

How to Create Organizational Readiness

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It is always interesting how business and marketing planning principles go out the window when it comes to accessing and planning a market strategy to enter the U. S. Hispanic market. This article seeks to give insights and direction on everything a company needs to think about and do BEFORE they start marketing to Hispanics. The same well-thought out, methodical, disciplines and strategic processes they use everyday to assess the viability of a corporate initiative needs to be applied to assessing and planning a strategy to enter the Hispanic market.

Preparing to successfully do business with any consumer or set of consumers requires adapting to their ever changing needs—that's the trend in the twenty-first century. Companies are moving from being product-centric to being customer-centric, and that means delivering more than a well-developed sales pitch through a salesperson or a commercial. It means organizing your company to meet those needs in a way that delivers value, satisfaction, increased market share, growth, and profitability. Too many companies become very excited about marketing to Hispanics and immediately think about hiring an ad agency and turning all responsibility for knowledge-building and strategy development to an outsider. What is often not considered is that while you need culturally relevant advertising agencies to help you define communication and media strategy, produce commercials that resonate with your target, place them where Hispanics are likeliest to hear and see them, and help with the research to track and fine-tune communication efforts, this should never be your first line of attack.

Put simply, your organization needs to become an expert in the marketplace before you start creating demand. So before you spend a single dime on an agency, on producing commercials, or on advertising research, you have some upfront work to do to align your organization with Hispanic consumer needs and the external environment.

Whether you are a seasoned multicultural marketer or just beginning, consider that the process of aligning the organization to the market's need is ever-changing—it never stops. It never stops because the external forces that impact your company's competitiveness keep changing. So, whether out of the gate or into your tenth year targeting Hispanic consumers, you want to be holistic and strategic in your approach.

So how do you define success? Well, one of the most critical aspects of this upfront alignment is defining performance metrics. It will be different for every company, but whatever it is, your Hispanic metrics must flow from it. What should your goals be? You won't know what your goals ought to be to break even and to make a profit if you don't first do the math. But how can you do the math if you haven't thought through the areas that require alignment or discovered the type of alignment required? And how much it will cost the company? Once you know the price tag for the alignment, you need to know how the price tag compares to the size of the market for your industry, your category, and your brand—or as someone once put it, what is the size of the prize?

Only then can you begin to establish business goals for how Hispanics will contribute to your company's top- and bottom-line growth. Only then will you know what it will take to see a return and how long it will take. The good news is that if you and your management have this information going in, then they know what to expect and by when, and you will know what you are measuring and how.

As you know, the metrics around sales and market-share performance are important. But they are just two of many areas to monitor and analyze to determine the success of your initiative.

Some organizations have been moving down a path to seize opportunities being created by major demographic shifts, others are just starting to think about it, and others still have not yet gotten around to thinking about the impact the Hispanic market may have on their growth strategies. One significant reason is that corporate cultures vary so much—consequently, the reasons and ways in which managers arrive at seeing Hispanics as a business opportunity seldom have to do with recognition of external forces such as the demographic shifts affecting the U.S.

While companies are generally attuned to external market forces and to watching key economic indicators, such as Consumer Confidence, GDP, auto and retail sales, unemployment, inflation, and industry-specific indicators to help guide corporate strategy, Hispanic market growth hasn't yet been recognized an important external force that is set to revolutionize the business environment for the foreseeable future. For some reason, much of corporate America still has not made the connection between this market explosion and the impact on their business—not only on sales but, as importantly, on how their organizations may need to adapt to capture those sales.

With few exceptions, corporate America's approach toward this consumer market has been reactive, tactical, and ad hoc rather than proactive, strategic, integrated, and aligned.

A quick diagnostic based on observations of how those companies go to market points to an over-reliance on marketing communications to do the entire job, faulty or nonexistent operational alignment and implementation, and a disregard for the complete landscape of competitive offerings. Still, you may ask, isn't it a no-brainer? What's there to think about? Why would any company decide to overlook or pass on this huge marketplace? When it comes to creating a Hispanic business strategy, the question is not about whether you should target Hispanics. The question is about whether you truly understand whether the market truly represent an opportunity to your company. Then, it's about your organization's readiness to deliver seamlessly today. In addition—and it can't be emphasized enough—it's about your ability to set realistic expectations that are based on well-analyzed market and organizational realities. Finally, consider that if you have been charged with this responsibility or have appointed yourself to the task, the challenges and risks that lie ahead will be many times more difficult to address when you're knee-deep in trying to implement an ad-hoc strategy than if you had considered and planned for them up front, and had been able to mitigate risks, uncertainties, and resistance early on.

There are a host of organizational realities that tend to rear their ugly heads just when you need cooperation, not resistance. Trust that they will try your patience and may even lead you to abandon the project altogether, but if you know your company well enough and can think through some likely scenarios, you can plan for addressing obstacles at the outset during your internal assessment rather than be blind-sided once you're in the implementation process.

In light of these potential challenges, you can clearly see that you will need more than ambition, passion, and perseverance to overcome the hurdles. You will need hard facts, relevant market and financials analysis to remove these road blocks from your path.

Risk is the area of greatest concern for many companies considering the Hispanic market as a growth opportunity. In spite of the market's long-time presence in the U.S., Hispanics still represent an uncer-

tain marketplace for many companies, especially among those with no previous segment experience. Because some companies do not do the upfront analysis, there is significant uncertainty about how the market's size and buying power translates into revenue for their industry and, more specifically, for their company. Most companies are unclear about investment requirements because they don't understand where they stand as far as their ability to serve the market or what they are up against in the competitive environment; nor do they know what their brand represents to this consumer, if anything. Consequently, with little to no market knowledge in hand, the risks associated with targeting this market often appear greater than the potential return.

In some cases, this uncertainty leads companies to tip-toe into the market with intentions to test before making significant organizational changes or investment. Unfortunately, without the upfront assessment work, it is often difficult for companies to know what they are truly testing. Further, the validity of these tests is questionable given that, in many cases, the company is not staffed, organized, or trained to implement and measure the tests, which are often based on no more than tactical communication and promotional efforts, as opposed to strategic operational changes to reach, retain, and satisfy this marketplace.

So where do you start? At this juncture, the wisest thing to do is to stop and ask the same questions your company might ask when it considers any other growth opportunity. If you've been down this path before, this will sound familiar. But that's the good news, you already know how to do this – it's business planning 101.

1. Corporate Culture: Start by asking whether or not cultural sensitivity and diversity issues are supported openly and enthusiastically by upper management. Do departments and divisions function as one company, or is the organizational culture more independent? How much cultural sensitivity training will your organization require? Does the company have systems in place to keep itself accountable to diversity and cultural sensitivity efforts?

2. Strategic Focus: Make sure that you understand where your industry is going and where your company fits in because what you ultimately propose and the size of the opportunity must align with it; in short, you must frame your business case in that context. To achieve high-level recognition and support for your Hispanic strategy keep two things in mind: 1) make sure that your business case ultimately aligns with the company's corporate strategy—you want to speak in the voice of top management—and 2) ensure that the business case considers shareholder interest and that financial scenarios deliver on top-line revenue and bottom-line profits consistent with industry and company expectations at some point.

3. The Market: Consider that, of the 44 million Hispanics estimated by the Census in 2006, all are no more likely to be users of your products and services than the remaining 246 million non-Hispanics in the U.S. Only a segment of this population will be your primary target. Do you know how to define your Hispanic target segment? Do you know how large this segment is? Is the size of that Hispanic segment large enough to create sufficient demand for your services or products? Is it large enough to satisfy sales and profitability goals? Do you know where they are concentrated? Do you know what projected growth rates for your specific segment are for the next five years? Will that growth be among U.S. born, foreign-born, or both? How will it differ between these two segments?

4. Category Usage: You will want to understand the cultural context for your target's involvement with your category or industry. Consider that your U.S. Hispanic segment's experience with your product category may differ from Hispanics in Latin America based on their level of exposure and acculturation levels. Consider that Hispanics may prefer different flavor profiles, different colors, sizes distribu-

tion channels, payment methods. Hispanics may have different service needs, have less experience using the category, and may use the category in an entirely different manner. Do you have a sense for the category user profile? What are their attitudes toward your products, your brand, and your competitor's products? How well do your products and services align with their needs, preferences, and usage behavior?

5. Competition: You may be in a first-mover position, or there may be several competitors already targeting Hispanics as part of their growth strategy. Do you know which competitors are targeting Hispanics? Do you have a sense for their Hispanic business strategy? Do you know if they are successful? Do you know why or why not? If they are successful, how are they positioned? What is their market share? What brand awareness levels do they have? What are the unsuccessful ones doing wrong? Do you know where they are located versus your own locations? What are their strengths and weaknesses?

6. Infrastructure: Organizational readiness is critical to seamless value delivery, so it will be important to understand consumer touch points across your organization that will impact your ability to conduct the assessment and the company's ability to implement against this consumer. On which divisions, business lines, or departments will you depend for the assessment process and for implementation? How well, if at all, are they structured to implement a Hispanic strategy? Do you have the ear of these department managers, or will you need to sell them on cooperating with you? What will be company leadership's role in facilitating access and cooperation during the assessment and implementation?

7. Value Proposition: How well do your offering and benefits align with Hispanics' needs and preferences? How does your offering compare with the competition's? What does being competitive require? Are there any unmet needs in the marketplace? Do you have the internal competency to fill the gap?

8. R&D and Manufacturing: Is your organization capable of ground-up product development, reformulating, recreating, repackaging, branding, or positioning Hispanic relevant offerings, if necessary? How can you do this cost efficiently? What might be some co-packing or other partners that can help provide and /or deliver the desired product?

9. Distribution: We all have evolving preferences for how and where we like to shop. Do you know how and where this consumer shops? Are your offerings accessible to this consumer in a relevant way? Do they shop close to home or close to work? Do they shop on different days of the week or even at different hours of the day? Do they shop alone or with others? Do they enjoy shopping for your product category? Are your locations present in the areas where your target is concentrated? What is the percentage of Hispanics in your trading area within a one-, three-, or five-mile radius and how do these percentages compare to the overall Hispanic density in the marketplace? Do you know what your total possible Hispanic market reach is through all your locations? How do you compare to your competition on market presence? How might you segment your retail locations? Are your distribution channels set up to serve this consumer in their language of choice? If your company relies on technology to be efficient and profitable, ask yourself how this greater automation might be adapted to address limited distribution needs? Might other distribution models be more relevant more accessible?

10. Staffing and Merchandising: Is your staffing model culturally relevant at all levels? Would Spanish speakers feel welcomed in your retail locations? Would they feel acknowledged as customers? Do you have a consistent presence of bilingual employees everywhere your operations require consumer contact? Can they understand and relate to your merchandising and point of sale (POS) material? Which in-store messages are critical for this consumer to understand? What will be required to carry this through to your 800#, your website, and your outsourced service providers?

What organizational alignment will be required to make the customer's purchase and post-purchase experience a positive one?

11. Pricing: Depending on the income and consumption profile of your Hispanic target and the demand for your specific offering, pricing structure will likely play a key role? How are you priced? How does your pricing compare to that of your competition? How price-sensitive is your Hispanic target in your category? Does it apply to all your products? Can you develop new products that strike a balance between need and budgets? How do you create value this consumer is willing to pay for?

12. Advertising and Promotions: Your Company worked hard to arrive at a compelling value proposition to communicate through its advertising and other communications channels. Do you know whether it would resonate among your Hispanic target? Do you have a sense for the cultural context that your messages must consider to communicate with this consumer? How might your strategy consider cultural and acculturation differences while staying true to your brand position? Separately, do you understand the multidimensional nature of your consumer segment? The attitudes they hold about life, family, children, parenting, spouses, culture, countries of origin, religion, financial position, future outlook, social issues, government and politics, corporate America, discrimination, and their communities? Do you know how Hispanics feel about technology, fashion, entertainment? Do you know how satisfied they are with their life in the U.S.? Language aside, there are nuances that fall out of Hispanics' values and attitudes that shape how they prefer to see themselves reflected in marketing messages. You know this to be true among other segments. This community is no different. Having this insight will help you adapt not only your offering, but also ensure that your communications strategy resonates.

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As you begin the process of developing a Hispanic marketing strategy for your company, you should be able to use the principles and guidelines discussed above in each step of the way to identify areas on which to focus, the people who need to be involved, what questions need to be asked, and the various internal and outside resources you'll need to answer them.

By now, it's obvious that this is no cookie-cutter approach. You cannot copy another organization's Hispanic strategy or best practices and expect to achieve successful results. The process for creating the integrated strategy proposed involves a commitment of more work, flexibility, money, and time than an off-the-shelf method—from the top of the organization to the level of direct customer contact.

Importantly, by the time you're implementing a Hispanic business strategy within your company and measuring the results, you and your colleagues will not only be experts in marketing to this segment of the population, but much more well-prepared to meet other challenges and opportunities that present themselves in a changing business environment.

The benefit comes in the form of much larger (and measurable) potential returns, long-term growth and profitability, and perhaps most important of all, a Hispanic marketing strategy that is entirely yours—tailored to your company's unique needs and goals—that creates an impossible-to-duplicate, built-in, future-oriented sustainable competitive advantage.