

## **A Perspective on Turning “David” into “Goliath” for Sustained Growth**

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### **Abstract**

Many small companies, in their quest to win small skirmishes in industries controlled by larger adversaries often choose to position as a “David” battling the “Goliath’s” of their industry. With a message that readily resonates with both customers who are ready to churn and employees looking for inspiration, posturing as an underdog can effectively form the foundation for gaining ground on the competitive battlefield. Fueled by the need for corporate survival and often enabled by the personal perspectives of company leaders, the “David” strategy appears at first glance to promise a fruitful journey on the road to success. There comes a time, however, when the success of the initial “David” strategy becomes incompatible with the larger multi-brand combatant the organization has evolved into.

### **Introduction**

Single product or brand companies who hold a minor share of their market often find a modicum of success by positioning themselves against larger adversaries as a source of differentiation and competitive advantage. This differentiation is often rooted in relative size, as when a smaller business touts that their efficient and lean infrastructure as an enabler for more personalized service, faster delivery or better pricing than their larger, more lumbering opponent.

The strategy for this differentiation, and the source for the corresponding advantage, is often based on a discriminating posture and an unwavering focus on courting the disenfranchised customers of much larger companies. By launching a flanking attack on the genuineness of larger companies while not succumbing to the various rituals embraced by larger rivals, these small firms look and act like righteous contenders on the competitive battlefield. It is they who, with clarity of vision, stand

alone in their concern for the needs of the abandoned consumer who has been cast aside by the impersonal “Goliath”.

While the empowerment for this positioning is often rooted in the basic survival needs of a young company, the competitive advantage from this strategy may not be sustainable over time. For instance, a highly successful “David” strategy will eventually become inconsistent with the larger, world leader that they have become. Multi-brand companies that once relished the success of their early small company mindset can now find their progress hindered by the continued rhetoric against the “big” industry leaders and the need to fulfill higher socialization and esteem needs. To effectively transition from a “David” strategy to one that is sustainable requires that, like David, an organization must be willing to accept the recognition of leadership and communicate a compelling message to lead the troops.

### **The “David Strategy”**

Young, small companies often find themselves struggling to find their strategic advantage in a seemingly never ending quest to attain a competitive foothold against larger competitors. Many times this search for differentiation uncovers the strategy of “differentiation by adversity”, or positioning oneself as the weaker “David” battling the industry giant, “Goliath”. This option can present a compelling point of differentiation both externally and internally as its message often resonates with customers and internal stakeholders alike.

Enterprises, like armies, are born and raised on frequent doses of vision and passion freely dispersed by its founders. Unless supported by a large corporate family, many small companies are orphans facing a myriad of daunting tasks, such as raising cash, recruiting top talent, and successfully competing in their industry. While the founder may be the organization’s first top executive, the senior position may necessarily evolve to require a more seasoned executive with the necessary skills to manage a larger enterprise. Occasionally this leader may be an industry insider who decided to leave the impersonal environment of a larger organization for the cozier surroundings of a small company.

In either case, an executive’s natural train of thought is to view their organization in relation to the industry and the competitors within it. For a small company their station in this relationship can be interpreted as an underdog who must battle in the trenches for every foot of territory against the enterprises who, as industry juggernauts, wield a

powerful force over market share, revenue and resources within their industry. This perspective can translate easily into a battle cry that resonates with employees who welcome the opportunity to focus on their “noble cause” as the little guy up against the giant. After all, who would want to be caught flat-footed when Goliath wields his mighty sword and all you have are rocks.

As the anti-Goliath rhetoric begins to take hold internally and moves from the bravado of the internal hallways and corridors to the external execution of the marketing room, the messaging can also migrate from benign pledges of better service to more aggressive accusations of competitor incompetence and malfeasance. The veracity of this messaging may be reinforced by changes in organizational behavior that embraces outright rejection of the industry as defined by the leaders and the rituals associated with it.

For instance, by shunning the editorial or analyst communities, rejecting participation in expert panels, or by hiring industry “rebels”, the company effectively reinforces its marketing message internally and externally through its actions. Ongoing managerial support for these tactics can be fueled by the (sometimes false) assumption that the initial success from its campaign is directly, and solely, attributable to the underdog message resonating among the disheartened customers of the competition.

### **Fertile Grounds**

The opportunity of this “David” strategy to take root and flourish is frequently enabled by the fertile ground of the competitive situation many small companies face as well as by the personal perspectives of the executives leading them.

To begin with, just as Maslow hypothesized that an individual finds basic sustenance with the satisfaction of certain physiological needs, such as air and water, organizations find basic nourishment in cash flow, profit, inventory, and human resources that permit it to subsist from month to month. A shortage of basic resources can hobble a small company seeking modest gains against a competitive environment gorged with strong market leaders, varying degrees of buyer and supplier bargaining power, and the recurring threat from substitutes and new entrants. Given this scenario it is not surprising that the “David versus Goliath” differentiation strategy is consistent with an organization’s focus on satisfying its most urgent needs, and that this strategy is used by leaders as a rallying cry for their employees.

As an individual or organization meets its most basic survival needs it necessarily turns its attention on the next level of deficit for satisfaction. For both the individual and the organization the next area following physiological needs is safety and security. Individuals may seek to satisfy this need by placing a high value on job security and living in a safe neighborhood. Similarly, the establishment of one or more formal internal structures, audits and processes provide a degree of organizational safety and security for a small company. In addition, whereas the company previously was focused on mere survival it now has the resources to consider expanding its forces beyond its initial product or brand to develop its market share through organic growth or acquisition. The “David” positioning welcomes the satisfaction of these needs as a means to bolster the flanks of an organization that, if left unguarded, could lead to company failure.

In addition, some former industry leaders who left the stormy waters of larger firms for the relative tranquility of smaller organizations may view their new leadership role as tool to be used against the very organization from which they just departed. With the possibility of a derisive view likely contributory to their original rationalization for moving to a smaller firm, it is reasonable to expect that some of these executives would then liberally fertilize the small company’s culture with a generous helping of their jaded perspective.

Finally, a few company captains who have spent their career navigating between the managerial offices of smaller companies may have formed an inherent distaste and mistrust of the larger adversaries they routinely battle. Moreover, some of these executives may also harbor disdain toward the individuals within these larger organizations who enjoy the benefits of a “club” that they themselves may secretly covet. This contempt is then often weaved seamlessly into the tapestry of the corporate strategy that blankets a small company’s culture.

### **Incompatibility for Future Growth**

The successful and sustained execution of the David strategy can create a loyal customer base and workforce leading to both growth and prosperity for a small brand. As a company matures from a fledgling contestant with a handful of products to a ranking multi-brand contender, however, this positioning becomes increasingly untenable from which to advance the goals of the robust outfit it has now become.

For instance, once individuals and organizations have satisfied their quest for safety and security they begin to seek the fulfillment of the next layer in the hierarchy of

needs. This subsequent tier is comprised of the need for socialization among friends, associates and peers. For organizations this can mean forming relationships with executives and people of influence within their industry, whereas individuals seek friends and community among schoolmates and co-workers. The satisfaction of this need, however, may run contrary to the exclusionary tendency inherent in some “David” strategies, where contempt for the Goliaths as organizations may extend to include a basic disdain toward the people who populate those organizations.

Finally, once an organization satisfies its need to be part of a community it begins to seek to fulfillment of its esteem needs. This top level in the hierarchal pyramid transcends mere community to encompass peer accolades, such as prominent editorial coverage, important analyst rankings, and significant industry awards recognizing the company’s contribution to the vitality of the industry. The quest to fulfill these needs presents a significant challenge to an organization that had previously embraced the symbolic isolation of a “David” facing Goliath and the entire Philistine army. By seeking accolades and recognition from the industry it once spurned effectively casts aside one of the pillars of its previous philosophy, creating potential inconsistencies in messaging to loyal customers while alienating stalwart employees unwilling to give up the “entrepreneurial” past they once championed.

### **Signs of Sustainability Difficulty**

Organizations that successfully embrace the “David” plan often struggle to make significant course changes to their positioning strategy once they’ve achieved leadership status. After successfully capitalizing on their “David” positioning, but now wielding the market share and revenue of a market leader, executives are sometimes slow to read the symptoms signaling the need to migrate their strategy. Some of the signs indicating a problem with the current approach can include:

- Little or no acknowledgement of the Company’s ranking among the industry leaders by analysts.
- Low third-party valuation placed on the Company compared with other comparable industry leaders.
- The lack of Company mention alongside other industry leaders in editorial coverage.
- Low awareness among customers and the editorial community of the linkages between the Company’s brands.

- Little understanding of the Company's brand strategy and sources of sustainable competitive advantage among customers, analysts and editorial community.
- Difficulty launching a sustainable Branded House strategy among the editorial community.
- Difficulty attaining significant press coverage of Company milestones.
- Lack of participation in expert panels.

### **Hurdles and Solutions**

The hurdles facing a successful David considering migration to a more mature strategy, such as a sustainable cost advantage, can be extremely taxing.

For instance, employees who previously pledged allegiance to the "David" persona that was such an integral component of their corporate culture must now consider recasting themselves and their organization as a big and Goliath-like organization. In addition, executives who espoused the "David" mantra and who relished being viewed as the dragon slayer must now come to grips with the new organization they have become. Finally, loyal customers who were motivated by the Company's "David" positioning must now reconcile their earlier brand perception with the force the Company has become.

The challenge for Company leaders is to develop and synchronize their brand messaging and visual language to deliver a compelling message that resonates with customers, stakeholders, analysts, editors and the financial community. This requires a high degree of focus and commitment on the part of executives, departmental managers and outside vendors to formulate, execute and evaluate the strategy.

Care must be given to managing such a large organizational change so as to create employee champions and minimize employee turnover. Converting employees from loyal soldiers of the David strategy into advocates of a new brand strategy will help to ensure that a positive and consistent message is delivered along all points of employee contact with customers. A successful employee communication program will necessarily convey an absolute commitment on the part of top management to the new positioning and a sustained effort to educate and reward employees who successfully embrace the new strategy.

Similarly, customers must be the recipients of consistent and sustained messaging across all brand contacts reinforcing the vision and benefits of the new

positioning. Finally, members of the editorial and analysts community must be actively courted to begin the process of gaining recognition and acknowledgement that will ultimately cement the company's position within the industry among insiders as well as customers.

## **Conclusion**

While the David vs. Goliath strategy is appropriate for fledgling organizations in search of a positioning strategy, its usefulness becomes increasingly stale as the company grows and gradually joins the ranks of the leaders they previously despised. Initially fueled by a natural survival instinct and enabled by the perspectives of small company leaders, the David position resonated with both customers and the workforce. As the need for survival is replaced with the more mature needs for association and accolades, and the firm grows from one brand to a branded house, executives need to take steps to migrate the company's positioning from a "David" to a "Goliath".

A sustained and compelling communication program executed both internally and externally will help to ensure that employees, stakeholders, customers, editors and analysts fully embrace the new positioning strategy.

## **About the Author**

Vice President of Account Planning at The Arttime Group ([www.artimegroup.com](http://www.artimegroup.com)), a Los Angeles-based branding, advertising and marketing agency, Steve Rapier has over twenty years of executive experience in branding and marketing strategy on both the client and agency side. He is the author of the Rapier Report™, an executive decision-making tool that delivers the Arttime Group's Brand Strategy, Brand Marketing Tactics, and Marketing Planning and Budgets.