

Development and implementation of a conflict-free dual brand conception



Introduction

Companies work the market with a dual brand strategy with the aim of increasing penetration and thus market share. The reason usually lies in a previous acquisition of a competitor and the decision to retain the introduced - often valuable - brand of this former competitor. However, the implementation of this strategy is rarely free of conflict. If the strategy and concept are set up in an unfavorable way, the conflicts grow - and with them the coordination effort.

Environment / initial situation of the client company commissioning the project

The company is a global manufacturer of precision instruments for use in laboratories and industry. The company is considered to be the global market leader in several product categories.

The market is served by two business units, each selling similar but differentiated products under a different brand name.

Problems regularly occur on the sales front

- Sellers responsible for products with the "Leading Brand" accuse the representatives of the "Second-Brand" of destroying the price level and misusing the brand name ("our products are equal, they are produced with the same quality in the same factory, we are simply cheaper").
- The representatives of the "second" brand are severely restricted in business development because the business corset for entrepreneurial and sales freedom is too tightly designed. Managing this business with a long list of restrictions that serve to protect the main brand is not optimal. Especially for sales people, this is very demotivating.
- Questions that need to be addressed: What happens when both business units act as vendors to the same customer? Should this happen? Should they work in competition with each other or not?...
- Since these are global companies, these questions arise in each region and, at best, are answered differently.

Assignment

The interim manager is tasked with developing a dual brand guideline that allows for a conflict-free implementation without unduly restricting the entrepreneurial freedom of the two business units.

Solution by the interim manager

- Various workshops with management and key stakeholders in different regions with the goal of reaching a common understanding and agreement on a few basic principles of the future dual brand strategy. Based on this, a common objective will be developed:
 - Combined market share is to be maximized across multiple product segments.
 - Business strategies are to be credibly differentiated in as many relevant dimensions as possible in order to reduce conflicts to a minimum.
 - Synergies in R&D, procurement and production are to be maximized to reduce overall costs.
- Develop a dual brand guideline that is binding for both organizations.
- Using the adopted guideline as a basis, an Internet-based dual brand training program shall be developed and rolled out worldwide for all relevant employees. The aim is to show employees how the company as a whole benefits from the chosen strategy - and what the company expects from the employee, so that conflicts in market development are minimized.
- Define and install a dual brand governance process with representatives from both business units. Potential conflicts can be addressed at an early stage.

Results

The guideline developed on the basis of common objectives and the dual brand training had massively reduced conflicts. The conflicts that only rarely arise are quickly mitigated by the firmly installed governance process.

There is no doubt that a deeper understanding of the two business strategies has sharpened these strategies themselves and made them even more effective.

Customer References

Head of Global Business Area:

"Mr. Strotz is able to communicate complex issues in a simple and understandable manner."

Manager Business Development USA:

"Marcel has very strong analytical and conception thinking, very good in problem understanding, problem definition, and working out a viable strategy based on the problems on hand."

Keywords of the mandate

Client	Business unit of a global manufacturer of precision instruments
Industry	Precision instruments - measurement technology in laboratory and industry
Location	Zurich, Shanghai
Turnover	2500 million USD
Employees	14000