routine and require a summary in the case of extensive documents. Effective time management goes so far that employees are not given spontaneous appointments outside of the set meetings, unless the company's existence is at stake. Everything else is supposed to wait and be discussed in the weekly meetings.

The latter seems a bit excessive. Therefore, my advice: If you want to be available for important decisions within the company, then allow two short meetings per day, but limit them to a maximum of 10 minutes each. However, you should always be informed about possible handicaps or risks within the company. Nevertheless, based on my experience as a former managing director of a company with personnel responsibility for more than 300 employees, believe me when I say that weekly conferences are much more productive than these “in-between meetings”, because non-routine conferences are more structured and result-oriented. That’s Basic. Don’t waste your time. Be

disciplined from head to toe. When I check my emails in the morning, around 50 new messages have arrived, all waiting to be answered directly. But is immediate feedback generally worth it when we take a closer look at the mails? Rarely. In this respect, it is essential to set priorities, precisely in order not to jeopardise the company's goals. That's why the most important things come first. The secondary issues are dealt with later, end up in the resubmission or often take care of themselves.

It gets even worse with wasting time. Suppose you are a convinced social media follower, then you statistically spend an average of 2 hours online per working day:

1. For building and maintaining one or more communities (e.g. XING, twitter, facebook, LinkedIn, Ning): 30–60 min.
2. Public relations/PR (e.g. WordPress, YouTube, Blogger, openPR, YouTube, flickr or instagram):² 30–60 min.
3. Promotion in the form of sending/talking/chatting (e.g. digg, hulu, skype, twitter, WhatsApp): approx. 15 min.
4. To retrieve passive information (e.g. Google Alerts, industry services, Wikipedia, Social Mention): approx. 15 min.

So, take a close look at how much valuable time you can lose! That's why you should definitely determine in your planning:

- How much time do I want to invest in social media every day?
- How much time for other, traditional customer contacts via personal appointments, telephone sales, mailings, advertising letters, etc.?
- And in which time window do I complete my management tasks such as planning, organization, disposition, commercial controlling?

When managing your time management, keep in mind that most people's ability to concentrate decreases significantly towards the end of the day. Therefore, priority tasks should be completed by early afternoon. And very important: Try to devote at least 50% of your time on weekdays to *result-oriented activities*. This basic attitude will make you happy at the end of the day.

No one will seriously question the intention to use the available time effectively and thus in a structured manner. But just as you can overtax your body and mind, as evidenced by the time-scheduled appointment calendar of

Elon Musk, who claims to work 85–100 hours per week and divides his calendar into five-minute blocks: on Mondays, Musk works for SpaceX at his home in Bellaire, Texas, on Tuesdays he starts at SpaceX in Hawthorne, California and flies to Silicon Valley in the afternoon to Tesla in Palo Alto, where he also visits the factory in Fremont. On Thursdays, Musk is on the plane back to Los Angeles and to SpaceX. In addition, there are short-term meetings, conferences, talk shows, meetings with politicians and a little private life with his children. Musk acts in his entrepreneurial actions like a field marshal in war, who meticulously keeps an eye on a schedule: “Six months delay would be like the Battle of Gallipoli.”³ You have to make sure you advance immediately after the bombardment. You can’t sit around for two hours until the Turks are back in their trenches. Timing is important. We have to do everything we can to minimize the timing risk.”⁴

Fatal for workaholics is the lack of recognition that human reserves of strength, including willpower, are limited (see Chap. 17). If overburdened business people do not learn to take regular breaks, new to-do lists with unfinished tasks will constantly arise, which will eventually overwhelm them psychologically and physically. On the other hand, machines in some companies never stop because a sophisticated time management system ensures process optimization along a value chain and monitors all stations involved in the manufacturing process, including suppliers. Over the decades, I have observed companies that produce and deliver economic goods according to an exact schedule. The key to the schedule is a continuous communication and coordination process between customers and manufacturers (partly via field service or branches), between manufacturers and employees, and between employees and suppliers, sales experts and logistics companies. This allows, among other things, the bundling of production forces required at short notice, the allocation of free production capacities, and the focusing of warehousing and transport logistics. Finally, an accurately timed work cycle promises a higher return on sales and increasing revenues. To optimize the value chain and time management, customer or client surveys are conducted cyclically to meet the demands of target groups. The information obtained in the form of customer wishes is passed on directly to the responsible research, development and production departments in combination with current sales figures and product orders, so that planning and procurement processes can be adapted and controlled as quickly as possible.

One of the pioneers of fast time management is the Japanese car manufacturer *Toyota*, who introduced a “cycle time” on the assembly line. This

means that the cycle time determines the production flow during the assembly process, with only the quantities of parts being used that are actually needed. By precisely coordinating the processes, under- or overproduction is avoided, the risk of delay or production surpluses is eliminated, and, all in all, inefficient activities are almost eliminated. Would you like such a work cycle to meet customer demand just in time?

On the other hand, don't allow time management to exploit your own person voluntarily in your well-deserved free time. We are talking about tools such as smartphones or so-called "self-management apps", that control, remind, admonish and rob people of private time. My advice: Slow down your personal freedom, do without efficiency and minute performance balance in your private life. Listen to your inner needs. What can really happen if we largely ignore computers and cell phones in our free time, if not even turn them off?

Design your daily business in advance, preferably in the evening of the previous day. For times when you want to work undisturbed, set up a blocker. You will be surprised how much time can be saved by portioning into work units and how the quality of your performance potential benefits from it. Successful entrepreneurs consistently adhere to their personal time planning and allow no or only minor deviations. Stay realistic and only set goals that can also be processed in a reserved time corridor. Only then will you feel an incredibly motivating satisfaction day by day.

To achieve an optimal result, do not tie up unnecessary resources and divide your daily work window of perhaps 10 hours into work units, e.g. as follows:

08:00–09:00 am

Short self-orientation (max. three minutes): What goals am I pursuing today? Check messages (including emails), but only answer those with high priority directly; dictate correspondence (especially offers for customers).⁵ If necessary, look at the sales of the previous day.

Introduce a classification system for mails and letter mail: "High priority" (time-critical tasks) that you answer yourself and "Normal priority" that you or an assistant will respond to within 3 working days.

09:00–11:00 am

Make important phone calls and maintain customer contacts (including acquisitions)

11:00–12:00 pm

One to two short meetings (10 min each) and completion of management tasks

(e.g. planning, organization, disposition, commercial controlling)

12:00–12:30 pm

Lunch break; possibly lunch with customers

12:30–13:00 pm

Read daily mail (letters, employee reports) and, if necessary, take care of it directly

13:00–14:00 pm

Make further phone calls (including video conferences) and maintain customer contacts

15:00–16:00 pm

One to two short meetings (10 min each) and completion of management tasks (e.g. planning, organization, disposition, commercial controlling)

17:00–18:00 pm

Sign dictated correspondence, answer secondary messages, organize work tasks in to-do lists for the next day or days, maintain social media contacts.

Tips for You

- Complete important tasks immediately and postpone unimportant ones.
- Every evening, create short to-do lists for the next day in order to be able to distinguish which tasks have a high priority and which are secondary. You will mainly judge according to the criterion: “Am I missing a sales opportunity if I do not immediately take care of this task?”
- A to-do list with a high priority should not contain more than five tasks. If you add more tasks to the list, the following will happen: You will first complete the easy tasks (not necessarily those with a high priority) in order to shorten the list quickly. In addition, you will certainly come up with more tasks for a never-ending list, and thus lose overview, motivation and finally time.
- Specify in writing how much time you want to spend on the completion of each task the next day (rough time portions promise concentrated work) in the to-do lists.
- Keep a preference list of people who offer added value for a business contact and stay in regular contact with them.

- Respond to requests that do not immediately signal a business approach or valuable contact in a few words, before someone steals your valuable time.
- Keep your phone calls short and to the point.
- Get to the point quickly in negotiations that can lead to decisions quickly.
- Reject an increased workload from the flood of insignificant emails. Objectively, many messages are irrelevant and phrase-like or come from machine production (bulk mail).
- Don't open letters or emails if you don't want to deal with them directly. Otherwise, you will lose time and the content of a message will circulate endlessly in your head. By the way: messages that come without a personal address automatically end up in my trash can.
- Find a health-promoting, self-serving rhythm between work and rest periods.
- Imagine that a good fairy gives you 10% of your daily working time. What would you do with this valuable gift? Please do not use it for further administrative activities or for matters that are not absolutely necessary. No, please use the time you have gained to think about strategic decisions, to talk to important customers or to consider innovative cooperation possibilities with partners.

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Footnotes

¹ Cf. Rubenstein (2020, p. 179).

² YouTube, Instagram and Flickr are photo and video sharing portals that store and distribute billions of recordings by private users.

³ The Battle of Gallipoli was fought in the spring of 1915 during World War I in front of and on the Turkish peninsula of Gallipoli.

4 Vance ([2021](#), p. 295).

5 Read all mail that you read in detail, process it directly. Otherwise you have to study the mail a second time and possibly think about an answer again. Emails do not have to be answered immediately, as this is not a real-time medium. Use the time windows reserved for messages.

49. Unique Selling Proposition

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What happens, if in a shopping street ten stores offer a nearly identical range of goods at comparable prices, but the offer exceeds the demand?

The customers are confused, if not even angry and switch to sales outlets with alternative assortment. Logical: If no real range of goods is available (e.g. in terms of quality, durability, design, manufacturing process, price) customers stay away, as a result of which some stores have to close. Some people even find this quite in order in terms of market consolidation.

How high is your pain threshold, if something similar could happen to you? And what can your company¹ do better than the competition – e.g. understand a specific industry problem, analyze it ambitiously and solve it quickly and successfully?

Let's be pragmatic. Find instruments for competitiveness, the perfect Unique Selling Proposition (USP). Beat the competition with the USP to the match point. This is most likely to succeed if a company profile is authentic, comprehensible and unique:

- What is the precise benefit for the target group? For example, that your company can show expertise (associated with a new perspective) in the harmonization of IT-controlled controlling tasks?
- Can a brand be developed from your extraordinary knowledge and practical experience? Because you may have completed a rare study with distinction, apply outstanding methods or because your name is highly respected in

professional circles?

- What distinguishes your products/services from those of the competition? Perhaps by extraordinary quality features or by a special delivery or packaging service? And what is special about your offer that other companies neglect?

“Not comparable at all” must be the motto. Why is this important? Jeff Bezos (*1964), the founder of *Amazon*, argues that it is most dangerous not to differ from the others (industries). He (Bezos) wants to invent things that seem unusual to people at first, but are normal for everyone a few years later.²

What should you definitely do? If you really want to make money, then always analyze your own marketing and sales-relevant strategies first for the business orientation of the largest competitors. For this reason, a client of mine, who is settling as an international media marketer, and I investigated the business areas of competing companies.³ Within a short time it became clear to us that they are preferably active in Western Europe or in those countries in which they offer their own publishing titles. In addition, the competitors do not focus on sectors (e.g. economy, culture or travel) and are therefore to be considered as generalists. In view of these findings, my client focuses on the Eastern European region and, with regard to outbound business, on internationally most requested magazine titles from the areas of life style (e.g. fashion, health, furniture), women and global players (e.g. airlines).

As you can easily see, an USP ideally arises from a new patent, a groundbreaking technology, an outstanding service, an unusual quality promise or an extremely cost-effective offer. The finesse is to create a sustainable competitive dynamic that changes the previous status quo of one or more competitive offers.

A perfect example of a unique selling proposition is the company *RATIONAL* in Landsberg am Lech. *RATIONAL* is the world market and technology leader for innovative solutions for thermal food preparation in the professional kitchens of the world (market share of over 54%). In fact, the company has focused on an intelligent device that can cook various dishes at the same time, according to the desired result selected by the chef.

I repeat: A *differentiation* from the competitors can be achieved by exclusivity, by market dominance or by an additional benefit. In short: Be different and strive for a monopoly position, for example like the brands Deutsche Bahn, Duden or Google. These brands stand for rail transport, German spelling and search engines.

It has always been reasonable to occupy a niche, even if it is of small size. It

is a mistake to think that if you expand your range of services, you will gain more customers. Quite the opposite, the conventional customer is looking for a specialist and not a general store with a wide range of products. Therefore, it is better to focus narrowly rather than broadly, because extensive offers rarely generate more revenue. For example, a company could specialize in the cleaning, descaling and repair and maintenance services for coffee machines of a certain manufacturer. Products of other manufacturers are not supported. In return, the company guarantees the customer that it always has the right spare parts ready, offers an immediate standby service and experts carry out the work.

Or you can find a niche business by experimenting, as the founding fathers of *Coppenrath & Wiese* (C&W) from the Tecklenburg region once did. In the 1970s they came up with the idea of conserving cakes and pastries by shock freezing, making them shelf-stable. Through this process, they have now gained a huge sales volume: frozen cakes from C&W have a market share of around 80%.

If you do not have a monopoly or a distinctive unique selling proposition, you can beat the competition out of the field with the price (cf. Chap. 30): *Cost leadership* means that a company must be able to reduce its production costs within the value chain in such a way that this gives it a competitive advantage.⁴ Value creation is a versatile interpretable concept in economic disciplines. It can be understood as the difference between input and output as benefits, as the value contribution of business activities, as the value increase for investors or as the benefits for customers through quality or an optimal performance.⁵

The Spanish clothing chain *Zara* gains an advantage over its competitors, for example, by perfectly organizing its value chain in such a way that it can create, manufacture and deliver new fashion to its shops worldwide in just 15 days. Even changes to model lines within a season can be made quickly. The rapid pace can only be maintained because *Zara* produces around half of the clothing itself (mostly complex parts) and handles all production and distribution stations independently. In short: The industry is amazed at this tight schedule and cannot keep up with the speed or the quick coordination between design, marketing, storage, distribution and logistics.

It becomes particularly critical for companies when their offers are considered interchangeable, which makes it much more difficult to find a USP. Let's think, for example, of the mobile phone industry, which offers almost identical tariffs, options and smartphones. You can often only score points with an excellent customer service. But how do you get an advantage here? The first answer is: Investigate and evaluate the special needs of target groups through

market research, typify consumers in groups such as bargain hunters, habitual buyers and loss-averse⁶, and make individually tailored offers.

I'll give you another example. When I talk to real estate agents, I'm always surprised that they either serve all target groups or specialize in luxury properties. Most agents can't think of anything else in an over-saturated market. I gave my clients from the real estate industry the advice to fix the 50plus people as a target group. At the end of December 2020, 28.9% of the German population was over 60 years old.⁷ You can offer today's best agers (Generation 50plus) many different types of housing for retirement: multi-generation house, senior residence, assisted living, shared living, leasehold on an apartment or house. If you don't like this option, how about specializing in "sustainable construction and living"? This would include topics such as housing construction from a health perspective, natural living, ecologically optimized building technology including energy and water supply, aspects of the durability of materials and the use of products that are less harmful to the environment than conventional ones.

When you enter a market that is full of temptations and competition with a young company, the competition is initially superior because it was able to position itself sufficiently. In order to find the best possible starting conditions, the founder of a company active in the PC industry consulted before entering the market. Instead of the industry's usual approach, I recommended focusing on a USP mix of first-class service and cost reduction:

- Availability also outside of usual business hours.
- Free pre-diagnosis to determine technical problems.
- Up-to-date, diverse sales channels including on-site service.
- Repair costs below the price quotes of regional competitors.

The advice has now paid off, especially since the competition cannot keep up with these promises with their bloated administrative apparatus and staff. All theory is gray, which is why you should always refer to the USP of your economic activity—not only in direct business transactions, but in all marketing and sales activities that create expectations in a target group.

How can that be? I would be happy to show you. For example, you could highlight advertising *various selection options* in company-owned: "We know 25 ways to financially secure your business" or "9 strategy programs to choose from when signing a maintenance contract".

Or your company could make a *promise for the future* similar to Schwäbisch Hall⁸: "If you cannot fix a problem with our device yourself within 12 months,

bring it back and we will exchange it free of charge.” Alternatively: “Money-back guarantee for 3 years if you are not satisfied with the product.”

Under certain circumstances, you could emphasize an *exceptional customer service*: “Only a very few PC services work from 08:00 to 22:00.” Or: “We pick up your car in the evening for inspection and bring it back serviced in the morning at the desired time.”

If necessary, *generous price discounts* can be granted as with electronics chains: “We sell the same products as the market—but much cheaper.”

You may even offer unique guarantees à la Meister Proper:⁹ “Long-term value and durability guarantee.” Or: “Free parking for regular customers.”

If necessary, your company guarantees in the style of Audi¹⁰ for an *excellent quality assurance*: “Only 20 dealers meet the product guidelines of the German Testing Institute. We are one of them.”

Hand on heart: You absolutely have to keep the USP promise. This is the trigger and motivation why your customers, employees and suppliers believe in the unique selling proposition and want to do business with you.

Tips for You

- Visualize a large funnel into which all ideas and concepts are first poured unsorted. In further steps, you gradually reduce the capacity until the quantity and thus the selection exactly match your business idea.
- Research in trade magazines, company brochures, advertising publications, the trade directory and on company websites which USP the competitors propagate. In this way you will get an overview of which USPs have been exhausted and which could still be in demand.
- Find out about groundbreaking trends and market data that make your offer look significant, such as: “Trend forecasters expect Internet giants like Google, Amazon or Facebook to introduce groundbreaking technologies that replace traditional buying and selling instruments and even replace established products. Our developers have developed an application software (App)¹¹ that speeds up online ordering.”
- Sell with a new perspective on problems and wake up customers who are tired of similar offers from your competition.
- Emphasize the absolute will to top performance with a striking announcement, e.g.: “What is normal, we do better” (Amazon).¹²
- Let the quality of the products or services be checked by a reputable, independent institute. Soon, a quality label may adorn your goods,

providing certified credibility.

- Find out from a market research company why customers shop with you and how, in the customer's opinion, the offer differs from that of the competition (do not be satisfied with general statements such as "good service" or "reliable product" in the surveys).
- Emphasize the USP in all marketing and sales activities so that it is imprinted in the minds of the conversation partners and target groups, e.g.: e.g.: "Myshooz saves online shoe retailers millions of euros every year. By scanning customers' feet in advance of an order, it ensures that the customer receives the right size shoes, thus dramatically reducing the high return rate of shoe deliveries."¹³
- As a freelancer/self-employed person, do not make your specialization too wide, but also by no means too narrow. The radius should be drawn so far that enough customers are considered, but the USP remains unmistakable. Focus, for example, on solving a defined problem using standard processes developed by you or set a sustainable work focus to assess your competence. Specialists are in demand and recommended.
- If you can't think of a USP, make a promise like the car rental company Avis: "Avis is only No. 2. We try harder." This slogan characterized one of the best advertising campaigns of all time and brought Avis back into the black after 13 years of red numbers.

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Footnotes

1 Terminologically, a company is an organization structured by units and by a task division of departments and positions including their workflows and relationships to other organizational units.

2 Cf. Bezos (2012).

3 Private companies are to be distinguished into so-called industrial companies and service companies. The first group includes, inter alia, processing companies (e.g. pharmaceutical companies, refineries), processing companies (e.g. tool and engine manufacturers, dairies) and extraction companies (e.g. power plant and mining companies). The second group includes, inter alia, financial services (e.g. insurance companies and banks), personal services (e.g. restaurants, travel agencies) and consulting services (e.g. advertising agencies, research institutes).

4 Cf. Porter (1985).

5 Cf. Wanderer & Jaritz (1999), p. 8.

6 “Loss-averse” do not want to experience a disadvantage (loss) under any circumstances.

7 See Statistisches Bundesamt (as of 31.12.2020).

8 “You can build on these stones ...”.

9 “Meister Proper cleans so well that you can see yourself in it.”

10 “Vorsprung durch Technik.”

11 An app is an application software for mobile operating systems or mobile devices (such as for office applications, weather, stocks, iTunes, games, banking). With an app you get a direct and quick access to an offer. For app developers, it is disadvantageous that they are dependent on the technical, financial (revenue sharing) and content-related specifications of Google or Apple.

12 Amazon is criticized in 2013 for inhuman working conditions and violation of the collective bargaining agreement for mail order business. See, for example, ARD Tagesschau (14.02.2013) and verdi (o. J.).

13 Myshooz scans customers' feet in shopping centers and sends the data to selected online shops. This gives the shops a shoe size suggestion; if a "measured" user does not order a shoe model in several sizes.

50. Vision

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*There are more things in heaven and earth, Horatio, than are dreamt of
in your philosophy.
Shakespeare, William (1564–1616): Hamlet.*

Truly spoken, Sir William Shakespeare.

In entrepreneurship, it is all about not dogmatizing classical findings, but rather creating a vision that is transferred to employees, customers, and suppliers with enthusiasm. So it is about something that most bosses lack, who are struggling with their offer on the market. An ideal is something that drives a society, company, or person forward professionally and/or privately, which should be realistic and therefore achievable. In other words, the future-oriented standard of all things.

It is therefore understandable that an organization's vision states what it wants to achieve in the future. Why not answer the decisive questions about your entrepreneurial vision for yourself right away: Would you start your business or industry again today? If so, list the reasons that also offer incentives for your target groups and staff. Furthermore, specify which needs your products/services fulfill, with which quality or innovation your offer boasts, which market position is sought, and which guiding principles fix the dealings with customers, suppliers, employees, and customers. All of this information should be based on a vision that is briefly summarized and announced to market participants on different occasions. In general, a company's vision is designed for a longer

period of time, but can also include subordinate goals of the organization.

Close to the customer. In order to solidify their ideal image and to show differences to other brands, numerous companies use *slogans*, e.g. “Bosch has the solution” (Bosch), “Only success counts” (Google AdWords), “The best or nothing” (Mercedes), “As valuable as a small steak” (Fruchtzwerg) or “Everyone talks about the weather. We don’t” (Deutsche Bahn). But a slogan alone is not enough. We consumers expect that what is on the packaging and what is promised to us in advertising will also happen.

An exemplary vision should show what has been achieved and point to the future beyond the present. But it should not contain any exaggeration, but rather project the basic attitude and value orientation of a company as well as the guideline for company-internal action. That is the secret why people love to work for companies like *Ferrari*, *Hermès* or *Google* because the radiance of these brands is associated with a vision with which people want to identify. And that is why the aforementioned companies are among the strongest brands in the world.

Which means nothing else than that success and ideal image are closely linked to each other. Nevertheless, no rule of thumb without exception. Germany does a lot right as so-called world export champion¹, but it is behind Malaysia, China, India, USA and Spain in the development and implementation of corporate visions.² What is going wrong here?

The fact is: Asian managers implement their future business dreams much more disciplined than their German counterparts, with the result that they look confidently into the future due to their standards of order, ethical attitude and manners:

- The goals were clearer, which led to increases in sales and profits
- Customer satisfaction grew
- The employees were more committed than in the past.

And which entrepreneur would not want these advances? Which brings me to your person. Your professional life journey is also full of inspirations and impressions that need to be explored. Imagine that you are building and laying railway tracks, long before any train drives over them. In short: run through the world with your eyes and ears open and discover previously unknown future possibilities. This can be a coincidence that shakes you up and brings you to the mega-vision. Or a need or a deficiency that you can eliminate. Believe in it: The time of your life can break out at any time.

Speaking of vision: Just imagine for a moment that you were the owner of the Danish toy company *Lego* and had the audacious idea in the year of its

foundation (1949) that one day more Lego bricks would be sold than there were people on earth. A crazy thought? We officially take the present UNO statistics as our basis, according to which around 7.8 billion people existed on earth in 2020. And from Lego we learn that since 1954 more than 700 billion stones have been produced in thousands of different shapes. Wow, what a fabulous balance. This means that in theory every person on earth has 90 Lego parts! A wish came true.

How do you go about implementing your business idea? It is clear to me that four company-specific parameters that influence economic processes are hidden behind success stories (see also Fig. 50.1):

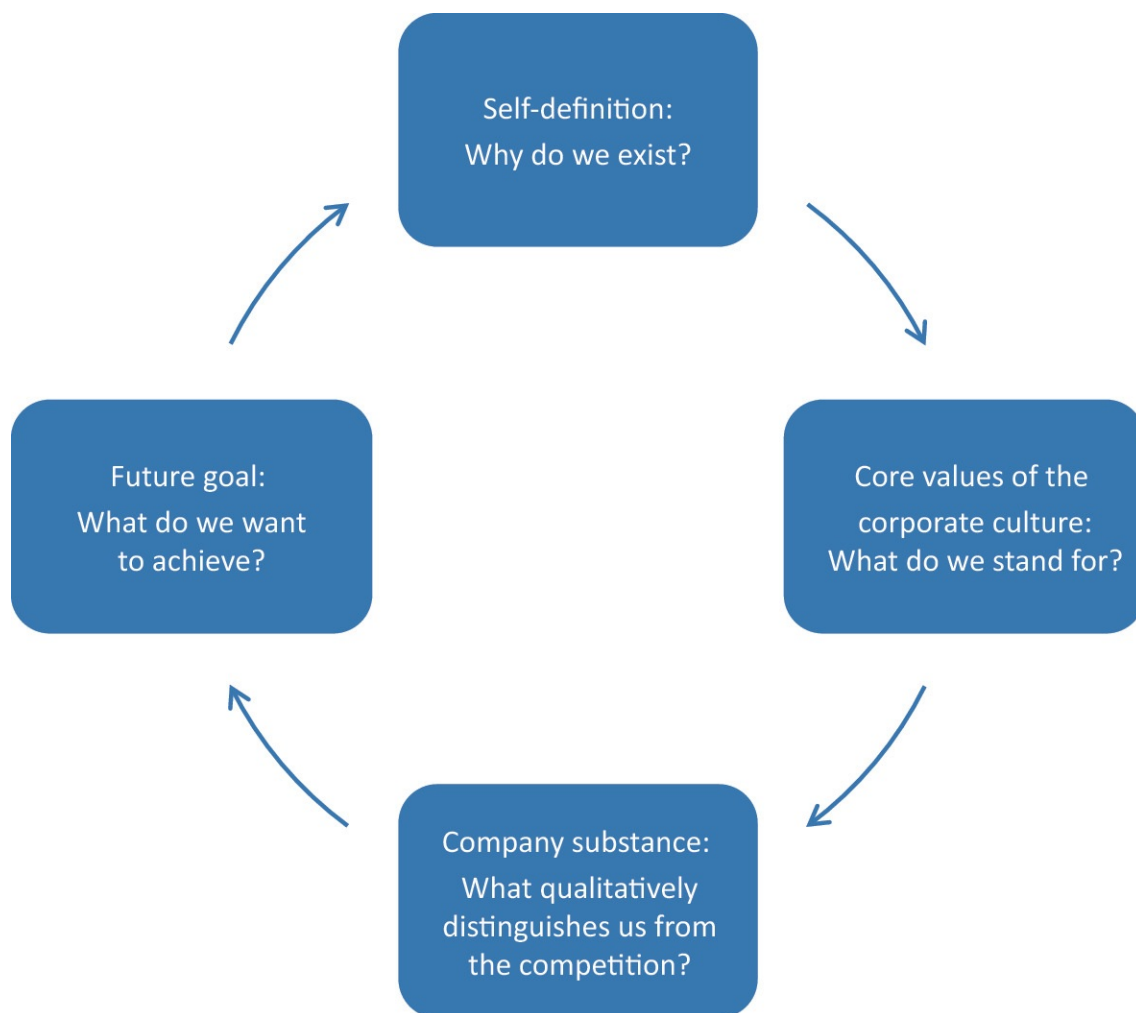


Fig. 50.1 Company-specific parameters of successful visions.
(Source: Hermann, 2016)

1. The overarching self-definition: “Why do we exist?”

2. The future goal of tomorrow: “What do we want to achieve?”
3. The core values of corporate culture: “What do we stand for?”
4. The company substance: “What sets us apart from the competition?”

If you base these four company-specific parameters, it is possible to understand how, for example, the *dm-drogerie markt* implements its vision and builds trust in the process. The ideal image “Here I am a person, here I buy” is based on customer, employee and partner principles that seem sincere and comprehensible. For example:

- We want to win a consciously shopping customer base whose needs we refine with our range of goods, products and services.
- We want to help all employees to see the scope and structure of our company and give everyone the assurance that they will be perceived objectively in their task.
- We want to maintain a long-term, reliable and fair cooperation with our partners so that it is clear to them that we are a partner with whom they can achieve their goals.³

Do you like this corporate philosophy? At dm they want to “build on what exists and shape the future from it” and recognize and respond to the uniqueness of each person to the best of their ability: “How I treat my employees is how they treat the customers.”

This is true. And without vision, no excellent business can be run in the medium to long term. If someone told you in 2013 that tomorrow there would be *3D printers* in households that recycle old clothes and make new clothing out of recycled material, what would you think? Probably: That’s grotesque and rather unlikely. But as a visionary: Can my business model benefit from the breathtaking 3D revolution? Yes, 3D printers are not unrealistic future music and can be used in numerous industries. Meanwhile, for example, industrial parts made of plastic or metal, ceramic materials, even coffee machines can be scanned and reproduced with a three-dimensional printer. Unbelievable?

See for yourself. 3D printers are causing a stir in the markets because traditional suppliers (for example for small parts such as hardware, cutlery, toys) are being circumvented or circumvented after new copy shops or hardware stores can now produce much of it themselves. It is also possible for service technicians to drive to customers with a 3D printer and produce the desired spare

part or duplicate on site. The reprint is quick and inexpensive, especially since expensive ordering and processing costs are eliminated. We also know that different industries are conducting technical experiments with 3D printers: *Airbus* wants to reproduce various production parts and it is already possible to design prostheses or even hands by 3D printing in the medical field.⁴ It is also conceivable that mobile robots will build houses, industrial halls, etc. layer by layer according to a digital 3D model.⁵ And this in 24 h at a fraction of the previous construction costs. It is also certain that at some point human tissue and new organs will be reproduced as spare parts, which are to be fully functional.⁶ Given the wealth of possibilities, this means: Forget the familiar! There can be no doubt about that. And the lesson from history: As forerunners, do not ask about the “whether”, but about the “how and when”.

But beware! A vision that is not constantly maintained can quickly fade. For example, customers are leaving the fashion company *Abercrombie & Fitch*, the bus company *Greyhound* was sold at a bargain price, the flagship airline *Air Berlin* has been shut down and traditional brands such as *AEG*, *Blaupunkt*, *Braun*, *Dual*, *Grundig*, *Rollei* or *Telefunken* no longer exist or are in foreign hands.

This is the receipt for bad strategic planning, insufficient liquidity reserves, incorrect production planning, late innovation, poor control, wrong investments, communication problems and overloaded management. In short: A bad or no vision instead of strategic target images and signals for departure.

Future and learning ability, openness and customer-oriented thinking are the pillars of avant-garde business models. In this respect, the *Deutsche Bahn* has learned from the beginner’s mistakes of the US railway companies, which limited their business activities solely to railway operations and neglected customer needs of a similar nature. For the Railway Companies, the actual transport of people and goods was not the focus of their organization. Unlike the *Deutsche Bahn*, which pursues a completely different corporate policy, satisfies customer needs and operates several business areas, such as long-distance rail transport, a far-reaching regional transport network, rail infrastructure, passenger stations, services (such as vehicle fleet and communication technology), energy networks as well as Schenker Rail (European rail freight transport) and Schenker Logistics (global supply chain). In sum, not reduced to one field of activity.

“The only true realist is the visionary.”⁷ If I interpret the digital progress correctly, soon more people will choose the Internet via mobile devices than via stationary systems. In this respect, desktop PCs are outmoded. That is why my recommendation: Cover the display of smartphones and tablet PCs with your

own *Apps*.⁸ Every cell phone display can become your sales-promoting Trojan horse. It is high time to make Mobile Sales your own shipping center. Another suggestion to get active quickly: Between sellers and customers is a previously underestimated power center, the payment systems. Whoever operates this strategic bottleneck with person-related payment data can always make purchase tips or even specific offers. No wonder that here familiar and unusual actors (from credit providers to start-ups to technology companies) are fighting for supremacy. Why shouldn't you have similar ambitions and get involved in one way or another?

No matter what happens—go for it if you are convinced of your business model. Nobody can look into the future. Means and ways will be found to hatch the egg of Columbus. Found your company and act like a merchant, because every experience makes sense and is an opportunity to profit from it. Because one thing is certain: Really successful people, owners of great companies, dared to become self-employed, in contrast to the hesitant, who are little confident and remain undecided.

And one more thing: Do not give naysayers a chance to dilute your business model. Otherwise it will be streamlined and average. There will always be different views. Whether they are valuable or harmful is usually only revealed afterwards. Rather, follow the by far most important principle of a finding process: Every vision should contain a solution approach for a common problem or a clear deficiency, so that the vision is marketable.

Tips for you

- When formulating the corporate vision, focus on answering the question of what the organization should stand for in the long term.
- Draw an ideal picture of the company with the thematic priorities and inspire the people who are in contact with the organization or work for it as stakeholders.
- Within the statement, announce that the company is responsible for society and give a few examples.
- Trust the urgent advice of wise bosses to plan moments of reflection and orientation, because otherwise leaders will not be able to reach deep and groundbreaking thinking processes. Take at least one hour a week to think about how the business can be designed more effectively.
- Who or what inspires you? Put your dream vision into practice. To do this, form a community of reformers who implement a business model with you or drive a realignment.

- Remove any obstacles that could jeopardize the project. It is at least as important to convince employees of the feasibility of useful, profitable corrections, so that as many people as possible pull together.
- Have your team create a list of 100 dream customers so that the vision becomes concrete. Afterwards, the team identifies an ideal contact person for each customer in order to achieve the best possible results.
- Design 100 unconventional letters to your dream customers with your team, including an explanation of why your company is the ideal partner for cooperation.
- The team writes to 100 dream customers and encloses an informative present with the letter (no email!) that has substantial value for the recipient (e.g. a free video course or a free book to download).
- Two weeks later, the team sends the 100 dream customers another useful piece of information by post, e.g. an industry newsletter with insider tips or a coupon with a monetary value to redeem.
- Three to four days after the second letter has been sent, the team calls the dream customers and arranges a meeting to present in person.

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Footnotes

¹ According to the Federal Statistical Office, Germany has exported far more goods per year for 60 years than it has imported.

2 Cf. &samhoud (2011).

3 Cf. dm-drogerie markt (2013).

4 Cf. Khoshnevis (2013).

5 Cf. Forgacs (2013).

6 Cf. Forgacs (2013).

7 Fellini, Federico (1920–1993), Italian film director.

8 It is now assumed that an average smartphone user uses 15 apps regularly. Apps should primarily represent a value in the work or private life of a user, e.g. establish direct connections to the main supplier or to the house bank.

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