

## **Leadership-Driven Commitment To Strategic Implementation: DEMDACO**

DEMDACO has endeavored to put smiles on consumers' faces for over twenty years. The company works with artists to create a wide range of gift and décor items that lift the spirit of those who buy, give, and receive the products. A couple of its artist-inspired product lines include Willow Tree figurines designed by Susan Lordi, and Kitchen Boas, created by Laura Laiben.

For the first decade, most of DEMDACO's products were distributed through independent gift store retailers, but times have changed. The internet has become a much larger presence for both pre-shopping information as well as for purchases. In a recent study by Periscope by McKinsey, in all markets surveyed, at least 70 percent of respondents are undertaking some form of online shopping activity.<sup>18</sup> The exact impact varies by category, country, and age. "The survey shows that capturing the growing online consumer demand will require CPGs (Consumer Packaged Goods companies) to build out their digital capabilities for strong omnichannel strategies. CPGs should focus on managing both digital stores and key account relations for digital, including assessing online channel performance, understanding how consumers shop a category online, and identifying innovation opportunities from online trends. It requires the same rigor that has been applied to physical stores for years," said Brian Elliott, managing partner at Periscope by McKinsey.

Compound that with the challenge that comes from the advent of Groupon and other experiential gift-giving options, and companies that sell things in retail stores have had to rethink their growth strategies. Most are pursuing omnichannel strategies— meaning they must have multiple ways to reach consumers, which includes augmenting retail with an online presence.

Marketing to consumers is nothing like selling to retailers, as DEMDACO immediately understood. Branding, including product communication and messaging, must be developed to appeal to an end user as well as to retailers. Operationally, different packaging and shipping processes are needed. Perhaps most of all, this shift requires having a clear target: who the consumer is, how she lives, and what she wants. To become even more effective in today's market, DEMDACO began to rethink some of its traditional business operations and approach. Its leaders strengthened their commitment to defining and understanding their target end user.

In the last few years, they have spent considerable time not just defining her, but getting to know her. They have studied her and learned from her. They involve her in their product development efforts. And they seek to understand the emotional experiences

she wants to give and receive—not just the product she wants to buy. They gathered information at an emotional and experiential level, understanding what makes her tick and motivates her to act. This process has inspired how they approach product development. For example, one of their new collections is named “Comfort, Uplift and Delight,” and features art that celebrates friends, family, and nature from Sharon Nowlan.

Because of leadership’s decision to become an omnichannel brand, they developed a short but significant list of seven key initiatives that would guide their strategic implementation. These initiatives involve what they make, how they sell it, and operational changes required. More importantly, they have an overarching and unwavering commitment to their new strategic focus—satisfying the end consumer—be that through retail distribution or online relationship development. If ever they find themselves stuck on a decision, they revert to asking, “What would she want?”

While the decision to focus on the needs of end users is strategically significant, DEMDACO did not change important aspects about the company and its culture. They still sell primarily through retailers and are committed to their success. Their unequivocal devotion to the end consumer only makes their product better and ensures sell-through, enamoring them to retailers who otherwise often end up owning unsold merchandise. Their longstanding culture of doing the right thing and being good community citizens is an outgrowth of the founder’s belief that business is first and foremost a human endeavor.

The clarity of knowing what the brand stands for and who the end user is provided a laser focus that, in return, has boosted their CommitmentDNA. Steve Fowler, Chief Operating Officer and the leader for strategic implementation, said, “We have never had such commitment to a plan before. Everyone is energized, focused, and working hard to generate measurable results. Although we have high goals, we believe that we will achieve the objectives we set for ourselves.”

So, what does that kind of extraordinary commitment look like?

**Aligned investment plan.** DEMDACO developed a funding plan that recognized the need to invest in new skill sets, new behaviors, and new processes.

**Project management visibility.** The company has a project management system in place to provide visibility to all high- priority initiatives and track progress against them as a leadership group. Leaders are accountable to each other for these enterprise-level initiatives.

**Established leading indicators.** Leaders developed a set of measures that were finely tuned to be leading indicators of strategic success, and they review them regularly. Different from the typical operational and financial metrics, which they

still use, these metrics guide them strategically to ensure that their operational and financial progress directly link to the strategy of the organization.

**Communication planning.** Leaders have an ongoing communication plan that provides regular updates to employees on strategic progress, as well as solicits feedback for additional ideas and improvements that can be made throughout the organization. As a result, CommitmentDNA runs deep throughout the organization, as every employee knows their role in contributing to success.

What is the impact?

Although the traditional, small specialty store retail industry has been almost flat, growing at an annualized rate of 0.9 percent over the five years to 2018, DEMDACO is already seeing moderate growth in a segment of their business that has not been experiencing growth.<sup>19</sup> As it continues to get ahead of product development cycle times and increase its consumer knowledge and its application to new product development, the company expects to see that trend continue and get stronger.

At present, the organization estimates it is about halfway through the implementation of the current plan. In addition to continuing to develop the key initiatives, it is working on ways to improve communication flow even more, particularly at the grassroots level, stimulating even more individual value-adding contributions.

*“This is not our first strategic plan effort, but the results are different. One of the biggest differences is the organization’s commitment to the plan. This process enabled that in several important ways: (1) We included a broader group of influencers. (2) A communication plan was developed that includes diligently reviewing the strategic plan at town halls, in smaller groups, and cascading the message throughout our organization. (3) We review the key goals, initiatives, and related projects on a monthly basis with the responsible parties to ensure progress is in line with expectations. Those steps have contributed to the organization’s awareness, engagement, and commitment to the plan, which are critical to long-term success and sustainability of the plan.”*

—Lance Hart, President, DEMDACO