



The CEO mindset

Chief executives tend to be more competitive, frank and aggressive than other top managers, and like to think they encourage the same traits in their subordinates.

But, in reality, they often encourage caution in their top lieutenants, and they fear risk-taking above all else, argues Chris Argyris, the James B. Conant Professor of organizational behavior and education emeritus at Harvard University.

Deep down, they recognize they don't really want to see the company's top managers adopt their exact management style. Nor do they want to look as though they only hire yes-men and women.

But they often create win-lose situations within their company, and their subordinates invariably do their best to avoid ending up the losers.

Robert Giles, the former publisher of the Detroit News and a long-time student of management theory, points out that CEOs privately admit that "they may unwittingly have encouraged dependency, submissiveness and lack of initiative among subordinates."

He also writes that subordinates "try to disguise their caution because success with their companies depends on a show of forcefulness."

Giles has applied Argyris' findings to the media industry. Giles' and Argyris' conclusions are valid for just about any industry, however. And they offer some real-life lessons for top executives and public affairs practitioners.

"The successful subordinate is a keen observer of the boss's operating style – that is how the top man or woman gets work done or changes made," Giles wrote in his text on the media business, *Newsroom Management*. "By watching the boss carefully, the subordinate can learn to distinguish between effective and ineffective styles."

Without realizing it, the boss programs subordinate behaviors, and those behaviors affect company performance in profound and lasting ways.

Regardless of the individual's leadership style, the leader sets the tone and approves the processes of the team.

New media have power to put parts in limelight

When Dale Earnhardt Jr. recently signed on to promote Champion spark plugs in magazine ads, manufacturer Federal-Mogul couldn't have come up with a better tag line: "Always a Champion."

In the ads, the famed NASCAR driver declares that he uses Champions in everything from his No. 8 NEXTEL Cup Chevy to his own Corvette and Camaro. The program is expected to make about 50 million "impressions" on mostly male consumers, primarily through placements in enthusiast magazines.

Now, if only every auto component could lend itself to promotion the way Champion spark plugs do. Most other parts deep inside the vehicle have been doomed to a profound anonymity.

That could change. Today more consumers care what components go into their vehicles, and new, integrated media are making it possible to give them greater exposure.

Branding will be a big part of future component-oriented marketing.

Most experts date the arrival of true supplier branding to BASF's classic, long-running campaign: "We don't make a lot of the products you buy. We make a lot of the products you buy better."

The "Intel Inside" campaign took the issue a step further, associating the brand more closely with a specific part, the computer chip.

Branding can help firms that "find it difficult to stand out among a crowded field of companies offering similar and increasingly commoditized products and services," the American Productivity and Quality Center says. A J. D. Power study in 2005 suggested that 87 percent of consumers would pay more for a branded stereo system.

"Ingredient branding leverages the technology dominance of suppliers by asserting a claim in the consumer market," according to a study by the Accenture consulting firm. "For the supplier with a product the end consumer can recognize, branding becomes an attractive way to gain market share."

In recent years, that interest has mostly been confined to sound systems and tires, but there is little doubt that it is already spreading to navigation and infotainment systems. In addition, a recent IBM study identifies safety, electronics and interior components as possible candidates for supplier branding.

Surveys also suggest that consumers are generally more interested in the components in their vehicles, especially luxury cars. Performance and off-road enthusiasts may quickly follow.

The issue of component branding is meanwhile becoming more urgent.

Global competition in the parts business is increasing, and carmakers use a higher percentage of supplier-produced parts in their vehicles

For beleaguered American suppliers, this means that there is an opportunity to break out of the "commoditized parts bin" and differentiate what is being considered a common product. Perception is often reality, and if the consumers perceive benefits, they will prefer and demand them. We believe that this is an opportunity that hard-pressed suppliers are missing – at a time when every benefit like this must be pursued.

The opportunity is the same for successful suppliers, with the benefit of being more strategic and being able to solidify and build on gains, rather than just to stem losses.

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The Drive to Succeed

Hybrid powertrains are vying for center stage as the U.S. industry strives to right itself in an increasingly competitive environment, a University of Michigan study says

As a center for automotive employment, the Great Lakes region now stands at a crossroads, and its very future depends on the course that the Big Three now take, a recent study from the University of Michigan says.

The U.S. Census and a number of population studies show a steady downward trend in the number of people working for auto-related companies in the region. And trend could soon be accelerating.

It can be slowed "if the restructuring plans of the Detroit Big Three succeed," the study by the Automotive Analysis Division of the U of M Transportation Research Institute said.

The division's analysts are looking for the current reform plans to find traction around 2008. That would make auto-related employment in the region much more stable in the future.

But without improved performance, the percentage of the U.S. auto industry concentrated in the Great Lakes region would fall below 50 per-

cent in 2021. It was about two-thirds in 1990.

Much of the region's success will depend on the Big Three's improvement in three key areas: 1) vehicle technology and energy efficiency; 2) style and desirability and 3) quality, reliability and long-term service.

What do the Big Three need to do? Their technology investments will need to be massive, and this task will be all the more challenging due to their broad portfolios. Mainstream vehicles will need driver amenities initially found in luxury cars and other cutting edge vehicles: features like adaptive lighting and park assist.

The pace of investment in technologies such as double-clutch and continuously variable transmissions, clean diesels and hybrids. The Big Three's Asian and competitors can be expected to keep pushing the envelope in fuel economy.

Quality, the long-term service relations will continue to cement – or, alternatively, fracture – relationships with customers.

Style will remain a key differentiator. A recent study by J.D. Power reveals that styling remains a powerful draw even outside the sports car sector, as the boldly styled PT Cruiser revealed at its introduction in 2001. Styling and overall desirability are key factors, not only in bringing customers into the dealership but in closing the deal as well.

New model introductions are the way that new technologies, style and levels of quality reach the customer, and the U of M study spells out exactly how those introductions are likely to play out in coming years.

By at least one measure – cadence – it isn't getting the impact from its new product introductions that the Asian carmakers are.

Cadence is the measurement of the "bang for the buck" that a new product delivers to an automaker's overall sales. It is expressed as a new product's share or percentage of sales. The higher the share, the greater the payback from all the development work that went into the new vehicle.

The cadence level is significant if a new product or two delivers 25 percent of sales. That was the case for Honda's two new products in 2005. On the hand, Ford's six new model introductions only represented 15 percent of sales.

"The Japanese Big Three are refreshing their product portfolios, on a sales weighted basis, at a faster rate than the traditional Big Three," the report said.

While their impact may be less, the sheer number of new Big Three models generally outstrips the Asian introductions.

Ford is scheduled to launch 12 new products in 2007, compared to nine from Toyota and eight from Nissan.

GM introduced a total of 26 new models in 2005 and 2006, compared to just nine from Toyota.

But the Japanese firm will pick up the pace in 2008 with 11. In that year, Asian carmakers' offerings will be on average six months to a year (or more) younger than U.S. offerings.

Top 10 Marketing Myths

Myth 1: Marketing is advertising and sales

Reality: Marketing is educating your target market about your products and services and why they should buy from you. Marketing is everything you do to reach this target audience, whether it is advertising, direct marketing, Internet Marketing, events, public relations, strategic partnerships or networking. Take advantage of all the options available to your business that make sense in terms of applicability and budget and you will see an increase in awareness of your products and services.

Myth 2: Lower prices encourage more people to buy

Reality: If that were true, and in some cases it may be, no one would buy a BMW. Differentiators are what the prospect perceives as being valuable to them. The reason there are so many options among product types is that people have different views of what is valuable. That is why it is so important to target your product or service correctly so that you can provide the maximum value at the right price, not an artificially discounted price because you are trying to reach the wrong audience.

Myth 3: Offering a broad range of products and services ensures more sales

Reality: Having too many options confuses your buyer. If your prospect has to make too many decisions, it may kill the sale. By offering a convenient package at a valuable price, you will sell more product and service than you would by trying to sell lots of components. Take a look at today's computers. The manufacturers offer a line of products in small, medium and large at price points that please most consumers. In fact, the lower priced models are probably not the most valuable and when you actually go to buy, you end up purchasing the higher priced version because it offers more for the money.

Myth 4: E-mail marketing is no longer effective due to SPAM

Reality: E-mail marketing is still effective if done properly. People always want information, and providing it through an opt-in marketing program is a way to reach people you normally would not reach. However, buying a list from a less than reputable broker and sending out lots of e-mail to people who are not interested in what you have to offer is SPAM and should be avoided. Instead, build your own in-house e-mail list by encouraging people who visit your Web site to sign up for your newsletter or other type of correspondence. Just because some people abuse a very good medium does not mean you should abandon

Continued: Top 10 Marketing Myths

don't all together.

Myth 5: Great marketing works instantly

Reality: Although marketing can shorten the sales cycle, and some tactics can produce instant results, marketing is about sustained contact with your target audience to ensure they know who you are. Marketing is an investment and like all good investments, it takes time to achieve the greatest gains.

Myth 6: Successful marketing campaigns win awards

Reality: If your ad agency or Web design agency is more interested in winning awards than helping your business thrive, then it's time to find an agency that is concerned with generating results for you. Yes, we all like customer success stories and awards for our work, but that should be secondary. You are paying them for their services, not to do something that will get them recognition. Keep in mind that advertising and Web design that is too artistic may not deliver the message clearly to your prospect, or may mislead your prospect if the visual is contradictory to your brand.

Myth 7: Internet Marketing is all you need for marketing programs

Reality: Internet marketing is a wonderful tool for businesses. Its ability to reach prospects when they are ready to buy is a cost-effective means of getting your message out. But Internet marketing is not the only game in town. We often refer to "integrated marketing" plans because it is the integration of many different types of marketing activities that drive visitors to your Web site, to call you or to buy your products. Don't overlook the value of direct marketing, advertising, public relations, events, partnerships and networking to round out your marketing plan.

Myth 8: Messages need to be changed often, otherwise your marketing gets old

Reality: Consistency and repetition is marketing's best friend. Just when you are bored to tears with your marketing message or marketing campaign, that is usually about the time your message starts to resonate with your

target audience. Changing your messages, brand, or marketing campaign for the sake of change is a waste. Be sure you plan a strategy that has options from the outset. For example, if you are doing advertising, you can start a theme and change the image throughout the campaign, sending the same message to your clients. This eliminates potential boredom and increases interest.

Myth 9: Advertising sells product

Reality: Advertising builds awareness and generates leads. If you try to sell within your ad copy, you run the risk of turning off prospects. You need to attract prospects first and educate them about your products and services. The education process should include regular contact with prospects to inform them of your business, services, products and special offers. This develops a trust relationship with your prospect and will make it easier for them to eventually buy from you. An ad that sells skips the building trust stage and becomes an obstacle to a prospect responding to your ad for

information.

Myth 10: Partnerships and Alliances are for big companies

Reality: Partnerships and alliances are extremely important for all companies. You can't do it all. Having partners you trust to offer services or products you can't, helps customers get what they need from you. Just because you are in the same business does not necessarily mean you are in competition. Join forces to increase your resources, find an area of another company that is stronger than your company's and utilize that aspect of their business, or package some services together to offer your clients more value for their money. Yes, these activities are part of marketing and can help you get more visibility, more clients and more revenue.

Marketing is about educating prospects and customers about you, your products and services and how you can help them solve a problem. Marketing should educate, inform, announce, enlighten and influence human behavior. All the ways you can think of to accomplish this for your company is a marketing activity. Marketing is truly an investment in time, creativity, resources and energy. The more you can invest the greater business success you will have.

Debra Murphy is a marketing consultant with a background in computer science, management and marketing. With more than 20 years experience in marketing, her specialty is strategic consulting and management of focused marketing programs, ensuring businesses reach their ideal target market. Debra is a contributing author of "Create The Business Breakthrough You Want: Secrets and Strategies from the World's Greatest Mentors," featuring business giants Brian Tracy, Robert G. Allen, Bob Proctor and Mark Victor Hansen (Chicken Soup for The Soul) and endorsed by Dr. Stephen Covey and Ken Blanchard. For more information, visit www.vista-consulting.com.

| Top 5 - New York Times Business Book Best Sellers in January |
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| 1. MAD MONEY, by James J. Kramer with Cliff Mason. (Simon & Schuster, \$25) |
| 2. LITTLE GOLD BOOK OF YES! ATTITUDE, by Jeffrey Gitomer. (Pearson/Prentice Hall, \$19.99) |
| 3. FREAKONOMICS, by Steven D. Levitt and Steven J. Dubner. (Morrow (revised and expanded), \$27.95) |
| 4. THE WORLD IS FLAT, by Thomas L. Friedman. (Farrar, Straus and Giroux, \$30.) |
| 5. WHAT GOT YOU HERE WON'T GET YOU THERE, by Marshall Goldsmith And with Mark Reiter. (Hyperion, \$23.95) |

Write Press Releases for Buyers, Not Only Journalists

Back in the old days, a successful press release was measured by the number of clippings it produced in newspapers and magazines. The thicker the pile was, the more successful the release.

Thankfully, those days are gone. Nobody knows that better than public relations practitioner Sharon Dotson, president of Bayou City Public Relations and FirstPagePressRelease.com.

A press release that Dotson wrote for her client,

Disc Inc., a Houston data conversion and recovery company, explained how they duplicate CD and DVD labels in a way that print as beautifully as silk-screen but in small quantities. However, that wasn't an interesting enough story for the local daily newspaper, business journal or even the local business magazines.

So is Dotson in trouble with the client? No way.

When people search the Internet using the keywords "CD and DVD labels," the

search engines are finding the release online and bringing plenty of new customers to the company's doorstep. That's because she optimized the press release for search engines by including relevant keywords and phrases, the same ones that consumers would likely use while searching for the kinds of products and services her client offers.

The release held a spot on the first page of Google for several months with that phrase, finally slipping off. But

you can still find it on the first page for "Houston CD and DVD labels," as well as "Houston CD labels" and "Houston DVD labels."

"Before I started doing the press releases for Disc Inc., their Web site wasn't on the first page of Google anything," Dotson said. "Not true anymore. The press releases are now on the first page for relevant keywords."

That's because when writing releases, she throws all the old rules out the window.

Your job as manager: mesh with boss's personal style

The annals of American business are filled with successes resulting from superb teamwork at the highest executive levels. And there is also no shortage of spectacular failures.

Success in your company may depend on just how well you click with your CEO. Back in 1980, the Harvard Business Review published a ground-breaking article, "Managing Your Boss," that has become part of innumerable management courses.

Republished in 2005, the piece points out the urgency of establishing the right working relationship with a CEO or other top executive.

It also explains how you, as the subordinate, have to take the initiative in the relationship. There can be no greater mistake than trusting this crucial relationship to chance.

"The subordinate who passively assumes that he or she knows what the boss expects is in trouble," the authors, John Gabarro and John Kotter, wrote.

A good first step is understanding the boss's personal style. A second is adapting your personal method of operation to it. It can help to look at his or her style from a number of standpoints:

Formal or informal: Determine whether your boss prefers informal chats on important issues or formal meetings with agendas.

Readers or listeners: Some bosses prefer their subordinates to convey information personally, so they can ask questions. Others prefer written information that they can study and digest, and then discuss later.

Involvement or delegation: If the CEO in your company is always immersed in the ebb and flow of business, you would be well-advised to take the initiative and include him or her in your deliberations at all appropriate opportunities. If your CEO is a delegator, then you should basically communicate major issues or problems. It's not always easy to get the CEO to open up about his or her concerns. Marketing and public affairs officials can always resort to a tactic that Kotter and Gabarro recommend: Write your boss a memo outlining what you are now doing and plan to do in the future. Then follow up with a meeting.

"A discussion like this will surface virtually all of the boss's expectations," the authors write. They note that bosses frequently "give off signals that they only

want to hear good news." They argue, however, that a superior "needs to hear about failure as well as successes."

Sources of help in this area can be devised: Management information systems deliver facts, figures. Or you can bite the bullet and make it a practice to deliver the news, good or bad, as soon as it surfaces.

You have to work hard to communicate your own expectations to your boss as well. And keep in mind that most value dependability above all else.

As one company president put it in the Gabarro and Kotter's study, "I would rather he be more consistent even if he delivered fewer peak successes. At least I could rely on him."

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