Market-Driven Winners

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Abstract
Who will prosper in today’s environment of rapid and unpredictable change? Some would say that newcomers will have an advantage because they have no history to overcome or earnings to protect. There are many examples of upstarts who have used a superior market orientation to gain significant advantage over incumbents with far greater resources.

It is not size or history that counts, but a superior ability to understand, attract and keep their valuable customers. In other words, the winning firms – whatever other advantage they may have – will also be market driven.

Becoming market driven is not something that is done quickly or easily. It cannot be delegated to the marketing department for it requires the willing involvement of all functions. Many firms will take up the market-driven banner but will not succeed either because of a shortage of knowledge or a lack of determination.

It is a far-reaching and fundamental change for many organizations, requiring them to abandon the very traditions that contributed to their past success.

Keywords: Market-Driven Management; Market-Driven Organizations; Market Orientation; Customer Orientation; Competitor Orientation.

First Direct was the world’s leading telephone-only bank, and the fastest growing bank in Britain during the nineties. It had overcome the notorious inertia of the retail customers of the four big chartered banks to attract 650,000 affluent customers in less than seven years. These customers called 24 hours a day, seven days a week to pay bills, trade stock, arrange mortgages or buy any of 25 financial services.

The concept of a bank with no branches originated in the convergence of improvements in call center technology, the availability of an automatic teller machine network to provide cash, and a high level of dissatisfaction with the service in the established banks. Meanwhile, research by First Direct revealed a substantial segment of bank customers who didn’t want to visit their branches or found the hours inconvenient.

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Traditional banks ignored phone banking at first. However, the explosive growth of First Direct soon caught their attention. Within five years, there were 14 direct competitors with another 15 rivals using different technologies such as touch tone-based services. How did First Direct keep up with rapid growth and beat so many well-funded imitators? One answer is that they had very low operating costs, which meant low customer charges, while their highly trained banking representatives delivered the best customer satisfaction ratings in the industry.

First Direct’s most observable advantage was a prototypically market-driven organization. Their culture contrasted sharply with the formality of the established banks and emphasized openness, being right the first time and responsiveness. The 2,400 banking representatives saw themselves as problem solvers providing trouble-free banking with a personal touch. They were supported with extensive investments in information technology and training. These systems also enabled the firm to learn a great deal about their customers and cross-sell other products. Yet there was no complacency within the management team. They realized they would have to do more to tighten relations with customers while providing Internet-based banking services to stay ahead in the future. By working hard to build a market-driven organization, First Direct has stayed on top in the intensely competitive U.K. market for telephone banking.

**Failing to Monitor Vital Signs**

In contrast, *Johnson & Johnson’s* cardiology unit squandered its lead in a new market by failing to react to market changes. Like First Direct, J&J was a pioneer in defining a new market in 1994 when it introduced a revolutionary device called a stent, which held open obstructed heart vessels with a tiny metal scaffold. The benefits of this new device were so compelling that cardiologists adopted it en mass. Within two years, J&J had sold a billion dollars worth – at 80% gross margins – and held 91% of the market. Yet, by 1999, their share had collapsed to 8% and they faced two entrenched competitors.

How did this highly regarded marketer of Tylenol and Band-Aids lose what they thought was an insurmountable lead? At the head of a long list of shortcomings was a failure to listen to the market and keep innovating. Perhaps because they were new to the cardiology marketplace, they weren’t sensitive to the needs and frustrations of the doctors. The first version of their stent had limitations that doctors soon found annoying: it was hard to use in some situations, came in only one size and couldn’t easily be seen in the X-rays that were used to locate and then guide the stent through the arteries.

J&J was slow to address these problems because the small unit had its hands full just meeting demands. Also their ability to innovate was impeded by a culture with a pharmaceutical company mindset that was unused to the speedy development cycles of medical devices firms, and a traditional organization with strong functional departments that created obstacles to a customer focus. Their challengers had an advantage because they were configured into teams that were adept at getting products to market quickly. When J&J finally made improvements, their rivals had already beaten them to market with products that were easier to use and less expensive.
These rivals also benefited from J&J’s inflexibility in pricing as hospitals struggled to cope with the unexpectedly high cost of stents. Initially insurers wouldn’t pay the added costs, but relented in the face of compelling evidence of the cost and lifesaving benefits. While the stent ultimately won the support of insurers, J&J’s higher-priced products didn’t. The company’s lack of empathy for the cost pressures of the hospitals alienated influential luminaries in the field who then welcomed the new competition.

1. Understanding the Orientation to the Market

How did First Direct stay on the top of its market while Johnson & Johnson lost control of the market it helped to create? Both firms launched breakthrough innovations, but the difference was that First Direct was more market-driven. It demonstrated a superior ability to understand, attract and keep valuable customers. This is the definition of a market-driven firm.

By putting ‘superior’ into this definition we remind ourselves that winning in a competitive market means outperforming competitors. Our abilities cannot be judged without reference to the ‘best of class’ competitor or competitive alternative. I am frequently asked who are the most market-oriented firms. This is not the right question, because there are no absolute standards. What matters is that you are more market-oriented than your rivals.

The definition also incorporates Drucker’s dictum that the purpose of a business is to attract and satisfy customers at a profit. But satisfaction is not sufficient, for customer acquisition is costly, so real profitability comes from keeping valuable customers by building deep loyalty that is rooted in mutual trust, bilateral commitments and intense communication.

Market-driven organizations know their markets so thoroughly that they are able to identify and nurture their valuable customers, and have no qualms about discouraging the customers that drain profits — those that are fickle and cost a lot to serve. Thus, being market-driven is about having the discipline to make sound strategic choices and implement them consistently and thoroughly. It is not about being all things to all people.

1.1 Three Elements of Successful Market-Driven Organizations

How do market-driven organizations achieve their superior ability to understand, attract, and keep valuable customers and consistently win in their markets? A decade’s worth of research and the careful dissection of best practices has banished the myth of a simple answer. Reality is found in the artful combination of the defining elements.

An externally oriented culture with dominant beliefs, values, and behaviors emphasizing superior customer value and the continual quest for new sources of advantage.

Distinctive capabilities in market sensing, market relating, and anticipatory strategic thinking. This means market-driven firms are better educated about their markets and better able to form close relationships with valued customers.
The clarity of their strategic thinking helps them devise winning strategies that anticipate rather than react to market threats and opportunities.

A configuration that enables the entire organization to continually anticipate and respond to changing customer requirements and market conditions. This includes all the other capabilities for delivering customer value – from product design to order fulfillment, plus an adaptive organization design, and all the supporting systems, controls, measures and human resource policies. All aspects of the configuration are aligned with a superior value proposition.

Supporting these three elements is a shared knowledge base in which the organization collects and disseminates its market insights. This knowledge builds relationships with customers, informs the company’s strategy and increases the focus of employees on the needs of the market. Advances in information technology present new opportunities to build this shared knowledge base, but only if the technology is applied with a clear market focus.

These elements reinforce one another in a market-driven organization. They don’t simply add together; instead they are multiplicative, so a weakness in one area afflicts the others. A rigidly functional organization with fiefdoms that carefully protect their turf will thwart the sharing of market learning and undermine efforts to introduce an open, participative culture. Each of these elements must be at least as good as the best of the rivals if the overall market orientation is to ensure the strategy gains an advantage.

1.2 The Role of Culture

In a market-driven firm, a pervasive market orientation is woven into the fabric of the organization. It is seen in what Jan Carlson, then CEO of the Scandinavian Airlines System, called the ‘million moments of truth’ that determine the collective experience of customers as they interact with cabin staff, ticket agents, baggage handlers, and ticket takers. Whether these front-line people actually deliver superior customer value depends on their having the right incentives, tools, and organizational setting. When they are part of a culture that insists on putting the customer first, while staying ahead of competitors, they have a reason for doing their jobs. Then ‘quality’ becomes a collective dedication rather than an imposed dictum, ‘customer retention’ a meaningful motivation rather than a mechanical metric, and ‘cross-functional teams’ are mechanisms for improvement rather than a time consuming indulgence.

On the other hand, a lack of a market-driven culture was one of the factors that contributed to Motorola’s downfall in the cellular/telephone market. Its failure to develop digital systems and address customer service problems led to the decline of its share of the cellular phone from 60% to 34% between 1994 and 1998.

Motorola was focused on making a better analog phone while the market was marching toward digital technology. It mishandled relationships with key customers operating cellular networks and underestimated the challenge from rivals such as Nokia, Qualcomm, and Lucent.

The signals from its main customers couldn’t have been clearer. In the early 1990’s executives from McCaw Cellular (now AT&T Wireless Services) decided the future of cellular was digital. Over the next few years, they met repeatedly with Motorola managers who said they would work on it. Yet in 1996, just as AT&T
was rolling out its digital network, Motorola unveiled its Star TAC phone – a design marvel, light, smaller than a cigarette pack, and analog! AT&T had no choice but to turn to Nokia and Ericsson for digital handsets. Why did Motorola miss or ignore the signals from its customers and rivals? Some argue it was hubris; that the company was blinded by its success in creating the cellular phone market. However, Christopher Galvin, the CEO, also attributed the problems to a culture that was engineering and product-driven and distracted by internal rivalries.

Contrast Motorola’s aloofness with the behavior of John Chambers, the CEO of Cisco Systems, the networking giant that provides the routers, hubs, and switches that make the Internet feasible. He is passionate about avoiding the arrogance that makes technology-driven companies unresponsive to their customers.

Before his first board meeting as chief executive, he insisted on staying to sort out a customer problem and was half an hour late for the meeting. It was a clear sign that customers were a top priority. Every evening he goes through voice mails from managers who are dealing with customers on the ‘critical list.’ He insists on voice-mail because he wants to hear the emotion in the voices, which is undoubtedly amplified because their pay is closely tied to customer satisfaction levels. These signals from the top contribute greatly to the distinctive ‘feel’ of Cisco that sets the company apart.

1.3 The Role of Capabilities

In addition to culture, the market-driven organization has distinctive capabilities for market sensing, market relating and strategic thinking. Capabilities are bundles of closely integrated skills, technologies and cumulative learning. The market-driven organization has superior capabilities in market sensing – reading and understanding the market. It also has superior capabilities in market relating – creating and maintaining relationships with customers.

Finally, the market-driven organization has capabilities in strategic thinking that allow it to align its strategy to the market and help it anticipate market changes.

Intuit offers a powerful demonstration of how these superior capabilities in market sensing and relating contribute to a company’s success. How did Intuit’s Quicken gain a near monopoly in personal finance software despite fierce competition from Microsoft and others? When Intuit launched Quicken in 1983, it faced 43 competing products and soon found itself staring down Microsoft, which had bested rivals in word processing, spreadsheets, and presentations.

Yet Intuit managed not only to survive but to dominate. By 1997, Quicken held 75 percent of the market because it was easier to use than the alternatives.

The vast majority of Quicken customers simply buy the program, load it into their computer, and begin using it without reading the manual. This delights customers who then tell their friends. It also pleases the makers of the program who believe, ‘we are successful when the customer is successful,’ in the words of Scott Cook, the founder.

An essential ingredient of Intuit’s success is its highly tuned market sensing capability. Teams of software developers watch for small hints of where the program might be difficult or confusing to find ways to make Quicken progressively easier to use. Intuit listens not only to current customers but also non-customers, who make up 80 percent of the subjects in its usability labs.
Intuit employees visit customer homes to see how they organize their finances and install their software. Customer service is a rich source of insights into potential problems and latent needs to feed the development process. When employees on the help line started hearing about the problems small businesses were having when using *Quicken* to keep their books, the company developed *Quick Books*. They learned that the smallest companies had turned to *Quicken* because all the other packages were designed to be used by an accountant and were much too complicated and sophisticated for their needs. If you didn’t know what an audit trail was, it wasn’t necessary to have the feature in your software.

The new product was so well received that it captured 70 percent of the market within two years of introduction.

### 1.4 The Role of Configuration

The third element of the market-driven organization is a distinctive context in which the culture and capabilities of a market-driven organization are embedded and activated. This *configuration* is the nested relationship of the firm’s culture, capabilities and processes in the structure of the firm. It includes the capabilities for market sensing, market relating and strategic thinking discussed above, as well as other capabilities and assets of the business plus the organizational structures and supporting information, control, and reward systems. Competitive success comes when all these elements are aligned with a compelling value proposition.

The configurations of firms with a strong market orientation are distinguished by:

*Strategic focus on the market.* The configuration of the market-driven organization is designed around a focus on delivering superior customer value. This strategic theme is the central tent pole around which all the elements are orchestrated and connected. This ensures that all functional activities and investments are part of an over-riding business model focused on the market.

*Coherence of elements.* This is achieved when all the elements of the organization – culture, capabilities and configuration – complement and support each other. Conversely, incoherence leads to disconnects in the strategy and implementation, creating lapses that the customer is usually the first to see. If the service department can’t follow through on the warranty promise and its systems can’t talk to the rest of the organization, you have a recipe for confusion. The sales force won’t hear about complaints until too late, billing is haphazard and the customer is forced to play telephone tag as everyone passes the buck.

*Flexibility.* Markets change, so the configuration should not be a straitjacket that inhibits trial-and-error learning and continuous improvement. The challenge for a market-driven organization is to devise a structure that can combine the depth of knowledge found in a vertical hierarchy with the responsiveness of horizontal process teams. Otherwise, even the best-aligned organization will ultimately find itself out of step with the market and face expensive ‘retooling’ of its organization to meet the new demands.

### 1.5 The Payoff to Market Orientation

Why is it important to be market-driven? The superior abilities of the market-driven firm lead to bottom-line benefits from improved performance. Although
managers have been exhorted to ‘stay close to customers,’ and ‘put the customer at the top of the organization chart’ for at least 40 years, this advice had to be taken on faith until recently. Now, a growing body of research has found that market-driven firms usually are more profitable than their rivals, a conclusion that has been sustained with a variety of measures and methods.

Although these studies have not been able to trace the precise reasons why a market orientation enhances profitability, clues from other sources indicate the benefits of a market orientation are the result of:

**Superior cost and investment efficiency.** Not all customers are equally attractive, and loyal customer are considerably more profitable than others. A market-driven firm is better able to identify and keep its profitable accounts, and understands the pay-off from its marketing investments.

**Employee satisfaction.** Satisfied employees are both a cause and consequence of customer satisfaction. They are also more committed and enthusiastic about the firm, more productive, and because they are more loyal, the costs of recruiting, selecting, and training are lower. The cost of employee turnover is also lower – not only the direct costs of hiring the replacement, but the indirect costs of lower productivity as replacements learn their jobs and broken relationships are repaired.

**Price premium.** A market orientation contributes to a more powerful value proposition, which translates into greater value that usually is rewarded with a price premium.

**Revenue growth.** Here the evidence is not so conclusive, but we expect that a superior ability to anticipate changing market requirements and target innovation efforts more effectively should have top-line benefits.

**Competitive preemption.** With highly satisfied customers, the firm has erected switching barriers that competitors cannot easily breach. These could be psychological (the customer is comfortable in the relationship and resists changing) or economic (there is a large perceived cost or risk to making a switch).

These bottom-line benefits are derived from a set of inherent advantages market-driven firms have over more internally focused rivals. These advantages, are drawn from a superior ability to understand markets and a superior ability to attract and retain customers. The market-driven organization is better able understand markets by sensing emerging opportunities, anticipating competitor’s moves and making fact-based decisions. It is also better able to keep customers by delivering superior value, encouraging loyalty and leveraging its market investments.

### 2. Superior Ability to Understand Markets

A superior ability to sense opportunities, anticipate moves of competitors and make fact-based decisions are important manifestations of market understanding.

**Superior Ability to Sense Emerging Opportunities:** Market-driven firms are adept at anticipating and acting on market shifts and emerging opportunities ahead of competitors. Thus, General Electric saw the potential in augmented services earlier than its rivals in markets as diverse as locomotives and factory automation, and British Airways became a leader in providing an in-flight experience that reduces the burdens of long flights. Both firms recognized their offerings were susceptible
to the inexorable forces of commoditization as competitors catch up, and that customers buy the expectations of benefits and solutions to their problems.

This ability to anticipate opportunities comes from a more creative view of the market. Former British Airways chairman Sir Colin Marshall firmly rejected the commodity mindset as misguided thinking ‘that a business is merely performing a function – in our case, transporting people from point A to point B on time and at the lowest possible price,’ Instead, British Airways goes ‘beyond the function and price to compete on the basis of providing an experience.’ Similarly, Disneyland is more than a theme park because it provides an enjoyable and predictable experience for families, and American Express offers a card with a sense of financial security and cachet that tells the world you’ve arrived.

Organizations motivated to find and offer better solutions and experiences to their chosen customers have a different mindset and culture. That is particularly reflected in the priorities of their leaders. Employees instinctively know that customer satisfaction and retention are the first priority, and this encourages them to continually seek new ways to excel in serving customer. The strongly market-driven culture of British Airways can be traced to the behaviour and example set by Sir Colin Marshall. For this he was admired and respected by the organization he led. Sadly, his successor was not able to sustain this culture.

**Superior Ability to Anticipate Competitors’ Moves.** Market-driven firms are focused not just on sensing needs of customers, but also on anticipating the moves of rivals in the market. A continuing point of contention is whether a firm can be both customer and competitor oriented. Can the marketing concept, which calls for putting the customer first in all decision, coexist with the aggressive competitive posture of Jack Welch of GE who advises his managers to ‘hit your competitors before they are big enough for it to be a fair fight?’.

Of course a myopic focus on simply beating competitors at all costs is destructive, and a sure recipe for a profit-sapping price or promotion war. On the other hand, superior customer value can only be assessed in relation to the offerings of rival firms. This is why market-driven firms are so intensely competitive; they watch their rivals closely to see why they may be gaining an edge, become paranoid about disclosing moves prematurely, calibrate their performance against the ‘best of class,’ and celebrate wins against competitors.

In short, they integrate a customer and competitor orientation.

Competitive rivalry has been likened to a multi-dimensional game of chess where the board keeps changing size and shape, new players emerge and the rules keep changing as customers’ requirements change. Market-driven firms are especially adept at anticipating the moves of their competitors, both the moves they initiate and their reactions, and spreading this information throughout the organization. Firms that lack this capability are often caught by surprise when attacked by a competitor. The early indicators may have been scattered throughout the organization but no one pulled the clues together to sense a pattern.

**Superior Ability to Make Fact-Based Decisions.** Rather than basing decisions solely on gut instincts or qualitative research, the market-driven organization has a superior ability to make decisions based on the facts. It can base its strategy on the actual behaviour of customer and competitors, or information that provides insights into future opportunities and risks. This requires knowledge bases that capture what is known about a) market structure – how are the competitive boundaries
shifting and market segments evolving? b) market responses – what are the drivers of customer value and how will consumers, competitors and channels respond to these drivers?, and c) market economies – where is the firm making money, and what moves will improve profitability?

**Superior Ability To Attract and Keep Valuable Customers.** In addition to an ability to understand markets, the market-driven firm is better able to attract and retain valuable customers. This can be seen in its ability to deliver superior value to customers, retain valuable customers and make decisions that leverage marketing investments more efficiently.

**Ability to Deliver Superior Customer Value.** To attract and retain customers, the company must offer superior value. Within a market-driven organization, there is a pervasive understanding and commitment by all functions to a well defined positioning theme that emphasizes superior value. These firms know their target markets intimately well and focus obsessively on the things that these customers value most highly. This is true of firms as wide-ranging as Wal-Mart with its promise of ‘always the low price,’ to Dell Computers with its ability to cost-effectively tailor personal computers to individual requirements, and Hertz which excels in no hassle, speedy rental car service for the business traveler. A clear focus on customer value is also a hallmark of the *Mittelstand*, the small and mid-sized companies that are the export engine of the German economy.

They dominate the global markets for highly specialized products such as labeling machines for beverages, metal filters, bookbinding textiles and sunroofs for cars. They concentrate their energies on the areas customers in these markets value most: product quality, closeness to customers, service, economy, quality of employees, technological leadership, and innovativeness. Employees know what their customers want by staying in close and frequent contact. This ensures that the people with the technical knowledge have a deep and realistic understanding of the customers’ situation and are not likely to underestimate application problems.

**Superior Insights into How to Keep Customers.** Market-driven organizations also understand how to nurture customer loyalty. These companies recognize that customer satisfaction alone is not enough. Satisfaction must be converted to relationships and loyalty.

In 1987, Xerox made customer satisfaction its highest priority, in the belief that meeting or exceeding customer expectations was necessary before market share and profitability could be improved. To act on this belief management implemented a famously elaborate customer satisfaction program that featured highly visible top management involvement, a restructured organization with multi-functional teams at the local district level, formal complaint resolution procedures, rewards tied to achieving customer satisfaction targets, and ambitious objectives for improvement. All these elements were tied together with a comprehensive measuring and monitoring system.

In the course of tracking customer satisfaction, Xerox made a startling discovery. If satisfaction is rated on a 1 – to – 5 scale, from completely unsatisfied to completely satisfied, the 4’s – though reporting they were satisfied – were six times more likely to defect than the 5’s. This challenged the prevailing assumption that satisfaction and loyalty move in tandem. At about the same time Frederick Reichheld of Bain Consulting was also finding that loyalty was an important driver of profitability, and could be greatly increased if managed properly. Armed with
these insights into the behaviour and underlying economics of the copier market, Xerox in 1996 changed both objectives:
- 2. Market Share 2. Employee satisfaction
- 4. Profitability

Many other market-driven firms have followed the Xerox lead to make customer retention and loyalty the centerpiece of their strategy and objectives. Superior Ability to Leverage Market Investments. Market-driven firms understand the importance of making long-term investments in understanding and attracting customers. They recognize the cause-and-effect connections between what they spend on marketing and revenue. They achieve higher profitability by making better long-run investments. These firms know that the process of developing a loyal customer takes time: from creating awareness through generating interest and trial to inducing loyalty. They focus on the long-run returns from their marketing investments relative to competitors, understanding which customers are profitable to pursue, and knowing how to encourage loyalty by reducing customer acquisition costs.

Many expense-oriented managers, by contrast, implicitly behave as though projected sales revenue determines the marketing budget. This leads to the common practice of setting advertising budgets or sales force expenditures as a percentage of anticipated sales. This thought process emphasizes cutting marketing expenditures, or comparing spending ratios with industry norms to decide what to spend. By not understanding where and how they make money in their markets, much of this spending is ineffective.

2.1 Is Being Market-Driven for Everyone?

Do these advantages of being market-driven apply to all firms or just to particular types of firm? Can’t firms be successful without being market-driven?


For Merck it would be superior science, Intel keeps obsoleting its own chips with superior design, Dell has mastered the mass customization of personal computers and Shell would cite its decentralized structure that enables its 100 operating companies to take on local colorations. Each would recognize the payoff from being market-driven but would not credit superior skills in understanding, attracting and retaining customers as a primary factor in its success.

Yet these companies are actually more market-driven than they might think. If we could objectively dissect these and other creators of superior shareholder value, we would find they outperform their rivals on some or most of the elements of a market orientation. Their cultures, capabilities, structures, and strategic thought processes interact with and reinforce the other sources of advantage. These enhancing and enabling effects may be obscured from view because they are woven into the complex fabric of the organization.
A good example is Nucor, which has successfully beaten its slower moving integrated rivals in the steel business. It might point first to its mastery of minimill manufacturing, its egalitarian culture and exceptional productivity as the key sources of its advantage. But this company, through the leadership of Ken Iverson, who perfected an unconventional ‘trust your instincts’ management style, is also much more market-driven than the competition. The culture puts a premium on information sharing and tapping into collective wisdom. This is essential to the functioning of a flat, highly decentralized structure that gives managers unusual autonomy – and keeps them close to their diverse markets. Relations with customers are open and straightforward – there are no special discounts from posted prices as is the practice with other companies.

Strategic choices are guided by intimate knowledge of its competitors. Nucor entered the flat-rolled steel market with a low-cost, thin-slab casting technology because managers had confidence in their ability to innovate, and they knew the competitors wouldn’t be able to imitate. In short it manifests all the attributes of a market-driven organization – but these attributes are not grafted onto a resistant organization, they are an integral feature.

2.2 Market-Driven Winners

Who will prosper in today’s environment of rapid and unpredictable change?

Some would say that newcomers will have an advantage because they have no history to overcome or earnings to protect. There are many examples of upstarts like First Direct and the firms that opposed J&J in the stent market, who have used a superior market orientation to gain significant advantage over incumbents with far greater resources. Yet there also are established firms such as Schwab, Dell and Henkel that have been able to stay connected to their markets during a time of tremendous change.

It is not size or history that counts, but a superior ability to understand, attract and keep their valuable customers and a willingness to keep reorienting themselves as markets change. In other words, the winning firms – whatever other advantage they may have – will also be market driven.

Becoming market driven is not something that is done quickly or easily – the transformation may take years. It cannot be delegated to the marketing department for it requires the willing involvement of all functions. Many firms will take up the market-driven banner but will not succeed either because of a shortage of knowledge or a lack of determination. It is a far-reaching and fundamental change for many organizations, requiring them to abandon the very traditions that contributed to their past success. But because creating the market-driven organization is challenging, it also means that the field will be less crowded for those that succeed.