

James Berkeley's Profitable Growth Notes:

The Chiltern Firehouse Effect

Why do most attempts at creating excitement with clients and employees around a new product or service largely fall flat after the initial "fizz"? If the objective is to create a compelling and lasting gravity to your new product or service in a competitive and noisy market, we need to think about sustaining excitement and how the client is better off in both the short and long-term.

When this is done well, the sustained brand power drives short and long-term profitable growth. I call this "The Chiltern Firehouse Effect" ("TCFE"). For those of you not familiar with arguably the "hottest" new hang out in the world (London), take a look at the process applied and start creating your own sustainable excitement for your products and services, not merely attempt to replicate others success or chase the money.

1. **You can create a market need for your product or service, not merely serve an existing need or one that you can anticipate.** All guests know what they want (fabulous food, a great bed, a compelling guest experience and so on) but few know what they need. In hospitality, I am talking about a sensory entertainment experience that is intensely customised to the needs of its' target demographic (hear, smell, taste, see and so on). Think about what you want your clients to gain after purchasing your product, service or relationship and the untapped demand. Is there a need you can create for your product or service that others have overlooked or the client has never been offered before in your chosen format?
2. **You have or can acquire the competency to deliver the requisite client experience.** In the hands of Steve Jobs (impressive design, incredible functional capability, improved productivity), César Ritz (intimate luxury, effortless delivery) or Eric Schmidt (speed and access of high quality information, powerful influence) what would the *right* product or service need to look and feel like to address the market need? Do you possess or could you reasonably acquire the competency to apply those skills or technology to address your market need?
3. **You have the passion to deliver the requisite client experience.** You and your people have sufficient resolve to do what is required. You are willing to bounce back from defeat. You possess tremendous confidence in your own abilities to succeed in volatile and good times.
4. **You can create, build, and leverage a memorable brand around the chosen need, competencies and passion.** The brand must be easily understood and the experience consistently reinforces the attributes and value you are bringing to the client. André Balazs, the hotel and eatery's impresario has achieved celebrity status in his own right. He is a "brand" (track record of success) and he is expert at leveraging the

brand's equity amongst a small but highly influential client base. You may be at the other end of the scale with no meaningful brand or brand power but that doesn't mean you shouldn't try to create a brand, magnify and emphasise its' attributes and promote the hell out of it.

5. **You understand who your ideal buyers or clients are.** Your marketing and focus is on a target demographic who have the greatest disposable income and motivation to buy your product or service. You are willing to forego time and money spent trying to convince those who don't fit your target segment. Balazs took aim at a very small but exclusive demographic. He understood where they are located, what they read, listen to and watch, and what events they attend. He competed on his turf (a LA-New York-London celebrity axis where his fellow hoteliers are "outsiders") and where he is an "object of interest" to a global "cafe society", wanting a private, privileged, intimate and exciting world-class hospitality experience.
6. **Ask yourself what will it take to attract them consistently to us?** You must choose which marketing tactics are most effective for your target audience (peer referrals, networking, attending events, published articles, targeted media placements and so on). Think about a dynamic brand environment where you can create evangelists (existing clients, opinion makers) who are willing to rave about your product or service, in so doing embrace multimedia and create a "viral nexus" where the perception of value received far outweighs your competitors. Give thought to alliances with complementary brands that further enhance your celebrity status.

Three years ago, I was at an intimate event in Berlin with publisher and global style citizen, Tyler Brûlé, property entrepreneur John Hitchcox and a bespoke suited André Balazs gently tugging on his open pale blue shirt cuffs. Three people who have romanced and made a living in the "Fast Lane".

André was asked how you differentiate yourself in the hospitality business, where brand proliferation and mega chains pervade like tyrannosaurus. He retorted, "That is simple, I learned from César Ritz that there is true hospitality and then there is the lodging business. Most of you in this room and outside are competing feverishly in the latter, there is very few of us in the former and just so much more space to explore."

When top management has a clear "mission", it has a prism effect where a sharp ray of light is refracted throughout the business. It can be the powerful "driving force" with which the firm's strategy is implemented and wise decisions are made along the way. When that mission is striking, easily understood and strongly differentiated, customers, investors, employees and other key constituents can readily see in their daily activities how they positively contribute to that journey of success.

André Balazs is a man on a mission of his own making. He has employees and customers wanting to work with him and pay for the unprecedented levels of service and excitement he is uniquely qualified to create. He has a small but market-dominating brand. Chiltern



Firehouse is the latest example of where "white hot" brand power can project a business into a rarefied space, where money chases the brand, not the brand chasing money.

If you would like to discuss this personally, contact us at telephone: +44 203 440 5072 or email: james@elliceconsulting.com

© Ellice Consulting Limited 2014. All rights reserved