

Be the Starbucks of financial planning

How financial planners can recast the conversation and shape the world like Starbucks did

LAWRENCE CHONG

EIGHT years ago at a book sale, I came across the title "Pour Your Heart Into It". It cost me only 10 bucks and was probably the best book investment I have ever made. It was a heart-warming account of how, against all odds and with lots of passion, Howard Schultz went on to make the biggest brew of his life -- Starbucks.

What really moved me was how he let his purpose guide his business. That made a huge difference for his growth story. The Starbucks people believed in something authentic in their work and believed that it can and will transform the industry. They not only understood instinctively the role of coffee but, more importantly, had a vision for it. The principles that guided Starbucks have been inspirational to our firm and a reason for our accelerated growth in the region. We share these three insights, which we hope will help you build a financial-planning brand that can shape our world.

Don't seek means. Seek purpose.

The recent massive shock to the financial system is proof that to continuously seek means without purpose is not sustainable. The problem is that most people will just go along with their work without asking the deeper questions. Before Starbucks, it was accepted that coffee in America was supposed to be bad. Howard decided that it wasn't true. His belief that it could be better became his guiding mantra. But this trend that I like to call "cruising along" happens in every industry.

Who said that bread must always be sold under dim lights and be stacked on dull shelves? Now we have BreadTalk. Anybody can start a business and own a trademark, but few will become brands. If you don't have the fire of a rebel and a worthy cause to rally behind, the sole pursuit of means may be your downfall. One of the reasons heavyweights like Merrill Lynch and Lehman Brothers fell was that they lost sight of their purpose, blinded by the pursuit of more profits. To transit from trademark to brand, you must determine what the purpose of your work is. How will your work transform the lives of individuals and companies? How will it shape their destinies?

Unfortunately, most companies and individuals do not dare to be themselves and forge a distinct identity. In the majority of industries, many companies and individuals appear predictably the same. Many financial-planning firms and individuals seem to speak from the same limited vocabulary

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The current crisis provides a perfect opportunity to do an examination of purpose. What does financial planning do for millions of people everyday? Don't let fringe groups hijack the worthy cause of good financial planning by linking it to opportunistic practices. Carpe diem and recast the conversation on your terms before others do.

Don't offer service. Offer a way of life.

Howard wanted to recapture his own experience of smelling freshly brewed coffee in an Italian bar. He understood that for his brand to succeed, he had to offer more than just good coffee. That is why the friendly barista, the environment and the music are important. If you believe your purpose can be enduring, people will automatically sense it in their encounters with you. As financial planning is purely a service industry, offering that unique encounter is important. After people have met with you, what do they tell you? Are they transformed by the encounter? These are telltale signs of whether you are merely offering service or creating a memorable experience.

Like the financial industry, brand consultancy is also service-based and driven by individuals. That is why we invest a lot of time and resources to ensure that our staff are aligned to our distinct code. Whenever individuals join us, they are asked to write a personal journey, stat-

ing what they would like to achieve when they leave our firm. When asked to do so, they are very surprised at how concerned we are about their personal branding and why we spend so much time in terms of mutual alignment. It is important because it shows, when you do not have passion for branding and it affects the service experience. As a litmus test, we frequently invite people to come for our weekly Consulists Circles so as to see if we are on the right track. Don't think that your way is insignificant just because you may be alone because if you cannot believe in what you do, you cannot expect others to do the same. Start now and others will follow you.

Don't try to be somebody else. Be yourself.

One of the limits that Howard learned is that however hard he tried, he cannot masquerade as an authentic Italian experience. Because of that realisation, the US now has a brand universally synonymous with good coffee. In all my travels, whenever I am tired and looking for a familiar place that sells good coffee, I always seek Starbucks. Starbucks' signature ambience, with its Seattle-inspired wall-paper, warm colours and jazz music, is decidedly non-Italian.

Unfortunately, most companies and individuals do not dare to be themselves and forge a distinct identity. In the majority of industries, many companies and individuals appear pre-

dictably the same. Most IT companies seem to draw from the same palette of blue. Many financial-planning firms and individuals seem to speak from the same limited vocabulary. If the idea is to stand out, then I do not understand how using generic images of successful-looking models, money, compasses and maps in PowerPoint presentations will help.

In a recent campaign for a national bank in Southeast Asia, we persuaded them to avoid any use of prizes or generic images. We even removed many references to product information. Instead we started off with the question, "What is your wish?" We also asked participants to share their life goals with us. We believed that such a campaign was more in line with the bank's vision. It was risky, but the enlightened management took it on. It got off to a flying start, with thousands of stories flooding in. Despite the initial worry that people would not share genuine concerns, many stories have been inspiring. It also brought the bank closer to its core customers. Build an identity that is yours alone. If you have an enduring and inclusive purpose, it will show. When you review all that represent you, such as logo, colours, name card and website, ask how they truly depict your purpose. Did your logo come from sheer necessity or was it borne from inspiration? How about the messages that you use? How would you have said it in your own distinct way?

This is the maxim we live by and it may be for you as well. We have but one life -- we have to live it well. Aim for something higher. Perhaps when you realise that whatever you do now is an investment towards your legacy, you might wish to do it differently. Nowadays I tend to ask leaders, "When you leave this world, how would you like to be remembered?"

What will be your legacy? How will you shape our world?

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Capitalism is evolving, but into what?

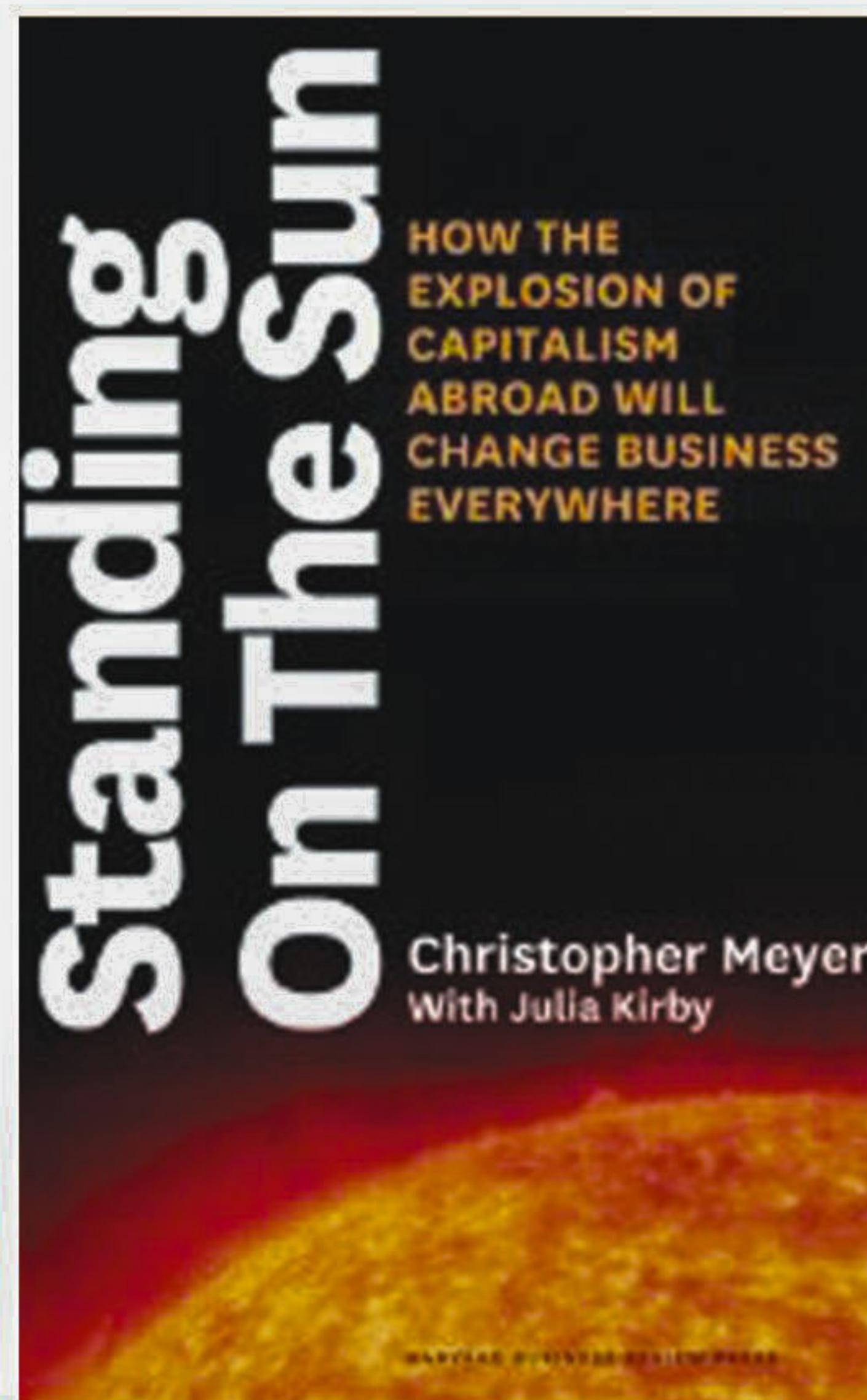
CHRISTOPHER MEYER and JULIA KIRBY

LIKE any "ism," capitalism is a social construct; capitalism is only a term for what capitalists tend to believe and do. Beyond a few fundamentals -- that it puts faith in markets as the best way to allocate resources, that it depends on private ownership of property, that it features mechanisms for accumulating capital to fund endeavours larger than individuals can undertake alone -- very little about it is set in stone. This is why we often hear phrases suggesting different styles of capitalism: "capitalism with Chinese characteristics," for example, or "Northern European social capitalism." No surprise, then, that capitalism is subject to change.

And what's behind that change? Again, at the theoretical level, it's easy to surmise. Like any adaptive system, capitalism is nested in an environment, so any substantial change in that environment alters what it takes to thrive. It's the same basic phenomenon as in nature: when the insect population of the Galapagos moves on to new flowers with a different shape, the beaks of the finches evolve in turn.

That the environment of global commerce is undergoing major change is no secret. Advancing technology, for one thing, constantly reinvents the context in which commerce operates. Demographics, too, have an effect, as the generations raised with new technological capabilities begin to fill positions of power. Most strikingly, the very geography of capitalism is shifting. With each passing year, emerging economies account for a larger proportion of global GDP; from 2004 to 2009, they accounted for almost all of the world's GDP growth. Patterns of consumption are being upended as global standards of living rise; India's middle class is now bigger than the entire U.S. population. Americans and others in the developed world have long fretted about job losses and other social implications of this huge and ongoing shift. But the impact of emerging economies will go beyond what anyone is talking about. It isn't simply that capitalism will increasingly happen elsewhere. It's that, taking root in different soil, capitalism itself will grow into something new.

Capitalism doesn't evolve only in theory. The most cursory review of economic history shows how much it has changed in practice. The rules shift constantly. For example, when Great Britain was the epicentre of industrial capitalism, it was understood that a business founder who borrowed capital and then went belly-up should be shipped off to debtor's prison -- or worse, Texas (before air-conditioning). But US capitalists more disposed to second chances later rewrote those rules, creating bankruptcy laws that encouraged entrepreneurial risk taking. The system morphed again with the introduction of limited liability, which allowed firms to shoulder the risk of large-scale manufacturing and, in doing so, gave rise to monopolies (an eventuality no one had worried about before). Even rock-solid assumptions -- such as the assumption that currencies must be backed by precious metals -- have been tossed aside as trade marches on. These are only a few, top-of-mind examples of ideas that cropped up locally, took hold, and changed capital-



ism globally.

At a more fundamental level, when production shifted from agriculture to industrial production, the theories of economics changed profoundly, because financial capital gradually overtook land in importance. As information -- inherently not a scarce resource -- becomes the most productive resource, economics will change again.

We're convinced therefore that we're on firm ground with our thesis: capitalism evolves, and even now it is evolving into something new. The question is, Into what?

To know that, it's necessary to question some seemingly central capitalist aims -- because it was the old environment that gave rise to them -- and look at things from a new vantage point. That is why we call our book "standing on the sun" -- a reference to taking a new perspective. The phrase comes courtesy of Richard Morley, an MIT physicist who has made so many

original contributions that a prize awarded by the Society of Manufacturing Engineers has been named for him. Once in a conversation about how innovation happens, Morley said to Chris, "In order to see the solar system as it is, Copernicus had to be standing on the sun."

Morley meant to underscore how hard it is to re-examine a model in which you are situated and one that you believe to be working quite well. Standing on Earth, it was easy for pre-Renaissance scholars to believe they occupied the centre of the universe and to persist in believing so even as evidence mounted that should have compelled them to rethink that position. As the instruments used to study the night sky became more and more powerful and as astronomers began to communicate across larger distances and share their observations, that central assumption forced their calculations into contortions. Planets showed themselves to be capable of anomalous retrograde movements, frequently deviating from the paths that mathematicians had plotted. But rather than question the basic model, astronomers added layers of complexity to it, positing epicycles and deferents within orbits -- whatever it took to give their geocentric model the power to predict the movement of heavenly bodies.

Then came Copernicus' hypothesis, and workings that had seemed impossibly complicated suddenly became elegant.

By analogy, today's capitalists look around them, see anomalies, and struggle to incorporate them into the model they have embraced as true. What are some of the messy parts being shoehorned into this Ptolemaic version of capitalism? The value of corporate social responsibility, for one thing, is an idea few can bring themselves to deny but one that clashes uncomfortably with theories of capital markets. Open source initiatives, for another, seem to flout all the physics of economic motivation but continue to gain force. Still another anomaly: venture philanthropy, which can't be reconciled with the laws of profit pursuit. Nonetheless, happening.

Our argument is that, with a shift in perspective, such phenomena cease to seem aberrant and instead align with the logic of the system. It requires only a belief that capitalism can evolve and centre on new pursuits. Imagine, for example, that something most people consider to be the core of capitalism -- competition -- is actually not so central. Shift your vantage point so that innovation holds that pride of place, and suddenly initiatives like Wikipedia don't seem so unlikely. Competition, still very much part of the system but unseated from its central point, moves over to allow for collaboration. Likewise, what if the pursuit of financial gain is not really the heart, much less the soul, of capitalism? What if it's really centred on the pursuit of value?

That's a formulation that, again, does not reject financial profitability but allows it to sit easily beside the pursuit of other kinds of gains.

This is an excerpt from Standing on the Sun: How the Explosion of Capitalism Abroad Will Change Business Everywhere, published this month by Harvard Business Review Press.

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